



**FINANCE AND ADMINISTRATIVE SERVICES COMMITTEE MEETING
AND SPECIAL BOARD OF DIRECTORS MEETING**

Date: Monday, March 27, 2023 **Time:** 4:00 pm
Location: Customer Service Center, Board Room, 9300 Fanita Parkway, Santee; 2108
John DeWitt Place, Alpine, CA; and Videoconference

Committee Members: Director Qualin, Chair
Director Pommering

Staff Members: Kyle Swanson, CEO/General Manager
Karen Jassoy, CFO/Director of Finance
Lisa Sorce, Director of Human Resources & Administrative Services
Amy Pederson, Board Secretary
Melissa McChesney, Communications Manager
David Salinard, Information Systems Manager
Art Oughton, Customer Service Manager
Kevin Woo, Accounting Manager

Committee Purpose: To inform, advise and offer recommendations to the Board, for the Board's consideration at a future board meeting concerning administrative and financial matters including: rates, charges and other sources of revenue; budget; investments; personnel; employer-employee relations; insurance; risk management; public relations; water conservation programs; Customer Service; Information Technology activities; and other matters of general business operations.

Committees of the Board:

Committees of less than a quorum of the Board may be created to study and advise the full Board regarding certain areas of concern. Directors that are not on the committee may attend only as observers unless the agenda indicates that a special board meeting has also been noticed as required by law, at which the Board will discuss items on the agenda but not take any action. Whenever a standing committee meeting is also noticed as a special Board meeting, it shall be conducted as a committee meeting and Directors that are not on the committee may participate in discussions upon recognition by the committee chair, but only members of the committee are entitled to make, second or vote on any motion of the committee. Any actions taken by the committee pursuant to the posted agenda shall be deemed recommendations of the committee for the full Board to consider at a future Board meeting.

The Board retains all powers, privileges and duties to exercise and perform the business of the District, and committees of the Board are not empowered to act for the Board. Committee meetings are subject to the Ralph M. Brown Act. Full Board discussion and public comment on committee recommendations shall be encouraged prior to Board action.

AGENDA
FINANCE AND ADMINISTRATIVE SERVICES COMMITTEE
AND SPECIAL BOARD OF DIRECTORS MEETING
Monday, March 27, 2023 – 4:00 PM

NOTICE TO THE PUBLIC

The meeting will be held at the appointed meeting place, the Board Room at the District’s Customer Service Center, located at 9300 Fanita Parkway in Santee. In addition, pursuant to Government Code 54953 (b) Director Caires will be attending via teleconference at 2108 John DeWitt Place, Alpine, CA. The public may participate from either location, or virtually, as described below.

The meeting is also being held virtually as a convenience to the public. If a Board Member attends the meeting virtually pursuant to recent amendments to the Brown Act permitting Board Members to virtually attend under certain conditions, the public’s virtual participation will be subject to such Brown Act amendments.

Register to watch the webinar via the link below:
[March 27, 2023 Board Meeting](#)
After registering, you will receive a confirmation with a link to join the webinar.

For teleconference dial:
+1-646-568-7788
Webinar/Meeting ID:
845 0507 6812 #
Enter # for participant ID

PUBLIC COMMENT INSTRUCTIONS

Members of the public may address the Board on any item on the agenda when the item is considered, or under “Opportunity for Public Comment” regarding items not on the posted agenda that are within the subject matter jurisdiction of the Board. If attending via Zoom, attendees must click the hand raise icon within the meeting platform and will be called on to unmute themselves when it is their turn to speak. If attending in person, fill out a “request to speak” form located near the entrance of the board room and give to the Board Secretary. Public comments are limited to 3 minutes.

Public comments may also be submitted in writing through the [public comment e-form](#) at least a half hour prior to the start of the meeting or mailed to the attention of Amy Pederson, Padre Dam, PO Box 719003, Santee, CA 92072. These public comment procedures supersede the District’s normal public comment policies and procedures to the contrary.

The complete agenda package is available for public review at www.PadreDam.org. No action may be taken on any item not appearing on the posted agenda, except as provided by Gov. Code Section 54954.2. Any written materials provided to the Board within 72 hours of the meeting regarding any item on this agenda will be available for public inspection on the District’s website. For questions or request for information related to this agenda contact Amy Pederson, Board Secretary, at 619.258.4614 or apederson@padre.org.

Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the American with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should contact our ADA Coordinator: Larry Costello at 619.258.4678 or lcostello@padre.org.

AGENDA

- **CALL TO ORDER**

- **PLEDGE OF ALLEGIANCE**

- **OPPORTUNITY FOR PUBLIC COMMENT**

Opportunity for members of the public to address the Board regarding items not appearing on this agenda and are within the jurisdiction of the Board (Gov. Code 54954.3)

- **ITEMS TO BE ADDED, WITHDRAWN OR REORDERED ON THE AGENDA**

- **ACTION AGENDA**

Items on the Action Agenda call for discussion and action by the Board Committee. All items are placed on the Agenda so that the Board Committee may discuss and take action to refer to the full Board for consideration at a future Board Meeting if the Board Committee is so inclined.

- 1. UPDATE ON DISTRICT'S PORTFOLIO**

Recommendation:

Hear report from the District's Investment Advisor, Richard Babbe, with PFM Asset Management, LLC; no action required.

- 2. ANNUAL REVIEW AND UPDATE TO THE DISTRICT'S STANDARD PRACTICES & POLICIES, SECTION 19 WHICH INCLUDES THE DISTRICT'S INVESTMENT POLICY (SECTION 19.4)**

Recommendation:

Recommend to the full Board approval of proposed changes to Section 19.

- 3. PURCHASING AUTHORITY LIMITS AND OTHER UPDATES TO THE PURCHASING POLICY, SECTION 18 OF THE DISTRICT'S STANDARD PRACTICES & POLICIES**

Recommendation:

Recommend to the Board approval of staff's recommended increases in Purchasing Authority Levels along with other proposed amendments to the Purchasing Policy.

- 4. ANNUAL REVIEW OF DISTRICT MEMBERSHIPS**

Recommendation:

Review existing memberships and provide direction to staff if the Committee recommends any changes to be considered for approval by the full Board.

- 5. AMENDMENTS TO THE DISTRICT'S ADMINISTRATION POLICY, STANDARD PRACTICES & POLICIES, SECTION 14**

Recommendation:

1. Review amendments proposed by staff and provide input if changes are desired; and
2. Recommend proposed amendments to the full Board for approval.

6. BOARD ROOM AND AUDIO VISUAL (AV) SYSTEM IMPROVEMENTS

Recommendation:

Discuss options and desired functionality for AV system improvements and potential change to board room layout and provide direction to staff.

● **REPORTS**

The following items are reports and are placed on the Agenda to provide information to the Board Committee and the public. There is no action called for on these items. The Board Committee may engage in discussion upon which a specific subject matter is identified but may not take any action other than to place the matter on a future agenda.

7. ANNUAL LEAK APPEAL UPDATE

Recommendation:

Hear staff report; no action required.

● **DIRECTORS COMMENTS**

Directors' comments are to be related to District business which may be of interest to the Board. They are placed on the agenda to enable individual Board Members to convey information to the Board and the Public. There is to be no discussion or action taken on comments made by Board Members.

● **FUTURE AGENDA ITEMS**

● **ADJOURNMENT**

CERTIFICATION OF POSTING

I certify that on March 24, 2023, I posted a copy of the foregoing agenda at least 72 hours prior to the meeting, in accordance with Government Code Section 54954.2(a).


Amy Pederson, Board Secretary



COMMITTEE AGENDA REPORT

Meeting Date: 03-27-2023
Dept. Head: Karen Jassoy
Submitted by: Karen Jassoy
Department: Finance
Approved by: Kyle Swanson, CEO/GM

SUBJECT: UPDATE ON DISTRICT'S PORTFOLIO

RECOMMENDATION(S):

Hear report from the District's Investment Advisor, Richard Babbe, with PFM Asset Management, LLC; no action required.

ALTERNATIVE(S):

Table to future meeting.

ATTACHMENT(S):

- 1. Portfolio update presentation

FUNDING:

Requested amount: N/A
Budgeted amount:
Are funds available? Yes No
Project cost to date:

PRIOR BOARD/COMMITTEE CONSIDERATION:

STRATEGIC PLAN IMPLEMENTATION:

This agenda item is consistent with the District's Strategic Business Plan and meets one or more of the following Strategic Objections: Customer Experience; Fiscal Stability; Operational Excellence, Sustainability and Resource Management; Talent Management; Technology and Innovation.

Reviewed by:	Action Required:	Policy Updates:	Action Taken:
Dept Head <input checked="" type="checkbox"/>	Motion <input type="checkbox"/>	Rules & Regulations <input type="checkbox"/>	As Recommended _____
Finance <input type="checkbox"/>	Resolution <input type="checkbox"/>	Standard Practices <input type="checkbox"/>	Reso/Ord. No. _____
Legal Counsel <input type="checkbox"/>	Ordinance <input type="checkbox"/>	& Policies	Other _____
Standard Form <input type="checkbox"/>	None <input checked="" type="checkbox"/>		

EXECUTIVE SUMMARY:

The Finance & Administrative Services Committee requested periodic updates on the District's portfolio to supplement the monthly Finance & Treasurer's report provided to the Board. The District's Investment Advisor, Richard Babbe, will review the District's portfolio, current market strategies and answer any questions from the Board.

RECOMMENDATION(S):

Hear report from the District's Investment Advisor, Richard Babbe, with PFM Asset Management, LLC; no action required.

Padre Dam Municipal Water District

Portfolio Update

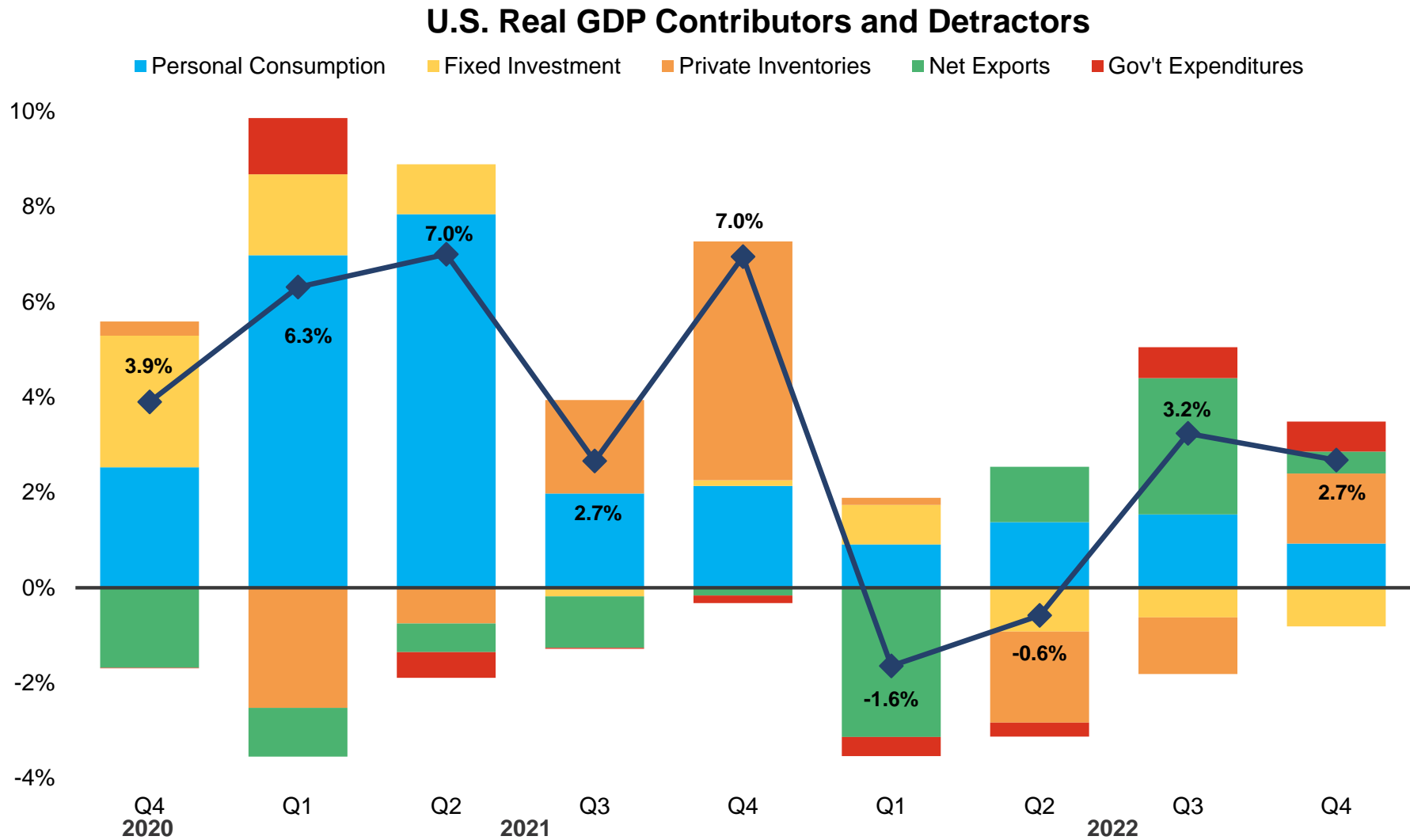
March 27, 2023

213.415.1699

PFM Asset Management LLC

NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE

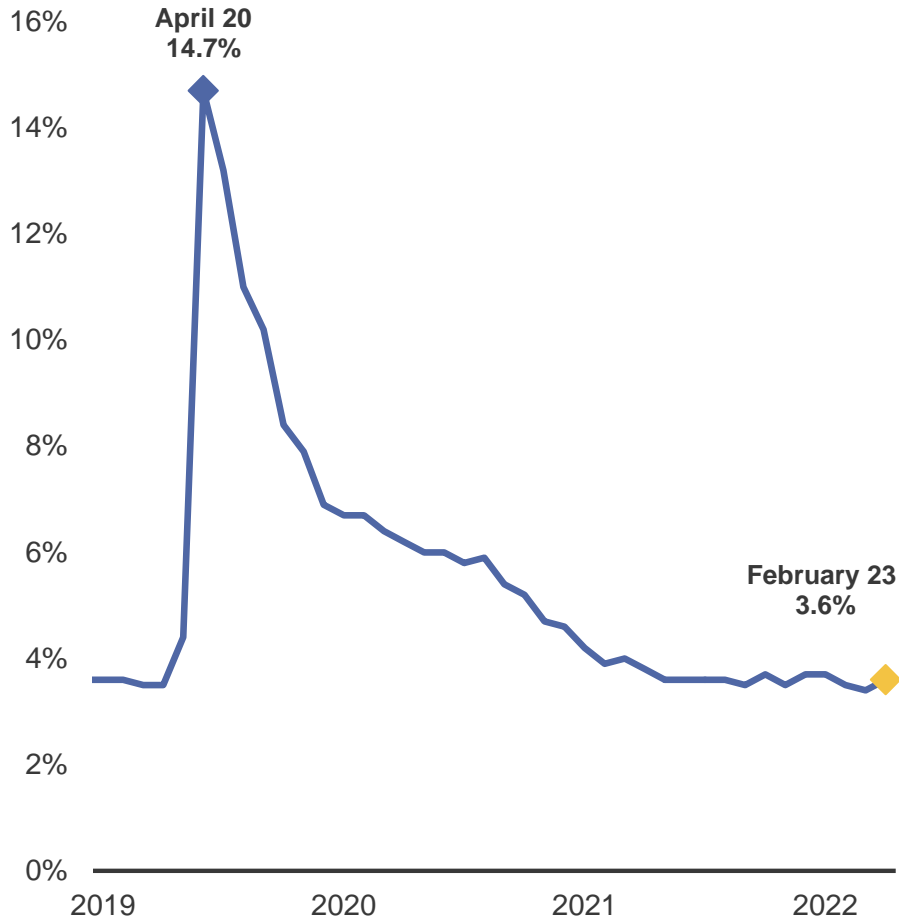
U.S. Real GDP Contributors and Detractors



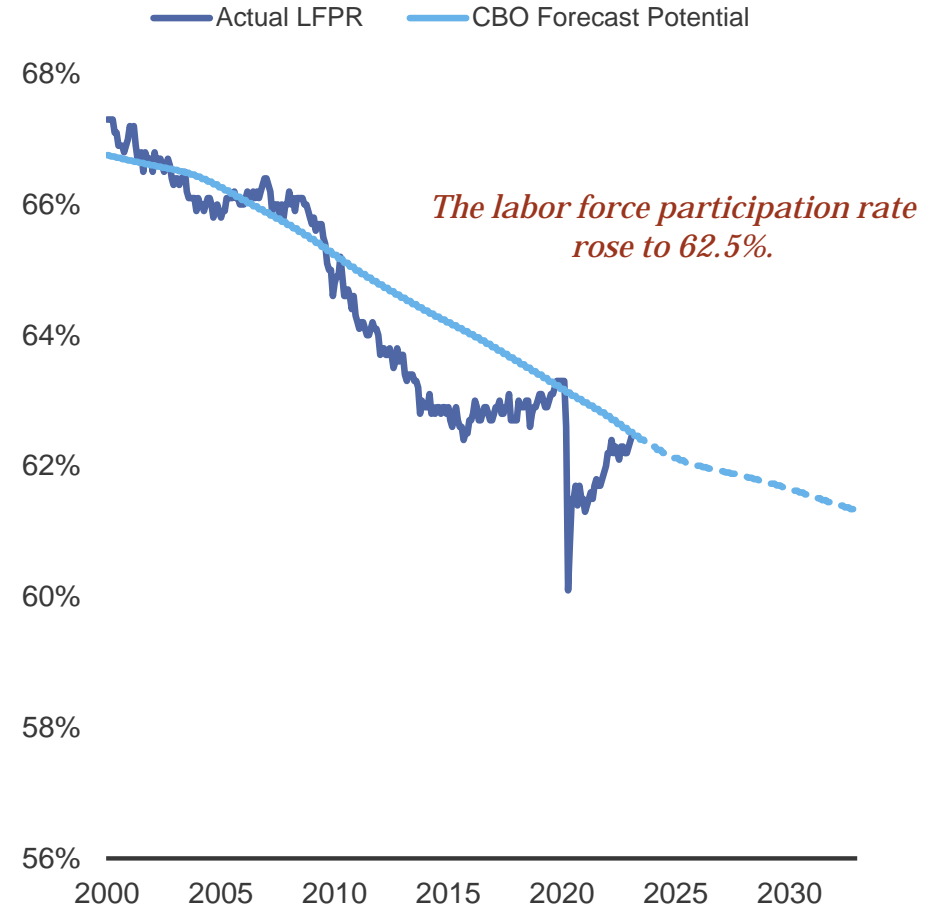
Source: Bloomberg, Bureau of Economic Analysis, as of December 2022.

U.S. Economy Added 311,000 Jobs in February; Unemployment Rate Rose to 3.6%

Unemployment Rate



Labor Force Participation Rate

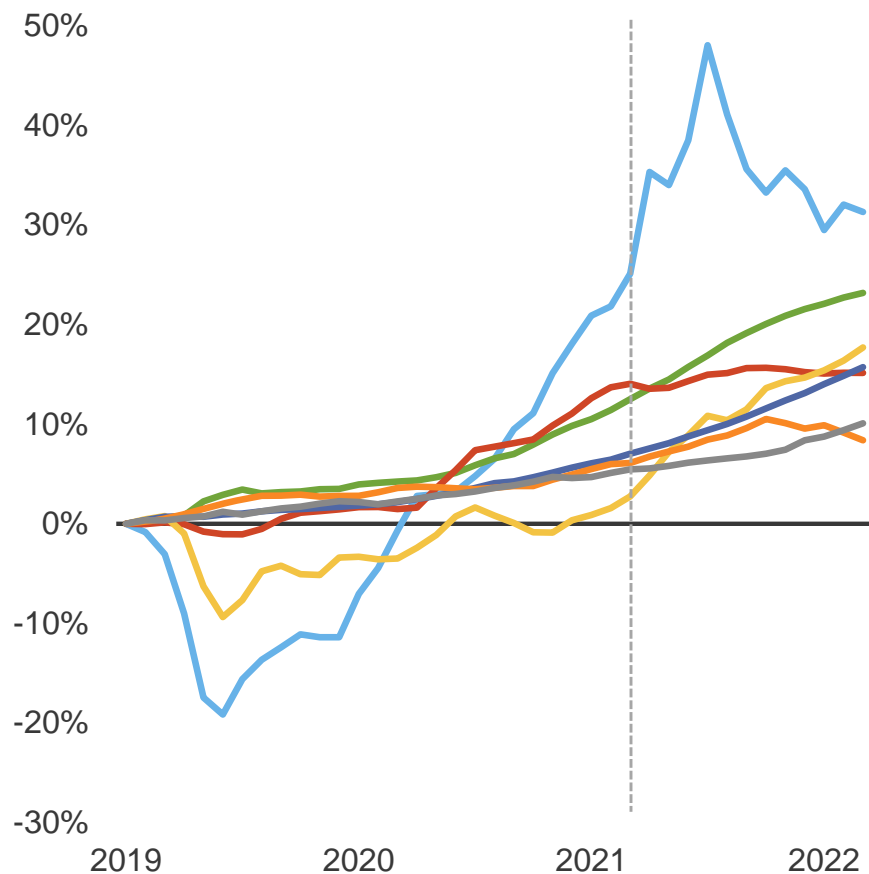


Source: Congressional Budget Office February 2023 economic projections, Bureau of Labor Statistics. Bloomberg, as of February 2023. Data is seasonally adjusted.

Housing Drives Increase In Core Services Inflation

Price Change of Major CPI Components

Since December 2019



Consumer Price Index

As of February 2023

CPI Component	12-mo. Change	Weight ¹	Contribution to YoY CPI
Energy	5.0%	7.1%	0.4%
Food	9.5%	13.5%	1.3%
Transportation	14.6%	5.8%	0.8%
Goods	1.0%	21.3%	0.2%
Shelter	8.1%	34.4%	2.8%
Medical services	2.1%	6.6%	0.1%
Other Services ²	4.3%	11.3%	0.5%
Overall	6.0%		

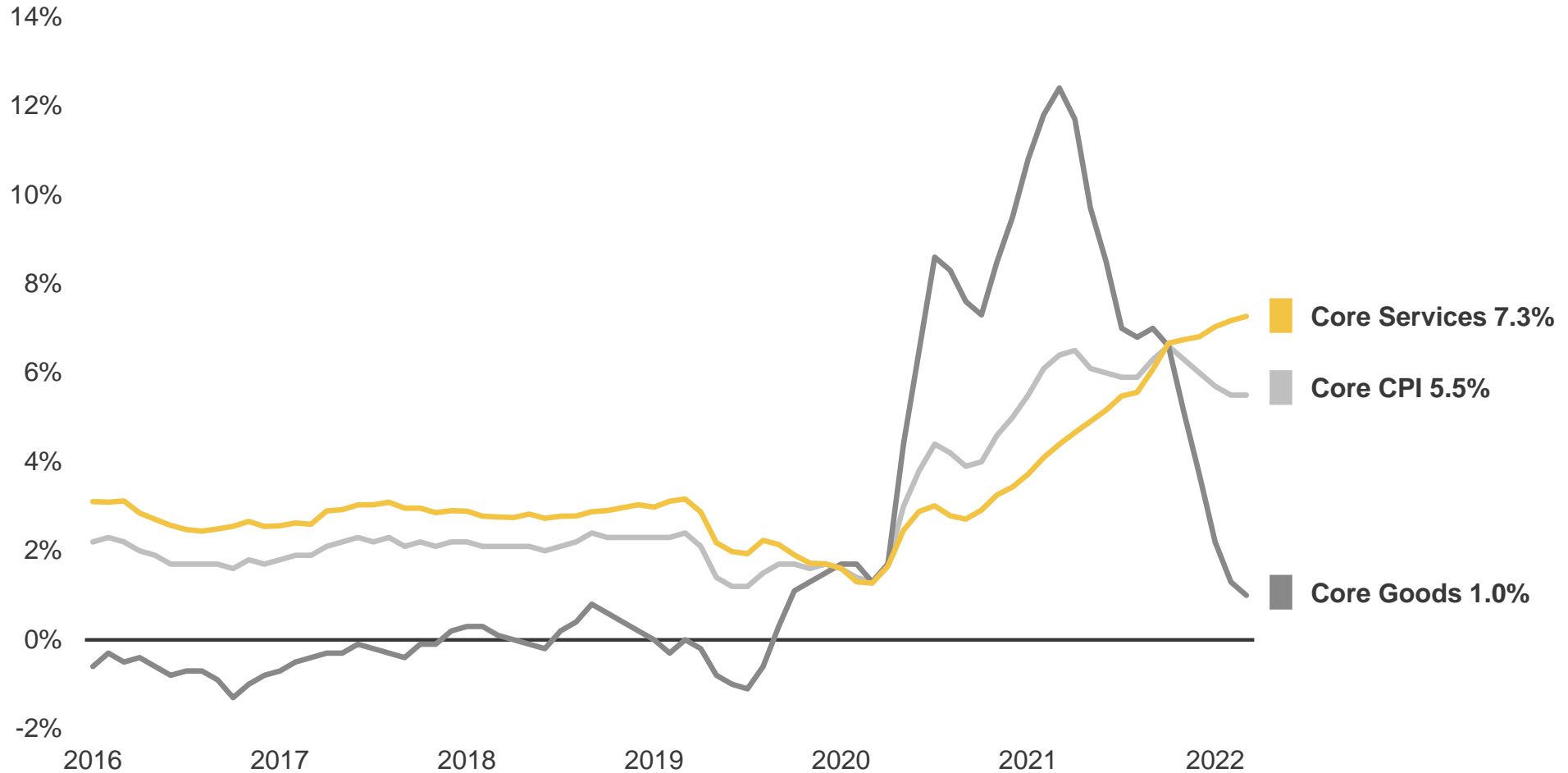
Source: Bloomberg, Bureau of Labor Statistics as of February 2023.

¹Index weights are as of January 2023 as they are published on a one-month lag.

²Other services is a weighted blend of Water/Sewer/Trash, Household Operations, Recreation, and Education and Communication services.

