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

2554 SWEETWATER SPRINGS BOULEVARD
SPRING VALLEY, CALIFORNIA
BOARDROOM

WEDNESDAY
August 21, 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. APPROVE AND UPHOLD STAFFS' DECISION TO IMPOSE A FINE OF $5,000 TO SEAWORLD, d.b.a. AQUATICA SAN DIEGO, FOR AN ILLEGAL CONNECTION TO A FIRE HYDRANT (CAREY) [5 minutes]

4. REPORT ON DIRECTORS' EXPENSES FOR THE 4th QUARTER OF FISCAL YEAR 2013 (WALES) [5 minutes]

5. APPROVE RESOLUTION NO. 4216 SUPPORTING THE METRO WASTEWATER JOINT POWERS AUTHORITY'S GOAL TO DEVELOP A LONG-RANGE REGIONAL WATER REUSE PLAN THAT INCLUDES INDIRECT POTABLE REUSE AND RESULTS IN A SMALLER SECONDARY EQUIVALENT POINT LOMA WASTEWATER TREATMENT PLANT (KENNEDY) [5 minutes]

6. APPROVE RESOLUTION NO. 4217 AMENDING THE DISTRICT'S DEBT POLICY (KOEPPEN) [5 minutes]

7. DECLARE FOUR (4) PARCELS OF PROPERTY AS SURPLUS AND AUTHORIZE THE GENERAL MANAGER TO DISPOSE OF THE PARCELS IN THE BEST INTEREST OF THE DISTRICT (DOBRAWA) [10 minutes]

8. 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 August 16, 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 August 16, 2013.

______/s/_ Susan Cruz, District Secretary ______

AGENDA ITEM 3

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	September 4, 2013
		PROJECT:	DIV. NO. All
SUBMITTED BY:	Andrea Carey Customer Service Manager		
APPROVED BY:	☒ Joseph R. Beachem, Chief Financial Officer ☒ German Alvarez, Assistant General Manager ☒ Mark Watton, General Manager		
SUBJECT:	Customer Sea World, LLC d.b.a. Aquatica San Diego’s Appeal		

GENERAL MANAGER’S RECOMMENDATION:

That the Board uphold staff’s decision to impose a $5,000 fine to Sea World, d.b.a. Aquatica San Diego for an illegal connection to a fire hydrant.

COMMITTEE ACTION:

See Attachment A.

PURPOSE:

To present to the Board for consideration, Sea World, d.b.a Aquatica San Diego’s written appeal requesting the Board waive the $5,000 fine issued June 7, 2013.

ANALYSIS:

Investigation

On May 23, 2013, Otay Water District Assistant Survey Technician, Gus Gracia, arrived at Sea World Aquatica water park and noticed a 4” hose hooked up to an unmetered fire hydrant. Mr. Gracia contacted contractor Andy Kifer from F.J. Willert Contracting Co., Inc. and asked that he meet him by the fire hydrant. When Mr. Kifer arrived, Mr. Gracia asked if the hose connected to the fire hydrant was being used by F. J. Willert. Mr. Kifer confirmed the hose had been used to fill up a water truck being used for construction at the water park. Mr. Kifer estimated 4,000 gallons had been taken from the fire hydrant. Mr. Gracia asked that F.J. Willert remove the connection immediately and use the metered fire hydrant onsite for all further water needs.

In February 2013, Mr. Gracia had mitigated another incident with F.J. Willert Contracting Co., Inc. at this site. The contractor had intended to connect to District water without a meter but Mr. Gracia stopped the customer before a connection could be made. Inspection Supervisor, Brandon DiPietro, spoke to representatives for Sea World and F.J. Willert after this incident and advised them that a temporary water meter needed to be installed before water could be used for construction purposes or to fill up water tank trucks.

A temporary meter was installed on a fire hydrant located at the Sea World Aquatica water park on March 8, 2013 and was still onsite on May 23, 2013. As per the Temporary Water Meter Uses and Procedures form (Attachment B) signed by a Sea World representative on March 7, 2013, a $5,000 charge per occurrence will be imposed for any person or company who operates any part of the District water system without proper authorization.

The District's costs to investigate and document this incident and determine an appropriate course of action was $818.25. Per Section 72.01 of the District's Code of Ordinances, customers are "responsible for all costs and damages in connection with any violation of this Code relating to their service." Costs incurred to investigate and remedy a violation are not appealable to the Board and are treated as inseparable from all other fees and charges on the customer's account, per subsection (D) of Section 72.01. These charges have been paid by the customer.

Pursuant to Section 72 of the District's Code of Ordinances, the District assessed a $5,000 fine to the owner of the parcel, Sea World, LLC. Section 72.06 specifies that a Type II fine is assessed on "any violation that has the potential to endanger the health and safety, including, but not limited to, unauthorized or illegal connections, meter tampering, water theft, or knowingly filing a false statement or report required by a local health officer." A Type II fine carries a maximum penalty of $5,000 per each day the violation continues. This charge was placed on the customer's water account and it was paid. They are now asking that this fine be reversed.

Related Correspondence

June 7, 2013 - District Notice of Violation to Sea World, LLC advising of violations and charges. (Attachment C)

June 26, 2013 - District Notice of Violation follow-up to Sea World, LLC advising of the fine being assessed to the water account. (Attachment D)

July 29, 2013 - Letter from Sea World, LLC appealing to the Board of Directors to waive the fine. (Attachment E)

FISCAL IMPACT: ☒ Joe Beachem, Chief Financial Officer

The fiscal impact is limited to the $5,000 fine.

STRATEGIC GOAL:

Maintain the health and safety of the District's water supply.

LEGAL IMPACT:

None.

Attachments:
Attachment A - Committee Action
Attachment B – Temporary Water Meter Uses and Procedures Form
Attachment C - District Notice of Violation to Sea World, LLC
Attachment D - District Notice of Violation follow-up to Sea World, LLC
Attachment E – Appeal Letter from Sea World, LLC
Attachment F – Photos: Map, Fire Hydrant, Tank Truck

ATTACHMENT A

SUBJECT/PROJECT:	Customer Sea World, LLC d.b.a. Aquatica San Diego’s Appeal

COMMITTEE ACTION:

The Finance, Administration and Communications Committee recommend that the Board uphold staff’s decision to impose a $5,000 fine to Sea World, LLC for an illegal connection to a fire hydrant.

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
ESTABLISHED 1956
WATER DISTRICT

TEMPORARY WATER METER USES AND PROCEDURES
4" TEMPORARY METER

1. TEMPORARY METER IS ISSUED ONLY TO PROPERTY OWNER OR OWNER'S AUTHORIZED AGENT. PROPERTY OWNER AGREES TO BE LIABLE FOR PAYMENT FOR ALL WATER USED.

2. TEMPORARY SERVICE ALLOWED FOR 365 DAYS MAXIMUM. RENEWAL IS ALLOWED ONLY WHEN REQUESTED IN WRITING PRIOR TO THE EXPIRATION DATE. FAILURE TO COMPLY WITH THE RENEWAL PROCEDURE WILL RESULT IN TERMINATION OF THE AGREEMENT AND REMOVAL OF THE METER.

3. 60 DAYS USE FOR FILLING, FLUSHING, HYDROTESTING, AND THE INITIAL OPERATIONAL COVERAGE TESTING OF RECLAIMED WATER IRRIGATION SYSTEMS. R/P REQUIRED.

4. 180 DAYS USE FOR THE ESTABLISHMENT OF VEGETATION ON SLOPES OR OTHER PLANTED AREAS. R/P REQUIRED.

5. 365 DAYS FOR ALL OTHER USES AS STATED IN SECTION 31 OF DISTRICT'S CODE OF ORDINANCES. R/P REQUIRED FOR CONSTRUCTION TRAILER.

→ INITIALS 6. BILLING CHARGES ARE DOUBLE THE EXISTING WATER AND ENERGY RATES.

→ INITIALS 7. CUSTOMER IS RESPONSIBLE FOR ALL LOSS OR DAMAGE TO DISTRICT METERS, FIRE HYDRANTS OR FITTINGS USED FOR TEMPORARY WATER SERVICE.

→ INITIALS 8. METER SIZE IS 4", INSTALLATION AND REMOVAL CHARGES ARE A TOTAL OF $128.00. CHARGES FOR METER MOVES ARE $64.00.

→ INITIALS 9. MONTHLY SYSTEM FEE IS BASED ON THE METER SIZE WILL BE ADDED TO THE MONTHLY BILLING IN ADDITION TO THE ENERGY FEE AND WATER USED.

→ INITIALS 10. CUSTOMER AGREES THAT IF IT, ITS EMPLOYEES, AGENTS, OR ANY INDEPENDENT CONTRACTORS OR SUBCONTRACTORS SHOULD MAKE AN UNAUTHORIZED CONNECTION TO OTAY'S WATER SYSTEM, CUSTOMER SHALL PAY $500.00 PER OCCURRENCE FOR SAID UNAUTHORIZED HOOK-UP. IF THE CUSTOMER, ITS EMPLOYEES, AGENTS OR ANY INDEPENDENT CONTRACTORS OR SUBCONTRACTORS SHOULD USE WATER OTHER THAN THROUGH AN AUTHORIZED WATER METER, CUSTOMER SHALL PAY $1,000.00 PER OCCURRENCE FOR SAID USE. SAID PAYMENTS MAY BE DEDUCTED FROM ANY DEPOSIT CUSTOMER HAS WITH DISTRICT.

→ INITIALS 11. NO PERSON, OTHER THAN AN EMPLOYEE OR AGENT OF THE DISTRICT, SHALL HAVE ANY RIGHT TO OPERATE ANY PART OF A DISTRICT WATER DISTRIBUTION SYTEM. ANY PERSON WHO TAMPERS OR INTERFERES WITH ANY PART OR COMPONENT OF SAID SYSTEM, OR CAUSES OR PERMITS ANY ACT OF TAMPERING OR INTERFERING WITH THE SYSTEM, SHALL BE LIABLE FOR ANY INJURY OR DAMAGE CAUSED THEREBY OR RESULTING THEREFROM. IN ADDITION, A $5,000.00 CHARGE PER OCCURENCE WILL BE IMPOSED ON ANY PERSON OR COMPANY WHO OPERATES ANY PART OF THE DISTRICT WATER SYSTEM WITHOUT PROPER AUTHORIZATION.

12. FOR METER PICK UP OR METER MOVE
PLEASE FAX A MEMO TO THE METER MAINTENANCE/ CROSS CONNECTION DEPARTMENT AT (619) 670-2754 REQUESTING SUCH.
METER MOVES REQUIRE TEMPORARY METER NUMBER AND 24-HOUR NOTICE.

[signature]	3/7/13	MTR-13-033
RESPONSIBLE BILLING PARTY SIGNATURE	DATE	DISTRICT REF. #

PLEASE NOTE: DUE TO POSSIBLE WATER SHORTAGES, CONSTRUCTION WATER IS SUBJECT TO TERMINATION WITHOUT PRIOR NOTICE AS REQUIRED TO MAINTAIN ADEQUATE WATER SUPPLY FOR DOMESTIC USE.

NOTE: A copy of the (signature/picture ID) of the project owner, is also required.

*PLEASE ALLOW UP TO FIVE BUSINESS DAYS FOR METER SET

911-D0066-36

Attachment C

OTAY WATER DISTRICT ESTABLISHED 1956

...Dedicated to Community Service

2554 SWEETWATER SPRINGS BOULEVARD, SPRING VALLEY, CALIFORNIA 91978-2004
TELEPHONE: 670-2222, AREA CODE 619 www.otaywater.gov

June 7, 2013

Sea World LLC
dba Aquatica San Diego
PO Box 690429
Orlando, FL 32869-0429

Re: NOTICE OF VIOLATION- Illegal connection

Dear Sea World LLC:

On May 23, 2013 an Otay Water District employee found a 4" hose hooked up to an unmetered fire hydrant in the parking lot of Sea World Aquatica . The employee contacted Andy Kifer from F.J. Willert Contracting and met him next to the fire hydrant. Mr. Kifer confirmed that the water hose was being used by F.J. Willert to fill up a water truck being used for construction at the water park. Mr. Kifer estimated that 4,000 gallons has been used at the unmetered fire hydrant. Mr. Kifer was asked to remove the connection immediately. It should be noted that a temporary meter was installed on a nearby fire hydrant on March 8, 2013 for use during construction. The contractor onsite is required to use the metered hydrant for all water needs. This is the second incident where the contractor on site has attempted to create an unauthorized connection to District water.

Section 72.03D of the District's Code of Ordinances states that illegal connections or other violations related to fire service are subject to a fine at the option of the District, pursuant to Section 72.06C. As noted in Section 72.01 of the District's Code, the owner of the parcel is responsible for all costs and damages in connection with any violation of this Code.

We consider this violation to be a serious threat to the health and safety of our water system.

You are hereby notified that the District has assessed the damages listed below on your account and that failure to pay such damages, at the District offices, by the due date on your water bill will result in suspension of water service to your property.

Summary of Damages	Amount
Costs incurred by District in connection with illegal connection (including staff time and other related administrative costs)	$ 779.00
Charge for water used	$39.25

Total Amount due: **$818.25**

If the damages set forth above are not paid within the time indicated on your water bill, the District will discontinue water service to your property pursuant to Section 35 of the District's Code of Ordinances. If water service is discontinued, it will not be reinstated until all such damages are paid. Damaging or tampering with any meters or District facilities is punishable as a misdemeanor under Section 499 of the California Penal Code.

OTAY WATER DISTRICT ESTABLISHED 1956

...Dedicated to Community Service

2554 SWEETWATER SPRINGS BOULEVARD, SPRING VALLEY, CALIFORNIA 91978-2004
TELEPHONE: 670-2222, AREA CODE 619 www.otaywater.gov

In addition to the damages listed above, pursuant to Sections 72.03E and 72.06 of the District's Code of Ordinances, the District is hereby assessing a charge of $5,000.00 against you for illegally connecting to a District fire hydrant. You have ten days to notify the District in writing if you intend to appeal the charge to the District's Board of Directors. If you do not notify the District in writing of your intent to appeal the charge, it will be added to your subsequent water bill.

If you have any questions concerning this notice, please do not hesitate to contact me at 619-670-2712.

Sincerely,

Andrea Carey
Customer Service Manager

911-006636

Attachment D

...Dedicated to Community Service
2554 SWEETWATER SPRINGS BOULEVARD, SPRING VALLEY, CALIFORNIA 91978-2004
TELEPHONE: 670-2222, AREA CODE 619 www.otaywater.gov

June 26, 2013

Sea World LLC
500 Sea World Dr
San Diego, CA 92109-7904

Re: NOTICE OF VIOLATION- Illegal connection

Dear Sea World LLC:

On June 7, 2013 Otay Water District sent a letter to Sea World LLC notifying of an illegal connection which occurred at the Aquatica San Diego Water Park on May 23, 2013.

Pursuant to Sections 72.03E and 72.06 of the District's Code of Ordinances, the District is hereby assessing a charge of $5,000.00 against you for illegally connecting to a District fire hydrant.

Section 72.03D of the District's Code of Ordinances states that illegal connections or other violations related to fire service are subject to a fine at the option of the District, pursuant to Section 72.06C. As noted in Section 72.01 of the District's Code, the owner of the parcel is responsible for all costs and damages in connection with any violation of this Code.

We consider this violation to be a serious threat to the health and safety of our water system.

If the damages set forth above are not paid within the time indicated on your water bill, the District will discontinue water service to your property pursuant to Section 35 of the District's Code of Ordinances. If water service is discontinued, it will not be reinstated until all such damages are paid. Damaging or tampering with any meters or District facilities is punishable as a misdemeanor under Section 499 of the California Penal Code.

If you have any questions concerning this notice, please do not hesitate to contact me at 619-670-2712.

Sincerely,

Andrea Carey
Customer Service Manager

DISCOVERY COVE. SeaWorld. AQUATICA SeaWorld's WATERPARK

July 29, 2013

Andrea Carey
Otay Water District
2554 Sweetwater Springs Blvd
Spring Valley, CA 91978

RE: Aquatica – SeaWorld's Water Park
2052 Entertainment Circle
Chula Vista, CA 91911
Notice of Violation from Otay Water District

Ms. Carey:

SeaWorld Parks & Entertainment and F.J. Willert Contracting Co, Inc. request the opportunity to appeal the Notice of Violation issued to SeaWorld, d.b.a. Aquatica by Otay Water District, dated June 7, 2013.

The notice mailed to SeaWorld, named F.J. Willert as the violators for hooking up a 4" hose to an unmetered fire hydrant. This notice was received by SeaWorld's Design and Engineering Department on June 28, 2013 and forwarded on to F.J. Willert for review/appeal on July 8, 2013.

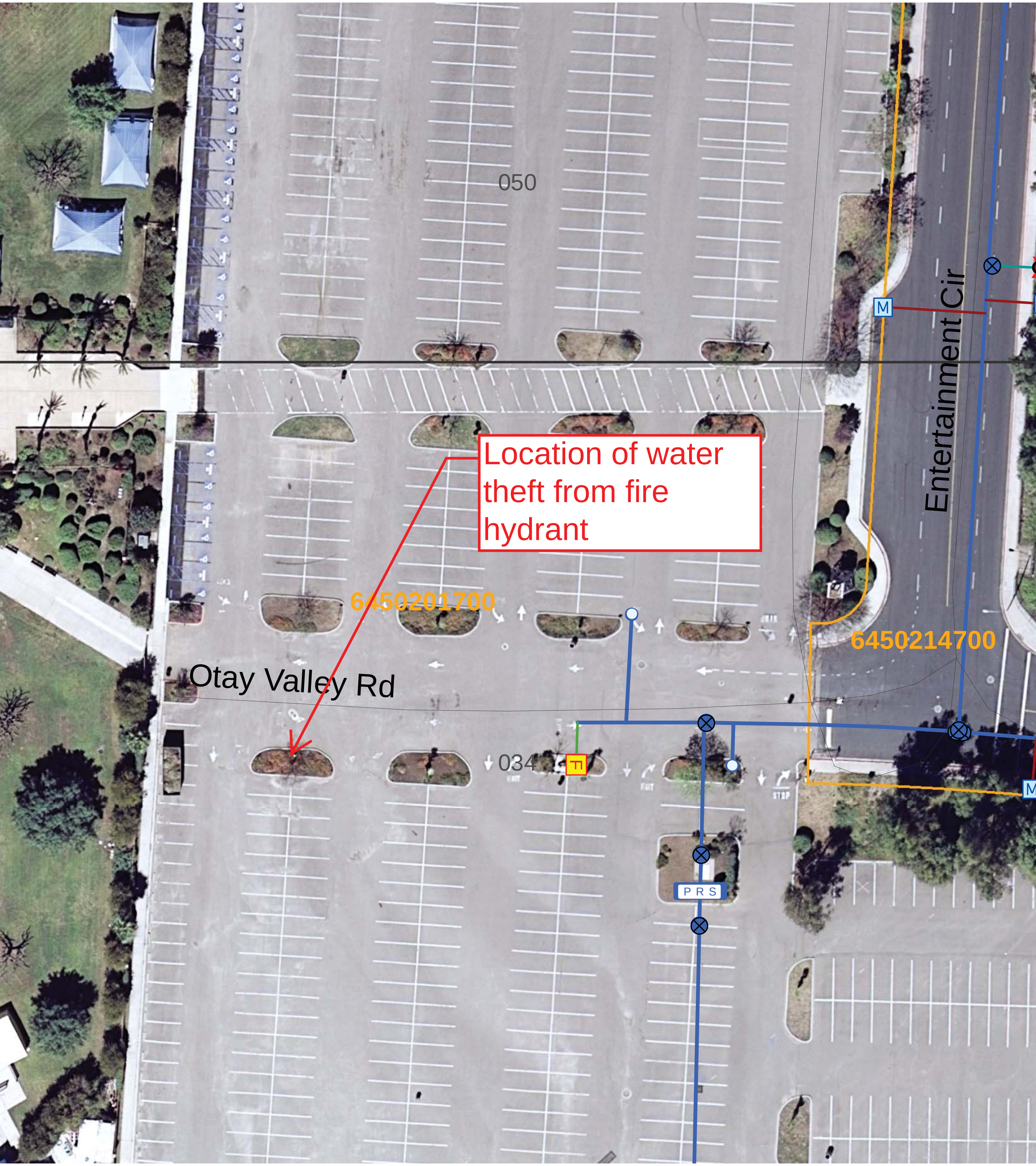
Per the notice SeaWorld/F.J. Willert were given ten(10) days to notify the district of an intent to appeal, but the time frame allowed had expired by the date F.J. Willert received the notice.

SeaWorld and F.J. Willert respectfully requests that Otay Water District allows for them to appeal this violation and subsequent fine of $5,000.00. Your consideration of this request is greatly appreciated.

Respectfully,

Scott Tarr

Scott Tarr
Owner's Representative
SeaWorld Parks and Entertainment


050
Location of water theft from fire hydrant
6450201700
6450214700
Otay Valley Rd
Entertainment Cir
034
F
M
P R S


75180
BJ'S
RENTALS
FL70
1-877-299-4304
CA311204

AGENDA ITEM 4

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	September 4, 2013
		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 4th Quarter of Fiscal Year 2013		

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 4th quarter of Fiscal Year 2013.

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 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 4th Quarter of Fiscal Year 2013

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

August 21, 2013

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

- Fiscal Year 2013, 4th 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 August 21, 2013.

Board of Directors’ Expenses and Per-Diems
Fiscal Year 2013 Quarter 4 (Apr 2013 - Jun 2013)

Director Croucher	$500.00
Director Gonzalez	$1,317.52
Director Lopez	$2,423.75
Director Robak	$907.49
Director Thompson	$2,230.67
Total	**$7,379.43**

Director Croucher

Fiscal Year 2013 Quarter 4

	Apr 2013	May 2013	Jun 2013
Business Meetings	0.00	0.00	0.00
Director's Fees	0.00	300.00	200.00
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**	**300.00**	**200.00**
Quarterly Total			**$500.00**

Fiscal Year-to-Date 2013 (Jul 2012-Jun 2013)	**$1,960.00**

Meetings Attended	0	4	2
Meetings Paid	0	3	2

Director Gonzalez

Fiscal Year 2013 Quarter 4

	Apr 2013	May 2013	Jun 2013
Business Meetings	0.00	0.00	0.00
Director's Fees	300.00	500.00	400.00
Mileage Business	117.52	0.00	0.00
Conferences and Seminars	0.00	0.00	0.00
Travel	0.00	0.00	0.00
Monthly Totals	**417.52**	**500.00**	**400.00**
Quarterly Total			**$1,317.52**

Fiscal Year-to-Date 2013 (Jul 2012-Jul 2013)	**$4,771.52**

Meetings Attended	3	6	5
Meetings Paid	3	5	4

Director Lopez

Fiscal Year 2013 Quarter 4

	Apr 2013	May 2013	Jun 2013
Business Meetings	0.00	0.00	0.00
Director's Fees	800.00	900.00	500.00
Mileage Business	38.99	55.94	0.00
Mileage Commuting	47.46	22.60	58.76
Conferences, Seminars, and Travel	0.00	0.00	0.00
Monthly Totals	**886.45**	**978.54**	**558.76**
Quarterly Total			**$2,423.75**

Fiscal Year-to-Date 2013 (Jul 2012-Jun 2013)	**$8,760.54**

Meetings Attended	10	11	7
Meetings Paid	8	9	5

Director Robak

Fiscal Year 2013 Quarter 4

	Apr 2013	May 2013	Jun 2013
Business Meetings	0.00	0.00	225.00
Director’s Fees	100.00	200.00	300.00
Mileage Business	3.39	6.78	60.45
Mileage Commuting	2.26	4.52	5.09
Conferences, Seminars, and Travel	0.00	0.00	0.00
Monthly Totals	**105.65**	**211.30**	**590.54**
Quarterly Total			**$907.49**

Fiscal Year-to-Date 2013 (Jul 2012-Jun 2013)	**$3,530.14**

Meetings Attended	3	2	4
Meetings Paid	1	2	3

Director Thompson

Fiscal Year 2013 Quarter 4

	Apr 2013	May 2013	Jun 2013
Business Meetings	0.00	0.00	25.00
Director's Fees	600.00	800.00	500.00
Mileage Business	77.97	75.71	19.78
Mileage Commuting	29.38	44.07	58.76
Conferences, Seminars, and Travel	0.00	0.00	0.00
Monthly Totals	**707.35**	**919.78**	**603.54**
Quarterly Total			**$2,230.67**

Fiscal Year-to-Date 2013 (Jul 2012-Jun 2013)	**$6,768.11**

Meetings Attended	9	9	6
Meetings Paid	6	8	5

Board of Directors’ Expenses and Per Diems
Fiscal Year 2013 to Date (Jul 2012 - Jun 2013)

Director Croucher	$1,960.00
Director Gonzalez	$4,771.52
Director Lopez	$8,760.54
Director Robak	$3,530.14
Director Thompson	$6,768.11
Total	**$25,790.31**

ATTACHMENT C

OTAY WATER DISTRICT
ADMINISTRATIVE EXPENSES - BOARD
July 1, 2012 - June 30, 2013

		Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Total
		1	2	3	4	5	6	7	8	9	10	11	12	
GARY D. CROUCHER (DETAILED IN SECTION D):														
5214	Business Meetings	$ -	$ 25.00	$ 35.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 60.00
5281	Director's Fees	100.00	300.00	200.00	-	400.00	200.00	-	200.00	-	-	300.00	200.00	1,900.00
5211	Mileage - Business	-	-	-	-	-	-	-	-	-	-	-	-	-
5211	Mileage - Commuting	-	-	-	-	-	-	-	-	-	-	-	-	-
5213	Seminars and Conferences	-	-	-	-	-	-	-	-	-	-	-	-	-
5212	Travel	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	$ 100.00	$ 325.00	$ 235.00	$ -	$ 400.00	$ 200.00	$ -	$ 200.00	$ -	$ -	$ 300.00	$ 200.00	$ 1,960.00
DAVID GONZALEZ (DETAILED IN SECTION E):														
5214	Business Meetings	$ -	$ -	$ 10.00	$ -	$ 39.00	$ -	$ 50.00	$ -	$ -	$ -	$ -	$ -	$ 99.00
5281	Director's Fees	100.00	200.00	300.00	600.00	300.00	100.00	400.00	300.00	500.00	300.00	500.00	400.00	4,000.00
5211	Mileage - Business	-	-	-	-	-	-	-	-	-	117.52	-	-	117.52
5211	Mileage - Commuting	-	-	-	-	-	-	-	-	-	-	-	-	-
5213	Seminars and Conferences	-	-	-	-	-	-	555.00	-	-	-	-	-	555.00
5212	Travel	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	$ 100.00	$ 200.00	$ 310.00	$ 600.00	$ 339.00	$ 100.00	$ 1,005.00	$ 300.00	$ 500.00	$ 417.52	$ 500.00	$ 400.00	$ 4,771.52
JOSE LOPEZ (DETAILED IN SECTION F):														
5214	Business Meetings	$ -	$ -	$ -	$ -	$ -	$ -	$ 25.00	$ 79.00	$ -	$ -	$ -	$ -	$ 104.00
5281	Director's Fees	300.00	400.00	600.00	700.00	500.00	500.00	700.00	500.00	1,000.00	800.00	900.00	500.00	7,400.00
5211	Mileage - Business	-	5.55	12.77	-	-	52.17	50.29	28.25	20.91	38.99	55.94	-	264.86
5211	Mileage - Commuting	22.20	22.20	33.30	22.20	44.40	22.20	22.60	45.20	91.53	47.46	22.60	58.76	454.65
5213	Seminars and Conferences	-	-	-	-	-	-	-	-	-	-	-	-	-
5212	Travel	-	-	-	537.03	-	-	-	-	-	-	-	-	537.03
	Total	$ 322.20	$ 427.75	$ 646.07	$ 1,259.23	$ 544.40	$ 574.37	$ 797.89	$ 652.45	$ 1,112.44	$ 886.45	$ 978.54	$ 558.76	$ 8,760.54
MARK ROBAK (DETAILED IN SECTION G):														
5214	Business Meetings	$ -	$ -	$ 20.00	$ -	$ 20.00	$ 30.00	$ 35.00	$ 15.00	$ 25.75	$ -	$ -	$ 225.00	$ 370.75
5281	Director's Fees	100.00	100.00	200.00	100.00	200.00	200.00	200.00	300.00	400.00	100.00	200.00	300.00	2,400.00
5211	Mileage - Business	3.33	3.33	6.66	3.33	6.66	65.74	33.90	16.95	24.30	3.39	6.78	60.45	234.82
5211	Mileage - Commuting	2.22	2.22	4.44	2.22	4.44	-	2.26	2.26	6.78	2.26	4.52	5.09	38.71
5213	Seminars and Conferences	-	-	-	-	-	25.86	460.00	-	-	-	-	-	485.86
5212	Travel	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	$ 105.55	$ 105.55	$ 231.10	$ 105.55	$ 231.10	$ 321.60	$ 731.16	$ 334.21	$ 456.83	$ 105.65	$ 211.30	$ 590.54	$ 3,530.14
MITCHELL THOMPSON (DETAILED IN SECTION H):														
5214	Business Meetings	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 64.00	$ 16.00	$ -	$ -	$ 25.00	$ 105.00
5281	Director's Fees	400.00	300.00	200.00	400.00	100.00	500.00	300.00	300.00	800.00	600.00	800.00	500.00	5,200.00
5211	Mileage - Business	108.78	-	-	13.32	-	39.96	6.90	29.38	82.49	77.97	75.71	19.78	454.29
5211	Mileage - Commuting	28.86	34.41	28.86	28.86	14.43	14.43	29.38	98.31	44.07	29.38	44.07	58.76	453.82
5213	Seminars and Conferences	-	-	-	-	-	-	555.00	-	-	-	-	-	555.00
5212	Travel	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	$ 537.64	$ 334.41	$ 228.86	$ 442.18	$ 114.43	$ 554.39	$ 891.28	$ 491.69	$ 942.56	$ 707.35	$ 919.78	$ 603.54	$ 6,768.11
TOTALS:														
5214	**Business Meetings**	$ -	$ 25.00	$ 65.00	-	59.00	30.00	110.00	158.00	41.75	-	-	250.00	$ 738.75
5281	**Director's Fees**	1,000.00	1,300.00	1,500.00	1,800.00	1,500.00	1,500.00	1,600.00	1,600.00	2,700.00	1,800.00	2,700.00	1,900.00	20,900.00
5211	**Mileage - Business**	112.11	8.88	19.43	16.65	6.66	157.87	91.09	74.58	127.70	237.87	138.43	80.23	1,071.49
5211	**Mileage - Commuting**	53.28	58.83	66.60	53.28	63.27	36.63	54.24	145.77	142.38	79.10	71.19	122.61	947.18
5213	**Seminars and Conferences**	-	-	-	-	-	25.86	1,570.00	-	-	-	-	-	1,595.86
5212	**Travel**	-	-	-	537.03	-	-	-	-	-	-	-	-	537.03
	Total	$ 1,165.39	$ 1,392.71	$ 1,651.03	$ 2,406.96	$ 1,628.93	$ 1,750.36	$ 3,425.33	$ 1,978.35	$ 3,011.83	$ 2,116.97	$ 2,909.62	$ 2,352.84	$ 25,790.31

OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2012 THROUGH JUNE 30, 2013

DIRECTOR'S NAME: **CROUCHER, GARY**

ATTACHMENT D

Account Name	Date	Descriptions	SECTION D Amount
Director's Fee	7/17/2012	ENGINEERING & OPERATIONS COMMITTEE MEETING	100.00
	8/1/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00
	8/20/2012	ENGINEERING & OPERATIONS COMMITTEE MEETING	100.00
	8/21/2012	COUNCIL OF WATER UTILITIES MEETING	100.00
	9/11/2012	SPECIAL BOARD OF DIRECTORS MEETING	100.00
	9/19/2012	ENGINEERING & OPERATIONS COMMITTEE MEETING	100.00
	11/7/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00
	11/13/2012	DESALINATION PROJECT COMMITTEE MEETING	100.00
	11/26/2012	EMPLOYEE NEGOTIATIONS	100.00
	11/28/2012	SPECIAL BOARD OF DIRECTORS MEETING	100.00
	12/10/2012	ENGINEERING & OPERATIONS COMMITTEE MEETING	100.00
	12/19/2012	DESALINATION PROJECT COMMITTEE MEETING	100.00
	2/6/2013	REGULAR BOARD OF DIRECTORS MEETING	100.00
	2/21/2013	ENGINEERING & OPERATIONS COMMITTEE MEETING	100.00
	5/1/2013	REGULAR BOARD OF DIRECTORS MEETING	100.00
	5/14/2013	SPECIAL BOARD MEETING FY 2014 BUDGET	100.00
	5/16/2013	ENGINEERING & OPERATIONS COMMITTEE MEETING	100.00
	6/5/2013	REGULAR BOARD OF DIRECTORS MEETING	100.00
	6/19/2013	ENGINEERING & OPERATIONS COMMITTEE MEETING	100.00
Director's Fee Total			1,900.00
Business meetings	8/29/2012	COUNCIL OF WATER UTILITIES MEETING	25.00
	9/30/2012	SAN DIEGO EAST COUNTY CHAMBER OF COMMERCE	35.00
Business meetings Total			60.00
Grand Total			$1,960.00

OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2012 THROUGH JUNE 30, 2013

DIRECTOR'S NAME: GONZALEZ, DAVID

ATTACHMENT E

Account Name	Date	Descriptions	SECTION E Amount
Mileage - Business	4/11/2013	MEETING - APRIL 11, 2013	$ 117.52
Director's Fee	7/11/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00
	8/1/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00
	8/20/2012	ENGINEERING & OPERATIONS COMMITTEE MEETING	100.00
	9/5/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00
	9/11/2012	SPECIAL BOARD OF DIRECTORS MEETING	100.00
	9/19/2012	ENGINEERING & OPERATIONS COMMITTEE MEETING	100.00
	10/1/2012	CHULA VISTA REDEVELOPMENT MEETING	100.00
	10/9/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00
	10/23/2012	WEBINAR - UNDERSTANDING BOARD MEMBER AND DISTRICT LIABILITIES	100.00
	10/24/2012	ENGINEERING & OPERATIONS COMMITTEE MEETING	100.00
	10/25/2012	UNDERSTANDING THE BROWN ACT: CODE COMPONENTS AND UPDATE	100.00
	10/31/2012	MEETING WITH STAFF: BRIEFING ON METRO COMMISSION	100.00
	11/1/2012	METRO COMMISSION MEETING	100.00
	11/7/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00
	11/28/2012	SPECIAL BOARD OF DIRECTORS MEETING	100.00
	12/10/2012	ENGINEERING & OPERATIONS COMMITTEE MEETING	100.00
	1/8/2013	REGULAR BOARD OF DIRECTORS MEETING	100.00
	1/15/2013	COUNCIL OF WATER UTILITIES MEETING	100.00
	1/16/2013	ENGINEERING & OPERATIONS COMMITTEE MEETING	100.00
	1/31/2013	MEXICAN AMERICAN BUSINESS PROFESSIONAL ASSOCIATION	100.00
	2/1/2013	MENDEZ STRATEGY GROUP MONTHLY MEETING	100.00
	2/6/2013	REGULAR BOARD OF DIRECTORS MEETING	100.00
	2/13/2013	STATE OF THE COUNTY ADDRESS	100.00
	3/6/2013	REGULAR BOARD OF DIRECTORS MEETING	100.00
	3/18/2013	RATE STUDY WORKSHOP/SPECIAL BOARD MEETING	100.00
	3/21/2013	ENGINEERING & OPERATIONS COMMITTEE MEETING	100.00
	3/22/2013	ROSARITO DESALINATION PLANT TOUR	100.00
	3/29/2013	JOINT AGENCY BOARD OF DIRECTORS MEETING	100.00
	4/3/2013	REGULAR BOARD OF DIRECTORS MEETING	100.00
	4/5/2013	CHULA VISTA MAYOR'S FIRST FRIDAY MEETING	100.00

OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2012 THROUGH JUNE 30, 2013

DIRECTOR'S NAME: GONZALEZ, DAVID

ATTACHMENT E

Account Name	Date	Descriptions	SECTION E Amount
Director's Fee	4/11/2013	SANTA ANA RIVER WATERSHED SEMINAR	100.00
	5/1/2013	REGULAR BOARD OF DIRECTORS MEETING	100.00
	5/2/2013	METRO COMMISSION MEETING	100.00
	5/14/2013	SPECIAL BOARD MEETING FY 2014 BUDGET	100.00
	5/16/2013	ENGINEERING & OPERATIONS COMMITTEE MEETING	100.00
	5/30/2013	MEXICAN AMERICAN BUSINESS PROFESSIONAL ASSOCIATION	100.00
	6/5/2013	REGULAR BOARD OF DIRECTORS MEETING	100.00
	6/13/2013	CHAPMAN TREATMENT PLANT TOUR	100.00
	6/19/2013	BRIEFING METRO MEETING	100.00
	6/20/2013	METRO SPECIAL MEETING	100.00
Director's Fee Total			4,000.00
Business meetings	9/12/2012	OTAY MESA CHAMBER OF COMMERCE	10.00
	11/15/2012	CSDA QUARTERLY MEETING	39.00
	1/15/2013	COUNCIL OF WATER UTILITIES MEETING	25.00
	1/31/2013	PUBLIC OFFICIAL RECOGNITION EVENT	25.00
Business meetings Total			99.00
Conferences and Seminars Total			555.00
Grand Total			$4,771.52

OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2012 THROUGH JUNE 30, 2013

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

ATTACHMENT F

Account Name	Date	Descriptions	SECTION F Amount
Mileage - Business	8/31/2012	MEETING - AUGUST 10 & 31, 2012	$ 5.55
	9/30/2012	MEETING - SEPTEMBER 12, 2012	12.77
	12/31/2012	MEETING - DECEMBER 6, 7 & 12, 2012	52.17
	1/31/2013	MEETING - JANUARY 4, 8, 14, 17, 18, 22 & 31, 2013	50.29
	2/28/2013	MEETING - FEBRUARY 15 & 21, 2013	28.25
	3/31/2013	MEETING - MARCH 1 & 19, 2013	20.91
	4/30/2013	MEETING - APRIL 5, 24, 26 & 30, 2013	38.99
	5/31/2013	MEETING - MAY 3, 8, 9, 10, 16, 17 & 31, 2013	55.94
Mileage - Business Total			264.86
Mileage - Commuting	7/31/2012	MEETING - JULY 11 & 19, 2012	22.20
	8/31/2012	MEETING - AUGUST 1 & 7, 2012	22.20
	9/30/2012	MEETING - SEPTEMBER 5 , 11, & 17, 2012	33.30
	10/31/2012	MEETING - OCTOBER 9 & 23, 2012	22.20
	11/30/2012	MEETING - NOVEMBER 7, 13, 26 & 28, 2012	44.40
	12/31/2012	MEETING - DECEMBER 4 & 19, 2012	22.20
	1/31/2013	MEETING - JANUARY 8 & 22, 2013	22.60
	2/28/2013	MEETING - FEBRUARY 6, 20, 21 & 25, 2013	45.20
	3/31/2013	MEETING - MARCH 6, 12, 13, 18, 20, 21, 22 & 29, 2013	91.53
	4/30/2013	MEETING - APRIL 3, 13, 17, & 28, 2013	47.46
	5/31/2013	MEETING - MAY 1 & 14, 2013	22.60
	6/30/2013	MEETING - JUNE 5, 12, 13, 24 & 25	58.76
Mileage - Commuting Total			454.65
Director's Fee	7/11/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00
	7/19/2012	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	7/25/2012	AGENDA BRIEFING - GENERAL MANAGER & COUNSEL	100.00
	8/1/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00
	8/7/2012	REGIONAL GM's & BOARD PRESIDENTS MEETING	100.00
	8/10/2012	GENERAL MANAGER - COMMITTEE AGENDA MEETING	100.00

OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2012 THROUGH JUNE 30, 2013

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

ATTACHMENT F

Account Name	Date	Descriptions	SECTION F Amount
Director's Fee	8/31/2012	AGENDA BRIEFING - GENERAL MANAGER & COUNSEL	100.00
	9/5/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00
	9/11/2012	BOARD WORKSHOP/SPECIAL MEETING	100.00
	9/12/2012	WATER CONSERVATION GARDEN BOARD OF DIRECTORS MEETING	100.00
	9/14/2012	COMMITTEE AGENDA BRIEFING	100.00
	9/17/2012	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	9/20/2012	MEETING WITH SUPERVISOR COX - INTERCONNECT PIPELINE	100.00
	10/1/2012	BOARD AGENDA BRIEFING	100.00
	10/9/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00
	10/11/2012	TIJUANA INNOVADORA 2012 CONFERENCE	100.00
	10/19/2012	COMMITTEE AGENDA BRIEFING	100.00
	10/23/2012	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	10/29/2012	BOARD AGENDA BRIEFING	100.00
	10/30/2012	MEXICO CITY - GOVERNMENT OFFICIALS	100.00
	11/7/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00
	11/13/2012	DESALINATION PROJECT COMMITTEE MEETING	100.00
	11/20/2012	MINUTES 319 SIGNING CEREMONY	100.00
	11/26/2012	AD HOC EMPLOYEE NEGOTIATIONS	100.00
	11/28/2012	SPECIAL BOARD OF DIRECTORS MEETING - POSEIDON	100.00
	12/4/2012	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	12/6/2012	ACWA FALL CONFERENCE	100.00
	12/7/2012	ACWA FALL CONFERENCE	100.00
	12/12/2012	WATER CONSERVATION GARDEN BOARD OF DIRECTORS MEETING	100.00
	12/19/2012	DESALINATION PROJECT COMMITTEE MEETING	100.00
	1/4/2013	GENERAL MANAGER - COMMITTEE AGENDA MEETING	100.00
	1/8/2013	REGULAR BOARD OF DIRECTORS MEETING	100.00
	1/14/2013	COMMITTEE AGENDA BRIEFING	100.00
	1/17/2013	CITY OF CHULA VISTA'S GREEN BUSINESS AWARDS	100.00
	1/18/2013	MEETING - STATE SENATOR JOEL ANDERSON	100.00
	1/22/2013	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	1/31/2013	REGULAR BOARD OF DIRECTORS MEETING	100.00
	2/6/2013	REGULAR BOARD OF DIRECTORS MEETING	100.00
	2/15/2013	COMMITTEE AGENDA BRIEFING	100.00
	2/20/2013	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	2/21/2013	ENGINEERING & OPERATIONS COMMITTEE MEETING	100.00
	2/25/2013	DESALINATION PROJECT COMMITTEE MEETING	100.00
	3/1/2013	US CONGRESSWOMAN SUSAN DAVIS MEETING	100.00
	3/6/2013	REGULAR BOARD OF DIRECTORS MEETING	100.00
	3/12/2013	COUNCIL MEMBERS MARY SALAS & RUDY RAMIREZ MEETING	100.00
	3/13/2013	WATER CONSERVATION GARDEN BOARD OF DIRECTORS MEETING	100.00
	3/18/2013	SPECIAL BOARD OF DIRECTORS MEETING	100.00
	3/19/2013	COMMITTEE AGENDA BRIEFING	100.00
	3/20/2013	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00

OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2012 THROUGH JUNE 30, 2013

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

ATTACHMENT F

Account Name	Date	Descriptions	SECTION F Amount
Director's Fee	3/21/2013	ENGINEERING & OPERATIONS COMMITTEE MEETING	100.00
	3/22/2013	ROSARITO DESALINATION PLANT TOUR	100.00
	3/29/2013	JOINT AGENCY BOARD OF DIRECTORS MEETING	100.00
	4/3/2013	REGULAR BOARD OF DIRECTORS MEETING	100.00
	4/5/2013	MENDEZ STRATEGY GROUP MONTHLY MEETING - SPEAKER CWA ASST. GM, DENNIS CUSHMAN	100.00
	4/13/2013	WATER CONSERVATION GARDEN BOARD OF DIRECTORS MEETING	100.00
	4/17/2013	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	4/24/2013	MEETING WITH MAYOR CHERYL COX - ROSARITO DESALINATION	100.00
	4/26/2013	MEETING WITH ASSEMBLYWOMAN SHIRLEY WEBER - ROSARITO DESALINATION	100.00
	4/28/2013	MEETING WITH BOB FILNER - WATER CONSERVATION GARDEN TOUR	100.00
	4/30/2013	MEETING WITH COUNCILWOMAN PAT AGUILAR - ROSARITO DESALINATION	100.00
	5/1/2013	REGULAR BOARD OF DIRECTORS MEETING	100.00
	5/3/2013	MENDEZ GROUP ALBONDIGAS MEETING: GUEST SPEAKER GM WATTON ON ROSARITO DESAL PROJECT	100.00
	5/8/2013	DESALINATION FOCUS GROUP MEETING	100.00
	5/9/2013	CHULA VISTA COUNCILWOMAN PAM BENSOUSSAN DESAL PROJECT BRIEFING	100.00
	5/10/2013	COMMITTEE AGENDA BRIEFING	100.00
	5/14/2013	SPECIAL BOARD MEETING FY 2014 BUDGET	100.00
	5/16/2013	QUARTERLY MEETING ANNUAL EDUCATIONAL GRANT PROGRAM	100.00
	5/17/2013	MEXICO'S NORTHERN BORDER COMMISSION	100.00
	5/31/2013	AGENDA BRIEFING - GENERAL MANAGER & COUNSEL	100.00
	6/5/2013	REGULAR BOARD OF DIRECTORS MEETING	100.00
	6/12/2013	WATER CONSERVATION GARDEN BOARD OF DIRECTORS MEETING	100.00
	6/13/2013	CHAPMAN TREATMENT PLANT TOUR	100.00
	6/24/2013	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	6/25/2013	DESALINATION PROJECT COMMITTEE MEETING	100.00
Director's Fee Total			7,400.00
Business meetings	1/31/2013	PUBLIC OFFICIAL RECOGNITION EVENT	25.00
	2/13/2013	COUNCIL OF WATER UTILITIES MEETING	25.00
	2/15/2013	CSDA QUARTERLY MEETING	39.00
	2/28/2013	OTAY MESA CHAMBER OF COMMERCE	15.00
Business meetings Total			104.00
Travel	10/23/2012	AIRLINE TICKET - TO MEXICO FOR CONGRESSIONAL MEETING	537.03
Grand Total			$8,760.54

OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2012 THROUGH JUNE 30, 2013

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

ATTACHMENT G

Account Name	Date	Descriptions	SECTION G Amount
Mileage - Business	7/11/2012	MEETING - JULY 11, 2012	$ 3.33
	8/1/2012	MEETING - AUG. 1, 2012	3.33
	9/30/2012	MEETING - SEPTEMBER 5 & 11, 2012	6.66
	10/9/2012	MEETING - OCTOBER 9, 2012	3.33
	11/7/2012	MEETING - NOVEMBER 7 & 28, 2012	6.66
	12/4/2012	MEETING - DECEMBER 4 & 5, 2012	37.74
	12/5/2012	PARKING - ACWA CONFERENCE	28.00
	1/15/2013	MEETING - JANUARY 8 & 15, 2013	33.90
	2/21/2013	MEETING - FEBRUARY 6 & 21, 2013	16.95
	3/6/2013	MEETING - MARCH 6, 2013	3.39
	3/31/2013	MEETING - MARCH 18, 22, & 29 2013	20.91
	4/30/2013	MEETING - APRIL 3, 2013	3.39
	5/31/2013	MEETING - MAY 1 & 14, 2013	6.78
	6/30/2013	MEETING - JUNE 5 & 14, 2013	60.45
Mileage - Business Total			234.82
Mileage - Commuting	7/11/2012	MEETING - JULY 11, 2012	2.22
	8/1/2012	MEETING - AUG. 1, 2012	2.22
	9/30/2012	MEETING - SEPTEMBER 5 & 11, 2012	4.44
	10/9/2012	MEETING - OCTOBER 9, 2012	2.22
	11/7/2012	MEETING - NOVEMBER 7 & 28, 2012	4.44
	1/8/2013	MEETING - JANUARY 8, 2013	2.26
	2/6/2013	MEETING - FEBRUARY 6, 2013	2.26
	3/6/2013	MEETING - MARCH 6, 2013	2.26
	3/31/2013	MEETING - MARCH 18 & 22 2013	4.52
	4/30/2013	MEETING - APRIL 3, 2013	2.26
	5/31/2013	MEETING - MAY 1 & 14, 2013	4.52
	6/30/2013	MEETING - JUNE 5 & 13, 2013	5.09
Mileage - Commuting Total			38.71
Director's Fee	7/11/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00
	8/1/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00
	9/5/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00
	9/11/2012	SPECIAL BOARD OF DIRECTORS MEETING	100.00
	10/9/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00
	11/7/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00
	11/28/2012	SPECIAL BOARD OF DIRECTORS MEETING	100.00
	12/4/2012	ACWA CONFERENCE - BI-ANNUAL CONFERENCE	100.00
	12/5/2012	ACWA CONFERENCE - BI-ANNUAL CONFERENCE	100.00
	1/8/2013	REGULAR BOARD OF DIRECTORS MEETING	100.00
	1/15/2013	COUNCIL OF WATER UTILITIES MEETING	100.00

OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2012 THROUGH JUNE 30, 2013

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

ATTACHMENT G

Account Name	Date	Descriptions	SECTION G Amount
Director's Fee	2/6/2013	REGULAR BOARD OF DIRECTORS MEETING	100.00
	2/13/2013	DISCUSSION OF CONCERNS AND OBJECTIVES	100.00
	2/21/2013	CSDA QUARTERLY MEETING	100.00
	3/6/2013	REGULAR BOARD OF DIRECTORS MEETING	100.00
	3/18/2013	SPECIAL BOARD OF DIRECTORS MEETING	100.00
	3/22/2013	TOUR OF POTENTIAL DESALINATION PROJECT IN ROSARITO BEACH	100.00
	3/29/2013	JOINT AGENCY BOARD OF DIRECTORS MEETING	100.00
	4/3/2013	REGULAR BOARD OF DIRECTORS MEETING	100.00
	5/1/2013	REGULAR BOARD OF DIRECTORS MEETING	100.00
	5/14/2013	SPECIAL BOARD MEETING FY 2014 BUDGET	100.00
	6/5/2013	REGULAR BOARD OF DIRECTORS MEETING	100.00
	6/13/2013	TOUR OF CHAPMAN PLANT AND REGULATORY SITE	100.00
	6/14/2013	CSDA QUARTERLY MEETING	100.00
Director's Fee Total			2,400.00
Business meetings	9/7/2012	SAN DIEGO EAST COUNTY CHAMBER OF COMMERCE	20.00
	11/1/2012	SAN DIEGO EAST COUNTY CHAMBER OF COMMERCE	20.00
	12/3/2012	SAN DIEGO EAST COUNTY CHAMBER OF COMMERCE	20.00
	12/12/2012	SDEC CHAMBER OF COMMERCE EVENT	10.00
	1/15/2013	COUNCIL OF WATER UTILITIES MEETING	25.00
	1/24/2013	SAN DIEGO EAST COUNTY CHAMBER OF COMMERCE	10.00
	2/28/2013	OTAY MESA CHAMBER OF COMMERCE	15.00
	3/20/2013	LUNCH MEETING WITH MARK WATTON, TO DISCUSS DISTRICT ISSUES & PROJECTS	25.75
	6/14/2013	CDSA MEETING - BOARD'S ROLE IN HUMAN RESOURCES	225.00
Business meetings Total			370.75
Conferences and Seminars	12/19/2012	ATTENDED ACWA'S CONFERENCE	25.86
	1/31/2013	REGISTRATION TO ACWA'S FALL CONFERENCE	460.00
Conferences and Seminars Total			485.86
Grand Total			$3,530.14

OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2012 THROUGH JUNE 30, 2013

DIRECTOR'S NAME: **THOMPSON, MITCHELL**

ATTACHMENT H

Account Name	Date	Descriptions	SECTION H Amount
Mileage - Business	7/31/2012	MEETING - JULY 26 & 27, 2012	108.78
	10/31/2012	MEETING - OCTOBER 8 & 25, 2012	13.32
	12/31/2012	MEETING - DECEMBER 6, 7, 10 & 17, 2012	39.96
	1/11/2013	PARKING - JANUARY 11, 2013	1.25
	1/31/2013	MEETING - JANUARY 11, 2013	5.65
	2/25/2013	MEETING - FEBRUARY 20 & 25, 2013	29.38
	3/31/2013	MEETING - MARCH 4, 12, 22, 23 & 29, 2013	82.49
	4/30/2013	MEETING - APRIL 4, 5, 19, 23, 24, 28 & 30, 2013	77.97
	5/31/2013	MEETING - MAY 3, 8, 9, 17, 18, & 31, 2013	75.71
	6/25/2013	MEETING - JUNE 12, 2013	19.78
Mileage - Business Total			454.29
Mileage - Commuting	7/31/2012	MEETING - JULY 17 & 19, 2012	28.86
	8/31/2012	MEETING - AUG. 1, 2, & 13, 2012	34.41
	9/30/2012	MEETING - SEPTEMBER 11 & 17, 2012	28.86
	10/31/2012	MEETING - OCTOBER 9 & 23, 2012	28.86
	11/30/2012	MEETING - OCTOBER 8 & 25, 2012	14.43
	12/4/2012	MEETING - DECEMBER 4, 2012	14.43
	1/31/2013	MEETING - JANUARY 8 & 22, 2013	29.38
	2/25/2013	MEETING - FEBRUARY 13,15, 19, 20, & 25, 2013	98.31
	3/31/2013	MEETING - MARCH 6, 18 & 20, 2013	44.07
	4/30/2013	MEETING - APRIL 3, & 17, 2013	29.38
	5/31/2013	MEETING - MAY 1, 14, & 15, 2013	44.07
	6/25/2013	MEETING - JUNE 5, 13, 24 & 25	58.76
Mileage - Commuting Total			453.82
Director's Fee	7/17/2012	ENGINEERING & OPERATIONS COMMITTEE MEETING	100.00
	7/19/2012	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	7/26/2012	TRAINING FOR NEW BOARD MEMBERS -CSDA LEADERSHIP ACADEMY	100.00
	7/27/2012	TRAINING FOR NEW BOARD MEMBERS -CSDA LEADERSHIP ACADEMY	100.00
	8/1/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00

OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2012 THROUGH JUNE 30, 2013

DIRECTOR'S NAME: **THOMPSON, MITCHELL**

ATTACHMENT H

Account Name	Date	Descriptions	SECTION H Amount
Director's Fee	8/2/2012	STAFF BRIEFING - DESALINATION PROJECT	100.00
	8/13/2012	REDEVELOPMENT OVERSIGHT BUILDING MEETING	100.00
	9/11/2012	REGULAR SPECIAL BOARD OF DIRECTORS MEETING	100.00
	9/17/2012	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	10/8/2012	CHULA VISTA REDEVELOPMENT MEETING	100.00
	10/9/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00
	10/23/2012	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	10/25/2012	SOUTH COUNTY EDC ELECTED OFFICIALS RECEPTION	100.00
	11/30/2012	SPECIAL BOARD OF DIRECTORS MEETING	100.00
	12/4/2012	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	12/6/2012	ACWA CONFERENCE - BI-ANNUAL CONFERENCE	100.00
	12/7/2012	ACWA CONFERENCE - BI-ANNUAL CONFERENCE	100.00
	12/10/2012	CHULA VISTA REDEVELOPMENT MEETING	100.00
	12/17/2012	CHULA VISTA REDEVELOPMENT MEETING	100.00
	1/8/2013	REGULAR BOARD OF DIRECTORS MEETING	100.00
	1/11/2013	COMMUNITY MEETING WITH REPRESENTATIVE OF OWD	100.00
	1/22/2013	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	2/19/2013	COUNCIL OF SAN DIEGO COUNTY WATER AGENCIES	100.00
	2/20/2013	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	2/25/2013	DESALINATION PROJECT COMMITTEE MEETING	100.00
	3/4/2013	MEETING WITH URBAN CORP. FOR CONSERVATION PROGRAMS	100.00
	3/6/2013	REGULAR BOARD OF DIRECTORS MEETING	100.00
	3/12/2013	CHULA VISTA COUNCIL MEMBERS DESAL PROJECT BRIEFING	100.00
	3/18/2013	SPECIAL BOARD OF DIRECTORS MEETING - RATE STUDY WORKSHOP	100.00
	3/20/2013	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	3/22/2013	TOUR - BAY DELTA	100.00
	3/23/2013	TOUR - BAY DELTA	100.00
	3/29/2013	JOINT AGENCY BOARD OF DIRECTORS MEETING	100.00

OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2012 THROUGH JUNE 30, 2013

DIRECTOR'S NAME: **THOMPSON, MITCHELL**

ATTACHMENT H

Account Name	Date	Descriptions	SECTION H Amount
Director's Fee	4/3/2013	REGULAR BOARD OF DIRECTORS MEETING	100.00
	4/17/2013	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	4/19/2013	REGIONAL GM's & BOARD PRESIDENTS MEETING	100.00
	4/23/2013	ENVIRONMENTAL HEALTH COALITION ANNUAL AWARD DINNER	100.00
	4/24/2013	MEETING WITH MAYOR CHERYL COX - ROSARITO DESALINATION	100.00
	4/30/2013	MEETING WITH COUNCILWOMAN PAT AGUILAR - ROSARITO DESALINATION	100.00
	5/1/2013	REGULAR BOARD OF DIRECTORS MEETING	100.00
	5/3/2013	MENDEZ GROUP ALBONDIGAS MEETING: GUEST SPEAKER GM WATTON ON ROSARITO DESAL PROJECT	100.00
	5/8/2013	DESALINATION FOCUS GROUP MEETING	100.00
	5/9/2013	CHULA VISTA COUNCILWOMAN PAM BENSOUSSAN DESALINATION PROJECT BRIEFING	100.00
	5/14/2013	SPECIAL BOARD MEETING FY 2014 BUDGET	100.00
	5/15/2013	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	5/17/2013	MEXICO'S NORTHERN BORDER COMMISSION	100.00
	5/18/2013	CONSERVATION GARDEN AWARDS MEETING	100.00
	6/5/2013	REGULAR BOARD OF DIRECTORS MEETING	100.00
	6/12/2013	WATER CONSERVATION GARDEN BOARD OF DIRECTORS MEETING	100.00
	6/13/2013	CHAPMAN TREATMENT PLANT TOUR	100.00
	6/24/2013	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	6/25/2013	DESALINATION PROJECT COMMITTEE MEETING	100.00
Director's Fee Total			5,200.00
Business meetings	2/13/2013	COUNCIL OF WATER UTILITIES MEETING	25.00
	2/15/2013	CSDA QUARTERLY MEETING	39.00
	3/20/2013	LUNCH MEETING - MENDEZ STRATEGY GROUP MONTHLY MEETING	16.00
	6/18/2013	COUNCIL OF WATER UTILITIES MEETING	25.00
Business meetings Total			105.00
Conferences and Seminars	1/31/2013	REGISTRATION TO ACWA'S FALL CONFERENCE	555.00
Grand Total			$6,768.11

