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

2554 SWEETWATER SPRINGS BOULEVARD
SPRING VALLEY, CALIFORNIA
BOARDROOM

TUESDAY
December 10, 2013
11:30 A.M.

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

AGENDA

1. ROLL CALL

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

DISCUSSION ITEMS

3. REPORT ON DIRECTORS EXPENSES FOR THE 1ST QUARTER OF FY 2014 (BENHAM) [5 minutes]

4. ADOPT THE 2014 OTAY WATER DISTRICT LEGISLATIVE PROGRAM GUIDELINES (BUELNA) [5 minutes]

5. ADOPT ORDINANCE NO. 540 TO AMEND THE DISTRICT'S CODE OF ORDINANCES SECTION 3.06 (C), WITHDRAWAL OF FUNDS, TO ALLOW FOR DELEGATES APPROVAL OF THE RELEASE OF PAYMENTS THAT WILL INCREASE THE EFFICIENCY AND PRACTICALITY OF THE DISTRICT'S OPERATION (KOEPPEN) [5 minutes]

6. APPROVE A PURCHASE ORDER TO NEXUS, INC. IN THE AMOUNT OF $204,850.50 FOR THE PURCHASE OF INFORMATION TECHNOLOGY NETWORK EQUIPMENT AND SERVICES (STEVENS) [5 minutes]

7. APPROVE AN AGREEMENT WITH TECHNOWSION, INC. FOR A THREE (3) YEAR LICENSING AGREEMENT FOR GE iFIX SCADA SYSTEM AND IMPLEMENTATION SERVICES FOR THE REPLACEMENT OF THE DISTRICT'S SCADA SYSTEM IN AN AMOUNT NOT-TO-EXCEED $415,000 (STEVENS) [5 minutes]

8. APPROVE A THREE (3) YEAR AGREEMENT WITH AZTECA SYSTEMS, INC. IN AN AMOUNT NOT-TO-EXCEED $230,000 FOR A LICENSING AGREEMENT FOR CITYWORKS SOFTWARE; AND AN AGREEMENT WITH THE TIMMONS GROUP IN AN AMOUNT NOT-TO-EXCEED $370,000 FOR IMPLEMENTATION SERVICES FOR THE REPLACEMENT OF THE DISTRICT'S WORK MANAGEMENT SYSTEM (STEVENS) [5 minutes]

9. AWARD A CONTRACT TO AN ACCOUNTING FIRM TO SERVE AS THE DISTRICT'S AUDITORS FOR THE FISCAL YEAR ENDING JUNE 30, 2014; THE CONTRACT WILL BE FOR ONE (1) YEAR WITH FOUR (4) ONE-YEAR OPTIONS SUBJECT TO BOARD REVIEW AND APPROVAL (KOEPPEN) [1.5 hours]

RECESS TO CLOSED SESSION

10. CLOSED SESSION

    a) CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION [GOVERNMENT CODE §54956.9]

       1 CASE

RETURN TO OPEN SESSION

11. ADJOURNMENT

BOARD MEMBERS ATTENDING:
Mitch Thompson, Chair
Jose Lopez

All items appearing on this agenda, whether or not expressly listed for action, may be deliberated and may be subject to action by the Board.

The Agenda, and any attachments containing written information, are available at the District's website at www.otaywater.gov. Written changes to any items to be considered at the open meeting, or to any attachments, will be posted on the District's website. Copies of the Agenda and all attachments are also available through the District Secretary by contacting her at (619) 670-2280.

If you have any disability which would require accommodation in order to enable you to participate in this meeting, please call the District Secretary at 670-2280 at least 24 hours prior to the meeting.

Certification of Posting

I certify that on December 6, 2013 I posted a copy of the foregoing agenda near the regular meeting place of the Board of Directors of Otay Water District, said time being at least 24 hours in advance of the meeting of the Board of Directors (Government Code Section §54954.2).

Executed at Spring Valley, California on December 6, 2013.

_____/s/ Susan Cruz, District Secretary _____

AGENDA ITEM 3

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	January 7, 2014
		PROJECT:	DIV. NO. All
SUBMITTED BY:	Wales Benham Senior Accountant		
APPROVED BY:	☒ Joseph R. Beachem, Chief Financial Officer ☒ German Alvarez, Assistant General Manager ☒ Mark Watton, General Manager		
SUBJECT:	Director's Expenses for the 1st Quarter of Fiscal Year 2014		

GENERAL MANAGER'S RECOMMENDATION:

This is an informational item only.

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To inform the Board of the Director's expenses for the 1st quarter of Fiscal Year 2014.

ANALYSIS:

The Directors' expense information is being presented in order to comply with Otay's Board of Directors Policy 8, requiring staff to create a quarterly report showing expenses for the Directors. In addition, California Government Code Section 53065.5 requires special districts, at least annually, to disclose any reimbursement paid by a district within the immediately preceding fiscal year. The disclosure requirement shall be fulfilled by including the reimbursement information in a document published or printed, at least annually by

a date determined by that district, and shall be made available for public inspection. (See Attachment B for the Summary and C-H for Details.)

FISCAL IMPACT:

None.

STRATEGIC GOAL:

Prudently manage District funds.

LEGAL IMPACT:

Compliance with state law.

Attachments: Attachment A Committee Action
Attachment B Director’s Expenses and per Diems
Attachment C-H Director’s Expenses Detail

ATTACHMENT A

SUBJECT/PROJECT:	Director's Expenses for the 1st Quarter of Fiscal Year 2014

COMMITTEE ACTION:

This is an informational item only.

NOTE:

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

ATTACHMENT B

BOARD OF DIRECTORS' EXPENSES AND PER-DIEMS

FINANCE, ADMINISTRATION AND COMMUNICATIONS COMMITEE MEETING

December 10, 2013

Policy 8 requires that staff present the Expenses and Per-Diems for the Board of Directors on a Quarterly basis:

- Fiscal Year 2014, 1st Quarter.
- The expenses are shown in detail by Board member, month and expense type.
- This presentation is in alphabetical order.
- This information is to be presented to the Finance, Administration, and Communications Committee on December 10, 2013.

Board of Directors' Expenses and Per-Diems
Fiscal Year 2014 Quarter 1 (Jul 2013 - Sep 2013)

Director Croucher	$200.00
Director Gonzalez	$2,078.20
Director Lopez	$2,348.74
Director Robak	$646.42
Director Thompson	$1,575.72
Total	**$6,849.08**

Director Croucher

Fiscal Year 2014 Quarter 1

	Jul 2013	Aug 2013	Sep 2013
Business Meetings	0.00	0.00	0.00
Director's Fees	0.00	100.00	100.00
Mileage Business	0.00	0.00	0.00
Conferences and Seminars	0.00	0.00	0.00
Travel	0.00	0.00	0.00
Monthly Totals	**0.00**	**100.00**	**100.00**
Quarterly Total			**$200.00**

Fiscal Year-to-Date 2014 (Jul 2013-Sep 2013)	**$200.00**

Meetings Attended	0	1	1
Meetings Paid	0	1	1

Director Gonzalez

Fiscal Year 2014 Quarter 1

	Jul 2013	Aug 2013	Sep 2013
Business Meetings	0.00	0.00	0.00
Director's Fees	300.00	200.00	200.00
Mileage Business	0.00	0.00	0.00
Conferences and Seminars	0.00	0.00	1,040.00
Travel	0.00	0.00	338.20
Monthly Totals	**300.00**	**200.00**	**1,578.20**
Quarterly Total			**$2,078.20**

Fiscal Year-to-Date 2014 (Jul 2013-Sep 2013)	**$2,078.20**

Meetings Attended	3	2	4
Meetings Paid	3	2	2

Director Lopez

Fiscal Year 2014 Quarter 1

	Jul 2013	Aug 2013	Sep 2013
Business Meetings	0.00	225.00	0.00
Director's Fees	400.00	800.00	700.00
Mileage Business	0.00	83.62	3.39
Mileage Commuting	45.20	22.60	68.93
Conferences, Seminars, and Travel	0.00	0.00	0.00
Monthly Totals	**445.20**	**1,131.22**	**772.32**
Quarterly Total			**$2348.74**

Fiscal Year-to-Date 2014 (Jul 2013-Sep 2013)	**$2,348.74**

Meetings Attended	4	10	10
Meetings Paid	4	8	7

Director Robak

Fiscal Year 2014 Quarter 1

	Jul 2013	Aug 2013	Sep 2013
Business Meetings	20.00	0.00	75.00
Director's Fees	100.00	200.00	200.00
Mileage Business	3.39	34.47	6.78
Mileage Commuting	2.26	2.26	2.26
Conferences, Seminars, and Travel	0.00	0.00	0.00
Monthly Totals	**125.65**	**236.73**	**284.04**
Quarterly Total			**$646.42**

Fiscal Year-to-Date 2014 (Jul 2013-Sep 2013)	**$646.42**

Meetings Attended	3	3	2
Meetings Paid	1	2	2

Director Thompson

Fiscal Year 2014 Quarter 1

	Jul 2013	Aug 2013	Sep 2013
Business Meetings	0.00	0.00	0.00
Director's Fees	200.00	500.00	700.00
Mileage Business	41.81	6.78	38.99
Mileage Commuting	14.69	29.38	44.07
Conferences, Seminars, and Travel	0.00	0.00	0.00
Monthly Totals	**256.50**	**536.16**	**783.06**
Quarterly Total			**$1,575.72**

Fiscal Year-to-Date 2014 (Jul 2013-Sep 2013)	**$1,575.72**

Meetings Attended	2	5	8
Meetings Paid	2	5	7

Board of Directors' Expenses and Per Diems
Fiscal Year 2014 **Projected** (July 2013- June 2014)

Director Croucher	$800.00
Director Gonzalez	$8,300.00
Director Lopez	$9,400.00
Director Robak	$2,600.00
Director Thompson	$6,300.00
Total	**$27,400.00**

Based on three months of actuals

ATTACHMENT C

OTAY WATER DISTRICT
ADMINISTRATIVE EXPENSES - BOARD
July 1, 2013 -September 30, 2013

		Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Total
		1	2	3	4	5	6	7	8	9	10	11	12	
GARY D. CROUCHER (DETAILED IN SECTION D):														
5214	Business Meetings	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5281	Director's Fees	-	100.00	100.00	-	-	-	-	-	-	-	-	-	200.00
5211	Mileage - Business	-	-	-	-	-	-	-	-	-	-	-	-	-
5211	Mileage - Commuting	-	-	-	-	-	-	-	-	-	-	-	-	-
5213	Seminars and Conferences	-	-	-	-	-	-	-	-	-	-	-	-	-
5212	Travel	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	$ -	$ 100.00	$ 100.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 200.00
DAVID GONZALEZ (DETAILED IN SECTION E):														
5214	Business Meetings	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5281	Director's Fees	300.00	200.00	200.00	-	-	-	-	-	-	-	-	-	700.00
5211	Mileage - Business	-	-	-	-	-	-	-	-	-	-	-	-	-
5211	Mileage - Commuting	-	-	-	-	-	-	-	-	-	-	-	-	-
5213	Seminars and Conferences	-	-	1,040.00	-	-	-	-	-	-	-	-	-	1,040.00
5212	Travel	-	-	338.20	-	-	-	-	-	-	-	-	-	338.20
	Total	$ 300.00	$ 200.00	$ 1,578.20	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,078.20
JOSE LOPEZ (DETAILED IN SECTION F):														
5214	Business Meetings	$ -	$ 225.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 225.00
5281	Director's Fees	400.00	800.00	700.00	-	-	-	-	-	-	-	-	-	1,900.00
5211	Mileage - Business	-	83.62	3.39	-	-	-	-	-	-	-	-	-	87.01
5211	Mileage - Commuting	45.20	22.60	68.93	-	-	-	-	-	-	-	-	-	136.73
5213	Seminars and Conferences	-	-	-	-	-	-	-	-	-	-	-	-	-
5212	Travel	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	$ 445.20	$ 1,131.22	$ 772.32	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,348.74
MARK ROBAK (DETAILED IN SECTION G):														
5214	Business Meetings	$ 20.00	$ -	$ 75.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 95.00
5281	Director's Fees	100.00	200.00	200.00	-	-	-	-	-	-	-	-	-	500.00
5211	Mileage - Business	3.39	34.47	6.78	-	-	-	-	-	-	-	-	-	44.64
5211	Mileage - Commuting	2.26	2.26	2.26	-	-	-	-	-	-	-	-	-	6.78
5213	Seminars and Conferences	-	-	-	-	-	-	-	-	-	-	-	-	-
5212	Travel	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	$ 125.65	$ 236.73	$ 284.04	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 646.42
MITCHELL THOMPSON (DETAILED IN SECTION H):														
5214	Business Meetings	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5281	Director's Fees	200.00	500.00	700.00	-	-	-	-	-	-	-	-	-	1,400.00
5211	Mileage - Business	41.81	6.78	38.99	-	-	-	-	-	-	-	-	-	87.58
5211	Mileage - Commuting	14.69	29.38	44.07	-	-	-	-	-	-	-	-	-	88.14
5213	Seminars and Conferences	-	-	-	-	-	-	-	-	-	-	-	-	-
5212	Travel	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	$ 256.50	$ 536.16	$ 783.06	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,575.72
TOTALS:														
5214	**Business Meetings**	**$ 20.00**	**$ 225.00**	**$ 75.00**	-	-	-	-	-	-	-	-	-	**$ 320.00**
5281	**Director's Fees**	**1,000.00**	**1,800.00**	**1,900.00**	-	-	-	-	-	-	-	-	-	**4,700.00**
5211	**Mileage - Business**	**45.20**	**124.87**	**49.16**	-	-	-	-	-	-	-	-	-	**219.23**
5211	**Mileage - Commuting**	**62.15**	**54.24**	**115.26**	-	-	-	-	-	-	-	-	-	**231.65**
5213	**Seminars and Conferences**	-	-	**1,040.00**	-	-	-	-	-	-	-	-	-	**1,040.00**
5212	**Travel**	-	-	**338.20**	-	-	-	-	-	-	-	-	-	**338.20**
	Total	**$ 1,127.35**	**$ 2,204.11**	**$ 3,517.62**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 6,849.08**

OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2013 THROUGH SEPTEMBER 30, 2013

DIRECTOR'S NAME: CROUCHER, GARY

ATTACHMENT D

SECTION D

Account Name	Date	Descriptions	Amount
Director's Fee	8/20/2013	ENGINEERING AND OPERATIONS COMMITTEE MEETING	$ 100.00
	9/4/2013	REGULAR BOARD OF DIRECTORS MEETING	100.00
Director's Fee Total			**200.00**
Grand Total			**$ 200.00**

OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2013 THROUGH SEPTEMBER 30, 2013

DIRECTOR'S NAME: GONZALEZ, DAVID

ATTACHMENT E

SECTION E

Account Name	Date	Descriptions	Amount
Director's Fee	7/3/2013	REGULAR BOARD OF DIRECTORS MEETING	$ 100.00
	7/19/2013	COMMITTEE AGENDA BRIEFING	100.00
	7/24/2013	COMMITTEE MEETING	100.00
	8/7/2013	REGULAR BOARD OF DIRECTORS MEETING	100.00
	8/20/2013	ENGINEERING AND OPERATIONS COMMITTEE MEETING	100.00
	9/4/2013	REGULAR BOARD OF DIRECTORS MEETING	100.00
	9/23/2013	ENGINEERING AND OPERATIONS COMMITTEE MEETING	100.00
Director's Fee Total			**700.00**
Travel	9/24/2013	AIRFARE TO HOUSTON TEXAS - WATER & ENERGY CONFERENCE	338.20
Travel Total			**338.20**
Conferences and Seminars	9/5/2013	REGISTRATION - MEXICAN AMERICAN BUSINESS PROFESSIONALS ASSOC. MEETING HELD ON SEPTEMBER 5, 2013	25.00
	9/6/2013	REGISTRATION - ABONDIGAS MONTHLY MEETING SEPTEMBER 6, 2013	15.00
	9/25/2013	REGISTRATION - SEPT 25-26, 2013 WATER & ENERGY CONFERENCE	1,000.00
Conferences and Seminars Total			**1,040.00**
Grand Total			**$ 2,078.20**

OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2013 THROUGH SEPTEMBER 30, 2013

DIRECTOR'S NAME: **LOPEZ, JOSE**

ATTACHMENT F

SECTION F

Account Name	Date	Descriptions	Amount
Director's Fee	7/3/2013	REGULAR BOARD OF DIRECTORS MEETING	$ 100.00
	7/11/2013	MEETING WITH DISTRICT'S AUDITOR - DAVID FOREMAN	100.00
	7/19/2013	COMMITTEE AGENDA BRIEFING	100.00
	7/23/2013	FINANCE AND ADMINISTRATIVE COMMITTEE MEETING	100.00
	8/1/2013	BOARD AGENDA BRIEFING - GENERAL MANAGER & COUNSEL	100.00
	8/7/2013	REGULAR BOARD OF DIRECTORS MEETING	100.00
	8/9/2013	SEMINAR "BOARD ROLE IN FINANCE & FISCAL ACCOUNTABILITY"	100.00
	8/13/2013	WEBINAR "UNDERSTANDING BOARD MEMBER & DISTRICT LIABILITY"	100.00
	8/14/2013	AGENDA DEVELOPER FOR JOINT WATER SUMMIT MEETING	100.00
	8/21/2013	FINANCE AND ADMINISTRATIVE COMMITTEE MEETING	100.00
	8/27/2013	JOINT WATER SUMMIT MEETING	100.00
	8/30/2013	BOARD AGENDA BRIEFING - GENERAL MANAGER & COUNSEL	100.00
	9/4/2013	REGULAR BOARD OF DIRECTORS MEETING	100.00
	9/11/2013	WATER CONSERVATION GARDEN COMMITTEE MEETING	100.00
	9/17/2013	FINANCE AND ADMINISTRATIVE COMMITTEE MEETING	100.00
	9/23/2013	ENGINEERING AND OPERATIONS COMMITTEE MEETING	100.00
	9/25/2013	JOHN BOLTHOUSE - WATER CONSERVATION GARDEN	100.00
	9/26/2013	DESALINATION MEETING IN TIJUANA	100.00
	9/27/2013	BOARD AGENDA BRIEFING - GENERAL MANAGER & COUNSEL	100.00
Director's Fee Total			**1,900.00**
Mileage - Commuting	7/31/2013	MEETING - JULY 3, 11,19, & 23 2013	45.20
	8/31/2013	MEETING - AUG. 7 & 21, 2013	22.60
	9/30/2013	MEETING - SEPTEMBER 4, 11,17, 23, 25, & 26 2013	68.93
Mileage - Commuting Total			**136.73**
Mileage - Business	8/31/2013	MEETING - AUG. 1, 9, 14, 27 & 30, 2013	83.62
	9/27/2013	MEETING - SEPTEMBER 27, 2013	3.39
Mileage - Business Total			**87.01**
Business meetings	8/9/2013	CALIFORNIA SPECIAL DISTRICT	225.00
Business meetings Total			**225.00**
Grand Total			**2,348.74**

OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2013 THROUGH SEPTEMBER 30, 2013

DIRECTOR'S NAME: **ROBAK, MARK**

ATTACHMENT G

SECTION G

Account Name	Date	Descriptions	Amount
Director's Fee	7/3/2013	REGULAR BOARD OF DIRECTORS MEETING	$ 100.00
	8/7/2013	REGULAR BOARD OF DIRECTORS MEETING	100.00
	8/20/2013	COUNCIL OF WATER UTILITIES	100.00
	9/4/2013	REGULAR BOARD OF DIRECTORS MEETING	100.00
	9/12/2013	SDCWA - DISCUSSION OF BAY DELTA ALTERNATIVES	100.00
Director's Fee Total			**500.00**
Mileage - Commuting	7/31/2013	MEETING - JULY 3, 2013	2.26
	8/31/2013	MEETING - AUG. 7, 2013	2.26
	9/30/2013	MEETING - SEPT. 4, 2013	2.26
Mileage - Commuting Total			**6.78**
Mileage - Business	7/31/2013	MEETING - JULY 3, 2013	3.39
	8/31/2013	MEETING - AUG. 7 & 20, 2013	34.47
	9/30/2013	MEETING - SEPT. 4 & 12, 2013	6.78
Mileage - Business Total			**44.64**
Business meetings	7/1/2013	SD EAST COUNTY CHAMBER OF COMMERCE FIRST FRIDAY JULY 2013	20.00
	9/17/2013	COUNCIL OF WATER UTILITIES	50.00
	9/25/2013	REGISTRATION - SD EAST COUNTY CHAMBER OF COMMERECE	25.00
Business meetings Total			**95.00**
Grand Total			**$ 646.42**

OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2013 THROUGH SEPTEMBER 30, 2013

DIRECTOR'S NAME: THOMPSON, MITCHELL

ATTACHMENT H

SECTION H

Account Name	Date	Descriptions	Amount
Director's Fee	7/3/2013	REGULAR BOARD OF DIRECTORS MEETING	$ 100.00
	7/16/2013	COUNCIL OF SD COUNTY WATER AGENCIES MONTHLY MEETING	100.00
	8/7/2013	REGULAR BOARD OF DIRECTORS MEETING	100.00
	8/13/2013	MEETING WITH SWEETWATER AND OTAY WATER DISTRICT	100.00
	8/21/2013	FINANCE AND ADMINISTRATIVE COMMITTEE MEETING	100.00
	8/27/2013	JOINT WATER SUMMIT MEETING	100.00
	8/28/2013	SEXUAL HARRASSMENT FOR SUPERVISORS TRAINING	100.00
	9/3/2013	AB1234 ETHICS TRAINING FOR PUBLIC OFFICIALS	100.00
	9/4/2013	REGULAR BOARD OF DIRECTORS MEETING	100.00
	9/11/2013	WATER CONSERVATION GARDEN COMMITTEE MEETING	100.00
	9/13/2013	AGENDA BREIFING MEETING	100.00
	9/17/2013	FINANCE AND ADMINISTRATIVE COMMITTEE MEETING	100.00
	9/23/2013	REDEVELOPMENT OVERSIGHT BOARD MEETING	100.00
	9/25/2013	JOHN BOLTHOUSE - WATER CONSERVATION GARDEN	100.00
Director's Fee Total			**1,400.00**
Mileage - Commuting	7/31/2013	MEETING - JULY 3, 2013	14.69
	8/31/2013	MEETING - AUGUST 7 & 21, 2013	29.38
	9/30/2013	MEETING - SEPTEMBER 4, 17, & 25, 2013	44.07
Mileage - Commuting Total			**88.14**
Mileage - Business	7/31/2013	MEETING - JULY 16, 2013	41.81
	8/31/2013	MEETING - AUGUST 13 & 27, 2013	6.78
	9/30/2013	MEETING - SEPTEMBER 11,13, 23, & 26 2013	38.99
Mileage - Business Total			**87.58**
Grand Total			**$ 1,575.72**

AB 000 · 1B 3000 · 2101 · 528101 300.00

EXHIBIT B

OTAY WATER DISTRICT
BOARD OF DIRECTORS
PER-DIEM AND MILEAGE CLAIM FORM

Pay To: Gary Croucher

Period Covered:

Employee Number: 7011

From: Aug 8 **To:** Oct

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
1	8/20	Committee	E&O Committee	~~0~~	~~0~~
2	9/4	Board	Sept Board Meeting	~~0~~	~~0~~
3	10/2	Board	Oct Board Meeting	~~0~~	~~0~~
4					
5					
6					
7					
8					
9			Per Diems		
10			0 *		
11			3 ×		
12			100 · 00 =		
13			300 · 00 *		
14					
15					
16					
17					
18					

Total Meeting Per Diem: $ 300
($100 per meeting)

Total Mileage Claimed: ~~0~~ **miles**

(Director's Signature)

GM Receipt:

Date: 10/9/2013

'13 OCT 14 AM 11:38

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: $

AB000 · 1B1000 · 2101 · 528101 300.00

EXHIBIT B

OTAY WATER DISTRICT

BOARD OF DIRECTORS

PER-DIEM AND MILEAGE CLAIM FORM

Pay To: David Gonzalez

Period Covered:

Employee Number: 1796

From: 7/1/13 To: 7/31/13

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
✓	7/3	OWD	BOARD MEETING		
✓	7/19	BRIEFING	COMMITTEE AGENDA BRIEFING		
✓	7/24	RO & WR	COMMITTEE MEETING		

Per Items

0 x

3 x

100.00 =

300.00

Total Meeting Per Diem: $ 300
($100 per meeting)

Total Mileage Claimed: ~~0~~ **miles**

3/3

(Director's Signature)

GM ~~Approval~~: Receipt

Date: 9/6/2013

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: $_____

ND 9.10.13

13 SEP 10 AM 8:17

INSTRUCTIONS ON REVERSE

AB000 · 1B1000 · 2101 · 528101 200.00

EXHIBIT B

OTAY WATER DISTRICT

BOARD OF DIRECTORS

PER-DIEM AND MILEAGE CLAIM FORM

Pay To: David Gonzalez

Period Covered:

Employee Number: 1796

From: AUG. 1 / 13 To: AUG. 31 / 13

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
✓	8/7	BOARD MEETING	OWD REGULAR BOARD MEETING		
✓	8/20	EO & WR.	ENGINEERING COMMITTEE		
			Per diems	0 *	
				2 ×	
				100 · 00 =	
				200 · 00 *	

Total Meeting Per Diem: $ 200
($100 per meeting)

Total Mileage Claimed: Ø **miles** 2/2

(Director's Signature)

GM Receipt: Date: 10/9/2013

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: $

INSTRUCTIONS ON REVERSE

'13 OCT 04 AM 11:57

AB000 · 1B1000 · 2101 · 528101 200.00

EXHIBIT B

OTAY WATER DISTRICT

BOARD OF DIRECTORS

PER-DIEM AND MILEAGE CLAIM FORM

Pay To: David Gonzalez

Period Covered:

Employee Number: 1796

From: 9/1/13 To: 9/30/13

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
	✓9/4*	BOARD MEETING			
	9/5	MABPA	COMMUNITY RELATIONS / [redacted]		
	9/6	MENDEZ STRATEGY GROUP	COMMUNITY RELATIONS		
	✓9/23*	EO MEETING			

Per Item.

0 • *

2 • x

100 • 00 =

200 • 00 *

Total Meeting Per Diem: $ 200.—
($100 per meeting)

4/2

Total Mileage Claimed: _____ **miles**

(Director's Signature)

GM Receipt:

Date: 11/7/2013

'13 NOV 13 PM 12:05

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: $_____

INSTRUCTIONS ON REVERSE

AB000 · 134000 · 2101 · 5281 01 700.00
AB000 · 134000 · 2101 · 5211 2

EXHIBIT B 45.20

OTAY WATER DISTRICT
BOARD OF DIRECTORS
PER-DIEM AND MILEAGE CLAIM FORM

Pay To: Jose Lopez **Period Covered:**

Employee Number: 7010 **From:** 07/01/13 **To:** 07/31/13

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
1.	07/03	OWD	REGULAR BOARD MEETING	20	
2.	07/11	OWD	Meeting with District's Auditor David Foreman	20	
3.	07/19	OWD	Committee Agenda Briefing	20	
4.	07/23	OWD	Finance, Admin & Communications Committee mtg	20	
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					
16.					
17.					
18.					

80 * 4 × 100.00 = 400.00 ✓
0 *
20 + 20 + 20 + 20 + 80 *
80 × 0.5550 = 45.24 ✓

Per diems
Mileage

Total Meeting Per Diem: $400
($100 per meeting)

Total Mileage Claimed: 80 **miles**

(Director's Signature)

GM Reciept: **Date:** 8/8/13

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: $

'13 AUG 8 PM 4:55

8/13
WD
8-9-13

A13000 . 134000 . 2101 . 528101 800.00
A13000 . 134000 . 2101 . 521102 22.60

EXHIBIT B

OTAY WATER DISTRICT
BOARD OF DIRECTORS
PER-DIEM AND MILEAGE CLAIM FORM

Pay To: Jose Lopez **Period Covered:**

Employee Number: 7010 **From:** 08/01/13 **To:** 08/31/13

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
1.	08/01	OWD	Board Agenda Briefing - Gen Mgr. & Counsel		6
2.	08/01	JPA	Metro Commissiion Wasewater Mtg (No charge)		
3.	08/07	OWD	Regular Board Meeting	20	
4.	08/09	OWD	Seminar " Board Role in Fin. & Fiscal Accountability"		110
5.	08/13	OWD	Webinar "Understanding Board Mem & Dist Liability"		
6.	08/14	OWD	Committee Agenda Briefing -Gen Mgr (No Charge)		8
7.	08/14	OWD	Agenda Dev for Joint Water Summit Meeting		12
8.	08/21	OWD	Finance, Admin, & Communications committee mtg	20	
9.	08/27	OWD	Joint Water Summit Meeting		12
10.	08/30	OWD	Board Agenda Briefing - Gen Mgr. & Counsel		8
11.					
12.					
13.					
14.					
15.					
16.					
17.					
18.					

0.* 0.* 100-00 = 600.00 0.* 20.+ 20.+ 40.* 40.* 0.55 00 = 22.6*

Total Meeting Per Diem: $800
($100 per meeting)

Total Mileage Claimed: 196 **miles**

(Director's Signature)

GM Reciept: **Date:** 9/6/2013

35EP 10AM 8:17

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: $_____

ND 9.10.13

AB000·1B4000·2101·528101 700.00
AB000·1B4000·2101·521102 68.93

OTAY

EXHIBIT B

OTAY WATER DISTRICT
BOARD OF DIRECTORS
PER-DIEM AND MILEAGE CLAIM FORM

Pay To: Jose Lopez

Period Covered:

Employee Number: 7010

From: 09/01/13 **To:** 09/30/13

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
1.	09/04	OWD	Regular Board meeting	20	
2.	09/07	OWD	Otay Employees Picnic (No charge)		
3.	09/11	JPA	Water Conservation Garden meeting	22	
4.	09/17	OWD	Finance, Admin & Communications Committee	20	
5.	09/23	OWD	Engineering and Operations Committee	20	
6.	09/25	OWD	John Bolthouse-Water Conservation Garden	20	
7.	09/25	OWD	Otay Employee Recognition (no Charge)		
8.	09/26	OWD	Hector Mares, Hernardo Duron, Gen Mgr (Tijuana)	20	
9.	09/26	EDC	EDC - Elected Officials Reception (No Charge)		
10.	09/27	OWD	Board Agenda Briefing - Gen Mgr. & Counsel		6
11.					
12.					
13.					
14.					
15.					
16.					
17.					
18.					

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20 + 22 + 20 + 20 + 20 + 20 + 122 *

122 × 0.5550 = 68.93 *

Per diems

Mileage

Total Meeting Per Diem: $700
($100 per meeting)

Total Mileage Claimed: 128 **miles**

13 OCT 14 AM 11:56

(Director's Signature)

GM Reciept:

Date: 10/9/2013

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: $

AB000 · 1B5000 · 2101 · 528101 500.00
AB000 · 1B5000 · 2101 · 521102 6.78

OTAY WATER DISTRICT
BOARD OF DIRECTORS
PER-DIEM AND MILEAGE CLAIM FORM

Pay To: Mark Robak

Period Covered:

Employee Number: 7014

From: ~~6-16-13~~ 7/3/13 **To:** 9-15-13

3217 Fair Oaks Lane, Spring Valley, CA 91978

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
1	7-3	Monthly Otay Board Meeting	General District Business	4	6
2	7-9	East County Chamber of Commerce	Land Use Committee – NO CHARGE	0	0
3	7-12	East County Chamber of Commerce	Monthly Mixer – NO CHARGE	0	0
4	8-7	Monthly Otay Board Meeting	General District Business	4	6
5	8-20	Council of Water Utilities	Discussion of Colorado River Issues	0	55
6	8-29	Lakeside Chamber of Commerce	Monthly Mixer – NO CHARGE	0	0
7	9-4	Monthly Otay Board Meeting	General District Business	4	6
8	9-12	San Diego County Water Authority	Discussion of Bay Delta alternatives	0	6
				12	79

Total Meeting Per Diem: $500
($100 per meeting)

Total Mileage Claimed: 91

Per Diem
0 *
5 ×
100.00 =
500.00 *

Mileage
0 *
4 +
4 +
4 +
12 *
12 ×
0.5550 =
6.78 *

Receipt
GM Approval:

(Director's Signature)

Date: 9/16/2013

FOR OFFICE USE: TOTAL MILEAGE REIM

No Robak September

'13 SEP 18 PM 4:43

AB000 · 1B2000 · 2101 · 528101 200.
AB000 · 1B2000 · 2101 · 521102 14.69

OTAY WATER DISTRICT

BOARD OF DIRECTORS

PER-DIEM AND MILEAGE CLAIM FORM

Pay To: Mitchell Thompson

Period Covered:

Employee Number: 1807

From: 7/1/2013 To: 7/31/2013

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
1					
2	7/3/13	OWD Board Mtg*	Agenda	26	
3	7/16/13	Council of SD Co Water Agencies Monthly Breakfast*	Agenda		74
4					
5					
6					
7					
8					
9					
10					

Per diems

0 *
2 *
100.00 =
200.00 *

Mileage

0 *
26 *
0.5500 =
14.69 *

Total $200 *
($100 per meeting)

Total Mileage Claimed: 101 **miles**

(Director's Signature)

GM Receipt:

Date: 8/8/2013

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: $

INSTRUCTIONS ON REVERSE

'13 AUG 14 AM 7:30

AB000 · 1B2000 · 2101 · 521101 500.00
AB000 · 1B2000 · 2101 · 521102 29.38

OTAY WATER DISTRICT

BOARD OF DIRECTORS

PER-DIEM AND MILEAGE CLAIM FORM

Pay To: Mitchell Thompson

Period Covered:

Employee Number: 1807

From: 8/1/2013 To: 8/31/2013

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
1					
2	8/7/13	OWD Board Mtg*	Agenda	26	
3	8/13/13	Mtg with Sweetwater & Otay*	Planning Mtg for joint meeting on 8-27		12
4	8/21/13	FA&C Committee Mtg *	Agenda	26	
5	8/27/13	Joint Mtg SWA, OWD, CV, NC & County	Agenda		
6	8/28/13	Sexual Harassment for Supervisors Training*			
7					
8					
9					
10					

Per Diem
0 *
5 x
100.00 =
500.00 *

mileage
0 *
26 +
26 +
52 *

52 x
0.5550 =
29.38 *

Total $500 *
($100 per meeting)

Total Mileage Claimed: 74 **miles**

(Director's Signature)

GM Receipt:

Date: 8/28/2013

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: $

INSTRUCTIONS ON REVERSE

'13 SEP 3 AM 9:53

9.5.13

AB 000 · 1B2000 · 2101 · 528101 700.00
AB 000 · 1B2000 · 2101 · 521102 44.07

OTAY WATER DISTRICT

BOARD OF DIRECTORS

PER-DIEM AND MILEAGE CLAIM FORM

Pay To: Mitchell Thompson

Period Covered:

Employee Number: 1807

From: 9/1/2013 To: 9/30/2013

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
1	9/3/2013	AB1234 Ethics training for public officials*	State mandated training		
2	9/4/13	OWD Board Mtg*	Agenda	26	
3	9/11/13	Water Conservation Garden JPA Mtg*	Agenda		35
4	9/17/13	FA&C Committee Mtg *	Agenda	26	
5	9/23/13	Redev Oversight Bd Mtg*	Agenda		10
6	9/13/133	Agenda Briefing Mtg*	Go over agenda with GM		12
7	9/25/13	John Bolthouse - Conservation Garden*	Discuss conservation programs	26	
8	9/26/13	Millenia Groundbreaking	Community Event		12
9					
10					

0 * 7 × 100.00 = 700.00 * 0 * 25 + 26 + 25 + 73 * 73 × 0.5550 = 44.07 *

Total ($100 per meeting) 700 *

Total Mileage Claimed: 147 miles

(Director's Signature)

GM Receipt:

Date: 9/30/2013

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: $

'13 OCT 2 PM 12:08

INSTRUCTIONS ON REVERSE

EXHIBIT D

OTAY WATER DISTRICT

BOARD OF DIRECTORS
EXPENSE CLAIM FORM

Pay To: David Gonzalez

Period Covered:

Employee Number: 1796 0913

From: 9/1/13 To: 9/30/13

ITEMIZED REIMBURSEMENT CLAIMED

(Attach receipts for expenses greater than $10)

Date	Type of Reimbursement	Amount
9/5/13	Registration Fee for Mexican American Business Professionals Assoc. Meeting held on September 5, 2013.	$25.00
9/6/13	Registration Fee for Abondigas Monthly Meeting held on September 6, 2013.	$15.00

TOTAL Reimbursement Claimed: $40.00

Director Signature: Date: 11/6/13

GM ~~Approval~~ Receipt: Date: 11/7/2013

INSTRUCTIONS ON REVERSE

AGENDA ITEM 4

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	January 7, 2014
SUBMITTED BY:	Armando Buelna, Communications Officer	W.O./G.F. NO:	DIV. NO. All
APPROVED BY:			
SUBJECT:	2014 Legislative Program Guidelines		

GENERAL MANAGER'S RECOMMENDATION:

That the Board of Directors adopt the 2014 Otay Water District Legislative Program Guidelines.