Core Inflation Remains Stubbornly High as Fed Faces Tough Decision

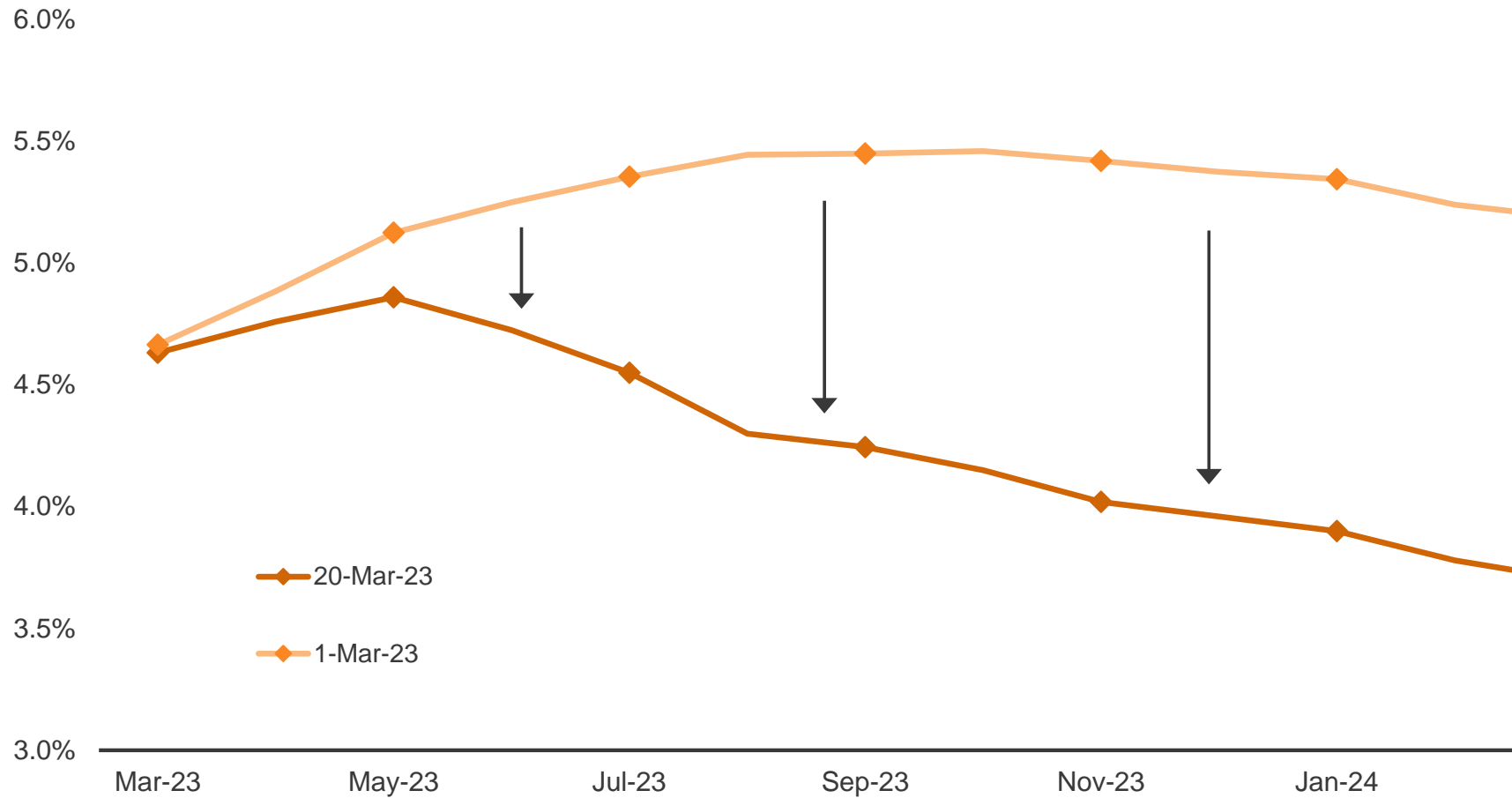
Core Services and Goods Prices
Consumer Price Index - Change from a year earlier



Source: Bloomberg, Bureau of Labor Statistics as of February 2023.

Markets Imply Tightening Cycle is Almost Over

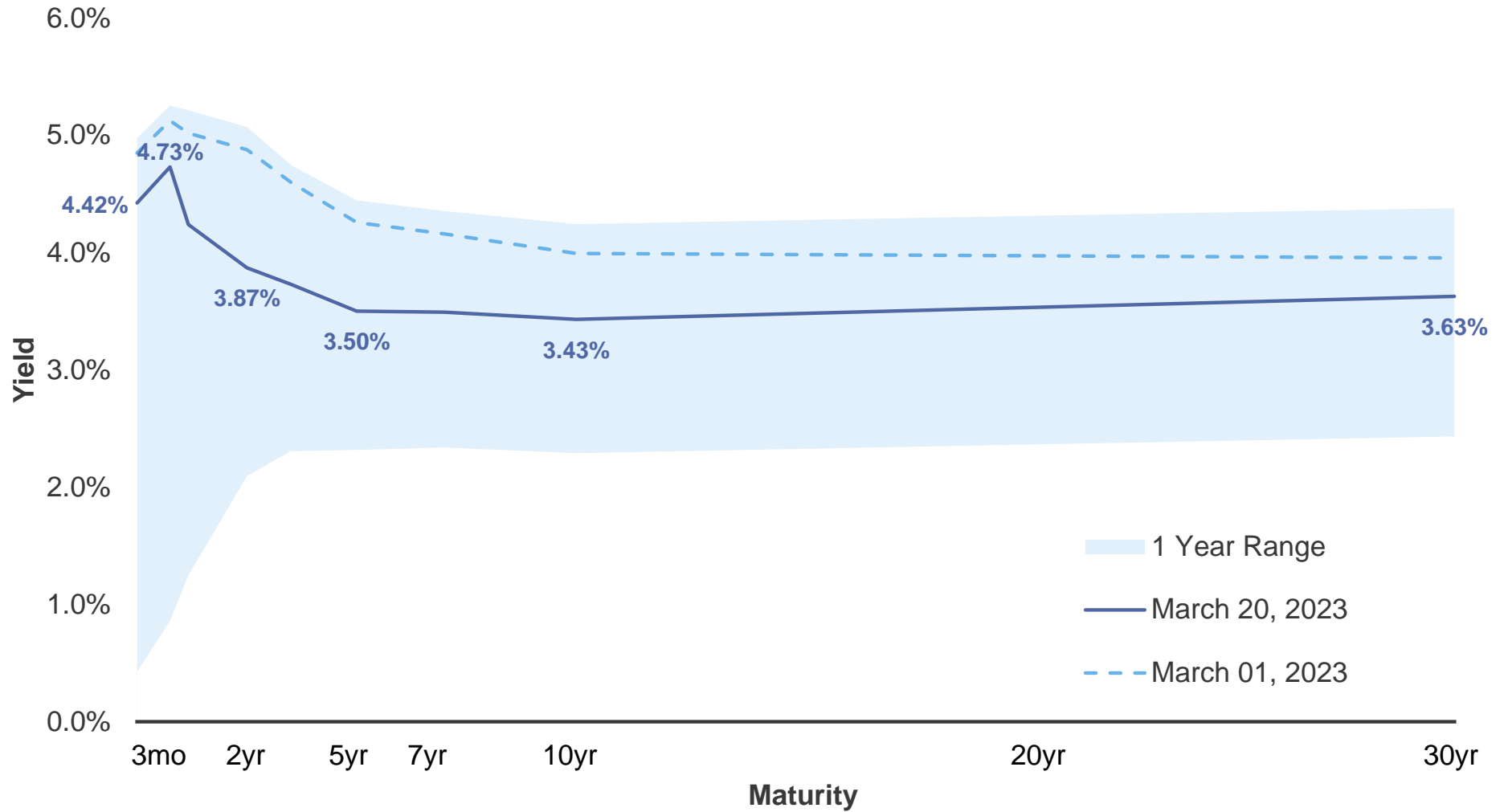
Implied Fed Funds Rate



Source: Bloomberg, as of 03/20/2023.

Treasury Yields Bounce Back Following UBS-Credit Suisse Deal

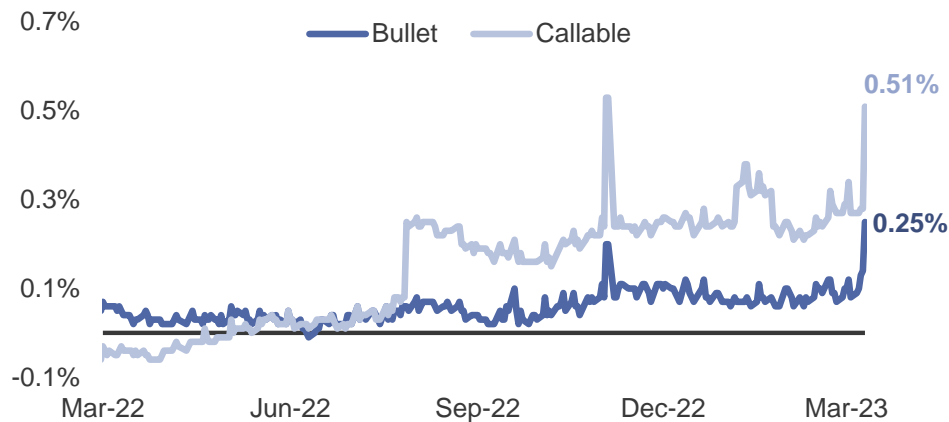
U.S. Treasury Yield Curve



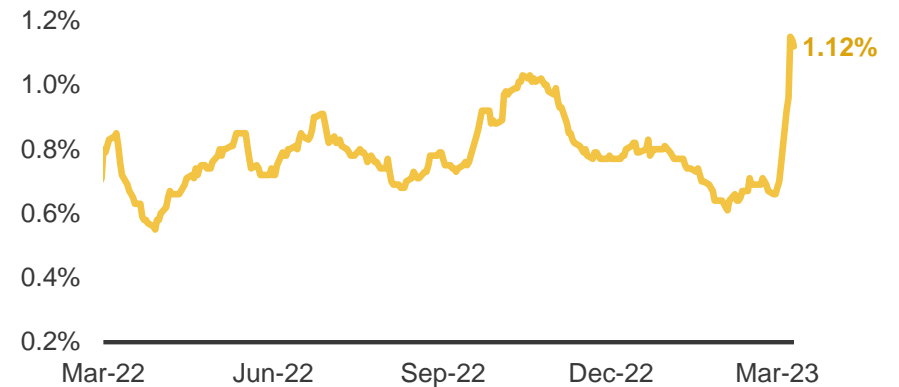
Source: Bloomberg, as of 03/20/2023.

Spreads Widen Across the Board

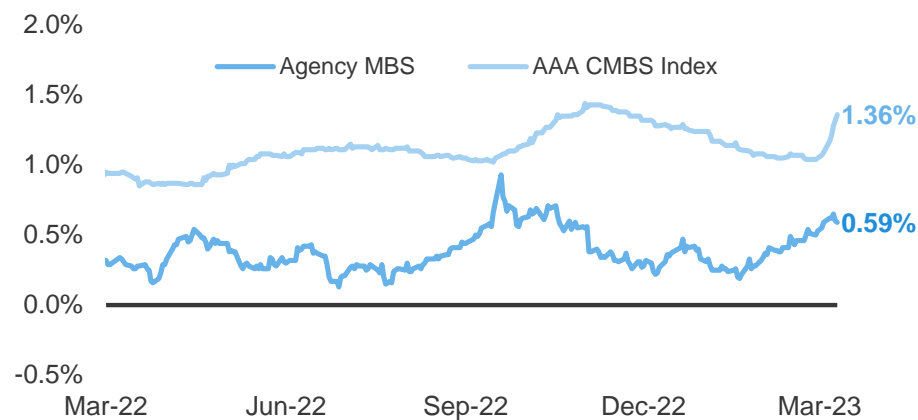
Federal Agency Yield Spreads



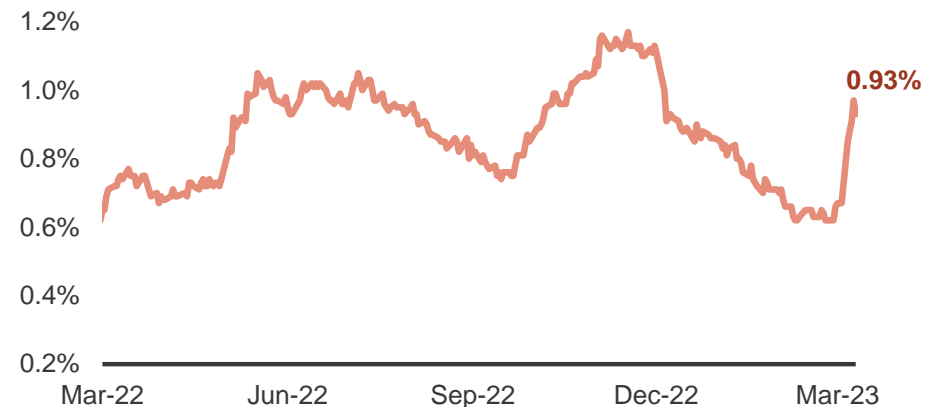
Corporate Notes A-AAA Yield Spreads



Mortgage-Backed Securities Yield Spreads



Asset-Backed Securities AAA Yield Spreads



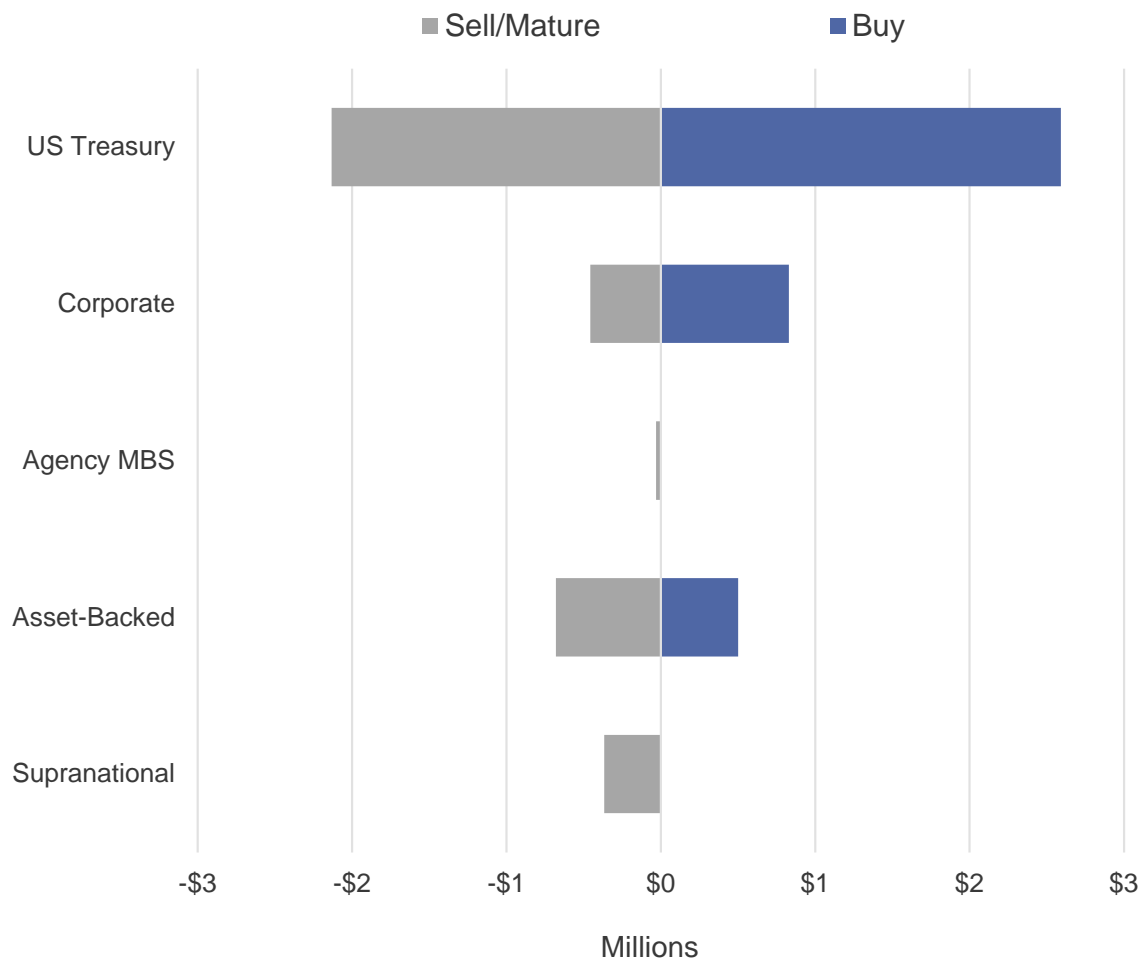
Source: ICE BofAML 1-5 year Indices via Bloomberg, MarketAxess and PFMAM as of March 17, 2023. Spreads on ABS and MBS are option-adjusted spreads of 0-5 year indices based on weighted average life; spreads on agencies are relative to comparable maturity Treasuries. CMBS is Commercial Mortgage-Backed Securities.

Portfolio Composition

Security Type	Market Value as of December 31, 2022	% of Portfolio	Market Value as of February 28, 2023	% of Portfolio	\$ Change vs. Prior Quarter	Sector Limits
U.S. Treasuries	\$23,749,684	30.1%	\$24,129,788	28.3%	\$380,104	100%
Agency MBS	\$2,709,251	3.4%	\$2,676,521	3.1%	(\$32,731)	100%
Supranational	\$1,385,533	1.8%	\$1,020,283	1.2%	(\$365,250)	30%
Municipal	\$1,216,383	1.5%	\$1,223,056	1.4%	\$6,673	15%
Negotiable CDs	\$1,899,773	2.4%	\$1,902,154	2.2%	\$2,381	30%
Corporate	\$13,842,218	17.5%	\$14,351,352	16.8%	\$509,134	30%
Asset-Backed	\$8,654,726	11.0%	\$8,485,494	9.9%	(\$169,232)	20%
Security Sub-Total	\$53,457,567	67.7%	\$53,788,647	63.0%	\$331,079	
Accrued Interest	\$217,210		\$241,938			
Securities Total	\$53,674,777		\$54,030,585			
Money Market Fund	\$542,591	0.7%	\$451,707	0.5%	(\$90,884)	20%
CAMP	\$0	0.0%	\$6,001,781	7.0%	\$6,001,781	100%
LAIF	\$24,967,351	31.6%	\$25,097,780	29.4%	\$130,429	\$75 million
Total Investments	\$79,184,720	100.0%	\$85,581,853	100.0%	\$6,397,133	

First Quarter 2023 Trading Activity

Gross Trading Activity January 1, 2023 – February 28, 2023



Net Trading Activity (\$ millions)

U.S. Treasury	\$0.46
Corporate	\$0.37
Agency MBS	(\$0.03)
Asset-Backed	(\$0.18)
Supranational	(\$0.37)
Net Total	\$0.26

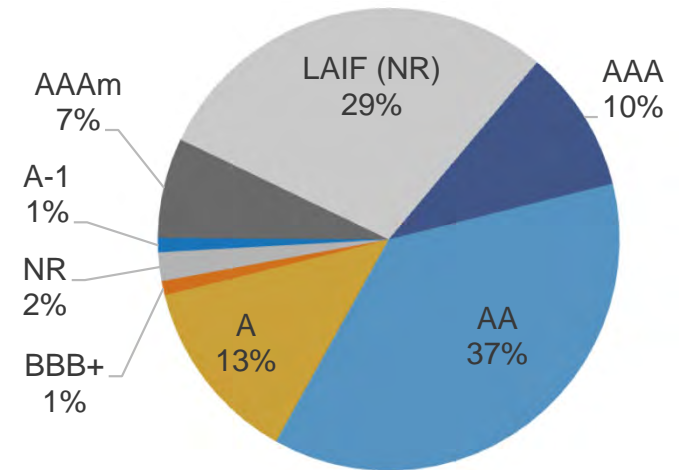
Principal transactions only.

Portfolio Overview

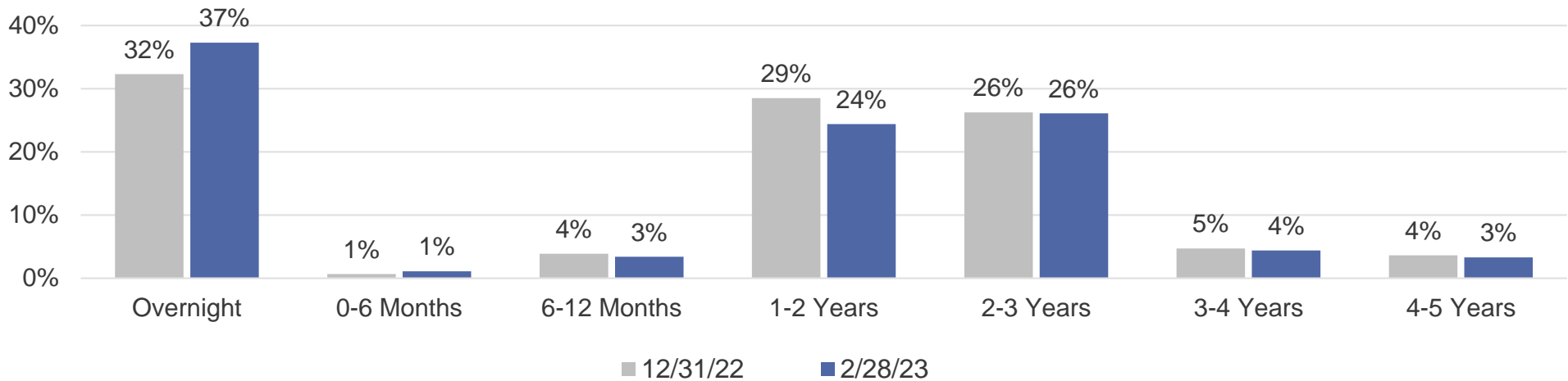
Portfolio Statistics

	Dec 31, 2022	Feb 28, 2023
Total Market Value	\$78,967,510	\$85,339,914
Managed Portfolio	\$53,457,567	\$53,788,647
Average Duration	1.71 years	1.70 years
Benchmark Duration	1.74 years	1.72 years
YTM – Cost	1.87%	2.14%
YTM - Market	4.37%	4.66%

Credit Quality - S&P Ratings



Maturity Distribution



Market values excluding accrued interest.

Portfolio is Well Diversified

U.S Treasury	28.4%
US Treasury	28.4%
Federal Agency	3.2%
Freddie Mac	3.2%
Supranational	1.2%
IADB	1.2%
Municipal	1.4%
NYS Urban Dev Corp	0.6%
State of Minnesota	0.4%
Los Angeles CCD	0.2%
Florida Board of Admin Fin Corp	0.1%
NJ Turnpike Auth	0.1%
California Dept Water Resources	<0.1%
State of Connecticut	<0.1%
Negotiable CD	2.3%
Toronto-Dominion Bank	0.7%
Nordea Bank ABP	0.6%
Credit Suisse	0.5%
Credit Agricole	0.5%
Asset-Backed	10.0%
CarMax Auto Owner Trust	1.3%
Hyundai Auto Receivables	1.1%
GM Financial Auto Trust	1.1%
Capital One Financial Corp	1.0%
Honda Auto Receivables	0.8%
Mercedes-Benz Auto Receivables	0.7%
Kubota Credit Owner Trust	0.6%
Ally Auto Receivables Trust	0.6%
Toyota Motor Corp	0.6%
H-D Motorcycle Trust	0.5%
Discover Financial Services	0.4%

Ford Credit Auto Trust	0.4%
Nissan Auto Receivables	0.3%
Volkswagen of America	0.3%
BMW Financial Services	0.2%
Verizon Owner Trust	0.1%
World Omni Auto Rec Trust	0.1%
Corporate	17.0%
JP Morgan Chase	1.0%
BNY Mellon Corp	0.9%
National Australia Bank	0.8%
State Street Corp	0.6%
Amazon Inc	0.6%
Bank of America	0.6%
Roche Holding AG	0.5%
Nestle SA	0.5%
Praxair Inc	0.5%
Caterpillar Inc	0.5%
Intel Corporation	0.5%
Toyota Motor Corp	0.5%
HSBC Holdings PLC	0.5%
Paccar Financial Corp	0.5%
Rabobank Nederland	0.5%
Deere & Company	0.4%
American Honda Finance	0.4%
IBM Corp	0.4%
Target Corp	0.4%
American Express Co	0.4%

3M Company	0.4%
Citigroup Inc	0.4%
Morgan Stanley	0.4%
Comcast Corp	0.4%
USAA Capital Corp	0.3%
AstraZeneca PLC	0.3%
ANZ Banking Group Ltd	0.3%
Goldman Sachs Group Inc	0.3%
BMW Financial Services	0.3%
Unilever PLC	0.3%
Wal-Mart Stores Inc	0.3%
Colgate-Palmolive Co	0.2%
Hormel Foods Corp	0.2%
Exxon Mobil Corp	0.2%
UnitedHealth Group Inc	0.2%
Charles Schwab	0.2%
National Rural Utilities Co	0.2%
PepsiCo Inc	0.1%
Merck & Co Inc	0.1%
Honeywell International	0.1%
Cintas Corp No. 2	0.1%
Lockheed Martin Corp	0.1%
Home Depot Inc	0.1%
Texas Instruments Inc	0.1%
LAIF	29.5%
LAIF	29.5%
CAMP	7.1%
CAMP	7.1%

As of February 28, 2023.

Figures may not add to 100% due to rounding.

Market values excluding accrued interest.

Managed Portfolio: Total Return Performance

- The portfolio's performance has been strong relative to the benchmark.

Managed Portfolio Total Return

Periods ending December 31, 2022

	Duration (years)	Past Quarter	Past Year	Past 3 Years	Past 5 Years
Padre Dam MWD	1.71	0.77%	-3.27%	-0.12%	1.07%
ICE BofAML 1-3 Year U.S. Treasury Index	1.74	0.74%	-3.65%	-0.41%	0.77%
Difference	-0.03	+0.04	+0.38	+0.29	+0.30

- Performance on trade-date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).
- ICE BofAML Indices provided by Bloomberg Financial Markets.
- Performance numbers for periods one year and greater are presented on an annualized basis.



Disclaimer

Investment advisory services are provided by PFM Asset Management LLC (“PFMAM”), an investment adviser registered with the U.S. Securities and Exchange Commission and a subsidiary of U.S. Bancorp Asset Management, Inc. (“USBAM”). USBAM is a subsidiary of U.S. Bank National Association (“U.S. Bank”). U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services or performance of PFMAM. The information contained is not an offer to purchase or sell any securities. Additional applicable regulatory information is available upon request.