OTAY WATER DISTRICT ESTABLISHED 1956

EXHIBIT B

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

Pay To: Gary Croucher

Period Covered:

Employee Number: 7011

From: May 1, 2013 **To:** May 30, 2013

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
1	5/1	Board	Reg Monthly Board Meeting		
2	5/14	Workshop	Budget Workshop		
3	5/16	Committee	Engineering / Operations Committee		
~~4~~	5/17	Community	Kiwanis Community Dinner – NO Per Deim		
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Per diem

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

Total Mileage Claimed: Ø **miles**

(Director's Signature)

GM Receipt:

Date: 6/7/2013

'13 JUN 10 AM 9:59

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: $

AB000-1B3000.2101.528101 400.00

EXHIBIT B

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

Pay To: Gary Croucher

Period Covered:

Employee Number: 7011

From: 6/1/13 **To:** 8/7/13

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
✓1	6/5/13	OWD	OWD Board Meeting	Ø	200 ✓
✓2	6/19/13	OWD	EO&WR Committee	Ø	
✓3	7/24/13	OWD	EO&WR Committee	Ø	
✓4	8/7/13	OWD	Board Meeting	Ø	
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16					
17					
18					

Total Meeting Per Diem: $400.00
($100 per meeting)

Total Mileage Claimed: 0 **miles**

(Director's Signature)

GM Receipt:

Date: 8/8/13

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: $

'13 AUG 8 PM 4:55

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: 4/1/13 To: 4/30/13

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
1	4/3	OWD	OWD Board Meeting		
2	4/5	Chula Vista Mayor's 1st Friday Meeting	Chula Vista Mayor's 1st Friday Meeting		
3	4/11	Santa Ana River Watershed Seminar	The Power of Partnerships Seminar		208

Per diems

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

Total Mileage Claimed: 208 **miles**

(Director's Signature)

GM Receipt:

Date: 6/24/13

28 AM 9:21

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: $

INSTRUCTIONS ON REVERSE

6-28-13

AB000 · 131000 · 2101 · 528101 500.00

EXHIBIT B

OTAY WATER DISTRICT

BOARD OF DIRECTORS

PER-DIEM AND MILEAGE CLAIM FORM

Pay To: David Gonzalez

Period Covered:

Employee Number: 1796

From: 5/1/13 To: 5/31/13

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
✓	5/2	METRO MEETING			
✓	5/14	BUDGET WORKSHOP			
✓	5/16	EO & WR			
	5/16	CSDA DINNER			
✓ ok per gc	5/30	MABPA			
✓	5/01	OWD BOARD			

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

Total Mileage Claimed: ____________ **miles**

(Director's Signature)

Date: 8/7/13

GM Approval: ____________

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: $____________

'13 AUG 8 PM 4:55

INSTRUCTIONS ON REVERSE

WD 8.9.13

'13 AUG 8 PM 4:55

AB000-1B1000-2101-528101 400.00

EXHIBIT B

OTAY WATER DISTRICT

BOARD OF DIRECTORS

PER-DIEM AND MILEAGE CLAIM FORM

Pay To: David Gonzalez

Period Covered:

Employee Number: 1796

From: 6/1/13 To: 6/30/13

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
✓	6/5	OWD BOARD			
	(				
✓	6/13	CHAPMAN PLANT TOUR			
✓	6/19	BRIEFING METRO MEETING			
	6/19	EO & WR			
✓	6/20	METRO SPECIAL MEETING			

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

Total Mileage Claimed: Ø miles

(Director's Signature)

Receipt
GM Approval:

Date: 8/8/13

WP
8-9-13

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: $__________

'13 AUG 8 PM 4:55

INSTRUCTIONS ON REVERSE

EXHIBIT B

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

Pay To: Jose Lopez

Period Covered:

Employee Number: 7010

From: 04/01/13 **To:** 04/30/2013

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
✓ 1.	04/03	OWD	REGULAR BOARD MEETING	20	
✓ 2.	04/05	CWA	Asst Gen Mgr DENNIS CUSHMAN (Albondigas)		13
✓ 3.	04/13	JPA/WCG	Water Consv. Garden -Strategic Plan Workshop	22	
✓ 4.	04/17	OWD	Finance/Admin/Communications Committee	20	
✓ 5.	04/24	CV/OWD	MAYOR CHERYL COX (Rosarito Desal)		16
6.	04/26	OWD	Agenda Briefing - Gen Mgr & Counsel (No Charge)		2
✓ 7.	04/26/	OWD	Asemblywoman SHIRLEY WEBER (Rosarito Desal)		22
8.	04/27	WCG	Spring Garden Festival (No Charge)		
✓ 9.	04/28	JPA/WCG	MAYOR BOB FILNER (Water Consv Garden Tour)	22	
✓ 10.	04/30	CV/OWD	CV Councilwoman PAT AGUILAR (Rosarito Desal)		16
11.					
12.					
13.					
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Total Meeting Per Diem: $800
($100 per meeting)

Total Mileage Claimed: 153 **miles**

Jose A. Lopez
(Director's Signature)

GM Reciept: [signature]

Date: 5/13/2013

'13 MAY 15 AM 9:06 **FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: $**____________

AB000.1B4000.2101.528101 900.00

AB000.1B4000.2101.521102 EXHIBIT B 22.60

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

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

Employee Number: 7010 **From:** 05/01/13 **To:** 05/31/13

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
1.	05/01	OWD	REGULAR BOARD MEETING	20	
2.	05/02	JPA	Metro Commission - PL Treatment Plant (No Charge)		
3.	05/03	OWD	Albondigas Meeting - Speaker Mark Watton		8
4.	05/08	OWD	Desal Focus Group meetings		24
5.	05/09	OWD	CV Councilwoman Pam Bensoussan - Desal		8
6.	05/10	OWD	Committee Agemda briefing		8
7.	05/14	OWD	SPECIAL BOARD MEETING FY14 Budget	20	
8.	05/16	CSDA	Qrtrly Meeting -Annual Educational Grant Program		37
9.	05/17	OWD	Mexico's Northern Border Commission -Tijuana		6
10.	05/29	JPA	Metro Commission Finance Committee (No Charge)		
11.	05/31	OWD	Board Agenda Briefing		8
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Per Diem

Mileage

Total Meeting Per Diem: $900
($100 per meeting)

Total Mileage Claimed: 139 **miles**

(Director's Signature)

GM Reciept:

Date: 6/20/13

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: $________

'13 JUN 28 AM 9:21

AB000 · 1B4000 · 2101 · 528101 500.00
AB000 · 1B4000 · 2101 · 521102 58.76

EXHIBIT B

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

Pay To: Jose Lopez

Period Covered:

Employee Number: 7010

From: 06/01/13 **To:** 06/30/13

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
✓ 1.	06/05	OWD	REGULAR BOARD MEETING	20	
✓ 2.	06/12	OWD	Water Conservation Garden	24	
✓ 3.	06/13	OWD	Chapman Treatment Plant Tour	20	
4.	06/13	OWD	Committee Agenda Briefing (No Charge)		
✓ 5.	06/24	OWD	Finance & Admin & Communications Committee mtg	20	
✓ 6.	06/25	OWD	Desal Meeting	20	
7.	06/25	OWD	Board Agenda Meeting (No Charge)		
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58.76*

Per diems

Mileage

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

Total Mileage Claimed: 104 **miles**

(Director's Signature)

Date: 8/8/13

GM Reciept:

'13 AUG 8 PM 4:55

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: $

✓ D 8-9-13

AB000 · 1B5000 · 2101 · 528101 700.00
AB · 1B5000 · 2101 · 521102 16.39

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

Pay To: Mark Robak

Period Covered:

Employee Number: 7014

From: 3-15-13 **To:** 6-15-13

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	3-15	SCEDC Bus Tour	Bus Tour of current and future projects in South Bay – NO CHARGE	0	0
2	3-18	Special Monthly Otay Board Meeting	Rate Study Workshop	4	6
3	3-22	Rosarito Pilot Plant Tour	Tour of potential desalination project in Rosarito Beach	4	6
4	3-29	Joint Water Agencies Meeting	Presentation and discussion of shared interests	0	25
5	4-3	Monthly Otay Board Meeting	General District Business	4	6
6	4-20	Lakeside Western Days Parade	Parade Route Announcer – NO CHARGE	0	0
7	4-23	East County Chamber Of Commerce	Government Affairs Committee – NO CHARGE	0	0
8	5-1	Monthly Otay Board Meeting	General District Business	4	6
9	5-14	Special Monthly Otay Board Meeting	Budget Workshop	4	6
10	6-5	Monthly Otay Board Meeting	General District Business	4	6
11	6-6	Carlsbad Desalination Plant	Groundbreaking Ceremony – NO CHARGE	0	0
12	6-13	Tour of Chapman Plant & Regulatory Site	Inspection of recent facility upgrades	5	0
13	6-14	CSDA Board Member Training - VID	Human Resources Module	0	101
				29	162

8 37 6 8 12 9 107

Total Meeting Per Diem: $900
($100 per meeting)

MAR $300
APR $100
MAY $200
JUN $300
TOTAL $900

Total Mileage Claimed: 191 miles

Receipt

GM Approval:

Mark Robak
(Director's Signature)

Date: 6/24/13

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'13

Mileage
Per Diem

WD 7-1-13

FISCAL YEAR 2013

Order Summary

Here are the details of your order.

Order Date	5/10/2013
Order Total	225.00
Payment Type	VISA ************4491
Name on Card	Susan Cruz

Event

Order number	40530
Event	Board's Role in Human Resources
Event Date	Friday, June 14, 2013
Registrant	Mark Robak

Function	Quantity	Price
Registration - Board's Role in Human Resources	1	225.00

Total 225.00

a~~b000~~-1B~~5000~~-21~~0~~1-5214~~0~~1-11-1111

DIRECTOR ROBAK WILL ATTEND CSDA BOARD'S ROLE IN HUMAN RESOURCES ON 6/14/2013.

Thank you for using the CSDA web site.

AB000 · 1B2000 · 2101 · 528101 600.00
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: 4/1/2013 To: 4/30/2013

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
1	4/4/13	Mayor Cox	Desal Update-mtg cancelled last minute		10 on per Pres Lopez
✓2	4/3/13	OWD Board Mtg*	Agenda	26	
3	4/5/13	Mayor's 1st Friday breakfast	Community forum		8
✓4	4/17/13	FA &C Comm Mtg*	Agenda	26	
~~5~~	4/19/13	Regional Chamber*	Legislative Luncheon		25
6	4/23/13	Env Hlth Coal Ann Awards*	Community event		40
~~7~~	4/24/13	Mtg – Mayor Cox, CV*	Desal Update		10
8	4/28/13	Wtr Cons Garden	Spring Community event		35
✓9	4/30/13	CV Council woman P. Aguilar*	Desal orientation		10

on per Pres Lopez
on per Pres Lopez

Total $600 *
($100 per meeting)

Total Mileage Claimed: 190 **miles**

Per diem
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(Director's Signature)

GM Receipt: ______ **Date:** 5/1/13

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: $______

'13 MAY 6 PM 2:40

INSTRUCTIONS ON REVERSE

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

Pay To: Mitchell Thompson

Period Covered:

Employee Number: 1807

From: 5/1/2013 To: 5/31/2013

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
1					
2	5/1/13	OWD Board Mtg*	Agenda	26	
3	5/3/13	Albondigas Lunch*	Rosarito Desal Plant Status		10
4	5/8/13	Flagship Research *	Focus Grp – Desal Plant		27
5	5/14/13	Budget Workshop*	Agenda	26	
6	5/15/13	FA&C Committee*	Agenda	26	
7	5/17/13	Northern Border Commision*	Desalination Project		39
8	5/18/13	ConservGarden Awards Ceremony*	Present Award		35
9	5/9/13	CV Councilwoman Pam Bensoussan*	Discuss Desal Project		10
10	5/31/13	Aquatica Grand Opening	Represent OWD		13

Total $800 *
($100 per meeting)

Total Mileage Claimed: 212 miles

(Director's Signature)

GM Receipt:

Date: 6/10/13

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: $

INSTRUCTIONS ON REVERSE

AB000 · 1B 2000 · 2101 · 528101 500.00
AB000 · 1B 2000 · 2101 · 521102 58.76

OTAY WATER DISTRICT

BOARD OF DIRECTORS

PER-DIEM AND MILEAGE CLAIM FORM

Pay To: Mitchell Thompson

Period Covered:

Employee Number: 1807

From: ~~5/1/2013~~ 6/1/2013 To: ~~5/31/2013~~ 6/30/2013

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
1					
2	6/5/13	OWD Board Mtg*	Agenda	26	
3	6/12/13	Water conservation Garden JPA Mtg*	Agenda		35
4	6/13/13	Tour Chapman plant*	Tour	26	
5					
6	6/24/13	FA&C Committee*	Agenda	26	
7	6/25/13	DeSal Committee mtg*	Agenda	26	
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9			D		
10					

Total $500 *
($100 per meeting)

Total Mileage Claimed: 139 mil

Per diem

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(Director's Signature)

GM Receipt:

Date: 8/8/2013

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: $

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INSTRUCTIONS ON REVERSE

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AGENDA ITEM 5

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	September 4, 2013		
SUBMITTED BY:	Kevin Schmidt Senior Civil Engineer Bob Kennedy Engineering Manager	PROJECT:	S1502-001000	DIV. NO.	All
APPROVED BY:	☒ Rod Posada, Chief, Engineering ☒ German Alvarez, Assistant General Manager ☒ Mark Watton, General Manager				
SUBJECT:	Resolution to Support the Metro Wastewater Joint Powers Authority's Goal to Develop a Long-Range Regional Water Reuse Plan that Includes Indirect Potable Reuse and Results in a Smaller Secondary Equivalent Point Loma Wastewater Treatment Plant				

GENERAL MANAGER'S RECOMMENDATION:

Approve Resolution No. 4216 (Attachment B) that supports the development of a Long-Range Regional Water Reuse Plan with the goal of realizing a smaller secondary equivalent Point Loma Wastewater Treatment Plant. The Long-Range Regional Water Reuse Plan should include consideration of new local sustainable water supplies that avoid or downsize future imported water projects including indirect potable reuse (IPR).

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

The purpose of Resolution No. 4216 is to contribute to the development of a regional consensus for production of a long-range planning document that will provide a sustainable potable water supply with a fiscally prudent and environmentally sound plan.

ANALYSIS:

The Metropolitan Wastewater Joint Powers Authority (JPA) is a coalition of municipalities and special districts in the southern and central portions of San Diego County that share in the use of the City of San Diego's (City) regional wastewater collection and treatment facilities. This coalition represents 35% of the flow and $65 million of the annual budget in relation to the Metro wastewater system. The JPA member agencies include the cities of Chula Vista, Coronado, Del Mar, El Cajon, Imperial Beach, La Mesa, National City, and Poway; the Lemon Grove Sanitation District; the Padre Dam Municipal and Otay Water Districts; and the County of San Diego on behalf of the County Sanitation Districts. Otay Water District contributes approximately 0.5% of the wastewater flow to the Metro wastewater system.

Members of the JPA believe that permanent acceptance of a smaller Point Loma Wastewater Treatment Plant as an Advanced Primary Treatment plant can be achieved through development and implementation of a comprehensive, systematic Regional Water Reuse Plan (Plan). This Plan must increase public awareness, further catalyze customer action through individual water conservation and water reuse; consider opportunities for storm water capture, and the use of gray water and rainwater; expand recycled water opportunities; and implement a variety of agency-specific and collaborative large-scale potable water reuse projects. These include IPR, resulting in significant off-loading of the treatment demand on the Point Loma Wastewater Treatment Plant (PLWTP). A copy of this strategy entitled, "The Water Reuse as a Strategy to Secure Secondary Equivalency at Point Loma Wastewater Treatment Plant" is attached (Attachment C). This strategy was written by an Ad-Hoc Committee of the JPA, that includes Mark Watton, the Otay Water District's General Manager.

The City's Point Loma Wastewater Treatment Plant (PLWTP) is currently permitted to treat 240-million gallons of wastewater per day (MGD). The current permit allows treatment to an Advanced Primary Level and is set to expire on July 31, 2015. The City will begin extensive work to secure a new permit in January, 2014.

The City has completed estimates of the cost of upgrading the PLWTP from Advance Primary to Full Secondary Treatment Level. The high cost of the upgrade, combined with the projected high costs for creating a reliable potable water supply, has led the City to the conclusion that it is possible to divert flow from PLWTP and to treat a portion of this diverted flow to a level suitable for IPR.

If this goal can be achieved, the lower flow to the PLWTP could preclude the need for upgrading to a Full Secondary Level, and use the diverted flow to offset the region's future potable water import needs. A more detailed description of this alternative is given in the above mentioned Attachment C. The City has successfully completed a 1 MGD Advanced Water Purification Demonstration Project that treats wastewater and yields product water of similar quality to distilled water.

FISCAL IMPACT: ☒ Joe Beachem, Chief Financial Officer

None.

STRATEGIC GOAL:

This Resolution supports the District's Mission statement, "To provide high value water and wastewater services to the customers of the Otay Water District in a professional, effective, and efficient manner" and the General Manager's Vision, "A District that is innovative in providing water services at affordable rates, with a reputation for outstanding customer service."

LEGAL IMPACT:

The District's Legal Counsel has reviewed and approved Resolution 4216 as to form and legality.

KS/BK:mlc

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Attachments: Attachment A – Committee Action
Attachment B – Resolution
Attachment C – Strategy to Secure Secondary Equivalency
Attachment D – Metro JPA Power Point Presentation

ATTACHMENT A

SUBJECT/PROJECT: S1502-001000	Resolution to Support the Metro Wastewater Joint Powers Authority’s Goal to Develop a Long-Range Regional Water Reuse Plan that Includes Indirect Potable Reuse and Results in a Smaller Secondary Equivalent Point Loma Wastewater Treatment Plant

COMMITTEE ACTION:

The Finance, Administration, and Communications Committee (Committee) reviewed this item at a meeting held on August 21, 2013. The Committee 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.

Attachment B

RESOLUTION NO. 4216

A JOINT RESOLUTION OF THE OTAY WATER DISTRICT AS A MEMBER OF AND WITH THE METRO WASTEWATER JPA/METRO COMMISSION, SUPPORTING DEVELOPMENT OF A LONG-RANGE REGIONAL WATER REUSE PLAN AND SECONDARY EQUIVALENCY FOR POINT LOMA WASTEWATER TREATMENT PLANT

WHEREAS, the Point Loma Wastewater Treatment Plant (PLWTP) is a regional facility in the Metro Wastewater System, operated by the City of San Diego, permitted to treat 240 million gallons of wastewater per day to an Advanced Primary Level, serving a 12 member Joint Powers Authority that comprises approximately 35% of the total flow in the Metro Wastewater System/ PLWTP; and

WHEREAS, the Clean Water Act of 1972 requires that wastewater be treated to achieve certain protections before ocean discharge and the permitting of wastewater treatment plants, and wastewater treatment plant permits must be renewed every five years; and

WHEREAS, the Ocean Pollution Reduction Act (OPRA) of 1994 allowed the City of San Diego to apply for modified permits allowing PLWTP to continue operating at an Advanced Primary Treatment Level while meeting or exceeding all general and specifically negotiated regulatory obligations including ocean protection requirements; and

WHEREAS, the current modified permit for the PLWTP expires on July 31, 2015, and City of San Diego staff must finalize a strategy and begin the extensive work required to secure the next permit in or around January 2014; and

WHEREAS, in order to secure “non-opposition” for modified permits from environmental stakeholders, the City of San Diego agreed to and successfully prepared verifiable estimates of the cost to convert the current 240 million gallon per day (MGD) PLWTP to Secondary Treatment Levels, conducted a comprehensive external scientific review of ocean monitoring implementing all recommendations for an enhanced ocean monitoring program, and built 45 MGD of water reclamation capacity in the form of the North City Water Reclamation Plant and the South Bay Water Reclamation Plant; and

WHEREAS, the City of San Diego has 20 years of ocean monitoring data demonstrating that the Advanced Primary PLWTP consistently protects the ocean environment; and

WHEREAS, the City of San Diego has successfully completed a 1 MGD Advanced Water Purification Demonstration Project producing water that is far superior in quality to raw water currently delivered to local reservoirs, and produces potable water of a quality similar to distilled water; and

WHEREAS, the City of San Diego's survey indicates that percentages of those favoring Advanced Treated recycled water as an addition to the drinking water supply have increased from 36% in 2004 to 73% in 2012; and

WHEREAS, the City of San Diego has also achieved significant legislative progress associated with the Advanced Water Purification Demonstration Project to advance both indirect and direct potable water reuse projects; and

WHEREAS, the San Diego region forecasts the need for billions of dollars in ratepayer revenue to fund imported water supply projects to address transportation constraints and supply challenges, including a locally owned Colorado River pipeline and plans for at least three ocean desalination plants, all of which will require significant capital, operating and energy expenditures; and

WHEREAS, it is possible to develop a long-range regional water reuse plan (Long-Range Regional Water Reuse Plan) to divert at least 100 MGD of flow from PLWTP largely to water reuse projects resulting in new, local water supplies, including potable water, and a smaller secondary equivalent PLWTP with reduced Total Suspended Solids mass emission rates equivalent to those of a 240 MGD secondary treatment PLWTP; and

WHEREAS, this proposed Long-Range Regional Water Reuse Plan will avoid billions of dollars in unnecessary capital, financing, energy and operating costs to upgrade a facility that already meets or exceeds all general and specifically negotiated regulatory requirements for ocean protection; and

WHEREAS, successful implementation of this proposed Long-Range Regional Water Reuse Plan also creates the potential to avoid or downsize currently planned water transportation and supply projects; and

WHEREAS, this proposed Long-Range Regional Water Reuse Plan to maximize local water reuse to create a new, local, sustainable water supply while offloading PLWTP to secure acceptance of a smaller secondary equivalent treatment plant is a fiscally prudent, environmentally sound critical regional priority.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Otay Water District as follows:

Section 1: That the Board of Directors of the Otay Water District supports developing a Long-Range Regional Water Reuse Plan that includes the most cost effective water reuse options, including potable reuse, within the Metro Wastewater System's service boundary.

Section 2: That the Board of Directors of the Otay Water District supports developing a Long-Range Regional Water Reuse Plan with the goal of realizing a smaller secondary equivalent PLWTP to avoid spending billions of dollars in ratepayer monies for an unnecessary upgrade to Secondary Treatment, instead potentially funding the creation of new water supplies, including potable water reuse.

Section 3: That the Board of Directors of the Otay Water District supports developing a Long-Range Regional Water Reuse Plan to maximize opportunities to create new, local sustainable water supplies thereby creating opportunities to avoid or downsize billions of dollars in future water supply projects.

Section 4: That, in addition, the Board of Directors of the Otay Water District supports pursuing judicial and/or legislative remedies for long-term acceptance of a smaller secondary equivalent PLWTP that continues to protect the ocean environment while avoiding billions of dollars in capital, financing, energy and operating costs for an unnecessary conversion of the PLWTP to Secondary Treatment.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Otay Water District on the 4th day of September, 2013:

AYES:

NOES:

ABSENT:

ABSTAIN:

____
President

ATTEST:

____
District Secretary

METRO WASTEWATER JPA

WATER REUSE AS A STRATEGY TO SECURE SECONDARY EQUIVALENCY AT POINT LOMA WASTEWATER TREATMENT PLANT

EXECUTIVE SUMMARY

The Point Loma Wastewater Treatment Plant (PLWTP) is operated by the City of San Diego and currently serves the City of San Diego and 12 member agencies throughout the County.

PLWTP is permitted to treat up to 240 million gallons of wastewater a day and has operated at levels greater than 180 mgd while meeting or exceeding all general and specifically negotiated regulatory requirements necessary to maintain a permit waiver thereby allowing it to remain as a smaller advanced primary treatment plant.

Members of the Metropolitan Wastewater Joint Powers Authority (JPA) believe that permanent acceptance of a smaller PLWTP as an advanced primary treatment plant can be achieved through development and implementation of a comprehensive, systematic Regional Water Reuse Plan. This Plan must increase public awareness, further catalyze customer action through individual water conservation and water reuse; consider opportunities for storm water capture, and the use of gray water and rainwater; expand recycled water opportunities; and implement a variety of agency-specific and collaborative large-scale potable water reuse projects including Indirect Potable Reuse (IPR) resulting in a significant off-loading of the treatment demand on PLWTP.

A successful effort would secure state and federal legislation accepting secondary equivalency at a smaller PLWTP making future permit waiver processes unnecessary and avoiding, on behalf of our ratepayers, not only the estimated $3.5 billion dollar capital/financing expense of upgrading PLWTP to secondary treatment (not to mention millions of dollars in annual operating costs), but perhaps also alleviating potable water demands to such a degree as to allow a smaller Sacramento delta option and fewer desalination projects (avoiding additional billions of dollars in capital, operating, and energy costs, as well as carbon generation).

THE CASE FOR SECONDARY EQUIVALENCY AT POINT LOMA

City of San Diego Water and Wastewater Utilities

The current practice of the City of San Diego ("the City") is to procure raw water, treat it to drinking water standards and distribute it throughout the City. The City also collects and treats wastewater for its residents and businesses and for a number of other agencies and discharges treated wastewater to the ocean. These participating agencies make up about 35% of the flow in the system and are represented by the Metro Wastewater Joint Powers Authority ("JPA") which is comprised of the County of San Diego and the surrounding cities of Chula Vista, Lemon Grove, El Cajon, Coronado, Del Mar, Imperial Beach, La Mesa, National City, and Poway, and the Otay and Padre Dam Water Districts. The City wastewater system also produces reclaimed water for use in irrigation and industrial purposes, and distributes through its own separate piping system (purple pipe).

The City's wastewater system consists of the following Municipal and Metropolitan wastewater infrastructure: a Municipal wastewater system of pipelines and pump stations which collects and sends wastewater to the Metropolitan (Metro) wastewater system for treatment and discharge to the ocean. The Metro system consists of

- several large pipelines and pump stations,
- three treatment plants,
- a biosolids (sludge) processing plant (the Metro Biosolids Center) and
- two ocean outfalls.

The Point Loma Wastewater Treatment Plant (PLWTP) is permitted as a 240 million gallons per day (mgd) advanced primary (chemically enhanced) plant which discharges treated wastewater through the Point Loma Ocean Outfall (PLOO) 4.5 miles out in the ocean in 320 feet of water.

The North City Water Reclamation Plant (NCWRP) is a 30 mgd tertiary treatment plant which produces reclaimed water. Since the NCWRP does not have its own outfall, wastewater not needed for reclaimed water customers is treated to a secondary level and pumped to the PLWTP.

The South Bay Water Reclamation Plant (SBWRP) is a 15 mgd tertiary treatment plant which produces reclaimed water. Wastewater not needed for reclaimed water customers is treated to a secondary level and discharged through the South Bay Ocean Outfall (SBOO).

Wastewater Treatment

Wastewater treatment is basically the process of removing solids from the wastewater. All treatment plant processes typically begin with screens to remove debris such as pieces of wood, followed by removal of grit (mainly sand).

A <u>Primary</u> treatment plant then removes solids which are heavy enough to settle out of the wastewater by gravity.

<u>Advanced Primary</u> treatment plants such as the PLWTP then use chemicals to cause lighter solids to clump together and settle out by gravity.

A <u>Secondary</u> treatment plant has a primary level of solids removal followed by a biological treatment which removes lighter biological matter in the wastewater.

A <u>Tertiary</u> treatment plant like the NCWRP and the SBWRP has both Primary and Secondary treatment followed by filtration such as through anthracite coals beds. The required levels of treatment are typically measured by Total Suspended Solids (TSS) and Biological Oxygen Demand (BOD). The BOD is a measure of how much dissolved oxygen the treated wastewater might remove from the receiving water, such as the ocean.

Wastewater Treatment Regulation

The federal Clean Water Act passed in 1972 required that all wastewater treatment plants be permitted every five years. The permitting process in California involves the Environmental Protection Agency (EPA), the local Regional Water Quality Control Board

(RWQCB), the State Water Resources Control Board and the California Coastal Commission (CCC).

The Clean Water Act also required wastewater treatment plants to treat wastewater at least at a secondary level. The actual required treatment is based on what is needed to protect the receiving waters, such as lakes, rivers and the ocean. A number of dischargers are required to go to higher levels of treatment than secondary.

Several years after the Clean Water Act was enacted, it was amended to allow dischargers to receive a modified permit (waiver of secondary) if dischargers could demonstrate they could safely discharge wastewater to the receiving water at a treatment level lower than secondary such as Advanced Primary. In practice, permits were based on what was actually needed to protect the receiving waters--secondary in many cases, above secondary in other cases and below secondary in some cases.

Initially, the City of San Diego applied for a modified permit for the PLWTP but later withdrew the application and began planning to convert the PLWTP to secondary. Subsequently the window of time in the Clean Water Act for applying for a modified permit closed, and the EPA and several environmental groups sued the City for not being at secondary at the PLWTP. In 1994, the federal Ocean Pollution Reduction Act (OPRA) was passed. OPRA was sponsored by then-Congressman Filner and provided an opportunity for the City to apply for a modified permit for the PLWTP. In return, the City agreed to construct 45 mgd of reclaimed water capacity. This resulted in the construction of the NCWRP, the SBWRP and the SBOO. The City applied for and was granted a modified permit for the PLWTP in 1994.