PURPOSE:

To provide direction to staff and the District's Legislative Advocates in the formulation of the District's response to legislative initiatives on issues affecting the District during the 2014 legislative session.

COMMITTEE ACTION:

See Attachment A

BACKGROUND

The Otay Water District maintains a set of legislative policy guidelines to direct staff and legislative advocates on issues important to the District. The legislative guidelines are updated annually with the proposed updates presented to the Otay Water District's Board of Directors for review and adoption. The attached draft 2014 Legislative Program represents policy positions on legislation for the Board's consideration.

Each legislative session, representatives to the California Legislature sponsor some 2,000 or more bills or significant resolutions. While many fail to make it out of their respective house of origin, many of these bills are signed by the governor, become law and can affect special districts in substantive ways. The same is true with each session of the House of Representatives and the U.S. Senate.

The draft 2014 Legislative Program establishes guidelines and policy direction that can be used by staff in monitoring

legislative activity to facilitate actions that can be taken quickly in response to proposed bills. The guidelines provide a useful framework for staff when evaluating the potential impact of state or federal legislation on the District. This is particularly helpful when a timely response is necessary to address a last minute amendment to legislation and should calls or letters of support or opposition be needed. While the Legislative Program provides useful guidelines, sensitive or controversial policy matters will nevertheless be brought to the full Board of Directors for its deliberation and direction.

FISCAL IMPACT:

None.

LEGAL IMPACT:

None.

General Manager

Attachments:

A – Committee Action Report
B – 2014 Otay Water District Legislative Program
C – 2014 Otay Water District Legislative Program Redline

ATTACHMENT A

SUBJECT/PROJECT:	2014 Legislative Program Guidelines

COMMITTEE ACTION:

The Finance, Administration and Communications Committee reviewed this item at a meeting held on December 10, 2013 and supported staff's recommendation.

NOTE:

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

Otay Water District Legislative Program 2014

Effective Date: 01/08/2014

Legislative Policy Guidelines

The Otay Water Legislative Policy Guidelines for the 2014 Legislative Session includes the following:

Sacramento-San Joaquin Bay Delta (Bay-Delta)

Support efforts to:

a. Finalize and implement the Bay-Delta Conservation Plan to address Bay-Delta environmental and water quality issues.
b. Analyze or support a "Portfolio Approach", "Around-the-Delta", "right-sized", or other alternatives that feature smaller conveyance facilities as a way to improve water quality, water transport, and reduce the possibility or impacts of levee failure, lower costs to water users and the public, reduce the level of environmental impacts, while potentially facing fewer legal and political challenges.
c. Finalize Bay-Delta planning work and ongoing studies of new water storage facilities, and support efforts to promote additional surface and underground water storage infrastructure that are cost effective ensure water availability and quality.
d. Resolve conflicts between urban and rural water users, water management and the environment in the Bay-Delta.
e. Provide ongoing federal and state funding for the Bay-Delta, and those which focus attention to Bay-Delta financing, affordability, commitments to pay, and the demand for Bay-Delta Water.
f. Equitably allocates costs of the Bay-Delta solution to all those benefiting from improvements in proportion to the benefits they receive.
g. Fast-track design, permits and construction for pilot projects in the Bay-Delta to create barriers to keep fish away from Bay-Delta water pumps, improve water quality and supply reliability.
h. Provide deliberative processes that are designed to ensure meaningful dialogue with all stakeholders in an open and transparent process in order to reduce future conflicts and challenges in implementing a Bay-Delta solution.
i. Provide a Bay-Delta solution that acknowledges, integrates and supports the development of water resources at the local level.
j. Improve the ability of water-users to divert water from the Bay-Delta during wet periods when impacts to fish and the ecosystem are lower and water quality is higher.
k. Improve the existing Bay-Delta water conveyance system to increase flexibility and enhance water supply, water quality, levee stability and environmental protection.
l. Evaluate long-term threats to the Bay-Delta levees and conveyance system and pursues actions to reduce risks to the state's water supply and the environment.
m. Improve coordination of the Central Valley Project and State Water Project Operations.
n. Provide a Bay-Delta solution and facilities that are cost-effective when compared with other water supply development options for meeting Southern California's water needs.

o. Identify the total cost or perform appropriate cost studies to estimate consumer financial impact as well as the expected yield of any Bay-Delta solution before financing and funding decision are made to determine whether the solution is worth the expense.
p. Provide the State Water Project (SWP) with more flexibility to operate their systems to maximize water deliveries while avoiding unacceptable impacts to third parties, habitat or the environment.
q. Require a firm commitment and funding stream by all parties to pay for the proportional benefits they will receive from a Bay-Delta solution through take-or-pay contracts or the legal equivalent, and identify the impact to the remaining contractors if one or more contractors default or back out.
r. Provide "right-sized" facilities to match firm commitments to pay for the Bay-Delta solution.
s. Provide SWP contractors and their member agencies access to all SWP facilities to facilitate water transfers.
t. Continue state ownership and operation of SWP as a public resource.
u. Improve efficiency and transparency of all SWP operations.
v. Focus on statewide priorities, including construction of an approved method of conveyance of water through or around the Delta that provides water supply reliability to the Delta water uses, promotion of greater regional and local self sufficiency, surface storage and promotion of water use efficiency.
w. Provides for the state's share of funding for Bay-Delta conveyance projects.
x. Consider complementary investments in local water supply sources, regional coordination, and south of Delta storage as part of an overall comprehensive Bay-Delta solution.

Oppose efforts that:

a. Require additional reviews or approvals of Delta conveyance options beyond those provided by SBX7-1 (2009).

Recycled Water

Support efforts to:

a. Reduce restrictions on recycled water usage or promote consistent regulation of recycled water projects to reduce impediments to the increased use of recycled water.
b. Reduce restrictions on injecting recycled water into basins where there is no direct potable use.
c. Provide financial incentives for recharge of groundwater aquifers using recycled water.
d. Make recycled water regulations clear, consolidated, and understandable to expedite related project permitting.
e. Promote recycled water as a sustainable supplemental source of water.
f. Allow the safe use of recycled water.
g. Facilitate development of technology aimed at improving water recycling.
h. Increasing funding for water recycling projects.
i. Increase awareness of the ways recycled water can help address the region's water supply challenges.

Oppose efforts that:

a. Restrict use of recycled water for groundwater recharge.
b. Establish new water or recycled water fees solely to recover State costs without also providing some benefit.
c. Create regulatory schemes that alter or limit the existing authority to reuse and recycle water.

Water Services

Support efforts to:

a. Provide for a comprehensive state water plan that balances California's competing water needs, achieves the co-equal goals of water supply reliability and environmental restoration, and results in a reliable supply of high-quality water for the San Diego region.
b. Provide financial support to projects designed to mitigate the potential negative impacts of Global Climate Change on water supply reliability.
c. Promote the coordination and integration of local, state and federal climate change policies and practices to the greatest extent feasible.
d. Support ongoing implementation of the Quantitative Settlement Agreement.
e. Provide reliable water supplies to meet California's short and long-term needs.
f. Support legislation that reduces impediments for willing sellers and buyers to engage in water transfer agreements.
g. Promote desalination pilot studies and projects.
h. Encourage feasibility studies of water resource initiatives.
i. Increase funds for infrastructure and grant programs for construction, modernization or expansion of water, wastewater treatment, reclamation facilities and sewer systems including water recycling, groundwater recovery and recharge, surface water development projects and seawater desalination.
j. Mandate uniform or similar regulations and procedures by state agencies in the processing and administering of grants and programs.
k. Streamline grant application procedures.
l. Promote or assist voluntary water transfers between willing buyers and willing sellers and move those transactions through without delay.
m. Streamline the permitting and approval process for implementing water transfers.
n. Establish reasonable statewide approaches to sewer reporting standards.
o. Generate greater efficiencies, better coordinate program delivery, and eliminate duplication in programs for source water protection without lessening the focus on public health of the state's Drinking Water Program.
p. Target efforts to fix specific issues with water supplies within the state's Drinking Water Program.

Oppose efforts that:

a. Make urban water supplies less reliable or substantially increase the cost of imported water without also improving the reliability and/or quality of the water.
b. Create unrealistic or costly water testing or reporting protocol.
c. Disproportionately apportion the cost of water.
d. Create undo hurtles for seawater desalination projects.
e. Create unreasonable or confusing sewer reporting standards.
f. Create administrative or other barriers to sales between willing buyers and willing sellers that delay water transfers.
g. Create a broad-based user fee that does not support a specific program activity; any fee must provide a clear nexus to the benefit the fee would provide.
h. Create unrealistic or costly to obtain water quality standards for potable water, recycled water or storm water runoff.

i. Change the focus of the state's Drinking Water Program or weaken the parts of the program that work well.
j. Lessen the focus on public health of the state's Drinking Water Program.

Financial

Support efforts to:

a. Require the federal government and State of California to reimburse special districts for all mandated costs or regulatory actions.
b. Give special districts the discretion to cease performance of unfunded mandates.
c. Provide for fiscal reform to enhance the equity, reliability, and certainty of special district funding.
d. Provide incentives for local agencies to work cooperatively, share costs or resources.
e. Provide for the stable, equitable and reliable allocation of property taxes.
f. Continue to reform workers compensation.
g. Authorize financing of water quality, water security, and water supply infrastructure improvement programs.
h. Promote competition in insurance underwriting for public agencies.
i. Establish spending caps on State of California overhead when administering voter approved grant and disbursement programs.
j. Require disbursement decisions in a manner appropriate to the service in question.
k. Encourage funding infrastructure programs that are currently in place and that have been proven effective.
l. Produce tangible results, such as water supply reliability or water quality improvement.
m. Provide financial incentives for energy projects that increase reliability, diversity, and reduce green house gasses.
n. Continue energy rate incentives for the utilization of electricity during low-peak periods.
o. Provide loan or grant programs that encourage water conservation for water users who are least able to pay for capital projects.

Oppose efforts that:

a. Impose new, unfunded state mandates on local agencies and their customers.
b. Undermine Proposition 1A - Protection of Local Government Revenues – and the comprehensive reform approved by voters in 2004.
c. Reallocate special district reserves in an effort to balance the state budget.
d. Reallocate special district revenues or reserves to fund infrastructure improvements or other activities in cities or counties.
e. Usurp special district funds, reserves, or other state actions that force special districts to raise rates, fees or charges.
f. Complicate or deter conservation-based rate structures.
g. Establish funding mechanisms that put undue burdens on local agencies or make local agencies *de facto* tax collectors for the state.
h. Complicate compliance with SB 610 and SB 221.
i. Adversely affect the cost of gas and electricity or reduce an organization's flexibility to take advantage of low peak cost periods.
j. Add new reporting criteria, burdensome, unnecessary or costly reporting mandates to Urban Water Management Plans.
k. Add new mandates to the Department of Water Resources (DWR) to review and approve Urban Water Management Plans beyond those already addressed in DWR guidelines.

Governance/Local Autonomy

Support efforts to:

a. Expand local autonomy in governing special district affairs.
b. Promote comprehensive long-range planning.
c. Assist local agencies in the logical and efficient extension of services and facilities to promote efficiency and avoid duplication of services.
d. Streamline the Municipal Service Review Process or set limits on how long services reviews can take or cost.
e. Establish clear and reasonable guidelines for appropriate community sponsorship activities.
f. Reaffirm the existing "all-in" financial structure, or protect the San Diego County Water Authority voting structure based on population.

Oppose efforts that:

a. Assume the state legislature is better able to make local decisions that affect special district governance.
b. Create one-size-fits-all approaches to special district reform.
c. Unfairly target one group of local elected officials.
d. Usurp local control from special districts regarding decisions involving local special district finance, operations or governance.
e. Limit the board of directors' ability to govern the district.
f. Create unfunded local government mandates.
g. Create costly, unnecessary or duplicative oversight roles for the state government of special district affairs.
h. Create new oversight roles or responsibility for monitoring special district affairs.
i. Change the San Diego County Water Authority Act regarding voting structure, unless it is based on population.
j. Shift the liability to the public entity and relieve private entities of reasonable due diligence in their review of plans and specifications for errors, omissions and other issues.
k. Place a significant and unreasonable burden on public agencies, resulting in increased cost for public works construction or their operation.
l. Impair the ability of water districts to acquire property or property interests required for essential capital improvement projects.
m. Increase the cost of property and right-of-way acquisition, or restricts the use of right-of-ways.
n. Work to silence the voices of special districts and other local government associations on statewide ballot measures impacting local government policies and practices, including actions that could prohibit special districts and associations from advocating for positions on ballot measures by severely restricting the private resources used to fund those activities.

Conservation

Support efforts to:

a. Provide funding for water conservation programs.
b. Encourage the installation of water conserving fixtures in new and existing buildings.
c. Promote the environmental benefits of water conservation.
d. Enhance efforts to promote water awareness and conservation.
e. Offer incentives for landscape water efficiency devices such as ET controllers and soil moisture sensors.
f. Develop landscape retrofit incentive programs and/or irrigation retrofit incentive programs.
g. Permit or require local agencies to adopt ordinances that require or promote water wise landscape for commercial and residential developments.
h. Create tax incentives for citizens or developers who install water wise landscapes.
i. Create tax incentives for citizens who purchase high efficiency clothes washers, dual flush and high-efficiency toilets and irrigation controllers above the state standards.
j. Expand community-based conservation and education programs.
k. Develop incentives for developers and existing customers to install water wise landscape in existing developments or new construction.
l. Encourage large state users to conserve water by implementing water efficient technologies in all facilities both new and retrofit.
m. Create higher incentives for solar power.
n. Encourage large state water users to conserve water outdoors.
o. Educate all Californians on the importance of water, and the need to conserve, manage, and plan for the future needs.
p. Encourage technological research targeted to more efficient water use.Give local agencies maximum discretion in selecting conservation programs that work for their customers and the communities they serve.

Oppose efforts that:

a. Weaken federal or state water efficiency standards.
b. Introduce additional analytical and reporting requirements that are time-consuming for local agencies to perform and result in additional costs to consumers, yet yield no water savings.

Safety, Security and Information Technology

Support efforts to:

a. Provide funding for information security upgrades to include integrated alarms, access/egress, and surveillance technology.
b. Provide incentives for utilities and other local agencies to work cooperatively, share costs or resources.
c. Provide funding for communication enhancements, wireless communications, GIS or other technological enhancements.
d. Encourage or promote compatible software systems.
e. Fund infrastructure and facility security improvements that include facility roadway access, remote gate access and physical security upgrades.
f. Protect state, local and regional drinking water systems from terrorist attack or deliberate acts of destruction, contamination or degradation.
g. Provide funds to support training or joint training exercises to include contingency funding for emergencies and emergency preparedness.
h. Equitably allocate security funding based on need, threats and/or population.
i. Encourage or promote compatible communication systems.
j. Encourage and promote funding of Department of Homeland Security Risk Mitigation programs.
k. Recognizes water agencies as emergency responders to damage and challenges caused by wildfires, earthquakes, and other natural disasters, as well as terrorist and other criminal activities that threaten water operations, facilities and supplies.

Oppose efforts that:

a. Create unnecessary, costly, or duplicative security mandates.
b. Require expanded water system descriptions or additional public disclosure of public water systems details for large water suppliers in Urban Water Management Planning documents, potentially compromising public water systems and creating a conflict with the Department of Homeland Security's recommendation to avoid reference to water system details in plans available to the general public.

Optimize District Effectiveness

Support efforts to:

a. Give utilities the ability to avoid critical peak energy pricing or negotiate energy contracts that save ratepayers money.
b. Develop reasonable Air Pollution Control District engine permitting requirements.
c. Reimburse or reduce local government mandates.
d. Allow public agencies to continue offering defined benefit plans.
e. Result in predictable costs and benefits for employees and taxpayers.
f. Eliminate abuses.
g. Retain local control of pension systems.
h. Be constitutional, federally legal and technically possible.

Oppose efforts that:

a. Restrict the use of, or reallocate, district property tax revenues to the detriment of special districts.
b. Create unrealistic ergonomic protocol.
c. Micromanage special district operations.
d. Balance the state budget by allowing regulatory agencies to increase permitting fees.
e. Tax dependent benefits.
f. Require new reporting criteria on emergency intensity involved in water supply.

Bi-National Initiatives

Support efforts to:

a. Promote and finance cross-border infrastructure development such as water pipelines, desalination plants or water treatment facilities to serve the border region.
b. Develop cooperative and collaborative solutions to cross-border issues.
c. Develop and enhance communications and understanding of the interdependence of communities on both sides of the border with the goal of improved cross-border cooperation.

Oppose efforts that:

a. Usurp local control over the financing and construction of water supply and infrastructure projects in the San Diego/Baja California region.

Water Bonds

Support efforts to:

a. Provide an equitable share of funding to San Diego County, with major funding categories being divided by county and funded on a per-capita basis to ensure bond proceeds are distributed throughout the state in proportion to taxpayers' payments on the bonds.
b. Provide fund for water infrastructure that resolves conflicts in the state's water system and provides long-term benefits to statewide issues including water supply, reliability, water quality and ecosystem restoration.
c. Give primary consideration to funding priorities established by local and regional entities through their IRWM planning process.
d. Ensure that the application process for funding is not unnecessarily burdensome and costly, with an emphasis on streamlining the process.
e. Fund emergency and carryover storage projects including those in San Diego County.
f. Consolidate administration of all voter-approved water-related bond funding in one place, preserves existing expertise within the state bureaucracy to manage bond funding processes, and provides consistent application and evaluation of bond funding applications.
g. Provides the state's share of funding for projects that advance the achievement of the co-equal goals of water supply reliability and Delta ecosystem restoration.

Oppose efforts that:

a. Do not provide an equitable share of funding to San Diego County, based on the San Diego County taxpayers' proportional contribution to repayment of the bond.
b. Do not provide funding for infrastructure that resolves statewide or regional conflicts of water supplies.
c. Do not provide funding that result in net increases in real water supply and water supply reliability.
d. Commit a significant portion of bond funding to projects that do not result in net increases in real water supply or water supply reliability.

Otay Water District Legislative Program 2014

Effective Date: 01/08/2014

Legislative Policy Guidelines

The Otay Water Legislative Policy Guidelines for the 2014 Legislative Session includes the following:

Sacramento-San Joaquin Bay Delta (Bay-Delta)

Support efforts to:

a. Finalize and implement the Bay-~~-~~Delta Conservation Plan to address Bay-Delta environmental and water quality issues.
b. ~~Support~~Analyze or support a "Portfolio Approach", "Around-the-Delta", "right-sized", or other alternatives that feature smaller conveyance facilities as a way~~s~~ to improve water quality, ~~or~~ water transport, and reduce the possibility or impacts of levee failure, lower costs to water users and the public, reduce the level of environmental impacts, while potentially facing fewer legal and political challenges.
c. Finalize Bay-Delta planning work and ongoing studies of new water storage facilities, and support efforts to promote additional surface and underground water storage infrastructure that are cost effective ensure water availability and quality.
d. Resolve conflicts between urban and rural water users, water management and the environment in the Bay-Delta.
e. Provide ongoing federal and state funding for the Bay-Delta, and those which focus attention to Bay-Delta financing, affordability, commitments to pay, and the demand for Bay-Delta Water.
f. Equitably allocates costs of the Bay-Delta solution to all those benefiting from improvements in proportion to the benefits they receive.
g. Fast-track design, permits and construction for pilot projects in the Bay-Delta to create barriers to keep fish away from Bay-Delta water pumps, improve water quality and supply reliability.
h. Provide deliberative processes that are designed to ensure meaningful dialogue with all stakeholders in an open and transparent process in order to reduce future conflicts and challenges in implementing a Bay-Delta solution.
i. Provide a Bay-Delta solution that acknowledges, integrates and supports the development of water resources at the local level.
j. Improve the ability of water-users to divert water from the Bay-Delta during wet periods when impacts to fish and the ecosystem are lower and water quality is higher.
k. Improve the existing Bay-Delta water conveyance system to increase flexibility and enhance water supply, water quality, levee stability and environmental protection.
l. Evaluate long-term threats to the Bay-Delta levees and conveyance system and pursues actions to reduce risks to the state's water supply and the environment.
m. Improve coordination of the Central Valley Project and State Water Project Operations.
n. Provide a Bay-Delta solution and facilities that are cost-effective when compared with other water supply development options for meeting Southern California's water needs.

o. Identify the total cost or perform appropriate cost studies to estimate consumer financial ~~impact~~ impact as well as the expected yield of any Bay-Delta solution before financing and funding decision are made to determine whether the solution is worth the expense.
p. Provide the State Water Project (SWP) with more flexibility to operate their systems to maximize water deliveries while avoiding unacceptable impacts to third parties, habitat or the environment.
q. Require a firm commitment and funding stream by all parties to pay for the proportional benefits they will receive from a Bay-Delta solution through take-or-pay contracts or the legal equivalent, and identify the impact to the remaining contractors if one or more contractors default or back out.~~.~~
r. Provide "right-sized" facilities to match firm commitments to pay for the Bay-Delta solution.
s. Provide SWP contractors and their member agencies access to all SWP facilities to facilitate water transfers.
t. Continue state ownership and operation of SWP as a public resource.
u. Improve efficiency and transparency of all SWP operations.
v. Focus on statewide priorities, including construction of an approved method of conveyance of water through or around the Delta that provides water supply reliability to the Delta water uses, promotion of greater regional and local self sufficiency, surface storage and promotion of water use efficiency.
w. Provides for the state's share of funding for Bay-Delta conveyance projects.
~~w.~~x. Consider complementary investments in local water supply sources, regional coordination, and south of Delta storage as part of an overall comprehensive Bay-Delta solution.

Oppose efforts that:

a. Require additional reviews or approvals of Delta conveyance options beyond those provided by SBX7-1 (2009).

Recycled Water

Support efforts to:

a. Reduce restrictions on recycled water usage or promote consistent regulation of recycled water projects to reduce impediments to the increased use of recycled water.
b. Reduce restrictions on injecting recycled water into basins where there is no direct potable use.
c. Provide financial incentives for recharge of groundwater aquifers using recycled water.
d. Make recycled water regulations clear, consolidated, and understandable to expedite related project permitting.
e. Promote recycled water as a sustainable supplemental source of water.
f. Allow the safe use of recycled water.
g. Facilitate development of technology aimed at improving water recycling.
h. Increasing funding for water recycling projects.
~~c.~~i. Increase awareness of the ways recycled water can help address the region's water supply challenges.

Oppose efforts that:

a. Restrict use of recycled water for groundwater recharge.
b. Establish new water or recycled water fees solely to recover State costs without also providing some benefit.
c. Create regulatory schemes that alter or limit the existing authority to reuse and recycle water.

Water Services

Support efforts to:

a. Provide for a comprehensive state water plan that balances California's competing water needs, achieves the co-equal goals of water supply reliability and environmental restoration, and results in a reliable supply of high-quality water for the San Diego region.
b. Provide financial support to projects designed to mitigate the potential negative impacts of Global Climate Change on water supply reliability.
c. Promote the coordination and integration of local, state and federal climate change policies and practices to the greatest extent feasible.
d. Support ongoing implementation of the Quantitative Settlement Agreement.
e. Provide reliable water supplies to meet California's short and long-term needs.
f. Support legislation that reduces impediments for willing sellers and buyers to engage in water transfer agreements.
g. Promote desalination pilot studies and projects.
h. Encourage feasibility studies of water resource initiatives.
i. Increase funds for infrastructure and grant programs for construction, modernization or expansion of water, wastewater treatment, reclamation facilities and sewer systems including water recycling, groundwater recovery and recharge, surface water development projects and seawater desalination.
j. Mandate uniform or similar regulations and procedures by state agencies in the processing and administering of grants and programs.
k. Streamline grant application procedures.
l. Promote or assist voluntary water transfers between willing buyers and willing sellers and move those transactions through without delay.
m. Streamline the permitting and approval process for implementing water transfers.
n. Establish reasonable statewide approaches to sewer reporting standards.
o. Generate greater efficiencies, better coordinate program delivery, and eliminate duplication in programs for source water protection without lessening the focus on public health of the state's Drinking Water Program.
~~n.~~p. Target efforts to fix specific issues with water supplies within the state's Drinking Water Program.

Oppose efforts that:

a. Make urban water supplies less reliable or substantially increase the cost of imported water without also improving the reliability and/or quality of the water.
b. Create unrealistic or costly water testing or reporting protocol.
c. Disproportionately apportion the cost of water.
d. Create undo hurtles for seawater desalination projects.
e. Create unreasonable or confusing sewer reporting standards.
f. Create administrative or other barriers to sales between willing buyers and willing sellers that delay water transfers.
g. Create a broad-based user fee that does not support a specific program activity; any fee must provide a clear nexus to the benefit the fee would provide.
h. Create unrealistic or costly to obtain water quality standards for potable water, recycled water or storm water runoff.

i. Change the focus of the state's Drinking Water Program or weaken the parts of the program that work well.

~~h.~~j. Lessen the focus on public health of the state's Drinking Water Program.

Financial

Support efforts to:

a. Require the federal government and State of California to reimburse special districts for all mandated costs or regulatory actions.
b. Give special districts the discretion to cease performance of unfunded mandates.
c. Provide for fiscal reform to enhance the equity, reliability, and certainty of special district funding.
d. Provide incentives for local agencies to work cooperatively, share costs or resources.
e. Provide for the stable, equitable and reliable allocation of property taxes.
f. Continue to reform workers compensation.
g. Authorize financing of water quality, water security, and water supply infrastructure improvement programs.
h. Promote competition in insurance underwriting for public agencies.
i. Establish spending caps on State of California overhead when administering voter approved grant and disbursement programs.
j. Require disbursement decisions in a manner appropriate to the service in question.
k. Encourage funding infrastructure programs that are currently in place and that have been proven effective.
l. Produce tangible results, such as water supply reliability or water quality improvement.
m. Provide financial incentives for energy projects that increase reliability, diversity, and reduce green house gasses.
n. Continue energy rate incentives for the utilization of electricity during low-peak periods.
o. Provide loan or grant programs that encourage water conservation for water users who are least able to pay for capital projects.

Oppose efforts that:

a. Impose new, unfunded state mandates on local agencies and their customers.
b. Undermine Proposition 1A - Protection of Local Government Revenues – and the comprehensive reform approved by voters in 2004.
c. Reallocate special district reserves in an effort to balance the state budget.
d. Reallocate special district revenues or reserves to fund infrastructure improvements or other activities in cities or counties.
e. Usurp special district funds, reserves, or other state actions that force special districts to raise rates, fees or charges.
f. Complicate or deter conservation-based rate structures.
g. Establish funding mechanisms that put undue burdens on local agencies or make local agencies *de facto* tax collectors for the state.
h. Complicate compliance with SB 610 and SB 221.
i. Adversely affect the cost of gas and electricity or reduce an organization's flexibility to take advantage of low peak cost periods.
j. Add new reporting criteria, burdensome, unnecessary or costly reporting mandates to Urban Water Management Plans.
~~i.~~k. Add new mandates to the Department of Water Resources (DWR) to review and approve Urban Water Management Plans beyond those already addressed in DWR guidelines.

Governance/Local Autonomy

Support efforts to:

a. Expand local autonomy in governing special district affairs.
b. Promote comprehensive long-range planning.
c. Assist local agencies in the logical and efficient extension of services and facilities to promote efficiency and avoid duplication of services.
d. Streamline the Municipal Service Review Process or set limits on how long services reviews can take or cost.
e. Establish clear and reasonable guidelines for appropriate community sponsorship activities.
f. Reaffirm the existing "all-in" financial structure, or protect the San Diego County Water Authority voting structure based on population.

Oppose efforts that:

a. Assume the state legislature is better able to make local decisions that affect special district governance.
b. Create one-size-fits-all approaches to special district reform.
c. Unfairly target one group of local elected officials.
d. Usurp local control from special districts regarding decisions involving local special district finance, operations or governance.
e. Limit the board of directors' ability to govern the district.
f. Create unfunded local government mandates.
g. Create costly, unnecessary or duplicative oversight roles for the state government of special district affairs.
h. Create new oversight roles or responsibility for monitoring special district affairs.
i. Change the San Diego County Water Authority Act regarding voting structure, unless it is based on population.
j. Shift the liability to the public entity and relieve private entities of reasonable due diligence in their review of plans and specifications for errors, omissions and other issues.
k. Place a significant and unreasonable burden on public agencies, resulting in increased cost for public works construction or their operation.
l. Impair the ability of water districts to acquire property or property interests required for essential capital improvement projects.
m. Increase the cost of property and right-of-way acquisition, or restricts the use of right-of-ways.
n. Work to silence the voices of special districts and other local government associations on statewide ballot measures impacting local government policies and practices, including actions that could prohibit special districts and associations from advocating for positions on ballot measures by severely restricting the private resources used to fund those activities.

~~m.~~

Conservation

Support efforts to:

a. Provide funding for water conservation programs.
b. Encourage the installation of water conserving fixtures in new and existing buildings.
c. Promote the environmental benefits of water conservation.
d. Enhance efforts to promote water awareness and conservation.
e. Offer incentives for landscape water efficiency devices such as ET controllers and soil moisture sensors.
f. Develop landscape retrofit incentive programs and/or irrigation retrofit incentive programs.
g. Permit or require local agencies to adopt ordinances that require or promote water wise landscape for commercial and residential developments.
h. Create tax incentives for citizens or developers who install water wise landscapes.
i. Create tax incentives for citizens who purchase high efficiency clothes washers, dual flush and high-efficiency toilets and irrigation controllers above the state standards.
j. Expand community-based conservation and education programs.
k. Develop incentives for developers and existing customers to install water wise landscape in existing developments or new construction.
l. Encourage large state users to conserve water by implementing water efficient technologies in all facilities both new and retrofit.
m. Create higher incentives for solar power.
n. Encourage large state water users to conserve water outdoors.
o. Educate all Californians on the importance of water, and the need to conserve, manage, and plan for the future needs.
~~p.~~ Encourage technological research targeted to more efficient water use.
p. Give local agencies maximum discretion in selecting conservation programs that work for their customers and the communities they serve.

Oppose efforts that:

a. Weaken federal or state water efficiency standards.
~~a.~~b. Introduce additional analytical and reporting requirements that are time-consuming for local agencies to perform and result in additional costs to consumers, yet yield no water savings.

Safety, Security and Information Technology

Support efforts to:

a. Provide funding for information security upgrades to include integrated alarms, access/egress, and surveillance technology.
b. Provide incentives for utilities and other local agencies to work cooperatively, share costs or resources.
c. Provide funding for communication enhancements, wireless communications, GIS or other technological enhancements.
d. Encourage or promote compatible software systems.
e. Fund infrastructure and facility security improvements that include facility roadway access, remote gate access and physical security upgrades.
f. Protect state, local and regional drinking water systems from terrorist attack or deliberate acts of destruction, contamination or degradation.
g. Provide funds to support training or joint training exercises to include contingency funding for emergencies and emergency preparedness.
h. Equitably allocate security funding based on need, threats and/or population.
i. Encourage or promote compatible communication systems.
j. Encourage and promote funding of Department of Homeland Security Risk Mitigation programs.
k. Recognizes water agencies as emergency responders to damage and challenges caused by wildfires, earthquakes, and other natural disasters, as well as terrorist and other criminal activities that threaten water operations, facilities and supplies.

Oppose efforts that:

a. Create unnecessary, costly, or duplicative security mandates.
~~a.~~b. Require expanded water system descriptions or additional public disclosure of public water systems details for large water suppliers in Urban Water Management Planning documents, potentially compromising public water systems and creating a conflict with the Department of Homeland Security's recommendation to avoid reference to water system details in plans available to the general public.

Optimize District Effectiveness

Support efforts to:

a. Give utilities the ability to avoid critical peak energy pricing or negotiate energy contracts that save ratepayers money.
b. Develop reasonable Air Pollution Control District engine permitting requirements.
c. Reimburse or reduce local government mandates.
d. Allow public agencies to continue offering defined benefit plans.
e. Result in predictable costs and benefits for employees and taxpayers.
f. Eliminate abuses.
g. Retain local control of pension systems.
h. Be constitutional, federally legal and technically possible.

Oppose efforts that:

a. Restrict the use of, or reallocate, district property tax revenues to the detriment of special districts.
b. Create unrealistic ergonomic protocol.
c. Micromanage special district operations.
d. Balance the state budget by allowing regulatory agencies to increase permitting fees.
e. Tax dependent benefits.
~~e.~~f. Require new reporting criteria on emergency intensity involved in water supply.

Bi-National Initiatives

Support efforts to:

a. Promote and finance cross-border infrastructure development such as water pipelines, desalination plants or water treatment facilities to serve the border region.
b. Develop cooperative and collaborative solutions to cross-border issues.
c. Develop and enhance communications and understanding of the interdependence of communities on both sides of the border with the goal of improved cross-border cooperation.

Oppose efforts that:

a. Usurp local control over the financing and construction of water supply and infrastructure projects in the San Diego/Baja California region.

Water Bonds

Support efforts to:

a. Provide an equitable share of funding to San Diego County, with major funding categories being divided by county and funded on a per-capita basis to ensure bond proceeds are distributed throughout the state in proportion to taxpayers' payments on the bonds.
b. Provide fund for water infrastructure that resolves conflicts in the state's water system and provides long-term benefits to statewide issues including water supply, reliability, water quality and ecosystem restoration.
c. Give primary consideration to funding priorities established by local and regional entities through their IRWM planning process.
d. Ensure that the application process for funding is not unnecessarily burdensome and costly, with an emphasis on streamlining the process.
e. Fund emergency and carryover storage projects including those in San Diego County.
f. Consolidate administration of all voter-approved water-related bond funding in one place, preserves existing expertise within the state bureaucracy to manage bond funding processes, and provides consistent application and evaluation of bond funding applications.
~~f.~~g. Provides the state's share of funding for projects that advance the achievement of the co-equal goals of water supply reliability and Delta ecosystem restoration.

Oppose efforts that:

a. Do not provide an equitable share of funding to San Diego County, based on the San Diego County taxpayers' proportional contribution to repayment of the bond.
b. Do not provide funding for infrastructure that resolves statewide or regional conflicts of water supplies.
c. Do not provide funding that result in net increases in real water supply and water supply reliability.
~~c.~~d. Commit a significant portion of bond funding to projects that do not result in net increases in real water supply or water supply reliability.

AGENDA ITEM 5

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	January 7, 2014
		PROJECT:	DIV. NO. All
SUBMITTED BY:	Kevin Koeppen, Finance Manager		
APPROVED BY:	☒ Joseph R. Beachem, Chief Financial Officer ☒ German Alvarez, Assistant General Manager ☒ Mark Watton, General Manager		
SUBJECT:	Adopt Ordinance No. 540 Amending the District's Code of Ordinances Section 3.06(C), Withdrawal of Funds, to Allow for Delegates Approval of the Release of Payments Which Will Increase the Efficiency and Practicality of District Operations		

GENERAL MANAGER'S RECOMMENDATION:

That the Board adopt Ordinance No. 540 amending the District's Code of Ordinances Section 3.06(C), Withdrawal of Funds, to allow for delegates approval of the release of payments which will increase the efficiency and practicality of District operations.