For more information regarding PFMAM’s services please visit www.pfmam.com.





COMMITTEE AGENDA REPORT

Meeting Date: 03-27-2023
Dept. Head: Karen Jasso
Submitted by: Karen Jasso
Department: Finance
Approved by: Kyle Swanson, CEO/GM

SUBJECT: ANNUAL REVIEW AND UPDATE TO THE DISTRICT’S STANDARD PRACTICES & POLICIES, SECTION 19 WHICH INCLUDES THE DISTRICT’S INVESTMENT POLICY (SECTION 19.4)

RECOMMENDATION(S):

Recommend to the full Board approval of proposed changes to Section 19.

ALTERNATIVE(S):

- 1. Provide direction to staff if additional changes are desired.
- 2. Do not approve recommended changes.

ATTACHMENT(S):

- 1. Redlined section 19 of the District’s Standard Practices, which includes the District’s Investment Policy (Section 19.4)

FUNDING:

Requested amount: n/a
Budgeted amount:
Are funds available? Yes No
Project cost to date:

PRIOR BOARD/COMMITTEE CONSIDERATION:

STRATEGIC PLAN IMPLEMENTATION:

This agenda item is consistent with the District’s Strategic Business Plan and meets one or more of the following Strategic Objections: Customer Experience; Fiscal Stability; Operational Excellence, Sustainability and Resource Management; Talent Management; Technology and Innovation.

Reviewed by:	Action Required:	Policy Updates:	Action Taken:
Dept Head <input checked="" type="checkbox"/>	Motion <input checked="" type="checkbox"/>	Rules & Regulations <input type="checkbox"/>	As Recommended _____
Finance <input type="checkbox"/>	Resolution <input type="checkbox"/>	Standard Practices & Policies <input checked="" type="checkbox"/>	Reso/Ord. No. _____
Legal Counsel <input type="checkbox"/>	Ordinance <input type="checkbox"/>		Other _____
Standard Form <input type="checkbox"/>	None <input type="checkbox"/>		

EXECUTIVE SUMMARY:

Staff is seeking approval by the Committee for proposed updates to the District's Internal Operating Procedures, Section 19 of the District's Standard Practices, before agendaing for approval by the full Board.

DESCRIPTION:

The District's Internal Operating Procedures, Section 19 of the District's Standard Practices, outlines the District's financial structure, the basis of accounting, reserve accounts and targets, and cost allocation/billing rates. In addition, Section 19 includes the District's Purchasing Policy (Section 19.4), Debt Management Policy (Section 19.5) and Disclosure Policy (Section 19.6). Section 19.4.14 of the Investment Policy states that the Director of Finance shall submit the Investment Policy for review by the Finance and Administration Committee annually. Any recommended changes to that policy shall also be considered by the Board of Directors at a public meeting. Although there is no requirement to modify the remainder of section 19, it is staff's intention to review all policies and procedures on an annual basis and make recommended changes whenever appropriate.

In the attached redline of the District's Internal Operating Procedures, staff recommends various small modifications and clarifying language. Staff also sought input from Richard Babbe, the District's Investment Advisor, to determine if any additional revisions to the Investment Policy were required. Richard confirmed that the District's current Investment Policy is comprehensive and is in compliance with the current California Government Code ("Code") statutes regulating the investment of public funds.

RECOMMENDATION:

Recommend to the full Board approval of proposed changes to Section 19.

SECTION 19 INTERNAL OPERATING PROCEDURES

INDEX		Page
19.1	FUND STRUCTURE	3
19.1.1	Basis of Accounting.....	3
19.1.2	The General Fund	3
19.1.3	Designated Cash Funds	3
19.1.4	Restricted Cash Funds.....	5
19.1.5	Trust Funds	5
19.2	DISTRICT COST ALLOCATION AND BILLING RATES	5
19.2.1	Cost Allocation	5
19.2.2	Billing Rates.....	5
19.3	PROPERTY TAX SUBVENTION	6
19.4	INVESTMENT POLICY	6
19.4.1	Introduction	6
19.4.2	Scope	6
19.4.3	Objectives	6
19.4.4	Delegation of Authority	8
19.4.5	Finance and Administration Committee	8
19.4.6	Reporting	8
19.4.7	Authorized Investment Instruments.....	9
19.4.8	Ineligible Investments.....	14
19.4.9	Swaps	14
19.4.10	Loss of Value or Credit Quality	14
19.4.11	Approved Broker/Dealer List.....	14
19.4.12	Risk Tolerance	14
19.4.13	Safekeeping and Custody.....	15
19.4.14	Statement of Investment Policy	15
19.4.15	Maximum Maturity	15
19.4.16	Competitive Bidding Procedures	15
19.5	DEBT MANAGEMENT POLICY	16
19.5.1	Introduction	16

19.5.2	Purpose of Policy	16
19.5.3	Purpose and Use of Debt	16
19.5.4	Debt Management	17
19.5.5	Debt Coverage Target	18
19.5.6	Debt Structuring	18
19.5.7	Types of Debt	18
19.5.8	Credit Enhancement	18
19.5.9	Debt Service Reserve Fund.....	19
19.5.10	Call Options/Redemption Provisions	19
19.5.11	Capitalized Interest.....	19
19.5.12	Credit Ratings	19
19.5.13	Rating Agency Relationships	19
19.5.14	Bond Ratings	20
19.5.15	Method of Sale	20
19.5.16	Roles and Responsibility	20
19.6.17	Bond Counsel	21
19.6.18	Financial Advisors	21
19.5.19	Underwriters.....	21
19.5.20	Federal Arbitrage and Rebate Compliance.....	21
19.5.21	Continuing Disclosure	22
19.5.22	Compliance with Bond Covenants	22
19.5.23	Policy Review	23
19.6	DISCLOSURE POLICY	25
19.6.1	Purpose of Policy	25

SECTION 19 INTERNAL OPERATING PROCEDURES

19.1 FUND STRUCTURE

19.1.1 Basis of Accounting

The District utilizes accounting principles appropriate for an enterprise fund to record its activities, as more fully described in the "Fund Accounting System," adopted by the Board on July 28, 1999. Revenue and expenses are recognized on an accrual basis of accounting.

19.1.2 The General Fund

The District maintains a general fund to account for its four operations:

1. Potable Water Fund: The Potable Water Operation is responsible for developing, acquiring, transferring, storing and delivering potable water to retail customers in the western (ID A) and eastern (ID 1) service areas.
2. Wastewater (Sewer) Fund: The Wastewater (Sewer) Operation is responsible for the collection and disposal of sewage for the District's sewer service areas (ID A and B).
3. Water Recycling Fund: The Water Recycling Operation is responsible for the treatment and distribution of reclaimed water to recycled irrigation customers and Santee Lakes.
4. Santee Lakes Recreation Preserve: Santee Lakes provides recreational services to campers, picnickers, and fishermen at the Santee Lakes Recreation Preserve.

The District records and distributes general and administrative support costs to operations and capital programs within the general fund based on the cost of support services provided. It also accounts for its capital equipment expenditures within the general fund.

19.1.3 Designated Cash Funds

The District maintains designated funds for each operation to provide cash for ~~the following various purposes.~~ Inflows to and outflows from these funds come from operating and non-operating (i.e. capital investment, debt service) activities. Funds are rebalanced periodically based on District needs and target balances. ÷

1. Rate Stabilization Fund (RSF): A reserve established to provide funding for operations in the event of an economic or other cyclical downturn, or in case of a natural disaster. RSF target balances are set for each operation. Funding of the RSF is determined as part of the rate setting process. ~~Funds can be transferred between the RSF and CRF with Board approval.~~

RSF target balances for the Recycled Water and Park operations are set as follows:

Minimum: .1 year debt interest payments + 3 months operating expenses (before depreciation)

Maximum: 1 year debt interest payments + 6 months operating expenses (before depreciation)

Because revenue for the Potable Water and Sewer operations can be more volatile, RSF target balances for these funds include an additional factor to mitigate the effects of a drought and supply allocations.

RSF target balances for the Potable Water and Sewer operations are set as follows:

Minimum: 1 year debt interest payments + 3 months operating expenses (before depreciation) + loss of net revenue from a 10% loss of sales
Maximum: 1 year debt interest payments + 6 months operating expenses (before depreciation) + loss of net revenue from a 20% loss of sales

2. Capital Replacement Fund (CRF): A reserve established to fund the purchase, construction and replacement of capital assets ~~_(other than vehicles and equipment) as they reach the end of their useful lives.~~ It also funds debt principal payments. CRF target balances are set for each operation. Funding of the CRF is determined as part of the rate setting process. ~~Funds can be transferred between the CRF and RSF with Board approval.~~

CRF target balances for the Potable Water, Sewer and Park operations are set as follows:

Minimum: 1 year debt principal payments + 1 year CIP
Maximum: 1 year debt principal payments + 2 years CIP

Future capital replacement needs relating to the water recycling plant far exceed current CIP expenditures in the Recycled Water operation. Because of this, the CRF target balances for Recycled Water include an additional factor to help offset those future costs.

Minimum: 1 year debt principal payments + 1 year CIP + funding for plant upgrade
Maximum: 1 year debt principal payments + 2 years CIP + funding for plant upgrade

3. Capital Improvement Program (CIP) Fund: A reserve established for each operation to help defray the cost of important Capital Improvement Projects. This reserve can be funded with excess unrestricted funds, earmarked CIP funds not spent in a particular year or used to save funds for expensive projects so as not to overtake the CIP Program's budget or impact rates. Target balances will depend on existing needs and will change as projects are added or completed.
4. ~~Impending Sewer Liability Fund (ISLFAWP Fund):~~ A reserve established to help fund ~~either~~ Padre Dam's participation in the Advanced Water Purification Project ("AWP") ~~or the District's share of the cost of upgrading the Point Loma Wastewater Treatment Plant.~~ This is a reserve related to of the Sewer Operation. The target balances for this reserve are as follows:

Minimum: 20% of the estimated cost to the Sewer Operation for the AWP project

Maximum: ~~30% of the estimated cost to the Sewer Operation for the AWP project~~ ~~Estimated cost of AWP or Point Loma Wastewater Treatment Plant upgrade~~

5. Contingency Fund: The Operating Contingency Fund is established to provide funding for significant but unanticipated expenditures. Funding for the contingency fund is determined as part of the rate setting process.

19.1.4 Restricted Cash Funds

Capacity Expansion Funds (CEF) are revolving funds used to provide for the construction of facilities needed to extend services to new customers. CEF are funded through the expansion portion of capacity fees for new users and developers. All other funds held by the District that have an externally designated purpose are also considered restricted funds.

19.1.5 Trust Funds

1. California Employer’s Retiree Benefit Trust (CERBT): The District provides health insurance benefits to its retirees (OPEB). The level of benefit depends on the year the employee was hired. The District joined CERBT to provide a vehicle for prefunding its obligations for providing OPEB. The District funds the Trust quarterly based on the amount determined by its actuary.
2. Such other funds as are necessary to accommodate statutory and contractual obligations of the District.

19.2 DISTRICT COST ALLOCATION AND BILLING RATES

19.2.1 Cost Allocation

District costs and expenses that can be directly attributed to a specific project, job, work order or operation shall be charged to that project, job, work order or operation.

~~Other shared or indirect costs District costs and expenses that cannot be directly attributable to a specific project, job, work order or operation shall be charged to the appropriate cost center and a support unit as defined in the District cost allocation plan. The cost of that support unit will be then allocated to charged to District projects, jobs, work orders and operations based on the cost of support service actually provided District’s Cost Allocation Model developed during the 2022 Cost of Service Study.-~~

19.2.2 Billing Rates

The District's Billing Rates are the cost of supporting District employees so they can perform their work as efficiently as possible. Billing rates include direct labor costs, employee benefits and support unit costs. The support unit cost is calculated by a cost allocation plan. All direct and indirect costs are charged to the services, jobs, operations and departments based on the services provided.

Billing rates are recomputed from time to time in accordance with Section 10.10 of the District's Rules and Regulations.

19.3 PROPERTY TAX SUBVENTION

The District receives property taxes that help offset the cost of providing water to its customers. A portion of the property taxes the District receives benefits all retail water customers; these property taxes are used to directly reduce the retail water commodity rate.

The District also receives property taxes that apply only to the Eastern service area; customers in that service area receive a credit per acre foot of water purchased. No subvention is provided to the District's sewer customers, recycled water customers or the Santee Lakes Recreation Preserve.

19.4 INVESTMENT POLICY

19.4.1 Introduction

The purpose of this document is to identify policies and procedures that provide for prudent and systematic investment of District funds and to organize and formalize investment related activities. The ultimate goal is to enhance the economic status of the District while protecting its funds.

The investment policies and practices of the Treasurer and Director of Finance for the District are based upon limitations placed on it by the District's Board of Directors. These policies have five primary goals:

1. To protect principal.
2. To insure that funds are available to pay obligations of the District without having to liquidate investments at an inopportune time and risk loss of principal or accrued interest.
3. To maximize the interest yield earned from deposits.
4. To insure that all investment transactions are properly authorized and that all transactions are properly carried out in a procedure designed to minimize risk, and prevent unauthorized transactions.
5. To assure compliance with all Federal, State and Local laws governing the investment of monies under the control of the Director of Finance.

19.4.2 Scope

It is intended that this policy cover all funds and investment activities under the direct authority of the Director of Finance, except for the employee's deferred compensation funds and funds invested by PERS. Bond proceeds will be invested according the applicable bond documents. If the bond documents are silent as to the investment of the proceeds, the proceeds will be invested according to this Policy.

19.4.3 Objectives

A. Safety:

It is the primary duty and responsibility of the Director of Finance to protect, preserve and maintain District cash and investments. Each investment transaction shall seek to ensure that capital losses are avoided, whether from institution default, broker-dealer default, or erosion of market value of securities. The Finance and Administration Committee shall evaluate or cause to have evaluated potential investments, seeking both quality in issuer and in underlying security or collateral. When possible, the portfolio will be diversified in order to reduce exposure to principal loss.

B. Liquidity:

An adequate percentage of the portfolio will be maintained in liquid short-term securities which can be converted to cash if necessary to meet the operational needs of the District. Since all cash requirements cannot be anticipated, investment in securities with active secondary markets will be utilized. These securities will have a low sensitivity to market risk.

C. Yield:

Yield should become a consideration only after the basic requirements of safety and liquidity have been met.

D. Market-Average Rate of Return:

The investment portfolio shall be designed to attain a market-average rate of return throughout economic cycles, taking into account the District's risk constraints, the cash flow characteristics of the portfolio, sState and local laws, and ordinances or resolutions that restrict investments. The portfolio will be compared, on a quarterly basis, to a performance benchmark with portfolio characteristics similar to the District's portfolio.

E. Diversification:

The investment portfolio will be diversified to avoid unreasonable and avoidable risks regarding specific security types or individual financial institutions.

F. Prudence:

The District adheres to the guidance provided by the "prudent investor standard", a legal doctrine that requires fiduciaries to make investments using the prudence, diligence, and intelligence that would be used by a prudent person in making similar investments. §53600.3 of the California Government Code holds that "When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency."

G. Public Trust:

All participants in the investment process shall act as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust. In a diversified portfolio it must be recognized that occasional measured losses are inevitable, and must be considered within the context of the overall portfolio's investment return, provided that adequate diversification has been implemented.

19.4.4 Delegation of Authority

The investment of District reserve funds is hereby delegated to the Finance and Administration Committee by the Board of Directors. The Finance and Administration Committee delegates the day to day investment operations to the Director of Finance for a period of one year; this delegation is contingent upon disclosure of investment results through the monthly report to the Board of Directors as described in Section 19.4.6. Subject to review, the Finance and Administration Committee may renew the delegation of authority pursuant to this section each year. As authorized by the Finance and Administration Committee, the Director of Finance may use a professional investment advisor to assist with the District's investment program. Under the direction of the Director of Finance, the investment advisor will have responsibility for managing designated funds and executing day- to-day investment transactions. The investment advisor shall follow this investment policy and such other written instructions as are provided.

19.4.5 Finance and Administration Committee

The Finance and Administration Committee shall consist of four members. All actions of the Finance and Administration Committee shall be with the approval of at least two members of the Finance and Administration Committee.

Primary	Alternate
Board Member	Board Member
Treasurer	Board Member
General Manager	Accounting Manager
Director of Finance	Accounting Manager

19.4.6 Reporting

The Director of Finance will submit a monthly investment report to the Board of Directors that includes:-
~~This report will include:-~~

- Type of investment instrument (i.e. Treasury ~~B~~bill, medium-term note)
- Issuer name (i.e., General Electric Credit Corp.)
- Purchase date (trade and settlement date)
- Maturity date
- Par value
- Purchase price
- Coupon
- Yield on cost
- Current market value and the source of valuation
- Accrued interest to date
- Overall portfolio yield based cost

Average duration
Percentage distribution by type of investment
Transactions during the month

The monthly report shall (i) state compliance of the portfolio with applicable California Government Codes and the District's Investment Policy, or manner in which the portfolio is not in compliance, (ii) include a description of any of the District's funds, investments or programs that are under the management of contracted parties, and (iii) include a statement denoting the ability of the District to meet its expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may not, be available.

19.4.7 Authorized Investment Instruments

The District is governed by the California Government Code, § 53600 et seq. All percentages described below refer to the percentage at the time of the purchase. Within the context of these limitations, the following investments are authorized:

Local Agency Investment Fund (LAIF):

LAIF is a State of California Pooled Investment Fund that invests billions of dollars using the investment expertise of the State Treasurer's Office investment staff at no additional cost to the taxpayer. All securities are purchased under the authority of Government Code Section 16430 and 16480.4.

The maximum permitted investment in the State's pooled investment fund is the maximum allowed by the State Treasurer, currently \$75 million. However, the District will set its maximum at 65% of the District's surplus funds or \$30 million, whichever is lower.

California Asset Management Program (CAMP):

CAMP is a California Joint Powers Authority ("JPA") established in 1989 to provide California public agencies with professional investment services. Investments offered through the Cash Reserve Portfolio (the "Pool" or the "CAMP Pool") and CAMP Term are permitted for all local agencies under California Government Code Section 53601(p). The Program also offers educational resources, market updates and arbitrage rebate compliance services. The program is governed by a Board comprised of seven trustees, all of whom are officials or employees of public agencies that are participants in the trust. PFM Asset Management LLC (PFMAM) serves as the investment advisor and administrator for the pool.

San Diego County Pool:

The San Diego County Investment Pool is a local government money fund which invests monies in accordance with standards set forth by the California Government Code and the County of San Diego Investment Policy. At a minimum, the pool is invested in no investment lower than an A rating.

The maximum permitted investment in the County's pooled investment fund is \$1.0 million. No additional investments shall be made in the San Diego County Pool without the prior approval of the Finance and Administration Committee.

Bankers Acceptances:

The District may only purchase bankers' acceptances issued by domestic or foreign banks, which are eligible for purchase by the Federal Reserve System, the short-term paper of which is rated in the highest category by a Nationally Recognized Statistical Rating Organization ("NRSRO"). Purchases of Bankers Acceptances may not exceed 180 days maturity or 40 percent of the District's surplus money. However, no more than 30% of the District's surplus funds may be invested in the bankers' acceptances of any one commercial bank.

U.S. Treasury Securities:

United States Treasury notes, bonds, bills or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for payment of principal and interest.

Repurchase Agreements:

Repurchase Agreements shall be used solely as short-term investments not to exceed 90 days.

Collateral for repurchase agreements shall be limited to obligations of the United States government and its agencies. The market value of securities that underlie a Repurchase Agreement shall be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be reviewed on a regular basis and adjusted no less than monthly. Market value must be calculated each time there is a substitution of collateral.

The District will only enter into Repurchase Agreements with primary dealers of the Federal Reserve Bank of New York. Collateral used for the Repurchase Agreement will be delivered on a delivery vs. payment system to the District's custodian on the date of settlement.

Reverse Repurchase Agreements:

The District will not enter into Reverse Repurchase Agreements, or any other securities lending arrangement, without the prior consent of the Board of Directors. If a Reverse Repurchase Agreement is authorized, it may be utilized only if the security to be sold on Reverse Repurchase Agreement has been owned and fully paid for by the District for a minimum of 30 days prior to the sale; the total of all Reverse Repurchase Agreements on investments owned by the District does not exceed 20 percent of the base value of the portfolio; and the agreement does not exceed a term of 90 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the settlement date and the maturity date.

Reverse Repurchase Agreements can only be entered into with primary dealers of the Federal Reserve Bank of New York.

Bank Deposits:

The District may invest in FDIC-insured or fully collateralized bank deposits including, but not limited to, demand deposit accounts, savings accounts, market rate accounts, and time certificates of deposit in financial institutions issued by a nationally or state-chartered bank or a state or federal savings and loan association or by a state-licensed branch of a foreign bank. All deposits must be collateralized in accordance with California Government Code §53651, with the exception that real estate mortgages are not acceptable collateral; or at 110% by eligible marketable securities listed in Government Code section 53651, subdivisions subsections (a) through (l) and (n) and (o).

A written depository contract is required with all institutions that hold Water District deposits. All banks are required to provide the District with a regular statement of pooled collateral which shall include the following statements: (i) the 110% collateral rule is being met; (ii) a market value and location listing of all collateral; (iii) accountability of the total amount of deposits secured by the pool.

There is no limitation as to the percentage of the portfolio that may be invested in liquid bank deposits; however, collateralized time certificates shall not exceed 15 percent of total portfolio exposure. Maximum investment maturity will be restricted to two years.

Per §53637 of the California Government Code, the Board of Directors of Padre Dam Municipal Water District is prohibited from depositing or investing local funds in certificates of deposit issued by a state or federal credit union if any member of a local agency's legislative body or any person with investment decision making authority for the local agency also serves on the board of directors or any committee appointed by the board of directors, or the credit committee, or supervisory committee, of the state or federal credit union issuing the negotiable certificates of deposit.

Per § 53638 of the California Government Code, any deposit shall not exceed the total paid-up capital and surplus of any depository bank, nor shall the deposit exceed the total net worth of any institution.

Placement Service Deposits:

Deposit placed with a private sector entity that assists in the placement of deposits with eligible financial institutions located in the United States. The full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by federal deposit insurance. Placement Service Deposits shall meet all of the requirements of California Government Code §53601.8. The total of all surplus funds invested with a Depository Institution, which are placed using a private sector placement entity, shall be limited to 30% of the District's surplus funds.

Negotiable Certificates of Deposit:

Negotiable certificates of deposits issued by a nationally or state-chartered bank or a state or federal association or by federally licensed or a state-licensed branch of a foreign bank provided that the senior debt obligations of the issuing institution are rated in a rating category of "A" or higher, or the equivalent, by a NRSRO.

Per §53601 of the California Govt. Code, the Board of Directors of Padre Dam Municipal Water District is prohibited from depositing or investing local funds in negotiable certificates of deposit issued by a state or federal credit union if any member of a local agency's legislative body or any person with investment decision making authority for the local agency also serves on the board of directors or any committee

appointed by the board of directors, or the credit committee, or supervisory committee, of the state or federal credit union issuing the negotiable certificates of deposit.

Per §53638 of the California Govt. Code, any deposit shall not exceed the total paid-up capital and surplus of any depository bank, nor shall the deposit exceed the total net worth of any institution.

Maximum investment maturity is restricted to five years. Maximum portfolio exposure is limited to 30 percent.

Commercial Paper:

Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by an NRSRO. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):

(1) The entity meets the following criteria: (a) is organized and operating within the United States as a general corporation; (b) has total assets in excess of \$500 million; (c) has debt other than commercial paper, if any, that is rated in a rating category of "A" or higher, or the equivalent, by an NRSRO.

(2) The entity meets the following criteria: (a) is organized within the United States as a special purpose corporation, trust, or limited liability company; (b) has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond; (c) has commercial paper that is rated "A-1" or higher, or the equivalent, by an NRSRO.

Purchases shall not exceed 10 percent of the outstanding paper of the issuing corporation. Maximum investment maturity is restricted to 270 days. Maximum portfolio exposure is limited to 25% percent.

Medium Term Notes:

Medium-term corporate notes, defined as all corporate and depository institution securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or depository institutions licensed by the United States or any state and operating within the United States. Medium term notes shall be rated in a rating category of "A" or higher, or the equivalent, by a NRSRO. Maximum portfolio exposure is limited to 30 percent.

U.S. Federal Agencies:

Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

Other U.S. Instrumentalities:

United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or higher, or the equivalent, by an NRSRO. Maximum portfolio exposure is limited to 30 percent.

Municipal Obligations:

Obligations of the State of California or any local agency within the state, including bonds payable solely out of revenues from a revenue producing property owned, controlled or operated by the state or any local agency or by a department, board, agency or authority of the state or any local agency. In addition to California municipal obligations, the District may invest in registered treasury notes or bonds of any of the other 49 United States, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States. To be eligible for purchase, the obligation must be rated in a rating category of "A" or higher, or the equivalent, by a NRSRO. The maximum portfolio allocation to municipal obligations is 15 percent.

Money Market Funds:

Shares of beneficial interest issued by diversified management companies, that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.).

To be eligible for investment pursuant to this subdivision these companies shall either: (1) have attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs or (2) have retained an investment advisor registered or exempt from registration with the Securities and Exchange Commission, with not less than five years' experience managing money market mutual funds, and with assets under management in excess of \$500,000,000. The maximum portfolio exposure is limited to 20 percent.

Local Government Investment Pools:

Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in Government Code section 53601, subdivision (a) to (q), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

1. The adviser is registered or exempt from registration with the Securities and Exchange Commission.
2. The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive.
3. The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

Mortgage- and Asset-Backed Securities:

A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond with a maximum remaining maturity of five years or less. Securities eligible for investment under this subdivision shall be rated in a rating category of "AA" or its equivalent or

better by an NRSRO. Maximum portfolio exposure is limited to 20 percent.

19.4.8 Ineligible Investments

The District shall not invest in inverse floaters, range notes, or mortgage-derived, interest-only strips. Furthermore, the District shall not invest in any security that could result in zero interest accrual if held to maturity. Any security or security type not specifically allowed by the District's Policy is expressly prohibited.

19.4.9 Swaps

A swap transaction will only be executed if (i) economic gain over the life or the investment can be realized, or (ii) it enhances the portfolio's overall credit quality or liquidity. In no instance shall a swap be used for speculative purposes.