Point Loma Wastewater Treatment Plant Permits

The City must apply for a new permit or modified permit every five years for the PLWTP. In order to gain support from the local environmental community for the modified permit sought every five years, the City has agreed to do a number of studies. Each study was reviewed by environmental groups and their experts.

The City conducted a refined estimate of costs to convert the PLWTP to secondary. The PLWTP is hemmed in by the Navy, the Cabrillo National Monument, the ocean and a cliff. This leads to higher costs for the addition of secondary treatment. The initial study indicated a capital cost of $1 billion which has recently been escalated to $1.4 billion in today's dollars, not including financing costs. With financing, current estimates top $3.5 billion. In addition, secondary treatment requires a great deal of electricity. Annual operating and energy costs are estimated to increase by about $44 million annually.

The City also conducted a comprehensive review of its Ocean Monitoring Program. In order to apply for a permit, dischargers must demonstrate the effect of their discharge on the receiving water. The City continuously collects data from the ocean near the discharge point of the outfall, measuring impacts on sediments, water quality, and aquatic and plant life. The City hired experts from well-known scientific organizations such as Scripps and Woods Hole to review the Ocean Monitoring Program and provide recommendations to make it more comprehensive. All the recommendations were implemented.

The City also agreed to conduct studies and projects to optimize wastewater reuse, although it was already producing reclaimed water at the NCWRP and the SBWRP. The Recycled Water Study looked at the feasibility of expanding recycled water use and producing potable water from wastewater. The Recycled Water Study concluded that since most of the recycled water uses in the area were seasonal irrigation requiring separate pipelines from the existing water system, increasing wastewater reuse would be more productive through pursuing potable reuse.

Potable Reuse can be either Indirect or Direct Potable Reuse.

- Indirect Potable Reuse (IPR) includes advanced treatment of wastewater followed by discharge to, for example, a drinking water reservoir and then to a water treatment plant.
- Direct Potable Reuse (DPR) sends advanced treated wastewater directly to a water treatment plant.

The Recycled Water Study outlined a concept whereby almost 100 mgd of wastewater otherwise planned to be treated at the PLWTP could be diverted upstream of the PLWTP to either Advanced Water Treatment Facilities (IPR) or to South Bay wastewater treatment plants. This would allow the permitted capacity of the PLWTP to be reduced from 240 mgd to 143 mgd.

The City then looked at the feasibility of treating wastewater to a potable level. A one mgd demonstration project was conducted at the NCWRP and a study was made of San Vicente Reservoir. The study and demonstration project showed that wastewater could be treated at the NCWRP to a level sufficient for safe discharge to San Vicente Reservoir for subsequent treatment at a water treatment plant. The process would be Indirect Potable Reuse (IPR). Water produced at the demonstration site was almost the same quality as distilled water.

The current modified permit for the PLWTP expires on July 31, 2015. The application for a new permit must be submitted no later than January 2015. It takes approximately one year to collect and assemble the data required for the permit application. That process is expected to start in January 2014.

THE CASE FOR POTABLE REUSE AS A STRATEGY

Potable Reuse/Secondary Equivalency Program Concept

The San Diego region is semi-arid and needs the most cost effective and diverse system of water supply it can achieve. Potable water reuse of wastewater, either Indirect or Direct, appears to be a competitive choice in producing a new water supply. The region also needs a wastewater treatment system that protects the ocean environment.

The capital and operating costs of providing additional water for the region will have a significant impact on water ratepayers. In addition, if the City was ever required to convert the PLWTP to secondary, the capital and operating costs would likewise be significant to the wastewater ratepayers. In almost every case, water and wastewater ratepayers are the same people. By considering combined water supply and wastewater treatment needs, there is an opportunity to reduce the impact to ratepayers by billions of dollars in capital and financing costs, and tens of millions of dollars in annual operating and energy costs. An additional benefit would be a reduction in environmental impacts because much less energy production would be needed.

The Recycled Water Study outlines a concept whereby almost 100 mgd of actual and planned wastewater flow is diverted upstream from the PLWTP to either potable reuse or to South Bay wastewater treatment plants. This concept includes 83 mgd of Advanced Water Treatment (IPR) and could reduce the permitted capacity of the PLWTP from 240 mgd to 143 mgd. The environmental impact of a 143 mgd Advanced Primary Plant at Point Loma would be similar to or less than the impact of a 240 mgd Secondary Plant (Secondary Equivalency).

Since the historic flows through the PLWTP have exceeded 180 mgd and the comprehensive Ocean Monitoring Program has shown no detrimental impact to the ocean environment, there would be no value in converting the remaining flow at the PLWTP (say 143 mgd) to secondary. Even converting 143 mgd of capacity at the PLWTP would result in hundreds of millions in capital costs, tens of millions in annual operating costs and the environmental impacts of producing the energy to operate the secondary plant.

Rather than planning for one wastewater or water project at a time, the region's needs for wastewater treatment and additional water supply should be planned programmatically together over a longer period of time. Conceptually, almost 100 mgd of potable reuse and diversion of wastewater to South Bay could be implemented over a specific timeframe and combined with lowering the permitted capacity of the PLWTP to143 mgd, for example. In return, action would be taken to allow the PLWTP at the lower capacity to remain at Advanced Primary treatment. The PLWTP would still be required to get a new permit every five years and demonstrate through the City's comprehensive monitoring program that it was not harming the ocean environment.

CONCLUSION

As representatives of our region's ratepayers, we are at a critical juncture. The choices we make as a result of actions we take or, perhaps, opportunities missed due to our inaction, will have environmental and fiscal ramifications for many generations to come.

The Metropolitan Wastewater JPA supports the development of a Regional Water Reuse Plan so that both new, local, diversified water supply including potable reuse is created and maximum offload at Point Loma is achieved to support state and federal legislation accepting a smaller PLWTP as a secondary equivalent.

Success ultimately minimizes wastewater treatment costs and lessens the need for new water supply sources due to expanded water reuse thereby most effectively applying ratepayer dollars.

Metro JPA Goal: Create a regional water reuse plan so that both a new, local, diversified water supply is created AND maximum offload at Point Loma is achieved to support legislation for permanent acceptance of Point Loma as a smaller advanced primary plant. Minimize ultimate Point Loma treatment costs and most effectively spend ratepayer dollars through successful coordination between water and wastewater agencies.

Regional Water Reuse Plan

and **Secondary Equivalency** for a
Smaller Point Loma Wastewater Treatment Plant

September 4, 2013

Metro Wastewater JPA

Metro Wastewater Joint Powers Authority

- Twelve Member Agencies
- 35% of Flow & Cost of SD Metro WW System

County of San Diego
City of Chula Vista
City of Coronado
City of Del Mar
City of El Cajon
City of Imperial Beach
City of La Mesa
City of National City
City of Poway
Lemon Grove Sanitation District
Otay Water District
Padre Dam Municipal Water District

METRO WASTEWATER JPA

Challenges

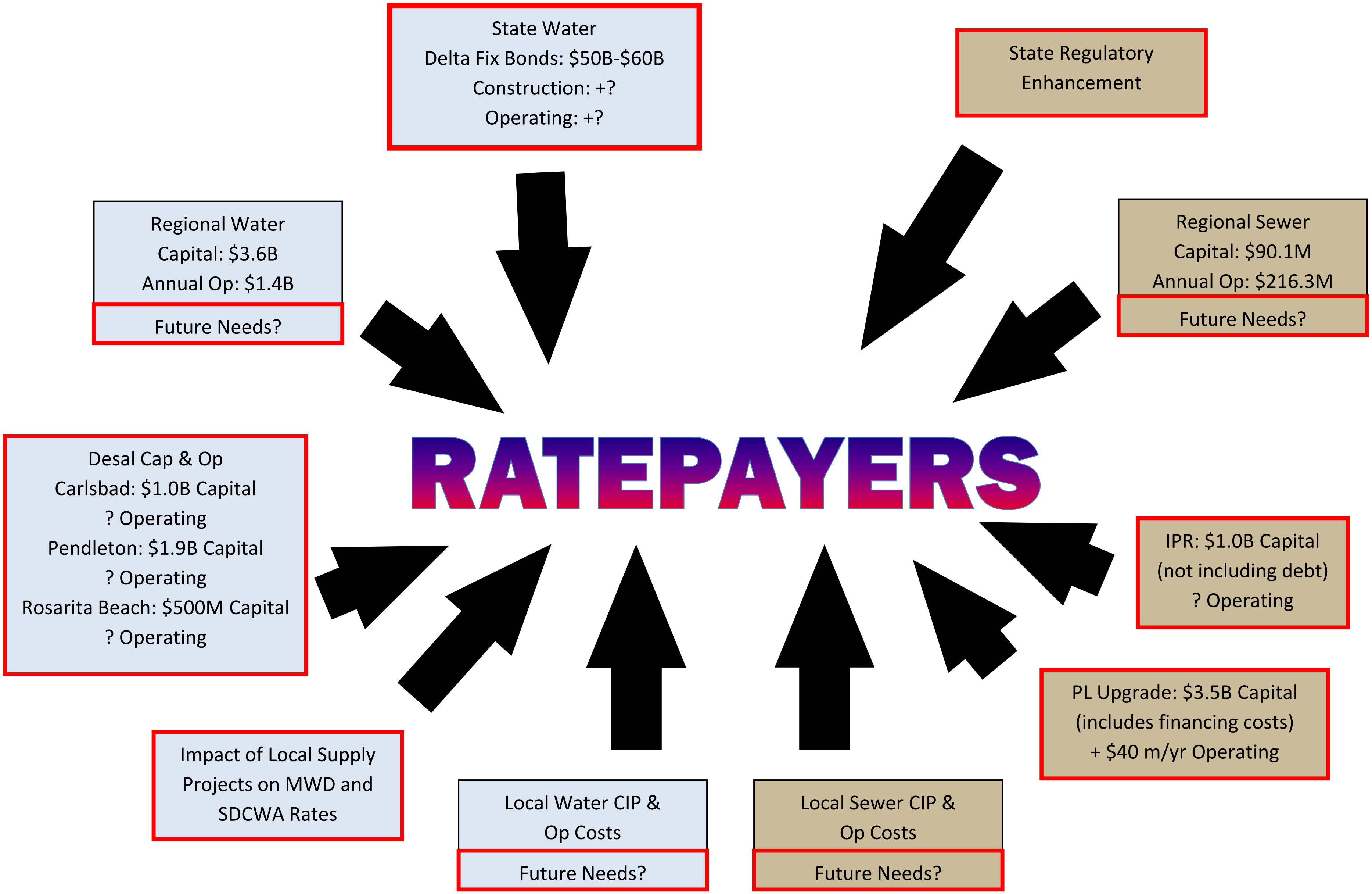
- Create a New, Local, Diversified Water Supply
- Avoid Upgrade of Point Loma Wastewater Treatment Plant (PLWTP) to Secondary Saving Billions of Dollars

~~$3.5 Billion~~

METRO WASTEWATER JPA

Solution

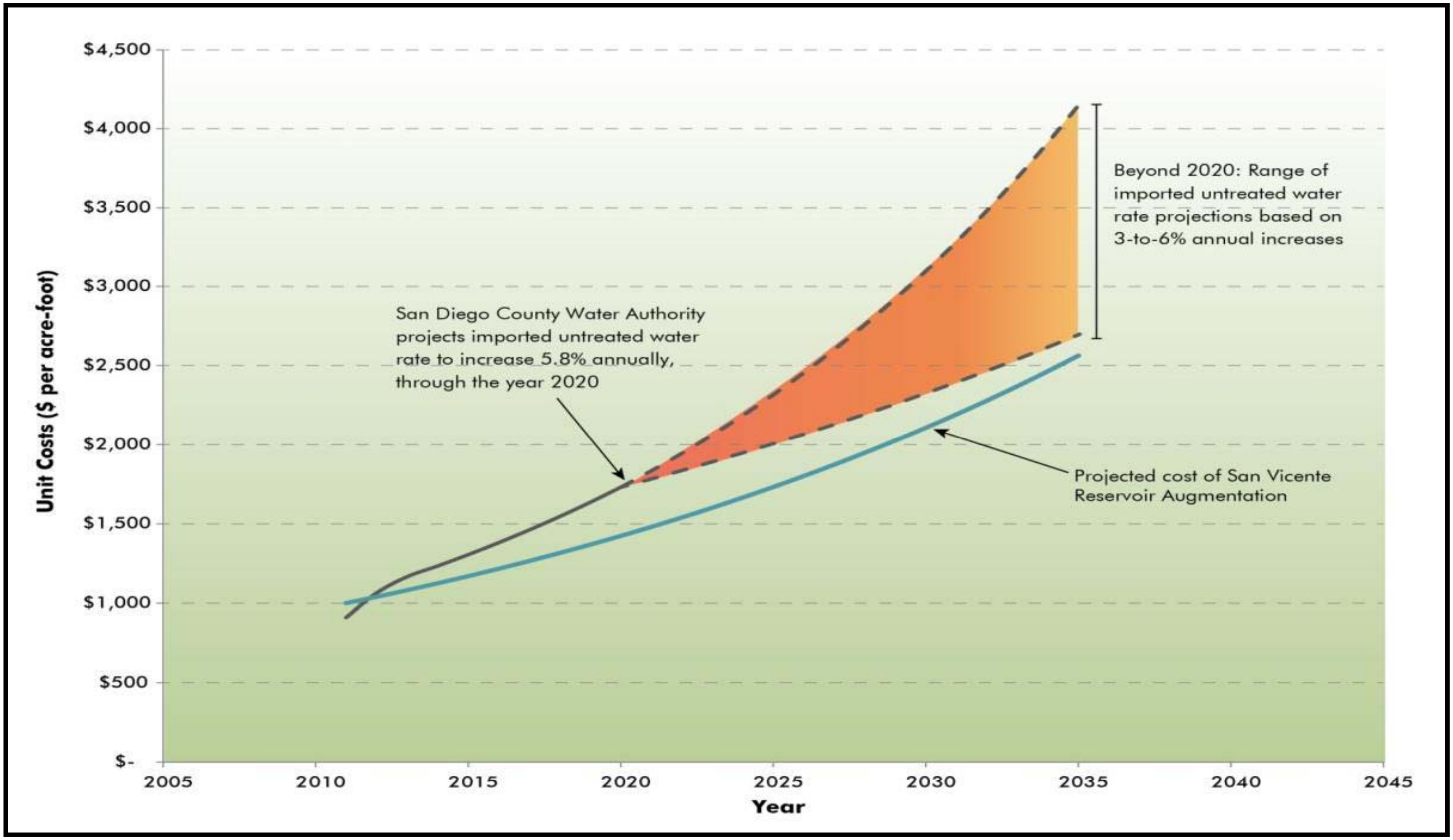
- Divert Substantial Wastewater Flows from PLWTP through Implementation of a Regional Water Reuse Program Focused on Potable Reuse
- Permit SMALLER Secondary Equivalent PLWTP that Reduces Wastewater Flows to the Ocean



Areas not currently included in rates

Cost estimates are currently wide-ranging and subject to change

Comparing the Cost of Water



Projected cost of purified water (solid line) of a full-scale reservoir augmentation project at San Vicente Reservoir compared to actual and projected costs of untreated imported water (dashed lines).

Regional Water Demand Projections

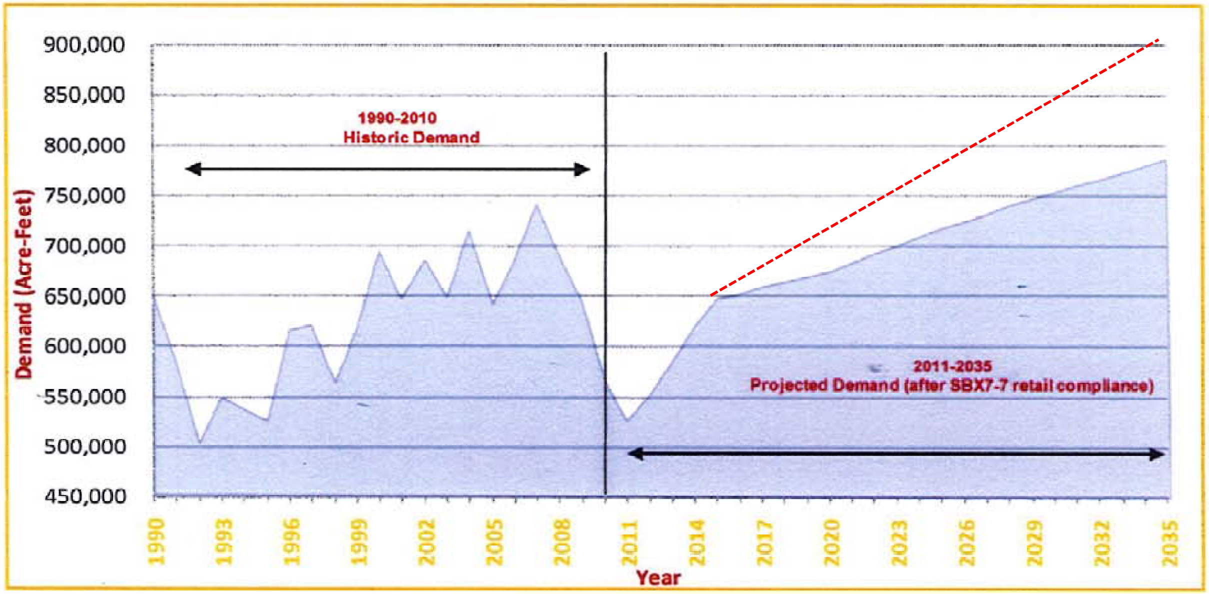
(From San Diego County Water Authority 2010 UWMP)

TABLE 2-5. NORMAL YEAR REGIONAL WATER DEMAND FORECAST ADJUSTED FOR WATER CONSERVATION (AF)

	2015	2020	2025	2030	2035
Total Regional Baseline Demand	654,022	722,040	790,229	850,899	903,213
Additional Conservation	-6,737	-46,951	-72,234	-97,280	-117,528
Total Baseline Demand with SBX7-7 Conservation	**647,285**	**675,089**	**717,995**	**753,619**	**785,685**

Figure 2-2 illustrates the forecasted trend in projected water demands over the 2015 to 2035 time period. This figure combines historic water use and forecasted normal year demands reduced by future additional conservation savings.

FIGURE 2-2: REGIONAL HISTORIC AND PROJECTED NORMAL WATER DEMANDS (AF)



San Diego Metropolitan Wastewater System

- PLWTP: 240 MGD
- North City Water Reclamation Plant (NCWRP): 30 MGD
- South Bay Water Reclamation Plant (SBWRP): 15 MGD
- Metro Biosolids Center (MBC)
- Point Loma Ocean Outfall (PLOO)
- South Bay Ocean Outfall (SBOO)
- Metro Wastewater Pump Stations/Pipelines

Wastewater Treatment Levels

- Primary
  - 65% Solids Removal
- Advanced Primary (PLWTP)
  - 87/88% Solids Removal
- Secondary
  - 90% Solids Removal
- Tertiary (NCWRP, SBWRP)
  - 99% Solids Removal

METRO WASTEWATER JPA

PLWTP Permit Background

- Clean Water Act (1972)
  - Wastewater Treatment Plants Require Permits
  - Secondary Treatment Required
  - Act Amended to allow Modified Permits (Waivers) at Less Than Secondary

Metro Wastewater JPA

PLWTP Permit Background (cont'd)

- Wastewater Treatment Plants MUST get a Permit or Modified Permit every 5 years
  - Environmental Protection Agency
  - Regional Water Quality Control Board
  - State Water Resources Control Board
  - California Coastal Commission

Metro Wastewater JPA

PLWTP Permit Background (cont'd)

- City of San Diego
    - Submitted Modified Permit Application
    - Later withdrew Modified Permit Application
    - Timeframe for Modified Permits Closed
    - EPA sued the City

METRO WASTEWATER JPA

PLWTP Permit Background (cont'd)

- Ocean Pollution Reduction Act (OPRA)
  - Then-Congressman Filner Sponsored
  - Allowed San Diego to apply for a Waiver
  - San Diego agreed to build 45 MGD of Water Reclamation Capacity (NCWRP, SBWRP)

Metro Wastewater JPA

PLWTP Permit Background (cont'd)

- Since then:
  - San Diego applies for a Modified Permit (Waiver) every 5 years
  - Environmental Community Support for San Diego Waivers Required:
    - Refined estimate of cost to convert 240 MGD to Secondary
      - » In 2006, $1Billion capital w/o financing or operating costs
    - Comprehensive external scientific review AND upgrade of Ocean Monitoring Program
    - Recycled Water Study and Water Reuse Demonstration Project
- Current Permit EXPIRES July 31, 2015

METRO WASTEWATER JPA

PLWTP Permit Background (cont'd)

- Current Permit **EXPIRES** July 31, 2015
  - Permit application due January 2015
  - Work begins **January 2014**

Metro Wastewater JPA

San Diego Recycled Water Study

- Outlines Alternatives to Divert Almost 100 MGD from PLWTP
  - Includes 83 MGD of Indirect Potable Reuse Facilities near Harbor Drive, NCWRP and SBWRP
  - Discharges water to San Vicente and Otay Water Reservoirs
  - Reduces planned wastewater flows to PLWTP from 240 MGD to 143 MGD

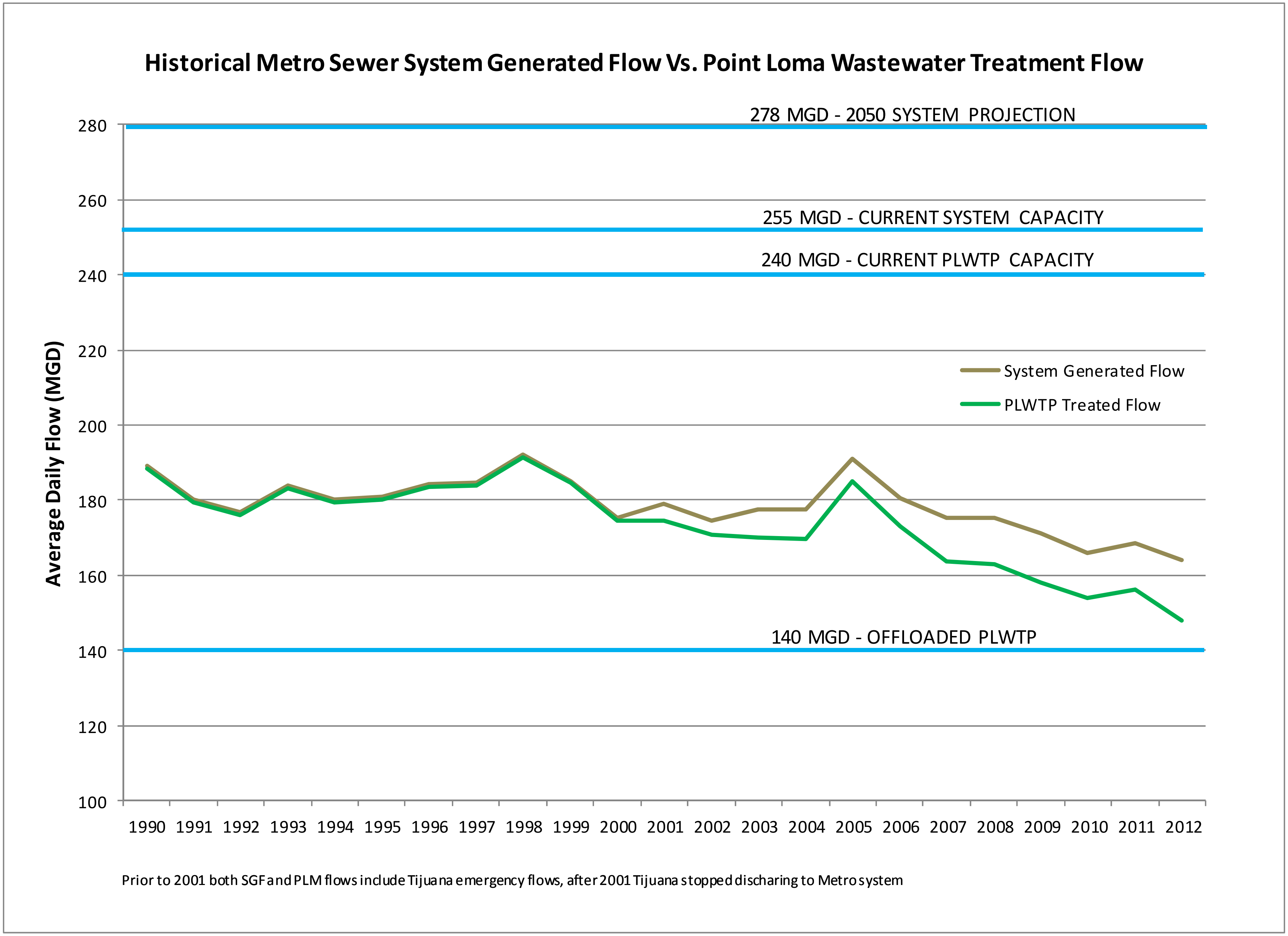
Metro Wastewater JPA

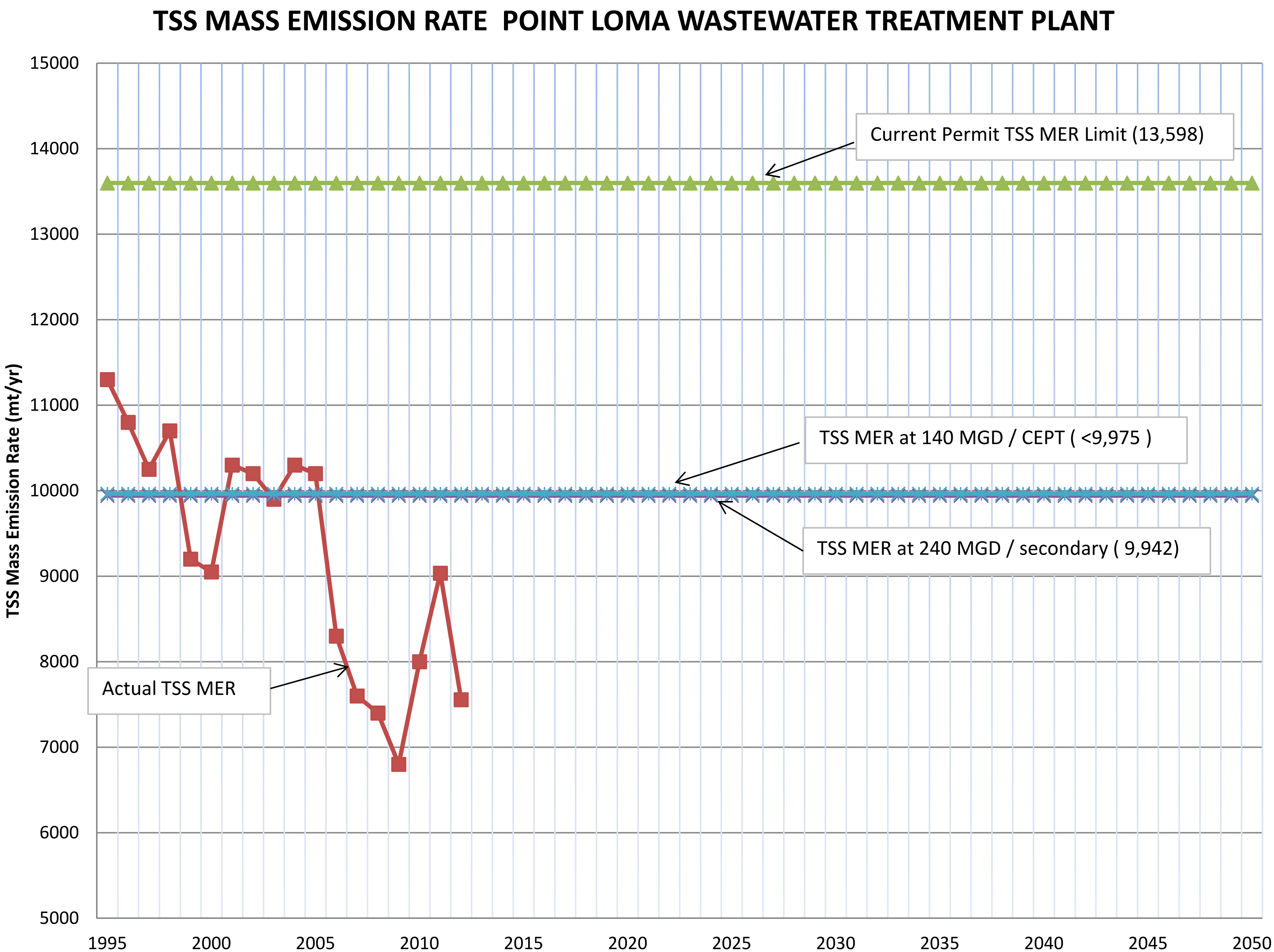
San Diego Water Reuse Demonstration Project

- Proved ability to repurify wastewater at operational flow rates
- Quality of water similar to distilled water—

Far Superior to Current Raw Water Sources

Metro Wastewater JPA


Historical Metro Sewer System Generated Flow Vs. Point Loma Wastewater Treatment Flow
278 MGD - 2050 SYSTEM PROJECTION
255 MGD - CURRENT SYSTEM CAPACITY
240 MGD - CURRENT PLWTP CAPACITY
140 MGD - OFFLOADED PLWTP
System Generated Flow
PLWTP Treated Flow
Average Daily Flow (MGD)
280
260
240
220
200
180
160
140
120
100
1990
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
Prior to 2001 both SGF and PLM flows include Tijuana emergency flows, after 2001 Tijuana stopped discharing to Metro system



