

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

| Subject | Policy Number | Date Adopted | Date Revised |
|--|---------------|--------------|--------------|
| ANNUAL CAPITAL IMPROVEMENT PROGRAM DEVELOPMENT | 06 | 10/15/84 | 6/4/14 |

PURPOSE

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

BACKGROUND

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

POLICY

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

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

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

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

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the current fiscal year. The General Manager is authorized to redistribute funds between approved CIP projects as long as the total fiscal year budget is not exceeded. In addition, the General Manager is authorized to exceed the budget for specific CIP projects under the following conditions:

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