19.4.10 Loss of Value or Credit Quality

When investments lose value either because of market conditions, credit quality, maturity or other conditions, the Finance and Administration Committee will evaluate the relative risk of holding versus liquidating the investment keeping in mind the five primary goals listed in Section 19.4.1 of this policy. If a fund or investment experiences a 3 percent market loss, regardless of actual dollar losses, the Committee will notify the Board of Directors of the reduced value and provide a recommended course of action.

In the event a security held by the District is subject to a rating change that brings it below the minimum credit ratings specified in this policy, the Director of Finance will notify the Finance and Administration Committee of the change. The course of action to be followed will then be decided on a case-by-case basis, considering such factors as the reason for the rate drop, prognosis for recovery or further rate drops, and the market price of the security.

19.4.11 Approved Broker/Dealer List

The District shall execute purchases and sales of securities only with primary dealers or other approved institutional broker/dealers. The District's finance staff will maintain a list of financial institutions approved for securities' transactions and will review the list annually. All approved institutions must sign the Information Request Form and agree to abide by the conditions set forth in the District's Investment Policy. For transactions executed by the investment management firm engaged by the District, the firm's approved list may be used.

19.4.12 Risk Tolerance

The District recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Portfolio diversification is employed as a way to control non-systematic risk. The Finance and Administration Committee is expected to display prudence in the selection of securities, as a way to minimize default risk. No individual investment

transaction shall be undertaken which jeopardizes the capital position of the overall portfolio.

Risk will also be managed by subscribing to a portfolio management philosophy that helps to control market and interest rate risk by purchasing in shorter term investments. This philosophy also prohibits trading losses (for speculative purposes) unless there is a sudden need for liquidity and the need cannot be satisfied on a more cost effective basis. Loss of principal will only be acceptable if economic gain can be conclusively demonstrated.

Controlling and managing risk is the foremost portfolio management objective. The District strives to maintain an efficient portfolio by providing for the lowest level of risk for a given level of return. This acceptable level of return is based on the performance of a benchmark with similar portfolio characteristics as the District's portfolio. Any level of return above this measure should be reviewed in order to ensure that such investments meet the criteria previously specified.

19.4.13 Safekeeping and Custody

All securities transactions entered into by the District or by the District's investment advisors, consultants or managers, shall be conducted on a delivery versus payment basis. All cash and securities in the District's portfolio shall be held in safekeeping the District's name by a third party bank trust department, acting as agent for the District under the terms of a custody agreement executed by the bank and the District. The only exception to the foregoing shall be depository accounts and securities purchases made with: (i) LAIF, (ii) local government investment pools, and (iii) money market mutual funds, since these securities are not deliverable. Evidence of each of these investments will be held by the District Director of Finance.

19.4.14 Statement of Investment Policy

The Director of Finance shall submit the Investment Policy for review by the Finance and Administration Committee annually. Any recommended changes to the policy shall also be considered by the Board of Directors at a public meeting.

19.4.15 Maximum Maturity

Investment maturities shall be based on review of cash flow forecasts. Maturities will be scheduled so as to permit the District to meet all projected obligations.

No investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement, that at the time of the investment has a term remaining to maturity in excess of five years, unless the Board has granted express authority to make that investment no less than three months prior to the investment.

19.4.16 Competitive Bidding Procedures

A competitive process shall be used to conduct investment transactions whenever possible. When purchasing a security, the District, or its advisor, will select the security which provides (a) the highest rate of return among the comparable securities, and (b) optimizes the investment objectives of the overall portfolio. When selling a security, the District, or its advisor, will select the bid which generates the highest price.

It will be the responsibility of the personnel involved with each purchase/sale to document and retain written records of each transaction.

19.5 DEBT MANAGEMENT POLICY

19.5.1 Introduction

The Padre Dam Municipal Water District (District) funds its capital projects and meets other financing needs through a combination of current revenues, available reserves, and prudently issued debt. This policy, approved by the District's Board of Directors (Board), documents the goals and guidelines of the District for the issuance and use of debt instruments to carry out its stated mission:

"The District's mission is to provide quality water, recycled water, park and recreational facilities and wastewater management services for its customers. The District accomplishes this mission in the most cost-effective manner possible, earning customer and community respect."

The District is committed to long-term capital and financial planning through its Five Year Business Plan and Budget as well as its 10-Year Strategic Plan. These plans are reviewed periodically to endorse prudent financial management and an updated capital replacement & improvement spending plan is presented to the Board annually with staff analysis of why projects have been reprioritized. The issuance of debt by the District to finance major capital projects or to refinance existing obligations will only occur after the transaction is evaluated and found to be fiscally prudent and responsible under the prevailing economic conditions. Debt will not be issued without prior approval by the Board.

19.5.2 Purpose of Policy

The purpose of this debt management policy is to establish parameters for issuing debt; provide guidance to decision makers with respect to options available to finance capital projects and support other financing needs so that the most prudent, equitable and cost effective method of financing can be chosen; and promote objectivity in the decision-making process.

The District will adhere to the following legal requirements for the issuance of debt:

- State law which authorizes the issuance of the debt;
- Federal and state laws which govern the eligibility of the debt for tax-exempt status;
- Federal and state laws which govern the issuance of taxable debt;
- Federal and state laws which govern disclosure, sale, and trading of the debt both before and subsequent to issuance; and
- Generally Accepted Accounting Principles (GAAP).

19.5.3 Purpose and Use of Debt

The District will use reasonable debt financing as an acceptable approach to fund long-term improvements and thus ensure intergenerational equity between existing and future customers. Long-term improvements include the acquisition of land, facilities, infrastructure, new supplies of water, new treatment options and enhancements or expansions to existing capacity and facilities. Debt can be issued

to fund project planning, pre-design, design, land and/or easement acquisition, construction, equipment and other costs as permitted by law. The District will not issue debt to cover operating needs, unless specifically approved by the Board.

District staff, including the General Manager and the Director of Finance, will work in conjunction with its outside financial advisor to periodically evaluate the District's existing debt and recommend to the Board any such re-financing or prepayment (refunding) deemed economically beneficial. A refinancing may include the issuance of bonds to refund existing long-term or short-term obligations. All debt issuance or refunding proposals made by the District involving a pledge or other extension of the District's credit through the sale of securities, execution of loans or leases, or making of guarantees or otherwise involving directly or indirectly the lending or pledging of the District's credit shall be reviewed by the District and its financial advisor. District staff shall be responsible for analyzing the debt financing proposal to determine if it is beneficial to the District and complies with the its long-term financial planning objectives, including maintaining or improving the current credit ratings assigned to outstanding debt by the major credit rating agencies.

The proceeds of any debt obligation shall be expended only for the purpose for which it was authorized. Debt may only be issued under Board authorization and when the District has appropriated sufficient funds to pay the obligation of principal and interest. No debt shall be issued with a maturity date greater than the expected weighted average useful life of the facilities or improvements being financed. The final maturity of any long-term debt generally shall be limited to 30 years after the date of issuance, with exceptions requiring staff analysis and specific approval by the Board as to the rationale for extending beyond 30 years.

19.5.4 Debt Management

The District will provide for a periodic review of its financial performance and review its performance relative to the financial policies outlined herein. These financial policies will be taken into account during the capital planning, budgeting, and rate setting processes. Necessary appropriations for annual debt service requirements will be reflected within the District's budget. The District will maintain proactive communication with the investment community, including rating agencies and investors, to ensure future capital market access at the lowest possible interest rates. The District's Debt Management Policy will be considered in the decision-making framework utilized in the preparation of the District's Five Year Business Plan and Budget and ongoing capital improvement program planning.

Proceeds of bond sales or other authorized long-term or short-term debt will be invested until used for the intended project(s) in order to maximize utilization of the public funds. The investments will be made to obtain the highest level of safety. District staff will oversee the investment of bond proceeds avoid or minimize any potential negative arbitrage over the life of the bond issuance, while complying with arbitrage and tax provisions.

The proceeds will be deposited and recorded in separate accounts to ensure funds are not comingled with other forms of District cash. The District's trustee bank will administer the disbursement of proceeds pursuant to each outstanding Indenture or Installment Purchase Agreement. Requisition for the disbursement of bond proceeds will be approved by the District's General Manager or Director of Finance.

District staff will monitor dedicated debt reserve fund balances and periodically review the advisability of prepayment or refunding of related debt. The financial advantages of a current refunding must outweigh

the cost of reissuing new debt. A potential refunding will be assessed in combination with any new capital projects requiring financing, and the benefits of the refunding will be evaluated in relation to its costs and risks.

19.5.5 Debt Coverage Target

The District will not engage in debt financing unless the proposed obligation, when combined with all existing debts, will result in acceptable debt ratios. In determining the affordability of proposed revenue bonds, the District will perform an analysis comparing projected annual net revenues, after payment of operating and maintenance (O&M expense), to estimated annual debt service and estimated debt coverage ratio. The debt coverage ratio is the amount of cash flow available to meet annual interest and principal payment on debt.

The District's existing bond covenants require a legal debt coverage ratio of at least 120% for Parity Debt and 105% including adjustments for District Reserves and District Rate Stabilization Funds. The District has established Rate Stabilization Funds to assist in meeting the legally required coverage levels. The District's objective is to maintain coverage levels above the legally required minimum to sustain financial stability and result in a high quality credit rating.

19.5.6 Debt Structuring

In structuring a debt issuance, the District will manage the amortization of debt, and to the extent possible, match its cash flow to the anticipated debt service payments. The District will evaluate the debt structure and amortization period on an issue-by-issue basis with the objective of structuring debt with level principal and interest payments over the life of the borrowing unless varying debt payments makes operational sense.

19.5.7 Types of Debt

The District may consider the issuance of certificates of participation/revenue bonds, variable rate bonds, state revolving fund (SRF) loans, bank loans, notes, commercial paper, direct placements, capital leases, lease-purchase financing, and federal loans that may be available through the Water Infrastructure Finance and Innovation Act (WIFIA). The weighted average useful life of the asset(s) or project shall exceed the payout schedule of any debt the District assumes. A definition on each type of debt is provided in Appendix A.

In addition to the aforementioned long and short term financing instruments, the District may consider joint arrangements with other governmental agencies to take advantage of cost sharing opportunities, potential joint projects and coordination to leverage grants and funding sources. The District is also authorized to join with other special districts and/or municipal agencies to create a separate entity, a Joint Powers Authority (JPA), to issue debt on behalf of the District, the special district or municipality. The District will only be liable for its share of debt service, as specified in a contract executed in connection with the joint venture debt.

19.5.8 Credit Enhancement

Credit enhancement may be used to improve or establish a credit rating on a District debt obligation. Types of credit enhancements may include letters of credit, bond insurance or surety policies. The Board

may be asked to authorize a credit enhancement if it reduces the overall cost of the proposed financing or if, in the opinion of the General Manager or Director of Finance, the use of such credit enhancement furthers the District's overall financial objectives.

19.5.9 Debt Service Reserve Fund

The District generally will size any new debt issuance such that a debt service reserve fund is established at the time of issuance. On a case-by-case basis, assuming there is no economic or credit disadvantage, the District may issue bonds without a debt service reserve fund or a reserve that is sized at a lower level.

19.5.10 Call Options/Redemption Provisions

District staff will evaluate and recommend to the Board the use of a call option, if any, and call protection period for each issuance. A call option, or optional redemption provision, gives the District the right to prepay or retire debt prior to its stated maturity. This option may permit the District to achieve interest savings in the future through refunding of the bonds. The cost of call options can vary widely, depending largely on market conditions, an evaluation of factors, such as the call premium, time until the bonds may be called at a premium or at par, and interest rate volatility.

19.5.11 Capitalized Interest

Generally, interest shall be capitalized for the construction period of a revenue-producing project as debt service expense does not begin until the project is expected to be operational and producing revenues. In addition, for lease back arrangements, such as those used for lease revenue bond transactions, interest may be capitalized for the construction period, until the asset is operational. Only under extraordinary circumstances may interest be capitalized for a period longer than the construction period.

19.5.12 Credit Ratings

The District will seek to maintain the highest possible credit ratings that can be achieved for debt instruments without compromising the District's policy objectives. Ratings are a reflection of the general fiscal soundness of the District and the capabilities of its management. Maintaining the highest possible credit ratings allows the District to issue debt at a lower interest cost. To enhance creditworthiness, the District is committed to prudent financial management, systematic capital planning, and long-term financial planning. The District recognizes that external economic, natural, or other events may from time to time affect the creditworthiness of its debt. Each proposal for new debt will be analyzed for its impact upon the District's debt rating on its outstanding debt.

19.5.13 Rating Agency Relationships

District staff shall be responsible for maintaining professional relationships with the rating agencies including S&P Global Ratings, Moody's Investors Service, and Fitch Ratings, as appropriate. This effort shall include providing periodic updates, both formal and informal, on the District's general financial condition and coordinating meetings and presentations in conjunction with a new debt issuance, when determined necessary. Written disclosure documents to the rating agencies shall be provided by District staff. The retention of a rating agency relationship will be based on a determination of the potential for more favorable interest costs as compared to the direct and indirect cost of maintaining that relationship.

19.5.14 Bond Ratings

District staff, working with the District's financial advisor, shall be responsible for determining whether a rating shall be requested on a particular financing, and which of the major rating agencies shall be asked to provide such a rating.

19.5.15 Method of Sale

The District will select the method of sale that best fits the type of debt being issued, market conditions, and the desire to structure maturities to enhance the overall performance of the entire debt portfolio.

Three general methods exist for the sale of municipal bonds:

- I. Competitive sale. Bonds are marketed to a wide audience of investment banking (underwriting) firms. The underwriter is selected based on its best bid for its securities. The District will award the sale of the competitively sold bonds on a true interest cost (TIC) basis. Pursuant to this policy, District staff are authorized to sign the bid form on behalf of the District fixing the interest rates on bonds sold on a competitive basis.
- II. Negotiated sale. District staff selects the underwriter, or team of underwriters, of its securities in advance of the bond sale. District staff works with the underwriter to bring the issue to market and negotiates all rates and terms of the sale. In advance of the sale, District staff will determine compensation for and liability of each underwriter employed and the designation rules and priority of orders under which the sale itself will be conducted. Pursuant to this policy, the General Manager or his designee (typically the Director of Finance) will be authorized to sign the bond purchase agreement on behalf of the District, fixing the interest rates on bonds sold on a negotiated basis.
- III. Private placement. The District may elect to issue debt on a private placement bases. Such method shall be considered if it is demonstrated to result in cost savings or provide other advantages relative to other methods of debt issuance, or of it is determined that access to the public market is unavailable and timing considerations require that a financing be completed.

19.5.16 Roles and Responsibility

The primary responsibility for developing debt financing recommendations rests with the Director of Finance. In developing such recommendations, consideration should be given to the need for debt financing and an assessment of the progress on the District's Five Year Business Plan & Budget and any other program/improvement deemed necessary by the District. The Board will authorize and approve debt financing and/or debt service related recommendations and proposals.

All proposed debt financings shall be presented to the Board through the Finance and Administrative Services Committee and subsequently approved by the full Board. Debt is to be issued pursuant to the authority of and in full compliance with provisions, restrictions and limitations of the Constitution and laws of the State of California.

19.6.17 Bond Counsel

The District will retain external bond counsel for all debt issues. As part of its responsibility to oversee and coordinate the marketing of all District indebtedness, District staff shall make recommendations for approval by the Board on the retention of bond counsel.

Bond counsel will prepare the necessary authorizing resolutions, agreements and other documents necessary to execute the financing. All debt issued by the District will include a written opinion by bond counsel affirming that the District is authorized to issue the debt, stating that the District has met all state constitutional and statutory requirements necessary for issuance, and determining the debt's federal income tax status.

19.6.18 Financial Advisors

The District will select financial advisors who may either be independent financial advisors or firms who engage in municipal bond underwriting or brokerage services. While serving as the District's financial advisor, a firm may not also engage in the underwriting of the District's debt issuance for which that firm also acts as financial advisor. A firm may also not switch roles (i.e., from financial advisor to underwriter) after a financial transaction has begun. Financial advisors shall be selected through a competitive process after a review of proposals by District staff.

During the contract term of any party acting as financial advisor, neither the firm nor any individual employed by that firm will perform financial advisory, investment banking or similar services for any entity other than the District in transactions involving a financial commitment of the District without the specific direction of District staff.

The financial advisor will advise the District on refunding opportunities for current outstanding debt, as well as assist in evaluating the merits of competitive, negotiated or private placement of new debt, and determining the most appropriate structure to ensure effective pricing that meets the District's near-term and long term cash flow needs. The financial advisor will work with all parties involved in the financing transaction, including the District's bond counsel, trustee, underwriters, credit liquidity providers, to develop and monitor the financing schedule and preparation of the Official Statement. The financial advisor will assist the District in developing and distributing bid specifications for desired services as, trustee and paying agents, printing, remarketing and credit liquidity service providers, and assist the District in its review process. The District also expects its financial advisor to provide objective advice and analysis, maintain confidentiality of the District's financial plans, and be free from any conflict of interest.

19.5.19 Underwriters

For negotiated sales, the District will generally select or pre-qualify underwriters through a competitive process. This process may include a request for proposal or qualifications to all firms considered appropriate for the underwriting of a particular issue or type of bonds. District staff will determine the appropriate method to evaluate the underwriter submittals and then select or qualify firms on that basis. The District will not be bound by the terms and conditions of any underwriting agreement, oral or written, to which it was not a party.

19.5.20 Federal Arbitrage and Rebate Compliance

The District will fully comply with federal arbitrage and rebate regulations. Concurrent with this policy, District staff will take all permitted steps to minimize any rebate liability through proactive management in the structuring and oversight of its individual debt issues. All of the District's tax-exempt issuances are subject to arbitrage compliance regulations.

The District's Finance Department shall be responsible for the following:

- I. Monitoring the expenditure of bond proceeds to ensure they are used only for the purpose and authority for which the bonds were issued and exercising best efforts to spend bond proceeds in such a manner that the District shall meet one of the spend-down exemptions from arbitrage rebate. Tax-exempt bonds will not be issued unless it can be demonstrated that 85% of the proceeds will be expended within the three-year temporary period.
- II. Monitoring the investment of bond proceeds with awareness of rules pertaining to yield restrictions. Maintaining detailed investment records, including purchase prices, sale prices and comparable market prices for all securities.
- III. Contracting the services of outside arbitrage consultants to establish and maintain a system of record keeping and reporting to meet the arbitrage rebate compliance requirements of federal tax code.

To the extent any arbitrage rebate liability exists, the District will report such liability in its annual Comprehensive Annual Financial Report (CAFR).

19.5.21 Continuing Disclosure

The District will meet secondary disclosure requirements in a timely and comprehensive manner, as stipulated by the Securities Exchange Commission (SEC) Rule 15c2-12 and consistent with the District's Standard Operating Procedure for Compliance with Security Exchange Commission Rule 15c2-12 (Exhibit B). The Director of Finance shall be responsible for providing ongoing disclosure information to the Municipal Securities Rulemaking Board's (MSRB's) Electronic Municipal Market Access (EMMA) system, the central depository designated by the SEC for ongoing disclosures by municipal issuers. The District will provide financial information and operating data annually, no later than 270 days following the end of the District's fiscal year, and will provide notice of certain enumerated events with respect to the bonds, if material, as defined in the District's bond covenants.

The District will keep current with any changes to the administrative aspects of its filing requirements and the national repositories responsible for ensuring issuer compliance with the continuing disclosure regulations. In the event of a "material event" requiring immediate disclosure, the District will work with its Dissemination Agent to ensure dissemination of the information to the appropriate disclosure notification parties.

19.5.22 Compliance with Bond Covenants

In addition to financial disclosure and arbitrage compliance, once the bonds are issued, the District is responsible for verifying compliance with all undertakings, covenants, and agreements of each bond issuance on an ongoing basis. This typically includes ensuring:

- Annual appropriation of revenues to meet debt service payments
- Timely transfer of debt service payments to the trustee or paying agent
- Compliance with insurance requirements
- Compliance with rate covenants where applicable
- Compliance with all other bond covenants

On an annual basis, the Finance Department will prepare all required debt-related schedules and footnotes for inclusion in the District’s Annual Financial Statements. The statements shall describe in detail all funds and fund balances established as part of any direct debt financing of the District. The statements may also contain a section on any rate covenants contained in any direct offering of the District and whether or not such covenants have been satisfied.

19.5.23 Policy Review

On an as needed basis, the Director of Finance will be responsible for updating and revising this Policy, and present any recommended revisions to the Board’s Finance and Administrative Services Committee prior to requesting adoption by the full Board.

**APPENDIX A
PADRE DAM MUNICIPAL WATER DISTRICT
TYPES OF AUTHORIZED DEBT**

The following types of debt may be utilized by Padre Dam Municipal Water District:

Certificates of Participation / Revenue Bonds

Certificates of Participation (COPs) or revenue bonds issued by the District are long-term obligations issued to fund a specific project or purpose. The District will generally issue COPs or revenue bonds on a fixed interest rate basis, wherein at the time of the bond sale all interest rates are known and do not change while those bonds are outstanding. Particular conditions may arise where the District would consider the use of variable interest rate bonds. Variable interest rate bonds have interest rates that reset on a periodic basis (e.g. daily, weekly, monthly, etc.). Revenue bonds and COPs are payable solely from District revenues in accordance with the agreed upon bond covenants.

Short Term Debt

Pending the issuance of bonds the Board may authorize the issue of short term debt. Short-term borrowing may be utilized for the temporary funding of operational cash flow deficits or anticipated revenues, where anticipated revenues are defined as an assured revenue source with the anticipated amount based on conservative estimates. District staff will determine and utilize the least costly method for short-term borrowing. Short-term debt may include commercial paper, fixed-rate notes and floating rate obligations with a maturity of 13 months or less.

Letters of Credit

The District shall have the authority to enter into a letter-of-credit agreement when such an agreement is deemed prudent and advantageous. Only those financial institutions with long-term or short-term credit ratings greater than or equal to that of the District, may participate in the District's letter of credit agreements.

State Revolving Funds

The State Revolving Fund (SRF) loan is a low or zero interest loan program made available for specific construction projects. SRF loans are generally structured such that the District is required to contribute a percentage of the total project cost and receives loan proceeds from the State of California for the balance. The SRF loan interest rate is calculated by taking half of the True Interest Cost (TIC) of the most recent sale of State General Obligation Bonds. The term of the loans can be 20 or, if applicable, an extended financing term of 30 years. SRF Loans may provide additional assistance in the form of principal forgiveness. Principal forgiveness must be specified at the execution of the loan agreement for the amount forgiven to be counted against the total loan required to be provided by the SRF.

Water Infrastructure Finance and Innovation Act (WIFIA)

The Water Infrastructure Finance and Innovation Act of 2014 (WIFIA) established the WIFIA program, a federal credit program administered by EPA for eligible water and wastewater infrastructure projects. The WIFIA program can fund development and implementation activities for eligible projects, including wastewater conveyance and treatment projects that are eligible for the Clean Water SRF; drinking water treatment and distribution projects that are eligible for the Drinking Water SRF; enhanced energy efficiency projects at drinking water and wastewater facilities; brackish or seawater desalination, aquifer recharge, alternative water supply, and water recycling projects; drought prevention, reduction, or mitigation projects; acquisition of property if it is integral to the project or will mitigate the environmental impact of a project. The minimum project size is \$20 million and a WIFIA loan can fund up to 49% of an eligible project cost with a maximum final maturity date of 35 years after the date of substantial project completion.

Variable Rate Debt

Variable rate debt is an alternative to fixed rate debt. It may be appropriate to issue short-term or long-term variable rate debt to diversify the District's debt portfolio, reduce interest costs, provide interim funding for capital projects and improve the match of assets to liabilities. Variable rate debt typically has a lower cost of borrowing than fixed rate financing and shorter maturities. The District may consider variable rate debt when fiscally prudent. The District will maintain a conservative level of outstanding variable debt in consideration of general rating agency guidelines in addition to maintaining adequate safeguards against risk and managing the variable revenue stream. Under no circumstances will the District issue variable rate debt solely for the purpose of earning arbitrage.

19.6 **DISCLOSURE POLICY**

19.6.1 **Purpose of Policy**

This Disclosure Policy is intended to ensure that the District is in compliance with all applicable federal and state securities laws. Although not required by law, the SEC encourages municipal issuers to adopt such a policy to help avoid disclosure problems. The District’s Board of Directors (Board) shall approve this policy. The Director of Finance shall serve as Disclosure Coordinator for the District and is responsible for ensuring adherence to this policy.

19.6.2 **Review and Approval of Official Statements**

The Disclosure Coordinator of the District shall review any Official Statement prepared in connection with any debt issuance by the District in order to ensure there are no misstatements or omissions of material information in any sections that contain descriptions of information prepared by the District.

In connection with its review of the Official Statement, the Disclosure Coordinator shall consult with third parties, including outside professionals assisting the District, and all members of District staff, to the extent that the Disclosure Coordinator concludes they should be consulted so that the Official Statement will include all “material” information (as defined for purposes of federal securities law).

As part of the review process, the Disclosure Coordinator shall submit all Official Statements to the Board for approval. The cover letter used by the Disclosure Coordinator to submit the Official Statements shall be in substantially the form of Exhibit A.

The approval of an Official Statement by the Board shall be agendized as a new business matter and shall not be approved as a consent item. The Board shall undertake such review as deemed necessary by the Board, following consultation with the Disclosure Coordinator, to fulfill the Board’s responsibilities under applicable federal and state securities laws. In this regard, the Disclosure Coordinator shall consult with the District’s disclosure counsel to the extent the Disclosure Coordinator considers appropriate.

19.6.3 **Continuing Disclosure Filings**

Under the continuing disclosure undertakings that the District has entered into in connection with its debt offerings, the District is required each year to file annual reports with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (“EMMA”) system in accordance with such undertakings. Such annual reports are required to include certain updated financial and operating information, and the District’s audited financial statements. The District is also required under its continuing disclosure undertakings to file notices of certain events with EMMA.

The Disclosure Coordinator is responsible for establishing a system (which may involve the retention of one or more consultants) by which:

- (i) the District will make the annual filings required by its continuing disclosure undertakings on a complete and timely basis, and
- (ii) the District will file notices of enumerated events on a timely basis.

19.6.4 Public Statements Regarding Financial Information

Whenever the District makes statements or releases information relating to its finances to the public that are reasonably expected to reach investors and the trading markets, the District is obligated to ensure that such statements and information are complete, true, and accurate in all material respects.