COMMITTEE ACTION:

See Attachment A.

PURPOSE:

To request that the Board amend Section 3.06(C), as presented in Exhibit 1, to increase the efficiency and practicality of District operations. In addition, the amendment will grant the General Manager and Chief Financial Officer the authority to delegate approval to release payments in situations when they are unavailable to complete the task.

ANALYSIS:

The District reviews and amends the Code of Ordinances and related policies from time to time to keep them current. A recent review of the Code of Ordinances has identified changes to Section 3.06(C) that

are needed to allow for efficiency and practicality of District operations.

The code states, "Checks will not be released until approved by the General Manager and the Chief Financial Officer." Language has been added to authorize the General Manager and Chief Financial Officer to designate alternative individuals with authorization to approve the release of checks.

The revised language will establish an alternative approval process allowing the continued release of payments in the event that the General Manager or Chief Financial Officer are unavailable to approve the release of checks.

FISCAL IMPACT: ☒ Joe Beachem, Chief Financial Officer

None.

STRATEGIC GOAL:

Eliminate process inefficiencies.

LEGAL IMPACT:

None.

Attachments: Attachment A – Committee Action
Attachment B - Ordinance No. 540
Exhibit 1 – Strike-through Section 3.06(C)
Exhibit 2 – Proposed Section 3.06(C)

ATTACHMENT A

SUBJECT/PROJECT:	Adopt Ordinance No. 540 Amending the District's Code of Ordinances Section 3.06(C), Withdrawal of Funds, to Allow for Delegates Approval of the Release of Payments Which Will Increase the Efficiency and Practicality of District Operations

COMMITTEE ACTION:

That the Board approve the Finance, Administration and Communications Committee's recommendation to adopt Ordinance No. 540 amending the District's Code of Ordinances Section 3.06(C), Withdrawal of Funds, to allow for delegates approval of the release of payments which will increase the efficiency and practicality of District operations.

NOTE:

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

Attachment B

ORDINANCE NO. 540

AN ORDINANCE OF THE BOARD OF DIRECTORS OF
THE OTAY WATER DISTRICT
AMENDING SECTION 3.06(C), WITHDRAWAL OF FUNDS, OF THE
DISTRICT'S CODE OF ORDINANCES

BE IT ORDAINED by the Board of Directors of Otay Water District that the District's Code of Ordinances Section 3.06(C), Withdrawal of Funds, be amended as per Exhibit 1 (attached).

NOW, THEREFORE, BE IT RESOLVED that the new proposed Section 3.06(C), Withdrawal of Funds, (Exhibit 2) of the Code of Ordinances shall become effective January 7, 2014.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Otay Water District at a regular meeting duly held this 7th day of January 2014, by the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
President

ATTEST:

_____
District Secretary

CHAPTER 3 DISTRICT FINANCIAL MATTERS

SECTION 3 DISTRICT BANKING AND OTHER FINANCIAL MATTERS

3.01 DESIGNATION OF DEPOSITORY

The Board of Directors shall designate a depository or depositories to have custody of District funds, which depositories shall give the District sufficient collateralization to secure the District against possible loss, as required by law. Only such person or persons authorized by the Board may sign checks to withdraw funds from any of such depositories.

The General Manager, Secretary, Treasurer, Chief Financial Officer, and all other employees or assistants of the District who may be required to do so by the Board of Directors, shall give such fidelity or performance bonds to the District as the Board may from time to time require. The premium for such bonds shall be paid by the District.

3.02 DEPOSIT OF CASH

All funds received by the District from any source whatsoever shall be promptly deposited in one of the time or demand bank accounts established by resolution of the Board of Directors. It shall be the responsibility of the Chief Financial Officer of the District and of his/her deputies, who have been or may be appointed, to assure such prompt deposit of funds.

3.03 TYPES OF ACCOUNTS AND INVESTMENT ACCOUNTS

A. The following types of bank accounts and investment accounts shall be established and maintained for District funds as directed or approved by the Board of Directors:

1. Demand Deposit Account. All funds, when first received, shall be deposited in one of the demand deposit accounts established under Section 3.02. However, the- Chief Financial Officer, or his/her designee, shall cause those funds for which an early demand is not foreseen, to be transferred to a time deposit account or to an investment account to produce an interest return as soon as practicable.

2. Time Deposit Account. Funds for which an early demand is not foreseen shall be transferred from a demand deposit account to a time deposit account or invested in an investment authorized under 3 of this Section 3.03.

3. Investments. As an alternative to placing funds in a time deposit account, funds may be invested in the form of securities authorized by Section 53601 of the California Government Code and District Policy No. 27.

3.04 CLASSES OF BANK ACCOUNTS

A. The following classes of accounts shall be established and maintained for the District:

1. General Accounts. All District funds shall be placed in one or more of the types of accounts or investments listed under Section 3.03. Such funds shall be designated "Otay Water District, General Account" except for funds which are to be placed in special accounts as may be directed by the Board of Directors or as otherwise authorized in this Section 3.04. Such special accounts may be any one of the types listed in Section 3.03.

2. Payroll Account. One special demand deposit account, designated "Otay Water District, Payroll Account," shall be maintained for the sole purpose of paying wages, salaries and taxes for District employees. No funds shall be deposited in this account except funds withdrawn by check or transfer from a General Account.

3.05 TRANSFER OF FUNDS FROM ONE ACCOUNT TO ANOTHER

A. The Chief Financial Officer of the District or his/her designee is authorized and is delegated the responsibility of directing banking institutions to transfer funds from one type of account to another type in a financial institution which has been approved by the Board of Directors. For the purpose of such transfers the types of accounts designated "Demand Deposits," "Time Deposits," and "Investment Accounts" shall be interchangeable at the direction of the Chief Financial Officer or his/her designee with after-the-fact approval of the Board.

3.06 WITHDRAWAL OF FUNDS

A. Funds may be withdrawn from any class of demand deposit by issuance of a check or by means of a wire transfer which must be approved by two authorized signers.

B. All checks drawn against the General Accounts shall be listed in numerical order on a list of demands that shall be included in a report to the Board of Directors on a regular basis.

C. All checks drawn against the General Accounts or payroll account must be executed using a facsimile signature or require the signatures of two signers. Checks will not be released until approved by the General Manager and the Chief Financial Officer~~.~~; or individuals designated by the General Manager or Chief Financial Officer.

3.07 DIRECTIONS PERTAINING TO DEMAND DEPOSITS

Each demand deposit account shall be established only by resolution which shall contain directions therein as to the persons who may sign checks on the account.

3.08 FISCAL YEAR

The fiscal year of the District shall be the period beginning July 1 of each calendar year through June 30 of the next calendar year.

3.09 CLOSING OF BOOKS OF ACCOUNT

Within 30 days after the last day of each fiscal year, the Chief Financial Officer shall cause all final entries for such fiscal year to be made in the District books of account, prepare them for examination by the external Auditor, and notify the Auditor that the books of account are ready for audit.

3.10 APPOINTMENT OF AN AUDITOR FOR ANNUAL AUDIT OF BOOKS OF ACCOUNT

The Auditor for the District shall be appointed by the Board of Directors and shall serve thereafter until such time as the Auditor may resign, the appointment may be revoked by the Board, or a successor has been appointed by the Board.

Within 60 days after the books of account have been prepared for the Auditor's use, as provided in Section 3.09, the Auditor shall perform and submit the annual audit of said books of account to the District.

CHAPTER 3 DISTRICT FINANCIAL MATTERS

SECTION 3 DISTRICT BANKING AND OTHER FINANCIAL MATTERS

3.01 DESIGNATION OF DEPOSITORY

The Board of Directors shall designate a depository or depositories to have custody of District funds, which depositories shall give the District sufficient collateralization to secure the District against possible loss, as required by law. Only such person or persons authorized by the Board may sign checks to withdraw funds from any of such depositories.

The General Manager, Secretary, Treasurer, -Chief Financial Officer, and all other employees or assistants of the District who may be required to do so by the Board of Directors, shall give such fidelity or performance bonds to the District as the Board may from time to time require. The premium for such bonds shall be paid by the District.

3.02 DEPOSIT OF CASH

All funds received by the District from any source whatsoever shall be promptly deposited in one of the time or demand bank accounts established by resolution of the Board of Directors. It shall be the responsibility of the Chief Financial Officer of the District and of his/her deputies, who have been or may be appointed, to assure such prompt deposit of funds.

3.03 TYPES OF ACCOUNTS AND INVESTMENT ACCOUNTS

A. The following types of bank accounts and investment accounts shall be established and maintained for District funds as directed or approved by the Board of Directors:

1. Demand Deposit Account. All funds, when first received, shall be deposited in one of the demand deposit accounts established under Section 3.02. However, the- Chief Financial Officer, or his/her designee, shall cause those funds for which an early demand is not foreseen, to be transferred to a time deposit account or to an investment account to produce an interest return as soon as practicable.

2. Time Deposit Account. Funds for which an early demand is not foreseen shall be transferred from a demand deposit account to a time deposit account or invested in an investment authorized under 3 of this Section 3.03.

3. Investments. As an alternative to placing funds in a time deposit account, funds may be invested in the form of securities authorized by Section 53601 of the California Government Code and District Policy No. 27.

3.04 CLASSES OF BANK ACCOUNTS

A. The following classes of accounts shall be established and maintained for the District:

1. General Accounts. All District funds shall be placed in one or more of the types of accounts or investments listed under Section 3.03. Such funds shall be designated "Otay Water District, General Account" except for funds which are to be placed in special accounts as may be directed by the Board of Directors or as otherwise authorized in this Section 3.04. Such special accounts may be any one of the types listed in Section 3.03.

2. Payroll Account. One special demand deposit account, designated "Otay Water District, Payroll Account," shall be maintained for the sole purpose of paying wages, salaries and taxes for District employees. No funds shall be deposited in this account except funds withdrawn by check or transfer from a General Account.

3.05 TRANSFER OF FUNDS FROM ONE ACCOUNT TO ANOTHER

A. The Chief Financial Officer of the District or his/her designee is authorized and is delegated the responsibility of directing banking institutions to transfer funds from one type of account to another type in a financial institution which has been approved by the Board of Directors. For the purpose of such transfers the types of accounts designated "Demand Deposits," "Time Deposits," and "Investment Accounts" shall be interchangeable at the direction of the Chief Financial Officer or his/her designee with after-the-fact approval of the Board.

3.06 WITHDRAWAL OF FUNDS

A. Funds may be withdrawn from any class of demand deposit by issuance of a check or by means of a wire transfer which must be approved by two authorized signers.

B. All checks drawn against the General Accounts shall be listed in numerical order on a list of demands that shall be included in a report to the Board of Directors on a regular basis.

C. All checks drawn against the General Accounts or payroll account must be executed using a facsimile signature or require the signatures of two signers. Checks will not be released until approved by the General Manager and the Chief Financial Officer; or individuals designated by the General Manager or Chief Financial Officer.

3.07 DIRECTIONS PERTAINING TO DEMAND DEPOSITS

Each demand deposit account shall be established only by resolution which shall contain directions therein as to the persons who may sign checks on the account.

3.08 FISCAL YEAR

The fiscal year of the District shall be the period beginning July 1 of each calendar year through June 30 of the next calendar year.

3.09 CLOSING OF BOOKS OF ACCOUNT

Within 30 days after the last day of each fiscal year, the Chief Financial Officer shall cause all final entries for such fiscal year to be made in the District books of account, prepare them for examination by the external Auditor, and notify the Auditor that the books of account are ready for audit.

3.10 APPOINTMENT OF AN AUDITOR FOR ANNUAL AUDIT OF BOOKS OF ACCOUNT

The Auditor for the District shall be appointed by the Board of Directors and shall serve thereafter until such time as the Auditor may resign, the appointment may be revoked by the Board, or a successor has been appointed by the Board.

Within 60 days after the books of account have been prepared for the Auditor's use, as provided in Section 3.09, the Auditor shall perform and submit the annual audit of said books of account to the District.

AGENDA ITEM 6

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	January 7, 2014
		W.O./G.F. NO:	DIV. NO.
SUBMITTED BY:	Adolfo Segura, Information Technology Manager		
APPROVED BY:	☒ Geoff Stevens, Chief Information Officer		
	☒ German Alvarez, Assistant General Manager		
	☒ Mark Watton, General Manager		
SUBJECT:	REPLACEMENT OF NETWORK EQUIPMENT AND SERVICES		

GENERAL MANAGER'S RECOMMENDATION:

That the Board approve the issuance of a purchase order to Nexus Inc. in the amount of $204,850 for purchase of IT network equipment and services.

Committee Action:

See "Attachment A".

Purpose:

To authorize the purchase of replacement of network equipment and services.

Analysis:

The District's network infrastructure is the backbone for all essential day-to-day data, voice, video, security and customer services. One of the most critical elements of this network is core network switching and connectivity equipment, which allows electronic information to reliably and securely flow throughout the District's Offices, remote sites and to-and-from the external environment. This is a tactical upgrade with network equipment being replaced only where needed and limited professional services. Equipment with existing useful life will remain.

The District's current switch and general connectivity equipment was purchased incrementally beginning in 2004. Network management best practices recommend upgrades of enterprise network equipment at five, seven and ten years of life. Vendor support costs for this equipment past the recommended lifecycle stage is at a premium, with replacement parts typically being recycled or refurbished with

limited performance and reliability warranty offerings. With the District's ever-growing need and dependency of technology services, maintaining the network infrastructure current is essential to sustain current and future electronic service demands.

Another critical item is the District's manual tape back-up mode process, which is labor intensive, costly, and does not properly leverage new storage alternatives such as the cloud and incremental backup.

The 2012 – 2014 Strategic Plan identified the need to "Improve the operating cost and efficiency of data center and network services" (3.1.2.10); in order to achieve this objective, staff conducted an extensive analysis of current and future networking requirements and developed a list of specifications. Staff solicited quotes from six (6) vendors for the required equipment and services and only received one (1) qualified quote from Nexus Inc., $204,850. Staff also evaluated the quote against both the California Multiple Award Schedules (CMAS) and Regional Public Pricing Agreement through Western State Contracting Alliance (WSCA) to ensure the District received adequate quotes. In both cases, the quote received in the Nexus Inc. bid was lower than the quote the District would have received just following the competitively approved contracts available to public agencies. CMAS quoted $228,159.99, and WSCA quoted $235,182.49.

Fiscal Impact ☒ **Joe Beachem, Chief Financial Officer**

The approved capital budget is $350,000 for FY14 for CIP P2469 Information Technology Network and Hardware. Current expenditures are $28,150.00, leaving an available balance of $321,850.00. This expenditure of $204,850 will leave a remaining balance of $110,699.50 in CIP P2469. The Project Manager anticipates, based on financial analysis, that the budget will be sufficient to support this project. Finance has determined that 60% of the funding is available from the Replacement Fund and 40% from the Expansion Fund.

Strategic Goal

This project will, in part, achieve the strategic objective "Improve the operating cost and efficiency of data center and network services" (3.1.2.10).

LEGAL IMPACT:

None.

Attachments: Attachment A – Committee Action

ATTACHMENT A

SUBJECT/PROJECT:	REPLACEMENT OF NETWORK EQUIPMENT AND SERVICES

COMMITTEE ACTION:

The Finance, Administration and Communications Committee met on December 10, 2013 to review this item. The Committee supports presentation to the full Board for their consideration.

NOTE:

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

AGENDA ITEM 7

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	January 7, 2014
SUBMITTED BY:	Adolfo Segura Information Technology Manager	W.O./G.F. NO:	DIV. NO.
APPROVED BY:	☒ Geoff Stevens, Chief Information Officer ☒ German Alvarez, Assistant General Manager ☒ Mark Watton, General Manager		
SUBJECT:	REPLACEMENT OF SCADA SYSTEM		

GENERAL MANAGER'S RECOMMENDATION:

That the Board authorize the General Manager to negotiate and enter into agreement with Techknowsion Inc., for a three year licensing agreement for GE iFIX SCADA system and implementation services for the replacement of the District's SCADA system in an amount not-to-exceed $415,000.00.

Committee Action:

See "Attachment A".

Purpose:

To obtain Board authorization for the General Manager to negotiate into an agreement for the purchase of license fees and implementation services to replace the District's SCADA information system.

Analysis:

The SCADA system, which is one of the District's most critical systems, provides direct electronic connection and monitoring services to all essential District water infrastructures, and in particular, major equipment responsible for managing, moving, treating, and distribution of water for potable, recycled and wastewater. The original SCADA system (Factory Link) was installed in 1994 and since then, staff has updated and managed that system but it has now reached end of life. Consequently, staff recognized, as part

of the 2012-2014 Strategic Plan, that it was necessary to replace the SCADA system (3.1.2.16 - Replace SCADA Software).

The District conducted extensive research into potential SCADA system replacements. The market is mature and there are many vendors and systems capable of providing quality systems and services. In consultation with industry experts and the District's Purchasing Department, staff determined that the best approach was to conduct a competitive RFP process allowing system integrators to propose what they believe is the best solution based on Otay's requirements. The District hired CGR Management Consultant LLC to assist in the development of a detailed "requirements" matrix as well as in the vendor selection process. A cross-functional selection team from Operations and IT was also assembled to help validate and complete the scope and "requirements" matrix. In turn, the scope document was made available to any system vendor that wished to be considered. The RFP was also placed on the District's web site. The District initially received eight proposals, but through a scoring criteria, narrowed it down to four vendors. Staff reached consensus on a recommended vendor after conducting on-site interviews, scripted software demonstrations and a final scoring process, to include reference checks. (See Attachment B).

After scoring results, staff recommends the selection of Technowsion as the vendor of choice and General Electric (GE) iFIX as the desired solution. Technowsion has extensive knowledge of Otay's existing SCADA system, as they have maintained it during the last ten years. Besides offering the highest rated proposal, Techknowsion also provided the lowest overall project cost. The GE iFIX solution has desired work order management system integration capabilities and the ability to use existing field monitoring devices, therefore, minimizing additional hardware expenditures. This benefit reinforces the recommendation of GE iFIX as a best fit for Otay's technology needs. While Technowsion is the smallest firm among the vendors, they have a strong support relationship with GE iFIX software division, and they are able to provide additional support from their large technical bench if needed. In addition, given the large market share of the GE iFIX solution, future support can be provided by other vendors should we desire. Software license fees will be paid directly to Technowsion and are included in the proposal. This is being done primarily to leverage the vendor's integration buying power and associated discounts, which will benefit Otay. Post implementation support costs for SCADA will be an O&M budget item in FY15 and beyond.

Fiscal Impact ☒ **Joe Beachem, Chief Financial Officer**

The approved capital budget is $1,846,000.00 for CIP P2485 (SCADA Replacement Project). Planned expenditures to date are $823,746.00

leaving an existing balance of $1,022,253.00. Total costs will be $415,000.00 leaving a balance of $607,253.00. The Project Manager anticipates, based on financial analysis, that the budget will be sufficient to support this project.

Finance has determined that 60% of the funding is available from the Replacement Fund and 40% from the Expansion Fund.

Strategic Goal

This project will achieve objective 3.1.2.16 Replace Scada System.

Legal Impact:

None.

Attachments:

Attachment A – Committee Action
Attachment B – Matrix
Attachment C – PowerPoint Presentation

ATTACHMENT A

SUBJECT/PROJECT:	REPLACEMENT OF SCADA SYSTEM

COMMITTEE ACTION:

The Finance, Administration and Communications Committee met on December 10, 2013 to review this item. The Committee supports presentation to the full Board for their consideration.

NOTE:

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

ATTACHMENT B

OTAY WATER DISTRICT

SUMMARY OF SCADA PROPOSAL RANKINGS

SCORING CRITERIA
Firms Qualifications
Project Team
Project Approach
Organization Fit
Vendor Presentation
Project Cost

	Systems Int.	Telvent	Trimax	Glenmount	TECHKNOWSION	HydroScientific	Wunderlich	South Coast
Proposal Score (70%)	3.7	3.4	3.6	3.8	**4.0**	2.8	2.9	3.4
Cost Score (30%)	4.3	3.8	4.6	3.9	**4.9**	1.0	2.6	5.0
Weighted Score	3.9	3.5	3.9	3.9	**4.3**	2.3	2.8	3.8
Rank	**3**	**6**	**2**	**4**	**1**	**8**	**7**	**5**
Interview Score (85%)	4.0		3.4	3.6	**4.3**			
Clarifications Score (5%)	3.8		3.7	3.7	**4.4**			
References Score (10%)	4.3		4.6	4.2	**4.8**			
Weighted Score	4.0		3.6	3.7	**4.3**			
Rank	**2**		**4**	**3**	**1**			
Final Combined Score	3.9		3.7	3.8	**4.3**			
Final Rank	**2**		**4**	**3**	**1**			

SCADA PROPOSAL COST SUMMARY

ID	Company	Software	Hardware	Services	Total	Year 1	Year 2	Year 3	3 Year Total
A	South Coast Systems, Inc.	$ 122,367	$ -	$ 170,578	$ 292,945	-	-	-	$ 292,945
B	**TECHKNOWSION, Inc.**	**$ 94,720**	**$ 2,300**	**$ 195,620**	**$ 292,640**	**$ 18,200**	**$ 19,040**	**$ 19,935**	**$ 349,815**
C	Trimax	$ 49,973	$ -	$ 324,480	$ 374,453	$ 33,432	$ 33,432	$ 33,432	$ 474,749
D	Systems Integrated	$ 64,275	$ -	$ 498,900	$ 563,175	$ 4,275	$ 4,275	$ 4,275	$ 576,000
E	Glenmount Global Solutions	$ 10,100	$ 134,350	$ 512,320	$ 656,770	$ 29,110	$ 34,110	$ 37,140	$ 757,131
F	Telvent USA, LLC	$ 101,548	$ 8,928	$ 614,224	$ 724,700	$ 24,108	$ 24,853	$ 25,599	$ 799,260
G	Wunderlich-Malec	$ 121,500	$ -	$ 968,425	$ 1,089,925	$ 52,350	$ 56,250	$ 59,750	$ 1,258,275
H	HydroScientific West	$ 387,298	$ -	$ 1,245,760	$ 1,633,058	$ 98,687	$ 98,687	$ 98,687	$ 1,929,119

ATTACHMENT C

IT SYSTEMS REPLACEMENT PROJECTS

SCADA

OTAY WATER DISTRICT

BOARD PRESENTATION

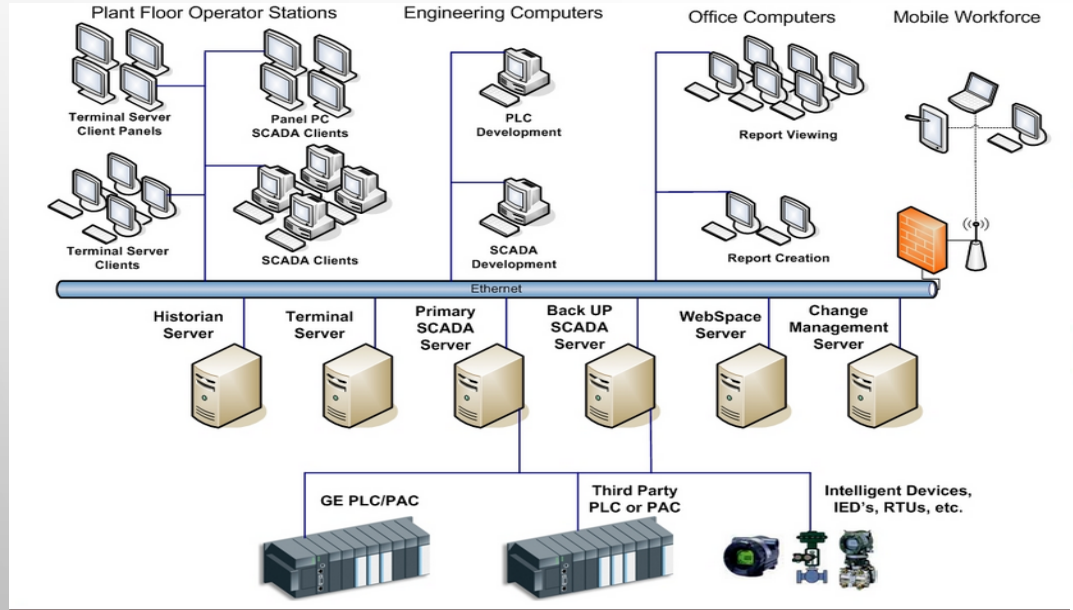
JANUARY 7, 2014

BACKGROUND

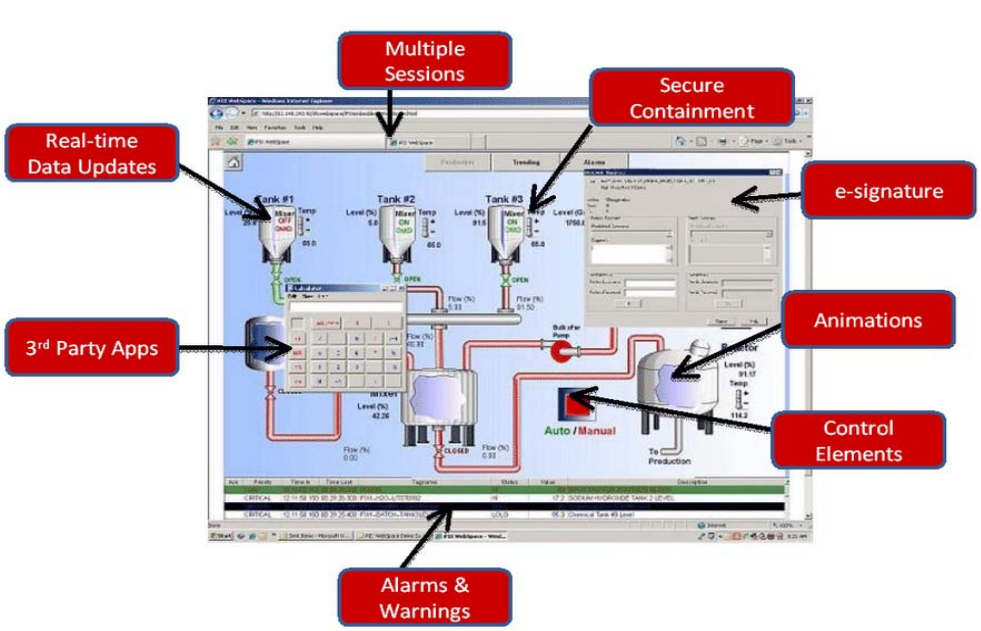
- SCADA FIRST COMPUTERIZED IN EARLY 1990'S WITH IMPLEMENTATION OF FACTORY LINK.
- PRODUCT PERFORMED WELL BUT IS HAS REACHED END OF LIFE AND LOSING VENDOR SUPPORT .
- SYSTEM REPLACEMENT PROVIDES OPPORTUNITY FOR ADDED FUNCTIONALITY:
  - SUPPORT FOR AUTOMATION
  - SOPHISTICATED DATA MONITORING
  - ENHANCED DECISION MAKING AND ANALYTICAL SUPPORT

WHAT IS SCADA?

Ability to conduct remote collection, monitoring and control function of water assets



Proficy HMI/SCADA iFIX – Example Architecture



SCADA SYSTEM BENEFITS DELIVERED BY GE-IFIX (PROFICY)

- Flexibility and reliability of connecting and presenting data
- Scalability from isolated sensor to company-wide integration
- Best-in-class information analysis, real-time data management and control
- Adherence to industry standards for improved consistency, quality & compliance
- A foundational platform that enables tools for advanced analysis, work process management, operational excellence & more

COST

- APPLICATION INTEGRATION SERVICES $415,000.00, INCLUDING SOFTWARE LICENSE FEE (YEAR ONE)
- SELECTED SOLUTION IS THE LOWEST COST OPTION
- ORIGINAL CIP ESTIMATE $600,000.00 +
- THIS IS A BUDGETED ITEM FOR 2012-2014 STRATEGIC PLAN

WHY TECHKNOWSION

- LOWEST COST BID
- BEST OVERALL PRESENTATION TO COMMITTEE
- EXTENSIVE KNOWLEDGE OF EXISTING SYSTEM (TEN YEARS)
- LOCAL AND SMALLER FIRM, BUT A DEEP BENCH SUPPORT FROM GE

QUESTIONS ?

AGENDA ITEM 8

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	January 7, 2014
		PROJECT: Various	DIV. NO: ALL
SUBMITTED BY:	Adolfo Segura Information Technology Manager		
APPROVED BY:	☒ Geoff Stevens, Chief Information Officer ☒ German Alvarez, Assistant General Manager ☒ Mark Watton, General Manager		
SUBJECT:	REPLACEMENT OF WORK MANAGEMENT SYSTEM		

GENERAL MANAGER'S RECOMMENDATION:

That the Board authorize the General Manager to negotiate and enter into agreements with:

1) Azteca Systems Inc., for a three (3) year licensing agreement in an amount not-to-exceed $230,000, for a Cityworks software license; and
2) The Timmons Group, in an amount not-to-exceed $370,000, for implementation services for the replacement of the District's work management system.

COMMITTEE ACTION:

See "Attachment A".

PURPOSE:

To obtain Board authorization for the General Manager to negotiate and enter into agreements for the purchase of license fees and implementation services to replace the District's work management information system.

ANALYSIS:

Work management is a critical discipline for a water utility. The District implemented its initial Computerized Maintenance Management System (CMMS) in 2006 (GBA Work Master). Although this system has served us well, the District continues to experience growing issues with lack of integration capabilities, slowly making it a legacy stand-alone system. Given limited integration capabilities and enterprise asset management needs, GBA is no longer meeting the District's emerging needs of work order management, permitting, financial integration, and overall asset management. Industry best practice strongly recommends a central geographic database architecture, which includes precise position and related data for all water distribution assets as the foundation for a work management system. In anticipation of this system change, the District established objective 3.1.2.9 to implement a Geographic Information System (GIS) based work management system in the 2012 – 2014 Strategic Plan.

The District has conducted extensive research in GIS-based work management systems. While there are a number of different work order systems in the market targeting small to large client base, staff concluded that Cityworks by Azteca is a proven and good fit for the District. As reinforcement and alignment of our recommendation, Azteca is a key partner of ESRI, our GIS system vendor, and Cityworks has also been integrated with the District's existing financial system, Eden. Following staff's research and conclusion, an RFP was prepared for this service and software, targeting capable system integration vendors with extensive experience implementing Cityworks in water utilities.

To that end, staff conducted a formal RFP process for the implementation services. Staff solicited proposals from five (5) vendors, however, ultimately received only three (3). A cross-functional panel from Operations, Engineering and IT staff evaluated the three (3) qualified proposals, and interviewed and evaluated two (2) finalists. The selection committee recommends The Timmons Group, which had the overall highest ratings for both proposal and presentation, and the added benefit of being the lowest cost provider (see attachment B for evaluation and pricing).

Staff also negotiated a three (3) year licensing agreement with Cityworks as the software license fee is a separate annual cost and is paid directly to Cityworks, not the implementation vendor. While the off the shelf price for a three (3) year agreement is $360,000, staff negotiated a 37% discount of $230,000 with Cityworks, payable in three (3) payments of $65,000, $75,000, and $90,000 over three (3) years.

FISCAL IMPACT: ☒ Joe Beachem, Chief Financial Officer

The approved budget is $700,000 for CIP P2540 (Work Management System Replacement) for FY 2014 - 2016. Planned expenditures to date are $0. The license fee will be charged to the capital budget in year one (1) as it is part of the implementation process, but will become operational and utilized in years two (2) and three (3), which will be charged directly to the operating budget. Consequently, total costs will be $435,000 ($370,000 for implementation fees and $65,000 for year one [1] licensing), leaving a balance of $265,000. The Project Manager anticipates, based on financial analysis, that the budget will be sufficient to support this project. In anticipation of this replacement, the District discontinued software maintenance fees and consulting support for the existing GBA work order system, with minimal break/fix cost being incurred. This action achieved a savings of approximately $100,000. In addition, the District also saved approximately $100,000 by not contracting for GBA system customization and data correction for the purpose of GIS integration.

Finance has determined that 60% of the funding is available from the Replacement Fund and 40% from the Expansion Fund.

STRATEGIC GOAL:

This project will achieve objective 3.1.2.9, “Implement a GIS based work order system.”

LEGAL IMPACT:

None.

Attachments:
Attachment A – Committee Action Report
Attachment B – Evaluation/Pricing Matrix
Attachment C – PowerPoint Presentation

ATTACHMENT A

SUBJECT/PROJECT:	REPLACEMENT OF WORK MANAGEMENT SYSTEM

COMMITTEE ACTION:

The Finance, Administration and Communications Committee reviewed this item at a meeting held on December 10, 2013, and supports presentation to the full Board for their consideration.

