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

THURSDAY
March 20, 2008
4:00 P.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. ADOPT ORDINANCE NO. 515 AMENDING CODE OF ORDINANCES' SECTION 2, MANAGEMENT OF THE DISTRICT AND 4, PURCHASES AND PAYMENTS; AND ADOPT RESOLUTION NO. 4122 AMENDING CODE OF ORDINANCES' POLICY NO. 7, CONDITIONS FOR INSTALLMENT OR DEFERRED PAYMENTS TO THE DISTRICT, AND POLICY 15, USE OF DISTRICT CREDIT CARDS, PETTY CASH, AND EXPENDITURES INVOLVING DISTRICT CREDIT (DOBRAWA / PRENDERGAST) [10 minutes]

4. INFORMATIONAL REPORT ON THE ARTIFICIAL TURF REBATE PROGRAM (GRANGER) [5 minutes]

5. APPROVE AGREEMENT WITH CUYAMACA COLLEGE FOR THE INSTALLATION OF A SECOND WATER METER AND NEGOTIATE A PAYMENT PLAN FOR PAST UN-METERED WATER USE (PORRAS) [10 minutes]

6. REVIEW OF PROPOSED STRATEGIC PLAN FOR FISCAL YEARS 2009-2011 (STEVENS) [20 minutes]

7. ADOPT POSITIONS ON AB 983 AND PROPOSITIONS 98 AND 99 (BUELNA) [10 minutes]

8. INFORMATIONAL REPORT ON THE COMPARATIVE BUDGET SUMMARY THROUGH JUNE 30, 2008 (BEACHEM / BELL) [15 minutes]

9. REPORT ON METER SALES SLOWDOWN AND OTHER 2009 BUDGETARY CHALLENGES (BEACHEM) [10 minutes]

10. REPORT ON RESOLUTION OF CUSTOMER COMPLAINT ON A SEWER ASSESSMENT CHARGE (HENDERSON / BEACHEM) [5 minutes]

11. REVIEW OF DRAFT SPRING CUSTOMER PIPELINE NEWSLETTER (BUELNA) [5 minutes]

12. APPROVE VEHICLE PURCHASES (HENDERSON/DOBRAWA) [10 minutes]

13. ADJOURNMENT

BOARD MEMBERS ATTENDING:
Mark Robak, Chair
Larry Breitfelder

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.

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 March 17, 2008 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 March 17, 2008.

Susan Cruz, District Secretary

AGENDA ITEM 3

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	April 2, 2008
SUBMITTED BY:	Stephen Dobrawa, Purchasing Manager Sean Prendergast, Finance Supervisor	W.O./G.F. NO:	DIV. NO. All
APPROVED BY: (Chief)	Rom Sarno, Chief, Administrative Services Joe Beachem, Chief Finance Officer		
APPROVED BY: (Asst. GM):	German Alvarez, Assistant General Manager, Finance and Administration		
SUBJECT:	ADOPT ORDINANCE NO. 515 AND RESOLUTION NO. 4122 AMENDING CODE OF ORDINANCES SECTION 2 AND 4 AND POLICIES 7 AND 15, AND PURCHASING MANUAL		

GENERAL MANAGER'S RECOMMENDATION:

1) That the Board adopt:

   a) Ordinance 515, amending Code of Ordinance

      Section 2, Management of the District ("Attachment B"),
      Section 4, Purchases and Payments ("Attachment C"),

   b) Resolution 4122, amending Code of Ordinance

      Policy #7, Conditions for Installment or Deferred Payments to the District ("Attachment D"),
      Policy #15, Use of District Credit Cards, Petty Cash, and Expenditures Involving District Credit("Attachment E").

2) That the Board amend Section 13 of the District's Purchasing Manual as identified in "Attachment F" to reflect the changes to Board Policy #15, Use of District Credit Cards, Petty Cash, and Expenditures Involving District Credit related to the issuing and use of credit cards within the District.

COMMITTEE ACTION: _____

See "Attachment A".

PURPOSE:

To request that the Board amend Sections 2 and 4 and Policies 7 and 15 of the Code of Ordinance as presented in "Attachment B" through "Attachment E".

To request that the Board amend Section 13 of the District's Purchasing Manual as presented in "Attachment F" to reflect changes to Board Policy #15, Use of District Credit Cards, Petty Cash, and Expenditures involving District Credit related to the issuing and use of credit cards within the District.

ANALYSIS:

The District reviews and amends the Code of Ordinances and related policies from time to time to keep them current. A recent review of the Code of Ordinance has identified changes that are recommended to Section 2 (Management of the District), Section 4 (Purchases and Payments), Policy 7 (Conditions for Installment or Deferred Payment to the District), and Policy 15 (Use of District Credit Cards, Petty Cash, and Expenditures Involving District Credit).

Additionally, if the revised Policy 15 is adopted by the Board, the District's Purchasing Manual will need to be amended to reflect similar revisions.

Section 2 - Management of the District

Proposed changes to Section 2 reflect the District's desire to consolidate the General Manager's delegated authority under one section of the Code of Ordinance.

Language has been added to authorize the General Manager to promulgate policies and procedures necessary to increase the security of the District and provide means for adequate disclosure of conflicts of interest by employees.

Proposed revisions to the language concerning change orders have been incorporated. The proposed language consolidates the categories of change orders previously based on percentages, types and amount of the underlying contracts and provides that the general Manager may authorize cumulative change orders up to the amount authorized by the Board for the award of contracts without Board approval.

In addition, language has been added to this Section concerning the authority of the General Manager in connection with the acquisition and management of the District's easements, licenses, and other real property interests. The staff is working with the General Counsel to

develop consolidated language regarding the grant of licenses, easements or joint use easements to public entities and not-for-profit entities and, under limited conditions, licenses or access rights to private parties.

While the proposed amendments consolidates the majority of the General Manager's authority within Section 2, additional authority may be delegated to him elsewhere in the Code of Ordinance or through other Board action or policy at the discretion of the Board.

Section 4 - Purchases and Payments

Proposed changes to Section 4 reflect current practice related to the payment of invoices, clarify and simplify the use of petty cash, and make other minor changes related to grammar and clarification.

Specifically, changes to Section 4 acomplish the following:

- Exclude the purchase of real property, bringing the Code of Ordinance in line with the Purchasing Manual,
- Make changes that reflect current Accounts Payable practices,
- Authorize the General Manager to set the procedure and limits related to petty cash, and
- Correct language for conformity.

Policy 7 - Conditions for Installment or Deferred Payment to the District

Changes to Policy 7 are recommended to reflect the General Manager's contract/signatory authority. The proposed changes authorize the General Manager to negotiate and execute deferral agreements in an amount that does not exceed his/her delegated authority identified in Section 2, Management of the District, of the Code of Ordinance.

This policy is intended to provide general guidelines on the limited use of deferral agreements. It is the intention that deferrals be granted only in the case where the District's best interest is served. Deferrals will be considered only for Capacity and Annexation fees and are not for any costs that would be "out-of-pocket" for the District such at materials and labor. The District will not defer any of the CWA or MWD fees, or any other fees that are paid to another entity. These guidelines keep the District's risk of default to a minimum.

Additionally, changes to the policy reflect recent changes to the Code of Ordinance related to the General Manager's authority under emergencies.

Policy 15 - Use of District Credit Cards, Petty Cash, and Expenditures Involving District Credit

Changes to Policy 15 are proposed to clarify the District's practices related to issuance and use of credit cards and petty cash.

The recommended changes to paragraph 1 of Policy 15 are intended to reduce ambiguity and confusion by referencing the District's Purchasing Manual as the District's policy related to the issuance and use of credit cards.

The recommended changes to paragraph 2 of Policy 15 are intended to align the Policy with the recommended changes to Section 4 of the Code of Ordinance (referenced above).

Purchasing Manual - Section 13

Changes to Section 13 of District's Purchasing Manual are intended to consolidate guidelines for the issuing and use of credit cards within the District. Specifically, language was added to:

- Authorize the General Manager to be issued and to authorize the issuance of credit cards,
- Define the Cal Card Program as the preferred credit card system, and
- Incorporate other changes required for clarification.

FISCAL IMPACT:

Approving the recommended changes to the Code of Ordinance and to the Purchasing Manual will have no negative fiscal impact.

STRATEGIC GOAL:

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

LEGAL IMPACT:

None

General Manager

Attachment A - Committee Action
Attachment B - Ordinance 515, amending Code of OrdinanceS with strikethrough copies of Section 2 and Section 4

Attachment C - Resolution 4122, amending Code of Ordinances with strikethrough copies of Policy 7 and Policy 15

Attachment D - Proposed Sections 2 & 4 of the Code of Ordinances (clean copies)

Attachment E - Proposed Policies 7 & 15 of Code of Ordinances (clean copies)

Attachment F - Section 13 of Purchasing Manual (clean and strikethrough copies)

Attachment G - Proposed Amendments to the Code of Ordinances, Board Policies, and Purchasing Manual PowerPoint presentation

ATTACHMENT A

SUBJECT/PROJECT:	AMENDMENTS TO THE DISTRICT'S CODE OF ORDINANCE AND PURCHASING MANUAL

COMMITTEE ACTION:

This item was presented to the Finance/Administration Committee on March 20, 2008 and the committee supported presentation to the full board.

NOTE:

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

ATTACHMENT B

ORDINANCE NO. 515

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE OTAY WATER DISTRICT AMENDING THE CODE OF ORDINANCES SECTION 2, MANAGEMENT OF THE DISTRICT AND SECTION 4, Purchases and Payments

BE IT ORDAINED by the Board of Directors of Otay Water District that Section 2 and Section 4 shall be amended as follows (strike-thru copies attached):

SECTION 2 MANAGEMENT OF THE DISTRICT

2.01 AUTHORITY OF THE GENERAL MANAGER

Pursuant to Sections 71362 and 71363 of the California Water Code, and other applicable laws of the State of California, the General Manager shall, subject to the approval and direction of the Board of Directors, operate and manage the affairs of the District. The General Manager shall have the following specifically enumerated powers and authority:

A. To control the administration, maintenance, operation and construction of the water and sewer systems and facilities of the District in an efficient manner.

B. To employ and discharge all employees and assistants, other than those referred to in Section 71340 of the California Water Code, and to prescribe their duties and promulgate specific rules and regulations for such employees and assistants.

C. To promulgate policies and procedures necessary to enhance the security of the District and increase the transparency of District operations, including provisions for the disclosure of conflicts of interest by employees.

D. To execute agreements, contracts, other documents, or commitments on behalf of the District where the amount involved does not exceed $50,000, provided that Public Works Contracts shall be awarded in compliance with applicable laws.

E. To approve change orders to agreements, contracts, or other commitments on behalf of the District where the cumulative value of approved change orders for a single agreement, contract, or commitment does not exceed the General Manager's signatory authority identified in Section 2.01-D above.

F. To approve plans, specifications, maps and agreements, and any other documents involving land development projects within the District.

G. To authorize the use of District Real Property by third parties if all the following conditions are met: (a) the consideration is less than the General Manager's authority; and (b) the proposed use consists of an easement, license, access permit or other use of a portion of the District Real Property that will not interfere with the existing or anticipated uses of the District Real Property for District purposes; and (c) either (i) the term of the proposed use is 10 years or less, or (ii) the entity proposing to use the District Real Property is a regulated utility, governmental entity or not-for profit organization. All uses of District Real Property not contemplated herein or specifically authorized in other sections of this Code of Ordinance must be presented to the Board of Directors for consideration.

1. The General Manager may establish terms and conditions for the use of and access to District Real Property contemplated herein, including administrative charges.

2. The use of any District Real Property shall require consideration satisfactory to the General Manager, which may be monetary compensation in an amount equal to the fair market value of the proposed use plus an administrative charge or may be in the form of a real property interest or other equivalent compensation or use.

3. "District real property" means and includes real property and interests thereon, such as fee interests, easements, licenses and other such interests acquired for various District purposes including but not limited to the construction, operation, access or maintenance of pipelines or other facilities necessary or convenient to the full exercise of the District's powers.

H. To declare an emergency and, in such event, to have the additional powers specified in the District's emergency management plan, referred to as the National Incident Management System (NIMS), and below, pursuant to California Contract Code Section 22050. An emergency is a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent and mitigate the loss or impairment of life, health, property, or essential public services.

1. In a declared emergency, the General Manager may direct employees, take action to continue or restore service capability, and execute any contracts for necessary equipment,

services, or supplies directly related and required by the emergency. Notwithstanding the limits imposed in the prior paragraphs of this Section 2.01, or by any other policy or guideline of the District, in an emergency, the General Manager may award and execute contracts for goods, services, work, facility or improvement, without bidding and without regard to said limits, provided that the goods, services, work, facilities or improvements acquired or contracted for are of an urgent nature, directly and immediately required by the emergency. Any contract for goods or services with a value of more than $250,000 shall be subject to ratification by the Board at its first regularly scheduled meeting following the declaration of the emergency to which the contract relates. Any contract for work, facilities or improvements with a value of more than $500,000 shall be subject to ratification by the Board at its first regularly scheduled meeting following the declaration of the emergency to which the contract relates.

2. The General Manager shall report to the Board not later than 48 hours after the emergency action or at the next regularly scheduled meeting, whichever is earlier. The report shall include the details of the emergency and reasons justifying the actions taken, and provide an accounting of the funds expended or yet to be expended in connection with the emergency.

3. If the emergency action continues for seven days and a regularly scheduled meeting will not occur within 14 days from the day the emergency action was taken, the General Manager shall request that the Board review the emergency action and determine by formal action if the need to take emergency action continues.

4. At each regularly scheduled meeting following the declaration of an emergency the Board may, by formal action and pursuant to a vote as required by Section 22050 of the Public Contract Code, determine if there is a need to continue the emergency action. If the Board does not determine that the emergency continues, the power to operate under emergency conditions will terminate and any new work, goods or services not yet procured shall be contracted or acquired in accordance with applicable provisions of this Code.

2.02 ORDER OF SUCCESSION

When the General Manager is going to be absent from the District, the General Manager is authorized to designate an Asst. General Manager to act on his behalf and said person shall have the same authority as the General Manager. Any long-term vacancies (over 30 days) shall be filled by vote of the majority of the Board.

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.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Otay Water District at a regular meeting duly held this 2nd day of April, 2008, by the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
President

ATTEST:

_____
District Secretary

CHAPTER 2 ADMINISTRATION OF THE DISTRICT

SECTION 2 MANAGEMENT OF THE DISTRICT

2.01 AUTHORITY OF THE GENERAL MANAGER

Pursuant to Sections 71362 and 71363 of the California Water Code, and other applicable laws of the State of California, the General Manager shall, subject to the approval and direction of the Board of Directors, operate and manage the affairs of the District. The General Manager shall have the following specifically enumerated powers and authority:

A. To control the administration, maintenance, operation and construction of the ~~waterworks~~ water and sewer systems and facilities of the District in an efficient manner.

B. To employ and discharge all employees and assistants, other than those referred to in Section 71340 of the California Water Code, and to prescribe their duties and promulgate specific rules and regulations for such employees and assistants.

C. To promulgate policies and procedures necessary to enhance the security of the District and increase the transparency of District operations, including provisions for the disclosure of conflicts of interest by employees.

~~C~~D. To execute agreements, contracts, other documents, or commitments on behalf of the District ~~with a single vendor/contractor~~ where the amount involved ~~in such documents or commitments~~ does not exceed $50,000, provided that Public Works Contracts shall be awarded in compliance with applicable laws.~~.~~

~~D. To award negotiated construction contracts of $35,000 or less.~~

~~E~~E. To approve change orders to agreements, contracts, or other commitments on behalf of the District, so long as ~~where~~ the cumulative value of the approved change orders ~~for a single~~and the underlying agreement, contract, or commitment does not exceed the General Manager's signatory authority identified in Section 2.01-D above.

~~To approve change orders on behalf of the District where:~~

~~1. For contracts under $35,000, no single change order on the project exceeds $10,000 and the cumulative amount of change orders on a single project does not exceed $10,000 since a report on change orders was last made to the Board.~~

~~2. For contracts over $35,000, where no single change order on a project exceeds $50,000 or 30% of the original contract amount, whichever is less, and the cumulative~~

~~amount of change orders on a single project does not exceed $50,000 or 30% of the original contract, whichever is less, since a report on change orders was last made to the Board.~~

F. To approve plans, specifications, maps and agreements, and any other documents involving land development projects within the District.

G. To authorize the use of District Real Property by third parties if all the following conditions are met: – (a) the consideration is less than the General Manager's authority; and (b) the proposed use consists of an easement, license, access permit or other use of a portion of the District Real Property that will not interfere with the existing or anticipated uses of the District Real Property for District purposes; and (c) either (i) the term of the proposed use is 10 years or less, or (ii) the entity proposing to use the District Real Property is a regulated utility, governmental entity or not-for profit organization. – All uses of District Real Property not contemplated herein or specifically authorized in other sections of this Code of Ordinance shall~~must~~ be presented to the Board of Directors for consideration.

1. ——The General Manager may establish terms and conditions for the use of and access to District Real Property contemplated herein, including administrative charges.

2. ——The use of any District Real Property shall require consideration satisfactory to the General Manager, which may be monetary compensation in an amount equal to the fair market value of the proposed use plus an administrative charge or may be in the form of a real property interest or other equivalent compensation or use.

3. ——"District real property" means and includes real property and interests thereon, such as fee interests, easements, licenses and other such interests acquired for various District purposes including but not limited to the construction, operation, access or maintenance of pipelines or other facilities necessary or convenient to the full exercise of the District's powers.

~~G. To negotiate agreements on seasonal rates for reclaimed water when economically beneficial to the District. This may include waiving penalties, offering incentives or giving seasonal rates. Any agreements would be brought to the Board for appropriate action.~~

H. To declare an emergency and, in such event, to have the additional powers specified in the District's emergency

management plan, referred to as the National Incident Management System (NIMS), and below, pursuant to California Contract Code Section 22050. An emergency is a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent and mitigate the loss or impairment of life, health, property, or essential public services.

1. In a declared emergency, the General Manager may direct employees, take action to continue or restore service capability, and execute any contracts for necessary equipment, services, or supplies directly related and required by the emergency. Notwithstanding the limits imposed in the prior paragraphs of this Section 2.01, ~~Paragraphs C, D or E~~ or by any other policy or guideline of the District, in an emergency, the General Manager may award and execute contracts for goods, services, work, facility or improvement, without bidding and without regard to said limits, provided that the goods, services, work, facilities or improvements acquired or contracted for are of an urgent nature, directly and immediately required by the emergency. Any contract for goods or services with a value of more than $250,000 shall be subject to ratification by the Board at its first regularly scheduled meeting following the declaration of the emergency to which the contract relates. Any contract for work, facilities or improvements with a value of more than $500,000 shall be subject to ratification by the Board at its first regularly scheduled meeting following the declaration of the emergency to which the contract relates.

2. The General Manager shall report to the Board not later than 48 hours after the emergency action or at the next regularly scheduled meeting, whichever is earlier. The report shall include the details of the emergency and reasons justifying the actions taken, and provide an accounting of the funds expended or yet to be expended in connection with the emergency.

3. If the emergency action continues for seven days and a regularly scheduled meeting will not occur within 14 days from the day the emergency action was taken, the General Manager shall request that the Board review the emergency action and determine by formal action if the need to take emergency action continues.

4. At each regularly scheduled meeting following the declaration of an emergency the Board may, by formal action and pursuant to a vote as required by Section 22050 of the Public Contract Code, determine if there is a need to continue the emergency action. If the Board does not determine that the emergency continues, the power to operate under emergency conditions will terminate and any new work, goods or services not yet procured shall be contracted or acquired in accordance with applicable provisions of this Code.

2.02 ORDER OF SUCCESSION

When the General Manager is going to be absent from the District, the General Manager is authorized to designate an Asst. General Manager to act on his behalf and said person shall have the same authority as the General Manager. Any long-term vacancies (over 30 days) shall be filled by vote of the majority of the Board.

CHAPTER 4 PURCHASING

SECTION 4 PURCHASES AND PAYMENTS

4.01 PURCHASES OF PROPERTY OR SERVICES

W~~Purchase~~ith the exception of real property, ~~of property, equipment, supplies and services for the District~~ 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 ~~an~~ invoices satisfactory to the District staff with the proper purchase order numbers indicated thereon, when applicable. ~~The voucher file~~Invoices shall not be paid until the following documents are delivered to ~~the Controller~~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, ~~when~~ where applicable, accuracy ~~of computation~~, and an appropriate signature for receipt of the goods or services.

B. District purchase order, where applicable.

C. ~~District r~~Receiving ~~memo~~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 ~~without issuance of a purchase order only upon the prior approval of the General Manager, Controller, Personnel Manager, or their designees. All receipts or cash shall be promptly returned to the Accounting Department~~.