19.6.5 Training

The Disclosure Coordinator shall ensure that the members of the District staff involved in the initial or continuing disclosure process and the Board are properly trained to understand and perform their responsibilities.

The Disclosure Coordinator shall arrange for disclosure training sessions conducted by the District's disclosure counsel. Such training sessions shall include education on these Disclosure Procedures, the District's disclosure obligations under applicable federal and state securities laws and the disclosure responsibilities and potential liabilities of members of the District's staff and members of the Board. Such training sessions may be conducted using a recorded presentation.

EXHIBIT A
Form of Staff Report

To: Padre Dam Board of Directors

From:

Date:

This Staff Report relates to the proposed issuance of _____ (the "Obligations") by the District. The Board of Directors (Board) is asked to approve issuance of the Obligations and all related documents. The near-final versions of these documents are attached.

The attached Preliminary Official Statement has been reviewed and approved for transmittal to the Board by the District's financing team. The distribution of the Preliminary Official Statement by the District is subject to federal securities laws, including the Securities Act of 1933 and the Securities Exchange Act of 1934. These laws require the Preliminary Official Statement to include all facts that would be material to an investor in the Obligations. Material information is information that there is a substantial likelihood would have actual significance in the deliberations of the reasonable investor when deciding whether to buy or sell the Obligations. If the Board concludes that the Preliminary Official Statement includes all facts that would be material to an investor in the Obligations, it must adopt a resolution that authorizes staff to execute a certificate to the effect that the Preliminary Official Statement has been "deemed final."

The Securities and Exchange Commission (the "SEC"), the agency with regulatory authority over the District's compliance with the federal securities laws, has issued guidance as to the duties of the Board with respect to its approval of the Preliminary Official Statement. In its "Report of Investigation in the Matter of County of Orange, California as it Relates to the Conduct of the Members of the Board of Supervisors" (Release No. 36761 / January 24, 1996) (the "Release"), the SEC indicated that, if a member of the City Council (Board) has knowledge of any facts or circumstances that an investor would want to know about prior to investing in the Obligations, whether relating to their repayment, tax-exempt status, undisclosed conflicts of interest with interested parties, or otherwise, he or she should endeavor to discover whether such facts are adequately disclosed in the Preliminary Official Statement. In the Release, the SEC indicated that the steps that a member of the City Council (Board) could take include becoming familiar with the Preliminary Official Statement and questioning staff and consultants about the disclosure of such facts.

Set forth below is a summary of the financing, including cross-references to specific sections of the Preliminary Official Statement.

Section 1. *Purpose of Financing.*

Section 2. *Documents for Approval; Security for the Obligations.*

Section 3. *Risks Relating to Repayment and Tax-Exempt Status of the Obligations.*

Section 4. *Requested Approvals.*

List of Ordinance amending Section 19:

95-8	adopted 09/26/95
95-18	adopted 12/12/95, Section 19.1.3, Unrestricted Cash Funds
97-4	adopted 04/08/97
97-8	Replaces Ord. No. 97-4, adopted 07/22/97, Section 19.1.3, Unrestricted Cash Funds; Section 19.4, Investment Policy; Section 19.4 Investment Policy; Section 19.4.3, Objectives; Section 19.4.4, Delegation of Authority; Section 19.4.5, Finance Committee; Section 19.4.6, Reporting; Section 19.4.7, Authorized Investment Instruments; Section 19.4.8, Ineligible Investments; Section 19.4.9, Swaps; Section 19.4.10, Loss of value or Credit Quality; Section 19.4.11, Approved Broker/Dealer List; Section 19.4.12, Risk Tolerance
98-11	adopted 11/ 24/98, Section 19.4, Investment Policy; Section 19.4.7, Authorized Investment Instruments
99-09	adopted 11/23/99, Section 19.1, Fund Structure; Section 19.2, District Cost Allocation and Billing Rates; Section 19.3, Subventions; Section 19.4, Investment Policy; Section 19.4.7, Authorized Investment Instruments
2000-14	adopted 12/19/00, Section 19.4, Investment Policy; Section 19.4.3, Objectives; Section 19.4.7, Authorized Investment Instruments
2002-01	adopted 01/08/02, Section 19.4, Investment Policy; Section 19.4.7, Authorized Investment Instruments.
2003	Reviewed by PFM on 12/4/02; no revisions recommended. Note and File to Board on 01/14/03.
2004-01	adopted 01/13/04, amending Sections 19.4.3, 19.4.4, 19.4.5 and 19.4.7.
2004-08	adopted 12/14/04 amending Section 19.4.7, effective 1/13/05.
2005-08	adopted 12/13/05, effective 1/1/06.
2008-02	adopted 2/12/08, effective 3/13/08
2011-04	adopted 6/14/11, amending Section 19.4, effective 6/15/11
2013-08	adopted 12/18/13, rewrite of Section 19
2014-06	adopted 12/3/14, annual review amending various sections
2015-01	adopted 1/21/15, amending Section 19.1.3, Designated Cash Funds
2016-03	adopted 2/3/16, annual review amending various sections
2017-02	adopted 4/19/17, annual review amending Section 19.1.3, Designated Cash Funds; 19.4, Investment Policy; and adding Sections 19.5 and 19.6, Debt and Disclosure Policies
2020-02	adopted 2/5/20, annual review with minor edits to various sections, effective immediately.
2021-02	Adopted 4/21/21, amending Section 19.1.3, establishing a new Designated CIP Fund, effective immediately.

2023-__ Adopted _____, annual review with minor edits to various sections and clarifying language, effective immediately.



COMMITTEE AGENDA REPORT

Meeting Date: 03-27-2023
Dept. Head: Karen Jasso
Submitted by: Karen Jasso
Department: Finance
Approved by: Kyle Swanson, CEO/GM

SUBJECT: PURCHASING AUTHORITY LIMITS AND OTHER UPDATES TO THE PURCHASING POLICY, SECTION 18 OF THE DISTRICT'S STANDARD PRACTICES & POLICIES

RECOMMENDATION(S):

Recommend to the Board approval of staff's recommended increases in Purchasing Authority Levels along with other proposed amendments to the Purchasing Policy.

ALTERNATIVE(S):

Keep current Purchasing Authority Levels.

ATTACHMENT(S):

- 1. Redlined Purchasing Policy
- 2. Purchasing Procedures

FUNDING:

Requested amount: None
Budgeted amount: None
Are funds available? Yes No
Project cost to date:

PRIOR BOARD/COMMITTEE CONSIDERATION:

STRATEGIC PLAN IMPLEMENTATION:

This agenda item is consistent with the District's Strategic Business Plan and meets one or more of the following Strategic Objectives: Customer Experience; Fiscal Stability; Operational Excellence, Sustainability and Resource Management; Talent Management; Technology and Innovation.

Reviewed by:	Action Required:	Policy Updates:	Action Taken:
Dept Head <input checked="" type="checkbox"/>	Motion <input checked="" type="checkbox"/>	Rules & Regulations <input type="checkbox"/>	As Recommended _____
Finance <input type="checkbox"/>	Resolution <input type="checkbox"/>	Standard Practices & Policies <input checked="" type="checkbox"/>	Reso/Ord. No. _____
Legal Counsel <input type="checkbox"/>	Ordinance <input type="checkbox"/>		Other _____
Standard Form <input type="checkbox"/>	None <input type="checkbox"/>		

EXECUTIVE SUMMARY:

Staff recommends increasing the District’s purchasing authority levels as shown in this agenda report and in the attached red-lined Policy (Attachment 1). These levels have not increased in over 30 years while commodity prices and rates for professional services have more than doubled. Increasing the purchasing authority levels will decrease procurement costs and increase operational efficiency. Other minor Policy updates have been recommended to streamline the Policy and address procedural changes in the process.

DESCRIPTION:

The ultimate authority to make District purchases rests with the Board of Directors. The Board delegates this authority to the General Manager who further delegates it to others as specified in the District’s Purchasing Policy (Policy). Table 1, from Section 18.3 of the Policy, outlines the current levels of purchasing authority granted by the Board. The intention behind delegating authority to approve purchases to specific staff, based on the value of the purchase, is to allow District business to carry on effectively and efficiently. In the absence of this delegation of authority, all District purchases would need to be agendized and approved by the Board before incurred which would be impractical and would severely impede District operations.

Table 1 – Current Purchasing Authority Limits

Authorized Purchaser	Approval Required	Purchasing Criteria
Board of Directors	Over \$50,000	Any item
General Manager	Over \$35,000 to \$ 50,000	Must be within budget
Departmental Directors	Over \$15,000 to \$ 35,000	Must be within budget
Cost Center Managers	Over \$ 15,000	Must be within budget
Purchasing Processors	Up to \$ 2,500	Must be within budget
Finance & Operations Directors	Actual Amount	Water, sewer, electricity, METRO, CWA, PERS, OPEB, loan payments
Director of Engineering	Actual Amount	Refunds of unused developer fees and deposits
Director of Human Resources	Contracted Amount	Insurance payments (i.e. health, life, dental)
GM / Management	N/A	May submit any lower amount for Board consideration.

While the delegation of purchasing authority addresses the need for efficient, cost effective methods of purchasing, it also requires employees to be responsible and accountable. Employees must always make prudent buying decisions, based on a reasonable level of research. The District’s Purchasing Procedures (Attachment 2), which supplement the Policy, defines the specific methods of purchasing and allows employees with authority to operate within certain limits while maintaining sound internal controls.

NEED FOR POLICY ADJUSTMENT:

The purchasing authority limits shown in Table 1 above have not been increased in over 30 years. Over the same period, commodity prices and rates for professional services have more than doubled. Consequently, the limits have become increasingly more restrictive which runs counter to the intention behind the delegation of authority.

Table 2 below lists the Engineering News-Record (ENR) Building Cost Index (BCI) and Construction Cost Index (CCI) for Los Angeles for the last 30 years (December to December). The ENR indexes measure how much it costs to purchase a hypothetical package of goods compared to what it was in the base year. The difference between the CCI and the BCI is that the CCI uses 200 hours of common labor rates while the BCI includes 63.368 hours of skilled labor rates; both indexes use the same materials component. The CCI can be used where labor costs are a high proportion of total costs while the BCI is more applicable for structures. From December 1992 to December 2022, the CCI and BCI have increased by 115% and 149% respectively. Due to unprecedented inflation over just the past two years, the CCI and BCI have increased by 13% and 25% respectively.

Table 2 – ENR Indexes

Year	Month	Building Cost Index	% Change	Construction Cost Index	% Change
2022	December	7,962.07	10.4%	13,664.79	5.8%
2021	December	7,208.99	13.2%	12,911.66	7.0%
2020	December	6,365.59	0.0%	12,068.22	0.3%
2019	December	6,368.01	0.3%	12,034.19	0.2%
2018	December	6,345.93	1.2%	12,011.85	0.6%
2017	December	6,269.90	3.4%	11,935.82	3.3%
2016	December	6,066.40	4.1%	11,555.03	3.9%
2015	December	5,825.91	2.2%	11,117.28	3.4%
2014	December	5,698.75	2.3%	10,747.68	0.1%
2013	December	5,570.08	0.9%	10,738.68	4.6%
2012	December	5,522.98	2.1%	10,270.93	1.8%
2011	December	5,411.62	1.6%	10,088.80	0.8%
2010	December	5,327.12	5.3%	10,004.30	2.5%
2009	December	5,060.58	-1.2%	9,763.69	-0.6%
2008	December	5,120.08	6.6%	9,823.19	7.0%
2007	December	4,802.44	1.6%	9,181.67	3.4%
2006	December	4,728.35	7.1%	8,878.97	3.6%
2005	December	4,416.86	6.3%	8,567.42	4.6%
2004	December	4,155.20	8.0%	8,192.14	8.8%
2003	December	3,847.30	1.6%	7,531.77	1.7%
2002	December	3,787.76	2.5%	7,402.75	2.4%
2001	December	3,694.24	0.4%	7,226.92	2.2%
2000	December	3,680.26	2.5%	7,068.04	3.5%
1999	December	3,591.01	-0.7%	6,825.97	-0.4%
1998	December	3,617.00	1.6%	6,851.95	2.8%
1997	December	3,560.53	3.9%	6,663.55	1.6%
1996	December	3,426.70	0.0%	6,558.44	0.5%
1995	December	3,427.26	0.2%	6,526.22	-0.1%
1994	December	3,420.42	2.6%	6,532.95	0.9%
1993	December	3,334.43	4.2%	6,477.84	2.0%
1992	December	3,198.66	3.3%	6,348.55	4.2%

Another challenge the District faces by requiring Board approval for more purchases has been exacerbated by today's market conditions. The delay caused by securing Board approval before a purchase can be made can result in price increases and unavailability of a product. In many cases vendors are only guaranteeing a price or quote for a week or two; if the purchase is not made in that time-frame, the supplier will requote it and often increase the price. In addition, there is significant competition for products; delaying a purchase can result in non-availability of a product which negatively impacts District operations.

In order to realize the benefits of delegating purchasing authority while maintaining reasonable authority limits, staff recommends increasing the purchasing authority levels to those shown in Table 3. Note that the format of the table has been updated. In addition, an exception was added for the General Manager to approve standard, recurring business expenses (e.g. Office 365 licenses, GIS licenses, OnBase, Munis, etc.).

Table 3 – Proposed Purchasing Authority

STANDARD PURCHASING AUTHORITY LEVELS		
Purchase Amount	Required Approval	Purchasing Criteria
Over \$100,000	Board of Directors	Any item
Over \$50,000 to \$100,000	General Manager	Must be within budget
Over \$20,000 to \$50,000	Departmental Directors	Must be within budget
Over \$5,000 to \$20,000	Cost Center Managers	Must be within budget
Up to \$5,000	Purchasing Processors	Must be within budget

EXCEPTIONS TO STANDARD PURCHASING AUTHORITY LEVELS		
Approver	Approval Limits	Purchasing Criteria
General Manager (GM)	Actual Amount	Standard, recurring business expenses (e.g. Office 365 licenses, GIS licenses, OnBase, Munis, etc.)
GM, CFO, Director of Operations	Actual Amount	Water and sewer fees and bills, electricity bills, CWA, Metro, PERS, OPEB, loan payments
GM, CFO, Director of Engineering	Actual Amount	Refunds of unused developer fees and deposits
GM, CFO, Director of Operations, Director of Human Resources	Actual Amount	Insurance payments (i.e. health, life, dental, property)

Benefits of increasing the purchasing authority limits include, but are not limited to:

- Improved efficiencies during the procurement process;
- Increased as-needed consultant utilization;
- Expedited purchasing for essential goods/services;
- Elimination of the need to issue project specific Requests for Proposals for smaller projects;
- Reduction in staff time and purchasing costs.

A few examples of how the current authority limits impede normal business operations include:

- Operations staff removed a pump from service and sent it to a repair shop to be disassembled, inspected and reconditioned. After the pump was disassembled the shop provided a quote for the needed machine work/parts and recondition job of \$62,611. Because the quote exceeded the GM approval authority, it required Board approval. This resulted in several weeks of lag time and a pump being out of service much longer than it should.
- Seven RFPs for Professional Engineering Services could be eliminated for Capital Improvement Program (CIP) studies during this Plan if the GM's authority is raised to \$100K. The level of effort for the RFP phase for a CIP project typically costs about \$10k and takes about four months to complete.
- New hardware purchases are required to improve performance and security of the IS network. Many of the equipment purchases are anticipated to exceed the GM's authority limit of \$50K which adds time and cost for each purchase.
- An as-needed professional services contract is negotiated for a not to exceed amount of \$20K per year. Because the contract is a three year contract, the total cost of the purchase would exceed the GM limit and would necessitate issuing an RFP and obtaining Board approval before finalizing the contract.
- Staff obtained quotes for the rental of equipment for an event. The cost for the selected vendor was under \$50K. Subsequently, it was determined an additional piece of equipment was needed for the event. The combined cost of the initial rental and the additional rental was over \$50K. Consequently Board approval would need to be secured before the additional piece of equipment could be rented.

Other examples of routine operational costs that now exceed \$50K include:

- HVAC replacements
- IPS Grinders replacement
- Various Motor replacements/reconditions
- Motor Control Center (MCC) replacements
- Switch gear replacement
- Various equipment at the WRF

Staff will continue to provide the Board and the public a monthly register of audited demands showing all purchases made. In addition, staff must follow the Purchasing Policy and Procedures and comply with the requirements of the Five Year Business Plan and Budget.

RECOMMENDATION(S):

Recommend to the Board approval of staff's recommended increases in Purchasing Authority Levels along with other proposed amendments to the Purchasing Policy.

SECTION 18 PURCHASING POLICY

	INDEX	Page
18.1	PURPOSE OF POLICY	2
18.2	LEGAL AND AUDIT REQUIREMENTS	2
18.3	PURCHASING AUTHORITY	3
18.4	PURCHASING PROCEDURE RESPONSIBILITY	4
18.5	COST EFFICIENCY	5
18.6	PURCHASE DEFINITION.....	5
18.7	DEFINITION OF BUDGET COMPLIANCE.....	6
18.8	EXPENDITURE CATEGORIES	6
18.8.1	Capital Assets.....	7
18.8.2	Materials and Supplies	9
18.8.3	External Service Providers	9
18.8.4	Other Services and Supplies	9
18.8.5	Real Property	10
18.9	CONSTRUCTION PROJECTS FUNDING POLICY.....	10
18.10	COOPERATIVE PURCHASING.....	10

SECTION 18 PURCHASING POLICY

18.1 PURPOSE OF POLICY

The Procurement Process is the means by which essential capital, construction, supplies and services are purchased to support the mission of the District. In addition to acquiring what is needed, it is of the utmost importance that the District spends ratepayer dollars responsibly and in the best interest of the community it serves. It is the policy of the District to set forth a comprehensive Purchasing Policy which achieves not only these goals but which:

- a. Expresses District values
- b. Addresses legal and audit requirements
- c. Specifies purchasing authority
- d. Defines purchasing responsibility
- e. Provides for a cost efficient level of control through decentralized purchasing
- f. Ensures good internal control, documentation and accountability for all expenditures

This Policy is based on the premise that all purchases will be made at the best possible price commensurate with quality. Purchases must be made in accordance with the District's Five Year Business Plan (Plan) and should not be made unless sufficient funds are available under the Five Year Budget (Budget). The highest ethical standards are to be maintained in all purchasing activities and employees must always make prudent buying decisions. The requirements and procedures for making specific types of purchases are outlined in the District's Purchasing Procedures (Procedures).

The CFO/Director of Finance (CFO) oversees all purchasing functions and is responsible for ensuring this ~~p~~Policy is followed. The CFO is also responsible for reviewing this Policy annually and proposing any updates to keep the Policy current. All proposed changes must be presented to and approved by the ~~fu~~ll-Board.

18.2 LEGAL AND AUDIT REQUIREMENTS

The Purchasing Policy and related Procedures:

- a. Identify and formalize District purchases so payment can be made in accordance with sound internal controls consistent with standard accounting and auditing principles.
- b. Implement the laws and regulations applicable to purchasing policies of local agencies as found in California statutes and regulations and/or federal law.

~~Updates to the~~Substantive updates to the Purchasing Policy and Procedures ~~that are substantive~~-(i.e. not merely grammatical or stylistic changes) will be reviewed by the District's General Counsel to ensure compliance with relevant laws.

18.3 PURCHASING AUTHORITY

The ultimate authority to make purchases for the District rests with the Board of Directors. The Board delegates this authority to the General Manager who further delegates it to others as specified in this Policy. ~~The chart below outlines the overall levels of purchasing authority and criteria.~~ Each department shall designate a “Purchasing Processor” to initiate purchase order requisitions which then go through the required level of approvals. Several departments may utilize one processor and larger departments may require more than one.

The chart below outlines the District’s standard purchasing authority levels as well as exceptions for certain routine, recurring purchases necessary for ongoing District operations (see 18.8.4). A comprehensive list of all disbursements made each month is submitted as an agenda item for the Board’s review and consent.

STANDARD PURCHASING AUTHORITY LEVELS		
Purchase Amount	Required Approval	Purchasing Criteria
<u>Over \$100,000</u>	<u>Board of Directors</u>	<u>Any item</u>
<u>Over \$50,000 to \$100,000</u>	<u>General Manager</u>	<u>Must be within budget</u>
<u>Over \$20,000 to \$50,000</u>	<u>Departmental Directors</u>	<u>Must be within budget</u>
<u>Over \$5,000 to \$20,000</u>	<u>Cost Center Managers</u>	<u>Must be within budget</u>
<u>Up to \$5,000</u>	<u>Purchasing Processors</u>	<u>Must be within budget</u>

EXCEPTIONS TO STANDARD PURCHASING AUTHORITY LEVELS		
Approver	Approval Limits	Purchasing Criteria
<u>General Manager (GM)</u>	<u>Actual Amount</u>	<u>Standard, recurring business expenses (e.g. Office 365 licenses, GIS licenses, OnBase, Munis, etc.)</u>
<u>GM, CFO, Director of Operations</u>	<u>Actual Amount</u>	<u>Water and sewer fees and bills, electricity bills, CWA, Metro, PERS, OPEB, loan payments</u>
<u>GM, CFO, Director of Engineering</u>	<u>Actual Amount</u>	<u>Refunds of unused developer fees and deposits</u>
<u>GM, CFO, Director of Operations, Director of Human Resources</u>	<u>Actual Amount</u>	<u>Insurance payments (i.e. health, life, dental, property)</u>

Authorized Purchaser	Approval Required for all Purchases	Purchasing Criteria
<u>Board of Directors</u>	<u>Over \$50,000</u>	<u>Any item</u>
<u>General Manager</u>	<u>Over \$35,000 to \$50,000</u>	<u>Must be within budget</u>

Departmental Directors	Over \$15,000 to \$35,000	Must be within budget
Cost Center Manager	Up to \$15,000	Must be within budget
Purchasing Processor	Up to \$2,500	Must be within budget
Finance and Operations Directors	Actual Amount	Water, sewer, electricity, CWA, METRO, PERS, OPEB, loan payments
Director of Engineering	Actual Amount	Refunds of unused developer fees and deposits
Director of Human Resources	Contracted Amount	Insurance payments (i.e. health, dental, life, property, etc.)
General Manager/Management	N/A	May submit any lower amount for Board consideration.

For purposes of the Purchasing Policy, the term “within budget” means an expenditure that is consistent with the ~~Five Year Business Plan~~ including both expenditures specifically identified in the ~~Five Year Budget (Budget)~~ and as well as unforeseen necessary expenditures, as long as ~~the~~ department’s overall approved budget is not exceeded; this most likely requires ongoing reprioritization, ~~or~~ deferral of other budgeted items, or a budget transfer from another department.

Purchasing processors or managers cannot charge another cost center without first obtaining the approval of that cost center manager. Exceptions to this include recurring allocations of costs incurred by one department for the benefit of another department (e.g. legal costs, software allocations, inventory, etc.). While Directors have the authority to charge to any of the cost centers under their control, they should make their respective cost center managers aware of all expenditures made.

18.4 PURCHASING PROCEDURE RESPONSIBILITY

The CFO is responsible for maintaining detailed Purchasing Procedures (Procedures) to implement this Policy. These detailed Procedures define specific methods of purchasing and allow employees with purchasing authority to operate within certain limits while maintaining sound internal controls.

The Purchasing Procedures are created to be consistent with this Policy. It is expected that the Procedures will evolve over time and may be modified as better or more efficient methods are identified. Requests for changes must be approved by the CFO who will then issue a redline version and republish the procedures for staff use. Modifications to the Procedures do not require further Board action as long as the Procedures comply with Board Policy and sound internal controls.

18.5 COST EFFICIENCY

The responsibility for making prudent purchases that maximize the benefit to the District while minimizing costs rests with the authorized purchasers. Anyone who initiates a purchase for the District is responsible for the following:

- a. Complying with the District's purchasing policy and procedures;
- b. Making only prudent and necessary purchases;
- c. Completing all required paperwork and obtaining the required approval(s);
- d. Inspecting and accepting or rejecting items received;
- e. Notifying the Accounting department immediately of any items received that do not conform to the purchase order;
- f. Recording equipment model and serial numbers, and registering the purchase and warranty with the manufacturer;
- g. Taking reasonable steps to obtain items in the most cost effective manner and remain aware of the responsibility of spending public funds.

Department heads are responsible for ensuring their staff is in compliance with this Policy and related Procedures whenever making a purchase. ~~A purchase is not valid unless it is made in accordance with both the Purchasing Policy and Purchasing Procedures.~~

~~The CFO, assisted by the accounting staff, is responsible for monitoring total purchases to comply with the Budget and ensure sufficient funds are available to pay for authorized purchases in a timely manner. Likewise, department heads and cost center managers are responsible for monitoring their respective area's purchases in relation to the Budget and for reprioritizing spending as needed.~~

~~The CEO/General Manager is authorized to purchase items up to \$50,000\$100,000. Board approval must be obtained for any purchase exceeding \$50,000\$100,000. Staff will not come back to the Board to request additional funding outside the Five Year Budget except for an unexpected, critical demand of a high dollar value.~~

18.6 PURCHASE DEFINITION

A purchase is defined as an expenditure, or series of expenditures, that achieves a single purpose within a reasonable time period. An acquisition may not therefore be broken into smaller pieces to avoid purchasing authorization thresholds.

Contracts for goods and services are considered purchases subject to the District's purchasing authority limits. Multi-year contracts are valued at the total of all years of the contract, not the value of each year. Auto-renewal contracts should be avoided, although there are circumstances where auto-renewal is standard for an industry (e.g. software support). Auto-renewal contracts should be approved by the Board unless there is a finite term and the total value of the entire term is within purchasing authority limits.

18.7 DEFINITION OF BUDGET COMPLIANCE

As noted in section 18.3, the term “within budget” means an expenditure specifically identified in the budget as well as unforeseen necessary expenditures, as long as a department’s overall approved budget is not exceeded.

Funds can be moved between accounts and years by staff with purchasing authority and cost center manager approval; Board approval is not required. CIP projects can be reprioritized, with approval of the CIP Manager and, if appropriate, the Operations Manager, to ensure those deemed most vital are achieved. ~~with approval of the CIP Manager and, if appropriate, the Operations Manager.~~ Although Board approval is generally not required to reprioritize projects, approval would be required if a significant project were deferred. ~~The monthly financial report lists all CIP projects and their progress.~~ Funds may also be transferred between the operating, CIP and capital budgets if approved by the CFO; this does not require Board approval but finance provides the Board with an annual reconciliation to the original budget.