NOTE:

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

ATTACHMENT B

OTAY WATER DISTRICT

SUMMARY OF CITYWORKS' PROPOSAL RANKINGS

SCORING CRITERIA:
Firms Qualifications
Project Team
Project Approach
Project Cost
Organization Fit
Vendor Presentation

	Woolpert*	Power Engineer	TIMMONS Group*	OneGIS	Westin
				N/A	N/A
Proposal Score (70%)	3.2	2.5	3.9		
Cost Score (30%)	3.0	1.0	4.5		
Weighted Score	3.1	2.1	4.1		
Rank	**2**	**3**	**1**		
Interview Score (85%)	3.0		4.0		
Clarifications Score (5%)	3.5		4.0		
References Score (10%)	4.0		4.2		
Weighted Score	3.1		4.0		
Rank	**2**		**1**		
Final Combined Score	3.1		4.1		
Final Rank	**2**	**N/A**	**1**	**N/A**	**N/A**

*Final interviewees

CITYWORKS' PROPOSAL COST SUMMARY

ID	Company	Software	Services	Total
A	Woolpert	$65,000	$645,141	$710,141
B	Power Engineer	$65,000	$908,111	$973,111
C	**TIMMONS Group**	**$65,000**	**$370,000**	**$435,000**
D	OneGIS			
E	Westin			

ATTACHMENT C

IT SYSTEMS REPLACEMENT PROJECTS

Cityworks

OTAY WATER DISTRICT

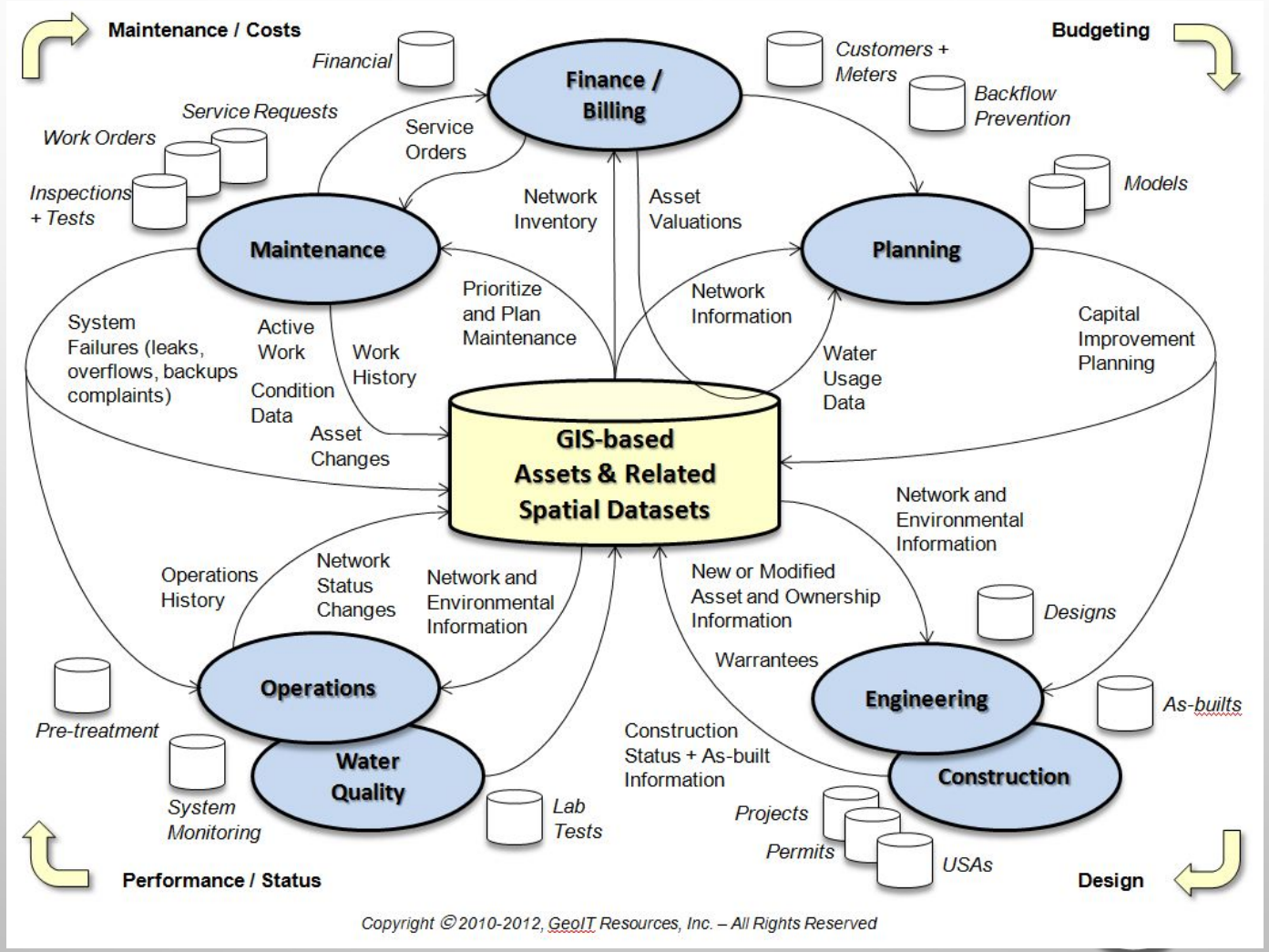
BOARD PRESENTATION

JANUARY 7, 2014

BACKGROUND

- WORK MANAGEMENT PROCESS FIRST COMPUTERIZED IN 2005 WITH IMPLEMENTATION OF GBA MASTER SERIES SOFTWARE
- PRODUCT HAS WORKED WELL AND MET ALL INITIAL NEEDS IN CONVERTING FROM PAPER BASED/CARD BASED SYSTEM
- SINCE 2005, OTAY HAS GREATLY EXPANDED ITS GIS CAPABILITIES AND IMPLEMENTED AN ASSET MANAGEMENT PROGRAM
- CURRENT SYSTEM IS AT END-OF-LIFE AND DOES NOT SUPPORT CURRENT REQUIREMENTS

WATER INDUSTRY BEST PRACTICE



CRITICAL IMPORTANCE OF A WORK MANAGEMENT SYSTEM

- FY12-14 STRATEGIC PLAN IDENTIFIED THIS NEED AS CRITICAL FOR FUTURE OPERATIONAL SUCCESS
- WORK MANAGEMENT TRACKS ALL COSTS AND ALL ACTIVITIES RELATED TO UTILITY WATER ASSETS
- WORK ORDERS ARE THE PRIMARY DAILY PLANNING TOOL FOR ORGANIZING WORK
- LINKAGE BETWEEN GIS AND WORK ORDERS ENABLES HIGH QUALITY ASSET MANAGEMENT PRACTICES
- MOBILE COMMUNICATION AND HIGH QUALITY WORK RELATED INFORMATION ARE ESSENTIAL FOR FIELD STAFF

WHY CHANGE SYSTEMS?

- EXISTING SYSTEM DOES NOT LEVERAGE SHARED GIS DATABASE BUT MUST SYNCHRONIZE ITS OWN DATABASE TO GIS (LABOR INTENSIVE AND EXPENSIVE)
- WORK ORDERS DO NOT CURRENTLY TRACK ENGINEERING OR PERMITTING ACTIVITIES
- EXISTING SYSTEM DOES NOT ADEQUATELY SUPPORT IN-FIELD WORK
  (IF NOT CONNECTED TO NETWORK, WORK IS LOST OR HAS TO BE ENTERED AT END OF DAY
- VENDOR HAS NO PLANS TO CONVERT EXISTING SYSTEM TO GIS CENTRIC MODEL

WHY Cityworks?

- BEST IN CLASS SYSTEM, BUILT DIRECTLY TO USE GIS DATABASE AS THE CORE WORK MANAGEMENT DATABASE (ONE DATABASE, NO SYNCHRONIZING)
- ENDORSED BY ESRI AS SYSTEM OF CHOICE FOR CMMS (WORK MANAGEMENT)
- OVER 20 YEARS OF EXPERIENCE IN GIS BASED WORK MANAGEMENT SYSTEM
- FINANCIALLY STRONG SOFTWARE VENDOR WITH EXCELLENT REFERENCES

Cityworks HIGHEST RATED CMMS BY WATER FOUNDATION RESEARCH ORGANIZATION (WFRO)

Software	Functional Score	Price Score*
Cityworks	99	91
Oracle	94	79
Maximo	93	78
Accela	92	82
Infor/Hansen	89	79
Energov	88	82
Cartegraph	87	81
Lucity (GBA)	82	78
Pubworks	65	68
Maintenance	61	61
Vueworks	61	61
Agile Assets	52	58
Elements	50	56
Cityview	33	42

WHY TIMMONS GROUP?

ACCOMPLISHED VENDOR/EXCELLENT WATER INDUSTRY EXPERIENCE

Designed systems throughout US including California, Nevada, Arizona, Utah, New Mexico:

- ✓ Hyperion Wastewater Treatment Plant, Los Angles, California
- ✓ East Bay Municipal Utility District Wastewater Treatment Plant, Oakland, California
- ✓ Marine Corps Air Station Wastewater Treatment Plant, 29 Palms, California
- ✓ Central Valley Water Reclamation Facility, Salt Lake City, Utah
- ✓ Salt Lake City Water Reclamation Facility, Salt Lake City, Utah
- ✓ Water Reclamation Facility, Snowflake, Arizona
- ✓ Wastewater Treatment Plant, City of Elko, Nevada
- ✓ Aquifer Storage and Recovery (ASR) Effluent Storage System, City of Elko, Nevada
- ✓ Courtland Water Reclamation Facility, Southampton, Virginia
- ✓ Wastewater Treatment Plant, Southampton County, Virginia
- ✓ Wastewater Treatment Plant, WINCO, Idaho National Engineering Laboratory, Idaho

COST

- APPLICATION INTEGRATION SERVICES: $370,000
- SOFTWARE LICENSE FEES YEARS 1, 2, 3: $65,000, $75,000, $90,000 RESPECTIVELY
- 2ND PLACE BID: $650,000, 3RD PLACE BID: $1.1 MIL
- APPROXIMATELY $200,000 OF AVOIDED COSTS (STOPPED SPENDING ON GBA IN FY11)
- 37% LICENSE DISCOUNT ($230,000 VS PUBLISHED RATE OF $360,000)
- ORIGINAL CIP ESTIMATE: $700,000
- BUDGETED ITEM IN 2012-2014 STRATEGIC PLAN

QUESTIONS ?

AGENDA ITEM 9

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	January 7, 2014
		PROJECT:	DIV. NO. All
SUBMITTED BY:	Kevin Koeppen, Finance Manager		
APPROVED BY:	☒ Joseph R. Beachem, Chief Financial Officer ☒ German Alvarez, Assistant General Manager ☒ Mark Watton, General Manager		
SUBJECT:	Selection of Auditor for Fiscal Year Ending June 30, 2014		

GENERAL MANAGER'S RECOMMENDATION:

That the Board approve the Finance, Administration and Communications (FA&C) Committee's selection of an accounting firm to serve as the District's auditors for the fiscal year ending June 30, 2014. The contract will be for one year, with four (4) one-year options, with each option year subject to Board review and approval.

COMMITTEE ACTION:

See Attachment A.

PURPOSE:

To retain the services of an accounting firm to serve as the District's auditors for the fiscal year ending June 30, 2014. The District is required to retain the services of an independent auditing firm each fiscal year to perform an audit of the District's financial statements.

The FA&C Committee also serves the Board as the Audit Committee (the Committee). The purpose of the Committee is to review the reports of external auditors, to include management letters and internal control

recommendations, and ensure implementation by management. The Committee also has the opportunity to recommend an accounting firm to the Board to perform the annual audit.

Staff has reviewed proposals from four accounting firms and is recommending that the Committee interview the four firms, and select one firm to be recommended as the District's auditor for the fiscal year ending June 30, 2014. The interview process is an opportunity for committee members to personally speak to the accountants who will be working on the audit.

ANALYSIS:

For the past five years, the District has retained the services of White Nelson Diehl Evans LLP. The District's practice, which is also a sound business practice, is to rotate auditors every five years. Therefore, the District has issued Request for Proposals (RFP) for services related to the fiscal year 2014 financial audit. The services related to the financial audit include performing the financial audit procedures, preparation of the audited financial statements, preparation of the State Controller's Report and performing Agreed upon Procedures related to the District's Investment Policy.

On October 14, 2013, staff sent an RFP to five accounting firms to solicit interest in performing the audit of the District's financial statements for the fiscal year ending June 30, 2014, along with related services stated in the preceding paragraph. All five firms confirmed receipt of the RFP. The District received proposals from four audit firms. Macias, Gini & O'Connell, LLP did not respond to the District's request for proposal. Below is a brief summary of each firm that the District received a proposal from.

> Leaf & Cole, LLP – A small San Diego based CPA firm was founded in 1960 and employs approximately 30 individuals. They have experience serving similar water districts in Southern California and San Diego County. The engagement partner, Michael Zizzi, has experience auditing other CWA member agencies. Leaf & Cole was engaged previously by the District to perform audit procedures in fiscal years 1996-2000 with Mr. Zizzi serving on the engagement. The District was satisfied with their performance.
>
> Moss Adams LLP – A mid-size national CPA firm, with a local office in San Diego, was founded in 1913 and employs over 2,000 individuals across the country. They have broad experience auditing municipal-owned utilities throughout the west coast.

The engagement partner, Julie Desimone, is Moss Adams' National Practice Leader for energy and utility services. Moss Adams has not been engaged previously by the Otay Water District to perform auditing services.

Rogers, Anderson, Malody & Scott, LLP – A small Southern California CPA firm, which was founded in 1948 and is based in San Bernardino. The firm employs approximately 38 individuals and has experience auditing similar agencies in Southern California and San Diego County. The engagement partner, Scott Manno, has experience auditing other CWA member agencies. Anderson, Malody & Scott has not been engaged previously by the Otay Water District to perform auditing services.

Teaman, Ramirez & Smith, Inc. – A small Southern California CPA firm, which was founded around 1929 and is based in Riverside. The firm employs approximately 30 individuals and has experience auditing similar agencies in Southern California and San Diego County. Teaman, Ramirez & Smith was engaged previously by the District to perform audit procedures in fiscal years 2004-2008 with Mr. Teaman serving on the engagement. The District was satisfied with their performance.

Technical proposals representing each of the four firms were reviewed and they are all qualified to perform the requested services. The result of this process is our recommendation that the Committee interview the four firms to select which firm to recommend to the Board as the District's auditor for the fiscal year ending June 30, 2014.

The following is a tentative planning schedule for the major activities involved in completing the FY-2014 financial audit:

- Apr-2014: Interim field work (5 days).
- Aug-2014: Final field work (5 days).
- Oct-2014: Finance Committee presentation of audited financials.
- Nov-2014: Board presentation of audited financials.
- Dec-2014: Completed CAFR.

FISCAL IMPACT: ☒ Joe Beachem, Chief Financial Officer

Audit services for the previous audit performed for Fiscal Year 2013 were $35,000. Below is a listing of the four firms along with their proposed fees for performing the Fiscal Year 2014 financial audit and related services.

$33,300 Leaf & Cole, LLP
$48,254 Moss Adams LLP
$36,000 Rogers, Anderson, Malody & Scott, LLP
$25,800* Teaman, Ramirez & Smith, Inc.

*Teaman's proposed fees of $29,300 included $3,500 for fees associated with performing a single audit. The other firms' fee proposals excluded single audit fees; therefore, the $3,500 was removed from Teaman's proposal for purposes of this comparison. The District currently does not anticipate that a single audit will be required for FY2014.

STRATEGIC GOAL:

Required by law.

LEGAL IMPACT:

Compliance with the laws governing the District.

Attachments:

Attachment A – Committee Action
Attachment B – Leaf & Cole, LLP Audit & Fee Proposal
Attachment C - Moss Adams LLP Audit & Fee Proposal
Attachment D - Rogers, Anderson, Malody & Scott, LLP Audit & Fee Proposal
Attachment E - Teaman, Ramirez & Smith, Inc. Audit & Fee Proposal

ATTACHMENT A

SUBJECT/PROJECT:	Selection of Auditor for Fiscal Year Ending June 30, 2014

COMMITTEE ACTION:

That the Board approve the Finance, Administration and Communications Committee's selection of an accounting firm to serve as the District's auditors for the fiscal year ending June 30, 2014. The contract will be for one year, with four (4) one-year options, with each option year subject to Board review and approval.

NOTE:

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

OTAY WATER DISTRICT

AUDIT PROPOSAL FOR THE YEARS ENDED

JUNE 30, 2014 THROUGH 2018

PREPARED BY

LEAF & COLE, LLP

CERTIFIED PUBLIC ACCOUNTANTS

CONTACT PARTNER

MICHAEL J. ZIZZI
2810 CAMINO DEL RIO SOUTH, SUITE 200
SAN DIEGO, CALIFORNIA 92108
(619) 294-7200
mjzizzi@leaf-cole.com

NOVEMBER 4, 2013

Leaf & Cole, LLP
Certified Public Accountants

LEAF & COLE, LLP
CERTIFIED PUBLIC ACCOUNTANTS
REQUEST FOR PROPOSALS
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Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

Steven W. Northcote, C.P.A.
Michael S. Schreibman, C.P.A.
Michael J. Zizzi, C.P.A.
Julie A. Firl, C.P.A.
Nicholas M. Gines, C.P.A.

Members
American Institute of Certified Public Accountants
California Society of Certified Public Accountants

November 4, 2013

To the Board of Directors
Otay Water District

Thank you for giving us the opportunity to submit our proposal for the audit of Otay Water District. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America, the standards set forth for financial audits contained in Government Auditing Standards issued by the Comptroller of the United States of America and the State Controller's minimum audit requirements for California Special Districts. Leaf & Cole, LLP is committed to completing these services within a time frame that will meet your needs. Our proposal includes the audit of the Otay Water District, as well as the reports on internal control and compliance anticipated under Government Auditing Standards. In addition we will issue a report applying agreed-upon procedures on the District's compliance with its investment policy as described in the District's request for proposal. We will assist with the preparation of the annual report of financial transactions to the State Controller and offer technical assistance with the preparation of the comprehensive annual financial report. We feel uniquely qualified to provide the services required by the Otay Water District.

- Since 1960 Leaf & Cole, LLP has developed a reputation for being responsive to its clients needs while providing a quality product. We believe our high ratio of partners to staff allows us to better understand and anticipate our clients' needs.

- The partners of Leaf & Cole, LLP have made a strategic commitment to devote top quality talent and the resources necessary to ensure that the firm is viewed as a leader for accounting professionals in the special district industry. Our special district practice is charged with keeping our clients and our own professionals informed of significant developments in the industry. This is accomplished through participation in industry associations and conferences, continuing education and special programs.

- Over the past thirty years Leaf & Cole, LLP has provided services similar to those required by Otay Water District to other special districts in the Amador, Los Angeles, Orange, Riverside, Sacramento, San Bernardino, San Diego and San Luis Obispo counties.

- Currently, Leaf & Cole, LLP provides accounting and auditing services to approximately fifteen special districts. We are proud of our commitment to staying abreast of emerging issues and providing our clients with timely reporting. However, our experience in the industry is not limited to auditing financial statements. Services we provide to our clients include single audit reports, agreed-upon procedures, arbitrage rebate calculations, State Controller's report, parity (net revenue) calculations, Government Finance Officers Association award assistance and guidance and bond offering-official statement preparation assistance.

2810 Camino Del Rio South, Suite 200, San Diego, California 92108-3820
619.294.7200, 619.294.7077 fax, www.leaf-cole.com, leafcole@leaf-cole.com

- We have completed our seventh peer review. This review included services provided to similar districts.

- Turnover of audit staff is one of the strongest objections voiced by auditees. At the date of this proposal, all staff scheduled have previous experience with similar special districts, including key personnel assigned to this engagement. This should dramatically reduce the time required and burden placed upon the District's staff.

Leaf & Cole, LLP is proud of its history of service provided to the special districts of California, and has included references for you to call upon. We feel the items noted above render us unsurpassed in the quality of service provided to our clients. This proposal is a firm and irrevocable offer until March 4, 2014.

Any questions concerning this proposal should be directed to Michael J. Zizzi who will be happy to meet with district representatives to provide additional information.

Very truly yours,

LEAF & COLE, LLP

Michael J. Zizzi

INDEPENDENCE

Leaf & Cole, LLP is independent of the Otay Water District as defined by the standards established by the American Institute of Certified Public Accountants, as well as the standards set forth for financial audits in the U.S. General Accounting Office Government Auditing Standards. For the past five years, Leaf & Cole, LLP has provided no services to Otay Water District. Therefore this engagement does not constitute a conflict of interest.

LICENSE TO PRACTICE IN CALIFORNIA

Leaf & Cole, LLP and all professional staff assigned to the Otay Water District audit are properly licensed to practice in the State of California. Following is a list of current licenses with the State Board of Accountancy of the firm and key personnel:

Leaf and Cole	PAR 984
Steven W. Northcote	28780E
Michael J. Zizzi	55110E
Joseph D. Spence	111165

FIRM QUALIFICATIONS AND EXPERIENCE

Leaf & Cole, LLP is one of the largest single office accounting firms in San Diego with a staff of approximately 30 individuals, including over 20 professionals and 5 partners. This high ratio of partners to professional staff permits us to be extremely responsive to our clients while providing a quality product.

Our governmental audit staff consists of fifteen accountants, including three partners. Our experience in the industry and particularly with the water districts of California allows us to be quite certain of our staffing needs. Fieldwork will be completed by an audit partner or manager, with a staff accountant. Every staff accountant at Leaf & Cole, LLP has substantial special district experience. We believe that by assigning partners or managers who will participate in the fieldwork on the engagement, our clients receive the highest quality of service. Steven W. Northcote, the managing partner, has extensive experience with similar districts and devotes time as needed for planning, research and review.

Steven W. Northcote has successfully completed the American Institute of Certified Public Accountants, AICPA's Governmental Accounting and Auditing Certificate of Educational Achievement Program. This program includes reporting requirements for the Government Finance Officers Association Certificate of Achievement award. Michael J. Zizzi has attended the American Institute of Certified Public Accountant's national governmental and not-for-profit training program. Michael J. Zizzi has also received the Certificate of Professional Development from the Government Finance Officers Association of the United States and Canada. This program includes the reporting requirements for the Government Finance Officers Association Certificate of Achievement Award. Leaf & Cole, LLP believes this type of continued education provides our governmental clients with the best quality of service available.

Leaf & Cole, LLP successfully completed a seventh peer review. This peer review did include specific examination of our governmental auditing practice. A copy of our most recent peer review report has been included in this proposal.

Leaf & Cole, LLP has not been the object of any disciplinary action in the entire history of the firm.

PARTNER AND SUPERVISORY STAFF QUALIFICATIONS

Effective and efficient client service depends upon the strength of the engagement team. We believe the key factors of that strength are the availability, responsiveness, experience and commitment of the team members. Leaf & Cole, LLP is committed to providing an exceptional level of service to all clients. We have outlined the qualifications and experience of the key personnel assigned to Otay Water District.

The quality of staff assigned to the job can most certainly be assured. All individuals mentioned in the following pages have been assigned to similar special district audits for several years. Since turnover of audit staff is one of the strongest objections voiced by auditees, we believe Leaf & Cole, LLP can offer a unique and beneficial continuity vital to a successful audit, by assigning partners and managers to play a significant role, in the fieldwork of the engagement.

STEVEN W. NORTHCOTE

MANAGING PARTNER

Education	San Diego State University, Bachelor of Science in Accounting, 1975.
Professional Organizations	American Institute of Certified Public Accountants, Licensed 1979. Former Board Vice-Chairman, Finance Chairman and Director of the United Way of San Diego County. Former Chairman of the Board, Treasurer and Director of the Combined Health Agencies of San Diego. Former Officer and Director of the American Lung Association of San Diego and Imperial Counties.
Work Experience	Leaf & Cole, LLP (36 years).
Professional Experience	Director of the accounting and auditing department of Leaf & Cole, LLP which includes the preparation and review of compiled, reviewed and audited financial statements. Responsible for the firm's quality control and peer review functions. Professional experience includes supervision and preparation of audited financial statements with a concentration in nonprofit organizations, governmental agencies and federally assisted housing projects. Extensive experience in the compliance with single audits in accordance with OMB Circular A-133 AAudits of States, Local Governments and Nonprofit Organizations@. Provides management advisory services to clients on topics such as governmental financing, taxation of nonprofit organizations and agreed-upon procedures. Instructor for the Special District Board Management Institute which provides professional education for board members and managers of California Special Districts.
Continuing Education	Exceeds 120 hours during the past three years including the AICPA's National Governmental Training Program. Specific courses included Financial Accounting Standards Board Pronouncements (FASB), Governmental Accounting Standards Board Pronouncements (GASB) and Emerging Issues With the Office of Management and Budget (OMB). Successful completion of both the AICPA's Governmental Accounting and Auditing and Nonprofit Accounting and Auditing Certificate of Educational Achievement Programs.

Special District Experience

Templeton Community Services District (20 years)

Rancho California Water District (16 years)

West and Central Basin Financing Authority (13 years)

Otay Water District (12 years)

Central Basin Municipal Water District (10 years)

West Basin Municipal Water District (10 Years)

Vallecitos Water District (9 years)

Padre Dam Municipal Water District (7 years)

Community Services District No. 88-3 of the Rancho California Water District (7 years)

Santa Rosa Community Services District (7 years)

Joshua Basin Water District (7 years)

Pico Water District (7 years)

Trabuco Canyon Water District (6 years)

Arcade Water District (5 years)

Mesa Consolidated Water District (4 years)

Rainbow Municipal Water District (3 years)

Murrieta County Water District (3 years)

Amador Water Agency (3 years)

Orange County Water District (3 years)

Descanso Community Water District (2 years)

Riverview Water District (2 years)

Yorba Linda Water District (2 years)

Templeton Cemetery District (2 years)

MICHAEL J. ZIZZI

AUDIT PARTNER

Education	California Polytechnic University San Luis Obispo, Bachelor of Science in Accounting, 1986.
Professional Organizations	American Institute of Certified Public Accountants, Licensed 1990.
Work Experience	Leaf & Cole, LLP (22 years). KPMG, Peat Marwick (3 years).
Professional Experience	Specializes in audits of special districts such as water and housing authorities and nonprofit organizations, including compliance with OMB Circular A-133 AAudits of States, Local Governments and Nonprofit Organizations@. Also has done extensive work for federally assisted real estate projects and small business auditing, accounting and consulting. Responsible for the firm's quality control and peer review functions. Instructor for the Special District Board Management Institute which provides professional education for board members and managers of California Special Districts. Coordinates the calculating or rebateable arbitrage earnings for clients with bond offerings subject to the appropriate regulations. Assists special districts in the gathering and preparation of data in bond offering documents.
Continuing Education	Exceeds 120 hours during the last three years including extensive concentration in the statements issued by the Governmental Accounting Standards Board (GASB), Analysis of U.S. General Accounting Office Government Auditing Standards (Yellow Book) and Statements of Auditing Standards issued by the American Institute of Certified Public Accountants.

MICHAEL J. ZIZZI

AUDIT PARTNER

Special District Experience

De Luz Community Services District (18 years)

Joshua Basin Water District (13 years)

Pico Water District (9 years)

Otay Water District (9 years)

Encina Wastewater Authority (9 years)

Valley Center Municipal Water District (9 years)

Arcade Water District (8 years)

South Coast Water District (8 years)

Carmichael Water District (7 years)

San Elijo Joint Powers Authority (7 years)

Vallecitos Water District (6 years)

Amador Water Agency (6 years)

Santa Fe Irrigation District (6 years)

Otay Water District (5 years)

Rainbow Municipal Water District (5 years)

Vista Irrigation District (5 years)

Rancho California Water District (4 years)

Community Service District No. 88-3 of the Rancho California Water District (4 years)

Lake Arrowhead Community Services District (3 years)

Fairbanks Ranch Community Services District (3 years)
Descanso Water District (2 years)

Southeast San Diego Redevelopment Agency (2 years)

Trabuco Canyon Water District (2 years)

Yorba Linda Water District (1 year)

JOSEPH D. SPENCE

AUDIT SENIOR

Education	University of California, Santa Barbara, Bachelor of Arts in Business Economics with an Emphasis in Accounting, 2007.
Professional Organizations	California Society of Certified Public Accountants. American Institute of Certified Public Accountants, Licensed 2011.
Work Experience	Leaf & Cole, LLP (2 years) Green, Hasson & Janks, LLP (4 years).
Professional Experience	Focuses on audits of special districts such as water and wastewater authorities, performing compliance testing for OMB Circular A-133 "Audits of States, Local Governments and Nonprofit Organizations". Performs and presents a wide variety of financial audits and attestation services to management and Board of Directors including Government compliance testing, agreed upon procedures, forensic analysis and growth projections. Coordinates phases of audit and reporting process with management to provide effective and efficient audit procedures while ensuring proper due diligence with scope and objectives at hand.
Continuing Education	Exceeds 100 hours during the last three years including the AICPA's national governmental and not-for-profit training program with an extensive concentration in Analysis of U.S. General Accounting Office Government Auditing Standards (Yellow Book) and Statements of Auditing Standards issued by the American Institute of Certified Public Accountants on compliance auditing applicable to governmental entities and other recipients of governmental financial assistance.

JOSEPH D. SPENCE

AUDIT SENIOR

Special District Experience	Lake Arrowhead Community Services District (2 years)
	Carmichael Water District (2 years)
	Encina Wastewater Authority (2 years)
	San Elijo Joint Powers Authority (2 years)
	De Luz Community Services District (2 years)
	Southeast San Diego Redevelopment Agency (2 years)
	Fairbanks Ranch Community Services District (2 years)

SIMILAR ENGAGEMENTS WITH OTHER SPECIAL DISTRICTS OR GOVERNMENT ENTITIES

Following is a detail of similar governmental engagements in the last five years:

- ***Santa Fe Irrigation District***
  Jeanne Deaver - Administrative Manager
  (858) 756-5970

  Scope of Work - Audited Financial Statements and Agreed-Upon Procedures.

  Date - June 30, 2007 to Present

  Engagement Partner - Michael J. Zizzi

  Total Hours - Audit 250 Hours, Other Engagements as Required

- ***Vista Irrigation District***
  Eldon Boone - Director of Finance
  (760) 597-3139

  Scope of Work - Audited Basic Financial Statements under GASB Statement No. 34.

  Engagement Partner - Michael J. Zizzi

  Date - June 30, 2000 to 2004

- ***South Coast Water District***
  Carolyn Rynda, Controller
  (949) 499-4555 Ext. 3151

  Scope of Work - Accounting Services for the Joint Regional Water Supply System.

  Date - June 30, 2004 to Present

  Engagement Partner - Michael J. Zizzi

  Total Hours - Audit 150 Hours or as Needed

SIMILAR ENGAGEMENTS WITH OTHER SPECIAL DISTRICTS OR GOVERNMENT ENTITIES

- ***De Luz Community Services District***
  Cher Ruzek, Office Administrator
  (951696-0060 Ext. 201

  Scope of Work - Audited Financial Statements, State Controller's Report, Single Audit Reports.

  Date - June 30, 1993 to Present

  Engagement Partner - Michael J. Zizzi

  Total Hours - Audit 160 Hours, Other Engagements as Required

- ***San Elijo Point Powers Authority***
  Paul Kinkel, Finance Director
  (760) 753-6203 Ext. 73

  Scope of Work - Audited Financial Statements, State Controller's Report, Single Audit Reports.

  Date - June 30, 2005 to Present

  Engagement Partner - Michael J. Zizzi

  Total Hours - Audit 120 Hours, Other Engagements as Required

SPECIFIC AUDIT APPROACH

Planning the Audit

Audit planning involves developing an overall strategy for the expected conduct and scope of the audit. The nature, extent and timing of planning will be based on our experience. In planning the audit we will consider, among other matters:

a. Reviewing correspondence files, prior auditor's working papers, financial statements, annual budget reports, board of directors' minutes, permanent files and current year's budget.

b. Discussing the type, scope and timing of the audit with management of the District and/or the board of directors.

c. Discussing matters that may affect the audit with District personnel responsible for nonaccounting services.

d. Considering the effect of applicable accounting and auditing pronouncements.

e. Coordinating the assistance of District personnel in data preparation.

f. Obtain from District personnel an understanding of internal control sufficient to plan the audit.

Audit Objectives

We will develop specific audit objectives for each material account balance or class of transactions listed below in the following broad categories:

a. *Existence of Occurrence*:

   Reported assets and liabilities actually existed at the balance sheet date and transactions reported in the statement of revenues, expenses and changes in net position actually occurred during the period covered.

b. *Completeness:*

   All transactions and accounts that should be included in the financial statements are included and there are no material undisclosed assets, liabilities or transactions.

c. *Rights and Obligations:*

   The District owns and has clear title to the assets, the liabilities and obligations of the District, and the District was actually a party to reported transactions.

d. *Valuation or Allocation:*

   The assets and liabilities are valued properly and the revenues and expenses are measured properly.

e. *Presentation and Disclosure:*

   The assets, liabilities, revenues and expenses are properly described and disclosed in the financial statements.

SPECIFIC AUDIT APPROACH

Audit Sampling

Sampling is one of the principal methods used to control audit risk. From a statistical sample we are able to quantify the risk that conclusions drawn are correct within a specified level of precision.

The Otay Water District has a multitude of transactions that could be sampled, however, not all populations are equally important. Therefore, we use a sampling approach that reasonably relates the extent of sampling to the audit risk involved. Our approach provides a method for assessing the principal sources of audit risk and deciding where sampling is needed and how much to do. Factors considered in this model include: the nature of audit procedures to be performed, the relative costs and benefits, and the potential for material error. Sample sizes are determined objectively and vary depending upon these factors. Sampling is used only where it is determined to be the most efficient way to meet the audit objectives.

Our tests of laws and regulations will be designed to test the laws and regulations that if not complied with could have a direct and material effect on the financial statements under audit. We will obtain information on the applicable laws and regulations from the District's management. We will review long-term debt covenants, and investment requirements from the California Government Code.

We will assess for each material requirement, the risk that material noncompliance could occur. This includes consideration and assessment of the internal control in place to assure compliance with laws and regulations. Based on the assessment we will design steps and procedures to test compliance with laws and regulations to provide reasonable assurance of detecting both unintentional and intentional instances of non-compliance that could have a material effect on the financial statements.

Internal Control

Our approach to internal control is to obtain an understanding of each of the components of internal control sufficient to plan the audit, by performing procedures to understand the design of controls relevant to an audit of the financial statements and whether they have been placed in operation. In obtaining this understanding we consider such things as materiality, our knowledge of the industry, and the complexity and sophistication of your operations and systems. This information is compiled, and our procedures are tailored specifically to your organization.

Experience With Computer System Controls

As a normal part of planning, Leaf & Cole, LLP considers the methods used to process accounting information because such methods influence the design of the internal control structure. In every audit, we determine the extent to which computer processing is used in significant accounting applications, as well as the complexity of that processing; as these may influence the nature timing and extent of audit procedures. In a computerized financial reporting system, the decision to obtain further understanding of computer controls is based on the degree of the client's dependence on the computer in its financial reporting system. If the client depends heavily on the computer in its financial reporting system, such as the computer initiating transactions or accounting entries or the computer processes and controls substantially all of the information in one or more significant applications with little user involvement, then we would need to obtain a further understanding of the computer controls.

Analytical Procedures

Analytical procedures are but one of many financial audit processes which help us to understand your organization and changes to your organization as well as help us identify potential risk areas and to plan other audit procedures. Analytical procedures are used as substantive tests whenever appropriate as determined by auditor judgment.

SPECIFIC AUDIT APPROACH

Audit and Analytical Procedures

In designing our audit program we need to select audit procedures necessary to achieve the specified objectives developed above. Factors that influence the procedures to be implemented, include the nature and materiality of the account, the reliance on internal accounting controls and the expected effectiveness of possible audit procedures. A representative listing of audit procedures, their description and an example of their use follows:

Procedure	Description	Examples
Physical Examination	Identification of an item's quantity and sometimes its quality.	Tests counts of inventory, cash count, securities count, fixed assets count.
Confirmation	Correspondence directly with independent parties outside the District.	Confirming accounts receivable, standard bank confirmations, notes payable and attorney's letters.
Vouching	Inspection of documents that support recorded transactions or amounts.	Agreeing recorded transactions with billing documents for revenues and invoices for disbursements.
Tracing	Tracing source documents to the amounts in the accounting records.	Tracing vendor invoices to recorded disbursements in the accounting records.
Reperformance	Auditor repetition of client routines such as calculating and bookkeeping functions.	Determining that journal entries have been posted to the proper accounts, re-computing client depreciation calculations.
Scanning	A visual scrutiny of accounting records, reports and schedules to detect unusual items or inconsistencies.	Scanning the charges to the repairs expense account for capital items.
Inquiry	Questioning management and employees (response to which may be oral or written).	Obtain a client representation letter, determining work order status.
Inspection	Looking at documents in other than vouching or tracing procedures.	Inspection of notes, contracts, insurance policies, leases and board minutes.
Analytical Procedures	Systematical analysis and comparison of relationships among absolute amounts, trends and ratios.	Comparing sales with budget and prior years.
Observation	Visually reviewing client activities or locations.	Observation of bookkeeping routines, tour of facilities, etc.

SPECIFIC AUDIT APPROACH

Scope of the Audit

The audit of the District will be divided into separate and distinct phases. Preliminary fieldwork, the first phase, will be conducted by an audit manager and staff accountant and will take place at a mutually agreed-upon time prior to or near year end and will consist of the following areas:

a. Internal control
b. Cash disbursements and purchases
c. Cash receipts
d. Payroll
e. Capital assets
f. Noncurrent liabilities

Next, year-end cutoff of selected accounts is a short but important step. Cash and investment cutoff, capital assets and inventory observation (if material), and purchase and sales cutoff should be completed by June 30 to adequately insure a proper cutoff of transactions.

The fieldwork phase of an audit is the most comprehensive and time consuming portion of the audit. Leaf & Cole, LLP would begin fieldwork promptly upon completion of the District's June 30, 2013 financial statements (currently anticipated to be August 25, 2014). During this phase our work will include the following accounts:

a. Completion of testing started in June
b. Cash and investments
c. Accounts receivable
d. Water sales
e. Taxes and availability charges
f. Accrued interest receivable
g. Prepaid expenses
h. Inventory
i. Restricted assets
j. Other noncurrent assets such as the net OPEB asset
k. Accounts payable
l. Accrued payroll and other liabilities
m. Accrued interest payable
n. Customer deposits
o. Unearned revenue
p. Payable from restricted assets (if any)
q. Noncurrent liabilities, including general obligation bonds, COP's and revenue bonds
r. Contributed capital
s. Net position
t. Revenues and expenses

In preparation of the supporting documentation, it is anticipated that the District will supply a supporting schedule for each and every balance sheet account and, where applicable, one that rolls forward from the previous year.

Preparing the financial statements and issuing the report are the final product of an audit engagement. Although these steps are the last to be completed, they are evolving throughout the entire audit engagement. Based on the work schedule discussed above, Leaf & Cole, LLP will provide the District with a draft independent auditor's report in sufficient time to present the final draft at the October 20, 2014 meeting of the audit committee.