4.04 PUBLIC WORKS ~~CONSTRUCTION~~ CONTRACTS

All public works contracts ~~for construction of public works~~ shall be let in ~~conformity~~ 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~~needs, shall be disposed of in ~~conformity~~ accordance with the District Purchasing Manual or applicable statutes and laws~~.~~. –

ATTACHMENT C

RESOLUTION NO. 4122

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
OTAY WATER DISTRICT
AMENDING POLICY NO. 7, CONDITIONS FOR
INSTALLMENT OR DEFERRED PAYMENTS TO THE
DISTRICT AND POLICY NO. 15, USE OF DISTRICT
CREDIT CARDS, PETTY CASH, AND EXPENDITURES
INVOLVING DISTRICT CREDIT

WHEREAS, staff routinely reviews and makes recommendations to update, revise and replace Board policies, in order to ensure that the policies are maintained to promote best management practices, and

WHEREAS, it has been determined that there is a need to amend Board of Directors Policy No. 7, Conditions for Installment or Deferred Payments to the District and Policy No. 15, Use of District Credit Cards, Petty Cash, and Expenditures Involving District Credit, to match current practices and recent changes to the Code of Ordinances and Purchasing Manual; and

WHEREAS, the changes will standardize the General Manager's signing authority so it is consistent with recent changes to the District's Code of Ordinances and Purchasing Manual; and

WHEREAS, the changes will also provide guidelines for deferral agreements and clarify the issuance and use of credit cards and petty cash; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Otay Water District that Policy Numbers 7 and 15 be amended as noted in the attached strike-thru copies of these policies.

BE IT FURTHER RESOLVED THAT the amended policies shall become effective immediately upon adoption.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Otay Water District at a regular meeting held this 2nd day of April, 2008.

Ayes:
Noes:
Abstain:
Absent:

_____
President

ATTEST:

_____
Secretary

OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY

Subject	Policy Number	Date Adopted	Date Revised
CONDITIONS FOR INSTALLMENT OR DEFERRED PAYMENTS TO THE DISTRICT	07	10/15/84	1/7/98

PURPOSE

To establish a policy regarding conditions for making installment or deferred payments to the District.

BACKGROUND

Occasionally the District receives requests to ~~permit~~ allow payment of certain ~~district fees or~~connection charges ~~or other payments~~ on an installment or deferred basis. Approval of these agreements will occur in very limited circumstances where it is in the District's best interest that the agreement be made. In addition, i~~I~~f the District is to consider such requests, the District must not be in a position of risk of loss in the event of non-payment.~~, arrangement for payment must assure that the District is protected in the transaction.~~

POLICY

The following procedures, terms and conditions shall apply to requests and arrangements for payment to the District on an installment or deferred basis:

1. Requests for installment or deferred payments shall be reviewed by the District ~~Staff~~. Each request shall indicate the terms desired with a maximum term of 12 months. The person or party making the request shall furnish all financial information or data deemed necessary by the ~~Staff~~ District to review the request.

2. The General Manager shall have authority to negotiate and execute deferral agreements where the value of the agreement does not exceed the General Manager's signatory authority as established in Chapter 2, Section 2.01-D of the Code of Ordinance.
~~In emergency situations, the General Manager is authorized to enter into a deferral agreement exceeding his/her authority to allow a customer to connect to the District system without the customer having paid the balance of the deferral agreement in full. The General Manager shall advise the Board of the deferral agreement at the next regularly scheduled Board meeting.~~

~~2~~3. Where the value of the proposed agreement exceeds the General Manager's authority, ~~After reviewing the request,~~ the ~~the~~ District ~~Staff~~ shall make a recommendation to the Board of Directors for approval or disapproval, with reasons for the recommendation. ~~If approval is recommended, the Staff District shall also recommend the terms and conditions that should apply.~~

4. In emergency situations, the General Manager is authorized to enter into a deferral agreement exceeding his/her authority to allow a customer to connect to the District's system. The General Manager shall submit all such deferral agreements to the Board for ratification at the next regularly scheduled Board meeting.

~~5. The General Manager shall advise the Board of all deferral agreements made at the next regularly scheduled Board meeting.~~

~~3. The Board of Directors will review the Staff recommendation and approve, modify, or deny the request.~~

5~~6~~4. A minimum down payment of ten percent (10%) of the total amount to be paid in installments or on a deferred basis is ~~typically~~ required and is nonrefundable.

~~5. The agreement shall require that if a party to a deferral agreement desires service to a unit prior to all installment payments being made, the balance in full for the EDU to be served shall be paid. In emergency situations, the General Manager is authorized to enter into a deferral agreement to allow a customer to connect to the District system without the customer having paid the balance of the deferral agreement in full. The General Manager shall advise the Board of the deferral agreement at the next regularly scheduled Board meeting.~~

6~~7~~6. ~~The agreement shall require that a~~Any increases in rates, fees, or charges shall apply to all connections which have not been made at the time the increase is adopted, including but not limited to capacity fees, and annexation fees.

7~~8~~. The only fees that will be considered for deferral are Otay Capacity Fees and Annexations fees. All labor and materials costs will not be considered for deferral as this would

place the District in a position of risk in the event of default. In addition the District will not make arrangements for deferral of ~~CWA or MWD~~ fees collected by the District on behalf of other governmental entities. These fees must be paid prior to the execution of the agreement or payment arrangements must be obtained from the CWA or MWD by the applicant.

~~7~~8~~9~~. For each installment or deferred payment arrangement a promissory note, payable to the District, shall be executed to provide for terms of payment of the balance of principal due, with interest payable monthly at a rate equal to five percent (5%) per annum over the Federal Reserve Discount Rate. ~~The rate of interest shall be adjusted upward or downward at the end of each calendar quarter. The date to be used for establishment of the adjusted rate for the next quarter shall be the 25th day of the third month in each calendar quarter.~~

~~8~~9~~10~~. In addition to execution of a promissory note for the balance of the payment, the ~~Board of Directors~~District ~~may~~ will consider requiring~~e~~ security to guarantee payment of the promissory note, such as but not limited to, a letter of credit, performance bond, lien contract, certificate of deposit, or other security satisfactory to the District.

10~~1~~. An administrative fee for the establishment of a deferral agreement of $500.00 will be charged for all such agreements.

OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY

Subject	Policy Number	Date Adopted	Date Revised
USE OF DISTRICT CREDIT CARDS, PETTY CASH, AND EXPENDITURES INVOLVING DISTRICT CREDIT	15	4/7/86	11/15/2000

PURPOSE

To prescribe rules and regulations for use of District credit cards, petty cash and expenditures involving District credit.

BACKGROUND

The General Manager may authorize the issuance of credit cards only for use in connection with approved District-related business. In addition, ~~certain~~ District employees may be authorized to make petty cash expenditures on behalf of the District.

POLICY

The following rules shall apply to the use of District credit cards, petty cash and expenditures involving District credit:

1. Credit Cards

a. The General Manager may be issued and may authorize ~~bank~~ credit cards to be issued to ~~Department Heads, General Counsel,~~District employees and to District Board Secretari~~es~~y. ~~No other District official or employee may be issued credit cards. The~~ C~~bank credit cards~~ cards ~~will~~ shall be issued and ~~be issued jointly in the names of both the authorized employee and the District and will be~~ used ~~only for approved District business~~in compliance with the District's Purchasing Manual and applicable statutes and laws.

~~b. Qualifying expenses shall be paid directly by the District and may include:~~

~~•Travel expenses such as lodging, meals and transportation;~~
~~•Meals associated with District business, such as luncheons for organizations of which the District is a member and meals with customers or consultants while conducting District business;~~
~~•Annual conferences and other such national, regional, state and local government groups, boards and committees of which employee serves as a member;~~

- ~~Any other expense for which the District would normally take responsibility for paying, such as continuing professional development, seminars, and supplies.~~

~~c. The District Secretary may charge expenses on behalf of the Board Members. The District Secretary shall not be personally responsible for charges made on behalf of Board Members' travel, hotel rooms and registration fees associated with District business.~~

~~d. The District will pay credit card charges after detailed receipts and a justification of each charge is submitted to the accounting department. Justification and receipts for any expenses shall be submitted monthly. No payment will be authorized for personal or unsubstantiated charges or for any charges the Chief Finacial Officer determines were not legitimate District business expenses.~~

~~e. With General Manager approval, District credit card may be used to make capital purchases that are time-sensitive or urgent or where it is not feasible to go through the regular purchasing process.~~

~~f. The General Manager may issue gasoline credit cards. Gas credit cards shall be issued in the District's name and credit charges shall be paid directly by the District. Use of gasoline credit cards shall be for District vehicles only.~~

2. Petty Cash

a. District petty cash funds shall be used for the convieneance of the operation of the District.~~only for District expenses and purchases when due to time constraints it is not feasible to go through the purchasing process or anticipate the expense in advance. On-going programs, such as Tuition Reimbursement, safety shoes, etc. may not be paid through petty cash. Expenses associated with overnight travel may not be paid through petty cash.~~

b. Petty cash, to the limit established by the General Manager, may be obtained from the District ~~business office~~Finance Department only upon completion of the

proper form and approval ~~of a duly authorized supervisor. T~~by the General Manager or his/her designee~~shall approve requests for petty cash for Department Heads. Department Heads shall be authorized to approve reimbursement from petty cash for authorized purchases by duly authorized supervisors. At least annually, Department Heads shall provide a list of the names of persons they so authorize to make purchases~~.

c. Cash advanced must be used or returned as soon as practical, but not later than 15 days from date issued.~~, where possible, during the business day for which it was requested, or in any event, not later than the next business day.~~

d. Reconciliation of petty cash and expenditures must be made on the prescribed District form. Receipts for expenditures must accompany such reconciliation. Occasionally receipts may not be available; and, if so, such fact must be noted on the reconciliation form and the reason presented.

e. Petty cash may be utilized to advance monies during District emergencies.

CHAPTER 2 ADMINISTRATION OF THE DISTRICT

SECTION 2 MANAGEMENT OF THE DISTRICT

2.01 AUTHORITY OF THE GENERAL MANAGER

Pursuant to Sections 71362 and 71363 of the California Water Code, and other applicable laws of the State of California, the General Manager shall, subject to the approval and direction of the Board of Directors, operate and manage the affairs of the District. The General Manager shall have the following specifically enumerated powers and authority:

A. To control the administration, maintenance, operation and construction of the water and sewer systems and facilities of the District in an efficient manner.

B. To employ and discharge all employees and assistants, other than those referred to in Section 71340 of the California Water Code, and to prescribe their duties and promulgate specific rules and regulations for such employees and assistants.

C. To promulgate policies and procedures necessary to enhance the security of the District and increase the transparency of District operations, including provisions for the disclosure of conflicts of interest by employees.

D. To execute agreements, contracts, other documents, or commitments on behalf of the District where the amount involved does not exceed $50,000, provided that Public Works Contracts shall be awarded in compliance with applicable laws.

E. To approve change orders to agreements, contracts, or other commitments on behalf of the District, so long as the cumulative value of the approved change orders and the underlying agreement, contract, or commitment does not exceed the General Manager's signatory authority identified in Section 2.01-D above.

F. To approve plans, specifications, maps and agreements, and any other documents involving land development projects within the District.

G. To authorize the use of District Real Property by third parties if all the following conditions are met: (a) the consideration is less than the General Manager's authority; and (b) the proposed use consists of an easement, license, access permit or other use of a portion of the District Real Property that will not interfere with the existing or anticipated uses of the District Real Property for District purposes; and (c) either (i) the term of the proposed use is 10 years or less, or (ii) the entity proposing to use the District Real Property is a regulated utility, governmental entity or not-for profit organization. All uses of District Real Property not contemplated herein or

specifically authorized in other sections of this Code of Ordinance shall be presented to the Board of Directors for consideration.

1. The General Manager may establish terms and conditions for the use of and access to District Real Property contemplated herein, including administrative charges.

2. The use of any District Real Property shall require consideration satisfactory to the General Manager, which may be monetary compensation in an amount equal to the fair market value of the proposed use plus an administrative charge or may be in the form of a real property interest or other equivalent compensation or use.

3. "District real property" means and includes real property and interests thereon, such as fee interests, easements, licenses and other such interests acquired for various District purposes including but not limited to the construction, operation, access or maintenance of pipelines or other facilities necessary or convenient to the full exercise of the District's powers.

H. To declare an emergency and, in such event, to have the additional powers specified in the District's emergency management plan, referred to as the National Incident Management System (NIMS), and below, pursuant to California Contract Code Section 22050. An emergency is a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent and mitigate the loss or impairment of life, health, property, or essential public services.

1. In a declared emergency, the General Manager may direct employees, take action to continue or restore service capability, and execute any contracts for necessary equipment, services, or supplies directly related and required by the emergency. Notwithstanding the limits imposed in the prior paragraphs of this Section 2.01, or by any other policy or guideline of the District, in an emergency, the General Manager may award and execute contracts for goods, services, work, facility or improvement, without bidding and without regard to said limits, provided that the goods, services, work, facilities or improvements acquired or contracted for are of an urgent nature, directly and immediately required by the emergency. Any contract for goods or services with a value of more than $250,000 shall be subject to ratification by the Board at its first regularly scheduled meeting following the declaration of the emergency to which the contract relates. Any contract for work, facilities or improvements with a value of more than $500,000 shall be subject to ratification by the Board at its first regularly scheduled meeting following the declaration of the emergency to which the contract relates.

2. The General Manager shall report to the Board not later than 48 hours after the emergency action or at the next regularly scheduled meeting, whichever is earlier. The report shall include the details of the emergency and reasons justifying the actions taken, and provide an accounting of the funds expended or yet to be expended in connection with the emergency.

3. If the emergency action continues for seven days and a regularly scheduled meeting will not occur within 14 days from the day the emergency action was taken, the General Manager shall request that the Board review the emergency action and determine by formal action if the need to take emergency action continues.

4. At each regularly scheduled meeting following the declaration of an emergency the Board may, by formal action and pursuant to a vote as required by Section 22050 of the Public Contract Code, determine if there is a need to continue the emergency action. If the Board does not determine that the emergency continues, the power to operate under emergency conditions will terminate and any new work, goods or services not yet procured shall be contracted or acquired in accordance with applicable provisions of this Code.

2.02 ORDER OF SUCCESSION

When the General Manager is going to be absent from the District, the General Manager is authorized to designate an Asst. General Manager to act on his behalf and said person shall have the same authority as the General Manager. Any long-term vacancies (over 30 days) shall be filled by vote of the majority of the Board.

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.

OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY

Subject	Policy Number	Date Adopted	Date Revised
CONDITIONS FOR INSTALLMENT OR DEFERRED PAYMENTS TO THE DISTRICT	07	10/15/84	1/7/98

PURPOSE

To establish a policy regarding conditions for making installment or deferred payments to the District.

BACKGROUND

Occasionally the District receives requests to allow payment of certain connection charges on an installment or deferred basis. Approval of these agreements will occur in very limited circumstances where it is in the District's best interest that the agreement be made. In addition, if the District is to consider such requests, the District must not be in a position of risk of loss in the event of non-payment.

POLICY

The following procedures, terms and conditions shall apply to requests and arrangements for payment to the District on an installment or deferred basis:

1. Requests for installment or deferred payments shall be reviewed by the District. Each request shall indicate the terms desired with a maximum term of 12 months. The person or party making the request shall furnish all financial information or data deemed necessary by the District to review the request.

2. The General Manager shall have authority to negotiate and execute deferral agreements where the value of the agreement does not exceed the General Manager's signatory authority as established in Chapter 2, Section 2.01-D of the Code of Ordinance.

3. Where the value of the proposed agreement exceeds the General Manager's authority, the District shall make a recommendation to the Board of Directors for approval or disapproval, with reasons for the recommendation.

4. In emergency situations, the General Manager is authorized to enter into a deferral agreement exceeding his/her authority to allow a customer to connect to the District's system. The General Manager shall submit all such deferral agreements to

the Board for ratification at the next regularly scheduled Board meeting.

5. A minimum down payment of ten percent (10%) of the total amount to be paid in installments or on a deferred basis is required and is nonrefundable.

6. Any increases in rates, fees, or charges shall apply to all connections which have not been made at the time the increase is adopted, including but not limited to capacity fees and annexation fees.

7. The only fees that will be considered for deferral are Otay Capacity Fees and Annexations fees. All labor and materials costs will not be considered for deferral as this would place the District in a position of risk in the event of default. In addition the District will not make arrangements for deferral of fees collected by the District on behalf of other governmental entities. These fees must be paid prior to the execution of the agreement or payment arrangements must be obtained from the CWA or MWD by the applicant.

8. For each installment or deferred payment arrangement a promissory note, payable to the District, shall be executed to provide for terms of payment of the balance of principal due, with interest payable monthly at a rate equal to five percent (5%) per annum over the Federal Reserve Discount Rate.

9. In addition to execution of a promissory note for the balance of the payment, the District will consider requiring security to guarantee payment of the promissory note, such as but not limited to, a letter of credit, performance bond, lien contract, certificate of deposit, or other security satisfactory to the District.

10. An administrative fee for the establishment of a deferral agreement of $500.00 will be charged for all such agreements.

OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY

Subject	Policy Number	Date Adopted	Date Revised
USE OF DISTRICT CREDIT CARDS, PETTY CASH, AND EXPENDITURES INVOLVING DISTRICT CREDIT	15	4/7/86	11/15/2000

PURPOSE

To prescribe rules and regulations for use of District credit cards, petty cash and expenditures involving District credit.

BACKGROUND

The General Manager may authorize the issuance of credit cards only for use in connection with approved District-related business. In addition, District employees may be authorized to make petty cash expenditures on behalf of the District.

POLICY

The following rules shall apply to the use of District credit cards, petty cash and expenditures involving District credit:

1. Credit Cards

   a. The General Manager may be issued and may authorize credit cards to be issued to District employees and to District Board Secretaries. Credit cards shall be issued and used in compliance with the District's Purchasing Manual and applicable statutes and laws.

2. Petty Cash

   a. District petty cash funds shall be used for the convieneance of the operation of the District.

   b. Petty cash, to the limit established by the General Manager, may be obtained from the District Finance Department only upon completion of the proper form and approval by the General Manager or his/her designee.

   c. Cash advanced must be used or returned as soon as practical, but not later than 15 days from date issued.

   d. Reconciliation of petty cash and expenditures must be made on the prescribed District form. Receipts for expenditures must accompany such reconciliation. Occasionally receipts may not be available; and, if so,

such fact must be noted on the reconciliation form and the reason presented.

e. Petty cash may be utilized to advance monies during District emergencies.

Section 13 –Credit Cards

13.0 PURPOSE:

To provide procedures and guidelines for the issuing and use of credit cards and for the administration of the Cal-Card Program within the District.

13.1 GUIDELINES:

a. The General Manager is authorized to be issued and to issue credit cards and to establish revolving credit accounts with vendors where it is in the best interest of the District, in accordance with applicable statutes and laws.

b. Where feasible, the issuing of credit cards shall be through the State of California Cal Card Program.

c. Use of credit cards shall be limited to appropriate purchases as defined herein.

d. Purchases utilizing credit cards shall be made in accordance with this policy and established purchasing procedures and guidelines as defined in the District's Purchasing Manual. This includes, but is not limited to complying with the District's requirements related to authorization and pricing/ bidding.

e. The intent of utilizing credit cards, and in particular Cal-Card credit cards, is to:

    1. Reduce costs associated with the accounts payable function,
    2. Reduce payment time to District suppliers,
    3. Provide a means to take advantage of time sensitive price discounts,
    4. Enhance District operations and reduce cost,
    5. Reduce dependency on petty cash disbursements,
    6. Provide for expedient purchases during emergencies.

13.2 DEFINITIONS:

a. Cal-Card Program: A system developed by the State of California (under Governor Wilson's Executive Order W-73-94) designed to facilitate public credit card purchases up to $50,000.

b. I.M.P.A.C. Government Services (IMPAC): Credit Card provider contracted with the State of California, through a Master Service Agreement, to provide Visa Credit Card service; maintain master file and account for each card holder; send monthly statements to each cardholder, approving official, and agency or district accounting office.

c. District Representative: The District's contact person for program and accounting office functions; determines which District personnel receives cards; establishes card limits

including purchase restrictions; establishes District's procedures and guidelines for participation in the Cal-Card Program.

d. Cardholder: Person(s) designated by the District's Representative as being authorized to make purchases using credit cards and/or the Cal-Card Program within District procedures and guidelines.

e. Approving Official: Person(s) designated by the District's Representative to review, approve, and/or certify monthly cardholder billing statements and adherence to District purchasing and budgetary procedures; forwards monthly statements to the District's accounting office.

f. Accounting Office Representative: Person designated within the District to receive and process credit card statements and documentation.

g. Credit Card Limit: The transaction and spending limit established by the District Representative for a Cardholder.