The Park is unique in that an increase in attendance at the Park, campground and RV storage lot generates additional revenue but also generates additional expenses (i.e. electricity, fish stock, maintenance). Because maximizing occupancy at the Park is desirable, increased spending necessary to generate additional revenue at the Park is acceptable as long as revenue neutrality is achieved.

All purchases must be coded to the correct cost center, object account and, if appropriate, project string or work order. Consistency in this area will ensure accurate record keeping and provide a comparable historical tracking of expenditures. Account coding of expenditures should not change solely because of a lack of budget within a cost center or account. The ~~Five Year~~ Plan allows for line items to be over or under budget as long as there is an offset so that the overall Budget is not exceeded.

The CFO, assisted by the accounting staff, is responsible for monitoring total purchases to comply with the Budget and ensure sufficient funds are available to pay for authorized purchases in a timely manner. Likewise, department heads and cost center managers are responsible for monitoring their respective area’s purchases in relation to the Budget and for reprioritizing spending as needed.

18.8 EXPENDITURE CATEGORIES

Expenditure authorizations have been established for the following expenditure categories:

1. Capital assets
2. Materials and supplies
3. Professional services
4. Other services and supplies
5. Real property

18.8.1 Capital Assets

The Governmental Accounting Standards Board (GASB) Statement 34, among other things, establishes guidelines for recognizing and reporting capital assets. According to GASB 34 “the term capital asset includes land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, infrastructure and all other intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.”

Capital assets that have durable physical form (e.g. land, buildings, equipment and infrastructure) are known as tangible capital assets. Capital assets that lack physical form (e.g. computer software, water rights and easements) even though they may be closely associated with a tangible capital asset are known as intangible assets.

Preconditions for Capitalization

A cost should only be capitalized if it is:

- 1) *Directly* identifiable with a *specific* asset
- 2) Incurred after acquisition of the related asset is considered probable ~~+~~/~~likely~~ to occur

The requirement that a cost be “directly identifiable with a specific asset” precludes the capitalization of things like studies and master plans. For example, the cost of a study undertaken to determine the best location for a pump station ~~is~~ not capitalizable because when the cost was incurred, it was not identified with a specific piece of property. The requirement that a cost can only be capitalized “if it is incurred after acquisition of the related asset is considered probable” similarly precludes the capitalization of things like feasibility studies because the study takes place in order to determine if the acquisition will occur.

Internal costs

Many costs can be either directly or indirectly related to the acquisition of a capital asset. The following three basic guidelines can help determine if a cost should be included as part of the capital asset acquired:

- 1) General and administrative costs should never be capitalized – this includes overhead costs such as the use of district facilities, executive management salaries, accounting and HR.
- 2) Costs directly related to the acquisition of a specific asset should be capitalized – this includes the salaries and wages of employees who work on a specific project.
- 3) Costs clearly related to the acquisition of capital assets, but not to specific projects, should be capitalized – this includes project administration and other costs that clearly relate to projects under development or construction; these indirect project costs should be allocated to individual projects.

District Thresholds for Capitalization

Expenditures for tangible items that meet the above criteria should be capitalized if the item purchased or constructed costs ~~\$5,000~~\$10,000 or more and has a useful life of five or more years. The District divides such capital expenditures into equipment, real property, and construction projects. ~~Equipment purchases are items purchased in a form ready for use in District operations. Real property is land and land rights, such~~

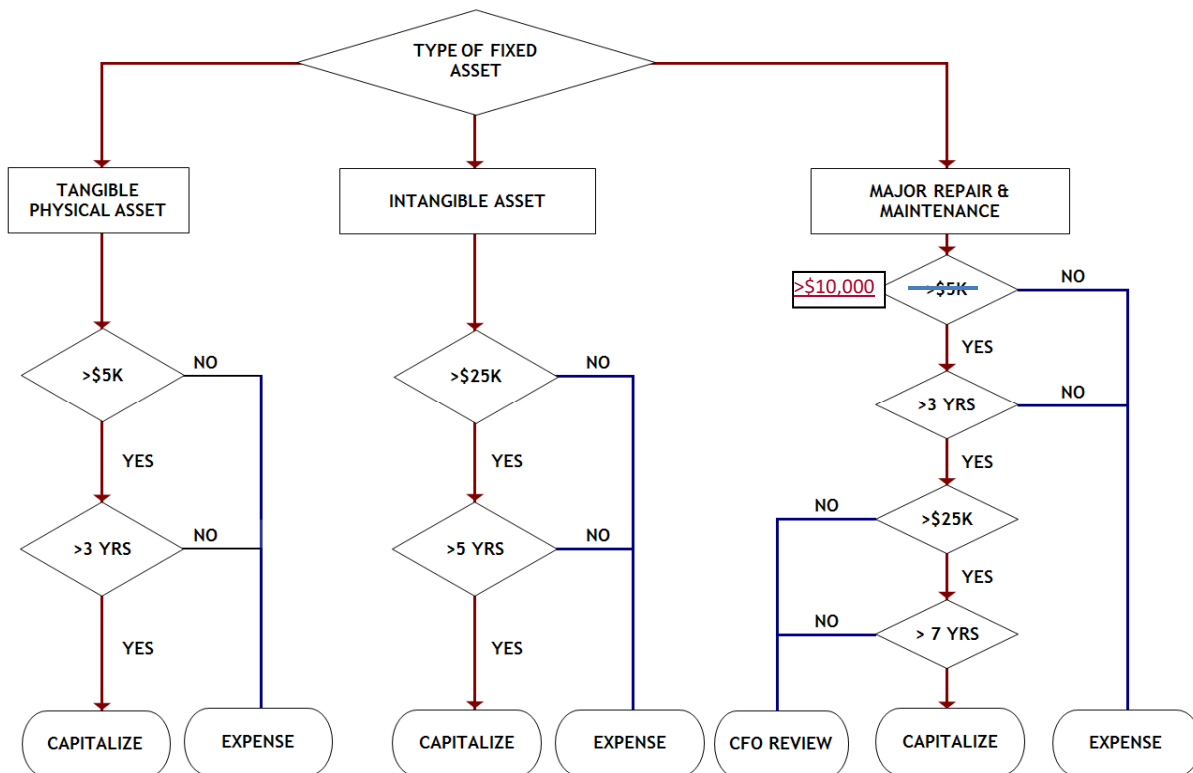
as easements. Construction projects are items built for public works, replacements or betterments and include expenditures for engineering, inspection, contracts, materials, equipment ~~usage-use~~ and District ~~construction~~ labor.

~~Expenditures for intangible assets that meet the above criteria should be capitalized if the item costs \$25,000 or more and has a useful life of five or more years.~~ Major repair and maintenance expenditures should be capitalized if they extend the useful life of an asset, are \$25,000 or more and have a useful life of seven or more years. Major repairs and maintenance under the \$25,000 ~~per-or~~ seven year threshold can be capitalized with the approval of the Director of Finance if they extend the life of the asset, cost over ~~\$5,000~~ \$10,000 and have at least a three year useful life.

Expenditures for intangible assets that meet the above criteria should be capitalized if the cost is \$25,000 or more and has a useful life of five or more years.

Many capital expenditure requirements can be anticipated and are therefore incorporated into the District's ~~Five-Year~~ Plan. However, the Plan allows for the flexibility to accommodate unanticipated purchases if there are sufficient capital funds available. Under the Plan, staff is authorized to change spending patterns of the capital equipment budget so long as overall spending does not exceed the approved Five Year Budget. Periodic reporting of the changes will be communicated to the Board and any major high dollar impact will be agendized for ~~full~~ Board consideration. At least annually, an updated spending plan for capital replacements and improvements and preventive maintenance will be presented to the Board with a staff analysis indicating why projects have been reprioritized.

The following asset decision matrix can be used to determine if an expenditure should be capitalized.



18.8.2 Materials and Supplies

Materials and supplies are items purchased for current use in operations or to be held in inventory for future use, have an individual cost of less than ~~\$5,000~~\$10,000, and which do not otherwise qualify as a capital purchase per Section 18.9.1. The custodians of the material and supplies inventories are responsible for ensuring items are properly secured while in inventory, keeping accurate inventory records, keeping adequate inventory on hand for operations and issuing items from inventory consistent with this Policy.

18.8.3 External Service Providers

The engagement of an external service provider is essential when District staff does not possess the necessary expertise or cannot perform work due to existing workload, project priorities, project size, etc. Specialized service providers qualified by education, experience or certification can be split into three basic categories: Construction Services, Professional Services and Maintenance-/Service Providers. Section 18.15 of the Purchasing Procedures details the process for selecting external service providers.

18.8.4 Other Services and Supplies

Other services and supplies include certain routine purchases necessary for ongoing District operations ~~are expenditures items charged to District operations, construction projects, or administration expenses that are not subject to the District's Standard Purchasing Authority Levels.~~ Included in this category are:

a. Routine, Recurring Business Expenses

The General Manager is authorized to approve payment of routine, recurring business expenses such as Office 365 licenses, ESRI GIS Software licenses, On Base, Munis, etc.

~~a-b.~~ Water, Sewer and Power Expenditures

The General Manager, Director of Operations and the Director of Finance are authorized to purchase and disburse payment for imported water supply, sewer processing costs to San Diego METRO and to SDG&E or other energy providers for outside power services. Such authorization requires that at least two of these positions review and authorize ~~payment~~payments.

~~b-c.~~ Refund of Unused Developer Deposits and Fees

The General Manager, Director of Engineering and the Director of Finance are authorized to refund any unused developer fees and deposits in accordance with District policy. Such authorization requires that at least two of these positions review and authorize ~~payments~~payments. Refunds require a notice of completion or abandonment of project. Engineering staff prepares and files the final paperwork and then Engineering and Finance staff review the final job cost report and process the payments.

~~c-d.~~ Insurance Contracts

The General Manager, Director of Human Resources, Director of Finance and Director of Operations are authorized to make disbursements for approved insurance contracts (i.e. health insurance, property and casualty insurance, etc.)

18.8.5 Real Property

The General Manager is authorized to negotiate with property owners for the purchase or sale of real property or real property rights such as easements. The General Manager must follow state law regarding the purchase or sale of real property or for any special considerations relating to real property, such as condemnation proceedings. All final agreements related to real property must be approved by the Board and executed through a written contract.

18.9 CONSTRUCTION PROJECTS FUNDING POLICY

The District's facilities are continually expanded and improved to meet the service needs of its customers and changing regulatory requirements. Construction projects are funded by developer deposits, other revenues, capacity expansion funds, or District general funds. Construction projects funded by developer deposits or other revenues require a revenue contract specifying the work to be performed, limiting the District's liability, and assuring the availability of funds. Construction projects funded by capacity expansion or general funds require available monies within the appropriate fund. If capital expansion fees are no longer available, projects are to be funded by general funds.

Expenditures for construction projects built under the direction of the Director of Engineering and Planning are subject to the limits established in Section 18.3 of this Policy. Section 18.15 of the Purchasing Procedures outlines the solicitation and selection process for all external service providers, including those for construction projects.

18.10 COOPERATIVE PURCHASING

Purchases of goods and services under cooperative purchasing programs with the federal government, state, county, any public or municipal corporation of the state, or intergovernmental cooperative purchasing agreement, may be made by the District when the administering or lead agency has based its contract on competitive pricing procedures and the purchase is determined to be in the best interest of the District. The purchase agreement must specifically include the item or service to be purchased by the District. The General Manager or his designee may also join directly with other public agencies in cooperative purchasing agreements to buy goods and services or buy/lease directly from a vendor at a price established by another public agency's competitive bidding as long as that process was recent and in substantial compliance with the District's competitive bidding process.

The General Manager or his designee is authorized to enter into such cooperative purchasing contracts provided: the purchase does not exceed the limits outlined in section 18.3, the funding for the goods and services are within the approved budget, and the cooperative purchasing agreement being utilized was awarded as a result of a competitive pricing procedure containing a public agency clause.

List of Ordinances Amending Section 18:

2000-13, adopted 12/12/00, rewriting Section 18.

2008-09, adopted 8/12/08, rewriting Section 18.

2013-08, adopted 12/18/13, rewriting Section 18.

2014-06, adopted 12/3/14, annual review with minor changes.

2018-04, adopted 12/19/18, annual review amending various sections.

2023-__, adopted ____, increasing purchasing authority and amending various sections.

PURCHASING PROCEDURES

18.13 PURCHASING PROCEDURES

- 18.13.1 Definition of a Purchase**
- 18.13.2 Internal Controls**
- 18.13.3 Purchasing Authority**
- 18.13.4 Definition of Within Budget**
- 18.13.5 Cost Efficient Purchasing**
- 18.13.6 Competitive Bid Requirements**
- 18.13.7 Sole or Single Source Purchases**

18.14 PURCHASING METHODS

- 18.14.1 Requisition and Purchase Order (PO)**
- 18.14.2 Blanket Purchase Order (BPO)**
- 18.14.3 Open Purchase Order (OPO)**
- 18.14.4 Warrant Request**
- 18.14.5 Quick Check**
- 18.14.6 Petty Cash**
- 18.14.7 Credit Card**
- 18.14.8 Ordinance, Resolution, or Motion**
- 18.14.9 Written Contract**

18.15 EXTERNAL SERVICE PROVIDERS

- 18.15.1 Soliciting an External Service Provider**
- 18.15.2 Selection and Engagement of an External Service Provider**

18.16 CONTROL AND DISPOSAL OF SURPLUS EQUIPMENT

18.17 PURCHASING FORMS

- **Vendor Information Form**
- **Sole Source Procurement Form**
- **Vendor Warrant Request**

18.13 PURCHASING PROCEDURES

These Procedures supplement the District’s Purchasing Policy (Policy). They define specific methods of purchasing goods and services and allow employees with purchasing authority to operate within certain limits while maintaining sound internal controls.

The CFO/Director of Finance (CFO) and accounting staff help support and interpret the Policy and Procedures as needed. They also conduct periodic training sessions for designated purchasers and provide on the job training for anyone needing additional assistance. The responsibility and authority to modify these Procedures rests with the CFO; they should be modified as needed to remain relevant, accurate and effective. Although changes to the Policy must be approved by the Board, these Procedures may be modified without Board approval as long as they comply with the Policy and sound internal controls.

18.13.1 Definition of a Purchase

A purchase is defined as an expenditure, or series of expenditures, that achieves a single purpose within a reasonable time period. An acquisition may not therefore be broken into smaller pieces to avoid purchasing authorization thresholds.

Contracts for goods and services are considered purchases subject to the District’s purchasing authority limits. Multi-year contracts are valued at the total of all years of the contract, not the value of each year. Auto-renewal contracts should be avoided, although there are circumstances where auto-renewal is standard for an industry (e.g. software support). Auto-renewal contracts should be approved by the Board unless there is a finite term and the total value of the entire term is within purchasing authority limits.

Purchasing is a three step process. Payments to vendors will only be made once all steps are completed.



** Proper documentation includes a purchase order, warrant, executed contract or credit card receipt.*

18.13.2 Internal Controls

These Procedures are consistent with sound internal controls which require segregation of duties and purchasing authority levels to protect against intentional and unintentional errors. Internal controls also help ensure that authorized purchases are made at the best possible price commensurate with quality, that goods or services are received, and that funds are available. Internal controls protect employees and the District against fraud and errors by spreading the responsibility to more than one person. Honest errors are more likely to be caught and dishonest errors discouraged when effective internal controls exist. The higher the price of a purchase, the more stringent controls need to be because the impact on the District’s operations is more significant.

18.13.3 Purchasing Authority

The ultimate authority to make purchases for the District rests with the Board of Directors. The Board delegates this authority to the General Manager who further delegates it to others as specified in these Procedures. Each department shall designate a “Purchasing Processor” to initiate purchase order requisitions which then go through the required level of approvals. Several departments may utilize one processor and larger departments may require more than one.

The chart below outlines the standard purchasing authority levels. Also shown below are exceptions to the standard purchasing authority levels for certain routine, recurring purchases necessary for ongoing District operations. A comprehensive list of all disbursements made each month is submitted as an agenda item for the Board’s review and consent.

PROPOSED STANDARD PURCHASING AUTHORITY LEVELS - PENDING APPROVAL BY BOARD		
Purchase Amount	Required Approval	Purchasing Criteria
Over \$100,000	Board of Directors	Any item
Over \$50,000 to \$100,000	General Manager	Must be within budget
Over \$20,000 to \$50,000	Departmental Directors	Must be within budget
Over \$5,000 to \$20,000	Cost Center Managers	Must be within budget
Up to \$5,000	Purchasing Processors	Must be within budget

EXCEPTIONS TO STANDARD PURCHASING AUTHORITY LEVELS		
Approver	Approval Limits	Purchasing Criteria
General Manager (GM)	Actual Amount	Standard, recurring business expenses (e.g. Office 365 licenses, GIS licenses, OnBase, Munis, etc.)
GM, CFO, Director of Operations	Actual Amount	Water and sewer fees and bills, electricity bills, CWA, Metro, PERS, OPEB, loan payments
GM, CFO, Director of Engineering	Actual Amount	Refunds of unused developer fees and deposits
GM, CFO, Director of Operations, Director of Human Resources	Actual Amount	Insurance payments (i.e. health, life, dental, property)

18.13.4 Definition of Within Budget

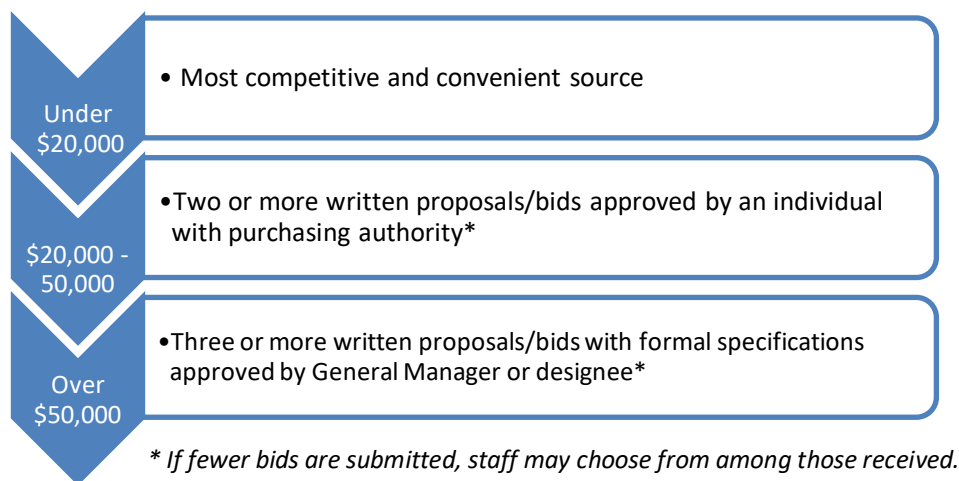
The definition of “within budget” is consistent with the Five Year Plan including expenditures specifically identified in the budget and unforeseen necessary expenditures, as long as the department’s overall approved budget is not exceeded; this most likely requires ongoing reprioritization or deferral of other budgeted items or a budget transfer from another department.

18.13.5 Cost Efficient Purchasing

These Procedures recognize the need for efficient, cost effective methods of purchasing. They also recognize that the Board's delegation of purchasing authority requires employees be responsible and accountable. Employees must always make prudent buying decisions, based on a reasonable level of research, although the specific requirements vary depending on the dollar value of the purchase; higher dollar amounts which have higher budget consequences require alternative evaluations, more documentation and higher level approval.

18.13.6 Competitive Pricing for Purchases other than Public Works Contracts >\$35,000

Although all purchasing decisions should be made only after comparing available alternatives, specific requirements depend on the value and type of purchase. The following diagram outlines the District's requirements for purchases other than Public Works Contracts in excess of \$35,000. Public works contracts greater than \$35,000 must follow specific competitive bid requirements outlined in the Public Contract Code (see Section 18.15.2).



Proposals or bids should include all relevant information for comparability such as price, materials, equipment, terms, technical specifications, discounts, taxes and delivery. All proposals/bids should be scanned and attached to the Purchase Order in Munis. In limited circumstances, Sole or Single Source Purchases may be valid (see Section 18.13.7).

18.13.7 Sole or Single Source Purchases

A *sole source* purchase is one where there is only one vendor capable of providing a good or service making it impossible to obtain competitive bids. A *single source purchase* is one where there are multiple sources of supply but the purchase should be made from a specific vendor for particular reasons. Few situations should arise that justify sole or single source procurement and such situations must be thoroughly analyzed before determining a non-competitive environment for a purchase exists. The use of sole or single source purchasing is restricted to the following situations:

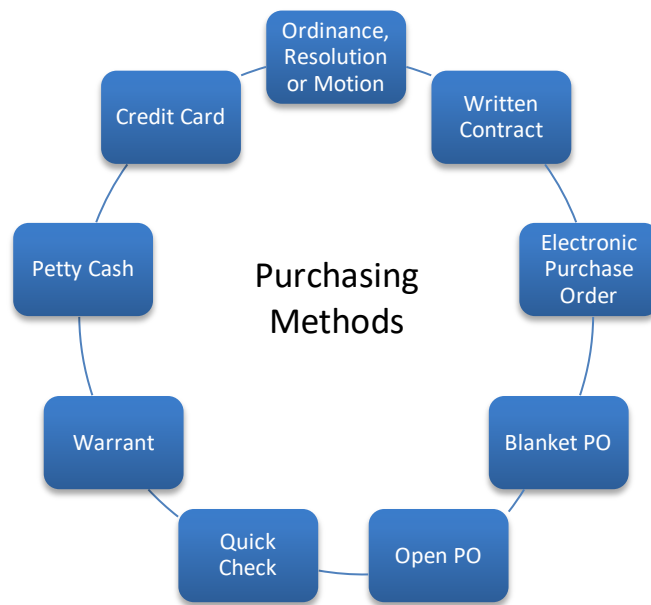
- The good or service is available only from one vendor.
- Urgency or a public emergency does not permit the delay caused by a competitive process.
- Competition is deemed inadequate after soliciting a number of sources.

- A pre-existing vendor relationship exists where continuity of service will produce a better result.
- Vendor holds a unique set of skills or expertise that makes it impossible/unlikely anyone else can do the work or the same quality of work.
- A grant or agency funding a project authorizes sole source, non-competitive negotiation.

If there is adequate justification for a sole or single source purchase, then the firm may be selected without other solicitations upon approval of the General Manager or designee for contracts anticipated to be \$100,000 or less (\$35,000 for public works) and upon Board approval for all other contracts. All sole or single source purchases should include a written justification and recommendation of the department head. A "Sole Source Procurement Form" (in Section 18.17 or on the Stream) should be completed to document the reason competitive bids were not obtained; this form should then be scanned and attached to the Purchase Order in Munis.

18.14 PURCHASING METHODS

Nine purchasing methods are available to qualified purchasers; the choice of which method to use depends on the particular circumstance.



All purchasing methods require the same basic information to process payments:

- Vendor number
- Description of goods or services
- Account number, cost center and project or work order if applicable
- Person ordering or authorized
- Purchase price, not to exceed amount or per item dollar limit
- Receipt or packing slip from vendor

The following is required to set up a new vendor:

- Vendor Information Form
- Signed and completed Form W-9

Under all purchasing methods:

- Warrant checks are generally mailed directly to the vendor;
- If an employee wants to hand-deliver a check, they would attach a pink “Warrant Special Handling” form to the request before submitting it to Accounting.

18.14.1 Purchase Order (PO) and Requisition

A legally binding document used to acquire goods or services from a vendor at a certain price. POs are processed in Munis, the District’s financial software. POs minimize paperwork and provide an organized method for processing, approving, receiving and paying for purchases. They are the preferred method for purchases other than incidental purchases under \$50, travel expenses, credit card purchases or when the use of a Blanket PO, Line of Credit or Warrant Request is more appropriate.

In order to issue a PO, a purchasing processor must first enter a Requisition in Munis. A Requisition includes all the information necessary for a PO but is a way to obtain required approvals before a PO is generated. An estimate of the cost of a purchase can be used if the exact cost is not known; reasonable variances (up to 10%, exclusive of taxes and shipping that may not have been included on original quote) between invoiced amounts and PO amounts will be tolerated. Once a Requisition is entered into Munis, it is forwarded to the Budget Analyst who confirms it has been coded correctly. It is then forwarded through Munis’s workflow for approval based on purchasing authority thresholds.

Once all approvals are given, the Requisition is converted to a PO and the cost center is encumbered for the total amount of the PO. It is the responsibility of the purchaser or purchasing processor to verify receipt of goods and services by “receiving” on a PO in Munis. Once this is done, Accounting processes the invoice for payment and the cost center is charged with the expense. All invoices must include a valid PO number. The PO and its receiving record are then matched with the invoice in Munis before vendor payment is made.

18.14.2 Blanket Purchase Order (BPO)

The preferred purchasing method when several purchases of a common type from the same vendor are expected over a period of time and the total amount can be reasonably predicted. BPOs are issued the same way as a standard PO; the difference is in the receiving process. A BPO is approved for the total amount of all purchases expected and encumbers a cost center for that amount. As purchases are “received on”, the invoice is paid against the BPO and reduces the amount available for subsequent purchases. When all purchases under a BPO are complete, any unused balance should be “closed” (zeroed out). If the cost of materials or services exceed the initial BPO amount, additional amounts can be added via a change order. Contingency amounts should not be included in an original BPO but can be added via a change order if authorized. Anytime a change order is processed, the new total value of the BPO needs to be considered to determine if additional approvals are required per the District’s purchasing authority limits. BPOs should not be used for purchases where multiple cost centers are impacted.

18.14.3 Open Purchase Order (OPO)

A procurement process favored when making routine purchases from the same vendor. OPOs ultimately save time and expense of issuing POs or warrants each time a small, periodic purchase is made. OPOs designate dollar limits and other specific conditions within which named employees can charge purchases at a specific vendor location. Each purchase is limited to the dollar amount specified in the OPO but may

not exceed \$999.99; purchases over this amount should use a traditional PO. Only listed employees are authorized to purchase against an OPO. It is an employee's responsibility to ensure that they are authorized to make a purchase; vendors are not expected to verify if an employee is an approved purchaser. Unauthorized employees that make purchases on an OPO will be disciplined.

Steps to request a new OPO:

- 1) Responsible party completes an OPO requisition form (Appendix B)
- 2) OPO form is forwarded to Accounting; the official OPO is prepared and signed by the CFO
- 3) Accounting notifies originating party and vendor of approved LOC and terms

As items are purchased, the authorized employee must promptly submit the invoice to Accounting, referencing the OPO number and including the information required for all purchases listed in section 18.13.1. Changes to an OPO must be approved by the appropriate department head in writing.