Identification of Anticipated Potential Audit Problems

Leaf & Cole, LLP anticipates no potential problems in completing the 2014 audit. However, the District should be prepared to implement GASB Statement No. 68 "Accounting and Financial Reporting for Pensions.

APPENDIX C

PROPOSER GUARANTEES

I. The Proposer certifies it can and will provide and make available, as a minimum, all services set forth in Section II, Nature of Services Required.

Signature of Official: _____

Name (Typed): Michael J. Zizzi

Title: Partner

Firm: Leaf & Cole, LLP

Date: November 4, 2013

APPENDIX D

PROPOSER WARRANTIES

A. Proposer warrants that it is willing and able to comply with State of California laws with respect to foreign (non-state of California) corporations.

B. Proposer warrants that it is willing and able to provide proof of insurance covering the following areas: 1) general liability; 2) worker's compensation; 3) errors and omissions providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.

C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the District.

D. Proposer warrants that all information provided by it in connection with this proposal is true and accurace.

Signature of Official: _____

Name (Typed): Michael J. Zizzi

Title: Partner

Firm: Leaf & Cole, LLP

Date: November 4, 2013

CHIANG, HAMMON & COMPANY
Certified Public Accountants
2007 W. Hedding Street, Suite 209 San Jose, CA 95128
(408) 244-2002 (408) 244-2333 Fax

System Review Report

December 23, 2011

To the Partners Leaf & Cole, LLP
and the Peer Review Committee of the CalCPA

We have reviewed the system of quality control for the accounting and auditing practice of Leaf & Cole, LLP in effect for the year ended June 30, 2011 Our peer review was conducted in accordance with the Standards for Performing and reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm reasonable assurance of conforming with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on my review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards and Employee Benefit Plans;*

In our opinion, the system of quality control for the accounting and auditing practice of Leaf & Cole, LLP in effect for the year ended June 30, 2011, has been suitably designed and complied with to provide the firm with reasonable assurance of conforming with applicable professional standards in all material respects. Firms can receive a rating of *pass, pass with deficiency(ies)* or *fail.* Leaf & Cole, LLP has received a peer review rating of *pass.*

Chiang, Hammon & Company

SEALED DOLLAR COST BID PROPOSAL FOR

OTAY WATER DISTRICT

FOR PROFESSIONAL AUDITING SERVICES FOR THE

FISCAL YEAR ENDING JUNE 30, 2014

PREPARED BY

LEAF & COLE, LLP

CERTIFIED PUBLIC ACCOUNTANTS

CONTACT PARTNER

MICHAEL J. ZIZZI
2810 CAMINO DEL RIO SOUTH, SUITE 200
SAN DIEGO, CALIFORNIA 92108
(619) 294-7200
mjzizzi@leaf-cole.com

November 4, 2013

Leaf & Cole, LLP
Certified Public Accountants

Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

Steven W. Northcote, C.P.A.
Michael S. Schreibman, C.P.A.
Michael J. Zizzi, C.P.A.
Julie A. Firl, C.P.A.
Nicholas M. Gines, C.P.A.

Members
American Institute of Certified Public Accountants
California Society of Certified Public Accountants

November 4, 2013

To the Board of Directors
Otay Water District

Leaf & Cole, LLP's fees are based on the estimated time spent on the engagement and the billing rates of the individuals assigned. We have strong credentials in the special district industry. Based on our experience with other special districts, our total all-inclusive maximum price for the 2014 engagement is $34,300. Our fees for the additional services would be billed at our standard hourly rates. Fees in future years would be adjusted to reflect changes in the Consumer Price Index, currently estimated to be 3%

Michael J. Zizzi is entitled to represent Leaf & Cole, LLP, empowered to submit the proposal, and authorized to sign the contract with Otay Water District.

Very truly yours,

LEAF & COLE, LLP

Michael J. Zizzi

2810 Camino Del Rio South, Suite 200, San Diego, California 92108-3820
619.294.7200, 619.294.7077 fax, www.leaf-cole.com, leafcole@leaf-cole.com

APPENDIX E

SWCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT OF THE JUNE 30, 2014 FINANCIAL STATEMENTS
GENERAL PURPOSE FINANCIAL STATEMENTS, AGREED UPON PROCEDURES
AND CAFR REVIEW

	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners	45	220	$ 220	$ 9,900
Managers	135	120	120	16,200
Staff	90	90	90	8,100
Word Processing	40	70	70	2,800
Subtotal				37,000
Professional Discount				(3,700)
Total All-inclusive Cost for 2014, Audit				$ 33,300

APPENDIX E

SWCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT OF THE JUNE 30, 2014 FINANCIAL STATEMENTS
SUPPORTING SCHEDULE FOR STATE CONTROLLER'S REPORT

	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners	1	220	$ 220	$ 220
Managers	3	120	120	360
Staff	4	90	90	360
Subtotal				940
Word Processing				60
Total price for State Controller's Report				$ 1,000

Attachment C

MOSS-ADAMS LLP

Certified Public Accountants | Business Consultants

Acumen. Agility. Answers.

100 years THAT COUNTS 1913–2013

Date: November 4, 2013

PROPOSAL FOR

Otay Water District

Prepared by:

Olga Darlington, CPA, Senior Manager

Julie Desimone, CPA, Partner

Moss Adams LLP

9665 Granite Ridge Drive, Suite 600

San Diego, CA 92123

MOSS-ADAMS LLP

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MOSS ADAMS LLP

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MOSS ADAMS LLP

November 1, 2013

Otay Water District
Kevin Koeppen, Finance Manager
2554 Sweetwater Springs Boulevard
Spring Valley, CA 91978-2004

Dear Mr. Koeppen:

We are pleased to present this proposal for external audit services to the Otay Water District ("the District") for the fiscal year ending June 30, 2014, with the possible option of auditing its financial statements for each of the four subsequent fiscal years. We believe our qualifications in serving utility entities are unmatched by any other firm, and we encourage you to contact our existing clients to discuss our capabilities. Moss Adams offers the following to the District:

- **Deep specialty in serving municipal-owned utilities.** Moss Adams is committed to serving municipal water utilities and governmental entities. We serve as independent auditor to many governments and municipal utilities, including the Southern California Public Power Authority, Imperial Irrigation District, Transmission Agency of Northern California, Northern California Power Agency, Seattle Public Utilities, Eugene Water & Electric Board, King County Water Quality Enterprise Fund, and City of Portland Water Fund. We understand Governmental Accounting Standards, the State of California reporting standards, and the accounting and operational issues facing the District.
- **Commitment to communication and on time delivery**. We will meet with the District management prior to the start of the audit to determine the most effective communication method for the District, and we are committed to maintaining a high level of communication throughout the audit period and meeting your deadlines.
- **A strong local presence.** The staff on our service team for the District are all local to this region. We have a strong presence in this industry group and a "deep bench" of experience.

MOSS ADAMS LLP

The following proposal is a firm and irrevocable offer until March 4, 2014 (120days). We hope this proposal expresses our enthusiasm and desire to provide services to Otay Water District. We are confident that you will be pleased with our industry strength and business insights. We welcome any questions you may have about this proposal and thank you again for your consideration of Moss Adams.

Sincerely,

Olga Darlington, CPA, Senior Manager
For Moss Adams LLP
425-551-5712
Olga.Darlington@mossadams.com

Julie Desimone, CPA, Partner
For Moss Adams LLP
503-478-2101
Julie.Desimone@mossadams.com

MOSS ADAMS LLP

INDEPENDENCE AND LICENSING

OUR FIRM'S INDEPENDENCE

Moss Adams has always worked to embody the highest ethical standards, and we demonstrate our commitment to such standards daily. As an independent audit firm properly licensed for public practice, Moss Adams meets the independence standards as defined by Generally Accepted Auditing Standards and the U.S. Government Accountability Office.

Prior to accepting a client relationship with the District, we will conclude our initial review of independence. This review will include a circularization through the firm to ensure that there are no circumstances that might impair our independence. To ensure that we maintain our independence of the District, we will formally reassess our independence every year.

Additionally, every year, each partner and client service staff, including associates and interns, is required upon initial employment and annually to acknowledge his or her independence with respect to our clients. The Independence Compliance Representation is focused on the independence of the individual, and is designed to result in personal representations about matters that may impair independence. In this way, we routinely monitor our firm's independence from our attest clients.

We welcome any questions you may have regarding our review of independence.

RELATIONSHIPS WITH THE DISTRICT

At this time, we are not aware of any relationships our firm has had involving the District for the past five (5) years.

FIRM LICENSING – CALIFORNIA

With offices in San Francisco, Silicon Valley, Los Angeles, Woodland Hills, San Diego, Sacramento, Stockton, Santa Rosa, and Irvine, Moss Adams LLP is duly licensed to practice public accountancy in the state of California. All members of the audit team who reside in California are individually licensed in California. All members of the audit team who do not reside in California are duly licensed in their state of residence and have appropriate designation to practice in California. All team members proposed are full-time employees.

Our firm's California State License number is 4524.

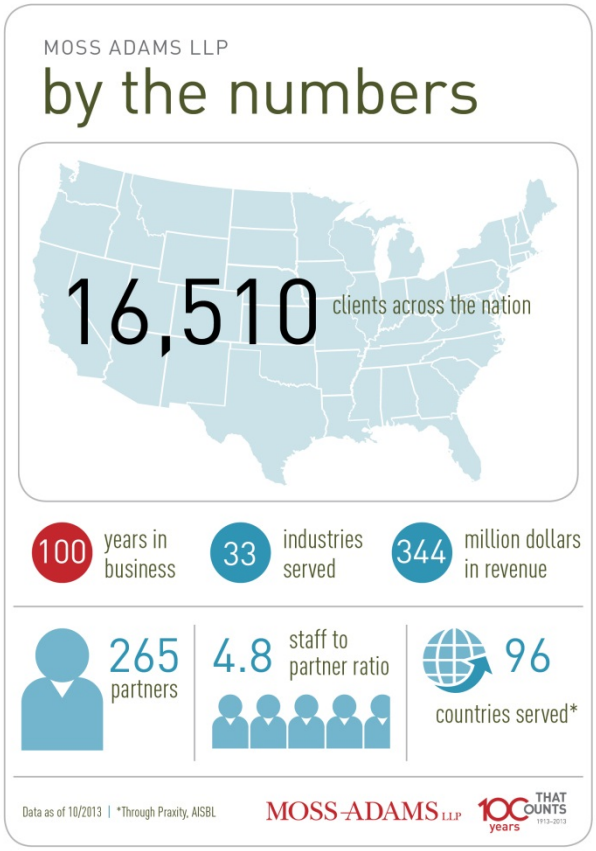
MOSS ADAMS LLP

FIRM QUALIFICATIONS AND EXPERIENCE

Firm Background

Moss Adams LLP provides accounting, tax, and consulting services to public and private middle-market enterprises in many different industries. Founded in 1913 and headquartered in Seattle, Moss Adams has 22 locations in Washington, Oregon, California, Arizona, New Mexico, and Kansas.

Our assurance services include audits, accounting, internal controls, business risk management, royalty compliance, and employee benefit plans. Our tax services include federal, state, and local tax planning and compliance; international tax planning and compliance; cost segregation; and research and development tax credits. We also provide consulting and advisory services for mergers and acquisitions, corporate finance, valuations, business owner succession, business planning, litigation and forensic accounting, information technology integration and reviews, and compensation.



We offer additional services such as investment banking and asset management by drawing on our two affiliate companies, Moss Adams Capital LLC and Moss Adams Wealth Advisors LLC.

Moss Adams is one of the 15 largest accounting and consulting firms in the United States. Our staff of more than 2,000 includes approximately 265 partners. Moss Adams is also a founding member of Praxity, AISBL, a global alliance of independent accounting firms providing clients with local expertise in the major markets of North America, South America, Europe, and Asia.

MOSS ADAMS LLP

MUNICIPAL WATER UTILITY EXPERIENCE

Our Energy and Utility Practice is focused on delivering high-level accounting, tax, and consulting services for municipal water, wastewater, solid waste utilities, and public power generation, transmission, and distribution markets. We currently serve public utility districts, municipal entities, mutual corporations, joint powers entities, independent power producers, and cooperative organizations in California, Washington, Oregon, Hawaii, Idaho, Alaska, Arizona, and New Mexico.

Our utility practice professionals are well versed in the issues pertaining to municipal water utilities such as GASB 62 Regulatory Assets and Liabilities (formerly known as SFAS 71); environmental remediation liabilities; large construction projects of infrastructure and the related issues such as construction in progress accounting, classification and tracking, capitalized interest, application of overhead, and depreciation; and bond-related accounts such as arbitrage liability, debt defeasance and refundings, and covenant compliance. Virtually all of our large public utilities face similar issues. We'll provide the District with a dedicated team of utility specialists on your engagement that is up-to-speed on all the latest trends and occurrences in your industry.

In addition to our core audit and tax services, our Moss Adams Advisory Services consulting group offers information technology, business feasibility, rate work, restructuring and workflow design, performance audits, and strategic planning. Clients include public utility districts, regional utility planning associations, and cooperatives.

Below is a representative sampling of our water utility clients:

Partial List of Moss Adams' Water Utility Clients	
• City of McMinnville Water & Light	• Imperial Irrigation District
• City of Portland–Water Fund	• King County Metro Water Quality Fund
• City of Riverside Public Utilities	• Klickitat County Public Utility District
• City of Seattle Public Utilities	• Pend Oreille County Public Utility District
• City of Tacoma Public Utilities	• Southern California Public Power Authority
• Clark County Public Utilities	• Springfield Utility Board
• Eugene Water and Electric Board	• Truckee Donner Public Utility District
• Firgrove Mutual Inc.	• Tualatin Valley Water District

MOSS-ADAMS LLP

EXPERIENCE WITH GOVERNMENT ORGANIZATIONS

Our Government, Not-for-Profit & Regulated Entities Group is a firm-wide team of more than 200 professionals, the vast majority of whom specialize primarily—if not exclusively—in serving governmental entities.

Our robust and ever-growing Government Audit and Accounting Service Practice offers experienced partners and senior managers who lead audit engagements for state agencies, cities and counties, special purpose governments, public retirement funds, and others. Listed below is a summary of our experience with governments:

Service	Our Experience
Audits of Financial Statements & CAFRs / Management Recommendation Letters	Over 1,100 tax-exempt organizations, including more than 200 governmental entities
OMB Circular A-133 Audit	Over 2,200 Single Audits conducted for clients since 1997
Audits of Bond Funds, expertise with tax-exempt municipal debt	Audit numerous entities in several states, including many cities, ports and airports, counties, and universities that issue bonds
GFOA Certificate of Excellence in Financial Reporting program	We have assisted all our clients involved in the CAFR program, including City of Riverside, City of Portland, and Port of Seattle
Implementation of Governmental Accounting Standards Board (GASB) Pronouncements	We have assisted many of our clients with early implementation of new accounting standards, including GASB Statement No. 45, 49, 51, 60, 61, 62, and 63. We are not recommending that our clients early implement GASB No. 68, because as a result of our national involvement, we are aware of the significant implementation concerns that will be faced first by State pension systems, and it is not likely they will be able to provide all the information necessary for individual employers that will be required for them to successfully implement GASB No. 68.

MOSS ADAMS LLP

Our Involvement in the Industry

The firm is a member of the American Institute of Certified Public Accountants (AICPA)'s Government Audit Quality Center (GAQC). The GAQC is responsible for assisting practitioners nationwide in delivering the highest quality governmental audits. One of our partners, Erica Forhan, is an executive member of the GAQC's steering committee. Other Moss Adams partners served in this role from 2006 to 2012.

Jim Lanzarotta, national leader of our City and State Government Practice, recently accepted an appointment to the Financial Accounting Foundation's Government Accounting Standards Advisory Council (GASAC) as the AICPA representative responsible for working with GASB on setting their agenda, and providing feedback on all proposed standards. In addition, Jim just completed six years as a member and chair of the AICPA State & Local Government Expert Panel (SLG Panel), which is responsible for working with the GASB, Auditing Standards Board, and Government Accountability Office (GAO) on proposed governmental accounting and auditing issues. It is responsible for discussing all proposed governmental accounting and auditing standards, as well as other current practice issues, and provides feedback to the GASB and the GAO.

Another national policy-setting entity we have been affiliated with is the Government Finance Officers Association (GFOA). Laurie Tish, leader of our firm's Government, Not-for-Profit & Regulated Entities Group, currently serves as a special technical reviewer of the Comprehensive Annual Financial Reports Certificate of Excellence in Financial Reporting for the GFOA and also serves on the GASB Recognition and Measurement Task Force. Two of your other proposed service team members, Julie Desimone and Olga Darlington, also currently serve on the GFOA Special Review Committee as technical reviewers.

Jeff Bridgens, a senior manager, recently completed a two-year term with the GASB as a Practice Fellow. While at GASB, he was responsible for research, writing, and presentation of accounting and financial reporting issues for the board's consideration of incorporating into authoritative guidance for state and local governments.

Expertise with Municipal Debt

As a nationally recognized firm, we are accustomed to addressing issues pertaining to the capital markets and, specifically, the tax-exempt bond market. We have extensive local experience assisting our clients with tax-exempt and municipal bond offerings, and with the audit and accounting issues related to the tax-exempt debt. Issues pertaining to tax-exempt bonds have become increasingly complex in recent years and include such items as arbitrage liability, debt defeasance and refundings, conduit debt disclosure and reporting, interest rate swaps on variable

rate debt, testing of covenant compliance, and capitalized interest, just to name a few. A significant number of our government clients hold more than $1 billion in municipal debt.

The professionals who will serve the District are intimately familiar with these issues and continually receive technical updates and education on these complicated topics. Many of our partners and senior managers, including those on your service team, are nationally recognized speakers, instructors, and practitioners in this specific area.

A-133 AUDIT EXPERIENCE

Moss Adams is an experienced firm in conducting audits in accordance with the Single Audit Act and Office of Management and Budget (OMB) Circular A-133 (A-133 Audit). According to the U.S. Census Bureau's Single Audit Database, as of 2012 we had performed more than 2,240 A-133 Audits for our clients in the last 16 years. The vast majority of these audits have been conducted by the 200-plus members of our firm-wide Government, Not-for-Profit & Regulated Entities Group, which includes all of the members of the audit team that would be serving you.

A Firm Highly Experienced With A-133 Audits

The table below shows the number of A-133 audits conducted by our firm since 1997 (the year the federal government began record keeping of these audits). This information can be found on the Web at the Single Audit Database: http://harvester.census.gov/sac.

Fiscal Year	Single Audits Conducted	Total Federal Expenditures Audited
1997–2004	1,038	$10.7 billion
2005	146	$2.6 billion
2006	153	$5.5 billion
2007	142	$5.7 billion
2008	138	$8.9 billion
2009	140	$9.5 billion
2010	156	$11.5 billion
2011	173	$12.1 billion
2012*	158	$6.9 billion (reported to date)
16-Year Total	**2,244**	**$73.4 billion**

**as of July 31, 2013*

MOSS ADAMS LLP

Our professionals have conducted A-133 Audits for many types of organizations and program types. This makes them well-suited to anticipate and solve potential problems and complete these audits in a timely manner.

OUR LOCAL OFFICE AND ENGAGEMENT TEAM STAFFING PLANS

We plan to staff your engagement with one partner, one senior manager, one senior, and one staff—all of whom will be involved with the audit on a full-time basis and have governmental audit experience. You can read about key members of your engagement team in the "Partner, Supervisory, and Staff Qualifications and Experience" section of this proposal.

Our San Diego office will be the primary office dedicated to your engagement; however, because we have a "firm without walls" philosophy, we are pulling in technical professionals from other locations who have expertise in the governmental utility industry. The San Diego office is home to 48 professionals who provide a variety of services within the business assurance, tax, and consulting areas. We serve many industries and service groups, specializing in not-for-profits, governments, higher education, manufacturing and distribution, technology, construction, real estate, and auto dealers.

PEER REVIEW

Moss Adams participates in the AICPA Peer Review Program, as administered by the AICPA National Peer Review Committee. Through the peer review program, our system of quality control over the accounting and auditing practice applicable to non-SEC issuers is reviewed by another CPA firm every three years. We were first subject to a peer review under the AICPA Peer Review Program in 1980 and have been reviewed every third year since 1986. We do not maintain specific records of the engagements selected for review; however, every year, at least one (typically several) government audit has been selected for review. Since the inception of the AICPA's Peer Review Program, we have always achieved a "pass" opinion. A full copy of our most recent report is provided in Appendix A of this proposal.

FEDERAL AND STATE DESK REVIEWS

Similar to other accounting firms that provide audit services to entities receiving government funds, Moss Adams' work for such clients is occasionally subject to quality control reviews by applicable state and federal authorities. To date, none of these reviews have generated any adverse results, nor have there been any findings that would affect Moss Adams' ability to provide the requested services.

MOSS ADAMS LLP

DISCIPLINARY ACTION

As with any large firm, Moss Adams is occasionally involved in addressing legal and regulatory issues. However, no action, suit, proceeding, inquiry, or investigation before or by any court or federal, state, municipal, or other governmental authority is pending, or to our knowledge is threatened against Moss Adams, related to or which would have a material effect upon the services contemplated herein.

MOSS ADAMS LLP

PARTNER, SUPERVISORY, AND STAFF QUALIFICATIONS AND EXPERIENCE

Julie Desimone, Business Assurance Partner and National Practice Leader for Energy and Utility Services

Role: Concurring Reviewer

Currently has designation to practice public accounting in California

Julie Desimone is a business assurance partner and national practice leader for Energy and Utility Services. Julie graduated from Washington State University with a Bachelor of Arts, Accounting in 2000 and since that time has been working in public accounting and serving utility entities. In addition to being a licensed certified public accountant, Julie has recently been appointed to serve on the Moss Adams Assurance Services Committee, is a member of the Washington State University Business Advisory Board, serves as an AICPA peer reviewer, and is a member of the American Institute of Certified Public Accountants and Washington Society of Certified Public Accountants. She is also a regular contributor of articles to the *NWPPA Bulletin* and a presenter for Northwest Public Power Authority courses on subjects including utility accounting and utility budgeting.

Julie is responsible for numerous audit engagements, and has performed many consulting projects and speaking engagements covering technical and operational issues. Some specific areas of her professional experience include advanced utility accounting and cooperative matters, technical auditing services including A-133, FERC chart of accounts, technical accounting issues, contracting issues, and internal control evaluation. In addition to her work in the energy and utility industry, Julie has extensive experience in retirement plan audits.

A representative list of the clients Julie continues to serve include Southern California Public Power Authority; Riverside Public Utilities; Tacoma Public Utilities; City of Portland – Water and Hydro Funds; McMinnville Water & Light; Public Utility District No. 1 of Clark County; and Eugene Water & Electric Board.

CPE: In the last three years Julie has completed in excess of the required continuing professional education necessary to maintain her license.

MOSS ADAMS LLP

Olga A. Darlington, Business Assurance Senior Manager

Role: Engagement Senior Manager

Currently has designation to practice public accounting in California

Olga has practiced public accounting since 1997 and started with Moss Adams in 2005. Olga's practice includes audit and consulting projects of municipal utilities, transit agencies, and port districts. She manages all phases of complex assurance engagements, recognizes technical accounting issues, identifies alternatives for accounting treatment and reporting, and communicates resolutions with client personnel. She also has extensive experience leading large and complex A-133 audits. She is recognized for her technical expertise and has assisted many clients with implementation of new accounting standards.

Olga serves as a technical reviewer of the comprehensive annual financial reports for the Government Finance Officers Association. She also serves on the Government Accounting and Auditing Committee for the Washington Society of CPAs.

A representative list of the clients Olga continues to serve include Tacoma Public Utilities, Public Utility District No. 1 of Pend Oreille County, Northern California Power Agency, Firgrove Water Mutual, Inc., Public Utility District No. 1 of Clark County; and Eugene Water & Electric Board.

CPE: In the last three years, Olga has completed in excess of the required continuing professional education necessary to maintain her license.

MOSS ADAMS LLP

Matthew Dinsdale, CPA, Senior

Role: Engagement In-Charge

Currently is licensed to practice public accounting in California

Matt graduated from San Diego State University and has been in public accounting since 2008 and with Moss Adams LLP since 2010. His focus is providing assurance services to not-for-profit organizations, foundations, universities, research institutions, and government entities. He has significant experience conducting audits in accordance with Government Auditing Standards and the Single Audit Act, as well as providing assurance services for various types of employee benefit plans. Matt's experience includes working with universities such as University of San Diego, Vanguard University, Thomas Jefferson School of Law, and San Diego Jewish Academy, as well as research institutes such as Salk Institute, The J. David Gladstone Institute, and La Jolla Institute of Allergy and Immunology. Matt is a member of the American Institute of Certified Public Accountants and California Society of Certified Public Accountants.

CPE: In the last three years, Matthew has completed in excess of the required continuing professional education necessary to maintain his license.

Audit Staff

We will use audit staff from our San Diego office who are knowledgeable with respect to governmental accounting standards and municipal utilities.

MOSS ADAMS LLP

Quality Service and Staff

> "Our Partner in Charge, **Julie Desimone** has done an outstanding job communicating with our Board of Directors. We have a couple of challenging members and she handles them incredibly well. I must also mention her outstanding management of the audit team. Moss Adams has been an excellent firm to work with!"
> *-Springfield Utility Board*

At Moss Adams, our goal is to hire and keep people who believe in, and demonstrate, a sincere passion for excellence in their work, and a deep commitment to interacting with every colleague and client with respect. This goal cannot be achieved without well-trained, highly motivated people who are continually challenged and growing in their professional abilities. We have improved our capacity and capabilities by becoming more effective at recruiting, performance feedback and coaching programs, retaining our best people, and training a new generation of leaders.

In recent years, we have made progress as demonstrated by an ever-increasing number of newly admitted partners who have spent many years at Moss Adams. Our firm values a balance between ambitious professional goals and a well-lived life. We know these values have helped us to retain quality staff, and make us different from other firms.

Engagement Team Continuity

Less turnover means less time wasted retraining a new engagement team and more time spent focusing on your day-to-day business during the audit. By keeping your audit team consistent from year to year, we can complete the audit more efficiently and in a timely manner because the team members already know the details of the District through their past experience.

Our policy is to not rotate staff from an engagement team unless absolutely necessary. Typically, this would happen because the staff member has left the firm or has elected to change his or her professional focus to a different industry group. Neither situation is very common, especially since we have a high retention rate. Below are retention statistics for our firm for the past three years:

Group	2012 Retention	2011 Retention	2010 Retention
Client Service Professionals	78.3%	80.4%	74.6%
Administrative Staff	81.8%	85.6%	85.5%

Audit team continuity is the hallmark of a stable and efficient audit firm and, with an overall retention rate averaging over 80 percent firm-wide over the past three years, we are in a strong position to maintain your engagement team continuity. Still, if it were to become necessary to change members of your engagement team, we pledge to:

- Discuss any changes with you first

MOSS-ADAMS LLP

- Replace departing staff members with people of comparable skill and experience
- Take all the steps we can to lessen the change's impact on you

Continuing Professional Education

At Moss Adams, we have a rigorous continuing education expectation in which staff members are regularly enrolled in programs to continuously stay on top of the latest technical updates while increasing their understanding of standards, policies, and trends in the industry. The required Continuing Professional Education (CPE) sessions hosted by our internal training and development team include the annual Government, Not-for-Profit & Regulated Entities Group conference featuring timely and relevant topics on audits of governments, not-for-profit organizations, higher education institutions, and other tax-exempt entities. These sessions have been presented by representatives from the AICPA, the GASB, the Financial Accounting Standards Board (FASB), the (GAO), and other standard-setting institutions.

Training and Development Topics	
Annual A-133 Audit Technical Update	Internal Controls
Annual FASB Update	International Operations, Taxes & Investments
Annual GASB Update	IRS Form 990 Changes and Amendments
Annual Yellow Book Update	National Single Audit Sampling Project
Auditing Alternative Investments	Not-for-Profit Tax Issues
Auditing Investments	OMB: Single Audit Update
Common Financial Reporting Deficiencies	Performance Auditing Overview
Compensation Reporting	Project Management
Consolidation for Related Entities	Quality Control and GA Standards
Employee Benefit Plans for Nonprofits	Risk Assessment Standards
Ethics	Sustainability
Executive Compensation	UPMIFA Review and Clarification
Fraud Investigation and Forensic Accounting	Yellowbook Updates

Our Energy and Utility Services Practice requires at least 16 hours of industry-specific training annually, as well as the required industry reading.

MOSS ADAMS LLP

SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES

The final measure of an accounting firm's capability to deliver on its promises lies not in what is said in its proposal but in the testimony of the companies it has served. We encourage you to contact our references for feedback about the quality of service we provide and level of satisfaction. Each of these clients have been with Moss Adams for more than four years and receive similar services as those proposed to the District:

Client Name / Contact Information		
Relevant Funds	**Scope of Work**	**Reference for**
Imperial Irrigation District, California Greg Broeking, CFO; Ph: (760) 339-9304 Total staff hours: 500; Client since 2009		
• Electric Fund • Water Fund	• Financial Audit • Internal Control Review • A-133 Single Audit • 401(a) Audit	Julie Desimone
Tacoma Public Utilities Bill Gaines, Utility Director; Ph: (253) 502–8100 Total staff hours: 1,025; Client since 2003		
• Electric Fund • Water Fund • Sewer Fund • Solid Waste Fund	• Financial statement audit • Agreed-upon procedures • Accounting training	Julie Desimone Olga Darlington
King County Metro Water Quality Fund Tim Aratani, Finance Manager; Ph: (206) 263-6565 Total staff hours: 800, Client since 2009		
• Water Fund	• Financial statement audit	Olga Darlington
Southern California Public Power Authority, California Therese Savery, CFO; Ph: (626) 793-9364 Total staff hours: 1,100; Client since 2005		
• Electric Fund • Renewable Energy Fund • Natural Gas Fund	• Financial audit • A-133 audit • General consulting • GASB training	Julie Desimone

MOSS-ADAMS LLP

SPECIFIC AUDIT APPROACH

INTEGRATED AUDIT APPROACH

The District will benefit from our customized, risk-based audit approach that emphasizes a top-down approach and timely and effective communication and coordination of audit activities. With dedicated and ongoing involvement from our senior-level professionals, the audit will be planned and executed by an experienced team that understands your industry. During the audit, your Moss Adams audit partner will be in the field to review the work in progress and address any issues with management. This reduces time spent on post-audit procedures and wrap-up.

Our emphasis on tailoring an integrated audit to focus on the areas of significant risks allows us to complete the audit in an efficient and effective manner. Our audit will include the following:

- Plan the engagement based on a thorough understanding of your business risks and transactions
- Communicate and coordinate activities with management based on an agreed-upon timeline
- Conduct continuous audit procedures to increase efficiency and reduce the burden on your personnel at year-end
- Work with management to resolve any complex accounting or reporting issues as early as possible in the audit process
- Provide recommendations to management of areas for improvement

Segmentation

Service Segmentation	Partner	Senior Manager	Manager	Senior In-Charge	Staff	Total
Planning	2	3	5	10	8	28
Interim & Internal Controls Testing	1	8	13	20	34	76
Substantive Testing	2	18	20	42	48	130
Reporting	1	8	12	10	5	36
Agreed-Upon Procedures	1	2	5	0	7	15
State Controller Report	1	1	5	0	8	15
Total	**8**	**40**	**60**	**82**	**110**	**300**

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Sampling

We will select a sample of transactions in order to perform tests of your internal controls. Our sample sizes generally range from 3 walkthroughs for a low level of assurance to 75 for a high level of assurance with 3 deviations tolerated. Our most common approach for internal control testing is moderate assurance on controls with no expected deviations, which is a sample size of 18. For A-133 control testing, we use sample sizes that allow us to achieve a low control risk assessment, usually 25 to 40 items. For substantive compliance testing, we use the same sample sizes or alternatively use stratified testing or approaches. Sampling in other areas will be dependent on the results of control testing, evidence gained through substantive analytical procedures, and our ability to use automated tools to audit balances and/or transactions. Our general audit approach is to gain as much assurance from internal controls, analytical procedures, and directed testing. Our general audit process does not include a great degree of assurance on statistical sampling, although this will be dependent on the the District's internal controls and ability to produce financial information.

Analytical Procedures

As required, analytical procedures are conducted during the planning and final phases of the audit. In addition, we use analytical procedures in order to test several financial statement balances. In particular, we use analytical procedures in testing revenue and certain costs. For example, in the utility funds, we plan on evaluating your revenue and costs by customer and CCF. This is an efficient and effective means of obtaining audit evidence and providing useful feedback to management.

Internal Control Assessment

The main objective of this phase of testing is to assess the adequacy of the District's internal controls including financial, operational, and general computer controls. As required, we obtain an understanding of the design and implementation of the control environment; perform risk assessment; and test control activities, information, communication, and monitoring as appropriate. The results of these tests enable us to determine the number and level of substantive tests to use. This assessment includes:

- Obtain knowledge of the design and implementation of controls relevant to financial reporting and compliance with laws and regulations that have direct and material effect on determination of financial statement amounts.

- Obtain copies of system, policy, and procedure documentation from various departments. We retain these copies in our permanent working paper files and update them annually.
- Our tests of internal controls will be conducted in the most efficient manner possible and combined into the work order/utility plant section as much as possible. For example, when testing additions to utility plant, we will incorporate tests of the payroll, accounts payable, purchasing, overhead, and capitalized interest systems.
- Our information technology audit specialists will evaluate general computer controls. General computer controls provide assurance that data and programs that process the data are protected from unauthorized modification and processed in accordance with management's intentions, and that confidentiality is maintained.

For a water district like Otay Water District, we would anticipate testing and obtaining some level of assurance from the following transaction cycles: cash management, customer billing and collections; disbursements and expenditures; payroll; workorder and utility plant; and budgeting and rate setting.

Any significant matters relating to the internal control structure that are noted during the audit will be communicated to management and will be included in our letter of recommendations that will be provided to the board and management at the completion of our audit.

Additionally, if we identify areas where controls could be strengthened or where we have seen other best practices with similar utilities, we will share these insights with management during the course of the audit.

Laws and Regulations

For State laws, we review the sections of the California Government Code, California Public Utilities Code, and California Administrative Code, as well as the applicable California statutes, public purchasing, local budget law, and certain other sections addressing fiscal matters. We supplement this with management inquiries and a review of internal controls in place for each program. Audit guides and practice aids from national and state accounting bodies are also reviewed.

Substantive Testing

The extent of substantive testing is dependent upon the results of our internal control assessment and testing. This testing includes tests of balances and/or transactions, confirmations, etc., and certain testing will be performed before year-end to ensure that we meet your delivery expectations.

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In an audit for a utility like Otay Water District, we typically find it is efficient and effective to complete certain substantive procedures, principally confirming balances or activity with third parties, for certain account balances like cash, investments, bonds and notes payable, revenue, and derivative instruments. Additionally, we perform other substantive procedures, such as testing subsequent-year cash receipts and cash disbursements, to obtain evidence related to the existence and completeness of receivables, payables, and accrued balances. We would anticipate using a similar approach with Otay Water District, depending on our overall audit plan.

Identification of Anticipated Potential Audit Problems

Based on our previous audit experience with similar governmental audits, there may be potential problems relating to accounting consistency, record availability, other accounting audit trail difficulties, as well as resource issues. The following are a few examples:

Problem 1: Delays in obtaining "Provided By Client" lists in locating source documentation, or providing adequate assistance due to personnel shortages.

Solution 1: We train our personnel to always be polite and flexible in working with client personnel and to keep our management team apprised of any difficulties encountered that could potentially delay a project. Once we identify the need for additional assistance, we contact and work with the audit coordinator. Despite some delays, we have built flexibility into our schedule and have the ability to add personnel to complete the audit on time.

Problem 2: Project personnel needs fluctuate from low to high levels with little notice because of unforeseen project delays. For example, the audit identifies a control weakness that requires additional research and documentation.

Solution 2: We have experience where an audit area is delayed or postponed until additional support can be obtained. In these instances, we may shift work to other audit steps that were scheduled for a later date or reduce staffing levels temporarily, and then increase staffing when additional documentation is provided. To ensure quality work for each major audit area, we will assign a core management team (managers, seniors, and staff, as appropriate) to supervise, train, and provide timely review.