TSS MASS EMISSION RATE POINT LOMA WASTEWATER TREATMENT PLANT
TSS Mass Emission Rate (mt/yr)
15000
14000
13000
12000
11000
10000
9000
8000
7000
6000
5000
1995
2000
2005
2010
2015
2020
2025
2030
2035
2040
2045
2050
Current Permit TSS MER Limit (13,598)
TSS MER at 140 MGD / CEPT (<9,975)
TSS MER at 240 MGD / secondary (9,942)
Actual TSS MER

Projected Cost Comparisons

	2016 - 2035	Notes
MET Treated Water Projection	$1,522 - $4,000	Does not include adjustment for 1.2 M AF of local water supply development or 650,000 AF in planned and state-mandated conservation
		SDCWA Projection 03/15/2011

	2012
Carlsbad Desal	$2,257
	SDCWA News Release 03/08/13

	Gross Cost	Less Avoided CIP (-$600)	Less Salinity (-$100)	Less Pt Loma Upgrades (-$400)
IPR	$1,700 - $1,900	$1,100 - $1,300	$1,000 - $1,200	$600 - $800
				City of San Diego Recycled Water Study Presentation 05/03/12

Potential Additional Avoided/Downsized Projects	Year	2013 Cost Projection
SDCWA: Camp Pendleton Desal	2025+	$15.72 Billion
SDCWA: Colorado River Transmission	2035+	$10.07 Billion
SDCWA: Local Pipeline Conveyance Constraints	2020+	YTBD
State: Bay Delta Conveyance	2025+	$50 – $60 Billion

Recommendations

- Create Long Range (≈20 year) Regional Water Reuse Program focused on potable water reuse that:
  - ***Provides new, local, sustainable water supply (≈83 mgd)***
  - ***Offloads PLWTP to ≈143 MGD***
- Obtain Legislation to permit SMALLER PLWTP (≈143 MGD) at Advanced Primary that:
  - ***Avoids billions of dollars in capital, financing, energy and operating costs***
  - ***Continues to protect the ocean environment***

METRO WASTEWATER JPA

System Maps

Current Metro Wastewater System

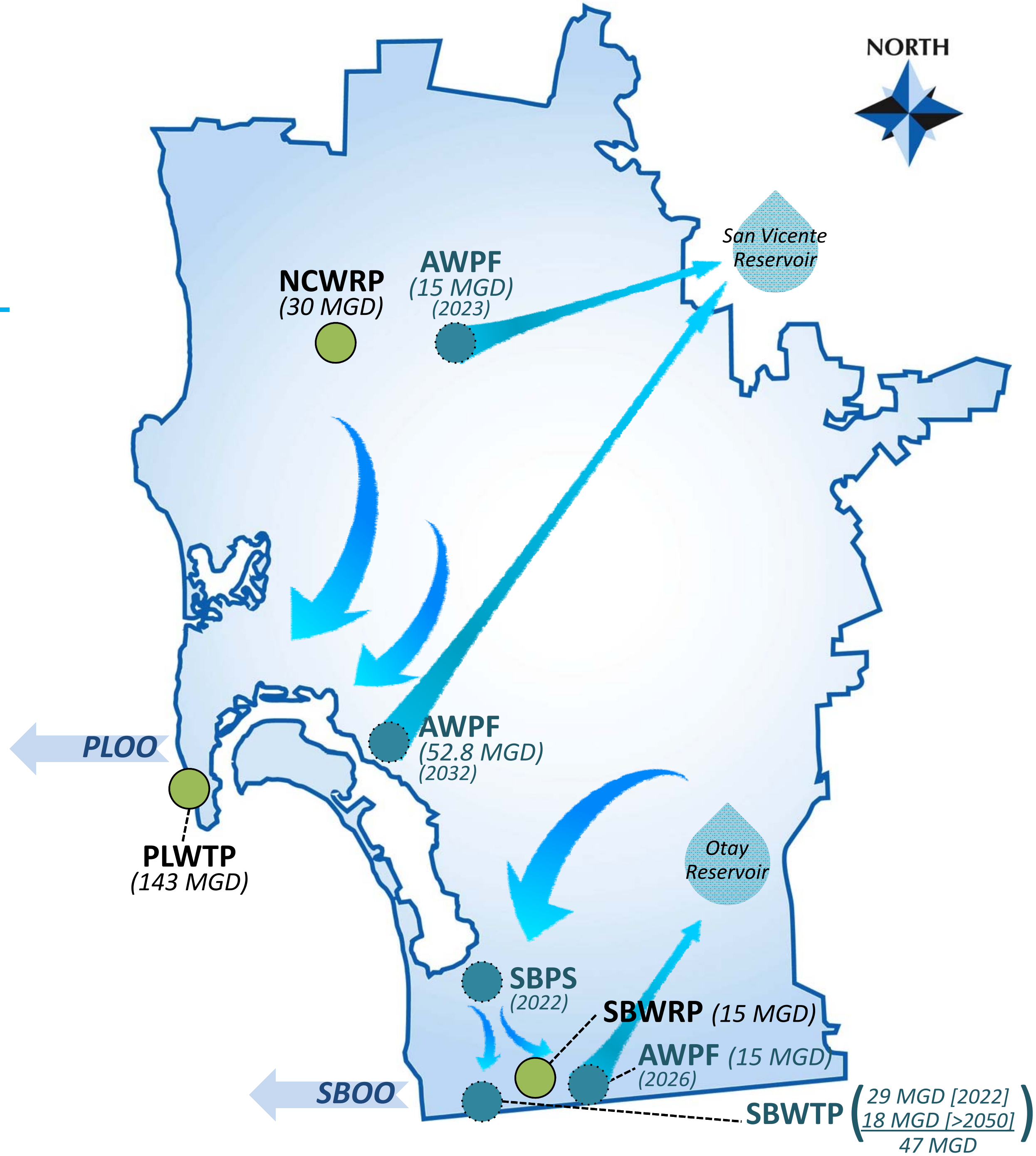
Metro Wastewater Master Plan

Through 2050

Wet Weather Storage by 2050:
(35 Million Gallons)

San Diego Recycled Water Study

Alternative



Wet Weather Storage by 2050:
(28 Million Gallons)

AGENDA ITEM 6

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	September 4, 2013
		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 Resolution No. 4217 Amending Policy No. 45, the Debt Policy, of the District’s Code of Ordinances		

GENERAL MANAGER’S RECOMMENDATION:

That the Board adopt Resolution No. 4217 amending Policy No. 45, the Debt Policy, of the District’s Code of Ordinances.

COMMITTEE ACTION:

See Attachment A.

PURPOSE:

The Debt Policy is being updated in an effort to reflect the current debt standards and environment.

The proposed Debt Policy (Attachment C) revises and expands upon the existing Policy (Exhibit I) that was previously approved by the Board on January 3, 2007.

ANALYSIS:

While there were some minor changes in terminology, the proposed changes listed on the following page, along with further guidance on the purpose of the change, were deemed material to the document:

- *Section 5.0 Debt Structure – Added "Use the higher of the 10 year average rate or current weekly rate when estimating variable interest rate debt."*

  In the assessment of whether to issue fixed or variable rate debt, this change will require a more comprehensive comparison of interest costs by assessing both the current and historic rate environments.

- *Section 7.0 Competitive and Negotiated Sale Criteria* - Added "new financing techniques" and "private placement" as alternatives that the District would consider if they were cost effective.

  This increases the number of alternatives that the District could utilize to achieve the most cost effective borrowing facility.

- *Section 10.0 Derivatives* - Removed section 10.0 Derivatives as an allowable debt instrument.

  Derivatives are inherently more risky and the GFOA recommends that proper understanding, expertise, and controls to manage these products be established prior to use. The District currently does not have the required expertise or controls in place for utilizing derivatives. In the event that the District wishes to utilize derivatives, the expertise and controls will be established and the policy revised.

- *Section 11.0 Financing Participants* - Changed *Letter of Credit* agreement limit from "5-7 years" to "3 years" which reflects the current insurance environment.

- *Section 11.0 Municipal Bond Insurers* - Eliminated the reference to AAA ratings, which reflects the current rating environment.

- *Section 12.0 Continuing Disclosure* – Updated the listing of material events to what is currently defined by the Securities and Exchange Commission.

- *Section 15.0 Rating Agency Applications* – Modified the requirement that allows the District to determine if more than one rating be obtained. If a single rating is deemed fair, the District may not wish to obtain a second rating.

The policy is consistent with the current law and the overall objectives of the policy are being met.

FISCAL IMPACT: ☒ Joe Beachem, Chief Financial Officer

A debt policy improves the quality of decisions, provides guidelines for the structure of debt issuance, and demonstrates a commitment to long-term capital and financial planning. Adherence to a debt policy signals to rating agencies and the capital markets that the District is well managed and therefore is likely to meet its debt obligations.

The District's fiscal budgeting process includes a five year projection of debt financing needs. According to the FY2014 budget, the District does not foresee issuing debt for potable and recycled water projects, but identifies the need for financing in fiscal 2015 for sewer projects.

The District uses the Debt Coverage ratio as a Key Performance Indicator for evaluating the financial ability to repay debt. The District has a debt covenant requiring a ratio of at least 125%. The actual ratio for fiscal 2012 was 132%. The District currently maintains an AA-/AA rating.

STRATEGIC GOAL:

Demonstrate financial health through formalized policies, prudent investing, and efficient operations. The strategic plan measurement goal for fiscal 2013 is to obtain a debt coverage ratio of 191%.

LEGAL IMPACT:

None.

Attachments:

A) Committee Action
B) Resolution No. 4217
   Exhibit 1: Strike-through Debt Policy
C) Proposed Debt Policy
D) Presentation

ATTACHMENT A

SUBJECT/PROJECT:	Adopt Resolution No. 4217 Amending Policy No. 45, the Debt Policy, of the District’s Code of Ordinances

COMMITTEE ACTION:

The Finance, Administration and Communications Committee recommend that the Board adopt Resolution No. 4217 amending Policy No. 45, the Debt Policy, of the District’s Code of Ordinances.

NOTE:

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

ATTACHMENT B

RESOLUTION NO. 4217

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE OTAY WATER DISTRICT AMENDING DEBT POLICY NO.45 OF THE DISTRICT’S CODE OF ORDINANCES

WHEREAS, the Otay Water District Board of Directors has been presented with an amended Debt Policy No. 45 of the District’s Code of Ordinances for the financial management of the Otay Water District; and

WHEREAS, the amended Debt Policy has been reviewed and considered by the Board, and it is in the interest of the District to adopt the amended Debt Policy; and

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

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Board of Directors of the Otay Water District that the amended Debt Policy, incorporated herein as Attachment C, is hereby adopted.

PASSED, APPROVED AND ADOPTED by the Board of Directors of Otay Water District at a board meeting held this 4th day of September 2013, by the following vote:

Ayes:
Noes:
Abstain:
Absent:

____
President

ATTEST:

____
District Secretary

OTAY WATER DISTRICT **BOARD OF DIRECTORS POLICY**			
Subject DEBT POLICY	Policy Number 45	Date Adopted 4/13/04	Date Revised ~~1/3/07~~ 9/4/13

1.0: POLICY

It is the policy of the Otay Water District to finance the acquisition of high value assets that have an extended useful life through a combination of current revenues and debt financing. Regularly updated debt policies and procedures are an important tool to insure the use of the District's resources to meet its commitments, to provide the highest quality of service to the District's customers, and to maintain sound financial management practices. These guidelines are for general use and allow for exceptions as circumstances dictate.

2.0: SCOPE

This policy is enacted in an effort to standardize the issuance and management of debt by the Otay Water District. The primary objective is to establish conditions for the use of debt, to minimize the District's debt service requirements and cost of issuance, to retain the highest practical credit rating, maintain full and complete financial disclosure and reporting, and to maintain financial flexibility for the District. This policy applies to all debt issued by the District including general obligation bonds, revenue bonds, capital leases and special assessment debt.

3.0: LEGAL & REGULATORY REQUIREMENTS

The Chief Financial Officer (CFO) and the District's Legal Counsel will coordinate their activities to ensure that all securities are issued in full compliance with Federal and State law.

4.0: CAPITAL FACILITIES FUNDING

Financial Planning

The District maintains a six-year financial projection that identifies operating requirements and public facility and equipment requirements, and has developed a Rate Model for funding the District's 6-Year Capital Improvement Program (CIP). The District's CIP Budget places the capital requirements in order of priority and schedules them for funding and implementation. It identifies a full range of capital needs, provides for the ranking of the importance of such needs, and identifies all the funding sources that are available to cover the costs of the projects. In cases where the program identifies project funding through the use of debt financing, the budget should provide information needed to determine debt capacity. The Rate Model and the CIP Budget give the Board part of the data needed to make informed judgments concerning the possibility of issuing debt.

Funding Criteria

The Chief Financial Officer (CFO) will evaluate all capital project requests and develop a proposed funding plan. Priority may be given to those projects that can be funded with current resources (annual cash flow, fund balances or reserves). Those projects that cannot be funded with current resources may be deferred or the CFO may recommend that they be funded with debt financing. However, debt financing will not be considered appropriate for any recurring purpose such as current operating and maintenance expenditures. The issuance of short-term cash-flow instruments is excluded from this limitation.

The General Manager will recommend the funding plan to the Board. The General Manager may deem it necessary or desirable in certain circumstances to convene a Finance Committee meeting to evaluate funding options presented by the Chief Financial Officer.

Funding Sources

The District's capital improvements can be classified in three categories: those related to an expansion of the system ("expansion"), those related to upgrading the existing system ("betterment") and those related to repairing or replacing existing infrastructure ("replacement"). In general, capital improvements for betterment or replacement are financed primarily through user charges, availability charges, and betterment charges. Capital improvements for expansion are financed through capacity fees. Accordingly, these fees are reviewed at least annually or more frequently as required and set at levels sufficient to ensure that new development pays its fair share of the costs of constructing necessary infrastructure. Additionally, the District will seek State and Federal grants and other forms of intergovernmental aid wherever possible.

Pay-As-You-Go Projects

The District's capacity fees are the major funding source in financing additions to the water system and the recycled water system. Over time, the fees collected and the cost to construct the capital projects should balance. However, collection of these fees is subject to significant fluctuation based on the rate of new development. Accordingly, the Chief Financial Officer, in developing the funding plan for the CIP, will determine that current revenues and adequate fund balances are available so project phasing can be accomplished. If this is not the case, the Chief Financial Officer may recommend that:

1. The project be deferred until funds are available, or
2. Based on the priority of the project, long-term debt is issued to finance the project.

Debt Financed Projects

If a project or projects are to be financed with long-term debt, the District should use the following criteria to evaluate the suitability of the financing for the particular project or projects:

1. The life of the project or asset to be financed is 10 years or longer and its useful life is expected to exceed the term of the financing.
2. Revenues available for debt service are deemed to be sufficient and reliable so that long-term financing can be marketed without jeopardizing the credit rating of the District.
3. Market conditions present favorable interest rates and demand for District financing.
4. The project is mandated by State and/or Federal requirements and current resources are insufficient or unavailable.
5. The project is immediately required to meet or relieve capacity needs and current resources are insufficient or unavailable.

5.0: DEBT STRUCTURE

General

The District will normally issue debt with a maturity of not more than 30 years. The structure should approximate level debt service for the term where it is practical or desirable. There will be no debt structures that include increasing debt service levels in subsequent years, with the first and second year of a debt payoff schedule the exception and related to projected additional income to be generated by the project to be funded. There will be no "balloon" debt repayment schedules that consist of low annual payments and one large payment of the balance due at the end of the term. There will always be at least interest paid in the first fiscal year after debt issuance and principal starting no later than the first fiscal year after the date the facility or equipment is expected to be placed in service. Capitalized interest will not be for a period of more than necessary to provide adequate security for the financing.

Limitations on the Issuance of Variable Rate Debt

The District will normally issue debt with a fixed rate of interest. The District may issue variable rate for the purpose of managing its interest costs. At the same time, the District should protect itself from too much exposure to interest rate fluctuations. In determining that it is in the District's best interest to issue certain debt at variable rates instead of fixed rates, at the time of issuing any variable rate debt, there should be at least a 10% estimated reduction in annual debt costs by issuing variable rate debt when compared to a similar issuance of fixed rate debt. If the estimated overall cost savings from issuing variable rate debt is not at least 10% at the time of issuance, relatively small fluctuations in rates could actually increase the District's financing costs over the life of the bonds compared to a similar fixed rate financing. By using this 10% factor at the time of issuance, the District can be relatively assured that its variable rate financing will be cost-effective over the term of the bonds.

The comparison will be based on the following criteria:

1. The interest rate used to estimate variable interest costs will be the higher of the 10 year average ~~for~~ rate or the current weekly variable rate~~s~~.

2. The variable rate debt costs will include an estimate for annual costs such as letter of credit fees, liquidity fees, remarketing fees, monthly draw fees and annual rating fees applicable to the letter of credit.

3. Any potential reserve fund earnings will reduce the fixed rate debt service or variable rate debt service as applicable.

Periodically, using the criteria described above, the Chief Financial Officer will compare the estimated annual debt service costs to maturity of any variable rate debt with estimated debt service if the debt was converted to fixed rates. If this analysis produces a break even in total payments over the life of the issue, the Chief Financial

Officer will recommend converting such variable rate debt to fixed rate.

Variable rate debt should not represent more than 25% of the District's total debt portfolio. This level of exposure to interest rate fluctuations is considered to be manageable in an environment of increasing interest rates. At a higher ratio than this, the District might be faced with an unplanned water rate increase to meet its Rate Covenants. Rating agencies use this ratio in their analysis of the District's overall credit rating.

Further, Rate Covenants applicable to variable rate debt shall not compromise the issuance of additional debt planned by the District and variable rate debt should always contain a provision to allow conversion to a fixed rate at the District's option.

6.0: CREDIT OBJECTIVES

The Otay Water District seeks to maintain the highest possible credit ratings for all categories of long-term debt that can be achieved without compromising delivery of basic services and achievement of District policy objectives.

Factors taken into account in determining the credit rating for a financing include:

1. Diversity of the District's customer base.
2. Proven track record of completing capital projects on time and within budget.
3. Strong, professional management.
4. Adequate levels of staffing for services provided.
5. Reserves.
6. Ability to consistently meet or exceed Rate Covenants.

The District recognizes that external economic, natural, or other events may from time to time affect the creditworthiness of its debt. Nevertheless, the District is committed to ensuring that actions within its control are prudent and well planned.

7.0: COMPETITIVE AND NEGOTIATED SALE CRITERIA

Competitive Sale

The District will use a competitive bidding process in the sale of debt unless the nature of the issue or specific circumstances warrants a negotiated sale. The CFO will determine the best bid in a competitive sale by calculating the true interest cost (TIC) of each bid.

Negotiated Sale

Types of debt that would typically lend themselves to the negotiated sale format are variable rate debt and unrated debt. Circumstances that might warrant a negotiated sale may occur when the issue is of a limited size that would not attract wide-spread investor interest, during periods of high levels of issuance by other entities in the State, or during periods of market volatility or with relatively new financing techniques. In the event the District decides to use a negotiated sale, it will pay management fees only to those firms that place orders for bonds.

If the size of the District’s proposed issue is not cost effective, the District may also consider issuing its debt by private placement or through the California Statewide Communities Development Authority, which provides a mechanism for pooling financings with similar issuers to obtain economies of scale.

8.0: REFUNDING DEBT

Purpose

Periodic reviews of all outstanding debt will be undertaken by the Chief Financial Officer to determine refunding (refinancing) opportunities. The purpose of the refinancing may be to:

1. Lower annual debt service by taking advantage of lower current interest rates.

2. Update or revise covenants on outstanding debt issue if a Rate Covenant appears to be too high, has precluded the District from implementing its financing plan, or has caused the District to increase rates to customers.

3. Restructure debt service associated with an issue to facilitate the issuance of additional debt, usually in order to smooth out peaks in total debt service which can occur frequently as one debt issue is layered on top of existing debt issues.

4. Alter bond characteristics such as call provisions or payment dates.

5. Pay for conversion costs such as funding a reserve fund or paying for credit enhancement when converting variable rate debt to fixed rate debt.

Restrictions on Refunding

Tax-exempt bonds typically have provisions that preclude early redemption of the bonds for a period of years after issuance. The number of times a tax-exempt bond can be refinanced prior to its Optional Redemption date (known as Advance Refunding) is limited by the IRS. For debt issued after 1986, issuers may only provide for Advance Refunding of obligations in advance of the Optional Redemption date one time. There is no limit by the IRS on the ability of issuers to redeem bonds early once the Optional Redemption date has been reached (known as Current Refunding).

Savings Criteria

In cases where an Advance Refunding or Current Refunding is intended to provide debt service savings, the District may commence the refinancing process if a minimum five percent (5%) present value savings net of issuance costs and any cash contributions can be demonstrated. Since interest rates may fluctuate between the time when a refinancing is authorized and when the debt is issued, beginning the process with at least a 5% savings should provide the District with some level of protection that it can achieve a minimum of three percent (3%) net present value savings of the refunding bonds when and if the debt is issued. These minimum standards are intended to protect the District staff from spending time on refinancings that become marginally cost-effective after the entire issuance process is complete.

The savings target may be waived, however, if sufficient justification for lowering the savings target can be provided by meeting one or more of the other refunding objectives described above.

9.0: SUBORDINATE LIEN DEBT

The District will issue subordinate lien debt only if it is financially beneficial to the District or consistent with creditworthiness objectives. Subordinate lien debt is structured to be payable second in priority to the District’s other outstanding debt.

Typically, subordinate lien debt might be issued if the District desired a more flexible Rate Covenant with respect to its new obligations and did not want to refinance all of its existing debt to obtain that less restrictive Rate Covenant.

~~10.0: DERIVATIVES~~

~~The District may consider the use of derivative products on a case-by-case basis, consistent with State statute and financial prudence. The most common derivatives include transactions known as "swaps," in which the District, by contract with an investment bank (known as a "provider"), swaps its fixed rate debt payments for variable rate debt payments or vice versa, and "forwards," in which the District enters into a purchase contract with an underwriter to purchase refunding bonds at a future date at interest rates locked in today (not at today's rates, but at rates locked in today). Derivative products introduce an additional risk factor into a financing, called "third-party risk." Once a derivative product is entered into, the District must rely upon the financial stability of the provider to perform under the contract. Because the nature of derivatives is speculative, that is, the District is assuming that rates will either go up or down over the period of the contract and therefore expects to lock in a financial benefit today based on that assumption, the financial benefits actually obtained from any derivative contract need to be monitored periodically to determine if it is in the District's interest to terminate the contract and what the penalty might be for early termination. This requires a certain level of vigilance, and impartial advice in this area is actually difficult to obtain since the derivative market is not particularly liquid or price-transparent and is currently made up of a small handful of reputable providers.~~

~~There must be an overwhelming demonstrable financial benefit to the District based on reasonable assumptions concerning future interest rates in order for the District to use derivative products.~~

~~11~~10.0: FINANCING PARTICIPANTS

The District's purchasing guidelines provide the process for securing professional services related to individual debt issues. The solicitation and selection process include encouraging participation from qualified service providers, both local and national, and securing services at competitive prices.

Financial Advisor: The use of a Financial Advisor is necessary for the sale of debt by a competitive bid process and is desirable when issuing debt through a negotiated sale. The Financial Advisor has a fiduciary duty to the District and will seek to structure the District's debt in the manner that is saleable, yet meets the District's objectives for the financing. The Financial Advisor will advise the District on alternative structures for its debt, the cost of different debt structures and potential pricing mechanisms that can be expected from underwriters (such as call features, term bonds and premium and discount bond pricing) and, at the District's direction, will write the offering document (preliminary official statement). With respect to competitive sales, the Financial Advisor will arrange for distributing the preliminary official statement, accepting bids via ~~the internet~~an internet bidding platform, verifying the lowest bid and provide detailed instructions for the flow of funds at closing to the winning Underwriter, the Trustee and the District. In a negotiated sale, the Financial Advisor will provide independent confirmation on the Underwriter's proposed pricing to ensure that interest rates and Underwriter's compensation are appropriate for the credit quality of the issue and competitive in the overall public finance market in California.

Underwriter: The Underwriter markets the bonds for sale to investors. While the District's preference is to select the Underwriter for the debt via sale of the debt at competitive bid, there are circumstances when a negotiated issue is in the best interests of the District. Negotiated sales are preferable if the security features are particularly complex or market conditions are volatile. The Chief Financial Officer will recommend whether the method of sale is competitive or negotiated based on the type of issue and other market conditions. In the case of negotiated sales, the Underwriter will be required to demonstrate sufficient capitalization and sufficient experience related to the specific type of debt issuance.

The Underwriter will work in connection with the District's Financial Advisor on structuring the issue and offering different pricing ideas.

Bond Counsel: The District's Bond Counsel provides the primary legal documents that detail the security for the bonds and the authority under which bonds are issued. The Bond Counsel also provides an opinion to bond holders that the bonds are tax-exempt under both State and Federal law. All closing documents in connection with an issue are also prepared by Bond Counsel.

Disclosure Counsel: The District's Disclosure Counsel provides legal advice to the District regarding the adequacy of the District's disclosure of financial information or risks of investing in the District's debt issue to the investing public. The Disclosure Counsel can prepare the official statement or review the official statement and gives the District an opinion that there is no information missing from the official statement of a material nature that would be necessary for an investor to make an informed decision about investing in the District's bonds.

Trustee: The Trustee is a financial institution selected by the District to administer the collection of revenues pledged to repay the bonds and to distribute those funds to bondholders.

Letter of Credit Bank: The Letter of Credit Bank is a U.S. or foreign bank that has issued a letter of credit providing both credit enhancement (the Letter of Credit Bank will pay the debt in the event that the District defaults on the payment) and liquidity for a variable rate bond issue. These banks have their own short-term credit rating, which ~~is generally~~can be higher than the District's short-term credit rating. Liquidity is needed because variable rate bondholders are allowed to "put" their bonds back to the District if they do not like the interest rate currently being offered. The District's Remarketing Agent then finds a new buyer for those bonds, but in the event that no buyer is found, a draw is made under the letter of credit to purchase the bonds that have been "put." As soon as the bonds are remarketed to another buyer, the letter of credit is repaid. The letter of credit fees are paid annually or quarterly. Letter of credits are typically issued for ~~5-7~~not more than 3 years and must be renewed during the life of the bonds. Credit enhancement is discussed further under the heading "CREDIT ENHANCEMENT."

Municipal Bond Insurer: The Municipal Bond Insurer can be one of several insurance companies that provide municipal bond insurance policies securing payment of the District's debt. These policies provide that the Municipal Bond Insurer will pay the District's debt in the event that the District defaults on its payments. Debt which is insured carries the Municipal Bond Insurer's credit rating~~, in most cases, AAA~~. The insurance premium for the bond insurance policy is paid one time at the issuance of the debt and is non-cancelable for the term of the debt. Unlike a letter of credit, bond insurance policies do not provide liquidity and are most typically purchased for fixed rate debt.

Remarketing Agent: The Remarketing Agent is an investment bank that, each week, determines the interest rate for the District’s variable rate obligations. The rate is set at the rate at which the obligations could be sold on the open market at 100% of their face value. The Remarketing Agent also finds new buyers for any of the obligations that are “put” back to the District.

Rating Agencies: Currently, there are three widely recognized rating agencies that rate municipal debt in the United States: Standard & Poor’s, Moody’s Investors Service, and Fitch Investors Service. Rating agencies establish objective criteria under which each type of financing undertaken by the District is to be analyzed. Upon request, a rating agency will rate the underlying strength of the District’s financings, without regard to the purchase of any credit enhancement. The rating is released to the general public and thereafter, the rating agency will periodically update its analysis of a particular issue, and may raise or lower the rating if circumstances warrant. Investment-grade ratings range from “AAA” to “BBB-.” A rating below “BBB-” is not investment grade. Many mutual funds cannot buy bonds that do not carry an investment grade.

Verification Agent: In a refunding, the District will deposit funds with an escrow agent (usually the trustee) in an amount sufficient, together with earnings thereon, to pay the debt service and redemption price of the debt being refunded through and including the call date. The Verification Agent verifies the mathematical accuracy of calculation of the amount to be deposited in escrow and the bond counsel relies on this verification in giving their opinion that the debt is defeased within the meaning of the indenture and that the lien of the debt on the revenues pledged to the debt being refunded is released.

~~12~~11.0: CONFLICT OF INTEREST AND STANDARDS OF CONDUCT

Members of the District, the Board of Directors and its consultants, service providers and underwriters shall adhere to standards of conduct and conflict of interest rules as stipulated by the California Political Reform Act or the Municipal Securities Rulemaking Board (MSRB), as applicable. All debt financing participants shall maintain the highest standards of professional conduct at all times, in accordance with MSRB Rules, including Rule G-37. There shall be no conflict of interest with the District with any debt financing participant.

Subject	Policy Number	Date Adopted	Date Revised
DEBT POLICY	45	4/13/04	~~1/3/07~~ 9/4/13

~~13~~12.0: CONTINUING DISCLOSURE

The District acknowledges the responsibilities of the underwriting community and pledges to make all reasonable efforts to assist underwriters in their efforts to comply with SEC Rule 15c2-12 and MSRB Rule G-36. The District will file its official statements with the MSRB and the nationally recognized municipal securities information repositories. The District will also post copies of its comprehensive financial reports on the ~~Internet and provide hard copies of these documents to interested parties upon request~~MSRB's Electronic Municipal Market Access(EMMA) website, and will disseminate other information that it deems pertinent to the market in a timely manner (For bonds issued after 2012, 10 days). While initial bond disclosure requirements pertain to underwriters, the District will provide financial information and notices of material events on an ongoing basis throughout the life of the issue. Material events are defined as those events which are considered to likely reflect on the credit supporting the securities.