13.3 PROCEDURE:

Purchases made utilizing credit cards and/or Cal-Cards shall comply with the District's requirements, guidelines and procedures as defined within the District's Purchasing Manual.

13.4 APPROPRIATE PURCHASES:

a. The General Manager or his/her designee shall determine which goods and services are appropriate for purchase using credit cards and may, in the best interest of the District, restrict where, when and how credit cards are utilized. The value of a purchase made using credit cards is limited to the signatory authority of the General Manager and must be categorized as one of the following:

1. Exempt from the requirement of a purchase order/contract,
2. Made under the auspices of a blanket purchase order,
3. Documented and approved in a form approved by the General Manager,
4. Made under an emergency declared by authority of the General Manager.

13.5 RESPONSIBILITIES UNDER THE CAL_CARD PROGRAM:

13.5.1 District's Representative:

a. The General Manager or his/her designee is the District's Representative relative to the Cal-Card program.

b. The District's Representative shall be responsible, for:

1. Completion and processing of State required documentation for participation in the Cal-Card program,
2. Establishment of credit card limits (Credit card limits shall not exceed the purchasing authority of the General Manager as granted by the Board of Directors and those limits established by the General Manager under his/her Signatory Authority Delegation Schedule),
3. Identification of Cardholders, Approving Officials, and Accounting Office Representative,
4. Overseeing of the Cal-Card Program within the District,
5. Insuring adherence to the District's purchasing policies, procedures and practice.

13.5.2 Cardholder:

a. The Cardholder shall be responsible for:
   1. Adhering to the procedures and guidelines set herein,
   2. Reviewing his/her monthly statements for accuracy,
   3. Retaining, reconciling, and attaching sales slips and, when applicable, approved requisitions to his/her monthly statement,
   4. Providing and documenting account code information on monthly statements by transaction,
   5. Submitting his/her reconciled statement, with attachments, to his/her Approving Official in a timely manner.

13.5.3 Approving Official:

a. The Approving Official shall be responsible for:
   1. Adhering to the procedures and guidelines set herein,
   2. Reviewing and approving for payment the monthly statements for those cardholders under his/her supervision,
   3. Insuring that all information required for payment, including account coding, of monthly statements is provided to the Finance Department,
   4. Requesting additional documentation if necessary,
   5. Forwarding all statements to the Finance Department in a timely manner.

13.5.4 Finance Department Representative:

a. The Finance Department Representative shall be responsible for:
   1. Adhering to the procedures and guidelines set herein,
   2. Receiving consolidated monthly statements,
   3. Receiving reconciled statements from Approving Officials,
   4. Reconciling statements in accordance with District procedures and policies governing the accounts payable function.

Section 13 – ~~Cal Card~~ Credit Cards

13.0 PURPOSE:

To provide procedures and guidelines for the issuing and use of credit cards and for the administration of ~~standardized use of~~the~~f~~ Cal-Card ~~credit card p~~Program ~~(Cal-Card)~~ within the District.

13.1 GUIDELINES:

a. The General Manager is authorized to be issued and to issue credit cards and to establish revolving credit accounts with vendors where it is in the best interest of the District, in accordance with applicable statutes and laws.

b. Where feasible, the issuing of credit cards shall be through the State of California Cal Card Program.

~~a.~~c. Use of ~~Cal-Card~~credit cards shall be limited to appropriate purchases as defined herein.

~~b.~~d. Purchases utilizing ~~Cal-Card~~credit cards shall be made in accordance with this policy and established purchasing procedures and guidelines as defined in the District's Purchasing Manual. This includes, but is not limited to complying with the District's requirements related to authorization and pricing/ bidding.

~~c.~~e. The intent of utilizing credit cards, and in particular Cal-Card credit cards, is to:

1. Reduce costs associated with the accounts payable function,
2. Reduce payment time to District suppliers,
3. Provide a means to take advantage of time sensitive price discounts,
4. Enhance District operations and reduce cost,
5. Reduce dependency on petty cash disbursements,
6. Provide for expedient purchases during emergencies.

13.2 DEFINITIONS:

a. Cal-Card Program: A system developed by the State of California (under Governor Wilson's Executive Order W-73-94) designed to facilitate public credit card purchases up to $50,000.

b. I.M.P.A.C. Government Services (IMPAC): Credit Card provider contracted with the State of California, through a Master Service Agreement, to provide Visa Credit Card service; maintain master file and account for each card holder; send monthly statements to each cardholder, approving official, and agency or district accounting office.

c. District Representative: The District's contact person for program and accounting office functions; determines which District personnel receives cards; establishes card limits

including purchase restrictions; establishes District's procedures and guidelines for participation in the Cal-Card Program.

d. Cardholder: Person(s) designated by the District's Representative as being authorized to make purchases using credit cards and/or the Cal-Card Program within District procedures and guidelines.

e. Approving Official: Person(s) designated by the District's Representative to review, approve, and/or certify monthly cardholder billing statements and adherence to District purchasing and budgetary procedures; forwards monthly statements to the District's accounting office.

f. Accounting Office Representative: Person designated within the District to receive and process credit card statements and documentation.

g. Credit Card Limit: The transaction and spending limit established by the District Representative for a Cardholder.

13.3 PROCEDURE:

Purchases made utilizing credit cards and/or Cal-Cards shall comply with the District's requirements, guidelines and procedures as defined within the District's Purchasing Manual.

13.4 APPROPRIATE PURCHASES:

a. The General Manager or his/her designee shall determine which goods and services are appropriate for purchase using ~~Cal-Card~~credit cards and may, in the best interest of the District, restrict where, when and how ~~the Cal-Card is~~credit cards are utilized. The value of a purchase made using ~~Cal-Card~~credit cards is limited to the signatory authority of the General Manager and must be categorized as one of the following:

1. Exempt from the requirement of a purchase order/contract,
2. Made under the auspices of a blanket purchase order,
3. Documented and approved in a form approved by the General Manager,
4. Made under an emergency declared by authority of the General Manager.

13.5 RESPONSIBILITIES UNDER THE CAL_CARD PROGRAM:

13.5.1 District's Representative:

a. The General Manager or his/her designee is the District's Representative relative to the Cal-Card program.

b. The District's Representative shall be responsible, for:

1. Completion and processing of State required documentation for participation in the Cal-Card program,
2. Establishment of credit card limits (Credit card limits shall not exceed the purchasing authority of the General Manager as granted by the Board of Directors and those limits established by the General Manager under his/her Signatory Authority Delegation Schedule),
3. Identification of Cardholders, Approving Officials, and Accounting Office Representative,
4. Overseeing of the Cal-Card Program within the District,
5. Insuring adherence to the District's purchasing policies, procedures and practice.

13.5.2 Cardholder:

a. The Cardholder shall be responsible for:
   1. Adhering to the procedures and guidelines set herein,
   2. Reviewing his/her monthly statements for accuracy,
   3. Retaining, reconciling, and attaching sales slips and, when applicable, approved requisitions to his/her monthly statement,
   4. Providing and documenting account code information on monthly statements by transaction,
   5. Submitting his/her reconciled statement, with attachments, to his/her Approving Official in a timely manner.

13.5.3 Approving Official:

a. The Approving Official shall be responsible for:
   1. Adhering to the procedures and guidelines set herein,
   2. Reviewing and approving for payment the monthly statements for those cardholders under his/her supervision,
   3. Insuring that all information required for payment, including account coding, of monthly statements is provided to the Finance Department,
   4. Requesting additional documentation if necessary,
   5. Forwarding all statements to the Finance Department in a timely manner.

13.5.4 Finance Department Representative:

a. The Finance Department Representative shall be responsible for:
   1. Adhering to the procedures and guidelines set herein,
   2. Receiving consolidated monthly statements,
   3. Receiving reconciled statements from Approving Officials,
   4. Reconciling statements in accordance with District procedures and policies governing the accounts payable function.

PROPOSED AMENDMENTS TO THE CODE OF ORDINANCE, BOARD POLICIES, AND PURCHASING MANUAL

FINANCE , ADMINISTRATION AND COMMUNICATIONS COMMITTEE MEETING

MARCH 20, 2008

ATTACHMENT G

The District reviews Code of Ordinance and Policies and as needed recommends changes.

This presentation will cover proposed changes to:

- Section 2 – Management of the District.
- Section 4 – Purchases and Payments.
- Policy 7 – Conditions for Installment or Deferred Payment to the District.
- Policy 15 – Use of District Credit Cards, Petty Cash and Expenditures Involving District Credit.
- Changes to Section 13 of the District's Purchasing Manual.

Proposed Changes to Section 2 Management of the District

- **Proposed changes are recommended to:**
  - Authorize the General Manager to promulgate policies to increase security and adequate disclosure of conflicts of interest.
  - Modify the General Manager's change order authority.
    - Consolidate categories.
    - Standardize change order authority to level authorized for contracts.
  - Provide the General Manager authority related to acquisition and management of easements, licenses and other real property interests.
    - District with General Counsel is developing language to update Section 36 (water easements) and Section 56 (sewer easements) of the Code of Ordinance to reflect the proposed changes.

Proposed Changes to Section 4
Purchases and Payments

- **Proposed changes are intended to :**
  - Exclude the purchase of real property to bring Code of Ordinance in line with Purchasing Manual.
  - Reflect current Accounts Payable practice.
  - Authorize General Manager to set limits and procedures related to petty cash.
  - Correct language for conformity.

Proposed Changes to Policy 7
Deferral Agreements and Installment Payments

- **Proposed changes are recommended to :**
  - Reflect General Manager's contract signatory authority.
  - Authorize General Manager to negotiate and execute deferral agreements up to his/her signatory authority.
  - Provide general guidelines for deferral agreements.
  - Reflect recent changes to Code of Ordinance related to General Manager's emergency authority.

Proposed Changes to Policy 15
Use of District Credit Cards and Petty Cash

- **Proposed changes are recommended to :**
  - Clarify the issuance and use of credit cards and petty cash.
  - Reference the Purchasing manual as the District's policy related to credit cards.
  - Align Policy 15 with Section 4 of the Code of Ordinance related to the General Manager's authority regarding petty cash.

Proposed Changes to Purchasing Manual Section 13

- **Proposed changes are recommended to :**
  - Clarify the policies and guidelines for the use of credit cards within the District.
  - Define the Cal-Card Program as the District's preferred credit card system.

Recommended Actions

- **That the Board adopt:**
  - **Ordinance 515** amending Section 2 (Management of the District) and Section 4 (Purchases and Payments).
  - **Resolution 4122** amending Policy 7 (Condtions for Installment or Deferred Payments to the District) and Policy 15 (Use of District Credit Cards, Petty Cash, and Expenditures Involving District Credit).
- **That the Board amend Section 13 of the District's Purchasing Manual to reflect changes to Board Policy 15.**

Questions?

AGENDA ITEM 4

STAFF REPORT

TYPE MEETING:	Finance, Adminstation & Communication Committee	MEETING DATE:	March 20, 2008		
SUBMITTED BY:	William E. Granger, Water Conservation Manager	W.O./G.F. NO:	n/a	DIV. NO.	all
APPROVED BY: (Chief)	Rom Sarno, Chief of Administrative Services				
APPROVED BY: (Asst. GM):	German Alvarez, Assistant General Manager, Finance & Administration				
SUBJECT:	Informational Report on the Artificial Turf Rebate Program				

GENERAL MANAGER'S RECOMMENDATION:
For the Finance, Administration and Communication Committee to receive information on the District's new Artificial Turf Rebate Program. This item is informational only and does not require Board action.

COMMITTEE ACTION: _____
N/A

PURPOSE:
To provide a informational report on the District's Artificial Turf Rebate Program.

ANALYSIS:
It was discussed during the General Manager's Report at the March 5th Board meeting, that the General Manager has signed the MOU between the District and the Water Authority authorizing the District to fund residential artificial turfgrass replacement at $1 per square foot and be reimbursed $.50 per square foot by the Water Authority.

Residential Artificial Turf Rebate:
The District will fund the replacement of up to 30,000 square feet of existing turfgrass. District staff created a program application, ran it through legal review, and posted the application on the District website. Customers can receive a rebate to replace up to 1,000 square feet of existing, irrigated turfgrass and must agree to leave it in place for at least five years. District staff are currently scheduling pre-retrofit inspections, where photographs

are taken and the potential landscape area is measured. For more details on the program, please see the attached rebate application and the MOU between the District and the Water Authority.

Commercial Artificial Turf Rebate:
While the District's MOU with the Water Authority strictly involves reimbursement for the residential artificial turfgrass rebates, the District is also offering a $.50 per square foot incentive to its commercial and multi-family customers, including Home Owner Associations. The District has set aside $5,000 for this program, which will fund up to 10,000 square feet of turfgrass, since we will not be fronting the incentive on behalf of the Water Authority. The District will make its customers aware of the separate $.50/square foot rebate available through the Water Authority. Public sector sites are eligible to receive up to $.75/square foot through the Metropolitan Water District of Southern California.

FISCAL IMPACT:
None

STRATEGIC GOAL:
Relates to the District's "Total Water Saved" Performance Measure.

LEGAL IMPACT:
The MOU and customer agreements were reviewed by the District's Legal Counsel.

Mark Watton
General Manager

Attachments:

Residential Artifial Turf Rebate Program Application
MOU between Water Authority and the Otay Water District

AGENCY USE ONLY	Pre-qualified:	SF:	Watering Cycle:
Post-installaton Inspection:	SF:	Rebate Amount:	Date Processed:

Residential Artificial Turf Rebate Program Application

PLEASE NOTE: Applications are processed in the order received. Rebates will be distributed on a first-come, first-served basis. Funding is limited and **rebates are not guaranteed. Please enclose the original sales/purchase and installation receipt with this application.** Rebate checks will be distributed, if available, within 30 days after a satisfactory post-installation inspection. Mail the completed application to the Otay Water District *(see mailing address on reverse)*.

1. Account Information

Water Account # (see your water bill)

2. Site Data *(Installation Address)*

Installation address must be located within Otay service area

First Name	Last Name
Address	City Zip
Phone Number: Area Code ( ) Number	E-mail Address

3. Artificial Turf Information *(Please include original sales/purchase and installation receipt)*

Date Installed	Product Name	Product and Installation Cost
Contractor/Installer		Contractor's License #

4. Rebate Check Information *(required)*

Make check payable to: First Name	Last Name
Payee Phone: Area Code ( ) Number	Other Phone: Area Code ( ) Number
Payee Mailing Address	Unit #
City State	Zip
If payee name is other than account holder, please explain:	

5. How did you hear about this program?

__ Manufacturer __ Water Bill/Newsletter __ Web Site __ Retailer __ Media __ Lobby Display __ Other:

6. Your Signature

I have read, understand, and agree to the requirements of the Rebate Program on the reverse side. I certify under penalty of perjury that the information on this Application is true and correct. By signing this form, I agree to the terms and conditions of the program. I understand and agree that the Sponsoring Agencies do not warrant or assume any liability for the design, manufacturer, installation or maintenance of artificial turf purchased and installed under this program. Sponsoring Agencies mean the San Diego County Water Authority, Metropolitan Water District and Otay Water District. The Sponsoring Agencies do not warrant, endorse or assume liability for the quality, performance or safety of the installer, contractor or dealer, its employees, or agents related to a purchase or installation under this program. I understand that the artificial turf must remain in place for a minimum of five (5) years from receipt of the rebate. If the artificial turf is removed during the initial five (5) years, I will repay the District the funds I received under this Agreement. This Agreement shall remain in effect until the five (5) years have expired.

Customer Signature	
Print Name	Date

Artificial Turf Rebate Program
For Single-family Homeowners

The Otay Water District's new Residential Artificial Turf Rebate Program is available to single-family homeowners who are interested in replacing existing established grass areas with artificial turf. Replacing grass with artificial turf can save approximately 46 gallons of water per square foot per year!

Rebate Amount: $1.00 per square foot ***(up to 1,000 square feet with a 300 square foot minimum)***

Participation Requirements:

- Program open to single-family customers of the Otay Water District
- New artificial turf must replace existing grass that is currently irrigated
- Artificial turf may be self-installed or installed by a licensed contractor
- One rebate per household, up to 1,000 square feet with a 300 square foot minimum.
- Customer must agree to a pre- and post-installation site inspection
- The artificial turf must be installed within 60 days after the pre-conversion onsite inspection
- Artificial turf must remain in place for a minimum of five (5) years from receipt of the rebate.

Rebate Process:

Step 1. Check your water bill and verify that you're a customer of the Otay Water District.

Step 2. Call (619) 670-2291 to be pre-qualified for the program. District staff will visit the property to measure the existing natural grass and verify that it is currently being watered.

Step 3. Install artificial turf and complete rebate application *(see reverse)*.

Step 4. Mail completed application, original purchase/sales receipt, and original installation invoice/receipt to:

Residential Artificial Turf Rebate
Otay Water District
2254 Sweetwater Springs Blvd.
Spring Valley, CA 91978

Step 5. Once your rebate application and receipts are received, you will be contacted to schedule a post-installation inspection. District staff will visit the property and measure the new artificial turf.

Step 6. Rebate check will be mailed to customer within 30 days after the post-installation inspection, if the requirements of the program have been met.

Questions? Call (619) 670-2291 or e-mail prega@otaywater.gov,

This program is sponsored by the San Diego County Water Authority, Metropolitan Water District of Southern California and Otay Water District.

San Diego County Water Authority

MEMORANDUM OF UNDERSTANDING
for the
RESIDENTIAL ARTIFICIAL TURF REBATE PROGRAM
FUNDING AGREEMENT
BETWEEN
THE SAN DIEGO COUNTY WATER AUTHORITY
and
OTAY WATER DISTRICT

This Memorandum of Understanding (MOU) between the San Diego County Water Authority (Water Authority) and Otay Water District (Otay) sets forth the respective roles of the Water Authority and Otay in regard to the Otay Water District Residential Artificial Turf Rebate Program (Program).

RECITALS

1. Otay seeks to implement a residential artificial turf rebate program as part of its District's goal for water savings in its service area.

2. The Water Authority supports Otay's effort to develop a residential artificial turf rebate program as it will provide information and experience to expand the Program to other member agencies in the service area as well as achieve water savings.

3. Otay requested co-funding from the Water Authority, and the Water Authority's assistance in passing through co-funding from Metropolitan Water District (MWD) to Otay.

4. The parties desire by this MOU, to set forth the respective Program roles of the Water Authority and Otay, and to establish the terms of payment and the term of this MOU.

In consideration of the recitals and mutual obligations of the parties described in this MOU, the Water Authority and Otay agree as follows:

1. WATER AUTHORITY OBLIGATIONS

a. The Water Authority shall be responsible for the administration of Water Authority and MWD Program funds.

b. The Water Authority shall provide funding at $0.20/sq. ft., per Exhibit A, Funding Breakdown, of artificial turf installed to replace irrigated turf. If Otay's funding is

exhausted and increased funding is approved, then the Water Authority will continue to match the funding to the extent that residential artificial turf funds are available.

c. The Water Authority shall pass through funding from MWD for residential artificial turf at $0.30/sq. ft. per Exhibit A, Funding Breakdown. If Otay allocates additional funding for this Program from its Board, the Water Authority will continue to invoice MWD for MWD's co-funding.

2. OTAY OBLIGATIONS

a. Otay shall be responsible for the design and implementation of the Program as described in Exhibit A.

b. Otay shall issue an incentive to the customer of $1.00/sq. ft. for residential artificial turf installed to replace irrigated turf. Otay's co-funding shall be $0.50/sq. ft. per Exhibit A, Funding Breakdown. If Otay's funding allocation is exhausted and demand for residential artificial turf is sufficient, Otay will consider allocating additional funding for this Program.

c. Otay shall submit monthly invoices to the Water Authority with documentation as described in Exhibit A, Funding Requested.

d. Otay shall submit a brief final report as described in Exhibit A, Final Report.

3. CEQA

The Water Authority shall be responsible for ensuring that the Program complies with the requirements of the California Environmental Quality Act (CEQA) and that all necessary documents are filed.

4. HOLD HARMLESS AND LIABILITY

Water Authority and Otay each agree to mutually indemnify, defend at its own expense, including attorneys' fees, and hold each other harmless from and against all claims, costs, penalties, causes of action, demands, losses and liability of any nature whatsoever, including but not limited to liability for bodily injury, sickness, disease or death, property damage (including loss of use) or violation of law, caused by or arising out of or related to any negligent act, error or omission, or willful misconduct of that party, its officers or employees, or any other agent acting pursuant to its control and performing under this MOU.

5. DOCUMENT REVIEW

Water Authority and Otay shall make available for inspection to the other party, upon reasonable advance notice, all records, books, and other documents relating to the Program.

6. TERM OF AGREEMENT

The term of this MOU shall be from the date of execution through June 30, 2008. By this date, Otay will inform the Water Authority of its intent to continue the Program or to transition to the MWD Regional Residential Device Incentive Program.