We understand that problems may arise or project needs may change. We believe that our audit approach, hands-on management team, internal quality control review procedures, and budget and milestone monitoring procedures allow us to properly plan and manage resources throughout each engagement to ensure that the most efficient means of contract execution are applied.

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Management Letters

It is one of our own best practices to generate a comprehensive management letter communicating certain matters of concern to your leadership team. In it, we will highlight every point unless the matter is clearly inconsequential. Among the items we typically include are best practices to follow, exceptions we encountered during our testing, deficiencies in internal control that are not reportable conditions, immaterial violations of contracts or grant agreements, immaterial abuse, and recommended areas of improvement.

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A TIMELY WORK PLAN

Audit Schedule	Proposed Timing
Auditor Transition	
Schedule to meet with your prior auditor to review their working papers.	March/April 2014
Audit Planning	
Meet with management for pre-audit planning, and to obtain an understanding of systems, internal controls, and current-year issues.	March/April 2014
Provide management with a detailed listing of items needed to perform the audit, including the timing of when items are needed.	March/April 2014
Audit Fieldwork	
Perform interim audit fieldwork and tests of internal controls.	May/June 2014
Send confirmations of cash, investment, and other accounts as deemed necessary.	May/June 2014
Perform substantive audit fieldwork.	August 25–29, 2014
Report Preparation	
Present draft of financial statements, audit report, and management letter to senior management.	September 3, 2014
Issuance of auditor and agreed-upon procedures reports.	October 3, 2014
Present financial statements, audit report, and management letter to the audit committee.	October 20, 2014
Board Communications	
Present final audit report, financial statements, and management letter to the board.	November 5, 2014

*This timeline is a tentative outline of the key milestones for your audit. It can be modified as appropriate to meet your needs.

MOSS ADAMS LLP

Open, Timely, and Effective Communication

Part of the value we provide to your organization is a commitment to maintaining close and regular contact with you throughout the year. We're not once-a-year auditors who disappear for many months, only to return in time for the next audit. We're a constant resource for questions and advice, with a quick response time.

We want you to notice a superior level of service based on your expectations—not on our assumptions. From the initial transition to Moss Adams to routine phone calls about immediate issues of concern, we're hands-on partners with a bias for action. We won't keep you waiting or wondering. Instead, we'll take the lead in suggesting meetings with you, setting up training sessions with your internal accounting staff, and delivering presentations to management.

In addition, you require proactive communications about our engagement findings. We'll raise any issues as we find them, and not when it's too late for you to act on them. We'll also notify the District immediately of any emerging accounting, tax, and regulatory matters or concerns, further helping to ensure there are no surprises.

MOSS ADAMS LLP

INSIGHTS AND RESOURCES

ONLINE PUBLICATIONS

Keeping you informed about changes in the financial landscape is one of our top priorities. We closely monitor regulatory agencies, participate in industry and technical forums, and write about a wide range of general as well as industry-specific accounting, tax, and business issues. The goal? To provide you with actionable information and guidance to help your organization succeed.

This information comes in three main forms:

- **Alert.** Time-sensitive news about accounting and regulatory changes e-mailed to you.
- **Insight.** The big picture on accounting and business topics delivered to your inbox.
- **Moss Adams Insights.** A roundup of articles, videos, and more on our free app for iOS and Android.

We also offer government-specific newsletters:

Government Finance Quarterly delivers updates on state and local government issues, webcasts, and Moss Adams–sponsored or –hosted events.

WEBCASTS

Continuing education is vitally important to us, and we're happy to share our knowledge with you and your staff. We frequently offer a wide range of topical online seminars, many of which are archived and available on demand, allowing you to watch them on your schedule. Play, pause, or resume later—no log-in required.

Currently available on demand:

- Fraud: The Other Fringe Benefit
- Government Accounting, Auditing, and Regulatory Update
- Government Pension Standards
- Managing Cash Flow in a Difficult Economy

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Visit www.mossadams.com/nfpeducation for dates and registration or for the on-demand versions.

The 2013 Government webcast series offers the following topics:

- AICPA State & Local Government Audit Guide review
- Annual Government A&A update
- Mobile computing
- Government pension standards

Other topics covered in the 2012 webcast series included:

- Cloud computing
- Construction audits
- Forensic accounting
- Performance audits

Seminars and Events

You'll be invited to attend a number of conferences and networking events presented by Moss Adams and distinguished guest speakers. Our events are an opportunity for you and your staff to meet our professionals, share best practices with industry peers, and earn CPE.

Upcoming events:

In 2013, professionals from our Government Practice have and will participate in the following events:

- AICPA Governmental A&A conference
- AICPA Governmental and Not-for-Profit Training Program
- AICPA National Governmental A&A Update conference
- American Public Power Association Business and Financial Conference
- Association of Government Accountants – local chapters
- GFOA annual conference

MOSS-ADAMS LLP

CONNECT WITH US

We offer a variety of fast and easy ways to help you stay up to date on accounting topics, events, webcasts, and more, right from your PC, tablet, or smartphone:

Like us on Facebook to stay informed about events, seminars, webcasts, and more: www.facebook.com/mossadamsllp

We frequently tweet about events, regulatory changes, and more.
Follow us: @Moss_Adams

Connect with our firm and our people on the world's largest professional network: www.linkedin.com/company/moss-adams-llp

Get the latest insights, resources, and event announcements from Moss Adams, delivered right to your inbox: www.mossadams.com/subscribe

Insights, resources, and more, available through your RSS reader: www.mossadams.com/RSS

Watch educational whiteboard sessions, webcasts, and other informative videos: http://www.youtube.com/mossadamsllp

Your phone may be smart, but does it have Insights? Read articles, watch videos, and more on our free app for iOS and Android: http://www.mossadams.com/app

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EXHIBIT A

PEER REVIEW

Clifton Gunderson LLP
Certified Public Accountants & Consultants

System Review Report

To the Partners of MOSS ADAMS LLP
and the AICPA National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of MOSS ADAMS LLP (the Firm) applicable to non-SEC issuers in effect for the year ended April 30, 2011. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The Firm is responsible for designing a system of quality control and complying with it to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the Firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards*; audits of employee benefit plans, audits of carrying broker dealers and audits performed under FDICIA.

In our opinion, the system of quality control for the accounting and auditing practice of MOSS ADAMS LLP applicable to non-SEC issuers in effect for the year April 30, 2011, has been suitably designed and complied with to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. MOSS ADAMS LLP has received a peer review rating of *pass*.

Clifton Gunderson LLP

August 26, 2011

10700 Research Dr., Suite 200
Milwaukee, Wisconsin 53226
tel: 414.476.1880
fax: 414.476.7286

www.cliftoncpa.com

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MOSS ADAMS LLP

Peer Review Report (Cont.)

AICPA

AICPA Peer Review Program
Administered by the
National Peer Review Committee

September 15, 2011

Rick J Anderson, CPA
Moss Adams LLP
999 3rd Ave Ste 3300
Seattle, WA 98104

Dear Mr. Anderson:

It is my pleasure to notify you that on September 14, 2011 the National Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is October 31, 2014. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Sincerely,

Betty Jo Charles

Betty Jo Charles
Chair—NPRC
nprc@aicpa.org919 402-4502

cc: Scott Tracy, CPA

Firm Number: 10050024 Review Number: 321877

American Institute of Certified Public Accountants
220 Leigh Farm Road, Durham, NC 27707 • (919) 402–4500 • fax (919) 402–4505 • www.aicpa.org
ISO Certified

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MOSS-ADAMS LLP

EXHIBIT B

RFP APPENDIX C

APPENDIX C

PROPOSER GUARANTEES

I. The Proposer certifies it can and will provide and make available, as a minimum, all services set forth in Section II, Nature of Services Required.

Signature of Official: Julie Desimone

Name (typed): Julie Desimone

Title: Partner

Firm: Moss Adams LLP

Date: November 4, 2013

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MOSS-ADAMS LLP

RFP APPENDIX D

APPENDIX D

PROPOSER WARRANTIES

A. Proposer warrants that it is willing and able to comply with State of California laws with respect to foreign (non-state of California) corporations.

B. Proposer warrants that it is willing and able to provide proof of insurance covering the following areas: 1) general liability; 2) worker's compensation; 3) errors and omissions providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.

C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the District.

D. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official: Julie Desimone

Name (typed): Julie Desimone

Title: Partner

Firm: Moss Adams LLP

Date: November 4, 2013

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MOSS-ADAMS LLP

RFP APPENDIX F

APPENDIX F

FORMATION OF CONTRACT; ADDITIONAL CONTRACT PROVISIONS

1. This Request for Proposal (RFP), together with proposer's signed offer (Proposal) and the Otay Water District's written acceptance thereof, including any contract provisions approved by the parties pursuant to subsequent negotiations, if any, shall constitute a binding contract (collective, the "Contract"). The Contract shall only be amended or modified annually, upon approval by the District of an updated Appendix E or pursuant to a written amendment signed by both parties.

2. Conflict of Interest

   a. Auditor has received and reviewed a copy of the District's Conflict of Interest Code (the "COI"), set forth under Division I, Chapter 5, Section 6 of the District's Code of Ordinance. Auditor understands that, to the extent it (i) conducts research and arrives at conclusions concerning advice, recommendations or information independently from the District; and (ii) renders information, advice, recommendations or counsel to the District, it may be required to file a disclosure statement in accordance with the COI.

   b. No officer or employee of the District shall have any financial interest, direct or indirect, in this Agreement nor shall any such officer or employee participate in any decision relating to the Agreement which effects his or her financial interest or the financial interest of any corporation, partnership or association in which he or she has a financial interest if such participation would be in violation of any State statute or regulation.

   c. Auditor, its officers, managers, related entities, affiliates, business associates, and their respective relatives or living trusts or other similar entities or persons (each, a "Related Person") shall avoid any relationship with District or any contractor of District that constitutes or may constitute a conflict of interest in connection with services provided under this Agreement.

   d. Prior to entering into this Agreement and during the term, Auditor shall have a duty to disclose to the District any and all circumstances that pose an actual or potential conflict of interest.

   e. Auditor shall not obtain for itself or any Related Person any financial gain from the services other than as specified in this Agreement. Auditor represents that neither Auditor nor any Related Person has an existing financial interest and that neither will acquire any such interest, direct or indirect, that conflicts in any manner or degree with the performance of services required under this Agreement and that no person having any such interest shall be subcontracted in connection

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RFP Appendix F (continued)

with this agreement, or employed by Auditor. Auditor shall not enter into this Agreement if such a conflict of interests exists at present.

f. If an actual or potential conflict of interest issue arises, Auditor agrees to fully cooperate in any inquiry and to provide the District with all documents or other information reasonably necessary to enable the District to determine whether or not a conflict of interest existed or exists.

g. Auditor shall not conduct or solicit any non-District business while on District property or time.

h. Failure to comply with the provisions of this section shall constitute grounds for immediate termination of this Agreement, in addition to whatever other remedies the District may have.

3. The Contract shall be interpreted and enforced pursuant to the laws of the State of California, without regard to any conflict of laws principles. Disputes which cannot be resolved by mutual agreement or by the terms and condition of this Contract shall be resolved by a court of competent jurisdiction in the County of San Diego, State of California.

Signature of Official: Julie Desimone

Name (typed): Julie Desimone

Title: Partner

Firm: Moss Adams LLP

Date: November 4, 2013

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MOSS ADAMS LLP

Certified Public Accountants | Business Consultants

Acumen. Agility. Answers.

100 years THAT COUNTS 1913–2013

SEALED COST SUBMITTAL

Otay Water District
For Professional Auditing Services

Prepared by:

Olga Darlington, Senior Manager

Julie Desimone, Partner

Moss Adams LLP

9665 Granite Ridge Drive, Suite 600

San Diego, CA 92123

MOSS ADAMS LLP

November 1, 2013

Otay Water District
Kevin Koeppen, Finance Manager
2554 Sweetwater Springs Boulevard
Spring Valley, CA 91978-2004

Dear Mr. Koeppen:

I, Julie Desimone, am entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the District.

Moss Adams is committed to competitive fees that are commensurate with the experience and necessary level of service described in this proposal. At all times, we want you to feel that the dollars you spend for our professional services bring you exceptional value.

Our fees are based upon our assessment of the audit scope, our knowledge of the industry issues, the risks inherent in your business, and the effort required to complete a thorough audit. Based on our understanding of your service needs and the nature of your operations we have prepared the following fee estimate.

The total all-inclusive maximum price for the 2014 engagement is $48,254.

We acknowledge that changing auditors can be disruptive to your staff's routine, since a new audit team needs to spend time learning your systems. Because of this assimilation period, fees associated with the first year with a new audit firm tend to be higher than normal. We have absorbed the first-year start-up costs of our fee estimate.

Thank you for your consideration.

Sincerely,

Olga Darlington, CPA, Senior Manager
For Moss Adams LLP
425-551-5712
Olga.Darlington@mossadams.com

Julie Desimone, CPA, Partner
For Moss Adams LLP
503-478-2101
Julie.Desimone@mossadams.com

MOSS-ADAMS LLP

RATES BY PARTNER, SPECIALIST, AND SUPERVISORY STAFF

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FOR THE AUDIT OF THE JUNE 30, 2014, FINANCIAL STATEMENTS

GENERAL PURPOSE FINANCIAL STATEMENTS, AGREED-UPON PROCEDURES & CAFR REVIEW

	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partner	7	425	288	2,016
Senior Manager	39	335	228	8,892
Manager	55	250	170	9,350
Senior	82	185	125	10,250
Staff	102	160	108	11,016
Subtotal	**285**			**$41,524**

SUPPORTING SCHEDULE FOR STATE CONTROLLER'S REPORT

	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partner	1	425	288	288
Senior Manager	1	335	228	228
Manager	5	250	170	850
Staff	8	160	108	864
Subtotal	**15**			**$2,230**

Any costs incurred by us to become acquainted with the systems, records, and procedures will be borne by Moss Adams because we consider these costs to be an investment in our clients.

Out-of-Pocket Expenses: Estimated not-to-exceed $4,500

Meals and lodging: Most of the audit team will be coming from our San Diego office, so we will have limited lodging costs.

Transportation: Most of the audit team will be coming from our San Diego office, so the transportation costs will be limited to mileage and parking.

Other (specify): Our out-of-pocket expenses are billed using per diem rates.

MOSS ADAMS LLP

ADDITIONAL INFORMATION

Year Round Service

Part of the value we provide to your business is a commitment to maintaining close and regular contact with you throughout the year. We're not once-a-year auditors who disappear for many months, only to return in time for the next audit. We're a constant resource for questions and advice, with a quick response time. Our policy is to not charge for short telephone calls seeking miscellaneous advice, unless those consultations require significant additional work or research. If a matter requires further follow-up, we will discuss a fee estimate with you before incurring significant time. Our fee also includes board presentations.

Subject	The Details
Client Acceptance Procedures	The scope of work and fee quotes are subject to our client acceptance process, which 1) verifies that all parties understand the specific services we are being asked to perform, 2) ensures contract terms are acceptable to both parties and in agreement with professional standards, and 3) confirms that we have staffed the engagement with individuals qualified with the necessary experience to fulfill our commitments to our prospective client.
Cost Overruns	During the course of the audit, we will measure our progress against our planned budget. If situations arise that are significantly different than our expectations, we will bring them to your attention immediately and discuss various options before we proceed. We meet weekly during the course of fieldwork with the appropriate parties to ensure there are open lines of communication between our organizations.
Progress Billing	Progress billings are based on hours and expenses completed at the time of billing. Bills are due upon receipt. A one-percent finance charge accrues monthly for accounts over 30 days.
Routine Phone Calls and E-mails	Our policy is to not charge for short telephone calls seeking miscellaneous advice, unless those consultations require significant additional work or research. If a matter requires further follow-up, we will discuss a fee estimate with you before incurring significant time.
Minor Research and Consultation	If we are requested to provide minor research or consultation service, we will estimate the number of hours necessary to provide the requested services. We will then provide a fee quote for your approval before commencing any work. Our fees for these services are generally at our standard billing rates.

This Proposal is contingent upon completion of the Moss Adams new client acceptance process, satisfaction of applicable professional standards (including SAS 84 communications with the prior auditors), and negotiation of a mutually acceptable contract. We have successfully signed professional services agreements with thousands of clients, including many public utility districts, and we commit to issuing an engagement agreement on a timely basis should we be awarded this contract.

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APPENDIX E

APPENDIX E
Page 1

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FOR THE AUDIT OF THE JUNE 30, 2014 FINANCIAL STATEMENTS

GENERAL PURPOSE FINANCIAL STATEMENTS, AGREED UPON PROCEDURES & CAFR REVIEW

	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners	7	425	288	2,016
Managers	55	250	170	9,350
Supervisory Staff	82	185	125	10,250
Staff	102	160	108	11,016
Other (specify): Senior Manager	39	335	228	8,892
Subtotal	285			41,524

Out-of-pocket expenses: Estimated not-to-exceed $4,500

Meals and lodging: Most of the audit team will be coming from our San Diego office, so we will have limited lodging costs.
Transportation: Most of the audit team will be coming from our San Diego office, so the transportation costs will be limited to mileage and parking.
Other (specify): Our out-of-pocket expenses are billed using per diem rates.

Total all-inclusive maximum price for 2014 audit: $46,024

Note: The rate quoted should not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum price.

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APPENDIX E
Page 2

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FOR THE AUDIT OF THE 2014 FINANCIAL STATEMENTS:

SUPPORTING SCHEDULE FOR STATE CONTROLLER'S REPORT

	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners	1	425	288	288
Managers	5	250	170	850
Supervisory Staff				
Staff	8	160	108	864
Other (specify): Senior manager	1	335	228	228
Subtotal	15			2,230

Out-of-pocket expenses: $0

Meals and lodging: $0

Transportation: $0

Other (specify): $0

Total price for State Controller's Report: $2,230

Note: The rate quoted should not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum price.

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OTAY WATER DISTRICT

Proposal for Professional Auditing Services

For the fiscal year ending June 30, 2014
(with four one year extentions)

PREPARED BY:

ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS

735 E. Carnegie Drive, Suite 100
San Bernardino, California 92408
(909) 889-0871

CONTACT: SCOTT MANNO, PARTNER
smanno@ramscpa.net

ALTERNATE CONTACT: TERRY SHEA, PARTNER
tshea@ramscpa.net

ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

November 4, 2013

OTAY WATER DISTRICT

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

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Independence and License to practice in California	1
Firm qualifications and experience *About our firm* *Relevant audit experience* *External quality control examinations* *Single audit experience*	2
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Attachment A: Quality control review report
Attachment B: Current governmental clients
Attachment C: Proposer guarantees
Attachment D: Proposer warranties

November 4, 2013

Otay Water District
2554 Sweetwater Springs Boulevard
Spring Valley, CA 91978-2004

For 65 years, Rogers, Anderson, Malody & Scott, LLP (RAMS) has been providing honest, accurate, objective results to all of our clients, including governmental organizations such as yours. Our experience has helped us understand the complex requirements and issues encountered in such organizations. We also understand the desire for the timely delivery of accurate reports and for a quality audit performed in a competent and efficient manner.

We are aware that the District has other proposals to consider. We believe that RAMS would be the appropriate choice for the audit engagement for the following reasons, which are provided in more detail in our proposal:

- RAMS has an established reputation in the governmental and not-for-profit accounting and auditing community for providing excellent, timely service and high quality reporting to our clients.
- RAMS currently provides auditing services to over 50 governmental entities and not-for-profit organizations, including over 20 cities, most of which have enterprise activities.
- We understand that the audit process, as a whole, can be a taxing experience for you and your staff; we understand that you will have other commitments and your regular workloads during the audit period. We make every effort to ensure the audit process, from the interim field work to the preparation of the required financial reports, will be as trouble-free as possible for you and your staff. We accomplish this through comprehensive planning of the audit and utilizing our staff in the most efficient and effective manner.
- The RAMS audit team members are personable and easy to work with. Through open and responsive communication with all parties involved in the audit process, we work to have the most efficient audit possible by minimizing operational distractions of your staff, while maximizing quality service and products.
- Our audit team members are proficient in the use of information technology. We utilize a comprehensive audit software system that allows us to have a paperless audit. This system yields much efficiency, including the ability to quickly exchange documents with our clients.

- Our firm provides extensive training and continuing education to all of our audit staff through a combined use of in-house instruction and third-party providers. Our audit team members are experienced with and receive regular training in performing Single Audits in accordance with Federal OMB Circulars A-21 and A-133.
- We are committed to helping you meet all reporting/auditing deadlines, resolving any issues encountered during your audit (e.g., accounting or auditing, new pronouncements, etc.), and providing you with quality audit services.
- We demonstrate our commitment to our client's success by sharing noted opportunities to improve the efficiency and effectiveness of your operations, including industry best practices.
- We have an extensive quality control review process to ensure your financial reports meet the highest standards. In addition to the preparation of financial reports by the engagement team and review by the engagement manager, each report is also examined by 2 partners and 2 professional proofreaders.
- We have assisted many of our clients with the preparation of their Comprehensive Annual Financial Reports, and all of our clients that have submitted their reports for the Government Finance Officers Association (GFOA) or California Society of Municipal Finance Officers (CSMFO) awards have received the awards. Our participation as a GFOA reviewer also indirectly benefits our clients in the quality review process.
- We are a full service firm, with specialists in auditing, reviews and compilations, tax planning and preparation, and business consulting. The diverse experience and accessibility of the professionals in these areas help us to provide a comprehensive approach to a wide variety of needs.
- We believe that our fee estimate and arrangement provides a fair and reasonable cost, commensurate with the experience of the audit team members, to perform the annual audit and tax services for the District.

We understand the scope of the work to be performed, auditing standards to be followed, and the reports to be issued, as described in the District's *Request for Proposal.* In addition, we will be committed to performing the work within the proposed time period. This proposal is a firm and irrevocable offer for 120 days.

Mr. Manno and Mr. Shea, Partners, are authorized to act on behalf of Rogers, Anderson, Malody & Scott, LLP. They can be reached at: 735 E. Carnegie Drive, Suite 100, San Bernardino, CA 92408, (909) 889-0871, smanno@ramscpa.net or tshea@ramscpa.net.

Thank you for the opportunity to serve the Otay Water District. We look forward to having a long and mutually beneficial association.

Respectfully yours,

ROGERS, ANDERSON, MALODY & SCOTT, LLP

Scott W. Manno, *CPA, CGMA*
Partner

Independence

Rogers, Anderson, Malody & Scott, LLP is independent of the Otay Water District as defined by general standard number two of the generally accepted auditing standards.

We are also independent of the Otay Water District as defined by the second general standard for government auditing in the U.S. Government Accountability Office's *Government Auditing Standards* (2011).

We have not had any professional relationships with the District in the past five (5) years.

License to practice in California

Rogers, Anderson, Malody & Scott, LLP is licensed to practice in the State of California. The key professional staff, which includes the partners and managers, are all certified public accountants licensed to practice in the State of California.

About our firm

Rogers, Anderson, Malody & Scott, LLP is a local firm and was founded in 1948. We are located at 735 E. Carnegie Drive, Suite 100, San Bernardino, California. We are one of the oldest CPA firms in Southern California, with over 65 years of public practice experience, specializing in governmental agency auditing, accounting and management advisory services. Over *fifteen thousand hours per year* are devoted to this area of our practice, which includes cities, water districts, other special districts, nonprofit corporations and joint power authorities.

Our firm has a total staff of thirty-eight people, which includes fifteen certified public accountants. Our staff consists of six partners, four managers, eleven supervisors/senior accountants, thirteen staff accountants and four support staff. Our audit staff consists of twenty-one members who devote over 80% of their time to municipal/not-for-profit engagements. Tentatively, the audit team assigned to the District's engagement will consist of the following full-time staff: two audit partners, one audit manager, one audit senior and two staff auditors. All personnel are located in our San Bernardino office.

As governmental auditors, we understand that the District desires its auditors to have a thorough understanding of the complex accounting and compliance issues confronting governmental entities such as yours. Our firm is committed to providing our clients with the highest quality service at the most reasonable fee. The professionals assigned to the District financial audit have each made providing quality services their priority.

As stated earlier, our firm has a long history of governmental accounting and auditing. Over the years, we have gained valuable experience, acquired an in-depth knowledge and obtained the technical expertise needed for governmental accounting and auditing. Our firm's partners and professional staff assigned to the District have performed audits, various accounting services and management advisory services for many governmental agencies like yours.

Relevant audit experience

The following is a listing of current clients for whom we provide audits similar to the type requested:

Rossmoor Community Services District
Vista Irrigation District
Crestline-lake Arrowhead Water Agency
Big Bear Area Regional Wastewater Agency
Idyllwild Water District
Twentynine Palms Water District
San Bernardino Valley Municipal Water District
Saticoy Sanitary District
Ventura Regional Sanitation District
Helendale Community Services District
Pine Cove Water District
Crestline Village Water District
Valley Water District
Western Municipal Water District
Inland Empire Resource Conservation District
Helix Water District

We have also performed audits for redevelopment agencies, pension plans, and compliance requirements in accordance with *OMB Circular A-133*. In addition, we have provided audit and consulting services for various private enterprises.

The firm provides various other services to governmental agencies. Services to these governments, in addition to auditing services, include:

- Study/evaluation of financial condition and fiscal policies
- Financial projections
- Organizational studies
- System design, analysis, and review
- Job classification and compensation studies
- Accounting policies and procedures
- Capital improvement program procedures and policies
- Financing and public bond offering assistance
- Assistance in development of internal audit programs
- Employee benefit consulting
- Investment policy reviews
- Franchise agreement assistance (ambulance, cable, television, refuse, etc.)

We also provide audit, tax, and consulting services to various not-for-profit and for-profit enterprises.

External quality control examinations

As a member of the AICPA Private Companies Practice Section, our firm has participated in "Peer Review" since 1993 and has been examined every three years since that date. During participation in this program, the firm has received unqualified opinions from the peer reviewers. A copy of our most recent external quality control review dated May 31, 2012 for the year ended November 30, 2011 (Attachment A) is attached. The latest review included reviews of specific governmental agencies.

The firm is not aware of any federal or state desk reviews or field reviews of its audits during the last three years. The firm ***has never*** had any disciplinary action taken or pending against it with state regulatory bodies or professional organizations, nor has it ever had any pending or settled litigation, civil or criminal investigations. Our firm does not have a record of substandard work.

Single audit experience

Over the past several years, many of our government clients have been subject to an audit in accordance with OMB A-133. A current audit client of ours receives approximately 90% of its revenues from Federal, State, and local grants. We perform between 10-20 single audits a year.

The quality of service you receive is dependent on the capabilities of the individuals assigned to the engagement and the manner in which those personnel resources are organized to efficiently focus their abilities on providing you with the requested audit services.

Our engagement team will provide significant experience coupled with an extensive, practical understanding of governmental accounting and auditing. These professionals are highly trained and knowledgeable and have a thorough understanding of the environment in which governmental entities operate.

Partner and supervisory staff involvement

All partners and supervisory staff are working professionals and are actively and continually involved in all aspects of their engagements. We believe that partner and supervisory level staff personnel involvement in all areas of the audit is a key aspect of the overall audit process. This involvement includes being on-site for interim and year-end fieldwork, thus; facilitating a proper, efficient and effective audit, with minimal disruption of the District's staff. In addition, the time spent on-site by the partners and supervisory staff ensures they gain an understanding of all the District's accounting processes and procedures. This understanding will enable them to evaluate and develop opportunities for efficiency as well as offer practical and functional advice for improving your accounting processes and procedures.

Continuity of audit staff is a principal concern with our firm. Therefore, we plan to provide staff continuity from year to year, which is in the best interest of the District and our firm. Continuity ensures an orderly, efficient, and less disruptive audit experience by competent professionals. Since we cannot guarantee staff will remain with us, principal supervisory and management staff, including engagement partners, managers, other supervisory staff, and specialists, may be changed if those personnel leave the firm or are promoted.

In summary, we want to emphasize the credentials of the above professionals who will be directly responsible for the quality of service the District will receive. Additionally, our audit team has another attribute that is very important, even though it is intangible, the professionals assigned to the District's audit have worked together as a multi-disciplined team, thus ensuring a smooth, efficient and effective audit. We are committed to allocating the necessary resources to ensure that we provide continuity of personnel throughout the term of our relationship with the District.

Assigned personnel

It is our goal to provide the District with capable, competent, and personable individuals who offer an extensive background, not only in governmental accounting and auditing, but also in general business practices. We offer practical solutions, as well as provide technical support. This enables you to stay at the forefront of governmental accounting and provides you with the support you need in dealing with the complex issues confronting governments such as yours.

In addition, our engagement team has the managerial and supervisory experience to provide the District with a comprehensive audit of the highest quality, while still focusing on personal service. The following individuals will be assigned to the engagement for the entire contract period:

Scott Manno, CPA, CGMA, Audit Partner – Engagement Partner

Mr. Scott Manno, CPA, CGMA, is a municipal audit partner with the firm and will be the engagement partner. Mr. Manno has been in public accounting for 17 years serving local governments such as yours. As the engagement partner, he will be responsible for overall engagement quality, as well as ensuring that the engagement is performed in the most effective and efficient manner. He will review all work-papers prepared during the engagement, in addition to all required reports.

Mr. Manno has assisted the following cities in their endeavors to obtain the CSMFO and/or GFOA awards for outstanding financial reporting: Town of Yucca Valley, Elsinore Valley Municipal Water District, Rincon del Diablo Municipal Water District, City of Lake Elsinore, City of Ontario, the Ventura Regional Sanitary District, the City of Norco, Vista Irrigation District, and the City of Twentynine Palms. From 1997-2000, Mr. Manno served as a technical reviewer under the CSMFO award program.

Mr. Manno has served as a volunteer on the California Special Districts Association Audit Committee since 2010. In addition, Mr. Manno is a reviewer for the national GFOA award program.

Terry Shea, CPA – Quality Control Partner

Mr. Terry Shea, CPA, will be the quality control partner. He is licensed to practice as a certified public accountant in the State of California. Mr. Shea has been in public accounting for 31 years serving local governments such as yours. As the quality control partner, he will be responsible for engagement quality and will review all required reports.

Mr. Shea has assisted the following cities in their endeavors to obtain the CSMFO and/or GFOA awards for outstanding financial reporting: City of Goleta, City of Mission Viejo, City of Norco, City of Redondo Beach, the Ventura Regional Sanitary District and the City of Twentynine Palms. He currently serves as the Contract Finance Director for two Riverside County Cities and one Los Angeles County city.

Both Mr. Manno and Mr. Shea are working partners and will be actively and continually involved in all aspects of the engagement.

Brad A. Welebir, CPA, MBA, Manager

Mr. Brad A. Welebir, CPA, is a manager with the firm. He is licensed to practice as a certified public accountant in the State of California. Mr. Welebir has over nine years of public accounting experience. He has provided accounting, auditing, and consulting services for municipalities, special districts, water agencies, and various nonprofit organizations. He will be responsible for planning the audit, supervising the staff assigned to the engagement, and performing reviews of all work-papers prepared for the engagement. In addition, he will also be responsible for the preparation of any required reports.

Continuing professional education

All professionals at our firm participate in continuing professional education (CPE) programs which are sponsored by various organizations including the Government Finance Officers Association, the American Institute of Certified Public Accountants, the California State Society of Certified Public Accountants, the California Society of Municipal Finance Officers, and the Association of Government Accountants. Participation in these classes helps us to ensure that our clients are receiving the best trained and proficient government auditors and accountants available. In addition, we provide in-house training taught by our partners and senior level staff using published resources.

In accordance with our Firm's Quality Control document and *Government Auditing Standards (GAS)*, all staff members who work on audits subject to GAS are required to complete CPE in accordance GAS standards.

Similar engagements with other Government entities

1. *Entity:* ***WESTERN MUNICIPAL WATER DISTRICT***
   Scope of work: Financial Audit/CAFR/Single Audit
   Date: Years ending June 30, 2011 through 2013
   Total hours: 375
   Contact person: Mr. Kevin Mascaro, Director of Finance, (951) 571-7100

2. *Entity:* ***CRESTLINE-LAKE ARROWHEAD WATER AGENCY***
   Scope of work: Financial Audit
   Date: Years ending June 30, 1996 through 2013
   Total hours: 300
   Contact person: Ms. Roxanne Holmes, General Manager, (909) 338-1779

3. *Entity:* ***HELIX WATER DISTRICT***
   Scope of work: Financial Audit/CAFR
   Date: Years ending June 30, 2012 through 2013
   Total hours: 275
   Contact person: Ms. Jennifer Bryant, Finance Manager, (619) 466-05854.

4. *Entity:* ***VISTA IRRIGATION DISTRICT***
   Scope of work: Financial Audit/CAFR
   Date: Years ending June 30, 2011 through 2013
   Total hours: 250
   Contact person: Mrs. Marlene Kelleher, Accounting Manager
   (760) 597-3100

5. *Entity:* ***TWENTYNINE PALMS WATER DISTRICT***
   Scope of work: Financial Audit
   Date: Years ending June 30, 2012 through 2013
   Total hours: 200
   Contact person: Ms. Cindy Byerrum, Contract Finance Director,
   (909) 204-8858

Specific audit strategy

The following is a summary of the audit team's approach for the Otay Water District engagement. The audit will be divided (segmented) into the following phases:

Interim phase – planning, pre-audit administration and internal control testing:

During this phase of the audit, our principal objectives will be as follows:

- ✓ Discuss the dates of the interim and year-end fieldwork.
- ✓ Perform risk assessment procedures by completing the following procedures:
  - Gather information about the District and its control environment(s),
  - Evaluate the design and effectiveness of the District's internal controls and determine whether they have been implemented,
  - Perform walkthroughs of all significant transaction classes,
  - Perform tests of controls, if applicable and
- ✓ Perform single audit testing procedures, if applicable.

In order to achieve the desired objectives of this phase of the audit, we will:

- Meet with the District's Chief Financial Officer and key accounting staff in order to determine convenient dates for the District in which we can begin our audit and to discuss the assistance to be provided by them. Also, we will discuss the prior year audit and the interim work to be performed.
- Review and evaluate the District's accounting and reporting processes by reviewing the prior year audit work-papers, any District prepared documents such as budgets, in-house financial reports, policies and procedures manuals, minutes of board meetings, etc. and by using various analytical procedures. Analytical procedures will enhance our understanding of the District and will help us identify areas that may need further assessment and additional testing.
- Review and retain copies of any pertinent local, state, and federal statutes, regulations, or charters that apply to the District. We will also review and retain copies of any agreements or contractual obligations (e.g., bond and grant documents, lease agreements, contracts for deposit of monies, revenue agreements, etc).
- Evaluate the design of controls that are relevant to the audit by obtaining a thorough understanding of the District's internal controls over financial reporting and compliance by documenting key internal control components, utilizing questionnaires, walkthroughs, inquiring of the District's personnel, and observing and reviewing key supporting documentation (a more thorough explanation of this process is discussed later in the technical proposal: understanding of internal control).
- Hold brainstorming sessions with engagement team members to discuss the susceptibility of the District's financial statements to material misstatement and fraud.

- Review and analyze supporting data and determine what reliance will be placed on internal controls and assess control risk.
- Test controls, if control risk is assessed below the maximum, by selecting a sample of transactions within the audit area being tested and reviewing supporting documentation, evaluating the completeness of the documentation tested, as well as the adequacy of support and approvals as they appear on the support.
- Document and review with management any findings noted during the testing of internal controls and provide a preliminary management letter that will include our recommendations for improving any weaknesses in operations noted during our internal control analysis and tests of controls. The letter will also include suggestions for improving the efficiency of the District's operations.

This phase of the engagement will take approximately 85 hours and be performed by the senior accountant and two staff accountants with direct supervision by the audit manager and partner.

Year-end phase I – substantive testing:

During this phase of the audit, our principal objectives will be as follows:

- ✓ Assess the risk of material misstatement at the financial statement level and specific assertions.
- ✓ Design overall responses to assessed risks and further audit procedures.
- ✓ Perform substantive tests as needed and complete the audit.
- ✓ Evaluate audit findings, if applicable.