(a) The events considered material according to the SEC are:

1. ~~Rating changes.~~
2. ~~Non-payment related defaults.~~
3. ~~Adverse tax opinions or events affecting the tax exempt status.~~
4. ~~Unscheduled draws on debt service reserves or credit enhancements reflecting financial difficulties.~~
5. ~~Modifications to the rights of securities holders.~~
6. ~~Defeasance.~~
7. ~~Bond calls.~~
8. ~~Release, substitution, or sale of property securing repayment of the securities.~~
9. ~~Substitution of credit or liquidity providers, or their failure to perform.~~
10. ~~Principal and interest payment delinquencies.~~

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;

5. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB);

6. Tender offers;

7. Defeasances;

8. Ratings changes; and

9. Bankruptcy, insolvency, receivership or similar proceedings.

Note: for the purposes of the event identified in subparagraph (9) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this section (b), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. Unless described in paragraph (a) above, notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

2. The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

3. Appointment of a successor or additional trustee or the change of the name of a trustee;

4. Nonpayment related defaults;

5. Modifications to the rights of Owners of the Bonds;

6. Notices of redemption; and

7. Release, substitution or sale of property securing repayment of the Bonds.

Whenever the District obtains knowledge of the occurrence of a Listed Event under (b) above, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

~~14~~13:0 INVESTMENT & ARBITRAGE COMPLIANCE

Tax-exempt bonds are required to meet certain provisions of the federal tax code in order to maintain their tax-exempt status. In order to prevent municipal issuers from borrowing money at tax-exempt rates solely for the purpose of investing the proceeds in higher yielding investments and making a profit ("arbitrage"), the federal tax code contains a provision that requires issuers to compare the interest earned on any bond funds held (such as a reserve fund) with interest that would theoretically be earned if the funds were invested at the yield of the bonds, and to "rebate" to the federal government any interest earned in excess of the theoretical earnings limit.

The Chief Financial Officer shall invest the bond proceeds subject to the District's Investment Policy in a timely manner, to ensure the availability of funds to meet operational requirements. In doing so, the CFO will maintain a system of record keeping and reporting to meet the arbitrage rebate compliance requirements of the federal tax code.

~~15~~14.0: TYPES OF DEBT FINANCING

General Obligation Bonds

General obligation bonds are secured by a pledge of the ad-valorem taxing power of the issuer and are also known as a full faith and credit obligations. Bonds of this nature must serve a public purpose to be considered lawful taxation of the property owners within the District and require a two third's majority vote in a general election. The benefit of the improvements or assets constructed and acquired as a result of this type of bond must be generally available to all property owners.

The District can issue general obligation bonds up to but not in excess of 15% of the assessed valuation under Article XVI, Section 18 of the State constitution. An annual amount of the levy necessary to meet debt service requirements is calculated and placed on the tax roll through the County of San Diego. The District also has a policy that the ad-valorem tax to be used to pay debt service on general obligation bonds will not exceed $.10 per $100 of assessed value.

Voters within Improvement District No. 27 of the District authorized $100 million general obligation bonds in 1989. The District issued $11,500,000 general obligation bonds in 1992 and refinanced the bonds in 1998 and again in 2009. The District also has approximately $29 million in general obligation bonds authorized between 1960 and 1978 for various Improvement Districts throughout the District, but unissued. General obligation bonds can only be issued under these existing authorizations to the extent necessary to fund the improvements specified by each ballot measure.

General obligation bonds generally are regarded as the broadest and soundest security among tax-secured debt instruments. An unlimited-tax pledge would enable a trustee to invoke mandamus to force the District to raise the tax rate as much as necessary to pay off the bonds. General obligation bonds have other credit strengths as well: the property tax tends to be a steady and predictable revenue source, and when a vote is required to issue them, bondholders have some indication of taxpayers' willingness to pay. General obligation bonds carry the highest credit rating that a public agency can achieve and therefore, the lowest interest cost. General obligation bonds typically are issued to finance capital facilities and not for ongoing operational or maintenance costs.

The District will use an objective analytical approach to determine whether it can afford to assume new general obligation debt for the improvement districts, or in the case of projects not approved by the original ID 27 vote, prior to any submission of a general obligation bond ballot measure to voters. This process will compare generally accepted standards of affordability to the current values for the District. These standards will include debt per capita, debt as a percent of taxable value, debt service payments as a percent of current revenues and current expenditures, and the level of overlapping net debt of all local taxing jurisdictions. The process will also examine the direct costs and benefits of the proposed expenditures. The decision on whether or not to assume new debt will be based on these costs and benefits, the current conditions of the municipal bond market, and the District's ability to "afford" new debt as determined by the aforementioned standards.

Revenue Bonds

Revenue bonds are limited-liability obligations that pledge net revenues of the District to debt service. The net revenue pledge is after payment of all operating costs. ~~Though~~ Since revenue bonds are not generally secured by the full faith and credit of the District, the financial markets require coverage ratios of the pledged revenue stream and a covenant to levy rates and charges sufficient to produce net income at some level in excess of debt service (a Rate Covenant).

Also there may be a test required to demonstrate that future revenues will be sufficient to maintain debt service coverage levels after any proposed additional bonds are issued. The District will strive to meet industry and financial market standards with such ratios without impacting the current rating. Annual adjustments to the District's rate structure may be necessary to maintain these coverage ratios.

The underlying credit of revenue bonds is judged on the ability of the District's existing rates to provide sufficient net income to pay debt service and the perceived willingness of the District to raise rates and charges in accordance with its Rate Covenant. Actual past performance also plays a role in evaluating the credit quality of revenue bonds, as well as the diversity of the customer base. Revenue bonds generally carry a credit rating one or two investment grades below a general obligation bond rating.

The District may use a debt structure called "Certificates of Participation" to finance capital facilities. However, if the certificates contain a pledge of net revenues and a Rate Covenant, they are treated as essentially the same as a revenue bond.

Lease/Purchase Agreements

Over the lifetime of a lease, the total cost to the District will generally be higher than purchasing the asset outright. As a result, the use of lease/purchase agreements in the acquisition of vehicles, equipment and other capital assets will generally be avoided, particularly if smaller quantities of the capital asset(s) can be purchased on a "pay-as-you-go" basis.

The District may utilize lease-purchase agreements to acquire needed equipment and facilities. Criteria for such agreements should be that the asset life is three years or more, the minimum value of the agreement is $50,000 and interest costs must not exceed the interest rate earned by the District's portfolio for the average of the past 6 months. Lease payments of this type are considered operating expenses and would reduce net operating income available to pay any District revenue bonds. There are no coverage requirements or rate covenants associated with lease/purchase agreements.

State Water Loans

The State Water Resources Control Board makes certain funds available to water districts throughout the State. These loans typically carry a below-market rate of interest and are short term in nature. While State loans should be incorporated into the District's debt portfolio for the financing of capital improvements, the payment of the loan should not compromise the District's ability to issue other planned debt or cause the District to violate its rate covenants or make it necessary for the District to increase rates to maintain existing rate covenants.

Land Based Financing

The District may consider developer or property owner initiated applications requesting the formation of community facilities or assessment districts and the issuance of bonds to finance eligible District facilities necessary to serve newly developing commercial, industrial and/or residential projects. Facilities will be financed in accordance with the provisions of the Municipal Improvement Act of 1913 and the Improvement Bond Act of 1915, or the Mello-Roos Community Facilities Act of 1982.

Typically, the bonds issued would be used to prepay, in a lump-sum, the District's capacity fees with respect to a large tract of land under development, or to finance in-tract infrastructure that will eventually be dedicated to the District. The bonds are secured by a special tax or assessment to be levied on property within the boundaries established for the community facilities district (sometimes known as a "Mello-Roos" district) or the assessment district. If the District becomes the sponsoring public agency for such financing district and the issuance of debt, the District will be required to enter into a Funding, Construction and Acquisition agreement for any of the facilities to be dedicated to the District upon completion. This agreement governs the type of facilities to be constructed with bond proceeds and how the facilities will be accepted by the District.

In some cases, the District may not be asked to be the sponsoring agency for the formation of a financing district, rather, the developer or property owner may approach a school district or a city to be the sponsoring agency. Nonetheless, the property owner may want to include lump-sum payment of District fees in the financing or construction of certain facilities to be dedicated to the District upon completion. In this case, if the District desired to participate, the District would enter into a Joint Financing Agreement with the sponsoring agency, again governing the type of facilities to be constructed with bond proceeds and how the facilities will be accepted by the District.

On a case-by-case basis, the Board shall make the determination as to whether a proposed district will proceed under the provisions of the Assessment Acts or the Mello-Roos Community Facilities Act. The Board may confer with other consultants and the applicant to learn of any unique district requirements, such as long-term development phasing, prior to making any final determination.

All District and District consultant costs incurred in the evaluation of new development, district applications and the establishment of districts will be paid by the applicant(s) by advance deposits in those instances where a party or parties other than the District have initiated a proposed district. Expenses not legally reimbursable by the financing district will be borne by the applicant. The District may incur expenses for analyzing proposed assessment or community facilities districts where the District is the principal proponent of the formation or financing of the district.

Prior to the issuance of any land secured financing and in accordance with State law, the Board will adopt policies and procedures with criteria to be met before any special tax bonds or assessment district bonds may be issued. These criteria include the qualifications of the appraiser, the minimum value to lien ratio to be achieved prior to issuing the land secured debt and the maximum tax to be levied on different categories of property.

~~16~~15.0: RATING AGENCY APPLICATIONS

The District may seek one or more~~a~~ ratings on all new issues that are being sold in the public market. ~~To ensure a fair rating, more than one rating agency shall be considered to rate the District's issues.~~ These rating agencies include, but are not limited to, Fitch Investors Service, Moody's Investors Service, and Standard and Poor's. When applying for a rating on an issue over $1 million or more, the District shall make a formal presentation of the finances and positive developments within the District to the rating agencies. The District will report all financial information to the rating agencies ~~as they are published and~~ upon request. This information shall include, but shall not be limited to, the District's Comprehensive Annual Financial Report (CAFR), and the Adopted Operating and Capital Budget.

~~17~~16.0: USE OF CREDIT ENHANCEMENT

Credit enhancement is a generic term that means any third-party guarantee of debt service. Credit enhancement providers include municipal bond insurance companies or financial institutions. The purchase of credit enhancement allows the District's bond issue to carry the same credit rating as the credit provider. The District will seek to use credit enhancement when such credit enhancement proves cost-effective. Selection of credit enhancement providers will be subject to a competitive bid process using the District's purchasing guidelines, if applicable.

Fixed Rate Bonds

Credit enhancement for fixed rate bonds is obtained by the purchase of bond insurance. ~~With few exceptions, bond insurance companies are rated AAA.~~ If a commitment for bond insurance is obtained for a particular issue, the District will estimate the annual debt service for the issue based on current ~~AAA-rated bond~~ interest rates ~~with the cost of issuance including the payment of the bond insurance premium~~applicable to the credit rating of the bond insurer. If the estimated debt service on this basis is less than or equal to estimated debt service for the issue based on interest rates for bonds with the District's underlying or stand-alone credit rating, the District will purchase the bond insurance. Any intention of the District to prepay the debt ahead of its scheduled maturity will be taken into account in the analysis. Credit enhancement may be used to improve or establish a credit rating on a District debt obligation even if such credit enhancement is not cost effective if, in the opinion of the Chief Financial Officer, the use of such credit enhancement meets the District's debt financing goals and objectives, such as, funding of a reserve fund for the bonds.

Variable Rate Bonds

Credit enhancement for variable rate bonds is comprised of two components: credit support and liquidity. The interest on variable rate bonds is based on a short-term~~7-day~~ investment rate (usually 7 days). Any investor can tender their bonds back to the District to be repurchased on ~~7~~ short~~days'~~ notice (usually 7 days). Because of the short-term nature of the investment, the securities that the District is "competing" with for investors are ~~AAA-rated or~~ AA-rated mutual funds. Therefore, variable debt needs to have credit enhancement to achieve a comparable ~~AAA or~~ AA rating, as well as liquidity support to provide the District with a mechanism to purchase any bonds that are tendered before they can be remarketed to new investors. A limited number of financial institutions offer letters of credit that combine both credit support and liquidity for one fee. An alternative is to purchase bond insurance to provide credit support and enter into a separate purchase agreement with a financial institution to provide liquidity. The difference in cost between the two structures will be analyzed before either alternative is selected for variable rate debt.

~~18~~17.0: GLOSSARY

Ad Valorem Tax: A tax calculated "according to the value" of property. Such a tax is based on the assessed valuation of tangible personal property. In most jurisdictions, the tax is a lien on the property enforceable by seizure and sale of the property. General restrictions, such as overall restrictions on rates, or the percent of charge allowed, sometimes apply. As a result, ad valorem taxes often function as the balancing element in local budgets.

Advance Refunding: A procedure whereby outstanding bonds are refinanced by the proceeds of a new bond issue prior to the date on which outstanding bonds become due or are callable. Typically an advance refunding is performed to take advantage of interest rates that are significantly lower than those associated with the original bond issue. At times, however, an advance refunding is performed to remove restrictive language or debt service reserve requirements required by the original issue.

Amortization: The planned reduction of a debt obligation according to a stated maturity or redemption schedule.

Arbitrage: The gain that may be obtained by borrowing funds at a lower (often tax-exempt) rate and investing the proceeds at higher (often taxable) rates. The ability to earn arbitrage by issuing tax-exempt securities has been severely curtailed by the Tax Reform Act of 1986, as amended.

Assessed Valuation: The appraised worth of property as set by a taxing authority through assessments for purposes of ad valorem taxation.

Basis Point: One one-hundredth of one percent.

Bond: A security that represents an obligation to pay a specified amount of money on a specific date in the future, typically with periodic interest payments.

Bond Counsel: An attorney (or firm of attorneys) retained by the issuer to give a legal opinion concerning the validity of the securities. The bond counsel's opinion usually addresses the subject of tax exemption. Bond counsel may prepare, or review and advise the issuer regarding authorizing resolutions or ordinances, trust indentures, official statements, validation proceedings and litigation.

Bond Insurance: A type of credit enhancement whereby a monocline insurance company indemnifies an investor against a default by the issuer. In the event of a failure by the issuer to pay principal and interest in-full and on-time, investors may call upon the insurance company to do so. Once assigned, the municipal bond insurance policy generally is irrevocable. The insurance company receives an up-front fee, or premium, when the policy is issued.

Call Option: A contract through which the owner is given the right but is not obligated to purchase the underlying security or commodity at a fixed price within a limited time frame.

Cap: A ceiling on the interest rate that would be paid.

Capital Lease: The acquisition of a capital asset over time rather than merely paying rent for temporary use. A lease-purchase agreement, in which provision is made for transfer of ownership of the property for a nominal price at the scheduled termination of the lease, is referred to as a capital lease.

Certificate of Participation: A financial instrument representing a proportionate interest in payments such as lease payments by one party (such as the District acting as a lessee) to another party (often a trustee).

CIP: Capital Improvement Program.

Competitive Sale: The sale of securities in which the securities are awarded to the bidder who offers to purchase the issue at the best price or lowest cost.

Continuing Disclosure: The requirement by the Securities and Exchange Commission for most issuers of municipal debt to provide current financial information to the informational repositories for access by the general marketplace.

Debt Service: The amount necessary to pay principal and interest requirements on outstanding bonds for a given year or series of years.

Defeasance: Providing for payment of principal of premium, if any, and interest on debt through the first call date or scheduled principal maturity in accordance with the terms and requirements of the instrument pursuant to which the debt was issued. A legal defeasance usually involves establishing an irrevocable escrow funded with only cash and U.S. Government obligations.

Derivative: A financial product that is based upon another product. Generally, derivatives are risk mitigation tools.

Discount: The difference between a bond's par value and the price for which it is sold when the latter is less than par.

Financial Advisor: A consultant who advises an issuer on matters pertinent to a debt issue, such as structure, sizing, timing, marketing, pricing, terms and bond ratings.

General Obligation Bonds: Debt that is secured by a pledge of the ad valorem taxing power of the issuer. Also known as a full faith and credit obligation.

Municipal Securities Rulemaking Board (MSRB): The MSRB, comprised of representatives from investment banking firms, dealer bank representatives, and public representatives, is entrusted with the responsibility of writing rules of conduct for the municipal securities market.

Negotiated Sale: A sale of securities in which the terms of sale are determined through negotiation between the issuer and the purchaser, typically an underwriter, without competitive bidding.

Official Statement: A document published by the issuer that discloses material information on a new issue of municipal securities including the purposes of the issue, how the securities will be repaid, and the financial, economic and social characteristics of the issuing government. Investors may use this information to evaluate the credit quality of the securities.

Option: A derivative contract. There are two primary types of options (see Put Option and Call Option). An option is considered a wasting asset because it has a stipulated life to expiration and may expire worthless. Hence, the premium could be wasted.

Optional Redemption: The redemption of an obligation prior to its stated maturity, which can only occur on dates specified in the bond indenture.

Overlapping Debt: The legal boundaries of local governments often overlap. In some cases, one unit of government is located entirely within the boundaries of another. Overlapping debt represents the proportionate share of debt that must be borne by one unit of government because another government with overlapping or underlying taxing authority issued its own bonds.

Par Value: The face value or principal amount of a security.

Pay-as-you-go: To pay for capital improvements from current resources and fund balances rather than from debt proceeds.

Put Option: A contract that grants to the purchaser the right but not the obligation to exercise.

Rate Covenant: A covenant between the District and bondholders, under which the District agrees to maintain a certain level of net income compared to its debt payments, and covenants to increase rates if net income is not sufficient to meet such level.

Refunding: A procedure whereby an issuer refinances an outstanding bond issue by issuing new bonds.

Revenue Bonds: A bond which is payable from a specific source of revenue and to which the full faith and credit of an issuer with taxing power is not pledged. Revenue bonds are payable from identified sources of revenue, and do not permit the bondholders to compel a jurisdiction to pay debt service from any other source. Pledged revenues often are derived from the operation of an enterprise. Generally, no voter approval is required prior to issuance.

Special Assessments: A charge imposed against property or parcel of land that receives a special benefit by virtue of some public improvement that is not, or cannot be enjoyed by the public at large. Special assessment debt issues are those that finance such improvements and are repaid by the assessments charged to the benefiting property owners.

Swap: A customized financial transaction between two or more counterparties who agree to make periodic payments to one another. Swaps cover interest rate, equity, commodity and currency products. They can be simple floating for fixed exchanges or complex hybrid products with multiple option features.

True Interest Cost (TIC): A method of calculating the overall cost of a financing that takes into account the time value of money. The TIC is the rate of interest that will discount all future payments so that the sum of their present value equals the issue proceeds.

Underwriter: The term used broadly in the municipal market, to refer to the firm that purchases a securities offering from a governmental issuer.

Yield Curve: Refers to the graphical or tabular representation of interest rates across different maturities. The presentation often starts with the shortest-term rates and extends towards longer maturities. It reflects the market's views about implied inflation/deflation, liquidity, economic and financial activity, and other market forces.

OTAY WATER DISTRICT **BOARD OF DIRECTORS POLICY**			
Subject DEBT POLICY	Policy Number 45	Date Adopted 4/13/04	Date Revised 9/4/13

1.0: POLICY

It is the policy of the Otay Water District to finance the acquisition of high value assets that have an extended useful life through a combination of current revenues and debt financing. Regularly updated debt policies and procedures are an important tool to insure the use of the District's resources to meet its commitments, to provide the highest quality of service to the District's customers, and to maintain sound financial management practices. These guidelines are for general use and allow for exceptions as circumstances dictate.

2.0: SCOPE

This policy is enacted in an effort to standardize the issuance and management of debt by the Otay Water District. The primary objective is to establish conditions for the use of debt, to minimize the District's debt service requirements and cost of issuance, to retain the highest practical credit rating, maintain full and complete financial disclosure and reporting, and to maintain financial flexibility for the District. This policy applies to all debt issued by the District including general obligation bonds, revenue bonds, capital leases and special assessment debt.

3.0: LEGAL & REGULATORY REQUIREMENTS

The Chief Financial Officer (CFO) and the District's Legal Counsel will coordinate their activities to ensure that all securities are issued in full compliance with Federal and State law.

4.0: CAPITAL FACILITIES FUNDING

Financial Planning

The District maintains a six-year financial projection that identifies operating requirements and public facility and equipment requirements, and has developed a Rate Model for funding the District's 6-Year Capital Improvement Program (CIP). The District's CIP Budget places the capital requirements in order of priority and schedules them for funding and implementation. It identifies a full range of capital needs, provides for the ranking of the importance of such needs, and identifies all the funding sources that are available to cover the costs of the projects. In cases where the program identifies project funding through the use of debt financing, the budget should provide information needed to determine debt capacity. The Rate Model and the

CIP Budget give the Board part of the data needed to make informed judgments concerning the possibility of issuing debt.

Funding Criteria

The Chief Financial Officer (CFO) will evaluate all capital project requests and develop a proposed funding plan. Priority may be given to those projects that can be funded with current resources (annual cash flow, fund balances or reserves). Those projects that cannot be funded with current resources may be deferred or the CFO may recommend that they be funded with debt financing. However, debt financing will not be considered appropriate for any recurring purpose such as current operating and maintenance expenditures. The issuance of short-term cash-flow instruments is excluded from this limitation.

The General Manager will recommend the funding plan to the Board. The General Manager may deem it necessary or desirable in certain circumstances to convene a Finance Committee meeting to evaluate funding options presented by the Chief Financial Officer.

Funding Sources

The District's capital improvements can be classified in three categories: those related to an expansion of the system ("expansion"), those related to upgrading the existing system ("betterment") and those related to repairing or replacing existing infrastructure ("replacement"). In general, capital improvements for betterment or replacement are financed primarily through user charges, availability charges, and betterment charges. Capital improvements for expansion are financed through capacity fees. Accordingly, these fees are reviewed at least annually or more frequently as required and set at levels sufficient to ensure that new development pays its fair share of the costs of constructing necessary infrastructure. Additionally, the District will seek State and Federal grants and other forms of intergovernmental aid wherever possible.

Pay-As-You-Go Projects

The District's capacity fees are the major funding source in financing additions to the water system and the recycled water system. Over time, the fees collected and the cost to construct the capital projects should balance. However, collection of these fees is subject to significant fluctuation based on the rate of new development. Accordingly, the Chief Financial Officer, in developing the funding plan for the CIP, will determine that current revenues and adequate fund balances are available so project phasing can be accomplished. If this is not the case, the Chief Financial Officer may recommend that:

1. The project be deferred until funds are available, or
2. Based on the priority of the project, long-term debt is issued to finance the project.

Debt Financed Projects

If a project or projects are to be financed with long-term debt, the District should use the following criteria to evaluate the suitability of the financing for the particular project or projects:

1. The life of the project or asset to be financed is 10 years or longer and its useful life is expected to exceed the term of the financing.
2. Revenues available for debt service are deemed to be sufficient and reliable so that long-term financing can be marketed without jeopardizing the credit rating of the District.
3. Market conditions present favorable interest rates and demand for District financing.
4. The project is mandated by State and/or Federal requirements and current resources are insufficient or unavailable.
5. The project is immediately required to meet or relieve capacity needs and current resources are insufficient or unavailable.

5.0: DEBT STRUCTURE

General

The District will normally issue debt with a maturity of not more than 30 years. The structure should approximate level debt service for the term where it is practical or desirable. There will be no debt structures that include increasing debt service levels in subsequent years, with the first and second year of a debt payoff schedule the exception and related to projected additional income to be generated by the project to be funded. There will be no "balloon" debt repayment schedules that consist of low annual payments and one large payment of the balance due at the end of the term. There will always be at least interest paid in the first fiscal year after debt issuance and principal starting no later than the first fiscal year after the date the facility or equipment is expected to be placed in service. Capitalized interest will not be for a period of more than necessary to provide adequate security for the financing.

Limitations on the Issuance of Variable Rate Debt

The District will normally issue debt with a fixed rate of interest. The District may issue variable rate for the purpose of managing its interest costs. At the same time, the District should protect itself from too much exposure to interest rate fluctuations. In determining that it is in the District's best interest to issue certain debt at variable rates instead of fixed rates, at the time of issuing any variable rate debt, there should be at least a 10% estimated reduction in annual debt costs by issuing variable rate debt when compared to a similar issuance of fixed rate debt. If the estimated overall cost savings from issuing variable rate debt is not at least 10% at the time of issuance, relatively small fluctuations in rates could actually increase the District's financing costs over the life of the bonds compared to a similar fixed rate financing. By using this 10% factor at the time of issuance, the District can be relatively assured that its variable rate financing will be cost-effective over the term of the bonds.

The comparison will be based on the following criteria:

1. The interest rate used to estimate variable interest costs will be the higher of the 10 year average rate or the current weekly variable rate.

2. The variable rate debt costs will include an estimate for annual costs such as letter of credit fees, liquidity fees, remarketing fees, monthly draw fees and annual rating fees applicable to the letter of credit.

3. Any potential reserve fund earnings will reduce the fixed rate debt service or variable rate debt service as applicable.

Periodically, using the criteria described above, the Chief Financial Officer will compare the estimated annual debt service costs to maturity of any variable rate debt with estimated debt service if the debt was converted to fixed rates. If this analysis produces a break even in total payments over the life of the issue, the Chief Financial Officer will recommend converting such variable rate debt to fixed rate.

Variable rate debt should not represent more than 25% of the District's total debt portfolio. This level of exposure to interest rate fluctuations is considered to be manageable in an environment of increasing interest rates. At a higher ratio than this, the District might be faced with an unplanned water rate increase to meet its Rate Covenants. Rating agencies use this ratio in their analysis of the District's overall credit rating.

Further, Rate Covenants applicable to variable rate debt shall not compromise the issuance of additional debt planned by the District and variable rate debt should always contain a provision to allow conversion to a fixed rate at the District's option.

6.0: CREDIT OBJECTIVES

The Otay Water District seeks to maintain the highest possible credit ratings for all categories of long-term debt that can be achieved without compromising delivery of basic services and achievement of District policy objectives.

Factors taken into account in determining the credit rating for a financing include:

1. Diversity of the District's customer base.
2. Proven track record of completing capital projects on time and within budget.
3. Strong, professional management.
4. Adequate levels of staffing for services provided.
5. Reserves.
6. Ability to consistently meet or exceed Rate Covenants.

The District recognizes that external economic, natural, or other events may from time to time affect the creditworthiness of its debt. Nevertheless, the District is committed to ensuring that actions within its control are prudent and well planned.

7.0: COMPETITIVE AND NEGOTIATED SALE CRITERIA

Competitive Sale

The District will use a competitive bidding process in the sale of debt unless the nature of the issue or specific circumstances warrants a negotiated sale. The CFO will determine the best bid in a competitive sale by calculating the true interest cost (TIC) of each bid.

Negotiated Sale

Types of debt that would typically lend themselves to the negotiated sale format are variable rate debt and unrated debt. Circumstances that might warrant a negotiated sale may occur when the issue is of a limited size that would not attract wide-spread investor interest, during periods of high levels of issuance by other entities in the State, or during periods of market volatility or with relatively new financing techniques. In the event the District decides to use a negotiated sale, it will pay management fees only to those firms that place orders for bonds.

If the size of the District's proposed issue is not cost effective, the District may also consider issuing its debt by private placement or through the California Statewide Communities Development Authority, which provides a mechanism for pooling financings with similar issuers to obtain economies of scale.

8.0: REFUNDING DEBT

Purpose

Periodic reviews of all outstanding debt will be undertaken by the Chief Financial Officer to determine refunding (refinancing) opportunities. The purpose of the refinancing may be to:

1. Lower annual debt service by taking advantage of lower current interest rates.

2. Update or revise covenants on outstanding debt issue if a Rate Covenant appears to be too high, has precluded the District from implementing its financing plan, or has caused the District to increase rates to customers.

3. Restructure debt service associated with an issue to facilitate the issuance of additional debt, usually in order to smooth out peaks in total debt service which can occur frequently as one debt issue is layered on top of existing debt issues.

4. Alter bond characteristics such as call provisions or payment dates.

5. Pay for conversion costs such as funding a reserve fund or paying for credit enhancement when converting variable rate debt to fixed rate debt.

Restrictions on Refunding

Tax-exempt bonds typically have provisions that preclude early redemption of the bonds for a period of years after issuance. The number of times a tax-exempt bond can be refinanced prior to its Optional Redemption date (known as Advance Refunding) is limited by the IRS. For debt issued after 1986, issuers may only provide for Advance Refunding of obligations in advance of the Optional Redemption date one time. There is no limit by the IRS on the ability of issuers to redeem bonds early once the Optional Redemption date has been reached (known as Current Refunding).

Savings Criteria

In cases where an Advance Refunding or Current Refunding is intended to provide debt service savings, the District may commence the refinancing process if a minimum five percent (5%) present value savings net of issuance costs and any cash contributions can be demonstrated. Since interest rates may fluctuate between the time when a refinancing is authorized and when the debt is issued, beginning the process with at least a 5% savings should provide the District with some level of protection that it can achieve a minimum of three percent (3%) net present value savings of the refunding bonds when and if the debt is issued. These minimum standards are intended to protect the District staff from spending time on refinancings that become marginally cost-effective after the entire issuance process is complete.

The savings target may be waived, however, if sufficient justification for lowering the savings target can be provided by meeting one or more of the other refunding objectives described above.