Accounting is responsible for maintaining current OPOs. Periodically, Accounting will review all OPOs to verify vendor information, authorized employees and per item dollar limit. Any old or expired OPOs should be closed and the vendor notified.

18.14.4 Warrant Request

A manual purchase requisition process which is both a request to purchase and a request for payment. A warrant request is preferred when quick purchasing needs make traditional PO processing impractical or unwarranted. Warrant requests make sense for prepayments, registrations, travel expenses, subscriptions, sales tax payments and customer/developer refunds.

A warrant can be requested by completing a "Warrant Request Form" (in Section 18.17 and on the Stream) or by affixing a warrant request sticker to an invoice. The completed request, along with the appropriate back-up and approvals, are routed to the Accounting department. A warrant request is normally processed as part of the weekly Accounts Payable run. If a check is needed sooner, the purchaser should contact Accounts Payable to see what arrangements could be made to process a check more quickly. With proper planning, the need for an expedited check run should be infrequent.

18.14.5 Quick Check

A Quick Check is designed for employees to make urgent, non-routine purchases between \$25 and \$250, where a vendor credit arrangement does not exist. The disadvantage of using a Quick Check is that purchase information is tracked manually rather than recorded in Munis. Quick Checks are a last resort behind POs, OPOs, warrants or credit cards and may not be mailed. Finance maintains a Quick Check checking account; the account is a \$2,500 revolving fund which is replenished periodically. The Quick Check process is as follows:

- 1) An employee requests a Quick Check from Accounting
- 2) Accounting fills in the date and payee
- 3) The Quick Check is signed by an authorized signer
- 4) The purchaser promptly returns the white copy of the check form, the receipt and the proper account code for the purchase to Accounting
- 5) Periodically, Accounting issues a check from the main account to reimburse the Quick Check checking account; at this point, the expense is recorded in the GL.

18.14.6 Petty Cash

Petty cash is the preferred method to make one-time purchases under \$50; it saves the time and expense of issuing a PO. Multiple purchases of the same item are not allowed to circumvent the \$50 limit. If a purchase exceeds \$50, a warrant request should be submitted. Examples of petty cash use include parking fees, mileage, meeting supplies and other small incidental expenditures.

Petty cash funds have been established in the Customer Service Department, Operations Administration Building and Park Office. Each petty cash custodian is responsible for safeguarding their fund. The CFO must authorize the establishment of new or adjustments to existing petty cash funds. To receive funds, a petty cash receipt form (kept by each petty cash custodian) must be completed stating the reason for the expenditure and the account to be charged; the original receipt should be attached to the form and must be signed by the purchaser. Petty cash cannot be used to cash employee personal checks. Remaining petty cash plus receipts should equal total petty cash fund at all times.

To replenish a petty cash fund, the custodian completes the Petty Cash Reconciliation Form and turns it and all receipts in to Accounting. Accounting then issues a check made payable to "Padre Dam" which the custodian cashes at the bank and replenishes the fund.

18.14.7 Credit Cards

A District issued credit card obligates the District when a purchase is made. Responsible parties may use a District credit card if the purchase does not exceed their approved budget and authority level. Credit cards should not be used for high dollar purchases where a Requisition/PO is more appropriate. District credit cards are not for personal use and should not be loaned out to unauthorized individuals.

The issuance of new credit cards requires the approval of the department head and CFO. The number of credit cards is limited to improve accountability and control. Periodically, the CFO will review the list of card holders and limits to determine if adjustments are necessary. Credit cards should only be used when other purchasing methods are not practical such as for travel, business meals, on-line purchases and incidental minor purchases. When a purchase is made, the credit card receipt must be saved; if a receipt is lost, the purchaser must try to obtain a copy or other evidence of the purchase.

Accounting receives monthly statements from the credit card company and distributes them to each cardholders. Cardholder must verify all purchases and complete the Credit Card Summary Form. This form, with the statement and all original receipts, must be returned to accounting promptly; any delays can result in interest and late charges, and may cause the credit card holder to lose credit card privileges.

18.14.8 Ordinance, Resolution or Motion

Formal, legal expressions of intent and direction required for purchases of goods or services over \$100,000, adopted by the Board of Directors. These methods are generally not used for routine, budgeted items within purchasing authority levels unless Staff or the Board considers the purchase relevant for Board action or disclosure.

When requesting an ordinance, resolution or motion be approved for a purchase, the agenda report should list the requested expenditure, whether the expenditure is budgeted or unbudgeted and if funds

are available; if unbudgeted, the agenda report should note where funds are available and/or if other projects will be delayed/forgone as a result.

The purchasing processer submitting the requisition or warrant for payment must include documentation substantiating Board approval. This should include attaching Board Minutes, along with a copy of the contract, and include the date of Board approval within the general description, using the general notes in Munis if needed.

18.14.9 Written Contract

A written document to provide goods and/or services for a specified price or range that binds both parties to the terms. A contract is required for all purchases. For purchases under \$20,000, a PO serves as a contract; however, a written contract using the District's approved template is required in any of the following cases:

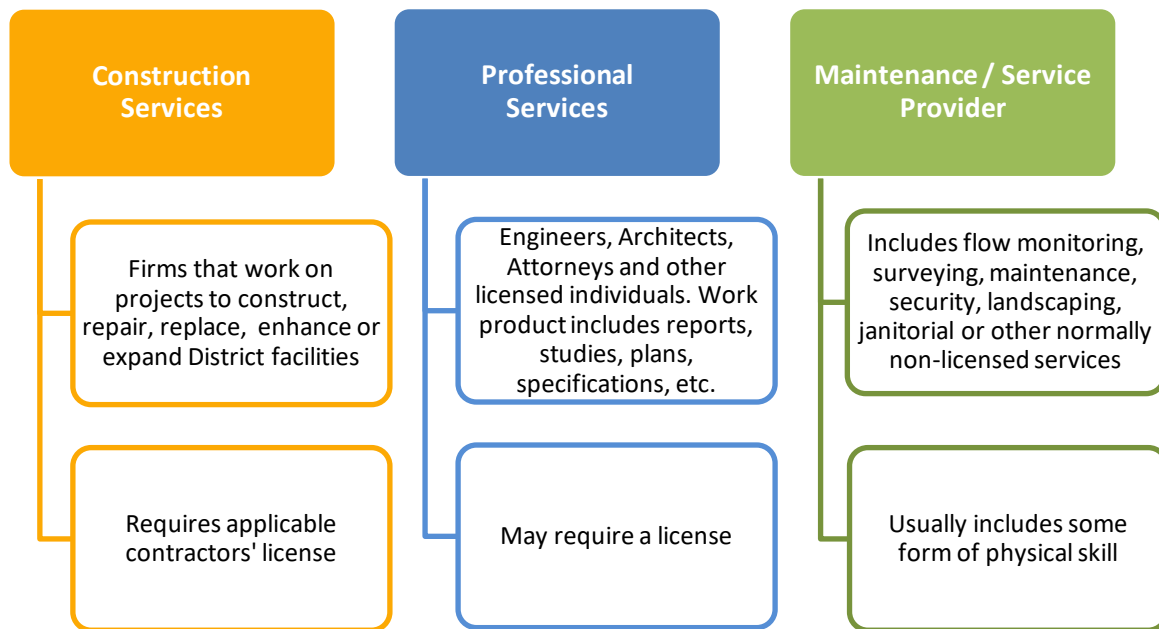
- Purchase exceeds \$20,000
- Maintenance / Service Agreements
- Capital Improvement Project / Construction Contracts
- Professional Service Agreements
- Acquisition, sale, lease or licensing of Real Property, including Easements
- Employee / Employer Labor Agreements
- Requirement Imposed by Vendor
- Requirement Imposed by Law

Written contracts should follow District guidelines and are to be signed by a department director or the General Manager, subject to authorization levels. A cost center manager may sign routine, maintenance/service contracts within their purchasing authority level with the written approval (or email) of their department's director.

Oftentimes, departments contract with vendors who they have dealt with before and whose contract was executed after following the required procedures. However, it is a best business practice to periodically review such contracts to determine if they should be rebid, extended, or renegotiated. The recommended time to do this is in year 4 or early in year 5 of the Business Plan so that the new contract amount is known at the time the Budget is being developed.

18.15 EXTERNAL SERVICES PROVIDERS

The engagement of an external service provider is essential when District staff does not possess the necessary expertise or cannot perform work due to existing workload, project priorities, project size, etc. Specialized service providers qualified by education, experience or certification can be split into three basic categories: Construction Services, Professional Services and Maintenance / Service Provider.



18.15.1 Soliciting an External Service Provider

One or more of the following solicitations are used depending on the type and value of services needed:

Request for Qualifications (RFQ)

An RFQ is a document that solicits firms to submit information about their qualifications and capabilities to perform the type of work associated with a proposed project. The preparation of an RFQ generally does not require specific project knowledge or project scope; a discussion of project specific work should be discouraged unless there are special circumstances.

An RFQ may be used as a pre-qualification step to engaging a service provider. If an RFQ is required, only those candidates who successfully respond to it and meet the qualification criteria will be included in the subsequent RFP process. An RFQ will contain specific reference to selection criteria. Minimum selection criteria should include the following:

- Firm and staff experience on projects of a similar nature
- Approved methods to accomplish work
- Quality Control/Quality Assurance Program

Request for Proposal (RFP)

An RFP is a document that solicits firms to submit a proposal to perform the scope of work associated with a proposed project. Cost is not the sole basis for selection in an RFP; other qualifications including experience, turnaround time and approach to work are important factors when evaluating proposals. RFPs are normally associated with Professional Services but can be used for Technical Services.

RFPs are project specific and preparation requires general knowledge of the project. It is expected that interested parties would do a limited amount of work to develop a quality proposal; however, an RFP should not require proposers to do a significant amount of work that would normally be compensated for during the project in order to submit a proposal. The RFP should address the following:

- Standard contract requirements
- Selection criteria
- Scope of required services
- Proposal and submittal requirements

Proposals will be evaluated and ranked based on factors listed in the RFP. At a minimum, the following criteria should be used to rank proposals:

- Firm experience (including work & project-related references)
- Key personnel (including relevant experience and references)
- Availability of staff
- Approved methods to accomplish the work
- Scope of work and schedule
- Quality Control/Quality Assurance Program

Contracts for Professional Services shall be awarded based upon demonstrated competence and professional qualifications. Therefore, while a reasonable price is always a consideration in selecting a consultant, it cannot be the sole factor in selecting a consultant for Professional Services. An RFP for Professional Services may request price information, so long as the relative weight of any cost criteria is appropriate. An RFP may also request that price information be submitted in a separate sealed envelope. If requested in a separate envelope, the envelopes shall not be opened until the highest rated firm is identified based upon the other criteria/evaluation factors. At that time, price information will be reviewed to ensure that the price is fair and reasonable. If a major price discrepancy exists between the highest rated firm and the others, the discrepancy shall be evaluated and explained before work is awarded. If the discrepancy is not satisfactorily resolved, staff may negotiate with the next-highest-ranked firm upon approval from the department head.

Invitation to Bid (ITB)

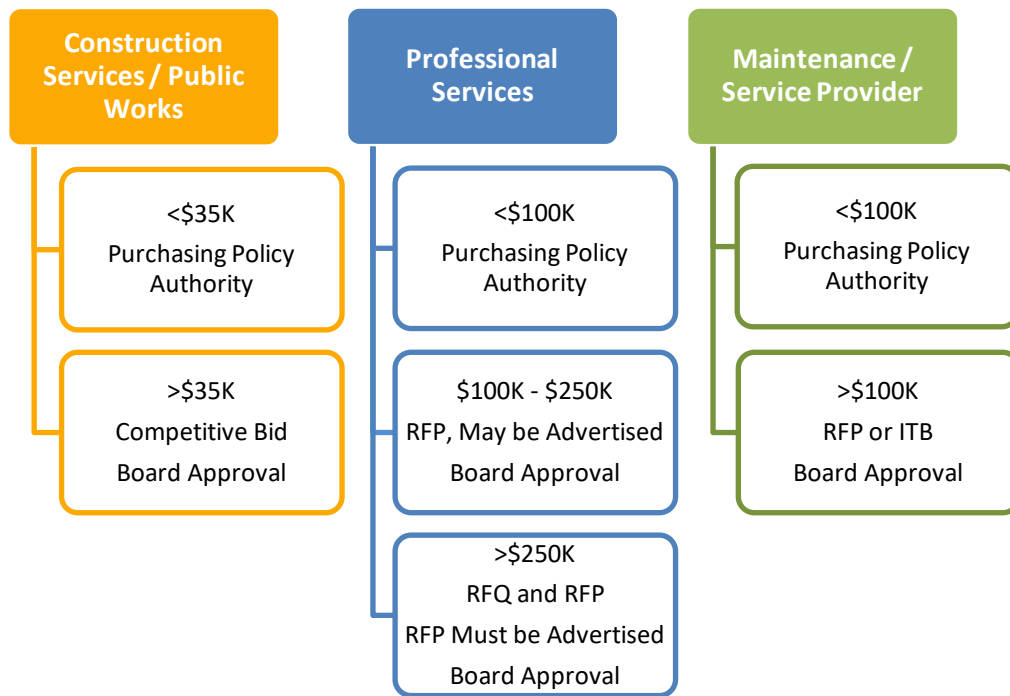
An ITB is a formal process to obtain the lowest responsive, responsible bidder for a service or product at the lowest price. ITBs are publically advertised and bids are submitted in sealed envelopes that are opened during a formal public opening, unless an alternative bid opening is used for electronic bidding. ITB are used to award a contract based on specific product or service specifications, utilizing cost or price related criteria. Once the minimum requirements identified in the District specifications are met, the sole basis of award is cost. Typically ITBs are used to purchase goods and materials or to award technical services and public works (construction) projects.

ITBs are project specific and preparation requires general knowledge of the project. It is expected that interested parties would do a limited amount of work to develop a quality bid; however, an ITB should not require proposers to do a significant amount of work that would normally be compensated for during the project in order to submit a bid. The ITB should address the following:

- Standard contract requirements
- Scope of Work and schedule for completion
- Costs and applicable progress payments
- References
- Selection Criteria
- Key personnel (including relevant experience and references)
- Availability of staff
- Approved methods to accomplish the work
- Quality Control/Quality Assurance Program

18.15.2 Selection and Engagement of an External Service Provider

The requirements for selecting and engaging an external service provider depends on the type and value of services required. The following summarizes the differences:



Construction Services / Public Works Contracts < \$35,000

CIP projects under \$35,000 are subject to the District’s purchasing policy authority levels. Board approval is not required if budgeted.

Construction Services / Public Works Contracts > \$35,000

The District must competitively bid “public works” projects greater than \$35,000 per the Public Contract Code, Section 20642. The appropriate department head shall designate a project manager (PM). Prior to bidding, the PM shall verify budget is available. These procedures apply to all District projects; however, for Park Projects, “Park Director” should replace “Director of Engineering” where appropriate:

1. The Director of Engineering and Planning, or their designee, is authorized to develop contract documents (conditions, drawings and specifications) and request bids for capital projects.
2. The Director of Engineering and Planning, or their designee, shall issue an ITB for the project outlining the bidding process and requirements. A pre-bid meeting to answer questions shall be held as part of the bidding process. All bids shall be sealed and delivered to the District at a designated time and place per the ITB. All bids will be disclosed in an agenda report to the Board. The project is awarded to the lowest responsive and responsible bidder.
3. Construction Contracts must be awarded by the Board of Directors. At the time the contract is awarded, construction support contracts and recommended project contingencies must be provided for Board approval. The Board may designate the General Manager (who may designate a Department Head) to execute the contract after the contract is awarded.
4. The Director of Engineering and Planning is responsible for ensuring that each construction project is executed in accordance with the Public Contract Code.
5. Contract contingencies accommodate unanticipated expenditures or subsequent changes to a contract. The Board must approve any requested contingency. Directors are authorized by the Board to approve change orders for contracts that cumulatively do not exceed the Board’s approved project contingency; in general, these contingency thresholds are as follows:

Construction Contract Amount	Contingency Threshold
\$0 to \$500,000	15%
\$500,001 to \$2,000,000	10%
\$2,000,001 and higher	5%

Staff may request a higher contingency threshold on a case-by-case basis, subject to review and approval from the General Manager and final approval from the Board. Cumulative change orders exceeding Board approved project contingencies requires additional Board approval.

Professional Service Contracts \$100,000 or less

1. Does not require Board Approval if budgeted.
2. Obtain a scope and not-to-exceed estimate from a firm on the District’s as-needed contract list or from a firm that has expressed an interest (in writing) to perform such work for the District.
3. The department head or designee shall review the scope and not-to-exceed fee estimate from the selected consultant and negotiate a fair and reasonable price for the project.
4. Approval of the negotiated contract shall comply with the requirements of the District’s Purchasing Policy and Procedures.

Professional Service Contracts over \$100,000 to \$250,000

1. An RFP should be prepared and approved by the appropriate department head. The RFP is then sent to interested firms on the District's pre-qualified, as-needed contract list or to firms that have expressed an interest (in writing) to perform such work for the District. The work/project *may* be advertised and posted to the District's website to attract a sufficient number of qualified firms; the advertisement should describe the work to be performed and advise interested firms to contact the District to obtain an RFP.
2. A selection committee of at least four members should be chosen by the department head or his/her designee. The department head can serve as the project manager (PM) or delegate that responsibility. Panelists from other agencies may be used in addition to staff if desired.
3. The selection committee reviews and evaluates the proposals received and should select at least three of the top-ranked firms for an interview. If the committee wants to interview less than three firms, the reasons for their decision must be presented to the GM who can approve their decision or require more firms be selected for an interview. At the conclusion of the interviews, the selection committee shall assign each firm a ranking based on an evaluation of relevant criteria. The ranking shall be delivered to the department head in writing and shall remain confidential until an agreement for the work has been executed with one of the firms.
4. If, after reviewing all proposals, the committee feels they do not need to interview firms to make a qualified decision, they rank each firm based on an evaluation of relevant criteria and identify a preferred candidate. The ranking shall be delivered to the department head in writing and shall remain confidential until an agreement for the work has been executed. The reasons for the committee's decision not to hold interviews must be presented to the GM who can approve the decision or direct the committee to conduct interviews.
5. The PM shall check references or verify experience of the top-ranked firm and attempt to negotiate an agreement with them. Preparation and terms of any proposed contract or agreement shall comply with all applicable District regulations and procedures.
6. If an agreement to perform the work at a fair and reasonable price cannot be successfully negotiated with the top-ranked firm or if the firm's competence and qualifications to perform the work cannot be verified, the firm shall be informed in writing that the District is no longer considering their services for the work. The PM will then initiate negotiations with the next-highest-ranked firm.
7. The selection process is completed when an agreement is authorized by the Board and the agreement for the work is executed. Files and documents relating to the selection process shall be retained in accordance with the District's Records Retention Policy.

Professional Service Contracts > \$250,000

1. An RFQ is prepared and approved by the appropriate department head.
2. The work/project should be advertised on the District's website, describing the work to be performed with a link to the RFQ. The purpose of this step is to attract a sufficient number of qualified firms to participate in the selection process.

3. All responses to the RFQ shall be reviewed and evaluated by the PM and designated staff members; qualified firms will be included in the RFP process.
4. At this point, an RFP would follow the steps outlined in the Professional Service Contracts over \$100,000 to \$250,000 section above.

Maintenance / Service Provider Contracts \$100,000 or less

The process for selecting consultants/contractors for minor projects shall be in accordance with the Purchasing Policy. Maintenance / Service contracts up to \$100K do not require board approval. However service contracts considered Public Works Projects must follow the requirements of the Public Contract Code (Section 20642) detailed above.

Maintenance / Service Provider Contracts over \$100,000

1. An RFP or ITB is prepared and approved by the appropriate department head. Determination of when to use an RFP or an ITB and their requirements are listed in Section 18.15.1.
2. Send the RFP or ITB to interested firms on the District's pre-qualified, as-needed contract list, known or recommended firms or to firms that have expressed an interest (in writing) to perform such work for the District. If needed to attract a sufficient number of qualified firms, the work may be advertised in relevant professional journals, publications, newspaper or the District's website, describing the work to be performed and advising interested firms to contact the District to obtain an RFP or ITB.
3. A minimum of three firms shall be invited to participate in the RFP or ITB process. If the department head wants to invite less than three firms, the reasons for his/her decision must be presented to the GM; the GM can authorize the selection process to proceed or direct that additional qualified firms be solicited before proceeding.
4. Review proposals or bids.
 - a. For proposals, follow steps for Professional Services over \$100,000 to \$250,000 or for \$250,000 and above.
 - b. For bids, select the lowest responsive and responsible bid.
5. The department head or designee shall check references or verify experience of the lowest bidding firm. Upon completion of verifications, the department head or designee will prepare the proposed contracts or agreements and shall be in compliance with all applicable District regulations and procedures.
6. The selection process is completed when an agreement is authorized by the Board and the agreement for the work is executed. Files and documents relating to the selection process shall be retained in accordance with the District's Records Retention Policy.

18.16 CONTROL AND DISPOSAL OF SURPLUS EQUIPMENT (EFFECTIVE WITH POLICY UPDATE)

Equipment that is replaced or no longer needed in one department may be transferred to another department within the District. Computer equipment being replaced shall be reviewed by IS staff to determine if it can be used elsewhere in the District. The following are the steps for replacing or discarding District equipment that cannot be used in another department.

Step 1: The original older equipment should be exchanged or traded in towards the purchase of the new equipment if possible and economically advantageous; otherwise

Step 2: The department with the equipment will notify the CFO of the surplus equipment; the notice should include a detailed description of the equipment including make, model and serial numbers of the equipment. For equipment which has a limited value, the documentation may be general.

Step 3: The CFO or designee shall try to sell the surplus equipment if the staff time required does not outweigh the benefit; the use of an auction service is a valid option. If the net proceeds from a sale do not justify the effort, then the surplus equipment may be sold for scrap (if possible) or else donated to a worthy organization, preferably within the District's service area. Any equipment deemed worthless or inoperable may at the discretion and review of the CFO be discarded.

Once items are donated, discarded or disposed of, finance personnel will reflect these changes on the District's list of assets.

18.17 PURCHASING FORMS

The following forms relate to the purchasing process. They can also be found on the Stream.

- Vendor Information Form
- Sole Source Procurement Form
- Vendor Warrant Request



COMMITTEE AGENDA REPORT

Meeting Date: 03-27-2023
Dept. Head: Kyle Swanson
Submitted by: Amy Pederson
Department: Administration
Approved by: Kyle Swanson, CEO/GM

SUBJECT: ANNUAL REVIEW OF DISTRICT MEMBERSHIPS

RECOMMENDATION(S):

Review existing memberships and provide direction to staff if the Committee recommends any changes to be considered for approval by the full Board.

ALTERNATIVE(S):

ATTACHMENT(S):

1. Budget for Existing Memberships for FY 2023-2027
2. Benefits of Existing Memberships
3. Additional Information about the State’s San Diego River Conservancy
4. Additional information about the San Diego River Park Foundation
5. Excerpt of the Minutes from the May 4, 2022 Board meeting

FUNDING:

Requested amount: \$66,257 - \$71,084 annually (\$343,462 total)
 Budgeted amount: \$66,257 - \$71,084 annually (\$343,462 total)
 Are funds available? Yes No
 Project cost to date: Actual membership costs to date for FY 23 totaled \$60,225

PRIOR BOARD/COMMITTEE CONSIDERATION:

STRATEGIC PLAN IMPLEMENTATION:

This agenda item is consistent with the District’s Strategic Business Plan and meets one or more of the following Strategic Objectives: Customer Experience; Fiscal Stability; Operational Excellence, Sustainability and Resource Management; Talent Management; Technology and Innovation.

Reviewed by:	Action Required:	Policy Updates:	Action Taken:
Dept Head <input checked="" type="checkbox"/>	Motion <input checked="" type="checkbox"/>	Rules & Regulations <input type="checkbox"/>	As Recommended _____
Finance <input type="checkbox"/>	Resolution <input type="checkbox"/>	Standard Practices <input type="checkbox"/>	Reso/Ord. No. _____
Legal Counsel <input type="checkbox"/>	Ordinance <input type="checkbox"/>	& Policies	Other _____
Standard Form <input type="checkbox"/>	None <input type="checkbox"/>		

EXECUTIVE SUMMARY:

Annually the Finance and Administration Committee reviews District memberships to reaffirm existing memberships or recommend changes to the Board so that adjustments can be made during the budget process. The five year budget for current memberships totals \$343,462 (Attachment 1). The benefits of existing memberships are described in Attachment 2.

During last year's review at the Finance and Administration Committee, it was requested that staff research membership options and cost for the State's San Diego River Conservancy (Conservancy), the agency who assisted with clearing out the overgrowth in Sycamore Creek, and return to the full Board for consideration. Staff learned and reported back to the Board at its May 4, 2022 Board meeting that Conservancy does not have a membership program so staff also researched and provided options for the San Diego River Park Foundation (Foundation) in case the Board was interested in becoming a member.

At this meeting, Director Till requested the Board also consider adding the Conservancy meetings to the list of pre authorized meetings eligible for per diem for Board Member attendance. The Board directed staff to have a representative from each agency present the benefits of their organization at a future meeting. Unfortunately, as the Board is aware, there were other issues that took priority immediately following this meeting as we dealt with unexpected/unavoidable impacts to several Board Members, which ultimately led to two new Board Members being appointed to the Board. Since memberships are reviewed annually, staff opted to provide the same information on both entities for this Board to consider.

The State's San Diego River Conservancy (Conservancy)

The Conservancy was established in 2002 to work within the San Diego River watershed to implement multi-benefit projects that protect and enhance the San Diego River and its connected resources (Public Resources Code, Division 22.9.). The San Diego River Conservancy Act authorizes the Conservancy to undertake projects and award grants to achieve the goals set forth in Division 22.9.

The Conservancy works along the entire length of the San Diego River, from its mouth in the City of San Diego at Ocean Beach to its headwaters in the mountains near Julian. The Conservancy's jurisdiction also includes all of the contributing area to the San Diego River watershed including streams and tributaries, an estuary, wetlands, reservoirs, uplands, meadows and forests.