7. NOTICE

Any notice, payment, credit or instrument required or permitted to be given hereunder will be deemed received upon personal delivery or 24 hours after deposit in any United States mail depository, first class postage prepaid, and addressed to the party for whom intended as follows:

If to the Water Authority:
San Diego County Water Authority
4677 Overland Avenue
San Diego, CA 92123
Attn: Mayda Portillo

If to Otay:
Otay Water District
2554 Sweetwater Springs Blvd.
Spring Valley, CA 91977
Attn: William Granger

Either party may change such address by notice given to the other party as provided herein.

8. AMENDMENTS

This MOU may be amended as circumstances necessitate by written agreement executed by both parties.

9. ASSIGNMENT

Agency shall not assign, sublet or transfer this MOU or any rights under or interest in this MOU without written consent of Water Authority, which may be withheld for any reason.

10. SEVERABILITY

The partial or total invalidity of one or more parts of this MOU will not affect the intent or validity of this MOU.

11. GOVERNING LAW

This MOU shall be deemed a contract under the laws of the State of California and for all purposes shall be interpreted in accordance with such laws. Agency hereby agrees and consents to the exclusive jurisdiction of the courts of the State of California and that the venue of any action brought hereunder shall be in San Diego County, California.

12. TERMINATION OF MOU

This MOU may be terminated by either party hereto for any reason 30 days after notice in writing to the other party.

13. SIGNATURES

The individuals executing this MOU represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities.

IN WITNESS WHEREOF, the parties have executed this MOU as of the date below.

DATED: March 10, 2008

San Diego County Water Authority

By: _____
Ken Weinberg
Director of Water Resources

Otay Water District

By: _____
Mark Watton
General Manager

Approved as to form:

Daniel S. Hentschke
General Counsel
San Diego County Water Authority

By: Rosann Gallien, Deputy

Approved as to form:

General Counsel
Otay Water District

By: _____ 2-28-08

Exhibit A

Proposal for
Residential Artificial Turf Rebate Program
Otay Water District

Contact info

William Granger
Otay Water District
2554 Sweetwater Springs Blvd.
Spring Valley, CA 91977
Contact Phone #619-670-2290
wgranger@otaywater.gov

Project Description

Otay Water District's Single Family Residential Artificial Turf Rebate Program is an incentive program that offers Otay's single family residential customers a rebate of $1.00 per square foot between 300 and 1,000 square feet to convert established turf grass to artificial turf. Any square footage installed in addition to the first 1,000 sq. ft., or after the $1.00 rebate funds have been expended, will receive a $.30/sq. ft. rebate from MWD as long as funds are available. Until MWD's Regional Residential Device Incentive Program is established, single family customers may receive MWD's incentive only through Otay's Program.

Program Requirements

1. Applicant must be an Otay single family residential customer.
2. Applicant must agree to pre-conversion and post-conversion onsite inspections. Otay staff will visit each site and photograph it before and after installation. During the pre-installation visit, staff will verify the customer is currently watering existing turf and measure the existing turf area. The new artificial turf will be measured during the post-installation visit.
3. Project must replace turf grass (lawn) with artificial turf.
4. Applicant must wait until the application has been approved by Otay to begin work on the landscape conversion.
5. The landscape conversion must be completed within 60 days of the pre-conversion onsite inspection. Documentation of square footage of turf replaced with artificial turf must be provided.
6. The artificial turf must remain in place for not less than five (5) years from receipt of the rebate. If the artificial turf is removed during the initial five (5) years, the applicant will refund all incentive dollars to Otay.
7. The artificial turf installed must be designed to be water and air permeable.
8. Otay offers this incentive Program to its single family residential customers only. The Program is subject to modification, suspension, or cancellation without notice by Otay.

Marketing

Otay will promote the Program by posting information on its website, inserting a message on customer water bills, and making a Program flyer available in its headquarters lobby. Additionally, Otay will do outreach to artificial turf suppliers and installers so they can help promote the Program.

Tracking

Otay will track customer's installation progress and will compile water usage history for three (3) years prior to installation and continue to compile water usage data for three years (3) following installation to determine water savings.

Funding Requested

Otay intends to fund a total of 30,000 square feet of artificial turf. Otay will invoice the Water Authority on a monthly basis for both the MWD and the Water Authority co-funding of $0.30 and $0.20 per square foot respectively. Documentation shall consist of name, address, square footage, rebate amount, estimated potential savings (based on MWD's 46 gallons/sq. ft. estimate), self or contractor installed, and brand name of product installed for each site. Documentation will be in a spreadsheet format.

Funding Breakdown

Funding breakdown is as follows for a total of 30,000 square feet:

Otay	$.50 per square foot	$15,000
MWD	$.30 per square foot	$ 9,000
SDCWA	$.20 per square foot	$ 6,000
Total	**$1.00 per square foot**	**$30,000**

Final Report

No later than July 30, 2008, Otay will provide a spreadsheet of Program participation such as that submitted for invoice documentation, the number of sites that applied but did not complete installation, and any findings that might assist other agencies in the implementation of landscape programs.

Term of Agreement

The Water Authority shall reimburse Otay for all incentives issued after the date of execution of this MOU. This MOU shall terminate on June 30, 2008. By this date, Otay will inform the Water Authority of its intent to continue with its Program or to transition to the MWD Regional Residential Device Incentive Program.

AGENDA ITEM 5

STAFF REPORT

TYPE MEETING:	Board Meeting	MEETING DATE:	April 2, 2008
SUBMITTED BY:	Pedro Porras Chief of Operations	W.O./G.F. NO:	DIV. NO. 5
APPROVED BY: (Chief)			
APPROVED BY: (Asst. GM):	Manny Magaña Assistant General Manager of Engineering and Operations		
SUBJECT:	Fire Service Meter / Cuyamaca College Agreement		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (OWD) Board authorizes the General Manager to enter into an agreement with Cuyamaca College (College District) for the installation of a second water meter and negotiate a plan of payment for just un-metered water used.

COMMITTEE ACTION: _____

Please see Attachment A.

PURPOSE:

This Agreement concerning metered service is entered into by and between the OWD and the Grossmont-Cuyamaca Community College District, a Community College District organized and existing under the laws of the State of California. The agreement set forth certain understandings of the parties in connection with, and the terms and conditions for, the installation of a second water meter at College District and compensation due to OWD for previous water consumption that was not metered.

ANALYSIS:

The College District is served through a compound meter located on the west side of the campus, which supplies water to the north and west portions of the campus. This compound meter can measure flows to the athletic field, an additional all purpose field, several buildings, and most of the green areas of the campus. It is also capable of measuring all water use from fire hydrants located in the north and west area of the campus. The College District also has a 10-inch fire service located on the east side of the campus, near the intersection of Fury Lane and Rancho San Diego Parkway. This service line is not metered.

After receiving the required Fire Service Backflow Test Reports for College District, OWD's Lead Meter Maintenance/Cross-Connection Worker, went out to the College District to verify some of the information provided. During her field investigation it was noted that there was water flowing through the 10-inch fire service on Fury Lane. Further investigation indicated water usages thru the fire service. It was discovered that two of the newer campus buildings; The One Stop Student Center, the Day Care building, and a multi-use field were being supplied un-metered water through the fire service.

Staff immediately contacted David Sutter, Cuyamaca College Facilities Coordinator Administrative Services, and asked him what information he had on the water services to these sites. According to Mr. Sutter, the College District was under the impression that the water service to these sites was being metered.

On Saturday, August 11, 2007, with the help of College District representatives, the existing compound potable meter feeding the College District was temporarily shut down so that the College District could replace some of their valves on campus. While the meter was shut down and the line feeding the College District was being drained, Meter Shop personnel, in conjunction with Dave Sutter, were able to do an on-site investigation to determine if any buildings or facilities were being fed potable water from the 10-inch fire service in question. This 10-inch line is dedicated strictly for fire protection and should only be feeding on-site hydrants and fire sprinklers inside the buildings. Because the 10-inch fire service is intended for fire protection only, it is un-metered.

From our investigation we were able to determine that the 10-inch fire service was not only supplying hydrants and fire sprinklers as intended, but it also confirmed that potable domestic service was being provided to three other key areas. During the investigation we did not find anything to indicate that the 10-inch fire service and the existing metered services were interconnected. We have discussed our findings with Dave Sutter and he agrees with our assessment.

In recognizing that it is not feasible to design and install a new pipeline to disconnect all existing services and reconnect them to the new pipeline, we all agreed that the most practical solution to this problem is to install a meter in the existing fire service. This will allow measuring the consumptions of the existing buildings and thus quantifying retroactively previous uses. Staff was also able to identify that the College District has already paid the capacity fee for the existing compound meter and that these new facilities water uses are already included in the existing meter capacity, therefore no additional capacity fees would be needed to be collected for the new meter.

On November 14, 2007, Operations staff, met with Dale R. Switzer, Director, Facilities Planning and Development of Grossmont-Cuyamaca Community College District and David Sutter, Facilities Coordinator Administrative Services also from Cuyamaca. The meeting was held at the College District, and Staff presented them with a written proposed action plan to remedy the College District's un-metered water uses and set the basis for the installation agreement. The proposal presented included the following items:

- The most practical and economical way to resolve this matter is to install a compound ten-inch meter upstream of the fire service backflow. The best meter type for this application is a Badger ten-inch compound meter Model FSAA-01. The cost of the actual meter is $11,877, plus tax. Installation will be performed by OWD forces, and the College District shall be responsible for the total cost, which includes material and installation, estimated to be $60,126.
- The College District had the choice to pursue the purchase of all material and installation of the proposed ten-inch meter; however, the College District will have to pay for OWD forces to perform the wet tap, and for the inspection, for a total amount estimated to be $6,316. The College District chose to have our forces do the entire installation.
- OWD will continue to charge the College District monthly for water used from the existing meter and will also charge the College District for water used on the new meter.
- Six months of records from the new meter will be used in conjunction with years of records from the existing meter to estimate water used from the day the College District facilities were occupied in the summer of 2001.
- The College District could negotiate to enter into a new arrangement for payment, such as monthly payments, for the water previously used.

Mr. Switzer stated that this is a reasonable approach. Mr. Switzer has submitted a written response stating he agrees with the proposed concept.

OWD staff and College District staff have worked on this matter for several months to arrive at this solution that is reasonable for all concerned. Through this process and other issues of interest to the College District and OWD, our staff has a very cordial and close relationship.

FISCAL IMPACT:

The complete labor and material cost for the installation of the new meter is estimated at $60,126, College District will pay the full actual cost.

After evaluation of the facilities served by the un-metered fire service, OWD staff estimated that, over the period of use, the amount owing by the College District could be in excess of $450,000. As stated above, the water use will be monitored and using that history an amount and terms of re-payment will be negotiated with the College District.

STRATEGIC GOAL:

3.2.307 Billing Accuracy
3.1.302 Meter Reading Accuracy
3.3.316 Districtuion System Water Loss

LEGAL IMPACT:

None.

General Manager

Attachments: Attachment A
Attachment B
Attachment C

ATTACHMENT A

SUBJECT/PROJECT:	Fire Service Meter / Cuyamaca College Agreement

COMMITTEE ACTION:

The Fiance and Administration Committee reviewed this item at a meeting held on March 20, 2008. 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

AGREEMENT
Concerning Metered Service at Cuyamaca College
(Second Meter Installation)

THIS Agreement Concerning Metered Service ("Agreement") is entered into by and between the Otay Water District ("OWD"), a municipal water district formed and existing pursuant to the provisions of the Municipal Water District Law of 1911, commencing with Section 71000 of the Water Code of the State of California, as amended, and the Grossmont-Cuyamaca Community College District ("College District"), a Community College District organized and existing under the laws of the State of California, to set forth certain understandings of the parties in connection with, and the terms and conditions for, the installation of a second water meter at Cuyamaca College (defined below) and compensation due to OWD for previous water consumption that was not metered. The OWD and College District are sometimes collectively referred to herein as the "Parties" or individually as a "Party."

RECITALS

The College District's campus generally known as Cuyamaca College, located at 900 Rancho San Diego Parkway, El Cajon, California 92019 ("Cuyamaca College"), is served through a compound meter located on the west side of the campus ("West Meter"), which supplies water to the north and west portions of the campus.

During the summer of 2001 several facilities were placed into operation in the south and east side of the campus and are receiving water from a un-meter pipeline. The Parties propose to install a new meter on the east side of the Cuyamaca College near the intersection of Fury Lane and Rancho San Diego Parkway to serve the east and south side of the campus.

AGREEMENT

Now, therefore, in consideration of the promises and agreements herein contained and for other valuable consideration, receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Term and Termination of Agreement

A. Term. This Agreement contemplates two separate termination dates with respect to the two different matters covered hereunder. However, this Agreement will remain in effect until (i) the expiration of the last of the two terms described below; or (ii) the early termination of this Agreement as described in paragraph 1.B, below; provided that, certain terms and clauses of this Agreement, identified below, will survive the termination hereof and will expire only upon satisfaction thereof. The "Term" of this Agreement consists of the following:

(1) With respect to the installation of the water meter provided for herein, the term of this Agreement (the "Meter Term") shall commence upon execution by both Parties and shall terminate only on the later of (i) the date on which OWD receives final payment for the Second Meter (as defined below) and all costs and charges related to the

installation thereto, or (ii) the date of acceptance by the College District of the installed water meter.

(2) With respect to the payment due to OWD for previous un-metered water consumption at Cuyamaca College, the term of this Agreement shall commence upon execution by both Parties and shall terminate upon acceptance by OWD of the final payment for the un-metered water, all as provided herein (the "Water Payment Term" and, together with the Meter Term, the "Term").

B. Early Termination

This Agreement may be terminated by either party prior to the expiration of the Term upon a material breach of this Agreement by the other party; provided that the College District's obligation to pay for the purchase and installation of the Second Meter and for the un-metered water shall not terminate until payment in full is made to the satisfaction of OWD. It is agreed that the other party shall have twenty (20) days to cure any material default before the effective date of termination of the Agreement.

2. College District Obligations and Rights

A. Payment for Meter Purchase and Meter Installation

The College District shall pay to OWD the full cost for material and installation of a new meter, currently estimated at $60,126.00, which costs shall be paid as follows:

(1) Within thirty (30) days of the execution of this Agreement by the College District, the College District shall pay to OWD (i) the then current cost for the required badger meter, currently the amount of $11,807.24 (consisting of $10,958.00 price plus $849.24 in tax), for a Badger 10-inch/6-inch compound meter, Model FSAA-01 and related appurtenances (the "Second Meter"); and (ii) the amount of $25,000, constituting a portion of the estimated cost of the installation services to be provided by OWD.

(2) Within thirty (30) days of receipt of an invoice from OWD for the remainder of the installation services relating to the Second Meter, the College District shall pay to OWD the amount specified in the invoice.

B. Site Access and Easements

Installation Access. The College District hereby grants to OWD access to such facilities, grounds, and sites as necessary for OWD, or its contractor, to properly install the Second Meter, at such dates and times as OWD deems reasonably necessary to complete the work.

Meter Installation, Operation and Maintenance Easement. During the Term hereof and at all times while the Second Meter is used to measure water consumed at Cuyamaca College, College District agrees to provide OWD with unrestricted access to the Second Meter and related facilities for inspection, maintenance, repair or replacement, as deemed necessary or desirable by

OWD. The terms of such access and the rights of the Parties with respect to the easements required for the installation and operation of the Second Meter and the facilities appurtenant are set forth on the form of easement attached to this Agreement as **Attachment A** (the "Easement"). The Easement will be executed by the Parties in substantially the form attached hereto concurrently with the execution of this Agreement.

C. Payment for Past Water Use

The Parties agree that for a period of time commencing on June 1, 2001, Cuyamaca College has used water from water system facilities intended for emergency use only (the "Un-metered Water"). The Parties agree that the installation of the Second Meter pursuant to this Agreement will resolve this problem on a forward-going basis.

The College District acknowledges that it must compensate OWD for the Un-metered Water consumed prior to the installation of the Second Meter. The Parties agree to estimate such Un-metered Water use as follows:

i. The first six (6) months' of water consumption measured on the Second Meter, commencing with the date on which the Second Meter begins to provide water service to Cuyamaca College, will be recorded.

ii. All available years of water consumption by Cuyamaca College at the meters located on the West side of the campus will be plotted to determine an average annual use curve for water consumed at Cuyamaca College;

iii. The average annual water use curve for the West meter will be compared with an actual six month period of consumption at the West Meter to determine the monthly increments between the average curve and the actual consumption curve at the West Meter.

iv. These monthly increments from the West Meter will be used to determine an average annual water consumption curve for the Second Meter, which will be used to determine the average consumption volume per year. The per year volume will be used to estimate the Un-metered water consumption per month from June 1, 2001 to the date the Second Meter becomes operational.

v. A per unit cost, based on the annual water rate charged by OWD to customers of the same classification, plus other fees and charges, will be applied to the monthly water consumption estimated in the manner provided in sub-paragraphs i through iv, above. The per unit cost will be computed as follows:

Per Unit Cost = Per Unit Charges + Monthly Base Fee + Overuse Surcharge Per Unit

a. Per Unit Charges = Water $2.06, North District $ .08, Pressure Zone $.136

b. Monthly Base Fee = System $456.60, Infrastructure Access $300.30

c. Overuse Surcharge Per Unit (if any) =

i. 0-3450 units no charge

ii. 3451-8000 units, surcharge = $.04/unit

iii. 8001 units or more, surcharge = $.06/unit

vi. The per unit cost will be multiplied by the monthly consumption to yield a monthly invoice for each month that water was consumed without been metered.

The Parties agree that the total amount due, as calculated based on the methodology described above, will be invoiced by OWD as soon as possible after the sixth month of operation of the Second Meter. College District will either pay the amount due for un-metered water consumption, in full, within thirty (30) days, or will contact OWD within ten (10) days, of the date of the invoice to make arrangements to pay in installment payments in accordance with any terms or conditions typically imposed by OWD for such arrangements, with a repayment term of not more than one year.

The Parties agree that a disproportionate decrease in water consumption from the Second Meter during the initial six (6) month period used to calculate Un-metered Water use would invalidate the proposed methodology. Therefore, the College District and Cuyamaca College agree that any conservation measures implemented during any period of time overlapping said six (6) month period, will be applied equally to both the West Meter and the Second Meter. Furthermore, the Parties agree that, at any time within the first two (2) years of operation of the Second Meter, the OWD may select a different time period to recalculate the Un-metered Water consumption using the methodology described above. If the recalculation results on water charges more than ten percent (10%) higher than the charges calculated hereunder, the Parties will re-calculate the charges and the College District will pay the difference to OWD within thirty (30) days of the date a revised invoice is issued.

3. OWD Obligations and Rights

A. Meter Installation

OWD shall install the Second Meter and any required service laterals to connect Cuyamaca College's existing water service system to the Second Meter, at the location(s) specified and depicted on **Attachment A** to this Agreement. **Attachment A** is hereby incorporated into this Agreement as if fully set forth herein. OWD may use its own employees to perform the installation or may assign this work to a subcontractor. If OWD assigns the work to a subcontractor, OWD shall remain responsible for completion of the installation of the Second Meter in accordance with industry practice.

B. Invoices for Payment for Installation

Upon execution of this Agreement, OWD shall submit an invoice to the College District for payment of the installation work, applicable taxes, administrative fees, if any, less any amounts paid by Cuyamaca College for installation work pursuant to Section 2, above.

C. Invoices for Payment of Un-metered Water Usage

Upon calculation of the total amount due for Un-metered Water consumption, as provided in Section 2.C, above, OWD shall submit to College District, an invoice for the Un-metered Water consumed at Cuyamaca College.

D. Rights in the event of Non-payment

If College District fails to make any payments contemplated herein, when due, OWD may, upon twenty (20) days prior written notice to College District: (i) terminate this Agreement; (ii) terminate or suspend any and all service to Cuyamaca College; and/or (iii) take any other action OWD deems necessary to enforce any of its rights under applicable law or equity.

4. General Conditions

A. Notices

Unless otherwise specified in this Agreement, notices and any other information required to be provided by one party to the other under this Agreement may be sent by first-class U.S. mail, express delivery service, or facsimile transmission to the following:

To the College District:
Grossmont-Cuyamaca Community College District
8800 Grossmont College Drive
El Cajon, CA 92020
Facsimile Number: (619) 644-7911
Attn: Dale R. Switzer, Senior Director of Facilities Planning and Development

To OWD:
Otay Water District
2554 Sweetwater Springs Blvd.
Spring Valley, CA 91978
Facsimile Number: (619) 660-0829
Attn: Mark Watton, General Manager

Notice shall be deemed served as of the date of deposit or transmission, respectively. The time in which response to any notice must be given shall be extended by five (5) days if the notice was sent by U.S. mail and by two (2) days if sent by express delivery service. Either party may, by virtue of written notice in compliance with this section, alter or change the address or the identity of the person to whom any notice, or copy thereof, is to be sent.