In order to achieve the desired objectives of this phase of the audit, we will:

- Determine whether our testing supports the assessed level of risk initially assigned at the financial statement level and at the assertion level.
- Identify significant risks.
- Develop a detailed audit plan.
- Design substantive tests of balances, designed and modified specifically for the District's operations and assessed level of risk. Substantive procedures could, depending on our risk assessment, consist of the following:
    - Testing of cash and investment reconciliations
    - Testing GASB 40 disclosures
    - Perform subsequent receipt testing for significant receivables
    - Determine if receivables are valued properly and perform tests of balances in conjunction with the testing of revenues
    - Test significant inventory accounts
    - Test additions and deletions to capital assets, including CIP accounts
    - Perform search for unrecorded liabilities
    - Test significant liability and accrued liability accounts

- Review the valuation of claims payable balances
- Test revenues through either analytical procedures and/or detailed testing
- Test expenses through either analytical procedures and/or detailed testing
- Test net asset classifications
- Review subsequent events
- Read minutes of board meetings
- Test for compliance with the District's investment policy
- Test for significant commitments to be disclosed in the financial statements
- Confirm with legal counsel any significant litigation
- Review significant employee contracts
- Ensure financial statements meet GFOA requirements for award

The above list is not all-inclusive. After our detailed risk assessment procedures, we will determine which procedures to perform relative to the audit. All of our audits are customized by client helping to ensure a complete, effective, and efficient audit.

This phase of the engagement will take approximately 160 hours and be performed by the senior accountant and two staff accountants with direct supervision by the audit manager and partner.

Year-end phase II – reporting/audit conclusion:

During this phase of the audit, our principal objectives will be as follows:

- ✓ Evaluate whether financial statements, taken as a whole, are free from material misstatement.
- ✓ Form an opinion and issue the audit report.

In order to achieve the desired objectives of this phase of the audit, we will:

- Meet with Chief Financial Officer and key accounting personnel to summarize results of fieldwork and review significant findings, if any.
- Determine whether, based on our substantive testing and other procedures, the financial statements, taken as a whole, are free of material misstatement. This will provide the basis for our opinion.
- Review all audit work-papers by the engagement partner and manager to ensure that the audit was performed in accordance with the required standards (GAAS, GAGAAS, etc.).

- Prepare drafts of all required reports by the agreed upon dates.
- Conduct an independent review of financial statements draft by firm's managing partner.
- Issue all reports by agreed upon date.
- Attend audit committee and Board meeting as necessary.

This phase of the engagement will take approximately 75 hours and be performed by the senior accountant and two staff accountants with direct supervision by the audit manager and partner.

Sample sizes

Our sample sizes will be determined in accordance with the AICPA *Audit and Accounting Guide, Audit Sampling*. Our methods are designed to provide the most audit coverage without expending excess time. Our sample sizes will depend upon our preliminary assessment of control risk, as well as our planned substantive testing and analytical procedures.

Computer technology in the audit

Our firm has adopted a paperless audit approach. Using our engagement software, all team members are linked to each other using a local router which enables them to share information at an almost real time speed. In addition, once your trial balances are entered into our software (your financial statements as well), we are able to observe your statements in the field allowing us to notice any variances and deal with them at your office. With this in mind, we would prefer all audit information in an electronic format, particularly trial balances and general ledgers. If electronic formatting is not available, all audit teams have laptops, portable scanners, and printers while on location at the clients'. In addition, we can access our accounting and auditing resources through either a wireless or wired internet connection.

Analytical procedures

We will utilize analytical review procedures throughout our audit of the District. During the *interim* phase of our audit, we will compare current and prior year unadjusted balances to determine areas that may need additional analysis; we will also compare current year actual amounts to the District's annual budget. During the *final* phase of our audit, we will perform procedures similar to those mentioned above as well as compare certain financial ratios for current and prior years. We will also conduct certain "reasonableness" tests. Finally, after we have completed our fieldwork, we will compare current and prior year audited balances, keeping in mind expected relationships obtained from our knowledge of the District and various other entities.

Approach in determining applicable laws and regulations

As governmental auditors, we realize the importance of laws and regulations in planning an audit of a local government agency. As part of our audit process, our audit team will obtain an understanding of the laws that will have a direct and material effect on the District's financial statements. In determining which laws and regulations are applicable to the District's financial statement audit; we will consult the following sources:

- AICPA Audit and Accounting Guide, *Audits of State and Local Governments*
- California Code of Regulations *Minimum Audit Requirements and Reporting Guidelines for Special Districts*
- State of California *Water Code*
- U. S. Government Accountability Office's *Government Auditing Standards* (The Yellow Book), 2011 Revision
- Applicable contracts/grants of the Otay Water District
- The Single Audit Act Amendments of 1996
- Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*
- OMB Circular A-87, *Cost Principles for State and Local Governments*
- OMB's Circular A-133, *Compliance Supplement*

After consulting the applicable sources, we will design our audit to provide reasonable assurance of detecting material instances of noncompliance.

Approach in drawing samples for compliance testing

Our approach to be taken in drawing audit samples for purposes of tests of compliance will depend on the number of transactions, the amounts of financial assistance provided (as applicable) and the District's internal controls over its respective programs. We will select samples that will provide sufficient evidence of the District's compliance with the laws and regulations that will have a material effect on compliance with laws and regulations.

Understanding of internal control

Our approach to obtaining an understanding of the District's internal control over financial reporting will be performed in accordance with professional standards as promulgated by the American Institute of Certified Public Accountants -- our understanding will include the *Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring.* Our approach is as follows:

Control Environment: Through inquiry of the District's personnel, prompted by questionnaires, personal knowledge, and review of the minutes of the District board meetings, we will obtain an understanding of management's and the District board's attitudes, awareness and actions concerning the control environment, focusing on the substance of the controls rather than their form.

Risk Assessment: Again, through inquiry of the District's personnel and the use of questionnaires, we will obtain sufficient knowledge of the District's risk assessment process to understand how management considers risks relevant to financial reporting objectives and decides upon actions to address those risks. This will include understanding how management identifies risks, estimates the significance of these risks, assesses the likelihood of their occurrence, and relates them to financial reporting.

Control Activities: Certain procedures will be documented during our analysis of the control environment and the accounting system. However, many specific control procedures will still need to be documented (and walk-through(s) performed) that will focus primarily on the District's significant transaction cycles. As mentioned above, we will test the District's control procedures which we intend to rely on for safeguarding assets from unauthorized use or disposition and detecting/preventing unauthorized transactions. Any flow charts, organizational charts, and any other manuals, programs and financial and management information systems will be analyzed during this process.

Information and Communication: Again, through inquiry of the District's personnel, we will identify the major types of transactions (and significant transaction classes) processed by the District. Next, we will become familiar with the treatment of those transactions, including how the transactions are initiated, the related accounting records and the manner of processing the transactions. Finally, we will obtain an understanding of the District's financial reporting process used to prepare financial reports, including the approaches used to make accounting estimates and disclosures.

Monitoring: With the use of questionnaires we will obtain sufficient knowledge of the major types of activities the District uses to monitor internal control over financial reporting. We will also determine how those activities are used to initiate corrective actions.

Identification of anticipated potential audit problems

Currently, we do not anticipate any potential audit problems.

Scott W. Manno, CPA, CGMA
Audit Partner – Engagement Partner

Professional experience

Mr. Manno began his career with Thomas, Bigbie and Smith in 1995. He spent six years with the firm primarily working on audits of municipalities, special districts and redevelopment agencies as well as various non-profit organizations. He joined Rogers, Anderson, Malody & Scott, LLP in July 2001.

Education

Bachelor of Science degree from California State University, San Bernardino
Certified Public Accountant – State of California
Chartered Global Management Accountant – American Institute of Certified Public Accountants

Related professional experience

Governmental agencies that Mr. Manno has served include the following (*includes enterprise fund accounting):

Ventura Regional Sanitation District
Elsinore Valley Municipal Water District
Vista Irrigation District
East Valley Water District
Helix Water District
Big Bear Area Regional Wastewater Agency
San Bernardino Valley Municipal Water District
City of Lake Elsinore*
Goleta Sanitary District
Western Municipal Water District
Rincon del Diablo Municipal Water District
Crestline Village Water District
Idyllwild Water District
San Gorgonio Pass Water Agency
Running Springs Water District
City of Goleta

Continuing professional education

Mr. Manno has completed approximately 170 hours of continuing professional education courses over the past two years of which the following select courses are relevant to this engagement:

- Texas Tech University, *Governmental Accounting, Reporting and Auditing*
- Texas Tech University, *Governmental Accounting, Reporting and Auditing - Update*
- American Institute of Certified Public Accountants, *Applying A-133 to Nonprofit and Governmental Organizations*
- Thomson Reuters, *Audits of State and Local Governments*

Professional affiliations

Mr. Manno is a member of the following organizations:

- American Institute of Certified Public Accountants (AICPA)
- California Society of Certified Public Accountants (CSCPA)
- Association of Certified Fraud Examiners (ACFE)
- Association of Government Accountants (AGA)
- Government Finance Officers Association (GFOA)
- California Society of Municipal Finance Officers (CSMFO)

Terry P. Shea, CPA
Quality Control Partner

Professional experience

Mr. Shea began his career with Thomas, Byrne and Smith in 1981. He spent six years with the firm primarily working on audits of municipalities, special districts, redevelopment and other governmental agencies. He joined our firm in 1987 and has completed governmental audits including municipalities and has provided financial consulting services for various cities.

Education

Bachelor of Arts degree from California State University, Fullerton
Certified Public Accountant – State of California

Related professional experience

Governmental agencies that Mr. Shea has served include the following (*includes enterprise fund accounting):

City of El Cajon*
City of Grand Terrace*
City of Twentynine Palms
City of Corona*
City of Norco*
City of Indio*
Ventura Regional Sanitation District
City of Fontana*
City of Loma Linda
City of Palm Desert*
City of San Jacinto*
Crestline Lake Arrowhead Water Agency
Yucaipa Valley Water District
Town of Yucca Valley
City of Goleta
Joshua Basin Water District
City of Riverside*
City of Indian Wells

Mr. Shea served as the Interim Finance Director for the City of Perris from July 1998 to October 2001. He currently serves as the Contract Finance Director for two Riverside County cities and one Los Angeles County City.

Continuing professional education

Mr. Shea has completed approximately 80 hours of continuing professional education courses in the past three years, of which, the following select courses are relevant to this engagement:

- Thomson Reuters, *Audits of State and Local Governments*
- American Institute of Certified Public Accountants, *Foundations in Governmental Accounting*
- California CPA Education Foundation, *Governmental Auditing Skills*
- American Institute of Certified Public Accountants, *Governmental and Not-for Profit Conference*

Professional affiliations

Mr. Shea is a member of the following professional organizations:

- American Institute of Certified Public Accountants (AICPA)
- California Society of Certified Public Accountants (CSCPA)
- Government Finance Officers Association (GFOA)
- California Society of Municipal Finance Officers (CSMFO)

Brad A. Welebir, CPA, MBA
Audit Manager

Professional experience

Mr. Welebir joined Rogers, Anderson, Malody & Scott, LLP in January 2004. He works primarily on audits of governmental agencies, small to mid-sized businesses, and nonprofit organizations. Prior to joining our firm, he began his career with Sam's Club, where he was the operations manager. He then worked for La Sierra Academy as an accountant.

Education

Masters of Business Administration – Accounting Emphasis from California State University, Fullerton in June 2003
Bachelor of Arts in Business Administration from La Sierra University in 1996
Certified Public Accountant – State of California

Related professional experience

Organizations that Mr. Welebir has served include the following:

Vista Irrigation District
Western Municipal Water District
Crestline Village Water District
Lake Elsinore & San Jacinto Watersheds Authority
San Bernardino Municipal Water District
Running Springs Water District
Santa Ana Watershed Project Authority
West Valley Water District

Continuing professional education

Mr. Welebir has completed 81 hours of continuing professional education courses in the past two years of which the following select courses are relevant to this engagement:

- Thomson Reuters, *Audits of State and Local Governments*
- American Institute of Certified Public Accountants, *Foundations in Governmental Accounting*
- California Society of CPAs Education Foundation, *Governmental Accounting and Auditing Update*
- American Institute of Certified Public Accountants, *Applying A-133 to Nonprofit and Governmental Organizations*

Professional affiliations

Mr. Welebir is a member of the following professional organizations:

- American Institute of Certified Public Accountants (AICPA)
- California Society of Certified Public Accountants (CSCPA)

Attachment A

TIMPSON GARCIA LLP
CPAs AND CONSULTANTS

FOUNDERS
Lawrence S. Timpson, CPA (1891-1974)
LeVerne W. Garcia, CPA (1904-1983)

PARTNERS
Dennis S. Kaneshiro, CPA
Elaine Lee Kawasaki, CPA
William E. May, CPA

FIRM ADMINISTRATOR
Liz Davis

System Review Report

May 31, 2012

To the Owners of
Rogers, Anderson, Malody & Scott, LLP
and the Peer Review Committee of the
California Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of **Rogers, Anderson, Malody & Scott, LLP** (the firm) in effect for the year ended November 30, 2011. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a *System Review* are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of **Rogers, Anderson, Malody & Scott, LLP** in effect for the year ended November 30, 2011, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass, pass with deficiency(ies) or fail.* **Rogers, Anderson, Malody & Scott, LLP** has received a peer review rating of *pass.*

Timpson Garcia, LLP

70 Washington Street, Suite 300 • Oakland, CA 94607-3705 • 510.832.2325 • Fax 510.465.2979 • www.timpsongarcia.com

Attachment B

Current governmental clients

Client	Years Served	CSMFO/ GFOA Awards	Successor Agency	Housing Authority
City of Norco	06/30/04 to 06/30/13	Yes	Yes	No
City of Grand Terrace	06/30/04 to 06/30/13		Yes	Yes
City of El Cajon	06/30/07 to 06/30/13	Yes	Yes	Yes
City of Fillmore	06/30/08 to 06/30/13		Yes	Yes
Town of Yucca Valley	06/30/08 to 06/30/13	Yes	Yes	Yes
City of San Juan Capistrano	06/30/11 to 06/30/13	Yes	Yes	Yes
City of La Verne	06/30/11 to 06/30/13	Yes	Yes	Yes
City of San Jacinto	06/30/11 to 06/30/13		Yes	Yes
City of Twentynine Palms	06/30/11 to 06/30/13	Yes	Yes	Yes
City of Chino	06/30/11 to 06/30/13	Yes	Yes	Yes
City of La Mesa	06/30/11 to 06/30/13		Yes	Yes
City of Rosemead	06/30/11 to 06/30/13	Yes	Yes	Yes
City of Moorpark	06/30/12 to 06/30/13	Yes	Yes	Yes
City of Mission Viejo	06/30/12 to 06/30/13	Yes	Yes	Yes
City of Capitola	06/30/12 to 06/30/13	Yes	Yes	Yes
City of Redondo Beach	06/30/12 to 06/30/13	Yes	Yes	Yes
City of Sierra Madre	06/30/12 to 06/30/13		Yes	Yes
Crestline Village Water District	04/30/96 to 04/30/13			
Crestline-Lake Arrowhead Water	06/30/98 to 06/30/13			
San Bdno Valley Muni Water Dist	06/30/04 to 06/30/13			
Ventura Regional Sanitation District	06/30/07 to 06/30/13	Yes		
Saticoy Sanitary District	06/30/07 to 06/30/13			
Helendale CSD	06/30/10 to 06/30/13			
Pine Cove Water District	06/30/10 to 06/30/13			
Western Municipal Water District	06/30/11 to 06/30/13	Yes		
WRCRWA	06/30/11 to 06/30/13			
Vista Irrigation District	06/30/11 to 06/30/13	Yes		
Idyllwild Water District	06/30/11 to 06/30/13			
Helix Water District	06/30/12 to 06/30/13	Yes		
29 Palms Water District	06/30/12 to 06/30/13			
Big Bear Area Regional Wastewater	06/30/12 to 06/30/13	Yes		
Inland Empire Resource Cons Dist	06/30/04 to 06/30/13			
Rossmoor CSD	06/30/05 to 06/30/13			
Rim of the World Park & Rec Dist	06/30/06 to 06/30/13			
Ventura County Regional Energy	06/30/07 to 06/30/13			
Heartlands Communications Fac Auth	06/30/07 to 06/30/13			
Heartlands Fire Training Auth	06/30/07 to 06/30/13			
Santa Ana Watershed Assoc	12/31/09 to 12/31/12			
Idyllwild Fire Protection District	06/30/11 to 06/30/13			

Attachment B

Capistrano Bay CSD		to	06/30/13
Ventura County Public Fin Auth	06/30/12	to	06/30/13
CSUSB - Student Union	06/30/05	to	06/30/13
CSUSB - Associated Students Incorp	06/30/10	to	06/30/13
CSUSB - Philanthropic Foundation	06/30/11	to	06/30/13
CSUSB - University Enterprise Corp	06/30/11	to	06/30/13

Our firm also provides contract Finance Director services/accounting support for the following entities:

Running Springs Water District
City of Canyon Lake
City of Eastvale
City of Rolling Hills

Attachment C

PROPOSER GUARANTEES

I. The Proposer certifies it can and will provide and make available, as a minimum, all services set forth in Section II, Nature of Services Required.

Signature of Official: _____

Name (typed): Scott Manno

Title: Partner

Firm: Rogers Anderson Malody & Scott LLP

Date: 10/31/13

Attachment D

PROPOSER WARRANTIES

A. Proposer warrants that it is willing and able to comply with State and California laws with respect to foreign (non-state of California) corporations.

B. Proposer warrants that it is willing and able to provide proof of insurance covering the following areas: 1) general liability; 2) worker's compensation; 3) errors and omissions providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.

C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the District.

D. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official: _____

Name (typed): Scott Manno

Title: Partner

Firm: Rogers Anderson Malody & Scott LLP

Date: 10/31/13

Otay Water District

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

DOLLAR COST BID

FOR THE YEAR ENDING JUNE 30, 2014

PREPARED BY:

ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS

November 4, 2013

Total all-inclusive maximum price for the 2014 engagment $36,000

Certification: Scott W. Manno is entitled to represent Rogers, Anderson, Malody & Scott, LLP, empowered to submit the bid, and is authorized to sign a contract with the Otay Water District.

Our proposed all-inclusive maximum fee for the 2014 audit of the Otay Water District is as follows

Rates for additional professional services:

Position	Hourly rate
Partner	$ 245
Manager	180
Senior accountant	125
Staff accountant	75

Otay Water District
Schedule of professional fees and expenses
For the audit of the June 30, 2014 Financial Statements
General Purpose Financial Statements, Agreed-upon Procedures
CAFR Review

	Standard Hourly Rates	Quoted Hourly Rates	Hours	Total
Partners	$ 255	$ 245	20	$ 4,900
Manager	190	180	35	6,300
Senior	135	125	75	9,375
Staff	85	75	190	14,250
			320	
Total for audit services				34,825
Out-of-pocket expenses				-
Meals and lodging				-
Transportation				-
Other (specify): _____				-
Total all-inclusive maximum price for 2014 audit				$ 34,825

Otay Water District
Schedule of professional fees and expenses
For the audit of the June 30, 2014 Financial Statements
Supporting Schedule for State Controllers Report

	Standard Hourly Rates	Quoted Hourly Rates	Hours	Total
Partners	$ 255	$ 245	1	$ 245
Manager	190	180	1	180
Senior	135	125	-	-
Staff	85	75	10	750
			12	
Total for audit services				1,175
Out-of-pocket expenses				-
Meals and lodging				-
Transportation				-
Other (specify): _____				-
Total price for 2014 State Controllers Report				$ 1,175

Attachment E

OTAY WATER DISTRICT

PROPOSAL TO PERFORM ANNUAL AUDITS

November 4, 2013

Proposal to Perform Annual Audits for the

OTAY WATER DISTRICT

Submitted by:

TEAMAN, RAMIREZ & SMITH, INC.
CERTIFIED PUBLIC ACCOUNTANTS

Contact – Richard A. Teaman, CPA
4201 Brockton Avenue, Suite 100
Riverside, California 92501
Telephone No. (951) 274-9500
E-mail: rteaman@trscpas.com

November 4, 2013

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TRS TEAMAN, RAMIREZ & SMITH, INC.
CERTIFIED PUBLIC ACCOUNTANTS

November 4, 2013

Kevin Koeppen, CPA
Finance Manager
Otay Water District
2554 Sweetwater Springs Boulevard
Spring Valley, California 91978-2096

Thank you for inviting Teaman, Ramirez & Smith, Inc. to submit our proposal to perform professional services for the Otay Water District (the "District"). We hope this proposal conveys our strong desire and qualifications to fulfill your requirements. We understand this proposal is to audit the District's financial statements for the fiscal year ending June 30, 2014, with the option of extending the engagement for an additional four years.

Teaman, Ramirez & Smith, Inc. is well qualified to provide these services for the following major reasons:

1) Commitment to deliver quality audit reports on time so requirements of the District can be met in a timely manner.

2) Ability to provide experienced personnel for year-to-year continuity.

3) Local CPA firm responsiveness and attentiveness. We are proactive in helping clients achieve a high level of financial reporting, including the implementation of new accounting pronouncements.

4) Thorough understanding of the reporting requirements of the District. We have assisted many governments in achieving the GFOA and/or CSMFO financial statement awards for financial reporting.

Teaman, Ramirez & Smith, Inc. will take a proactive role in providing professional services to the Otay Water District. Not only will we respond to specific requests and needs in a timely manner, we also will take the initiative to assist you in planning and seeking out opportunities to improve overall efficiency and control. This will enable District staff to deliver the best and most cost effective service to the citizens of Spring Valley.

We will provide an audit team to perform the audit at the District with a strong background in governmental accounting and auditing. Our audit team will be readily available all year to serve the District. Also, our proposed team will be committed to providing excellent service and quality reports within the time frame necessary for the District to meet its requirements.

Richard A. Teaman, CPA • David M. Ramirez, CPA • Javier H. Carrillo, CPA
4201 Brockton Ave. Suite 100, Riverside CA 92501 • 951.274.9500 • 951.274.7828 FAX • www.trscpas.com

In addition to our audit team's work, a municipal audit manager independent of the audit team and a municipal audit partner will review all work papers and reports upon completion of the audit to ensure the quality of the audit.

Quality communication is an integral part of our approach to the services we provide, as is committing to meet your deadlines. During the engagement we will remain in contact with the District's designated representatives to keep the District informed of the status of the engagement. To ensure we are meeting the District's needs, we will ask you, after each engagement, to evaluate our services. It will be our utmost priority to meet the District's needs and goals in the performance of these audits. This proposal is a firm and irrevocable offer until March 4, 2014 (120 days).

Should you have any questions regarding our proposal or desire additional information, please call Richard A. Teaman, Partner, at (951) 274-9500.

Respectfully submitted,

Richard A. Teaman

Richard A Teaman, CPA

OTAY WATER DISTRICT

Firm Profile

Teaman, Ramirez & Smith, Inc., founded in approximately 1929, has specialized in auditing governmental agencies in excess of eighty years. The firm's audit partners have over 35 years of combined experience auditing California governments. The firm is a local firm based in Riverside, California and totals thirty people, including 3 partners. The government audit staff consists of eight members who devote approximately 80% of their time to government audits. Our goal is to maintain continuity of staff throughout the audit contract. The audit for the District will be conducted by the following full-time audit staff:

1 - Municipal Audit Partner
1 - Municipal Audit Manager
1 - Municipal Audit Senior Accountant
2 - Municipal Staff Accountants

License and Independence

Our firm, all partners and key professional staff are licensed by the California State Board of Accountancy to practice in the State of California. Our firm is independent of the Otay Water District and its component units in accordance with generally accepted auditing standards as promulgated by Rule 101 of the American Institute of Certified Public Accountants Code of Professional Ethics, generally accepted government auditing standards promulgated by the U.S. General Accounting Office (GAO), and the rules of the California State Board of Accountancy and Accounting Oversight Board.

We will provide the District with written notice of any professional relationships entered into during the period of our engagement that may impair our independence.

We have not had any professional relationships involving the Otay Water District for the past five years. We will provide the District with written notice of any professional relationships entered into during the period of our engagement that may impair our independence, if necessary.

As part of the firm's quality control system, the firm maintains a library which contains the authoritative rules on independence. All professional employees are required to review the firm's client list and sign a representation letter annually that acknowledges their familiarity and compliance with the firm's independence, integrity and objectivity policies and procedures. New clients are announced periodically as new clients are obtained.

Participation in Peer Review Program

Our firm underwent peer reviews by the American Institute of Certified Public Accountants in July 1990, August 1993, June 1996, July 1999, June 2002, June 2005, August 2008, and November 2011, and the State Controller's Office in August 1990 and received unqualified opinions on each review, which included reviews of specific government engagements. There have been no disciplinary or regulatory actions taken against our firm. A copy of our most recent peer review report is included in **Appendix A**.

Range of Activities

The firm's range of activities, besides municipal audits, includes commercial audits, reviews, compilations, fraud examinations, financial services, all types of tax returns and tax planning, accounting systems assistance, and management advisory services. In addition, over the years, our firm has advised local governments on various issues including real estate transactions, self-insurance reserves, bond issues and the implementation of new accounting standards. We compiled financial statements for 22 assessment districts and community facilities districts for the County of Riverside during the late 1990s and early 2000 years. Our firm has advised many local governments on various issues, including the implementation of new accounting pronouncements, along with a variety of other services, including the following:

- Agreed upon procedure engagements relating to dissolution of RDA's.
- Special agreed upon procedures engagements relating to golf course receipts and other activities.
- Audit of contract refuse hauler companies seeking rate increases.
- Special gross receipts audits for compliance with City business license tax.
- Special audits of motels and hotels for compliance with payment of transient occupancy tax.
- Assistance with payroll tax related matters.
- Assistance with recording activities resulting from the issuance of bonds.
- Preparation of appropriations limit resolutions and documentation relative to Government Code Section 7902 (a) and 7910.
- Preparation of street reports, and various State Controller's Reports.
- Internal Control evaluations and recommendations, assistance with fraud prevention programs.

Audit Staff Technical Qualifications and Experience

We plan to provide continuity of audit staff from year to year, which is in the best interest of the District and is most efficient from our firm's perspective. Additionally, the audit partner assigned to this engagement is a working partner and therefore will be involved with much of the engagement each year.

The audit staff represents highly trained government auditors. While staff training is a continual process, because of our high level of audit supervision, we avoid putting our clients in a position of having to "train" the auditors. All audit staff are required to complete at least 80 hours of continuing education every 2 years, with a majority of these hours relating specifically to government accounting and auditing subjects. Continuing education requirements are met through classes put on by professional organizations, such as the CSCPA, GFOA, the AICPA, along with an intensive in-house training program devoted to government accounting and auditing subjects.

Resumes for the key individuals serving your District are included at **Appendix B**.

Prior Engagements with the Otay Water District

Although not currently under contract, we have been the District's auditor in the past. We have not had any professional relationships involving the Otay Water District for the past five years. We will provide the District with written notice of any professional relationships entered into during the period of our engagement that may impair our independence, if necessary.

Current Municipal Audit Clients and References

The Otay Water District understandably desires that its auditors have proven experience, in-depth knowledge and technical expertise in dealing with the unique issues facing governmental entities. Our practice has been active in the audit of governmental entities for over 80 years. The following is a partial list of current municipal audit clients:

City of Adelanto
Town of Apple Valley*
Apple Valley Redevelopment Agency
City of Banning*
City of Buena Park*@
Banning Redevelopment Agency
Banning Transit System
City of Big Bear Lake*
Big Bear Lake Fire Protection District
Big Bear Lake Improvement Agency
City of Blythe*#
Blythe Financing Authority#
Blythe Redevelopment Agency
City of Capitola@
Capitola Redevelopment Agency
Carpinteria Sanitary District#
Central Basin Municipal Water District*@
Channel Islands Beach Community Services District#
City of Chino*
Chino Redevelopment Agency
Citrus Pest Control District No. 2#
City of Coachella*
Coachella Fire Protection District
Coachella Redevelopment Agency
Coachella Sanitary District
Coachella Valley Association of Governments
Coachella Valley Joint Powers Insurance Authority
Coachella Valley Mosquito and Vector Control District
Coachella Valley Public Cemetery District#
Coachella Valley Recreation and Park District
Coachella Valley Resource Conservation District
Coachella Water Authority
City of Colton*

OTAY WATER DISTRICT

Colton Redevelopment Agency
City of Corona*@
City of Corona Dial-A-Ride Fund
Corona Parking Authority
Corona Redevelopment Agency
Cove Communities Public Safety Commission
City of Dana Point*@
City of Desert Hot Springs
Desert Hot Springs Redevelopment Agency
Desert Resorts Regional Airport Authority
City of Diamond Bar*
City of Eastvale@#
East Valley Resource Conservation District
City of El Segundo*@
Elsinore Valley Municipal Water District*@
Encina Wastewater Authority@
City of Escondido*@
Escondido Community Development Commission
Fern Valley Water District#
City of Galt@
Galt Redevelopment Agency
Goleta Sanitary District
City of Grand Terrace*
Grand Terrace Redevelopment Agency
City of Hemet*@
Hemet Redevelopment Agency
City of Highland
Home Gardens Sanitary District
Idyllwild Water District
City of Indian Wells
Indian Wells Redevelopment Agency
City of Indio*
Indio Civic Center Authority
Indio Public Financing Authority
Indio Redevelopment Agency
Inland Empire West Resource Conservation District*
City of King City*
King City Redevelopment Agency
City of Lake Elsinore*@
Lake Elsinore Public Financing Authority
Lake Elsinore Recreation Authority
Lake Elsinore Redevelopment Agency
Lake Elsinore Transit System
City of La Puente*@
La Puente Redevelopment Agency
Lee Lake Water District
City of Loma Linda*
Loma Linda Redevelopment Agency
Mammoth Community Water District#
March Inland Port Airport Authority#
March Joint Powers Authority*#
March Joint Powers – Caretaker
March Joint Powers Redevelopment Agency
March Joint Powers Utility Authority#
Mojave Desert and Mountain Integrated Waste Management Authority
City of Moorpark*@
Moorpark Redevelopment Agency
City of Murrieta*@
City of Needles*
Needles Public Financing Authority
Needles Redevelopment Agency
Newhall County Water District
City of Norco
OMNITRANS
City of Ontario*
Ontario Industrial Development Authority
Ontario Redevelopment Agency
Ontario Redevelopment Financing Authority
Otay Water District@
City of Palm Desert*
Palm Desert Redevelopment Agency
Palm Springs Civic Center Authority
Palo Verde Cemetery District
Palos Verdes Peninsula Transit Authority
Palos Verde Valley Transit Agency
City of Perris*#@
Perris Housing Authority#
Perris Joint Powers Authority#
Perris Public Financing Authority#
Perris Redevelopment Agency
Perris Utility Authority#
Pine Cove Water District
Pinyon Pines County Water District
City of Rancho Mirage*@
Rancho Mirage Redevelopment Agency
Rancho Mirage Transit Fund
City of Riverside*@
Riverside Redevelopment Agency
County of Riverside*

OTAY WATER DISTRICT

Riverside Civic Center Authority
Riverside County A.D.s 159 & 161
Riverside County Asset Forfeiture Accounts
Riverside County C.F.D.s 88-8 & 87-1
Riverside County Desert Judicial District
Riverside County Economic Development Agency (RDA & Successor to RDA) #
Riverside County Flood Control & Water Conservation District#@
Riverside County Habitat Conservation Agency
Riverside County Judicial District
Riverside County Money Purchase Pension Plan
Riverside County Regional Park & Open Spaces District
Riverside County Sheriff's Department Asset Forfeiture Accounts
Riverside County Transportation Commission
Riverside Parking Authority
Riverside - San Bernardino Housing & Finance Agency
Riverside Transit Agency*
Riverside Transit Fund
Running Springs Water District
City of San Bernardino*
San Bernardino Associated Governments
San Bernardino County-Chino Civic Center Authority
San Bernardino County-Needles Public Facilities Authority
City of San Jacinto*
San Jacinto Redevelopment Agency
San Jacinto Mountain Area Water Study Agency*
City of Santa Paula*@
Santa Paula Redevelopment Agency
City of Santee*@#
Santee Public Finance Authority#
Saticoy Sanitary District
City of Solvang@
City of South El Monte*
South Orange County Wastewater Authority
Southern Coachella Valley Community Services District#
Sunline Transit Agency*
City of Tehachapi*
Tehachapi-Cummings County Water District@
Thermal Sanitary District
Triunfo Sanitation District@
City of Twentynine Palms@
Twentynine Palms Water District
Valley Sanitary District
Van Horn Regional Treatment Facility
Ventura Regional Sanitation District@
Victor Valley Economic Development Authority
Victor Valley Wastewater Reclamation Authority*
Water Replenishment District of Southern California
West Valley Vector Control District
Western Municipal Water District
City of Yucaipa*
Town of Yucca Valley*@
Yucca Valley Community Center Authority
Yucca Valley Financing Authority
Yucca Valley Redevelopment Agency

* - Single Audit Procedures Performed (in accordance with OMB Circular A-133)

\# - Current Clients

@ - Participated in CSMFO and/or GFOA award programs

OTAY WATER DISTRICT

The following are audit client references for which similar services have been provided:

1) Ron Carr, Finance Director
City of Perris
(951) 943-2906
101 North D Street
Perris, California 92570

Engagement partner: Rich Teaman
Total Hours: Approx. 1200/year

a. The City of Perris incorporated in 1911 as a General Law City and provides the following services: general administrative services, public safety (police and fire), highways and streets, culture-recreation, community development (planning, building, zoning), water, sewer and sanitation. Our firm conducted the annual audit of the City of Perris for the years ended June 30, 1998 through 2013 (including Single Audit in each of those years except 2005, 2006 & 2007), and provided assistance with the State Controller's Report preparation, Street Report preparation, implementation of GASB 34, conversion to a full CAFR format, assistance in obtaining the GFOA and CSMFO awards of excellence in financial reporting and other areas as requested by the City.

b. The Perris Redevelopment Agency consisted of three project areas and annual expenditures of approximately $15 million. We performed the audit of the Agency for the years ended June 30, 1998 through 2011 including preparation of the Annual Report of Financial Transactions to the State Controller (State Controller's Report), Statement of Indebtedness preparation, implementation of GASB 34 and performance of agreed upon procedures engagements relating to the transfer to the successor agency. We audited the Successor Agency as part of the City upon dissolution of the RDA in January 2012 and for June 30, 2013.

c. We have audited the Perris. Public Financing Authority since 1998. Our services included preparation of the Annual Report of Financial Transactions to the State Controller (State Controller's Report) and implementation of GASB 34.

d. We have audited the Perris Utility Authority since 2009. Our services included preparation of the Annual Report of Financial Transactions to the State Controller (State Controller's Report) and implementation of GASB 34.

e. We have audited the Perris Housing Authority for 2013, the year of its creation. Our services included preparation of the Annual Report of Financial Transactions to the State Controller (State Controller's Report) and implementation of GASB 34.

f. We have audited the Perris Joint Powers Authority for 2013, the year of its creation. Our services included preparation of the Annual Report of Financial Transactions to the State Controller (State Controller's Report) and implementation of GASB 34.

2) Peggy Sanchez, Fiscal Manager
Successor Agency to Riverside County Redevelopment Agency
(951) 955-8916
4080 Lemon Street, 4th Floor
Riverside, California 92501

Engagement Partner: Rich Teaman
Total Hours: Approx. 260/year

The Redevelopment Agency for the County of Riverside was formed under Section 33,000 ET. Seq. of the Health and Safety Code and consists of five separate project areas. The Agency assisted the County in elimination blight from designated areas and attempts to achieve desired development, reconstruction and rehabilitation including but not limited to: residential, commercial, industrial and retail. Our firm conducted the annual audit for the Agency for the years ended June 30, 1992 through January 31, 2012. Our services included assistance with the recording of certain bond issues and performance of agreed upon procedures engagements relating to the transfer to the successor agency. We have been contracted to perform an audit of the separate financial statements of the successor agency for June 30, 2013.