9.0: SUBORDINATE LIEN DEBT

The District will issue subordinate lien debt only if it is financially beneficial to the District or consistent with creditworthiness objectives. Subordinate lien debt is structured to be payable second in priority to the District’s other outstanding debt. Typically, subordinate lien debt might be issued if the District desired a more flexible Rate Covenant with respect to its new obligations and did not want to refinance all of its existing debt to obtain that less restrictive Rate Covenant.

10.0: FINANCING PARTICIPANTS

The District's purchasing guidelines provide the process for securing professional services related to individual debt issues. The solicitation and selection process include encouraging participation from qualified service providers, both local and national, and securing services at competitive prices.

Financial Advisor: The use of a Financial Advisor is necessary for the sale of debt by a competitive bid process and is desirable when issuing debt through a negotiated sale. The Financial Advisor has a fiduciary duty to the District and will seek to structure the District's debt in the manner that is saleable, yet meets the District's objectives for the financing. The Financial Advisor will advise the District on alternative structures for its debt, the cost of different debt structures and potential pricing mechanisms that can be expected from underwriters (such as call features, term bonds and premium and discount bond pricing) and, at the District's direction, will write the offering document (preliminary official statement). With respect to competitive sales, the Financial Advisor will arrange for distributing the preliminary official statement, accepting bids via an internet bidding platform, verifying the lowest bid and provide detailed instructions for the flow of funds at closing to the winning Underwriter, the Trustee and the District. In a negotiated sale, the Financial Advisor will provide independent confirmation on the Underwriter's proposed pricing to ensure that interest rates and Underwriter's compensation are appropriate for the credit quality of the issue and competitive in the overall public finance market in California.

Underwriter: The Underwriter markets the bonds for sale to investors. While the District's preference is to select the Underwriter for the debt via sale of the debt at competitive bid, there are circumstances when a negotiated issue is in the best interests of the District. Negotiated sales are preferable if the security features are particularly complex or market conditions are volatile. The Chief Financial Officer will recommend whether the method of sale is competitive or negotiated based on the type of issue and other market conditions. In the case of negotiated sales, the Underwriter will be required to demonstrate sufficient capitalization and sufficient experience related to the specific type of debt issuance.

The Underwriter will work in connection with the District's Financial Advisor on structuring the issue and offering different pricing ideas.

Bond Counsel: The District's Bond Counsel provides the primary legal documents that detail the security for the bonds and the authority under which bonds are issued. The Bond Counsel also provides an opinion to bond holders that the bonds are tax-exempt under both State and Federal law. All closing documents in connection with an issue are also prepared by Bond Counsel.

Disclosure Counsel: The District's Disclosure Counsel provides legal advice to the District regarding the adequacy of the District's disclosure of financial information or risks of investing in the District's debt issue to the investing public. The Disclosure Counsel can prepare the official statement or review the official statement and gives the District an opinion that there is no information missing from the official statement of a material nature that would be necessary for an investor to make an informed decision about investing in the District's bonds.

Trustee: The Trustee is a financial institution selected by the District to administer the collection of revenues pledged to repay the bonds and to distribute those funds to bondholders.

Letter of Credit Bank: The Letter of Credit Bank is a U.S. or foreign bank that has issued a letter of credit providing both credit enhancement (the Letter of Credit Bank will pay the debt in the event that the District defaults on the payment) and liquidity for a variable rate bond issue. These banks have their own short-term credit rating, which can be higher than the District's short-term credit rating. Liquidity is needed because variable rate bondholders are allowed to "put" their bonds back to the District if they do not like the interest rate currently being offered. The District's Remarketing Agent then finds a new buyer for those bonds, but in the event that no buyer is found, a draw is made under the letter of credit to purchase the bonds that have been "put." As soon as the bonds are remarketed to another buyer, the letter of credit is repaid. The letter of credit fees are paid annually or quarterly. Letter of credits are typically issued for not more than 3 years and must be renewed during the life of the bonds. Credit enhancement is discussed further under the heading "CREDIT ENHANCEMENT."

Municipal Bond Insurer: The Municipal Bond Insurer can be one of several insurance companies that provide municipal bond insurance policies securing payment of the District's debt. These policies provide that the Municipal Bond Insurer will pay the District's debt in the event that the District defaults on its payments. Debt which is insured carries the Municipal Bond Insurer's credit rating. The insurance premium for the bond insurance policy is paid one time at the issuance of the debt and is non-cancelable for the term of the debt. Unlike a letter of credit, bond insurance policies do not provide liquidity and are most typically purchased for fixed rate debt.

Remarketing Agent: The Remarketing Agent is an investment bank that, each week, determines the interest rate for the District's variable rate obligations. The rate is set at the rate at which the obligations could be sold on the open market at 100% of their face value. The Remarketing Agent also finds new buyers for any of the obligations that are "put" back to the District.

Rating Agencies: Currently, there are three widely recognized rating agencies that rate municipal debt in the United States: Standard & Poor's, Moody's Investors Service, and Fitch Investors Service. Rating agencies establish objective criteria under which each type of financing undertaken by the District is to be analyzed. Upon request, a rating agency will rate the underlying strength of the District's financings, without regard to the purchase of any credit enhancement. The rating is released to the general public and thereafter, the rating agency will periodically update its analysis of a particular issue, and may raise or lower the rating if circumstances warrant. Investment-grade ratings range from "AAA" to "BBB-." A rating below "BBB-" is not investment grade. Many mutual funds cannot buy bonds that do not carry an investment grade.

Verification Agent: In a refunding, the District will deposit funds with an escrow agent (usually the trustee) in an amount sufficient, together with earnings thereon, to pay the debt service and redemption price of the debt being refunded through and including the call date. The Verification Agent verifies the mathematical accuracy of calculation of the amount to be deposited in escrow and the bond counsel relies on this verification in giving their opinion that the debt is defeased within the meaning of the indenture and that the lien of the debt on the revenues pledged to the debt being refunded is released.

11.0: CONFLICT OF INTEREST AND STANDARDS OF CONDUCT

Members of the District, the Board of Directors and its consultants, service providers and underwriters shall adhere to standards of conduct and conflict of interest rules as stipulated by the California Political Reform Act or the Municipal Securities Rulemaking Board (MSRB), as applicable. All debt financing participants shall maintain the highest standards of professional conduct at all times, in accordance with MSRB Rules, including Rule G-37. There shall be no conflict of interest with the District with any debt financing participant.

12.0: CONTINUING DISCLOSURE

The District acknowledges the responsibilities of the underwriting community and pledges to make all reasonable efforts to assist underwriters in their efforts to comply with SEC Rule 15c2-12 and MSRB Rule G-36. The District will file its official statements with the MSRB and the nationally recognized municipal securities information repositories. The District will also post copies of its comprehensive financial reports on the MSRB's Electronic Municipal Market Access (EMMA) website, and will disseminate other information that it deems pertinent to the market in a timely manner (For bonds issued after 2012, 10 days). While initial bond disclosure requirements pertain to underwriters, the District will provide financial information and notices of material events on an ongoing basis throughout the life of the issue. Material events are defined as those events which are considered to likely reflect on the credit supporting the securities.

(a) The events considered material according to the SEC are:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB);
6. Tender offers;

7. Defeasances;

8. Ratings changes; and

9. Bankruptcy, insolvency, receivership or similar proceedings.

Note: for the purposes of the event identified in subparagraph (9) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this section (b), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. Unless described in paragraph (a) above, notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

2. The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

3. Appointment of a successor or additional trustee or the change of the name of a trustee;

4. Nonpayment related defaults;

5. Modifications to the rights of Owners of the Bonds;

6. Notices of redemption; and

7. Release, substitution or sale of property securing repayment of the Bonds.

Whenever the District obtains knowledge of the occurrence of a Listed Event under (b) above, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

13:0 INVESTMENT & ARBITRAGE COMPLIANCE

Tax-exempt bonds are required to meet certain provisions of the federal tax code in order to maintain their tax-exempt status. In order to prevent municipal issuers from borrowing money at tax-exempt rates solely for the purpose of investing the proceeds in higher yielding investments and making a profit ("arbitrage"), the federal tax code contains a provision that requires issuers to compare the interest earned on any bond funds held (such as a reserve fund) with interest that would theoretically be earned if the funds were invested at the yield of the bonds, and to "rebate" to the federal government any interest earned in excess of the theoretical earnings limit.

The Chief Financial Officer shall invest the bond proceeds subject to the District's Investment Policy in a timely manner, to ensure the availability of funds to meet operational requirements. In doing so, the CFO will maintain a system of record keeping and reporting to meet the arbitrage rebate compliance requirements of the federal tax code.

14.0: TYPES OF DEBT FINANCING

General Obligation Bonds

General obligation bonds are secured by a pledge of the ad-valorem taxing power of the issuer and are also known as a full faith and credit obligations. Bonds of this nature must serve a public purpose to be considered lawful taxation of the property owners within the District and require a two third's majority vote in a general election. The benefit of the improvements or assets constructed and acquired as a result of this type of bond must be generally available to all property owners.

The District can issue general obligation bonds up to but not in excess of 15% of the assessed valuation under Article XVI, Section 18 of the State constitution. An annual amount of the levy necessary to meet debt service requirements is calculated and placed on the tax roll through the County of San Diego. The District also has a policy that the ad-valorem tax to be used to pay debt service on general obligation bonds will not exceed $.10 per $100 of assessed value.

Voters within Improvement District No. 27 of the District authorized $100 million general obligation bonds in 1989. The District issued $11,500,000 general obligation bonds in 1992 and refinanced the bonds in 1998 and again in 2009. The District also has approximately $29 million in general obligation bonds authorized between 1960 and 1978 for various improvement districts throughout the District, but unissued. General obligation bonds can only be issued under these existing authorizations to the extent necessary to fund the improvements specified by each ballot measure.

General obligation bonds generally are regarded as the broadest and soundest security among tax-secured debt instruments. An unlimited-tax pledge would enable a trustee to invoke mandamus to force the District to raise the tax rate as much as necessary to pay off the bonds. General obligation bonds have other credit strengths as well: the property tax tends to be a steady and predictable revenue source, and when a vote is required to issue them, bondholders have some indication of taxpayers' willingness to pay. General obligation bonds carry the highest credit rating that a public agency can achieve and therefore, the lowest interest cost. General obligation bonds typically are issued to finance capital facilities and not for ongoing operational or maintenance costs.

The District will use an objective analytical approach to determine whether it can afford to assume new general obligation debt for the improvement districts, or in the case of projects not approved by the original ID 27 vote, prior to any submission of a general obligation bond ballot measure to voters. This process will compare generally accepted standards of affordability to the current values for the District. These standards will include debt per capita, debt as a percent of taxable value, debt service payments as a percent of current revenues and current expenditures, and the level of overlapping net debt of all local taxing jurisdictions. The process will also examine the direct costs and benefits of the proposed expenditures. The decision on whether or not to assume new debt will be based on these costs and benefits, the current conditions of the municipal bond market, and the District’s ability to "afford" new debt as determined by the aforementioned standards.

Revenue Bonds

Revenue bonds are limited-liability obligations that pledge net revenues of the District to debt service. The net revenue pledge is after payment of all operating costs. Since revenue bonds are not generally secured by the full faith and credit of the District, the financial markets require coverage ratios of the pledged revenue stream and a covenant to levy rates and charges sufficient to produce net income at some level in excess of debt service (a Rate Covenant).

Also there may be a test required to demonstrate that future revenues will be sufficient to maintain debt service coverage levels after any proposed additional bonds are issued. The District will strive to meet industry and financial market standards with such ratios without impacting the current rating. Annual adjustments to the District’s rate structure may be necessary to maintain these coverage ratios.

The underlying credit of revenue bonds is judged on the ability of the District’s existing rates to provide sufficient net income to pay debt service and the perceived willingness of the District to raise rates and charges in accordance with its Rate Covenant. Actual past performance also plays a role in evaluating the credit quality of revenue bonds, as well as the diversity of the customer base. Revenue bonds generally carry a credit rating one or two investment grades below a general obligation bond rating.

The District may use a debt structure called “Certificates of Participation” to finance capital facilities. However, if the certificates contain a pledge of net revenues and a Rate Covenant, they are treated as essentially the same as a revenue bond.

Lease/Purchase Agreements

Over the lifetime of a lease, the total cost to the District will generally be higher than purchasing the asset outright. As a result, the use of lease/purchase agreements in the acquisition of vehicles, equipment and other capital assets will generally be avoided, particularly if smaller quantities of the capital asset(s) can be purchased on a "pay-as-you-go" basis.

The District may utilize lease-purchase agreements to acquire needed equipment and facilities. Criteria for such agreements should be that the asset life is three years or more, the minimum value of the agreement is $50,000 and interest costs must not exceed the interest rate earned by the District's portfolio for the average of the past 6 months. Lease payments of this type are considered operating expenses and would reduce net operating income available to pay any District revenue bonds. There are no coverage requirements or rate covenants associated with lease/purchase agreements.

State Water Loans

The State Water Resources Control Board makes certain funds available to water districts throughout the State. These loans typically carry a below-market rate of interest and are short term in nature. While State loans should be incorporated into the District's debt portfolio for the financing of capital improvements, the payment of the loan should not compromise the District's ability to issue other planned debt or cause the District to violate its rate covenants or make it necessary for the District to increase rates to maintain existing rate covenants.

Land Based Financing

The District may consider developer or property owner initiated applications requesting the formation of community facilities or assessment districts and the issuance of bonds to finance eligible District facilities necessary to serve newly developing commercial, industrial and/or residential projects. Facilities will be financed in accordance with the provisions of the Municipal Improvement Act of 1913 and the Improvement Bond Act of 1915, or the Mello-Roos Community Facilities Act of 1982.

Typically, the bonds issued would be used to prepay, in a lump-sum, the District's capacity fees with respect to a large tract of land under development, or to finance in-tract infrastructure that will eventually be dedicated to the District. The bonds are secured by a special tax or assessment to be levied on property within the boundaries established for the community facilities district (sometimes known as a "Mello-Roos" district) or the assessment district. If the District becomes the sponsoring public agency for such financing district and the issuance of debt, the District will be required to enter into a Funding, Construction and Acquisition agreement for any of the facilities to be dedicated to the District upon completion. This agreement governs the type of facilities to be constructed with bond proceeds and how the facilities will be accepted by the District.

In some cases, the District may not be asked to be the sponsoring agency for the formation of a financing district, rather, the developer or property owner may approach a school district or a city to be the sponsoring agency. Nonetheless, the property owner may want to include lump-sum payment of District fees in the financing or construction of certain facilities to be dedicated to the District upon completion. In this case, if the District desired to participate, the District would enter into a Joint Financing Agreement with the sponsoring agency, again governing the type of facilities to be constructed with bond proceeds and how the facilities will be accepted by the District.

On a case-by-case basis, the Board shall make the determination as to whether a proposed district will proceed under the provisions of the Assessment Acts or the Mello-Roos Community Facilities Act. The Board may confer with other consultants and the applicant to learn of any unique district requirements, such as long-term development phasing, prior to making any final determination.

All District and District consultant costs incurred in the evaluation of new development, district applications and the establishment of districts will be paid by the applicant(s) by advance deposits in those instances where a party or parties other than the District have initiated a proposed district. Expenses not legally reimbursable by the financing district will be borne by the applicant. The District may incur expenses for analyzing proposed assessment or community facilities districts where the District is the principal proponent of the formation or financing of the district.

Prior to the issuance of any land secured financing and in accordance with State law, the Board will adopt policies and procedures with criteria to be met before any special tax bonds or assessment district bonds may be issued. These criteria include the qualifications of the appraiser, the minimum value to lien ratio to be achieved prior to issuing the land secured debt and the maximum tax to be levied on different categories of property.

15.0: RATING AGENCY APPLICATIONS

The District may seek one or more ratings on all new issues that are being sold in the public market. These rating agencies include, but are not limited to, Fitch Investors Service, Moody’s Investors

Service, and Standard & Poor's. When applying for a rating on an issue over $1 million or more, the District shall make a formal presentation of the finances and positive developments within the District to the rating agencies. The District will report all financial information to the rating agencies upon request. This information shall include, but shall not be limited to, the District's Comprehensive Annual Financial Report (CAFR), and the Adopted Operating and Capital Budget.

16.0: USE OF CREDIT ENHANCEMENT

Credit enhancement is a generic term that means any third-party guarantee of debt service. Credit enhancement providers include municipal bond insurance companies or financial institutions. The purchase of credit enhancement allows the District's bond issue to carry the same credit rating as the credit provider. The District will seek to use credit enhancement when such credit enhancement proves cost-effective. Selection of credit enhancement providers will be subject to a competitive bid process using the District's purchasing guidelines, if applicable.

Fixed Rate Bonds

Credit enhancement for fixed rate bonds is obtained by the purchase of bond insurance. If a commitment for bond insurance is obtained for a particular issue, the District will estimate the annual debt service for the issue based on current interest rates applicable to the credit rating of the bond insurer. If the estimated debt service on this basis is less than or equal to estimated debt service for the issue based on interest rates for bonds with the District's underlying or stand-alone credit rating, the District will purchase the bond insurance. Any intention of the District to prepay the debt ahead of its scheduled maturity will be taken into account in the analysis. Credit enhancement may be used to improve or establish a credit rating on a District debt obligation even if such credit enhancement is not cost effective if, in the opinion of the Chief Financial Officer, the use of such credit enhancement meets the District's debt financing goals and objectives, such as, funding of a reserve fund for the bonds.

Variable Rate Bonds

Credit enhancement for variable rate bonds is comprised of two components: credit support and liquidity. The interest on variable rate bonds is based on a short-term investment rate (usually 7 days).

Any investor can tender their bonds back to the District to be repurchased on short notice (usually 7 days). Because of the short-term nature of the investment, the securities that the District is "competing" with for investors are AA-rated mutual funds. Therefore, variable debt needs to have credit enhancement to achieve a comparable AA rating, as well as liquidity support to provide the District with a mechanism to purchase any bonds that are tendered before they can be remarketed to new investors. A limited number of financial institutions offer letters of credit that combine both credit support and liquidity for one fee. An alternative is to purchase bond insurance to provide credit support and enter into a separate purchase agreement with a financial institution to provide liquidity. The difference in cost between the two structures will be analyzed before either alternative is selected for variable rate debt.

17.0: GLOSSARY

Ad Valorem Tax: A tax calculated "according to the value" of property. Such a tax is based on the assessed valuation of tangible personal property. In most jurisdictions, the tax is a lien on the property enforceable by seizure and sale of the property. General restrictions, such as overall restrictions on rates, or the percent of charge allowed, sometimes apply. As a result, ad valorem taxes often function as the balancing element in local budgets.

Advance Refunding: A procedure whereby outstanding bonds are refinanced by the proceeds of a new bond issue prior to the date on which outstanding bonds become due or are callable. Typically an advance refunding is performed to take advantage of interest rates that are significantly lower than those associated with the original bond issue. At times, however, an advance refunding is performed to remove restrictive language or debt service reserve requirements required by the original issue.

Amortization: The planned reduction of a debt obligation according to a stated maturity or redemption schedule.

Arbitrage: The gain that may be obtained by borrowing funds at a lower (often tax-exempt) rate and investing the proceeds at higher (often taxable) rates. The ability to earn arbitrage by issuing tax-exempt securities has been severely curtailed by the Tax Reform Act of 1986, as amended.

Assessed Valuation: The appraised worth of property as set by a taxing authority through assessments for purposes of ad valorem taxation.

Basis Point: One one-hundredth of one percent.

Bond: A security that represents an obligation to pay a specified amount of money on a specific date in the future, typically with periodic interest payments.

Bond Counsel: An attorney (or firm of attorneys) retained by the issuer to give a legal opinion concerning the validity of the securities. The bond counsel's opinion usually addresses the subject of tax exemption. Bond counsel may prepare, or review and advise the issuer regarding authorizing resolutions or ordinances, trust indentures, official statements, validation proceedings and litigation.

Bond Insurance: A type of credit enhancement whereby a monocline insurance company indemnifies an investor against a default by the issuer. In the event of a failure by the issuer to pay principal and interest in-full and on-time, investors may call upon the insurance company to do so. Once assigned, the municipal bond insurance policy generally is irrevocable. The insurance company receives an up-front fee, or premium, when the policy is issued.

Call Option: A contract through which the owner is given the right but is not obligated to purchase the underlying security or commodity at a fixed price within a limited time frame.

Cap: A ceiling on the interest rate that would be paid.

Capital Lease: The acquisition of a capital asset over time rather than merely paying rent for temporary use. A lease-purchase agreement, in which provision is made for transfer of ownership of the property for a nominal price at the scheduled termination of the lease, is referred to as a capital lease.

Certificate of Participation: A financial instrument representing a proportionate interest in payments such as lease payments by one party (such as the District acting as a lessee) to another party (often a trustee).

CIP: Capital Improvement Program.

Competitive Sale: The sale of securities in which the securities are awarded to the bidder who offers to purchase the issue at the best price or lowest cost.

Continuing Disclosure: The requirement by the Securities and Exchange Commission for most issuers of municipal debt to provide current financial information to the informational repositories for access by the general marketplace.

Debt Service: The amount necessary to pay principal and interest requirements on outstanding bonds for a given year or series of years.

Defeasance: Providing for payment of principal of premium, if any, and interest on debt through the first call date or scheduled principal maturity in accordance with the terms and requirements of the instrument pursuant to which the debt was issued. A legal defeasance usually involves establishing an irrevocable escrow funded with only cash and U.S. Government obligations.

Derivative: A financial product that is based upon another product. Generally, derivatives are risk mitigation tools.

Discount: The difference between a bond's par value and the price for which it is sold when the latter is less than par.

Financial Advisor: A consultant who advises an issuer on matters pertinent to a debt issue, such as structure, sizing, timing, marketing, pricing, terms and bond ratings.

General Obligation Bonds: Debt that is secured by a pledge of the ad valorem taxing power of the issuer. Also known as a full faith and credit obligation.

Municipal Securities Rulemaking Board (MSRB): The MSRB, comprised of representatives from investment banking firms, dealer bank representatives, and public representatives, is entrusted with the responsibility of writing rules of conduct for the municipal securities market.

Negotiated Sale: A sale of securities in which the terms of sale are determined through negotiation between the issuer and the purchaser, typically an underwriter, without competitive bidding.

Official Statement: A document published by the issuer that discloses material information on a new issue of municipal securities including the purposes of the issue, how the securities will be repaid, and the financial, economic and social characteristics of the issuing government. Investors may use this information to evaluate the credit quality of the securities.

Option: A derivative contract. There are two primary types of options (see Put Option and Call Option). An option is considered a wasting asset because it has a stipulated life to expiration and may expire worthless. Hence, the premium could be wasted.

Optional Redemption: The redemption of an obligation prior to its stated maturity, which can only occur on dates specified in the bond indenture.

Overlapping Debt: The legal boundaries of local governments often overlap. In some cases, one unit of government is located entirely within the boundaries of another. Overlapping debt represents the proportionate share of debt that must be borne by one unit of government because another government with overlapping or underlying taxing authority issued its own bonds.

Par Value: The face value or principal amount of a security.

Pay-as-you-go: To pay for capital improvements from current resources and fund balances rather than from debt proceeds.

Put Option: A contract that grants to the purchaser the right but not the obligation to exercise.

Rate Covenant: A covenant between the District and bondholders, under which the District agrees to maintain a certain level of net income compared to its debt payments, and covenants to increase rates if net income is not sufficient to meet such level.

Refunding: A procedure whereby an issuer refinances an outstanding bond issue by issuing new bonds.

Revenue Bonds: A bond which is payable from a specific source of revenue and to which the full faith and credit of an issuer with taxing power is not pledged. Revenue bonds are payable from identified sources of revenue, and do not permit the bondholders to compel a jurisdiction to pay debt service from any other source. Pledged revenues often are derived from the operation of an enterprise. Generally, no voter approval is required prior to issuance.

Special Assessments: A charge imposed against property or parcel of land that receives a special benefit by virtue of some public improvement that is not, or cannot be enjoyed by the public at large. Special assessment debt issues are those that finance such improvements and are repaid by the assessments charged to the benefiting property owners.

Swap: A customized financial transaction between two or more counterparties who agree to make periodic payments to one another. Swaps cover interest rate, equity, commodity and currency products. They can be simple floating for fixed exchanges or complex hybrid products with multiple option features.

True Interest Cost (TIC): A method of calculating the overall cost of a financing that takes into account the time value of money. The TIC is the rate of interest that will discount all future payments so that the sum of their present value equals the issue proceeds.

Underwriter: The term used broadly in the municipal market, to refer to the firm that purchases a securities offering from a governmental issuer.

Yield Curve: Refers to the graphical or tabular representation of interest rates across different maturities. The presentation often starts with the shortest-term rates and extends towards longer maturities. It reflects the market's views about implied inflation/deflation, liquidity, economic and financial activity, and other market forces.

Attachment D

DISTRICT DEBT POLICY

Debt Policy No. 45

Board of Director's Meeting

September 4, 2013

POLICY REVIEW

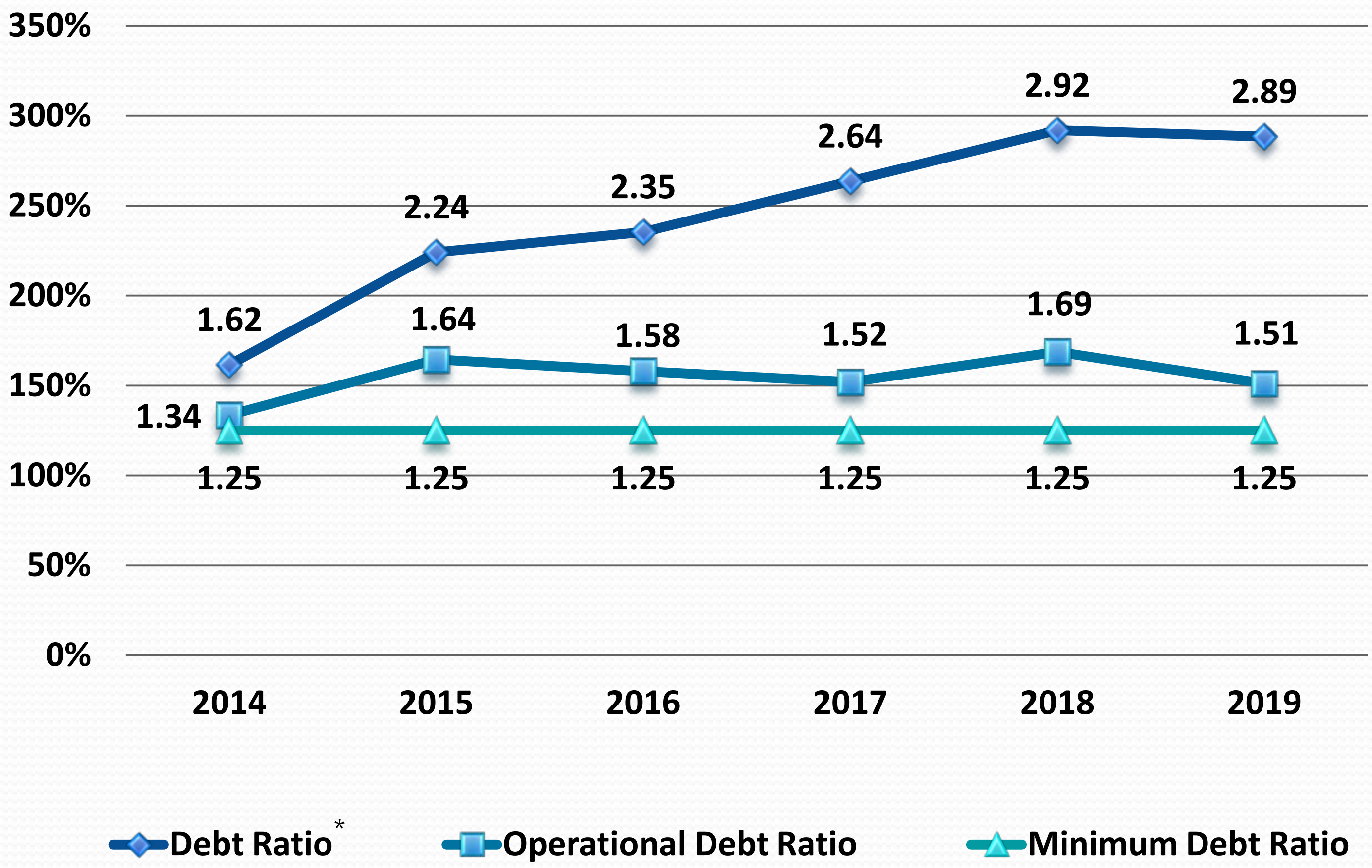
- Review Existing Outstanding Debt
- Debt Coverage Ratio
- Update of the Debt Policy

Schedule of Debt

Description	Year Issued	Year of Final Payment	Call Options	Effective Rate	Original Amount	Amount Outstanding	Purpose
1996 Certificates of Participation (Non-taxable)	1996	2026	Any time	Variable (1.15% as of 8/7/13)	$15,400,000	$10,400,000	Terminal Storage, Water Stoage Ponds, Pump Stations, Operational Reservoirs, Pipeline Projects, Headquarters
2007 Certificates of Participation (Non-taxable)	2007	2036	9/1/2017	4.33%	$42,000,000	$38,665,000	640-1 and 640-2 Reservoirs, which were both 10MM Gallon reservoirs
2009 General Obligation Bonds (Non-taxable)	2009	2022	Not Callable	3.39%	$7,780,000	$6,235,000	Redemption of 1998 GO Bonds, which were used for ID 27 including: 30MM gallon reservoir and replacement/addition of pipeline
2010 Build America Bonds - A (Non-taxable)	2010	2024	3/1/2020	4.18%	$13,840,000	$12,255,000	Jamacha Road Pipeline Project Conveyance System for desal plant
2010 Build America Bonds - B (Taxable)	2010	2040	Any time (Make-Whole*)	4.18%	$36,355,000	$36,355,000	
2013 Water Revenue Refunding Bonds	2013	2023	Not Callable	1.56%	$7,735,000	$7,735,000	Refunding 1993/2004 COPS, which were used for terminal storage reservoirs, pump stations, operational reservoirs and 50,000 feet of pipeline
				Total	**$123,110,000**	**$111,645,000**	

* If these are refunded the investors must be compensated. Compensation is derived from a formula based on the net present value of future coupon payments.