B. Dispute Resolution

1. Mandatory Arbitration

The Parties agree that any and all unresolved disputes or controversies arising out of, or allegations of breach of, this Agreement, including any allegations of fraud in the inducement to

this Agreement, shall be resolved through final and binding arbitration, and judgment on the award rendered by the Arbitrator(s) may be entered into any court having jurisdiction thereof. The Parties agree that such arbitration shall be the exclusive remedy for alleged breaches of this Agreement and any allegations of fraud in the inducement to this Agreement.

2. Arbitration Rules

Arbitrations of disputes under this Agreement shall be conducted by submitting the matter to the American Arbitration Association. Arbitrations shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association. An aggrieved party must submit a request for arbitration within ninety (90) calendar days of the date of the alleged breach, or the breach shall be deemed waived by that party.

C. Indemnification

The College District agrees to hold harmless, indemnify, and defend OWD, its Board of Directors, and its agents, officers, employees and insurers, and each of them, from and against any and all liability, claims, actions, and losses caused by or arising from the negligent or intentional acts or omissions of College District or its Board of Directors, agents, officers, employees or volunteers in connection with or arising from OWD's performance under this Agreement including but not limited to property damage and personal injury resulting therefrom. The College District's duty to indemnify under this section shall be limited to the extent of OWD's comparative fault, as determined by a trier of fact or by agreement of the Parties.

This provision and the obligations contemplated herein shall survive the expiration or early termination of this Agreement.

D. Disclaimer of Liability

The College District owns, operates and maintains the system of pipelines and facilities that convey water to the different buildings within Cuyamaca College from the West meter and, due to the misconnection, from the fire service. It is agreed and understood that, notwithstanding this Agreement or any actions contemplated herein to be taken by OWD, the entire system, commending from the Second Meter will continue to be the sole responsibility of College District. In connection with the installation of the Second Meter, and when accessing any portion of the College District's water system, OWD will use customary care and practices. In connection with the portions of the water system before and after the Second Meter, the Parties have delineated certain maintenance responsibilities on **Attachment B** hereto, which attachment is incorporated herein by reference.

E. Breach

If either party believes the other to be in breach of this Agreement, it shall notify the other party of its belief and describe the nature of the alleged breach. The Parties may attempt to resolve the alleged breach on an informal basis. However, nothing shall preclude a party from immediately pursuing available remedies after it has given notice of the alleged breach.

F. Waiver

The waiver by a party of one or more breaches of a provision of this Agreement shall not be construed as a waiver of any other or subsequent breaches of the same provision or any other provision of this Agreement.

G. Independent Contractors

In entering into this Agreement, it is understood that the Parties hereto are independent contractors and that no agency relationship is being created by virtue of this Agreement.

H. Entire Agreement

This Agreement represents the complete and full agreement between the College District and OWD with respect to the matters stated herein. Any agreements or promises made which are not reflected in the written terms of this Agreement are and shall be superseded by the terms of this Agreement and shall have no effect on the terms of this Agreement. The Recitals and Attachments referenced in and attached to this Agreement are an integral part of this Agreement and are incorporated by reference as if fully set forth herein.

I. Amendments

No amendments or modifications to this Agreement shall be valid unless they are made in writing and are signed by authorized representatives of the College District and OWD.

J. Severability

If any provision of this Agreement is declared or determined by any court to be illegal or invalid, said illegal provision shall be deemed to be severed from this Agreement and the remaining provisions of the Agreement shall remain in full force and effect.

K. Assignment, Successors in Interest

This Agreement shall be binding upon the respective heirs, successors, personal representatives, and assigns of the College District and OWD. Neither party's obligations nor rights under this Agreement may be assigned without the prior written consent of the other party.

L. Governing Law, Venue

This Agreement is entered into in the State of California and its interpretation shall be governed by the laws of the State of California. For all purposes, this Agreement shall be deemed to have been executed, and any services provided hereunder deemed to have been performed, in the County of San Diego, California.

M. Gender and Number

In all matters of interpretation, whenever necessary to give effect to any provision of this Agreement, each gender shall include the other, the singular shall include the plural, and the plural shall include the singular.

N. Headings

The headings and titles of the sections, articles and provisions of this Agreement and the exhibits and attachments hereto, if any, are for convenience only and shall not in any way affect the interpretation of any term, provision, or condition of this Agreement.

O. Attachments and references

The documents attached to or referenced in this Agreement are incorporated into this Agreement, and shall have the same force and effect as if fully set forth herein.

P. Authority to Execute

The persons signing below on behalf of College District and OWD represent to the other party that all required authorization to execute and deliver this Agreement on behalf of their respective entities have been obtained. They also represent that when executed and delivered, this Agreement shall be binding on the entity on behalf of which they sign.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed:

Grossmont-Cuyamaca Community College District	Otay Water District
By: _____	By: _____
Name: Dale R. Switzer	Name: Mark Watton
Title: Senior Director of Facilities Planning and Development	Title: General Manager
Date: _____	Date: _____
Approved as to form:	Approved as to form:
_____	_____
Office of the General Counsel	Office of the General Counsel

RECORDING REQUESTED BY
AND AFTER RECORDATION
MAIL TO:

For Recorder's Use

OTAY WATER DISTRICT
2554 SWEETWATER SPRINGS BOULEVARD
SPRING VALLEY, CA 91977-7299

Documentary Transfer Tax: None
(Exempt under Rev & Tax Code Section 11922)

GRANT OF EASEMENT AND RIGHT-OF-WAY TO OTAY WATER DISTRICT

For good and valuable consideration, receipt of which is hereby acknowledged, the undersigned, as **Grantor(s)** hereby **GRANT(S) to OTAY WATER DISTRICT,** a municipal water district formed under the Municipal Water District Law of 1911, as amended, situated in the County of San Diego, State of California, as **Grantee**, a permanent easement of variable width ("Easement") and a right-of-way for the purpose of laying underground water and sewer pipelines and laterals, trunk lines, collection lines and laterals, sewer manholes and other underground and surface structures appurtenant to said water or sewer lines, including but not limited to power lines for transmission and communication purposes, pumps, regulators, valves and access roads or areas within said easement, hereinafter referred to as "said facilities," together with the right to construct, operate, maintain, repair and replace said facilities, and the right of ingress and egress for such purposes. The Easement is described and/or depicted as follows:

(See Exhibit(s) A and B attached hereto and made a part hereof)

Grantor reserves the right to use the surface of the Easement at Grantor's own risk for any and all purposes not conflicting, interfering or inconsistent with Grantee's use of, and access to, said facilities. Grantor waives any right under Civil Code section 845, and any right to compel Grantee to grade, surface or otherwise improve or maintain the Easement area as a roadway.

Grantor shall not increase or decrease or permit to be increased or decrease the ground elevations of the surface of the Easement existing at the time this document is executed, nor construct or permit to be constructed any permanent building, structures, improvements or other encroachment upon said

Easement which will cause damage to or threaten the safety of any of said facilities of Grantee placed within the Easement.

Grantee shall have the right to install its own gates and locks in all fences which now cross or may hereafter cross the Easement.

It is agreed that, in connection with its use of the Easement, Grantee shall not be responsible for repairing or replacing (i) encroaching structures or things, (ii) vegetation of any type or (iii) any improvements installed in violation of this Easement. Grantee may, at any time, remove from the Easement, without any liability and at Grantor's expense, any building, structure, plant, tree or vegetation, improvement or other encroachment conflicting, interfering or inconsistent with Grantor's use of the Easement for the purposes described in the first paragraph of this Easement.

Grantor may use the surface of the Easement as a driveway and/or may surface or pave the area, subject to the restrictions as to changes in existing ground elevations and indemnifications set forth above; provided that no materials that increase the cost of repair above the cost of asphalt may be used and, if used, Grantee shall not be responsible for such increased costs in the event the surface is damaged or removed by Grantee to access or repair its facilities.

Grantor may, at Grantor's expense, and subject to Grantee's prior written consent, relocate said facilities if they conflict with future development of said property, provided that Grantor shall not cause discontinuance of service to any area, and provided further, that Grantee receives, without expenses to Grantee, an easement comparable to this easement for said relocated facilities. Grantee shall never be required to relocate or alter in any way the facilities installed pursuant to this grant of easement, or to bear any cost in connection therewith as a result of changes in the location of any said facilities.

Grantee shall have the right to transfer and assign all or a portion of this easement to its successor in interest, or to any other political subdivision or public utility for use of the above stated purpose.

Date: _____

Grantor(s): _____

_____

_____

[Each signature of Grantor must be acknowledged in the form attached hereto]

DISTRICT CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the Grant of Easement of Right of Way to Otay Water District dated _____, _____ from _____ to OTAY WATER DISTRICT, a municipal water district, is hereby accepted by order of the Board of Directors pursuant to the authority conferred by Resolution No. 1829, adopted on February 23, 1981, and the grantee consents to recordation thereof by its duly authorized officer.

Date: _____

By: _____
Susan Cruz, District Secretary

GRANTOR'S SIGNATURE ACKNOWLEDGEMENT

State of California)
) ss
County of San Diego)

On _____ before me, _____
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared _____
NAME(S) OF SIGNER(S)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) , or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

Exhibit A
Legal Description

A portion of that land granted to the Grossmont Community College District per deed recorded September 22, 1972 as File/Page No. 253787 in the office of the County Recorder of San Diego County, State of California described as follows:

Commencing at a 2 inch iron pipe with disc stamped RCE 15795, set at the most southerly corner of County of San Diego Tract 4032-2, per Map No. 11260 recorded on June 19, 1985 as File No. 85-218276, said pipe being on the westerly line of Fury Lane at the southerly end of a 768.47 foot long, 4000 foot radius curve, concave westerly, to which point a radial line bears North 52°37'58" East (North 52°09'33" East per said map); thence northerly along said curve 95.56 feet through a central angle of 01°27'08" to THE TRUE POINT OF BEGINNING; thence continuing northerly along said curve 20.36 feet through a central angle of 00°17'30"; thence leaving said curve and said westerly line along the following courses and distances:

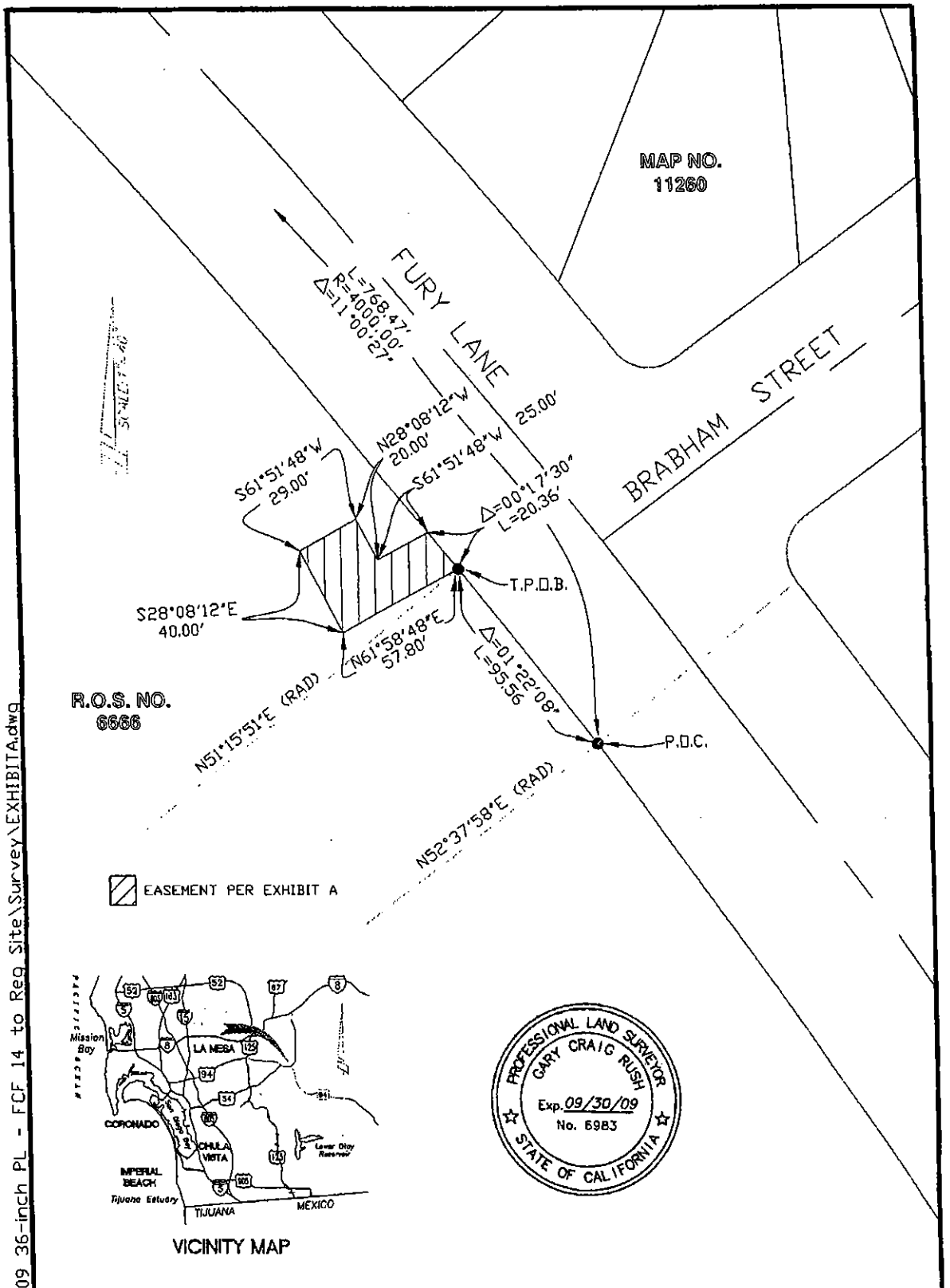
South 61°51'48" West 25.00 feet;
North 28°08'12" West 20.00 feet;
South 61°51'48" West 29.00 feet;
South 28°08'12" East 40.00 feet;
North 61°51'48" East 57.80 feet to THE TRUE POINT OF BEGININNING.

As shown on Exhibit B attached hereto and by this reference made a part hereof.

PROFESSIONAL LAND SURVEYOR
GARY CRAIG RUSH
Exp. 09/30/09
No. 6983
STATE OF CALIFORNIA

Gary C. Rush
Otay Water District

LS 6983



VICINITY MAP

EXHIBIT "B"

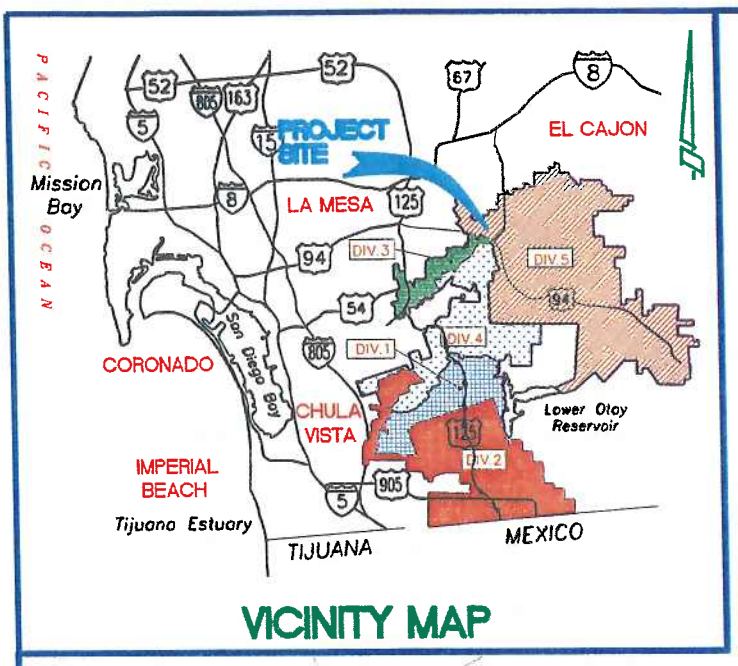
REV.	DATE	DESCRIPTION

RECORDERS F/P _____
REC. DATE _____
OTAY W.D. DEED NO. _____
IMP. DIST. NO. _____

COORDINATES

MAP NO.
SCALE: 1" = 40'
DATE: 3-10-2008
DRAWN BY:

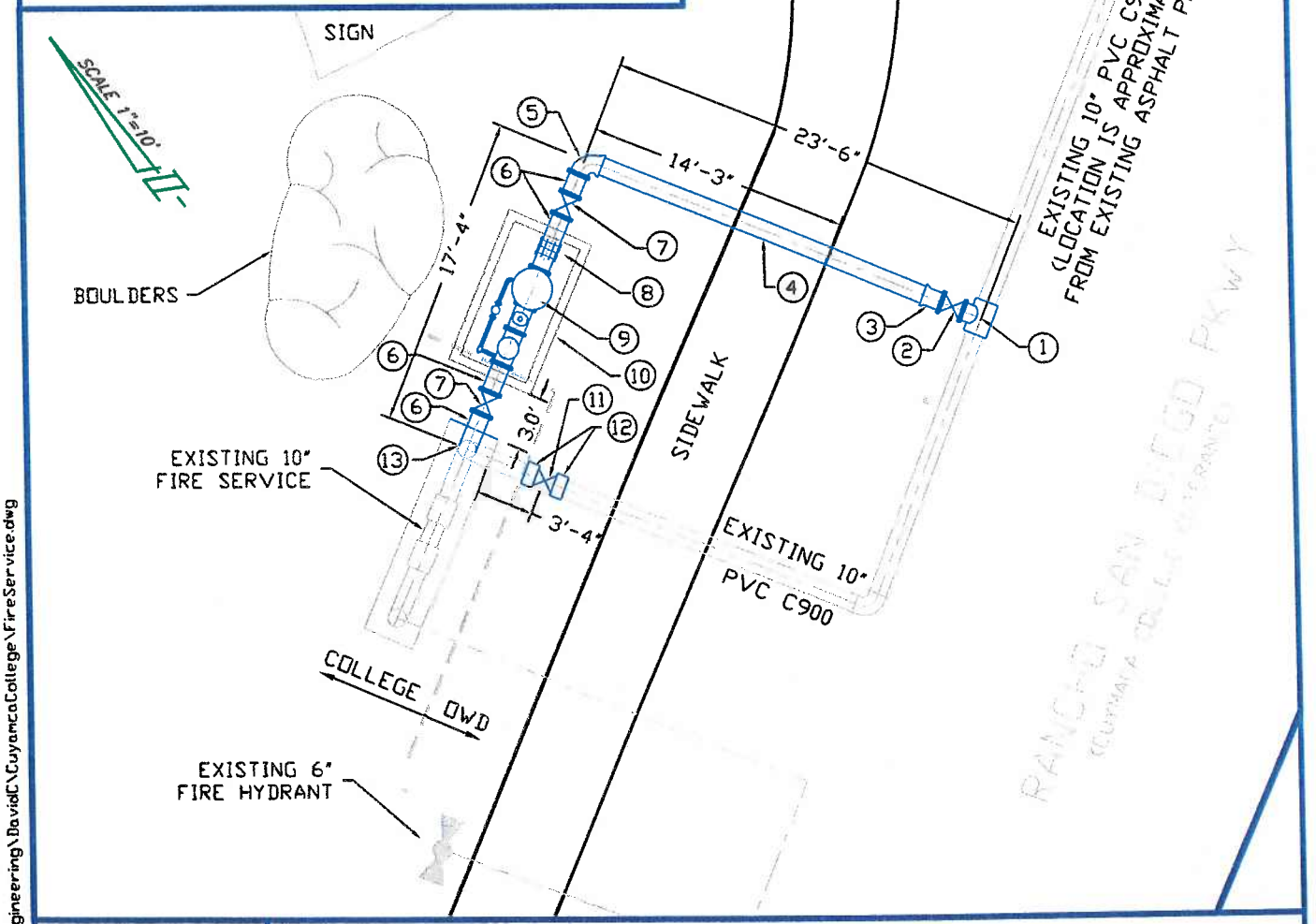
P:\WORKING\CIP P2009 36-inch PL - FCF 14 to Req Site\Survey\EXHIBITA.dwg



VICINITY MAP

DETAILS:

1. 10" WET TAP
2. 10" GATE VALVE
3. 10" CAST IRON FITTING
4. 10" PVC C900
5. 90° BEND
6. 10" CML&C SPOOL
7. 10" GATE VALVE
8. 10" DRESSER COUPLING
9. 10" BADGER COMPOUND METER FSAA-01
10. 48"WX96"LX48"D FIBERGLASS VAULT
11. 10" GATE VALVE NORM. CLOSED (RED)
12. (2) FL. COUP. ADAPTORS FOR C900
13. FAB. CONNECTION TO EXISTING RISER



Z:\Projects\Kevin\Engineering\David\CuyamacaCollege\FireService.dwg

ESTABLISHED 1956 OTAY WATER DISTRICT

OTAY WATER DISTRICT

NEW 10" METER AT
CUYAMACA COLLEGE

ATTACHMENT C

AGENDA ITEM 6

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	April 2, 2008
SUBMITTED BY:	Geoffrey Stevens, Chief Information Technology and Strategic Planning	W.O./G.F. NO:	DIV. NO.
APPROVED BY: (Chief)	German Alvarez, Assistant General Manager, Administration and Finance		
APPROVED BY: (Asst. GM):			
SUBJECT:	Fiscal Years 2009-2011 Draft Strategic Plan		

GENERAL MANAGER'S RECOMMENDATION:

No recommendation. This is an informational item only.