3) Mammoth Community Water District
Sandra Hageman, Finance Manager
(760) 934-2596
1315 Meridian Blvd
Mammoth Lakes, CA 93546

Engagement Partner: Rich Teaman
Total Hours: Approx. 320/year

The Mammoth Community Water District was formed in 1957 for the purpose of providing water distribution services as well as wastewater collection and treatment facilities for the residents and businesses of the Mammoth Lakes area, serving more than 2,500 customers. Our firm conducted the annual audit for the District for the years ended March 31, 2005 through March 31, 2013. Our services included assistance in preparing the State Controller’s report and an appropriations review report.

4) Fern Valley Water District
Jessica Priefer, Accounting Manager
(951) 659-2200
55790 South Circle
Idyllwild, CA 92549

Engagement Partner: Rich Teaman
Total Hours: Approx. 85/year

The Fern Valley Water District was formed in 1958 under section 30,000 et. Seq. of the Water Code for the purpose of providing water and water treatment to the Idyllwild service area, serving more than 3,000 customers. Our firm conducted the annual audit for the District for the years ended June 30, 2004 through June 30, 2013. Our services included assistance in preparing the State Controller's report and an appropriations review report.

5) Hamid Hosseini, Finance Director
Carpinteria Sanitary District
(805) 684-7214
5300 Sixth Street
Carpinteria, California 93013

Engagement Partner: Rich Teaman
Total Hours: Approx. 115/year

The Carpinteria Sanitary District was formed in April 1928, for the purpose of operation and maintenance of sewer collection, transmission and treatment facilities serving the southern part of Santa Barbara County. Our firm conducted the annual audit for the District for the years ended June 30, 2006 through June 30, 2013. Our services included assistance in preparing the State Controller's report, assistance in obtaining the GFOA award of excellence in financial reporting and an appropriations review report.

Single Audits (in accordance with OMB Circular A-133)

As indicated in the above list of clients, our firm performs single audits in accordance with OMB Circular A-133 for several clients each year. In addition to the above list, our firm has performed single audits for numerous other clients, involving many different federal programs. The Partner in charge of the District's audits has 30 years of experience performing single audits. We will take into account the "ARRA" Single Audit requirements during our audit.

GFOA Award Program for Financial Statements

Our firm has been providing assistance to California governments in obtaining the GFOA and/or CSMFO awards for financial reporting for many years. We have helped various governments obtain the awards for the first time, and in addressing comments from previous years. We would be glad to assist the District in obtaining the GFOA award, if desired. To date, all of our clients' attempts to obtain these awards have been successful.

Audit Approach

The engagement partner is a working partner and will be involved in much of the audit. He will assume overall responsibility for services provided to the District and its component units. He will also serve as a technical consultant to the Finance Department. He will provide overall guidance to the audit staff. The engagement partner will be responsible for the primary portion of the field audit, including preparation of all audit reports. The senior accountant and staff accountants will perform audit field work under the supervision of the manager and engagement partner.

Our past experience, relating to our approach to the audits, has indicated that the most important service that can be rendered to clients is to be available at all times during the year. This approach allows the clients the opportunity to consult with the auditors about technical problems and alternative approaches to accounting issues that arise during the year.

We take a customized approach to each and every audit. We will apply the recently adopted "Risk Assessment" audit standards to your audits. An overriding objective throughout the planning process is the identification of risks that should be assessed as to whether they could result in material misstatement of the financial statements. We perform risk assessment procedures to provide a satisfactory basis for the assessment of risks at the financial statement and relevant assertion levels.

Obtaining an in-depth understanding of the entity and its environment, including its internal control, is an essential aspect of the consideration of risk. We use a variety of risk assessment procedures when obtaining this understanding, including observation and inspection (walkthroughs), and inquiries of management and others, discussions among the engagement team, and preliminary analytical procedures. Some aspects of the risk assessment procedures can only be determined after information is gathered about the entity and its environment; and therefore, we tailor our procedures in response to the information gathered. The results of our risk assessment determine of the nature, timing, and extent of further audit procedures to be performed in response to those risks.

Additionally, we have incorporated SAS (Statement on Auditing Standard) No. 99, Consideration of Fraud in a Financial Statement Audit, into our audit process. As a result, we will specifically: 1) evaluate whether programs and controls address identified fraud risks and whether the controls are suitably designed and placed in operation and; 2) assess the fraud risks, taking into account our evaluation, to

determine whether an audit response is required. As part of this assessment we will discuss how fraud could possibly occur and be prevented with various District personnel. Additionally, we will examine adjusting journal entries as part of our assessment. Under SAS 99 we are required to review and assess the District's operations with regard to fraud. Realizing the sensitivity of such a subject, we will conduct our procedures in such a way as to not cause alarm. We will take the time to explain the reasoning of why we are asking such questions and that they are not meant to be accusatory but rather are necessary for us to complete our assignment. This requirement applies to all financial statement auditors but we believe our communicative approach is superior to others.

Our sampling methods are designed to provide the most coverage possible without expending excess time where impractical. We also concentrate efforts towards those areas known to be susceptible to error. Sample sizes will depend upon our preliminary assessment of control risk and the extent of our planned substantive tests and analytical procedures.

Shortly after our appointment as auditors, we will schedule a preaudit planning meeting during which we will discuss any special concerns, needs and the timing of the audit with appropriate members of the District's staff. We will also schedule audit progress meetings and an exit conference with the appropriate District staff during our engagement to discuss any findings and issues we encountered during the audit. All of our recommendations will be discussed with appropriate personnel in a timely manner. Drafts of all financial reports and management letters will be submitted prior to the issuance of final reports.

We are aware of the amount of additional work and inconvenience the annual audit brings to the District's staff. However, we feel our service approach, and the experience level of the Partner and staff assigned to your audit, will eliminate many of the common problems experienced during an audit, such as:

- recommendations made without a thorough understanding of the feasibility of the recommendation;
- "year-end surprises;"
- new and inexperienced audit staff each year, without adequate supervision.

The fieldwork will normally be coordinated with District staff and begin as soon as the District's books and records are in auditable form. This normally takes place in two stages. Each year we will update our knowledge of your major internal accounting control systems and test such systems (risk assessment). At the same time, District staff will be interviewed in order to assist in resolving any shortcomings before performing the field work portion of the audit. This generally is completed prior to year-end and often leads to worthwhile suggestions for improving internal controls as well as the efficiency and effectiveness of accounting operations and procedures. All of our recommendations will be discussed

with appropriate District personnel in a timely manner, and if appropriate, in a formal written management letter at the conclusion of the audit. In addition, we will complete as much of the single audit compliance, if applicable, in this stage of the audit. We will review the minutes of the District Board meetings during both stages of the audit.

We use models based on statistical sampling theories to help determine sample sizes using nonstatistical sampling methods as necessary for our substantive tests of balances and transactions, tests of controls and tests of compliance. The objective of tests of compliance is to determine whether an organization has complied with laws and regulations that may have a material effect on each major program.

Therefore, we select samples that will provide sufficient evidence for that purpose. After defining the population, we determine sample sizes and select samples from each major program. Factors that may affect the sample sizes include the following:

a) The amount of expenditures for the program and the individual awards;

b) The newness of the program or changes in its conditions;

c) Prior experience with the program, particularly as revealed in audits and other evaluations;

d) The extent to which the program is carried out through subreceipients;

e) The level to which the program is already subject to program reviews or other forms of independent oversight;

f) The adequacy of controls for ensuring compliance;

g) The expectation of adherence or lack of adherence to the applicable laws and regulations; and

h) The potential impact of adverse findings.

The audit team will have laptop computers onsite during the audit fieldwork utilizing state-of-the-art software. We utilize programs such as Microsoft Excel, CS Engagement, Checkpoint and Firm Flow to assist in our audit procedures and provide for greater efficiency and effectiveness. All audit staff have significant experience working with many various accounting systems in our government audits.

Analytical procedures will be performed in the planning stage of the audit (risk assessment process) and in our substantive testing, based on the results of our risk assessment. These procedures will include comparing account balances to the prior year and to the current period's budget, and consideration of expected relationships among the accounts and periods. Analytical procedures will also be performed in the overall review stage of the audit.

Our audit approach recognizes the importance of laws and regulations in planning the audit of a local governmental entity. As a part of the audit, our firm obtains an understanding of those laws and regulations that have a direct and material effect on the determination of financial statement amounts. We then design the audit to provide reasonable assurance of detecting material instances of noncompliance. We obtain our understanding of applicable laws and regulations by becoming familiar with the following:

The terms and provisions of grant agreements and contracts.
State and federal restrictions affecting funding received by the District; i.e., gas tax law, etc.

The Municipal Code of the District.

State laws regarding authorized investments, spending limits, debt limits, etc.

District policies regarding investments, purchasing, budgets, and the establishment of funds.

Bond covenants of outstanding issues.

Personnel Policies adopted by the District.

Other laws and regulations as appropriate in the circumstances.

Our review of the internal control will be by questionnaire and procedural write-up of your accounting system. Each of the approaches requires inquiry and observation of District personnel and operations. We will also utilize the District's budget, organizational charts, financial reports, policies and procedures, and other applicable documents. Comments and recommendations relating to the accounting system will be discussed with appropriate District personnel and where appropriate they may be included in our reports. Our recommendations will be directed at safeguarding District assets, improving the effectiveness of District procedures, and improving the reporting of financial information, as applicable.

The second stage of the audit is primarily concerned with auditing the final numbers and disclosures that will appear in the District's financial statements and will begin as soon as the District's books and records are ready for audit. Drafts of all financial reports and management letters will be submitted prior to the issuance of final reports. We have a proven track record of delivering reports on time. Each year we will initiate an exit conference to discuss any suggestions, which either of us may have for improving the conduct of the annual audit process, management letters, or any other matters of interest. Throughout the year we are always available for meetings or discussions in order to meet your needs. Findings and reports shall be kept confidential and reported only to the District.

In the event that any irregularity in records indicates the District may have suffered or will suffer a monetary loss, we will report such loss to the appropriate District personnel immediately upon discovery in the form of a written report.

Responses to District notifications will be prompt and all reports will be remitted in a timely manner to meet your needs. We make it a practice to be proactive in providing guidance and assistance to our audit clients throughout each fiscal year to ensure proper and timely implementation of new and significant accounting pronouncements, and also with laws and regulations.

The following includes the proposed segmentation of the audit engagement, and the level of staff involved for each segment:

Description	Level of Staff	Estimated Hours
Preaudit planning with District staff. Detail audit plan provided.	Partner, Senior	4
Entrance conferences and auditors perform interim audit procedures, including Single Audit procedures.	Partner, Senior, Staff	143
Progress conference (interim work complete).	Partner, Senior	2
Auditors mail all necessary audit confirmations.	Senior, Staff	4
District Staff provides trial balances and supporting schedules for audit. Auditors commence final examination procedures.	Partner, Senior, Staff	168
Exit conference where auditors propose AJE's and discuss internal control and compliance findings from the audit, as applicable.	Partner, Senior	1
Auditors prepare draft financial statements and reports, including single audit and management letter.	Partner, Manager, Senior, Staff	50
District staff reviews draft financial statements and reports provided by auditors.	Applicable District Staff	N/A
All reports are finalized and submitted.	Partner, Senior	8
Presentations to Audit Committee and BOD	Partner	4

Assistance expected from District staff will include providing us with documents and information included in our comprehensive request list provided at the start of the audit process, answering operational and procedural type questions, and preparing confirmation letters.

Scope of Services

The scope of the audits will be to perform the audits in accordance with generally accepted auditing standards; the A.I.C.P.A. industry audit guide, Audits of State and Local Governmental Units, as amended; the Government Finance Officers Publication, Governmental Accounting, Auditing and Financial Reporting, as amended; the standards for financial audits contained in the U.S. General Accounting Office publication Government Auditing Standards, the Single Audit Act, as amended, and the Office of Management and Budget Circular A-133, applicable State Audit Guides, as applicable to the issuance of the reports listed in the RFP.

The engagement will include assistance with the preparation of Annual Report of Financial Transactions to the State Controller and a report on Applying Agreed Upon Procedures in relation to the District's Investment Policy.

Identification of Anticipated Potential Audit Problems

We do not anticipate any significant audit problems for this engagement, other than the extra work normally required for a first-year audit in obtaining applicable documents and information. We will provide a detailed request list early in the audit process to ensure the audit progresses in a timely manner. Should any other issues arise, we will discuss them with appropriate District staff at that time.

APPENDIX A

DAMORE
HAMRIC &
SCHNEIDER,
INC.

CERTIFIED PUBLIC ACCOUNTANTS

SYSTEM REVIEW REPORT

November 10, 2011

To the Shareholders
Teaman, Ramirez & Smith, Inc.
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Teaman, Ramirez & Smith, Inc. (the firm) in effect for the year ended May 31, 2011. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under Government Auditing Standards; and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Teaman, Ramirez & Smith, Inc. in effect for the year ended May 31, 2011, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies), or fail. Teaman, Ramirez & Smith, Inc. has received a peer review rating of pass.

Damore, Hamric + Schneider Inc

DAMORE, HAMRIC & SCHNEIDER, INC.
Certified Public Accountants

2856 Arden Way, Suite 200
Sacramento, CA 95825-1379
Tel (916) 481-2856
Fax (916) 488-4428
http://www.dhscpa.com

APPENDIX B

AUDIT TEAM RESUMES

Richard A. Teaman, CPA, CGFM, CGMA, Audit Partner

Rich Teaman has thirty years' experience auditing California organizations. He is a member of the American Institute of Certified Public Accountants, the Association of Government Accountants, the California Society of Municipal Finance Officers, the California Society of Certified Public Accountants (CSCPA), California Special Districts Association, the Government Finance Officers Association, the Association of Local Government Auditors, the Association of Certified Fraud Examiners and was the chairman of the Governmental Accounting and Auditing Committee of the Citrus Belt Chapter (now the Inland Empire Chapter) of the California Society of Certified Public Accountants from 1991 to April 1997. He was the chairman of the Governmental Accounting and Auditing committee of the California Society of Certified Public Accountants at the state level from 2004 to 2006. He was the Co-Chairman of the California Committee on Municipal Accounting (a joint committee of representatives of the League of California Cities and the California Society of Certified Public Accountants) from 2006 to 2009. He was part of a five-person final review board that evaluated financial statements under the California Award Program of the Professional and Technical Standards Committee of CSMFO and, as such, was responsible for the revision of the reviewer's checklist from 1993 to 1996. He was also the President for the Citrus Belt Chapter of the California Society of Certified Public Accountant for the 1999-00 fiscal year, Vice President during the 1997-98 and 1998-99 fiscal years, Treasurer during the 1996-97 fiscal year and Board Member during the 1995-96 fiscal year. Mr. Teaman is also an instructor for our in-house continuing education program and has been an instructor for the California Society of Certified Public Accountants.

Mr. Teaman received his Bachelor of Science Degree in Business Administration with a concentration in Accounting from California State University, San Bernardino. He is currently licensed to practice as a CPA in California.

Mr. Teaman's governmental auditing experience includes the following cities, redevelopment agencies and special districts:

Client Name	Fiscal Year(s)	Client Name	Fiscal Year(s)
City of Banning*	94-95 thru 96-97	Mammoth Community Water District	04-05 thru 12-13
Banning Redevelopment Agency	94-95 thru 96-97	March Inland Port Airport Authority	97-98 thru 11-12
City of Big Bear Lake*	83-84 thru 89-90	March Joint Powers Authority	94-95 thru 12-13
Big Bear Lake Fire Protection District	83-84 thru 89-90	March Joint Powers – Caretaker	96-97 thru 04-05
Big Bear Lake Improvement Agency	83-84 thru 89-90	March Joint Powers – RDA	96-97 thru 11-12
City of Blythe	92-93 thru 11-13	March Joint Powers Utility Authority	03-04 thru 12-13
Blythe Public Finance Authority	97-98 thru 11-13	City of Needles*	88-89 thru 92-93
Blythe Redevelopment Agency	92-93 thru 11-12	Needles Public Financing Authority	91-92 thru 92-93
Carpinteria Sanitary District	05-06 thru 12-13	Needles Redevelopment Agency	88-89 thru 92-93
Channel Islands Beach Community Services District	00-01 thru 11-13	City of Ontario*	94-95 thru 96-97
Citrus Pest Control District	98-99 thru 12-13	Ontario Redevelopment Agency	94-95 thru 96-97
City of Coachella*	06-07 and 07-08	Ontario Redevelopment Financing Authority	94-95 thru 96-97

Coachella Fire Protection District	06-07 and 07-08
Coachella Redevelopment Agency	06-07 and 07-08
Coachella Sanitary District	06-07 and 07-08
Coachella Water Authority	06-07 and 07-08
Coachella Valley Association of Governments	83-84 thru 87-88
Coachella Valley Joint Powers Insurance Authority	85-86 thru 88-89
Coachella Valley Mosquito Abatement District	84-85 thru 92-93
Coachella Valley Mosquito and Vector Control District	96-97 thru 97-98
Coachella Valley Public Cemetery District	93-94 thru 06-07
Coachella Valley Recreation and Park District*	84-85 thru 90-91
City of Colton*	84-85 thru 87-88
Colton Redevelopment Agency	84-85 thru 87-88
City of Corona*	83-84 thru 89-90
Corona Redevelopment Agency	83-84 thru 89-90
City of Dana Point	97-98 thru 99-00
Desert Resorts Regional Airport Authority	98-00 thru 05-06
City of Diamond Bar	89-90 thru 93-94
City of Eastvale	& 12-13
East Valley Resource Conservation District	97-98 thru 99-00
City of El Sugundo	96-97 thru 98-99
Elsinore Valley Municipal Water District	95-96 thru 02-03
City of Escondido	98-99
Escondido Community Development Commission	98-99
Fern Valley Water District	02-03 thru 12-13
City of Galt	97-98
Galt Redevelopment Agency	97-98
Goleta Sanitary District	97-98 thru 11-12
City of Grand Terrace	92-93 thru 94-95
Grand Terrace Redevelopment Agency	92-93 thru 94-95
City of Hemet*	92-93 thru 94-95
Hemet Redevelopment Agency	84-85 thru 85-86
Home Gardens Sanitary District	84-85 thru 86-87
Idyllwild Water District	84-85 thru 88-89
City of Indian Wells	83-84 thru 86-87
Indian Wells Redevelopment Agency	83-84 thru 86-87
City of Indio	84-85 thru 90-91
Indio Civic Center Authority	84-85 thru 88-89
Indio Redevelopment Agency	84-85 thru 90-91
Jacqueline Cochran Regional Airport Authority	03-04 thru 12-13
City of Lake Elsinore*	93-94 thru 03-04 & 12-13
Lake Elsinore Redevelopment Agency	93-94 thru 03-04
Lake Elsinore Public Financing Authority	93-94 thru 03-04 & 12-13
Otay Water District	03-04 thru 07-08
City of Palm Desert*	84-85 thru 90-91
Palm Desert Redevelopment Agency	84-85 thru 90-91
Palm Springs Civic Center Authority	84-85 thru 88-89
Palo Verde Cemetery District	02-03 thru 06-07
Palos Verdes Peninsula Transit Authority	92-93 thru 93-94
City of Perris	97-98 thru 12-13
Perris Housing Authority	12-13
Perris Joint Powers Authority	12-13
Perris Public Financing Authority	97-98 thru 12-13
Perris Redevelopment Agency	97-98 thru 11-12
Perris Utility Authority	08-09 thru 12-13
Perris Valley Cemetery District	08-09 thru 12-13
Pine Cove Water District	83-84 thru 07-08
City of Rancho Mirage*	88-89 thru 90-91
Rancho Mirage Parkview Villas	90-91 thru 94-95
Rancho Mirage Redevelopment Agency	88-89 thru 90-91
Retired Senior Volunteer Program	1985 thru 1991
City of Riverside*	83-84 thru 86-87
Riverside Civic Center Authority	96-97 thru 01-02
Riverside County Desert Judicial District	87-88 thru 88-89
Riverside County Flood Control & Water Conservation District	04-05 thru 07-08 & 12-13
Riverside County Redevelopment Agency	91-92 thru 11-12
Riverside County Judicial District	88-89 thru 89-90
Riverside County Regional Park & Open Space District	91-92 thru 07-08
Riverside County Transportation Commission	84-85
Riverside Parking Authority	84-85 thru 85-86
Riverside-San Bernardino Housing & Finance Agency	02-03 thru 85-86
Riverside Transit Agency*	84-85 thru 85-86
City of San Bernardino*	83-84 thru 84-85
San Bernardino County Chino Civic Center Authority	84-85 thru 00-01
San Bernardino Associated Governments	83-84 thru 85-86
City of SanJacinto*	83-84 thru 87-88
San Jacinto Redevelopment Agency	83-84 thru 87-88
San Jacinto Mountain Area Water Study Agency*	83-84 thru 88-89
City of Santee	12-13
Santee Public Finance Authority	12-13
City of Solvang	97-98
Southern Coachella Valley Community Services District	87-88 thru 12-13
Successor Agency to Riverside County Redevelopment Agency	12-13
Sunline Transit Agency *	84-85 thru 87-88
Twentynine Palms Water District	96-97 thru 07-08
Valley Sanitary District	91-92 thru 07-08
Ventura Regional Sanitation District	94-95 thru 00-01
Victor Valley Wastewater Reclamation Authority	89-90 thru 95-96
Western Municipal Water District	96-97 thru 98-99

Lake Elsinore Recreation Authority	96-97 thru 03-04 & 12-13	Town of Yucca Valley	95-96 thru 00-01
City of Loma Linda*	83-84 thru 89-90	Yucca Valley Community Center Authority	95-96 thru 00-01
Loma Linda Redevelopment Agency	83-84 thru 89-90	Yucca Valley Financing Authority	95-96 thru 00-01
		Yucca Valley Redevelopment Agency	95-96 thru 00-01
		Yuima Municipal Water District	07-08 thru 12-13

***** = Single Audit Procedures performed

Mr. Teaman has for the licensing period (licenses are renewed every two years) beginning September 1, 2012, 145 hours of continuing professional education (CPE) with 26 hours in government training. Included in this training were , the AICPA's Government Audit Quality Center Annual Update, the AICPA's class on The New Data Collection Form & Important Clearinghouse System Changes and California Society of Certified Public Accountants classes, Accounting and auditing Update, Fraud in the Governmental & Not for Profit Environments, A-133 Workshop, Employee Benefit Plans: Audit, Accounting Essentials, Audit Standards Update: Clarity Standards Overview, Governmental Accounting and Auditing Conference, Financial Statement Disclosures, Revised Auditing Standards, Audits of 401K Plans and Accounting and Auditing Conference.

During the prior licensing period Mr. Teaman had 214 hours of continuing professional education (CPE) with 51 hours in governmental training. Included in this training was the GFOA Annual Governmental GAAP Update, the AICPA's Government Audit Quality Center Annual Update, the AICPA's Advanced Workshop; Practical Guidance for Peer Reviewers and California Society of Certified Public Accountants classes, California Fraud Case Studies, Accounting & Auditing Conference, Advanced Compilation & Review, The Basics of Accounting Analysis, Internal Control: Your #1 Defense Against Errors & Fraud, Fraud in the Government & Not For Profit Environments: What a Steal, FASB Update, The New Yellow Book: What you Need to Know, and Audit update 2012.

More detailed information can be provided upon request.

Richard A. Gallo, Jr., Manager

Mr. Gallo has eleven years of experience auditing California governmental agencies. Mr. Gallo serves as an instructor for our in-house continuing education program. Mr. Gallo received his Bachelor of Science Degree in Business Administration, with a concentration in accounting, from the University of California, Riverside.

Mr. Gallo's governmental auditing experience includes the following cities, redevelopment agencies and special districts:

Client Name	Fiscal Year(s)
Apple Valley, Town of*	2002-03
Blythe, City of*	2001-02 & 2003-04 to 2012-13
Blythe PFA, City of	2001-02 & 2003-04 to 2012-13
Blythe RDA, City of	2001-02 & 2003-04 to 2011-12
Channel Islands Beach Community Services District	2000-01, 2001-02, & 2003-04 to 2011-13
Chino Civic Center Authority	2000-01
Citrus Pest Control District No. 2	2003-04, 2004-05
Coachella Valley Public Cemetery District	2003-04 to 2006-07
Eastvale, City of	2012-13
Elsinore Valley Municipal Water District	2002-03
Fern Valley Water District	2002-03 to 2011-12
Goleta Sanitary District	2000-01 to 2001-02
Lake Elsinore, City of*	2001-02 to 2003-04 & 2012-13
Lake Elsinore PFA, City of	2001-02 to 2003-04 & 2012-13
Lake Elsinore RA, City of	2001-02 to 2003-04 &2012-13
Lake Elsinore RDA, City of	2001-02 to 2003-04
Mammoth Community Water District	2004-05 to 2012-13
March Inland Port Airport Authority	2000-01 to 2012-13
March Joint Powers Authority*	2000-01 to 2012-13
March Joint Powers Caretaker	2000-01 to 2001-02
March Joint Powers RDA	2000-01 to 2010-11
March Joint Powers Utility Authority	2003-04 to 2012-13
Otay Water District*	2004-05 to 2007-08
Palo Verde Cemetery District	2003-04 to 2004-05
Perris, City of*	2000-01 to 2012-13
Perris Housing Authority	2012-13
Perris Joint Powers Authority	2012-13
Perris RDA, City of	2000-01 to 2011-12
Perris PFA, City of	2000-01 to 2012-13
Perris Utility Authority	2008-09 to 2012-13
Perris Valley Cemetery District	2008-09 to 2009-10
Pine Cove Water District	2002-03 to 2003-04
Riverside Civic Center Authority	2000-01 to 2001-02
Riverside City Hall Authority	2001-01 to 2001-02
Riverside County Economic Development Agency	2003-04 to 2011-12
Riverside County Flood & Water Conservation District	2005-06 to 2007-08 & 2012-13
Riverside County Open Space and Park District	2005-06
San Bernardino County Library	2000-01
San Jacinto Mountain Area Water Study Agency	2004-05 to 2005-06
Santee, City of	2012-13
Santee Public Finance Authority	2012-13
Shafter, City of*	2007-08 to 2009-10
Shafter Community Development Agency	2007-08 to 2009-10
Shafter Joint Powers Financing Authority	2007-08 to 2009-10
Solvang, City of	2002-03
Southern Coachella Valley Community Services District	2002-03 to 2006-07
Successor Agency to Riverside County Redevelopment Agency	2012-13
Twentynine Palms, City of*	2007-08 to 2009-10
Twentynine Palms Redevelopment Agency	2007-08 to 2009-10
Twentynine Palms Water District	2001-02 thru 2003-04
Valley Sanitary District	2001-02
Western Municipal Water District	2000-01
Yuima Municipal Water District	2007-08 to 2012-13

***** = Single Audit Procedures Performed

Mr. Gallo has for the calendar year ending, as of December 31, 2012, 43 hours of CPE with 22 hours in governmental training.

Joshua Calhoun, Senior Accountant

Joshua Calhoun has four years experience auditing governments in California. He is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants (CalCPA).

Mr. Calhoun received his Bachelor of Science Degree in Business Administration with a concentration in Accounting and minor in Finance from California State University, San Bernardino. He is actively studying to be licensed to practice as a CPA in California.

Mr. Calhoun's governmental auditing experience includes the following cities, redevelopment agencies and special districts:

Client Name	Fiscal Year(s)	Client Name	Fiscal Year(s)
City of Blythe*	08-09 thru 12-13	Perris Valley Cemetery District	08-09 thru 12-13
Blythe Public Financing Authority	08-09 thru 12-13	City of Perris*	08-09 thru 12-13
Blythe Redevelopment Agency	08-09 thru 11-12	Perris Redevelopment Agency	08-09 thru 11-12
Channel Islands Beach Community Service District	08-09 thru 11-12	Perris Public Financing Authority	08-09 thru 12-13
Citrus Pest Control District	12-13	Perris Utility Authority	08-09 thru 12-13
Jacqueline Cochrane Regional Airport Authority	08-09 thru 11-12	Perris Valley Cemetery District	12-13
Fern Valley Water District	08-09 thru 12-13	Riverside County Redevelopment Agency	08-09 thru 11-12
March Joint Powers Authority	08-09 thru 10-11	City of Shafter	08-09 thru 09-10
March Joint Powers Redevelopment Agency	08-09 thru 10-11	Shafter Community Development Agency	08-09 thru 09-10
March Joint Powers Utility Authority	08-09 thru 11-12	City of Twentynine Palms	08-09 thru 09-10
March Inland Port Airport Authority	08-09 thru 11-12	Twentynine Palms Redevelopment Agency	08-09 thru 09-10
Mammoth Community Water District	09-10 thru 10-11	Yuima Municipal Water District	08-09 thru 11-12

***** = Single Audit Procedures performed

Mr. Calhoun has over 205 hours of continuing professional education (CPE) with 130 hours in government training. Included in this training were the GFOA Annual Governmental GAAP Update, Accounting and Auditing with Excel updates, Audit Risk Assessment Standards, and the Governmental Accounting and Auditing Conference, and American Institute of Certified Public Accountant classes.

More detailed information can be provided upon request.

APPENDIX C

PROPOSER GUARANTEES

A. The proposer certifies it can and will provide and make available, as a minimum, all services set forth in Section II, Nature of Services Required.

Signature of Firm Representative: Richard A. Teaman

Name, Title: Richard A. Teaman, Partner, CPA

Firm: Teaman, Ramirez & Smith, Inc.

Date: November 4, 2013

APPENDIX D

PROPOSER WARRANTIES

A. Proposer warrants that it is willing and able to comply with State of California laws with respect to foreign (non-state of California) corporations.

B. Proposer warrants that it is willing and able to provide proof of insurance covering the following areas: 1) general liability 2) worker's compensation; 3) professional liability insurance providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.

C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the District.

D. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Firm Representative: Richard A. Teaman

Name, Title: Richard A. Teaman, Partner, CPA

Firm: Teaman, Ramirez & Smith, Inc.

Date: November 4, 2013

OTAY WATER DISTRICT

November 4, 2013

DOLLAR COST BID

TRS TEAMAN, RAMIREZ & SMITH, INC.
CERTIFIED PUBLIC ACCOUNTANTS

November 4, 2013

Kevin Koeppen, CPA
Finance Manager
Otay Water District
2554 Sweetwater Springs Boulevard
Spring Valley, California 91978-2096

We are pleased to present this audit cost proposal. We have provided you with a significant amount of information about our firm, our service approach to auditing and the individuals who will serve you. We are committed to provide the highest level of service to the Otay Water District at a reasonable cost. However, costs should not be overemphasized in selecting a firm of independent public accountants with which you plan to establish a continuing relationship. We urge you to select the firm you believe is most qualified to provide you with all the services you require – now and in the future – in a dedicated and responsive manner.

The total maximum price for the audit services to be provided to the Otay Water District for the June 30, 2014 is as follows:

Service	Total All-Inclusive Price
Audit of Financial Statements	$ 22,000
CAFR Assistance	$ 1,500
Single Audit, if necessary	$ 3,500
State Controller's Report	$ 800
AUP Investments	$ 1,500
Total	$ 29,300

The above fees include a Single Audit, as necessary. This fee is proposed under the assumption that the Single Audit will include no more than two major programs. This Single Audit fee will be increased by $1,500 for each additional major federal program (above the two) required to be audited in accordance with OMB Circular A-133.

Richard A. Teaman, CPA • David M. Ramirez, CPA • Javier H. Carrillo, CPA
4201 Brockton Ave. Suite 100, Riverside CA 92501 • 951.274.9500 • 951.274.7828 FAX • www.trscpas.com

This proposal is made with the assumption that the District's books and records will be in a reasonably balanced condition and reconciled at the start of the audit and that the representations made to us during this proposal process will remain effective throughout our engagement. The balance of this audit cost proposal details the breakdown of the annual maximum price.

Thank you for providing us the opportunity to present our proposal for audit services as we would like very much to become the District's auditors. We certify that Richard A. Teaman is entitled to represent the firm, empowered to submit this bid and authorized to sign a contract with the Otay Water District. Should you have any questions regarding our proposal or desire additional information, please call, Rich Teaman, Partner, at (951) 274-9500.

Respectfully Presented,

TEAMAN, RAMIREZ & SMITH, INC.

Richard A. Teaman

Richard A. Teaman
Certified Public Accountant

OTAY WATER DISTRICT

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FOR THE AUDIT OF THE JUNE 30, 2014 FINANCIAL STATEMENTS

BASIC FINANCIAL STATEMENTS

	Estimated Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partner	40	$ 170-250	$ 175	$ 7,000
Managers	10	121-165	130	1,300
Supervisory Staff	80	96-120	110	8,800
Staff	150	65-95	90	13,500
Subtotal				30,600
Out-of-Pocket Expenses				0
Fee Discount				(8,600)
Total all-inclusive maximum price for 2014				**$ 22,000**

OTAY WATER DISTRICT

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FOR THE AUDIT OF THE JUNE 30, 2014 FINANCIAL STATEMENTS

SUPPORTING SCHEDULE FOR CAFR ASSISTANCE

	Estimated Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partner	4	$ 170-250	$ 175	$ 700
Managers	0	121-165	130	0
Supervisory Staff	10	96-120	110	1,100
Staff	5	65-95	90	450
Subtotal				2,250
Out-of-Pocket Expenses				0
Fee Discount				(750)
Total all-inclusive maximum price for 2014				**$ 1,500**

OTAY WATER DISTRICT

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FOR THE AUDIT OF THE JUNE 30, 2014 FINANCIAL STATEMENTS

SUPPORTING SCHEDULE FOR SINGLE AUDIT

	Estimated Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partner	4	$ 170-250	$ 175	$ 700
Managers	0	121-165	130	0
Supervisory Staff	25	96-120	110	2,750
Staff	30	65-95	90	2,700
Subtotal				6,150
Out-of-Pocket Expenses				0
Fee Discount				(2,650)
Total all-inclusive maximum price for 2014				**$ 3,500**

OTAY WATER DISTRICT

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FOR THE AUDIT OF THE JUNE 30, 2014 FINANCIAL STATEMENTS

SUPPORTING SCHEDULE FOR STATE CONTROLLER'S REPORT

	Estimated Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partner	1	$ 170-250	$ 175	$ 175
Managers	0	121-165	130	0
Supervisory Staff	2	96-120	110	220
Staff	7	65-95	90	630
Subtotal				1,025
Out-of-Pocket Expenses				0
Fee Discount				(225)
Total all-inclusive maximum price for 2014				**$ 800**

OTAY WATER DISTRICT

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FOR THE AUDIT OF THE JUNE 30, 2014 FINANCIAL STATEMENTS

SUPPORTING SCHEDULE FOR AUP INVESTMENTS

	Estimated Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partner	1	$ 170-250	$ 175	$ 175
Managers	0	121-165	130	0
Supervisory Staff	5	96-120	110	550
Staff	10	65-95	90	900
Subtotal				1,625
Out-of-Pocket Expenses				0
Fee Discount				(125)
Total all-inclusive maximum price for 2014				**$ 1,500**

OTAY WATER DISTRICT
DOLLAR COST BID

We agree the District may broaden the scope of our engagement and we agree to hold ourselves available to perform such additional work as the District may desire. Progress billings, on the basis of hours of work completed during the course of the engagement, will be submitted. Interim billings shall cover a period not less than a calendar month. A final billing will be submitted upon delivery of all required reports. Our fees for services rendered will be based on our quoted hourly rates and actual time expended. No billings will be made for out-of-pocket expenses or any other expenses such as typing, clerical, printing or travel costs.

Below is our Hourly Rate Schedule for hourly charges for professional services rendered in relation to any additional services that may be requested by the District. Most often, larger additional projects have **negotiated maximums**. Should you require such services, we would be pleased to discuss them with you.

Staff Category	Standard Hourly Rates	Quoted Hourly Rates
Partner	$ 170 - 250	$ 175
Manager	121 - 165	130
Supervisory Staff	96 - 120	110
Professional Staff	65 - 95	90