Debt Coverage Ratio



* FY14 Stategic Plan Debt ratio is 191%.

DEBT POLICY GUIDELINES

Professional Finance Organizations:

- Government Finance Officers Association (GFOA)
- Association of Public Treasurers of the United States & Canada (APT US&C)
- California Municipal Treasurers Association (CMTA)
- California Society of Municipal Finance Officers (CSMFO)

DEBT POLICY CHANGES

- 5.0: Debt Structure

Limitations on the Issuance of Variable Rate Debt

“ The interest rate used to estimate **variable** interest costs will be the **higher of the** 10 year average rate **or the current** weekly variable rate.”

This update will require a comprehensive evaluation of interests costs by assessing both historic and current rate environments.

DEBT POLICY CHANGES

- 7.0: Negotiated Sale

- Added “new financing techniques” and “private placement” as alternatives that the District would consider if they were cost effective.

- This increases the alternatives that the District could utilize to achieve the most cost effective borrowing facility.

DEBT POLICY CHANGES

- 10.0: Derivatives

Derivatives were removed as a financing option. The GFOA advises great caution in the use of derivatives and to use them only when issuers have developed:

1. A sufficient understanding of the products.
2. The internal staffing expertise and controls to manage, monitor and evaluate these products properly.

In the event that the District wishes to utilize derivatives, the expertise and controls will be established and the policy revised.

DEBT POLICY CHANGES

➢ Section 11.0: Financing Participants

- *Letter of Credit* – Changed agreement limit from "5-7 years" to "3 years"

- *Municipal Bond Insurers* - Eliminated the reference to AAA ratings

These changes reflect the current debt environment.

DEBT POLICY CHANGES

➢ Section 12.0: Continuing Disclosure

Material Events – Updated the list of material events for changes in SEC regulations.

- Changed the events that are defined as material.
- Added a new listing of material events that, if occur, must be evaluated for materiality.
- Defined the time period for notification (10 days)

These changes reflect the current SEC regulations.

DEBT POLICY CHANGES

- Section 15.0 Rating Agency Applications

Modified the requirement that allows the District to determine if more than one rating be obtained.

- If a single rating is deemed reasonable the District may not wish to incur the costs associated with obtaining a second rating.

REQUESTED BOARD ACTION

The Finance, Administration and Communications Committee reviewed the amended Debt Policy No. 45 and recommends the Board adopt Resolution No. 4217 amending the Debt Policy.

AGENDA ITEM 7

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	September 4, 2013
		PROJECT:	Various DIV. NO. ALL
SUBMITTED BY:	Stephen Dobrawa Purchasing and Facilities Manager		
APPROVED BY:	☒ Rom Sarno, Chief, Administrative Services ☒ German Alvarez, Assistant General Manager ☒ Mark Watton, General Manager		
SUBJECT:	REQUEST AUTHORIZATION FOR THE GENERAL MANAGER TO DECLARE AND DISPOSE OF SURPLUS REAL ESTATE		

GENERAL MANAGER'S RECOMMENDATION:

That the Board:

1. Declare the real estate properties identified as items 1-4 in this report as surplus (please see Attachment B for maps).

2. Authorize the General Manager to dispose of the declared properties in accordance with applicable statutes and laws in the best interest of the District.

COMMITTEE ACTION:

See Attachment A.

PURPOSE:

To provide a list of real estate properties that have been determined to be surplus to the needs of the District, request authorization allowing the General Manager to dispose of the properties, and provide information on mandated requirements for the disposal of real estate.

ANALYSIS:

As a regular course of business, the District periodically reviews the need and use of real estate (properties) it owns. This is done to ensure that the District's current and future property needs are provided for, and that properties that are no longer required are disposed of in order to minimize costs and associated liabilities of property ownership. The retention of real property that is surplus to the District's needs increase operating expense by increasing the requirement to maintain and manage the properties. The properties listed herein were identified after review by the Engineering, Operations, and Administrative Services departments.

An evaluation of District-owned properties identified the following four properties as not required for District use:

	Area (acres)	**Property Location**	**APN**
1	2.41	On Sweetwater Springs Blvd, near US Elevator Road, Spring Valley	505-230-51-00
2	0.34	On Dorchester Street, near Cornwall Street, Spring Valley	577-461-06-00
3	0.35	On Wild Mustang Place, near Hidden Trail Drive, Jamul	519-312-61-00
4	0.93	West of SR-125 and North of Proctor Valley Road, Chula Vista	595-020-07-00

If declared surplus, the District will dispose of the properties in accordance with applicable statutes and laws as required by the District's Code of Ordinances, Section 4.05 (Attachment C).

The disposal of the real properties declared surplus will be in accordance with State mandates and guidelines. Prior to being offered, appraisals to determine current values will be performed. It is anticipated that in the event the four properties are not sold to other public entities, the District will solicit proposals and enter into an agreement with a real estate broker who will list the properties on the open market.

<u>Disposal of Surplus Real Properties Procedures and Requirements:</u>

The following is an outline of the procedure that the District must use to sell or otherwise dispose of District owned parcels:

I. <u>General Sale and Disposal Procedures and Priorities</u>

Municipal water districts, such as the Otay Water District, may " . . . dispose of real . . . property of every kind" [Water Code Section 71690]. Such a disposal, however, is subject to the procedural requirements found in Government Code Section 54220, *et seq*., pertaining to the disposition of "surplus land" by a local agency. There are certain exemptions that may apply depending on the characteristics of the property in question.

1. Surplus Land

The District must first determine that the land in question is surplus. "Surplus land" is defined in Section 54221(b) as land owned by the District "that is determined to be no longer necessary for the [District's] use, except for property being held by the [District] for the purpose of exchange."

2. Written Offers to Sell or Lease Property

Once the property is declared surplus, the District must send a written offer to sell or lease the property to the following entities, in the order set forth below:

(1) Local Public Entities A written offer to sell or lease the surplus property for the purposes of developing low- and moderate-income housing must be sent to any "Local Public Entity" as that term is defined in Section 50079 of the Health and Safety Code within whose jurisdiction the surplus land is located.

(2) Housing Sponsors Upon written request, "Housing Sponsors" as defined in Section 50074 of the Health and Safety Code, shall also be sent a written offer to sell or lease the surplus land for the development of low- and moderate-income housing. Notices to Local Public Entities and Housing Sponsors must be sent by first-class mail and are to include the location and description of the property. Priority is to be given to the development of land to provide affordable housing for lower income, elderly, or disabled persons or households, and other low income households.

(3) Parks and Recreational Purposes A written offer to sell or lease the surplus property is to be made to various entities for parks and recreational or open space purposes. These written offers are to be sent to the following entities:

(a) To any Park and Recreation Department of any city where the surplus land is located.

(b) To any Park and Recreation Department of the county within the area on which the land is situated.

(c) To any regional park authority having jurisdiction within the area on which the land is located.

(d) To the State Resources Agency or any agency which may succeed to its powers.

(4) School Districts If the land is suitable for school facilities construction or use by a school district for open-space purposes, a written offer to sell or lease is to be

made to any school district in whose jurisdiction the land is located.

(5) Enterprise Zones If the area is in an "Enterprise Zone," a written offer to sell or lease shall be sent to the nonprofit neighborhood enterprise association in that zone.

3. Sixty (60) Day Window to Accept Offer to Sell or Lease

Once the written offer has been sent to the various entities, these entities have sixty (60) days after receipt of the offer to notify the District in writing of their intent to purchase or lease the property.

4. Good Faith Negotiations for Sixty (60) Days

If the District receives notice from any of the entities listed above expressing their interest in purchasing or leasing the surplus property, the District must then enter into good faith negotiations to determine a mutually satisfactory sales price or a lease term. If, after a sixty day period of good faith negotiations, the price or terms cannot be agreed upon, then the District may dispose of the land without further regard to the provisions of Section 54220, et seq.

It should be emphasized that the basic rule is that the District must offer the land to these agencies, but it is not obligated to sell at less than fair market value. Should the District reach an acceptable price with any entity interested in purchasing the property, the sale may provide for terms of payment up to twenty years and a contract of sale or sale by deed of trust. The District, under the provisions of Section 54226, may sell or lease the property at less than, full, or in excess of the fair market value of the property. In addition, an examination of the proposed sale or lease should be made under CEQA as discussed below.

5. Multiple Offers - Priority to Parks and Affordable Housing

In the event the District receives interest from one or more entities interested in purchasing or leasing the surplus property, Section 54227 provides that first priority is to be given to those entities which agree to use the property as a site for housing of persons and families of low or moderate income. However, park and recreational purposes may be given priority if the land being offered is already being used and will continue to be used for park and recreational purposes; or if the land is designated for park and recreational use in the local general plan and will be developed for that purpose.

II. Sale of the Property if No Section 54220 Interest is Shown or Negotiations Fail

Assuming the District is not able to reach agreement on the sale of the property with any of the entities, Water Code Section 71690 provides that the District may purchase or receive real property and may "hold, use, enjoy, lease, or dispose of real … property of every kind." Public Contract Code Section 20643 provides that the District may dispose of real property "without calling for competitive bids." These sections provide the District with great discretion as to how to proceed with the sales transaction.

FISCAL IMPACT: ☒ Joe Beachem, Chief Financial Officer

It is anticipated that the District will obtain the fair market value for the properties. The proceeds from the sale of each property will be credited to the funds that provided for their purchase.

STRATEGIC GOAL:

- Ensure financial health through formalized policies, prudent investing and efficient operations.
- Optimize District efficiencies.

LEGAL IMPACT:

None.

Attachments: Attachment A – Committee Action Report
Attachment B – Maps of Properties 1-4
Attachment C – Section 4.05 of the District's Code of Ordinances

ATTACHMENT A

SUBJECT/PROJECT:	REQUEST AUTHORIZATION FOR THE GENERAL MANAGER TO DECLARE AND DISPOSE OF SURPLUS REAL ESTATE

COMMITTEE ACTION:

The Finance, Administration and Communications Committee met on August 21, 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 - Map 1

DEVELOPER: N/A

PROJECT#: N/A

APN: 505-230-51-00

AREA: 2.41 ACRES

PROPERTY LOCATION: On Sweetwater Springs Blvd near US Elevator Road, Spring Valley

OWNER: OTAY WATER DISTRICT

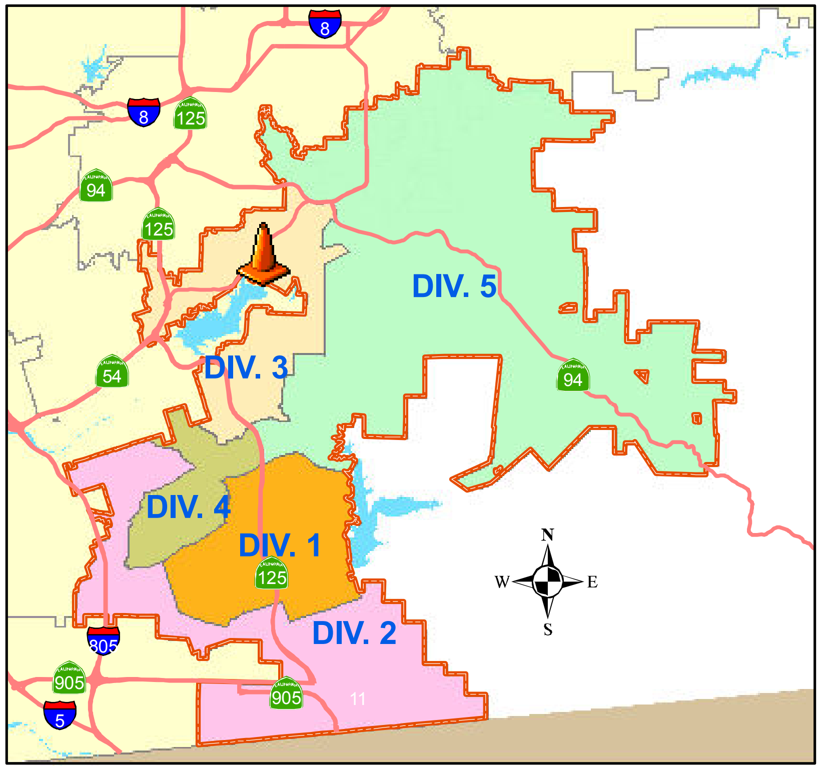
DIR: DIV. 3

WID: ID 20

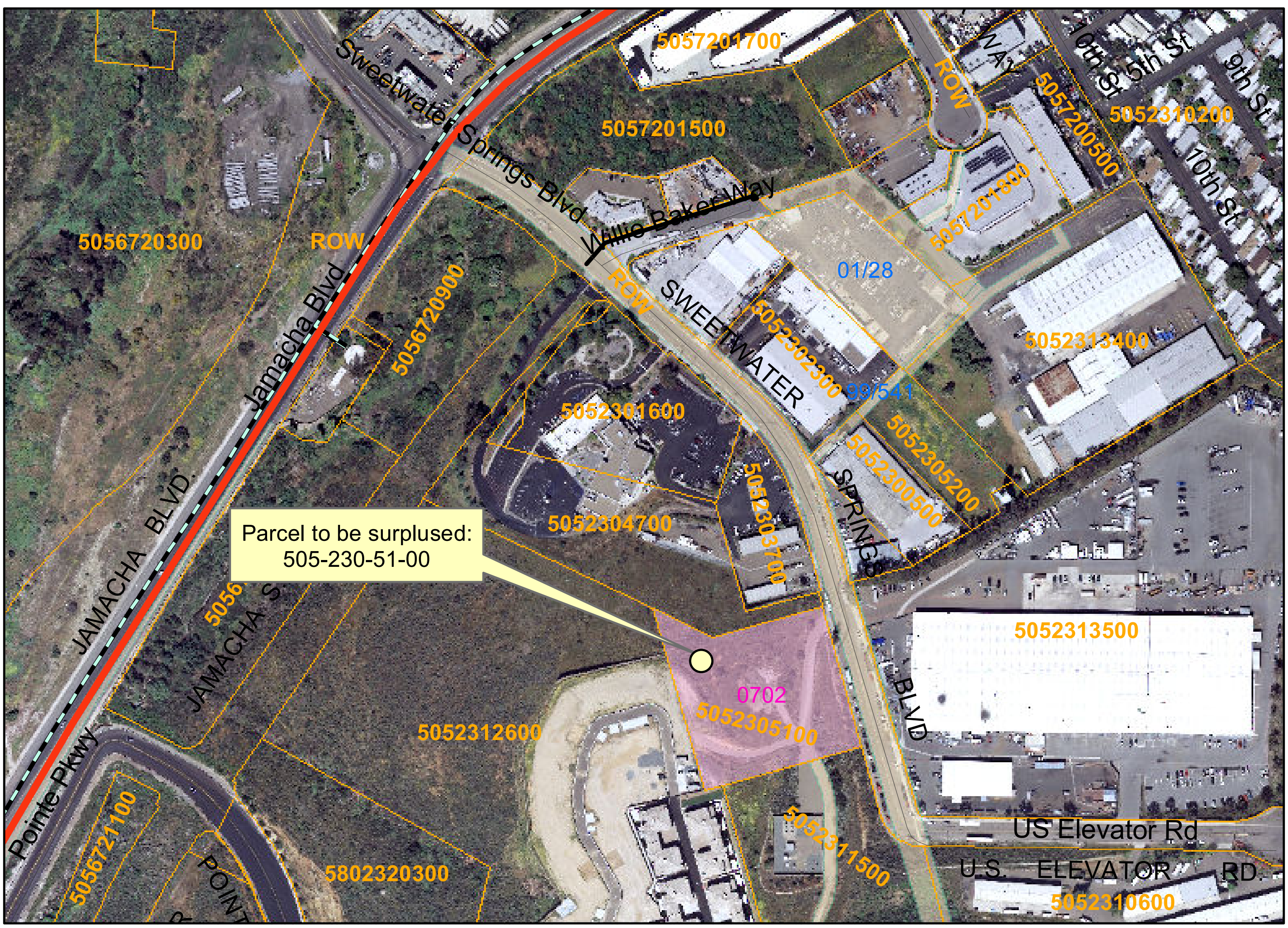
DATE: 6/26/2013

0 135 270 540 810 1,080 Feet

VICINITY MAP



LOCATION MAP



Attachment B - Map 2

DEVELOPER: N/A

PROJECT#: N/A

APN: 577-461-06-00

AREA: 0.34 ACRES

PROPERTY LOCATION: On Dorchester Street near Cornwall Street, Spring Valley

OWNER: OTAY WATER DISTRICT

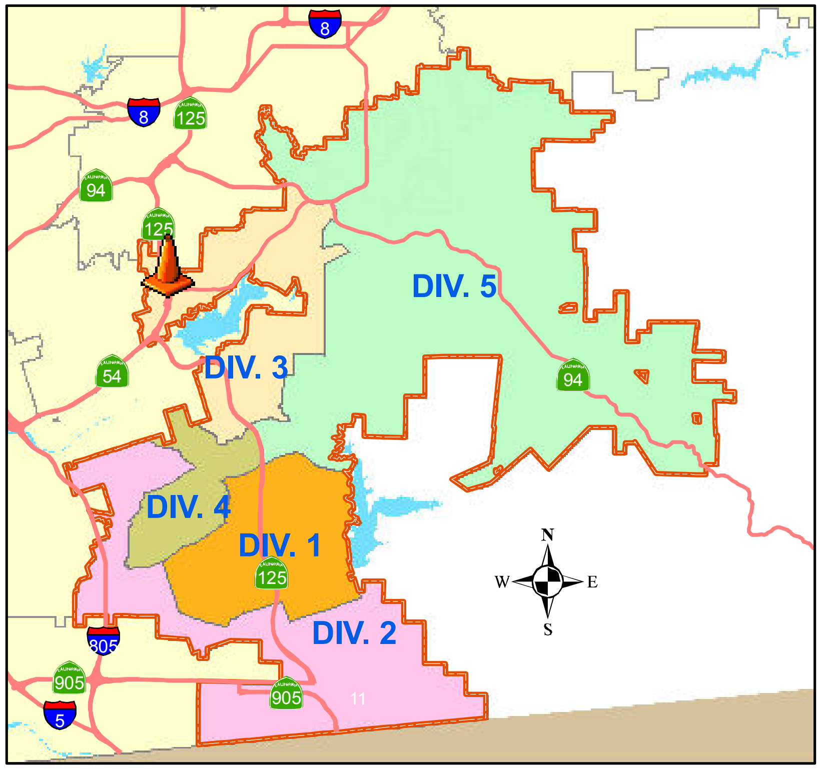
DIR: DIV. 3

WID: ID 01

DATE: 8/12/2013

0 20 40 80 120 160 Feet

VICINITY MAP



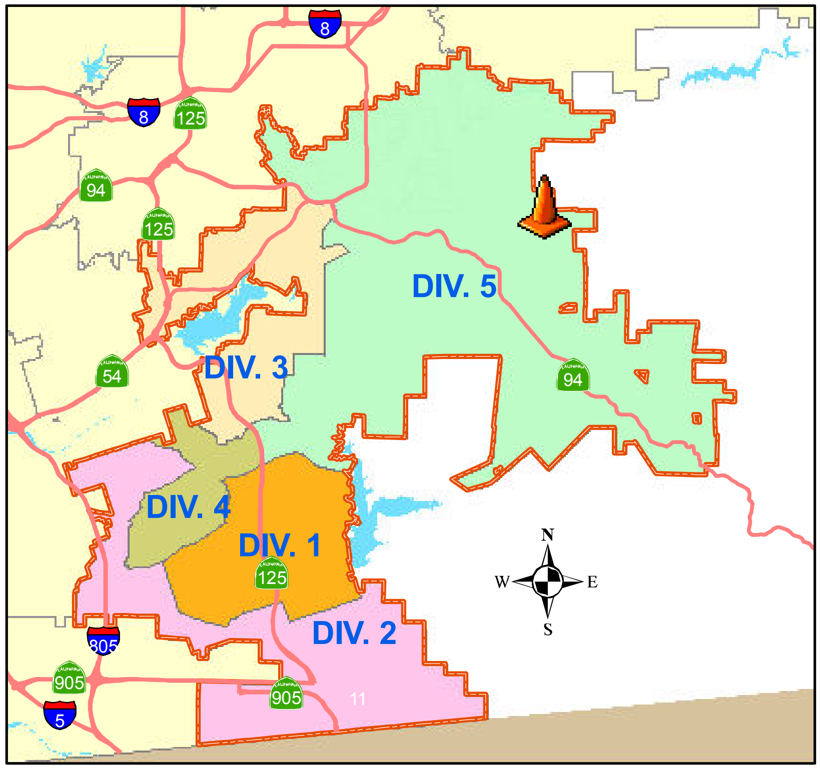
LOCATION MAP

Attachment B - Map 3

DEVELOPER:	N/A
PROJECT#:	N/A
APN:	519-312-61-00
AREA:	0.35 ACRES
PROPERTY LOCATION:	OnWild Mustang Place near Hidden Trail Drive, Jamul
OWNER:	OTAY WATER DISTRICT
DIR:	DIV. 5
WID:	ID 20
DATE:	6/27/2013

0 15 30 60 90 120 Feet

VICINITY MAP



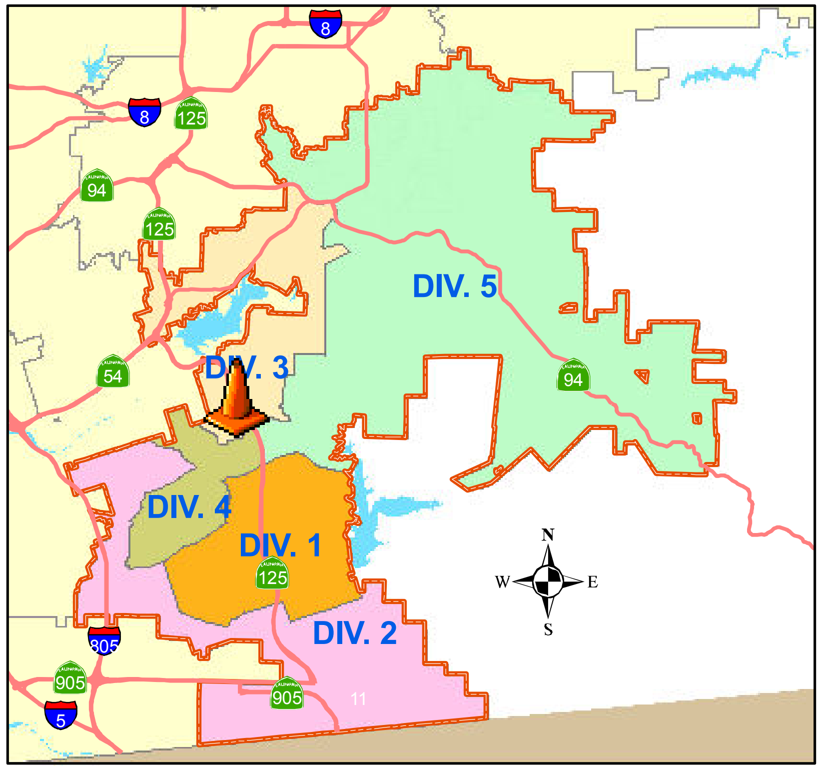
LOCATION MAP

Attachment B - Map 4

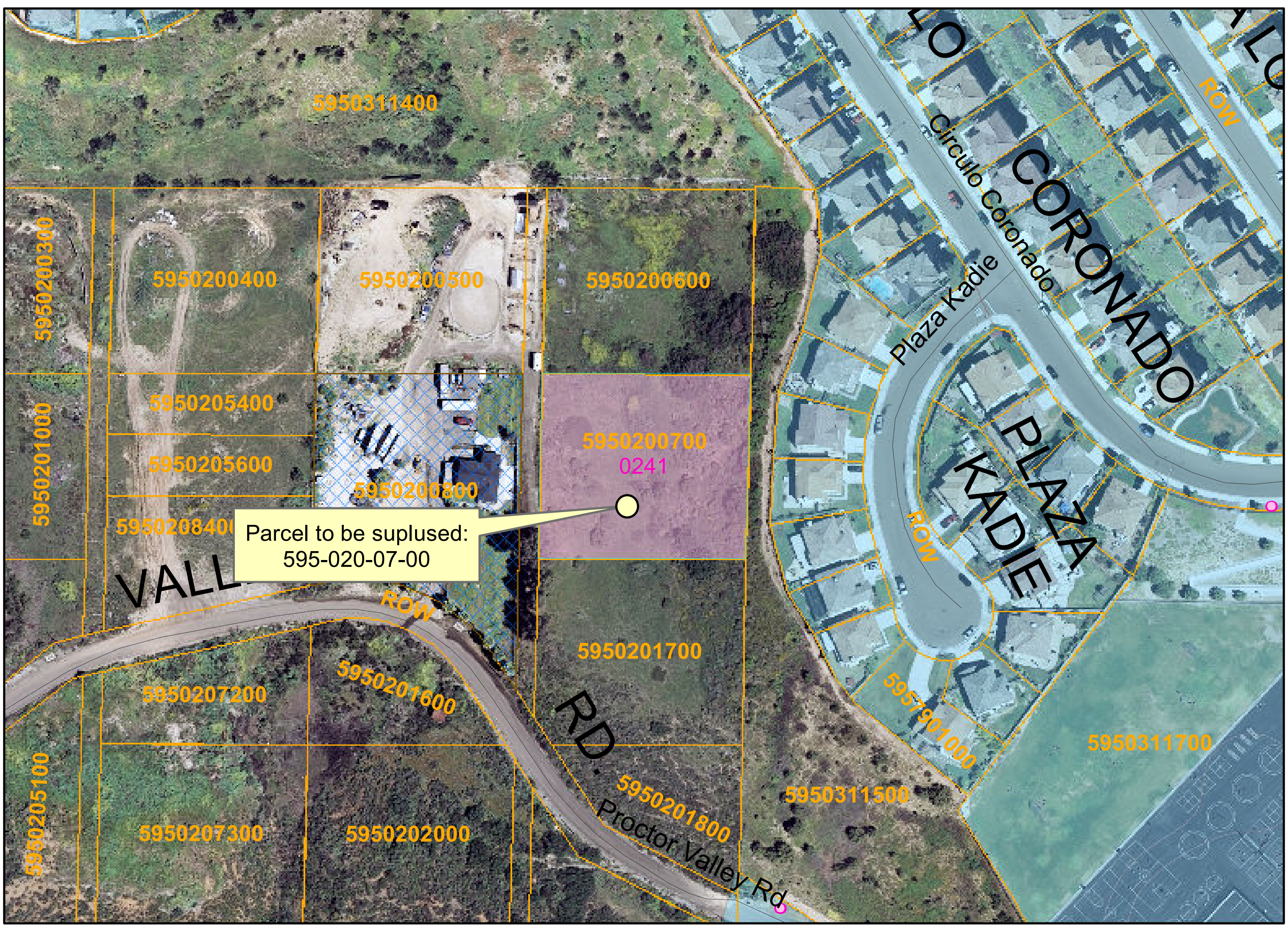
DEVELOPER:	N/A
PROJECT#:	N/A
APN:	595-020-07-00
AREA:	0.93 ACRES
PROPERTY LOCATION:	West of SR-125 and North of Proctor Valley Road, Chula Vista
OWNER:	OTAY WATER DISTRICT
DIR:	DIV. 3
WID:	NULL
DATE:	6/27/2013

0 65 130 260 390 520 Feet

VICINITY MAP



LOCATION MAP



CHAPTER 4 PURCHASING

SECTION 4 PURCHASES AND PAYMENTS

4.01 PURCHASES OF PROPERTY OR SERVICES

With the exception of real property, all purchases shall be made in conformity with the District Purchasing Manual promulgated by the General Manager and approved by the Board.

4.02 PAYMENT OF INVOICES

Payments to suppliers shall be made only upon receipt of invoices satisfactory to the District staff with the proper purchase order numbers indicated thereon, when applicable. Invoices shall not be paid until the following documents are delivered to Accounts Payable for issuance of a check and payment is made in accordance with Chapter 3, Section 3.06 of the Code of Ordinance:

A. Supplier's invoice, which shall be checked for purchase order number, where applicable, accuracy, and an appropriate signature for receipt of the goods or services.

B. District purchase order, where applicable.

C. Receiving document, where applicable.

4.03 PETTY CASH PURCHASE

Purchase of supplies and services may be made from petty cash funds in accordance with District Policy 15 of the Code of Ordinance.

4.04 PUBLIC WORKS CONTRACTS

All public works contracts shall be let in accordance with applicable provisions of the California Water Code and the District Purchasing Manual.

4.05 DISPOSAL OF SURPLUS PROPERTY

All property, real or personal, which has been declared surplus to the District's needs, shall be disposed of in accordance with the District Purchasing Manual or applicable statutes and laws.