COMMITTEE ACTION: _____

See "Attachment A".

PURPOSE:

To present the District's Fiscal Years 2009-2011 Strategic Plan.

ANALYSIS:

Attached is the draft Fiscal Years 2009-2011 Strategic Plan. The plan was developed over the last seven months. The plan employs the framework of the Balanced Scorecard. The planning process began with a thorough evaluation of the existing plan. Next, a series of approximately 50 one-on-one interviews were conducted with all members of the Board, a sampling of line staff, union representatives, key managers, and all members of the senior team. Group workshops were held with all Otay staff. Professional consultation and facilitation was provided by Westin Engineering. Once the initial draft was developed, the senior team met in a series of workshops to review and critique the plan.

The plan is composed of 4 areas of focus (Customer, Finance, Business Process, and Learning and Growth). Each area has strategies, goals, and objectives defined to meet our future needs. The team is finalizing detailed project plans to accomplish the objectives. These are due by the end of March. We are also still modifying

performance measures to better capture the specific items we want to improve and monitor. Once the Board has reviewed the strategic plan objectives, we will finalize the detailed plans and performance measures. We will alert the Board when final details are available for inspection on the Board Intranet. In terms of the Budget, all the strategic plan items have budget support in the fiscal year 2009 Budget. Approval of the budget will fully fund the strategic plan objectives.

In conclusion, District staff are enthusiastic and supportive of this plan. As the attached document describes, the major theme in the plan is building upon our strengths to position ourselves for the future. As the plan administrator, I am convinced that approval and execution of this plan will achieve the Board's and General Manager's vision to create:

> ***"A District that is at the forefront in innovations to provide water services at affordable rates, with a reputation for outstanding customer service."***

FISCAL IMPACT:

None at this time.

STRATEGIC GOAL:

The Strategic Plan is the core document for all District planning.

LEGAL IMPACT:

None

General Manager

Attachment A - Draft Strategic Plan Fiscal Years 2009-2011

ATTACHMENT A

SUBJECT/PROJECT:	Fiscal Years 2009-2011 Draft Strategic Plan

COMMITTEE ACTION:

The Administration and Finance Committees and the Engineering and Operations Committee met in March and reviewed this item. Based upon this discussion, the Committees recommend that the Board receive the attached information.

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.

Strategic Plan FY09-11

March 2008

Overall Summary

- 9 Strategies
- 22 Goals
- 106 Objectives

Customer Service Strategies

1. "Maximize Our Customer's Satisfaction"
2. "Educate Our Customers on Important Water Related Matters"
3. "Help Shape Industry Best Practices"

"Maximize Our Customers' Satisfaction"

A. *Listen to Our Customers.*

1. Expand a proactive, repeatable, multi-tiered customer survey program for all customer classes.
2. Implement a formal call and complaint tracking and reporting system by category for all customer contacts.
3. Formalize and document Customer Service Procedures

B. Enhance our Customers' Experience through Effective Multi-Channel Communications

1. ***Incoming calls*** – Streamline and document the District's incoming customer call processes.
2. ***Interactive Voice Response*** - Enhance the usefulness of the Interactive Voice Response for better customer service across the District.
3. ***Autodialer*** - Enhance the usefulness of the Autodialer to efficiently notify customers of District events.

"Maximize Our Customers' Satisfaction"

4. ***Web Page*** - Evaluate and enhance the District's web page design.
5. ***E-Customer Account*** - Enhance the customer's ease to personalized account information including water use, payment status, and historical trending.
6. ***E-Mail*** – Evaluate the use of e-mail to provide publications, bill presentations, and to notify customers in the event of preventive or reactive maintenance, construction, and system upsets.
7. ***Written Publications*** – Enhance written publications on the District's installation of air vacs, water rates, reclaimed water use, water conservation, water availability, water supply, water quality, capital projects, and fluoridation and post on the District's web site. Evaluate bi-lingual options.
8. ***Door Tags-*** Evaluate the use and cost effectiveness of door tags.
9. ***Speakers Bureau*** – Optimize community outreach to specific community groups, committees, home owner associations, etc with additional presentations on drought, recycled water, and water conservation.
10. ***Multilingual Program*** – Continue to evaluate and expand the District's multilingual program.

"Educate our Customers on Important Water Related Matters"

A. Expand the District's Water Conservation Programs to maximize District-wide water conservation.

1. Promote and encourage adoption of conservation practices for new construction within District service territory.
2. Promote commercial water surveys for all large commercial users and residential water surveys to highest water users.
3. Continue a regional approach and evaluate conservation programs to maximize water conservation.
4. Update policy and procedures for authority, inspection and enforcement of Water Waste Program.

"Educate our Customers on Important Water Related Matters"

B. Maximize Recycled Water Use and Public Knowledge

1. Continue a regional approach and expand District's recycled water outreach program to landscape architects, maintenance companies, developers, contractors, and home owner associations.
2. Enhance reclaimed water guidelines on District website.
3. Enhance Recycled Water Rules and Regulations format for site supervisors with link to website.
4. Promote use of recycled water in Sub-Area Master Plan Process.
5. Identify specific projects that are good candidates for conversion of recycled water.

"Help Shape the Water Industry's Direction"

A. *Legislative and Political Influence for District's Programs*
   1. Continue to actively participate in County Water Authority, Metropolitan Water District of Southern California, State policy making and pending legislative review and comment.
   2. Promote enhancements to City, County and State water conservation requirements (political side).

B. *Optimize the District's Water Industry Participation*
   1. Evaluate leadership opportunities in water industry committees.
   2. Evaluate American Water Works Association Peer Review for District.

Financial Strategies

1. "Develop a Long Term Financial Planning Program"
2. "Optimize All Revenue Streams"

"Develop a Long Term Financial Planning Program"

A. Establish a long-term (20 year) financial plan including scenarios and contingencies for changes in demographics, local economy and drought uncertainties, and including:

1. Capital Improvement needs.
2. Facilities and Staffing Plan needs.
3. Develop the long term financial plan.

B. Conduct financial threat assessment for growth, water availability, inflation and other revenue sources.

C. Re-calculate Capacity/Corrugate Aluminum Pipe and Annexation Fees with New Rehabilitation and Repair Plan.

"Optimize All Revenue Streams"

A. Modify existing rate structures.

1. Simplify residential fee structures and the billing system.
2. Reduce complexity of and simplify rate structure.
3. Evaluate tiered commercial rates and propose changes.
4. Evaluate drought stage rates and propose changes.
5. Evaluate and improve effectiveness of bill (including fees for Chula Vista sewer billing).

B. Maximize non-rate revenues.

1. Pursue all security and technology grants.
2. Pursue all water conservation grants.
3. Pursue all water and recycle/solar related grants.
4. Maximize regional cost-sharing opportunities.
5. Ensure full cost recovery (legal/insurance).

Business Processes Strategies

1. "Implement Industry Best Practices for Utility Development"
2. "Optimize the District's Operating Efficiency"
3. "Improve Financial Analysis and Reporting"

"Implement Industry Best Practices for Utility Development"

A. Potable Water

1. Prioritize and implement recommendations contained in the Integrated Resources Plan, Water Resources Master Plan and Urban Water Management Plan to maintain potable water supply.
2. Prioritize and complete construction of new infrastructure needed to obtain or deliver potable water.
3. Develop a program to minimize water losses.
4. Update District's Drought Management Plan including actions for enforcement.
5. Create a comprehensive environmental program that is cost-effective and proactive in response to environmental compliance.

B. Sewers

1. Evaluate long-term cost/benefit of seeking additional sewer demand, treatment and disposal capacity.
2. Develop a Sewer Master Plan and implement recommendations including the prioritization of Capital Improvement Plan.
3. Implement a programmatic manhole replacement or repair program.
4. Develop and implement Treatment Plant Enhancements including automation for remote operation and shutdown, technology improvements, and upgrade of administration facilities.
5. Continue to develop and comply with the District's Sewer System Management Plan Program requirements.

C. Recycled Water

1. Obtain new recycled water supplies.

"Optimize the District's Operating Efficiency"

A. Minimize the District's total life cycle asset costs.

1. Develop and implement an Asset Management Program Plan.
2. Develop a comprehensive Easement Enhancement and Inspection Program
3. Develop a formal maintenance plan for pump stations. Ensure that all preventive maintenance tasks are tracked by Infrastructure Management System.
4. Implement comprehensive meter testing, calibration and replacement program.
5. Evaluate increasing the completion schedule of District's valve actuation, valve replacement, and air vac programs.
6. Enhance Construction Inspection on construction projects.

B. Update the District's IT Strategic Plan.

1. Evaluate the long-term viability of Eden financials and billing system.
2. Enhance the integration of Infrastructure Management System, Eden, Customer Information System, Supervisory Control and Data Acquisition, Geographic Information System.
3. Enhance existing Capital Project Tracking System.
4. Enhance the District's data management and data architecture including enterprise standard data.
5. Develop and deploy the field wireless network.

"Optimize the District's Operating Efficiency"

C. Optimize the use of existing technologies.

1. Optimize functionality, business continuity, bandwidth, and use of Supervisory Control and Data Acquisition.
2. Optimize functionality, business continuity, bandwidth, and use of CITRIX.
3. Optimize the use of Radio Frequency Identification.
4. Optimize use of Voice Over Internet Protocol and unified messaging.
5. Evaluate implementing a fixed network Automated Meter Reading.
6. Optimize the use of SharePoint.
7. Develop optimized field work processing using integrated technology.
8. Assess and implement security best practices for all Otay networks.

D. Increase field productivity through improved efficiency.

1. Evaluate efficiency improvements and prioritization of calls, leveraging Geographic Information System and Global Positioning System with appropriate skill sets (Optimize field routing to minimize windshield time).

"Optimize the District's Operating Efficiency"

E. Improve the efficiency of business processes.

1. Investigate using electronic signatures on staff reports, shutdown plans, contracts, magazines, newsletters, reimbursements, project closeout, etc.
2. Evaluate web-based employee performance reviews.
3. Enhance AP to electronically pay bills for frequent vendors and routine bills and maximize the use of e-bills.
4. Implement Vehicle Replacement Policy and track vehicle use through Infrastructure Management System.
5. Enhance fuel tracking and reporting system.
6. Automate resume and application process.
7. Track regulatory activities for completed projects with link to Infrastructure Management System and contract manager (including installation of Laboratory Information Management System).
8. Document business process for redline verification of completed as-built drawings.
9. Develop a Heavy Equipment Capital Replacement Plan.

F. Optimize Disaster Preparedness.

1. Implement recommendations from Fire Assessment.
2. Update Security Assessment and implement recommendations.

"Improve Financial Analysis and Reporting"

A. Improve per cost unit reporting.

1. Develop and measure cost per unit expenditures and forecasts.
2. Link all direct costs (including Operating and Maintenance and Capitol Improvement Plan) to associated facility and equipment including parts, labor, energy, etc.
3. Ensure District wide accurate timely access to performance data.

B. Improve the efficiency and effectiveness of District-wide reporting

1. Develop a centralized inventory of reports, emergency response plans, regulatory reports, etc.
2. Utilize existing reporting technology contained within Infrastructure Management System, Report Manger and Eden's Contract Module, and automate routine reports.
3. Enhance water loss reporting.
4. Investigate water modeling for water loss.

Learning & Growth Strategy

1. "Results-oriented Workforce"

"Results-oriented Workforce"

A. ***Retain Dedicated Workforce***

1. Evaluate effective communication tools throughout the organization.
2. Evaluate the Pay For Performance Program.
3. Evaluate the Employee Recognition Program.
4. Assess findings of 2008 Employee Survey.
5. Conduct Employee Survey in preparation for 2012 Strategic Plan development

B. ***Hire the "Best"***

1. Identify new areas where skills/performance tests might streamline the recruitment process.
2. Review and update classification plan and revise critical areas.
3. Conduct continuous recruitments and/or establish eligible lists for difficult to recruit positions.
4. Review and revise marketing strategy and recruiting tools.

"Results-oriented Workforce"

C. *Staff Development*

1. Develop and implement training matrix to identify required and desired training for all classifications.
2. Develop and maintain a formal program to track and evaluate employee training.

D. *Workforce Management*

1. Identify core elements of Succession Planning that can be tailored to the District's needs.

E. *Performance Management*

1. Continue to evaluate current performance measures, accountabilities, and targets/trends.
2. Update and expand annual review process to include greater emphasis of understanding of career goals and use of strategic plan objectives and performance measures.

"Results-oriented Workforce"

F. Knowledge Management

1. Update District-wide Records Management Program.
2. Develop efficient mechanisms to capture relevant land and facilities information.

G. Community involvement/District Outreach

1. Optimize community involvement throughout the District.

H. *Update and execute District's Public Relations Plan*

1. Actively promote District's achievements through execution of the Public Relations Plan.

AGENDA ITEM 7

STAFF REPORT

TYPE MEETING:	Regular Board Meeting	MEETING DATE:	April 2, 2008
SUBMITTED BY:	Armando Buelna AB Communications Officer	W.O./G.F. NO:	N/A DIV. NO. All
SUBJECT:	Update on Legislative Matter and June 3, 2008 Propositions		

GENERAL MANAGER'S RECOMMENDATION:

1. To adopt positions on 2008 legislative matters as follows:

	Recommended Position	Item	Author	Topic
1	Oppose	Assembly Bill 983	Fiona Ma	Public contracts: plans and specifications.
2	Oppose	Proposition 98	Howard Jarvis Taxpayers' Association	The California Property Owners and Farmland Protection Act.
3	Support	Proposition 99	California League of Cities	The Homeowners and Private Property Protection Act.

PURPOSE:
To give the Board of Directors the opportunity to adopt positions on three legislative matters.

ANALYSIS:
AB 983 - Fiona Ma - Public Contracts: plans and specifications.

AB 983 would add language to the Public Contract Code that states when a public agency provides a contractor with a set of plans and specifications, that there is an implied warranty from the agency of accuracy and completeness. Furthermore, the bill states that a contractor would not have to prove that errors or omissions in plans and specifications occurred as a result of intentional misrepresentations or active concealment by the public agency.

Proponents of AB 983 state that the bill is necessary to avoid the potential for inappropriately shifting design risks from designers to contractors. However, the language of AB 983 would change the law to shift the liability to the public entity and would relieve contractors of reasonable due diligence in their review of plans and specifications for errors, omissions and other issues.

An implied warranty of accuracy and completeness for the public agency would potentially result in an increase in change orders, as a clarification or request for information from the contractor could be construed as a change to the contract documents. This bill would further shift the risk of loss on construction projects to public entities that would not be in a position to control all risks associated with construction projects.

The Otay Water District's legislative guidelines for water services state that it is the District's policy to oppose efforts to "Make urban water supplies less reliable or substantially increase the cost of imported water without also improving reliabity and/or quality of the water." This legislation would place a significant and unreasonable burden on public agencies, resulting in increased cost for public works construction.

Staff Recommendation: Oppose.

Two propositions dealing with eminent domain have qualified for the June 3, 2008 statewide direct primary election ballot. They are Proposition 98 and Proposition 99.

Summary -

Proposition 98 is the ***California Property Owners and Farmland Protection Act*** sponsor by the Howard Jarvis Taxpayers' Association, the California Alliance to Protect Private Property, and the California Farm Bureau Federation.

If approved by voters, it bars state and local governments from condemning or damaging private property for private uses. It also prohibits rent control and similar measures. Prop. 98 prohibits deference to government in property rights cases; defines "just compensation" and requires an award of attorneys' fees and costs if a property owner obtains a judgment for more than the amount offered by the government; and requires government to offer to original owner of condemned property the right to repurchase property at condemned price when property is put to substantially different use than was publicly stated.

The state's Legislative Analyst and Director of Finance estimate Prop. 98's impact on state and local government will be "Increased costs to many governments due to the measure's restrictions. The fiscal effect on most governments probably would not be significant."

Background -

The California Constitution allows the taking of property for public use only when just compensation is paid to the owner. A jury determines just compensation, unless the property owner waives the jury.

Proposition 98 would amend the California Constitution to allow the taking of private property only for a stated public use. It would prohibit the taking of private property for a private use. The initiative also requires a public agency to offer back property to the original owners before the public agency may sell the property or put it to a use that is substantially different from the public use that was stated in the eminent domain proceedings.

Proposition 98 provides definitions of "taking," "public use," and "just compensation," that go beyond the meanings contained in the Constitution, as interpreted by the courts. A fundamental concern for water agencies is the initiative could be construed to preclude acquisitions for water supplies, mitigation land, storage and other public water projects. The definition of "private use" may restrict the exercise of land use powers by local governments and could also affect the acquisition of mitigation land for environmental preservation. The definition of "just compensation" would include amounts to compensate the property owner for temporary business losses, relocation expenses, business reestablishment costs, and other expenses "deemed compensable by the Legislature."

Although this initiative does not go as far as Proposition 90 in restricting the use of eminent domain by public agencies, it still goes well beyond merely overturning the Supreme Court's decision in *Kelo v. City of New London*. This initiative is highly restrictive and goes beyond eminent domain reform. It would roll back rent control and other renter protections, decimate local land use planning, gut environmental protections and threaten much needed water projects.

The Otay Water District's legislative guidelines for water services state that it is the District's policy to oppose efforts to "Make urban water supplies less reliable or substantially increase the cost of imported water without also improving reliabity and/or quality of the water." The California Special District's Association and the San Diego County Water Authority also both oppose Prop. 98.

Staff Recommendation: Oppose.

Proposition 99, also on the June 3, 2008 ballot, is the ***Homeowners and Private Property Protection Act.*** Prop. 99 was sponsored by The League of California Cities.

Summary -

Proposition 99 bars the state and local governments from using eminent domain to acquire an owner-occupied residence for conveyance to a private person or business entity. However, it creates exceptions for public work or improvement, public health and safety protection, and crime prevention. The state Legislative Analyst and Director of Finance estimate the measure would likely not have a significant fiscal impact on state or local governments.

Background -

The League of California Cities wrote Proposition 99 to address as precisely as possible the specific issue in the *Kelo v. City of New London* Supreme Court case. The initiative will place sensible, straightforward restrictions on local governments' use of eminent domain. Proposition 99 prohibits the state and local government from acquiring by eminent domain an owner-occupied residence for the purpose of conveying it to a private person. This provision does not apply when the state or local governments exercise the power of eminent domain for the purpose of:

1. Acquiring private property for a public work or improvement
2. Protecting public health and safety
3. Preventing serious, repeated criminal activity
4. Responding to an emergency
5. Remedying environmental contamination that poses a threat to public health and safety.

Although Proposition 99 does restrict the use of eminent domain by public agencies, it applies almost entirely to redevelopment activities that involve acquiring private residences and transferring them to developers to promote economic development. However, it resolves the issue raised by the *Kelo* decision that has caused a great deal of concern nationwide and has spawned a number of highly restrictive initiative proposals such as Proposition 90 and Proposition 98.

The Otay Water District's legislative guidelines for water services state that it is the District's policy to oppose efforts to support efforts to "Provide reliable water supplies to meet California's short and long-term needs." CSDA and SDCWA are part of a coalition that supports this initiative

Staff Recommendation: ***Support***

FISCAL IMPACT:

None

LEGAL IMPACT:

None.

Mark Watton

General Manager

Attachments:

Attachment A - Committee Action Report
B - Assembly Bill 983 - Fiona Ma
C - Prop. 98 - the California Property Owners and Farmland Protection Act
D - Prop. 99 - Homeowners and Private Property Protection Act

ATTACHMENT A

SUBJECT/PROJECT:	Update on Legislative Matter and June 3, 2008 Propositions

COMMITTEE ACTION:

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.

AMENDED IN SENATE JANUARY 14, 2008

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

ASSEMBLY BILL No. 983

Introduced by Assembly Member Ma

February 22, 2007

~~An act to add Section 12025 to the Government Code, relating to the Governor's Budget.~~ *An act to amend Section 1104 of the Public Contract Code, relating to public contracts.*

LEGISLATIVE COUNSEL'S DIGEST

AB 983, as amended, Ma. ~~Governor's Budget: services contracts.~~ *Public contracts: plans and specifications.*

Existing law contains various provisions relating to the bidding process for public works projects. Existing law prohibits a local public entity, charter city, or charter county from requiring a bidder to assume responsibility for the completeness and accuracy of architectural or engineering plans and specifications on public works projects, except on clearly designated design-build projects.

This bill would provide that there is an implied warranty of the accuracy and completeness of the plans and specifications provided to the contractor by the public entity, charter city, or charter county. This bill would further provide that these provisions shall not be construed to require a contractor to prove an affirmative or intentional misrepresentation or active concealment on the part of the public entity, charter city, or charter county that provides the plans and specifications.

~~Existing law requires the Governor to annually issue a report to the public on the expenditures for support of his or her office, and to submit a budget to the Legislature within the first 10 days of each regular session that includes, among other things, a complete plan and itemized~~

~~statement of all proposed expenditures of the state and of all estimated revenues.~~

~~This bill would require the Governor to submit with the budget a report that contains specified information regarding current and proposed contracts for services in the amount of $5,000 or more.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~yes~~ *no*. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 1104 of the Public Contract Code is amended to read:

1104. *(a)* No local public entity, charter city, or charter county shall require a bidder to assume responsibility for the completeness and accuracy of architectural or engineering plans and specifications on public works projects, except on clearly designated design build projects. Nothing in this section shall be construed to prohibit a local public entity, charter city, or charter county from requiring a bidder to review architectural or engineering plans and specifications prior to submission of a bid, and report any errors and omissions noted by the contractor to the architect or owner. The review by the contractor shall be confined to the contractor's capacity as a contractor, and not as a licensed design professional.

(b) When plans and specifications are provided by a public entity, charter city, or charter county, there is an implied warranty of the accuracy and completeness of those plans and specifications. Nothing in this section shall be construed to require a contractor to prove an affirmative or intentional misrepresentation or active concealment on the part of the public entity, charter city, or charter county that provides the plans and specifications.

~~SECTION 1. Section 12025 is added to the Government Code, to read:~~

~~12025. (a) Notwithstanding Section 7550.5, the Governor shall submit to the Legislature with the Governor's Budget a report that contains the following information regarding current and proposed contracts for services in the amount of five thousand dollars ($5,000) or more:~~

~~(1) A description of the contract and the services being purchased.~~

~~(2) The name of the agency contracting for the services.~~

~~(3) The name of the contractor and any subcontractors.~~

~~(4) The effective date and expiration date of the contract.~~

~~(5) The annual amounts paid under the contract, by funding source, to the contractor in past fiscal years and in the current fiscal year.~~

~~(6) The annual amount, by funding source, proposed to be paid to the contractor under the Governor's Budget.~~

~~(7) The amount, by funding source, projected to be paid to the contractor in the fiscal years covered by the contract beyond the fiscal year addressed in the Governor's Budget.~~

~~(8) The total projected cost of the contract, by funding source, for all fiscal years during which the contract will be in effect.~~

~~(9) Whether the contract was a sole source procurement.~~

~~(b) The information required by subdivision (a) shall be presented in the report by agency or comparable budget category.~~

~~(c) The report shall provide the total cost of contracting for services for each fund and agency or comparable budget category.~~

~~(d) The information required by this section shall be made available to the public by posting it on the State of California Web site in a format that allows for searching and sorting by the categories listed in subdivision (a).~~

~~(e) For purposes of this section, "proposed contract" means any contract that is proposed to be let in the 12-month budget period.~~

O

07-0015

HOWARD JARVIS
TAXPAYERS
ASSOCIATION

HOWARD JARVIS, Founder (1903-1986)
ESTELLE JARVIS, Honorary Chairwoman
JON COUPAL, President
TREVOR GRIMM, General Counsel
TIMOTHY BITTLE, Director of Legal Affairs

May 1, 2007

Ms. Patricia Galvan, Initiative Coordinator
Attorney General's Office
1515 K Street, 6th Floor
Sacramento, CA 95814

RECEIVED
MAY - 3 2007
INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

Re: California Property Owners and Farmland Protection Act

Dear Ms. Galvan:

By this letter, we respectfully request the Attorney General to prepare a title and summary of the chief purpose and points of the California Property Owners and Farmland Protection Act, a copy of which is attached. The undersigned are the proponents of this measure. **We also hereby withdraw Initiative No. 07-0003.** Although our previous initiative and the attached proposal both deal with eminent domain and property rights, there are substantial differences between the two.

Any correspondence regarding this initiative should be directed to Howard Jarvis Taxpayers Association, 921 Eleventh Street, Suite 1201, Sacramento, CA 95814 (916) 444-9950. The proponents' resident addresses are attached to this letter.

Enclosed is the required $200 filing fee as well as the certification as required by Elections Code Section 18650.

Thank you for your cooperation.

Sincerely,

Doug Mosebar
President, California Farm Bureau Federation

Sincerely,

Jon Coupal
President Howard Jarvis Taxpayers Association

Sincerely,

Jim Nielsen
Chairman, Cal. Alliance to Protect Private Property Rights

SACRAMENTO OFFICE: 921 11th Street, Suite 1201, Sacramento, CA 95814 • (916) 444-9950, Fax: (916) 444-9823

LOS ANGELES OFFICE: 621 South Westmoreland Avenue, Suite 202, Los Angeles, CA 90005-3971 • (213) 384-9656, Fax: (213) 384-9870

SECTION 1. STATEMENT OF FINDINGS

(a) Our state Constitution, while granting government the power of eminent domain, also provides that the people have an inalienable right to own, possess, and protect private property. It further provides that no person may be deprived of property without due process of law, and that private property may not be taken or damaged by eminent domain except for public use and only after just compensation has been paid to the property owner.

(b) Notwithstanding these clear constitutional guarantees, the courts have not protected the people's rights from being violated by state and local governments through the exercise of their power of eminent domain.

(c) For example, the U.S. Supreme Court, in Kelo v. City of New London, held that the government may use eminent domain to take property from its owner for the purpose of transferring it to a private developer. In other cases, the courts have allowed the government to set the price an owner can charge to sell or rent his or her property, and have allowed the government to take property for the purpose of seizing the income or business assets of the property.

(d) Farmland is especially vulnerable to these types of eminent domain abuses.

SECTION 2. STATEMENT OF PURPOSE

(a) State and local governments may use eminent domain to take private property only for public uses, such as roads, parks, and public facilities.

(b) State and local governments may not use their power to take or damage property for the benefit of any private person or entity.

(c) State and local governments may not take private property by eminent domain to put it to the same use as that made by the private owner.

(d) When state or local governments use eminent domain to take or damage private property for public uses, the owner shall receive just compensation for what has been taken or damaged.

(e) Therefore, the people of the state of California hereby enact the "California Property Owners and Farmland Protection Act."

SECTION 3. AMENDMENT TO CALIFORNIA CONSTITUTION

Section 19 of Article I of the California Constitution is amended to read:

SEC. 19(a) Private property may be taken or damaged only for a stated public use and when just compensation, ascertained by a jury unless waived, has first been paid to, or into court for, the owner. The Legislature may provide for possession by the condemnor following commencement of eminent domain proceedings upon deposit in court and prompt release to the owner of money determined by the court to be the probable amount of just compensation. Private property may not be taken or damaged for private use.

(b) For purposes of this section:

(1) "Taken" includes transferring the ownership, occupancy, or use of property from a private owner to a public agency or to any person or entity other than a public agency, or limiting the price a private owner may charge another person to purchase, occupy or use his or her real property.

(2) "Public use" means use and ownership by a public agency or a regulated public utility for the public use stated at the time of the taking, including public facilities, public transportation, and public utilities, except that nothing herein prohibits leasing limited space for private uses incidental to the stated public use; nor is the exercise of eminent domain prohibited to restore utilities or access to a public road for any private property which is cut off from utilities or access to a public road as a result of a taking for public use as otherwise defined herein.

(3) "Private use" means:

(i) transfer of ownership, occupancy or use of private property or associated property rights to any person or entity other than a public agency or a regulated public utility;

(ii) transfer of ownership, occupancy or use of private property or associated property rights to a public agency for the consumption of natural resources or for the same or a substantially similar use as that made by the private owner; or

(iii) regulation of the ownership, occupancy or use of privately owned real property or associated property rights in order to transfer an economic benefit to one or more private persons at the expense of the property owner.

(4) "Public agency" means the state, special district, county, city, city and county, including a charter city or county, and any other local or regional governmental entity, municipal corporation, public agency-owned utility or utility district, or the electorate of any public agency.

(5) "Just compensation" means:

(i) for property or associated property rights taken, its fair market value;

(ii) for property or associated property rights damaged, the value fixed by a jury, or by the court if a jury is waived;

(iii) an award of reasonable costs and attorney fees from the public agency if the property owner obtains a judgment for more than the amount offered by a public agency as defined herein; and

(iv) any additional actual and necessary amounts to compensate the property owner for temporary business losses, relocation expenses, business reestablishment costs, other actual and reasonable expenses incurred and other expenses deemed compensable by the Legislature.

(6) "Prompt release" means that the property owner can have immediate possession of the money deposited by the condemnor without prejudicing his or her right to challenge the determination of fair market value or his or her right to challenge the taking as being for a private use.

(7) "Owner" includes a lessee whose property rights are taken or damaged.

(8) "Regulated public utility" means any public utility as described in Article XII, section 3 that is regulated by the California Public Utilities Commission and is not owned or operated by a public agency. Regulated public utilities are private property owners for purposes of this article.

(c) In any action by a property owner challenging a taking or damaging of his or her property, the court shall consider all relevant evidence and exercise its independent judgment, not limited to the administrative record and without deference to the findings of the public agency. The property owner shall be entitled to an award of reasonable costs and attorney fees from the public agency if the court finds that the agency's actions are not in compliance with this section. In addition to other legal and equitable remedies that may be available, an owner whose property is taken or damaged for private use may bring an action for an injunction, a writ of mandate, or a declaration invalidating the action of the public agency.

(d) Nothing in this section prohibits a public agency or regulated public utility from entering into an agreement with a private property owner for the voluntary sale of property not subject to eminent domain, or a stipulation regarding the payment of just compensation.

(e) If property is acquired by a public agency through eminent domain, then before the agency may put the property to a use substantially different from the stated public use, or convey the property to another person or unaffiliated agency, the condemning agency must make a good faith effort to locate the private owner from whom the property was taken, and make a written offer to sell the property to him at the price which the agency paid for the property, increased only by the fair market value of any improvements, fixtures, or appurtenances added by the public agency, and reduced by the value attributable to any removal, destruction or waste of improvements, fixtures or appurtenances that had been acquired with the property. If property is repurchased by the former owner under this subdivision, it shall be taxed based on its pre-condemnation enrolled value, increased or decreased only as allowed herein, plus any inflationary adjustments authorized by subdivision (b) of Section 2 of Article XIIIA. The right to repurchase shall apply only to the owner from which the property was taken, and does not apply to heirs or successors of the owner or, if the owner was not a natural person, to an entity which ceases to legally exist.

(f) Nothing in this section prohibits a public agency from exercising its power of eminent domain to abate public nuisances or criminal activity;

(g) Nothing in this section shall be construed to prohibit or impair voluntary agreements between a property owner and a public agency to develop or rehabilitate affordable housing.

(h) Nothing in this section prohibits the California Public Utilities Commission from regulating public utility rates.

(i) Nothing in this section shall restrict the powers of the Governor to take or damage private property in connection with his or her powers under a declared state of emergency.

SECTION 4. IMPLEMENTATION AND AMENDMENT

This section shall be self-executing. The Legislature may adopt laws to further the purposes of this section and aid in its implementation. No amendment to this section may be made except by a vote of the people pursuant to Article II or Article XVIII.

SECTION 5. SEVERABILITY

The provisions of this section are severable. If any provision of this section or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

SECTION 6. EFFECTIVE DATE

The provisions of this Act shall become effective on the day following the election ("effective date"); except that any statute, charter provision, ordinance, or regulation by a public agency enacted prior to January 1, 2007, that limits the price a rental property owner may charge a tenant to occupy a residential rental unit ("unit") or mobile home space ("space") may remain in effect as to such unit or space after the effective date for so long as, but only so long as, at least one of the tenants of such unit or space as of the effective date ("qualified tenant") continues to live in such unit or space as his or her principal place of residence. At such time as a unit or space no longer is used by any qualified tenant as his or her principal place of residence because, as to such unit or space, he or she has: (a) voluntarily vacated; (b) assigned, sublet, sold or transferred his or her tenancy rights either voluntarily or by court order; (c) abandoned; (d) died; or he or she has (e) been evicted pursuant to paragraph (2), (3), (4) or (5) of Section 1161 of the Code of Civil Procedure or Section 798.56 of the Civil Code as in effect on January 1, 2007; then, and in such event, the provisions of this Act shall be effective immediately as to such unit or space.

07-0018

May 10, 2007

RECEIVED
MAY 14 2007
INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

VIA PERSONAL DELIVERY

The Honorable Edmund G. Brown, Jr.
Attorney General
1300 I Street
Sacramento, CA 95814

Attention: Patricia Galvan, Initiative Coordinator

Re: Request for Title and Summary- Initiative Constitutional Amendment

Dear Mr. Brown:

I am one of the proponents of the attached initiative constitutional amendment. Pursuant to Article II, Section 10(d) of the California Constitution and Section 9002 of the Elections Code, I hereby request that a title and summary be prepared. Enclosed is a check for $200.00. My residence address is attached. I also withdraw Initiative No. 07-0006.

All inquires or correspondence relative to this initiative should be directed to Nielsen, Merksamer, Parrinello, Mueller & Naylor, LLP, 1415 L Street, Suite 1200, Sacramento, CA 95814; Attention: Steve Lucas (telephone: 415/389-6800).

Thank you for your assistance.

Sincerely,

Christopher K. McKenzie, Proponent

Enclosure: Proposed Initiative

07-0018

May 10, 2007

RECEIVED
MAY 14 2007
INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

VIA PERSONAL DELIVERY

The Honorable Edmund G. Brown, Jr.
Attorney General
1300 I Street
Sacramento, CA 95814

Attention: Patricia Galvan, Initiative Coordinator

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Thank you for your assistance.

Sincerely,

Susan Smartt, Proponent

Enclosure: Proposed Initiative

07-0018

RECEIVED
MAY 14 2007
INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

May 10, 2007

VIA PERSONAL DELIVERY

The Honorable Edmund G. Brown, Jr.
Attorney General
1300 I Street
Sacramento, CA 95814

Attention: Patricia Galvan, Initiative Coordinator

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All inquires or correspondence relative to this initiative should be directed to Nielsen, Merksamer, Parrinello, Mueller & Naylor, LLP, 1415 L Street, Suite 1200, Sacramento, CA 95814; Attention: Steve Lucas (telephone: 415/389-6800).

Thank you for your assistance.

Sincerely,

Kenneth Willis, Proponent

Enclosure: Proposed Initiative

TITLE: This measure shall be known as the "Homeowners and Private Property Protection Act."

SECTION 1: PURPOSE AND INTENT

By enacting this measure, the people of California hereby express their intent to:

A. Protect their homes from eminent domain abuse.

B. Prohibit government agencies from using eminent domain to take an owner-occupied home to transfer it to another private owner or developer.

C. Amend the California Constitution to respond specifically to the facts and the decision of the U.S. Supreme Court in *Kelo v. City of New London*, in which the Court held that it was permissible for a city to use eminent domain to take the home of a Connecticut woman for the purpose of economic development.

D. Respect the decision of the voters to reject Proposition 90 in November 2006, a measure that included eminent domain reform but also included unrelated provisions that would have subjected taxpayers to enormous financial liability from a wide variety of traditional legislative and administrative actions to protect the public welfare.

E. Provide additional protection for property owners without including provisions, such as those in Proposition 90, which subjected taxpayers to liability for the enactment of traditional legislative and administrative actions to protect the public welfare.

F. Maintain the distinction in the California Constitution between Section 19, Article I, which establishes the law for eminent domain, and Section 7, Article XI, which establishes the law for legislative and administrative action to protect the public health, safety and welfare.

G. Provide a comprehensive and exclusive basis in the California Constitution to compensate property owners when property is taken or damaged by state or local governments, without affecting legislative and administrative actions taken to protect the public health, safety and welfare.

SECTION 2: AMENDMENT TO THE CALIFORNIA CONSTITUTION

Section 19 of Article I of the California Constitution is hereby amended to read:

Sec. 19. *(a)* Private property may be taken or damaged for a public use and only when just compensation, ascertained by a jury unless waived, has first been paid to, or into court for, the owner. The Legislature may provide for possession by the condemnor following commencement of eminent domain proceedings upon deposit in court and prompt release to the owner of money determined by the court to be the probable amount of just compensation.

(b) The State and local governments are prohibited from acquiring by eminent domain an owner-occupied residence for the purpose of conveying it to a private person.

(c) Subdivision (b) of this Section does not apply when State or local government exercises the power of eminent domain for the purpose of protecting public health and safety; preventing serious, repeated criminal activity; responding to an emergency; or remedying environmental contamination that poses a threat to public health and safety.

(d) Subdivision (b) of this Section does not apply when State or local government exercises the power of eminent domain for the purpose of acquiring private property for a Public work or improvement.

(e) For the purpose of this Section:

1. *"Conveyance" means a transfer of real property whether by sale, lease, gift, franchise, or otherwise.*

2. *"Local government" means any city, including a charter city, county, city and county, school district, special district, authority, regional entity, redevelopment agency, or any other political subdivision within the State.*

3. *"Owner-occupied residence" means real property that is improved with a single family residence such as a detached home, condominium, or townhouse and that is the owner or owners' principal place of residence for at least one year prior to the State or local government's initial written offer to purchase the property. Owner-occupied residence also includes a residential dwelling unit attached to or detached from such a single family residence which provides complete independent living facilities for one or more persons.*

4. *"Person" means any individual or association, or any business entity, including, but not limited to, a partnership, corporation, or limited liability company.*

5. *"Public work or improvement" means facilities or infrastructure for the delivery of public services such as education, police, fire protection, parks, recreation, emergency medical, public health, libraries, flood protection, streets or highways, public transit, railroad, airports and seaports; utility, common carrier or other similar projects such as energy-related, communication-related, water-related and wastewater-related facilities or infrastructure; projects identified by a State or local government for recovery from natural disasters; and private uses incidental to, or necessary for, the Public work or improvement.*

6. *"State" means the State of California and any of its agencies or departments.*

SECTION 3. By enacting this measure, the voters do not intend to change the meaning of the terms in subdivision (a) of Section 19, Article I of the California Constitution, including, without limitation, "taken," "damaged," "public use," and "just compensation," and deliberately do not impose any restrictions on the exercise of power pursuant to Section 19, Article I, other than as expressly provided for in this measure.

SECTION 4. The provisions of Section 19, Article I, together with the amendments made by this initiative, constitute the exclusive and comprehensive authority in the California Constitution for the exercise of the power of eminent domain and for the payment of compensation to property owners when private property is taken or damaged by state or local government. Nothing in this initiative shall limit the ability of the Legislature to provide compensation in addition to that which is required by Section 19 of Article I to property owners whose property is taken or damaged by eminent domain.

SECTION 5. The amendments made by this initiative shall not apply to the acquisition of real property if the initial written offer to purchase the property was made on or before the date on which this initiative becomes effective, and a resolution of necessity to acquire the real property by eminent domain was adopted on or before 180 days after that date.

SECTION 6. The words and phrases used in the amendments to Section 19, Article I of the California Constitution made by this initiative which are not defined in subdivision (d), shall be defined and interpreted in a manner that is consistent with the law in effect on January 1, 2007 and as that law may be amended or interpreted thereafter.

SECTION 7. The provisions of this measure shall be liberally construed in furtherance of its intent to provide homeowners with protection against exercises of eminent domain in which an owner-occupied residence is subsequently conveyed to a private person.

SECTION 8. The provisions of this measure are severable. If any provision of this measure or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

SECTION 9. In the event that this measure appears on the same statewide election ballot as another initiative measure or measures that seek to affect the rights of property owners by directly or indirectly amending Section 19, Article I of the California Constitution, the provisions of the other measure or measures shall be deemed to be in conflict with this measure. In the event that this measure receives a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and each and every provision of the other measure or measures shall be null and void.

AGENDA ITEM 8

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	April 2, 2008
SUBMITTED BY:	Rita Bell, Finance Manager	W.O./G.F. NO:	DIV. NO. All
APPROVED BY: (Chief)	Joseph R. Beachem, Chief Financial Officer		
APPROVED BY: (Asst. GM):	Germán Alvarez, Assistant General Manager		
SUBJECT:	Projected Operating Revenues and Expenses through June 30, 2008		

GENERAL MANAGER'S RECOMMENDATION:

To inform the Board of the projected operating revenues and expenses through June 30, 2008.

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To inform the Board of the projected operating revenues and expenses through June 30, 2008. The economic slowdown combined with, higher rainfall than projected, increased legal expenses, and cost increases in items such as fuel, has generated a projected budget shortfall. The purpose of this staff report is to provide a projection to year end.

ANALYSIS:

Staff has updated all revenues and expenses through February, 2008 and has made a projection through June 30, 2008. The projection is based on input from staff on expected budget variances. The overall projected financial impact to the District is a reduced general fund balance of $1,067,600. This is based on the projected shortfall from reduced water purchases and sales of $519,000, revenue shortfalls of $1,694,200, offset by expense savings of $1,145,600.

Some of the major categories causing these variances are as follows:

Water Sales and Purchases
Both water sales and purchases are affected by the slowdown in the economy. Staff projected a 2.1% increase in water sales due to growth, and now, is expecting only a .7% increase due to the slowdown in the economy. Additionally, this year's budget anticipated another dry year based on forecasts, but rainfall to-date this year has been 7 inches. This exceeds the dry year rainfall estimate of 4.6 inches.

There are several other items that are causing uncertainty in water sales and purchases including: purchasing water from the City of San Diego through the Lower Otay Pump Station connection, purchasing recycled water at the $350 rate vs. the budgeted rate of $375, and an increase in CWA rebates from $147 per acre-foot to $200.

The economic slowdown is also causing a negative variance in the Meter Fees of $239,100; this is offset by savings in meter material costs. Additionally, Annexation Fees are $854,700 less than anticipated due to the slowdown. The meter sales are currently 67% below projected levels. The meter sales variance is slightly offset by the sale of several large meters, which pay a higher fee than the typical single-family residence.

Payroll and Related Costs
In this year's budget process, staff anticipated salary savings in the amount of $101,000. The new labor contract increased the budget for salaries and benefits, but did not anticipate an additional deferred compensation benefit of $56,700. This benefit occurs once per calendar year but for the first fiscal year, the benefit occurred twice due to timing.

Administrative Expenses
There are significant savings in this area due to projects being delayed, or in some cases, permanently removed from the workload. The total anticipated savings in this area is $1,079,800.

Materials and Maintenance
The materials and maintance budget is projected to have savings of $213,800. This savings is less than originally projected due to the following: the unusually large repair for the Brandywine break and associated payment to Cass Construction of $163,000 for the repair; the testing and replacement of large meters, which are expensive to replace, but the District believes that there will be savings in the water loss expense over the long

term; and finally, the cost of fuel is much higher than anticipated.

Legal Expenses
This year, the District has two large cases influencing the legal budget. The first is a settled case budgeted at $750,000 however the actual settlement and litigation cost totaled $1,200,000. The District expects a portion of these expenses to be reimbursed by insurance in Fiscal Year 2009. Another unanticipated case which was not budgeted is expected to cost $82,000 in the current year.

FISCAL IMPACT:

The overall financial impact to the District is a reduced general fund balance of $1,067,600. This is based on the projected shortfall from reduced water purchases and sales of $519,000, revenue shortfalls of $1,694,200, offset by expense savings of $1,145,600.

STRATEGIC GOAL:

The District ensures its continued financial health through long-term financial planning and debt planning.

LEGAL IMPACT:

None.

Mark Watton

General Manager

Attachment:

A) Committee Action Form
B) FY 2008 Budget Projection Presentation

ATTACHMENT A

SUBJECT/PROJECT:	Projected Operating Revenues and Expenses Budget to Actual through June 30, 2008

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

FY 2008 Budget Projection

To June 30, 2008

Net Budget Impact

Projected	
Reduced Water Purchases/Sales	($ 519,000)
Revenue Shortfall	($1,694,200)
Operating Savings	$ 1,145,600
Net Budget Impact	($1,067,600)

Reduced Water Purchases & Sales

Assume 1.4% (original estimate 1%) less purchases & sales due to slowdown in growth plus higher than expected rainfall

	Projected
Loss in sales revenue	($2,242,500)
Recycled Sales	$ 359,200
Purchase of less water	$1,364,300
Net Effect	($ 519,000)

Revenue Shortfall

	Projected
Capacity Fee Revenue	($112,600)
Annexation Fees	($854,700)
Non-Operating Revenues	($ 82,400)
Sewer Charges	($252,600)
Meter Fees	($239,100)
Interest	($152,800)
Total Other Revenues	($1,694,200)

Operating Expense Savings

	Projected
Power Savings	$151,700
Payroll & Related Costs	$101,000
Administrative Expenses	$1,079,800
Material & Maintenance	$213,800
Legal Fees	($400,700)
Total Savings	$1,145,600

Payroll & Related Savings

	Projected
Vacant Position Savings	$685,800
Budgeted Vacancy Factor	($528,100)
Net Salary Savings	$157,700
Matching Deferred Compensation (CY08)	($ 56,700)
Net Salary Under Budget	$101,000

Admin Expense Savings by Dept

	Projected
Board & GM	$ 76,500
Administration	$264,600
Finance	$ 14,400
IT	$ 65,000
Operations	$ 95,000
Engineering	$564,300
Total	$1,079,800

Materials Expense Savings by Dept

	Projected
Administration	$100,000
Operations	$113,800
Total	$213,800

Legal Fees

	Projected
Litigation Settlement	$318,700
Current Litigation	$ 82,000
Legal Expenses Over Budget	$400,700

Commitment to Savings

- A conservative approach has been taken for revenues and expenses, and the settlement of a legal case improved the projection
- Balance of shortfalls in revenues & reduction of expenses bring the District in line with budget
- Continued commitment to expense reduction is necessary to hold the line on budget

AGENDA ITEM 9

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	April 2, 2008
SUBMITTED BY:	Joseph R. Beachem Chief Financial Officer	W.O./G.F. NO:	DIV. NO. All
APPROVED BY: (Chief)			
APPROVED BY: (Asst. GM):	German Alvarez, Assistant General Manager		
SUBJECT:	Meter Sales Slowdown and Other 2009 Budgetary Challenges		

GENERAL MANAGER'S RECOMMENDATION:

To inform the Board of the potential budgetary issues related to the slowdown in meter sales and other budget related items.

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To inform the Board of the potential budgetary issues related to the slowdown in meter sales and other budget related items.

ANALYSIS:

Slowdown in Meter Sales

At the last Board meeting it was directed that staff relook at the financial impact that the slowdown in meter sales will have on the District. The slowdown in the economy is deepening and the District's projections on meter sales are reflecting this change. In the October 9th Board Workshop, staff used a projection that meter sales would be 50% of what was originally projected in the 2008-2013 Rate Model. This level of slowdown was almost completely offset by the planned 75% reduction in the CIP spending. The rate impact of the slowdown using this scenario was a 1% increase in 2009 that would be reversed in the following year.

With the deepening slowdown, the meter sales projections have been revised from 50% in all Rate Model years to 36%, 34%, 41%, 68%, 95%, and 113% from 2008 through 2012, respectively. The upfront reduction of meter sales has changed the 1% rate impact to a 1.5% rate impact followed by an additional 1.8% increase in

rates. These two increases would then be reversed with three consecutive decreases of 1.1%. Just like the prior projection, the net impact over the six-year period would be zero.

The use of reserves may be an option for the Board to level out this rate fluctuation. Staff is evaluating the potentials, benefits, and drawbacks of using this option and plan to present this at the Budget Workshop later this fiscal year.

These estimates have been made using the 2008 Rate Model and do not reflect some of the other pending challenges that the 2009-2013 budget will face.

CWA/MWD Rate Changes

The most significant change that will be facing the District is the MWD increase of 14.3%. The latest estimate on how this will impact the CWA rates to Otay is an increase from 5% to 10% or 12%. Based on last year's information from CWA, the estimated rate increases over the next six years was approximately 5%. With this new information from CWA there is a good likelihood that the District's rates will need to increase by 2.5% to 3.5% just to pay for the CWA/MWD rate increases.

2007 Surplus and 2008 Deficit

In 2007, the budget revenues exceeded budget expenses by a considerable margin, approximately $2M. This surplus was primarily a result of the very dry weather and the corresponding high water sales. Meter sales for 2007 were also significantly higher than expected. This surplus is likely to be offset by the 2008 year that has had greater rainfall than anticipated and lower meter sales that anticipated.

Six-Year Labor Contract/OPEB

With the approval of the six-year labor contract, the Rate Model will see significant increases in expenses. Staff, however, is expecting that much of this increase will be offset by the reduced cost of funding the OPEB if the PERS trust is fully funded. During the labor negotiations, the overage that would be created in the OPEB fund, by placing the funds into a PERS trust, was expected to fund the majority of the added costs resulting from the six-year labor contract. As the budget process develops over the next few months, we will gain greater clarity on the net cost the labor contract will have over the projected six-year period and what funding the PERS trust may receive.

Summary

This staff report is intended to highlight challenges that will affect the District's projected rates. As the budget process progresses, as more information is obtained, and as the District's Rate Model is updated, a more clear projection of the impacts will become available. Again, this is an informational item to address some of the challenges that will be a part of the 2009 budget process.

FISCAL IMPACT:

This is an informational item and has no financial impact.

STRATEGIC GOAL:

The District ensures its continued financial health through long-term financial planning and debt planning.

LEGAL IMPACT:

None.

General Manager

Attachment:

A) Committee Action Form

ATTACHMENT A

SUBJECT/PROJECT:	Meter Sales Slowdown and Other 2009 Budgetary Challenges

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.

AGENDA ITEM 10

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	April 2, 2008
SUBMITTED BY:	Elaine Henderson, Customer Service Manager	W.O./G.F. NO:	DIV. NO. All
APPROVED BY: (Chief)	Joseph R. Beachem, Chief Financial Officer		
APPROVED BY: (Asst. GM):	German Alvarez, Assistant General Manager		
SUBJECT:	Resolution of Customer Complaint on a Sewer Assessment Charge		

GENERAL MANAGER'S RECOMMENDATION:

This is an informational item only.

COMMITTEE ACTION: _____

Please see Attachment A.

PURPOSE:

The purpose of this report is to inform the Board of a customer complaint and staff's resolution of an inaccurate Sewer Assessment charge.

ANALYSIS:

On January 28th, staff received a complaint from a customer stating he was billed a Sewer Assessment charge on his county tax bill in error. On January 29th, staff requested additional information from the customer in order to research the complaint. The information was received on January 30th, and the customer was notified that he would receive a written response and refund check, if appropriate, within a week.

Staff initiated the research and found that the customer and 68 neighboring parcels were all inaccurately billed Sewer Assessment charges for 2007. Research was also done to verify the accuracy of the 2005 and 2006 assessments for the 69 parcels. No other inaccuracies were found and refund checks and explanation letters were mailed to these customers on the 7th and 11th of February.

Staff determined that the inaccurate billings were the result of data conversion issues from a changeover to a new billing system in 2007. All 69 parcels were correctly coded for Water Assessments but the codes that excluded them from Sewer Assessments were not carried over correctly.

Staff continues to do research to verify the accuracy of the assessment billings. To date, staff has found the following inaccuracies.

RESOLUTION OF THE INITIAL COMPLAINT			
Number of Parcels	**Amount of Billing/Refunds per Parcel**	**Billed in 2005 & 2006**	**Reason for Over-billing**
69	$30.00-$320.00	No	Problem with conversion from old assessments billing system to new.

FOLLOW-UP EFFORTS IDENTIFIED 52 PARCELS			
Number of Parcels	**Amount Billed per Parcel**	**Billed in 2005 & 2006**	**Reason for Over-billing**
50	$10.00-$140.00	No	Problem with conversion from old assessments billing system to new (same issue as above).
2	$35.00-$140.00	Yes	Parcels were manually coded with the wrong sewer ID's and billed the same amount in 2005 & 2006.
Total Refunds to Date:	$6,297.60		

Staff continues to research and process refund checks for assessment over-billings. Corrections were made to the assessments billing system to ensure there are no other erroneous billings. Any future complaints or inquires will be handled expeditiously.

FISCAL IMPACT:

Refunds totaling $6,297.60 have been processed thus far. An estimate of additional refunds will be determined after the water special assessment verifications begin.

STRATEGIC GOAL:

Improve the accuracy of customer billings.

LEGAL IMPACT:

None.

General Manager

Attachments:
A) Committee Action Form

ATTACHMENT A

SUBJECT/PROJECT:	Resolution of Customer Complaint on a Sewer Assessment Charge

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.

AGENDA ITEM 11

STAFF REPORT

TYPE MEETING:	Finance, Administration, and Communications Committee	MEETING DATE:	3/20/08		
SUBMITTED BY:	Armando Buelna AB Communications Officer	W.O./G.F. NO:		DIV. NO.	All
APPROVED BY:					
SUBJECT:	Review of the Spring 2008 Customer Pipeline Newsletter				

GENERAL MANAGER'S RECOMMENDATION:

That the Finance, Administration, and Communications Committee review the spring 2008 Customer Pipeline.

PURPOSE:

To give the Finance, Administration, and Communications Committee the opportunity to review the spring 2008 Customer Pipeline newsletter.

BACKGROUND:

At the March 5, 2008 Board of Directors meeting, the Board authorized production of the quarterly customer Pipeline newsletter using four-color printing (full color).

Since that time, staff has finalized the articles for the newsletter and is working with Marston+Marston Inc. and Trademark Graphics to finalize the graphic design elements as recommended by the Committee. Due to space constraints with the layout of the spring newsletter, the addition of a "Kid's Corner" will take place in the summer edition of the newsletter.

A final draft of the spring Pipeline newsletter will be presented to the Committee at the March 20th meeting. The

newsletter is sechedule to be mailed to customers along the water/sewer bill beginning April 1, 2008.

FISCAL IMPACT:

None.

STRATEGIC GOAL:

Enhance Customer Satisfaction and Outreach.

LEGAL IMPACT:

None.

General Manager

Attachment A - FAC Committee Action Statement

ATTACHMENT A

SUBJECT/PROJECT:	Review of Customer Pipeline Newsletter

COMMITTEE ACTION:

The Finance, Administration, and Communications Committee reviewed this item at a meeting held on February 26, 2008. The following comments were made:

- It was requested at the FA&C Committee meeting held on December 17, 2007 that staff put together cost information to print the customer *Pipeline Newsletter* in full color.

- The committee had discussed that the newsletter would have more impact to customers in full color as it would be more "eye-catching." The charts, such as the drought monitor, would also have a greater impact if they were in full color as color can better represent intensity/severity. Color pictures could also be used to draw attention to conservation.

- Staff presented the current cost for the two color process and the cost for full color based on the 70 lb. paper stock used currently versus semi-glossy 100 lb. stock. The cost difference is as follows:

    - Current cost is $.08/newsletter or $3,920/quarter ($.08 X 49,000 copies).
    - Full color printing on 70 lb paper stock is $.10/newsletter or $4,900/quarter ($.10 X 49,000 copies).
    - Full color printing on Semi-gloss 100 lb. paper stock is $.11/newsletter or $5,390/quarter ($.11 X 49,000 copies).

- The committee recommends that the District move to full color printing on semi-gloss 100 lb. paper stock. It was requested that a copy of the current *Pipeline Newsletter*, a full color copy on 70 lb. stock, and a full color copy on semi-gloss 100 lb. stock be included with staffs' report so that the board would have a sample of the semi-gloss and 70 lb. stock that would be utilized. Cost of production will

increase from $3,920 to $5,390 per quarter as noted above (a $1470 increase).

- The committee also suggested, of the various proposed layout designs, that the design with the pictures running across the top of the front page be used as the new template for the *Pipeline Newsletter*. It was also suggested that the pictures be replaced with photos that were more identifiable with the District and that "purple piping" be incorporated into the design layout throughout the newsletter. The committee would also like to see a "Kid's Corner" type element incorporated into the newsletter. It was suggested that material can be taken from the Splash Lab program and Metropolitan Water District's teaching curriculum.

- It was noted that the next issue (Spring) of the Pipeline Newsletter is scheduled to be mailed in April 2008.

- There was discussion that questions regarding feedback on the *Pipeline Newsletter* be included in the upcoming Customer Survey (such as, are the articles informative, would they like to see more Spanish translations, etc.)

The committee recommends that the District move to full color printing of the customer *Pipeline Newsletter* on 100 lb. paper stock and incorporate the ideas suggested above. The committee recommended that this item be presented to the full board as an action item.

AGENDA ITEM 12

OTAY WATER DISTRICT ESTABLISHED 1958

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	April 2, 2008
SUBMITTED BY:	Stephen Dobrawa, Purchasing Manager Don Henderson, Construction Maintenance Manager	W.O./G.F. NO:	DIV. NO. All
APPROVED BY: (Chief)	Pedro Porras, Chief, Operations		
APPROVED BY: (Asst. GM):	Manny Magaña, Assistant General Manager, Engineering and Operations		
SUBJECT:	PURCHASE OF FY-08 VEHICLES		

GENERAL MANAGER'S RECOMMENDATION:

That the Board authorizes the General Manager to issue purchase orders to:

1. Villa Ford, 2550 North Tustin Ave., Orange CA 92865 in the amount of $58,359.13 for the purchase of three (3) Ford Rangers and one(1) Ford F-150 pickup trucks.

2. Kearny Mesa Toyota, 4910 Kearny Mesa Road, San Diego CA 92111 in the amount of $72,560.04 for the purchase of four (4) Toyota Matrix sedans.

3. North County Ford, 450 W. Vista Way, Vista CA 92083 in the amount of $52,088.07 for the purchase of three (3) F-250 cab and chassis.

Additionally, the General Manager, under his signatory authority, will issue a purchase order to Bob Stall Chevrolet in the amount of $25,604.76 for the purchase of one (1) Malibu sedan.

COMMITTEE ACTION: _____

See Attachment "A"

PURPOSE:

To provide bid results and obtain authorization to purchase vehicles for FY-08.

ANALYSIS:

In accordance with District policy, bids were solicited for FY-08 vehicles. Bids received are as follows:

Vehicle / Vendor	Ranger 2.3L Pickup	F-150 4.7L Pickup	F-250 5.4L Cab and Chassis	Matrix	Malibu
El Cajon Ford, El Cajon	$13,763.55	$18,751.73	$17,991.01		
Heller Ford, Escondido	$13,980.13	$18,408.66	$18,347.53		
North County Ford, Vista	$13,667.66	$17,923.78	$17,362.69		
Drew Ford, La Mesa	$14,534.40	$20,167.57	$20,672.92		
Villa Ford, Orange	$13,482.46	$17,911.75	$17,574.78		
Raceway Ford, Riverside	$13,916.04	$18,160.32	$18,206.65		
Kearny Mesa Ford, San Diego	$14,557.16	$18,459.86	$18,853.15		
Perry Ford, Poway	$15,118.00	$19,648.00	$19,658.00		
Kearny Mesa Toyota, San Diego				$18,140.01	
Bob Baker Toyota, Lemon Grove				$20,048.76	
Frank Toyota, National City				$19,296.00	
Toyota of Chula Vista				$18,947.62	
Bob Stall Chevrolet, La Mesa					$25,604.76
Bob Baker Chevrolet, El Cajon					$26,178.78

The selection of vehicles recommended for purchase is in keeping with the District's objective to reduce total operating costs. As appropriate, vehicles were evaluated and more efficient vehicles meeting minimum operational requirements were selected. In addition,

the evaluation and selection of alternative vehicles has facilitated the recommendation for purchasing four (4) additional vehicles without exceeding the approved FY-08 vehicle budget.

Fuel efficiency and proposed use were key factors applied in evaluating the types of vehicles that would best meet the District's needs. It is anticipated that the proposed list of vehicles will reduce operating costs without negatively impacting District operations.

In FY-07, the District purchased two (2) Toyota Matrix vehicles rather than full size pickups for positions not requiring a cargo type vehicle. The use of the Matrix has proven to be successful and the District is recommending that four (4) of these vehicles be purchased in place of three (3) pickup trucks, identified in this years Capital Budget, and one (1) high mileage, high maintenance pickup, identified for replacement in FY-09. In addition, because the total cost of the proposed vehicle purchase is less than expected, the District is recommending replacing a high mileage 2001 model year Ford Expedition, identified for replacement in FY-09, with a mid-size, six (6) cylinder Chevrolet Malibu sedan.

FISCAL IMPACT:

The total line item budget for vehicles identified in the FY-08 Capital Budget is $210,000.00. The purchase price of the vehicles is $208,612.00. If approved, the cost of proposed purchases will be $1,388.00 less than budgeted.

The FY 2008 Capital Purchase Budget is $300,500.00. Expenditures to date are $64,433.33. Budget balance to date is $236,066.67. If authorized, the proposed expenditure of $208,612.00 will leave a budget balance of $27,454.67.

STRATEGIC GOAL:

3.1.1.9: Operate the system to meet demand 24/7.
3.1.1.10: Meet all of the health-related water standards.

LEGAL IMPACT:

None.

General Manager