The Conservancy's Grant Program seeks to support multi-benefit projects that advance a number of goals, including but not limited to:

- Conserving land
- Protecting resources
- Reducing flood and fire risk
- Improving water quality
- Protecting and enhancing wildlife habitats
- Completing the San Diego River Trail
- Providing public access for the enjoyment of the San Diego River Park and open space, trails, campgrounds and park facilities
- Removing invasive plant species from the watershed
- Increasing native habitat and promoting the re-establishment of native species
- Promoting cultural and tribal preservation, and historical interpretation of the San Diego River and its people
- Protecting the natural and scenic beauty of the San Diego River watershed

The Conservancy’s governing board consist of 15 voting members and two nonvoting members; of these, five of them are members of the public at large, three of whom shall be appointed by the Governor, one appointed by the Senate Committee on Rules, and one by the Speaker of the Assembly. Two of the three initial appointments by the Governor shall be for three-year terms and the third appointment shall be for a two-year term. All subsequent appointments shall be for four-year terms.

Additional information about the Conservancy is available in Attachment 3.

The San Diego River Park Foundation (River Park)

The River Park is a local, grassroots non-profit (501c3) organization. It is not a traditional foundation built upon an endowment or other source of funding. They use foundation in their name because they are built on a foundation of people that have come together to create the San Diego River Park system from the mountains to the ocean.

The River Park’s vision is to protect and enhance the San Diego River’s valuable natural and cultural resources and encourage communities to embrace this legacy and to celebrate it with the creation of a river-long park system. They work to achieve this goal by partnering with government agencies such as the San Diego River Conservancy, business and civic leaders, and a wide range of public organizations.

The River Park’s offers a Business Partner Program for organizations to choose which level is preferred and donate annually. Below are the costs and benefits for each level.

Brook Partner \$1,000	Name and logo on website and in Annual Report mailed to 3,000+ supporters, acknowledgement in e-newsletter emailed to 10,000+ subscribers.
Spring Partner \$2,500	Name and logo (if desired) in 2 printed newsletters mailed to 3000+ supporters, Facebook recognition (30,000+ supporters), plus above.
Creek Partner \$5,000	Dedicated Facebook story (30,000+ supporters), prominent name and logo placement in 2 newsletters and Annual Report mailed to 3,000+ supporters, name and logon on web site, feature story in e-newsletter emailed to 10,000+ subscribers.
Stream Partner \$10,000	Creek Partner Recognition plus recognition on River Park Foundation's website home page.

Donations are used to fund their programs to engage volunteers, promote a better understanding of the value of the river and its amazing ecosystem, and to fund programs that are not supported by grants or other restricted funding.

The River Park’s governing body is comprised of 16-17 members, representing themselves not any organization, and last year they were considering adding 2 more members. The standard term is 3 years.

Additional information about the River Park is included in Attachment 4.

If changes are recommended to District memberships, it is appropriate to consider whether changes need to be made to the District’s Administration Policy Section 14.11.2, Per Diem and Meeting Authorization. The annual review of this policy is the next item on the agenda and will be reviewed at that time.

RECOMMENDATION(S):

Review existing memberships and provide direction to staff if the Committee recommends any changes to be considered by the full Board.

EXISTING MEMBERSHIPS
Fiscal Years 2023-2027

Description	FY 23 Actuals	FY 23 Budget	FY 24 Budget	FY 25 Budget	FY 26 Budget	FY 27 Budget	TOTAL 5 Year Budget
Alpine Chamber of Commerce (Split 50/50 between Park & District)	500	505	510	515	520	526	2,576
American Water Works Association (AWWA)	453	4,568	4,614	4,660	4,707	4,754	23,303
Association of California Water Agencies (ACWA)	30,705	31,319	31,945	32,584	33,236	33,901	162,986
California Special District Association (CSDA)	8,195	8,441	8,694	8,955	9,224	9,500	44,814
CalDesal	0	1,010	1,020	1,030	1,041	1,051	5,152
CSDA San Diego Chapter	150	152	153	155	156	158	773
Santee Chamber of Commerce - Padre Dam Membership	295	298	301	304	307	310	1,520
Santee Chamber of Commerce - Santee Lakes Membership (paid by Park)	295	298	301	304	307	310	1,520
Water Education Foundation	1,000	1,000	1,000	1,000	1,000	1,000	5,000
Water ReUse Association (San Diego Chapter)	75	76	77	77	78	79	386
Water ReUse Association	3,255	3,288	3,320	3,354	3,387	3,421	16,770
Water Research Foundation (WRF)	13,764	13,902	14,041	14,181	14,323	14,466	70,912
East County Chamber of Commerce (\$500 Split 50/50 between Park & District)	500	505	510	515	520	526	2,576
SO. CA Alliance of Publicly Owned Treatment Works (SCAP)	538	543	549	554	560	565	2,772
East County Economic Development Council	350	354	357	361	364	368	1,803
Santee Historical Society	150	150	150	150	150	150	750
TOTAL	\$ 60,225	\$ 66,257	\$ 67,542	\$ 68,699	\$ 69,880	\$ 71,084	343,462

BENEFITS OF EXISTING MEMBERSHIPS

MEMBERSHIPS*	BENEFITS
American Water Works Association (AWWA)	<p>Padre Dam has been a longstanding member of AWWA. The District receives discounts (33%) on any water related materials, supplies, books, certification issues, regulatory guidelines and pending legislation just to name a few. They are the largest association of water professionals in the world with more than 50,000 members. They are to 'go to' source for any water issues worldwide.</p> <p>As a public agency, Padre Dam needs a resource like AWWA to pull from on cutting edge issues that affect the District. Below are a few examples:</p> <ul style="list-style-type: none"> • Unregulated Contaminant Monitoring Rule • Access to Webinars on issues yearly like the above UCMR rule • Vendor connections for specialty items • Certification issues for compliance for professional staff. (CEU's) • Extensive technical library, monthly trade & technical publications • Lobbying for Government and Public affairs with pending legislation • DVD's from past professional conference proceedings • Software • Savings with staff attending Webinars in our Board Room vs. travel
Association of California Water Agencies (ACWA)	<p>ACWA's mission is to assist its members in promoting the development, management and reasonable beneficial use of good quality water at the lowest practical cost in an environmentally balanced manner.</p> <p>ACWA identifies issues of concern to the water industry and the public it serves; accumulates and communicates the best available scientific and technical information to the public and policy makers; facilitates consensus building; develops reasonable goals and objectives for water resources management; advocates sound legislation; promotes local service agencies as the most efficient means of providing water service; provides additional services of value to its members; and fosters cooperation among all interest groups concerned with stewardship of the state's water resources.</p> <p>Padre Dam has been a long standing member of ACWA which provides an invaluable link to the water industry in California for communications, regulatory issues and legislation. District staff and Board Members have also served on various ACWA Committees which are an integral part of ACWA's activities and policy development. The committees are structured to include representation from all 10 ACWA regions, bringing together expertise and perspectives from across the state, to provide technical and policy input to the ACWA Board of Directors. Currently, Melissa McChesney serves on ACWA's Communications Committee.</p>
California Special Districts Association (CSDA)	<p>CSDA is a 501c(6), not-for-profit association that was formed in 1969 to promote good governance and improve core local services through professional development, legislative advocacy, and other services for of all types of independent special districts.</p> <p>For over 40 years, CSDA has been offering its members cost-efficient programs and representation at the State Capitol and boasts a membership of over 1,000 organizations throughout California. They are the only statewide association representing all types of independent special districts including irrigation, water, park and recreation, cemetery, fire, police protection, library, utility, harbor, healthcare and community services districts...just to name a few.</p> <p>CSDA provides education and training, insurance programs, legal advice, industry-wide litigation and public relations support, legislative advocacy, capital improvement and equipment funding, collateral design services, and, most importantly, current information that is crucial to a special districts management and operational effectiveness.</p> <p>Through CSDA Padre Dam purchases its workers' compensation and liability insurance. In reviewing costs in the past, we have found that CSDA offers a cost-effective program that works well with Padre Dam's needs.</p>

CalDesal	<p>As a non-profit managed by its members, CalDesal advocates in Sacramento and throughout the state for legislation and regulatory action to facilitate the use of desalination to help meet California's water-supply challenges. By joining together for a common cause, CalDesal members benefit from:</p> <ul style="list-style-type: none"> • Focused legislative and regulatory advocacy • Grassroots organizing • Insider news and information <p>Members are welcome to attend their Board meetings held twice a year in conjunction with the ACWA conference.</p>
CSDA San Diego Chapter	<p>The quarterly CSDA meetings provide staff and Board members the opportunity to obtain information relevant to special districts in the San Diego area and to informally interact with other agencies on important topics affecting all of us.</p>
Water Education Foundation	<p>The Water Education Foundation is an impartial organization educating people about water issues in California and the Southwest.</p> <p>Their goal is to be a resource for in-depth, impartial information on drought, water rights, environmental restoration and water quality. Annual contributions provide funding to publish the Western Water news, which examines pressing issues in California and along the Colorado River; continue adding terms to Aquapedia, an online water encyclopedia; maintain daily news update on Aquaforia; publish new and revised titles in their Layperson's Guide series; develop public television documentaries and educational videos; conduct tours of key water sites in California and the Southwest, and organize special events. Funding also supports K-12 school programs, which annually reach more than 200,000 students.</p>
Water Research Foundation	<p>This membership was formerly called the Water Reuse Research Foundation which the District had been a member of for years. In 2016 they joined with Water Environment Research Foundation and in 2018 joined the Water Research Foundation, changing their name and membership fee structure.</p> <p>Through the integration of these organizations, the Water Research Foundation (Foundation) now offers members an even stronger, broader and more interconnected research agenda. The Foundation is a nonprofit and educational organization that advances the science of water to protect public health and the environment. Governed by utilities, the Foundation delivers scientifically sound research solutions and knowledge to serve subscribers and stakeholders in all areas of drinking water, wastewater, stormwater, and reuse. The benefits of subscribing to the Research Foundation are:</p> <ul style="list-style-type: none"> • Ability to leverage research dollars with the Foundation through the Tailored Collaboration Program • Access to research findings that are directly applicable to issues related to technology, operation, and management of drinking water, wastewater, reuse, treatment and supply systems • Access to a global network of experts
Water Reuse Association (San Diego Chapter)	<p>Members of the San Diego Regional Chapter include recycled water purveyors, recycled water customers, regulatory agencies, engineering and consulting firms, equipment vendors, as well as interested individuals from the community at large.</p> <p>The mission of the local Chapter is to provide a forum for the exchange of information to promote the beneficial use of recycled water in the San Diego region. The benefit of belonging to the local section is to exchange ideas and experiences on developing local water supply projects and regulatory issues specifically related to the San Diego region.</p>

<p>Southern California Alliance of Publicly Owned Treatment Works (SCAP)</p>	<p>SCAP is a non-profit corporation organized to help ensure that regulations affecting Publicly Owned Treatment Works and collection systems are reasonable and in the public’s best interest. Their mission is to provide leadership, technical assistance and timely information to promote regulations that focus on the sustainable protection of the environment and public health.</p> <p>SCAP is an alliance made up of various agencies as well as consulting firms in the southern California area. They provide training, guidance and leadership in the area of sewer issues specifically as it relates to the State Water Resources Control Board and meeting the regulatory requirements compliance and implementation of the sanitary sewer overflow (SSO) program, the sewer system management plan (SSMP) and the fats oils and grease (FOG) program. They also actively participate in the rule making process as it relates to various state regulatory requirements from Air Pollution Control Districts.</p> <p>The District uses SCAP as a resource on a regular basis. This includes attendance at for workshops related to current regulatory issues including PFAS testing at Publicly Owned Treatment Works. Additionally, SCAP tracks proposed legislation relevant to publicly owned sewer collection systems, including the Regional Water Quality Control Board’s (RWQCB) recent issuance of the Draft Statewide Sanitary Sewer Systems Order Reissuance, which allows members to be informed of relevant public workshops and hearings. SCAP is also involved with oversight of the RWQCB’s recent Investigative Order which seeks to identify and quantify the sources and transport pathways of human fecal material to the Lower San Diego River Watershed.</p> <p>If there are members that have specific problems or issues within their collections systems the SCAP is used as a resource to help solve these problems through the other member agencies. One example is the Flushable Wipes issue. This group was instrumental in bringing the issue to the forefront and helped to bring about legislation that would remove the flushable claim from the labeling.</p>
<p>The University of Southern California, Foundation for Cross-Connection Control and Hydraulic Research (Foundation)</p>	<p>This non profit Foundation was formed in 1944 with an interest to develop standards, practices and tools that prevents contaminants and pollutants from flowing backwards into the potable drinking water supplies. The Foundation is the recognized authority on backflow prevention assemblies, products, training and services to assist water utilities, health agencies, engineers and the general public with their cross-connection control efforts.</p> <p>A Foundation Membership includes the following benefits:</p> <ul style="list-style-type: none"> · Notification and updates to the USC List of Approved Backflow Prevention Assemblies · Online training resources and access to Webinars on Demand library · Support of the Foundation’s efforts to continually develop cross-connection control information <p>References to USC Foundation standards are currently noted within Section 5, Cross Connection and Backflow Prevention, of the District’s Rules and Regulations.</p>

CHAMBERS & OTHER MEMBERSHIPS	BENEFITS
Alpine Chamber of Commerce	With a shared expense of membership between Santee Lakes and Padre Dam Municipal Water District, the Chamber provides Santee Lakes with opportunities to become more active in marketing in the Alpine area. The District also utilizes this membership to build support for District projects and long term initiatives.
Santee Chamber of Commerce	Provides exposure to Santee residents who utilize Day-Use and camping facilities on a daily basis; networking with other business leaders in the Santee Community; potential participation in Chamber of Commerce events (Street Fair and Car Show); and assists with promotion of Santee Lakes events. The District and Santee Lakes pay their own membership. Director Peasley serves as Padre Dam’s representative on the Chamber Board.
San Diego East County Chamber of Commerce	The Chamber is East County's leading business association, representing over 650 businesses in the East County. The Chamber provides opportunities for the District and Santee Lakes Recreation Preserve to develop and increase business through networking programs, community activities and special events. The San Diego East County Chamber of Commerce provides an opportunity for business advocacy at the city, county, state and federal level through their expertise, access and strategic partnerships. The Chamber’s educational and leadership programs connect the District with other successful business professionals.
East County Economic Development Council (ECEDC)	This regional organization allows staff to connect with regional leaders to build support for District projects and long term initiatives. Director Pommering serves as Padre Dam’s representative on the ECEDC Board of Directors.
Santee Historical Society	<p>The Mission of the Santee Historical Society is to promote awareness and appreciation of Santee’s heritage, and history; to encourage local historical research and writing; to discover, collect and preserve historically sensitive materials; and to illustrate and perpetuate the historical heritage of the Santee area and its people. Benefits include:</p> <ul style="list-style-type: none"> • Free advertising on the website, Facebook page, and in their quarterly newsletter, at least once per year • Free entrance to some of their programs • Receive their quarterly newsletter

*All District Memberships are non-profits, 501c(3) or 501(c6).

[News](#)[About](#)[Meetings](#)[Search](#)

About

The San Diego River Conservancy is an independent, non-regulatory state agency established to preserve, restore and enhance the San Diego River Area. The Conservancy's 17 member Governing Board consists of both state and local representatives, creating a diverse partnership dedicated to conserving this highly valued resource of statewide significance.

Our mission is accomplished by (1) acquiring, managing and conserving land; and (2) protecting or providing recreational opportunities, open space, wildlife species and habitat, wetlands, water quality, natural flood conveyance, historical/cultural resources, and educational opportunities. For example, one important Conservancy goal is to build, in conjunction with our partners, a River-long park and hiking trail stretching fifty-two miles from the River's headwaters near Julian to the Pacific Ocean.

With over 10,000 years of human habitation, the San Diego River Area boasts no less than twenty-nine State Historic Landmarks, four National Historic Landmarks, three state parks, twenty local and municipal parks and public open spaces, as well as rich cultural resources. Today, the region is home to over one-half million people, including five Native American tribes, and at least twenty-five state and federally listed endangered and threatened plant and animal species. The region is also of significant economic value, welcoming more than twenty five million visitors, and helping to support an annual tourism industry in San Diego of over five billion dollars.

Who Are We?

The San Diego River Conservancy was established by an act of the California Legislature (AB 2156, Kehoe) to preserve, restore and enhance the San Diego River Area. The Conservancy is an independent, non-regulatory agency within the Resources Agency of the State of California. The Conservancy's 17 member Governing Board consists of both state and local representatives, creating a partnership which reflects the diversity and dedication to conserving this highly valued resource of statewide significance.

What Do We Do?

As an independent government agency our mission, the restoration and conservation of the San Diego River Area, is accomplished by (1) acquiring, managing and conserving land; and (2) protecting or providing recreational opportunities, open space, wildlife species and habitat, wetlands, water quality, natural flood conveyance, historical / cultural resources, and educational opportunities. One important Conservancy goal is to build, in conjunction with our partners, a River-long park and hiking trail stretching fifty-two miles from the River's headwaters near Julian to the Pacific Ocean.

Why the San Diego River?

The San Diego River area is an historical, archaeological and biological treasure of statewide significance. The San Diego River area is the "Birthplace of California" and holds the key to the State's heritage. With human inhabitants for over 10,000 years, the San Diego River Area boasts no less than twenty-nine State Historic Landmarks, four National Historic Landmarks, three state parks, twenty local and municipal parks and public open spaces, as well as rich cultural resources.

Today, the San Diego River Watershed is home to over one-half million people, including five Native American tribes, and at least twenty-five state and federally listed endangered and threatened plant and animal species.

The San Diego River is also of significant economic value to the state. The San Diego River Conservancy area welcomes more than twenty five million visitors, helping to support an annual tourism industry in San Diego of over five billion dollars.

Governing Board and Staff

Our governing board is comprised of 17 members, 15 voting and 2 non-voting members who are appointed or are designated by virtue of the office they hold: local, state and federal. The Conservancy has no power of condemnation or authority over city zoning laws.

GOVERNING BOARD MEMBERS

Keely Bosler

Director, Department of Finance

Wade Crowfoot

Secretary, California Natural Resources Agency

Designee Amanda Martin

Armando Quintero

Director, Department of Parks and Recreation

Benjamin Clay, Chair

Public at Large: Appointed by the Governor

Elsa Saxod

Public at Large: Appointed by the Governor

Vacant

Public at Large: Appointed by the Governor

Cody Petterson

Appointed by the Speaker of the Assembly

Ruth Hayward

Public at Large: Appointed by the Senate Committee on Rules

Gina Moran

Department of Parks and Recreation, San Diego Coast District

John Elliott

Kumeyaay Diegueño Land Conservancy

Todd Gloria

Mayor, City of San Diego

Joel Anderson

Supervisor, Second District, County of San Diego

Raul Campillo

Councilmember, District 7, City of San Diego

Dustin Trotter

City Council of Santee

Charlton Bonham

CA Dept of Fish and Wildlife

Designee Richard Burg

John Donnelly (non-voting)

Executive Director, Wildlife Conservation Board

Gary Strawn (non-voting)

San Diego Regional Water Quality Control Board

STAFF

Julia L. Richards

Executive Officer

San Diego River Conservancy

11769 Waterhill Rd, Lakeside, CA 92040

619.390.0534

julia.richards@sdrc.ca.gov

Dustin Harrison

Environmental Scientist

San Diego River Conservancy

dustin.harrison@sdrc.ca.gov

619-390-0571

Wendell Taper

Administrative Services Manager

San Diego River Conservancy

wendell.taper@sdrc.ca.gov

619-390-0568

Deputy Attorney General

Hayley Peterson

Staff Counsel

Hayley.Peterson@doj.ca.gov

619-738-9311

[Back to Top](#)

[Accessibility](#)

[Conditions of Use](#)

[Privacy](#)

[Contact Us](#)

San Diego River Conservancy • 11769 Waterhill Rd, Lakeside, CA 92040

Copyright © 2022 State of California



Connect. Create. Conserve.



ABOUT US

- Our Team
- Board of Directors
- Advisory Board
- Resources
 - Media Kit
 - Brochures
 - Online Info Center
- San Diego River Coalition
- Financials
- Employment
- FAQ

“Rivers are places that renew our spirit, connect us with our past, and link us directly with the flow and rhythm of the natural world.”

– Ted Turner, founder of TBS and CNN, Ardent Environmentalist

About The San Diego River Park Foundation

In 2000, the largest sewer spill in California's history dumped 34 million gallons of untreated sewage into the San Diego River. This spill ran for almost a week, while few people noticed or cared. Out of this tragedy, a group of concerned citizens formed the San Diego River Park Foundation on July 18, 2001.

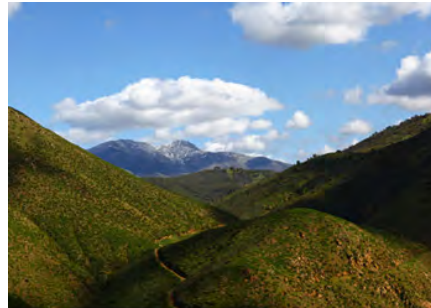


Photo: Shannon Switzer

Since this tragedy, the San Diego River Park Foundation has worked with the community to change San Diego's relationship to its namesake waterway. We remain a local, grassroots non-profit organization and we rely on donations, support from the community, and public and private grants for our work creating the San Diego River Park, connecting people to the River, and conserving local resources.

We are not a foundation built upon an endowment or other source of funding. We are a foundation in name because we are built on a foundation of people that have come together to create the San Diego River Park system from the mountains to the ocean.

We are working to achieve this goal by partnering with government agencies such as the San Diego River Conservancy, business and civic leaders, and a wide range of public organizations. By promoting stewardship of the River, facilitating a better understanding of the River's natural systems, and creating appropriate access to this incredible historic resource, the San Diego River Park Foundation is endeavoring to enhance the quality of life in San Diego.

We are dedicated to making the project a truly treasured regional asset that is valued by all members of our community. We welcome and encourage everyone who is interested to join us in this effort.

4891 Pacific Highway, Suite 114, San Diego, CA 92110
(619) 297-7380

Click [here](#) for information and directions to our office.

The San Diego River Park Foundation is a proud member of the following:



FRIENDS MATTER
Become a Friend of the San Diego River Park Foundation and invest in the future of the River.

[Learn more »](#)



STAY INFORMED
Sign up for our free Newsletter and get up to date information.

[Sign up today »](#)

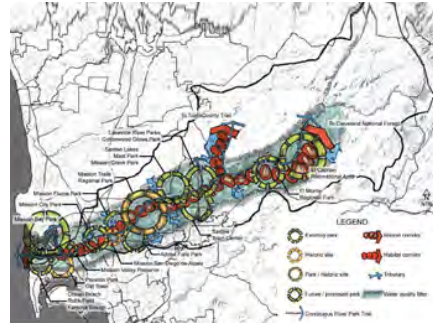


OUR VISION

- [Conceptual Plan](#)
- [Headwaters](#)
- [Lakeside](#)
- [City of Santee](#)
- [City of San Diego](#)
- [River Trail](#)

San Diego River Park Conceptual Plan

In its earliest days, the San Diego River Park Foundation set out to champion the creation of a community-based vision for a river park system from the mountains to the ocean. With funding from the San Diego Foundation and the State of California Coastal Conservancy, the River Park Foundation enlisted the support of Cal Poly Pomona's widely acclaimed Studio 606 program, which uses graduate landscape architecture students in partnership with the university's faculty for projects like this one.



Through a series of public workshops from Julian to Ocean Beach, community members were engaged to help shape the vision of the River Park system. It was an incredible process and lots of great ideas emerged. These efforts resulted in the June 2002 San Diego River Park Conceptual Plan.

The San Diego River Park Conceptual Plan served as a starting point and represented the first step in the process of bringing the river park into reality. The plan was presented to elected officials from the County of San Diego, City of Santee and City of San Diego. It was also incorporated as the guiding vision for the State of California's San Diego River Conservancy.

The Plan provides a framework for creation of the San Diego River Park system. The work done in 2001 – 2002 continues to serve as the basis for the work of the San Diego River Park Foundation and others working on creating the River Park system. Its values of finding a balance between people, water and wildlife which celebrates San Diego's rich cultural and natural legacy to enhance the quality of life remain the foundation of our efforts.

A Watershed-based Approach

When considering a river, you must consider its entire watershed and beyond. This holistic approach is essential to sustainability of an ecosystem. The San Diego River Watershed, the area that drains into somewhere along the River, covers approximately 440 square miles. It connects communities from Julian, Descanso, Alpine, Lakeside, San Diego Country Estates, Crest and others as well as cities such as El Cajon, Santee, Poway and San Diego. It also includes five tribal reservations.

The San Diego River Watershed has the greatest population of any watershed in San Diego County. It contains some of the most densely populated areas as well as areas that are remote and pristine.

There are five reservoirs in the San Diego River watershed supplying water to approximately 760,000 residents in the region. It also has the second highest peak in the County, Cuyamaca Peak at 6,512 feet, which during parts of the year will be covered with snow.

Despite its vast area, the River's ecosystem is fragile and threatened in some locations due to development patterns, infrastructure projects and flood protection projects. Taking a watershed-based approach takes all of this into account when endeavoring to create better future for the River.

Download PDFs below.



[Title & Table Of Contents](#)



[Conceptual Plan Recommendations](#)



STAY INFORMED
Sign up for our free Newsletter and get up to date information.
[Sign up today »](#)



FRIENDS MATTER
Become a Friend of the San Diego River Park Foundation and invest in the future of the River.
[Learn more »](#)



VOLUNTEER NOW
Help us keep the River beautiful for the next generation.
[Volunteer now »](#)



[Project Orientation Vision and Goals](#)



[Experiencing The River Park](#)



[San Diego River Context](#)



[Site Design](#)



[Community Involvement](#)



[Implementation](#)



[Conceptual Plan](#)



[Additional Information](#)

[Home](#) [Our Vision](#) [Get Involved](#) [Contact Us](#)

© 2013 San Diego River Park Foundation. All Rights Reserved. EIN:01-0565671

SPONSORS:

**The Heller Foundation
of San Diego**



AllianceData

**Dahnke Family Charitable
Fund at American Endow-
ment Foundation**



3. RESOLUTION RECOGNIZING BRIAN CROOM ON THE OCCASION OF HIS RETIREMENT

The Board adopted Resolution 2022-13 recognizing Brian Croom, Information Systems Manager, on the occasion of his retirement effective May 31, 2022, after more than 32 years of service with Padre Dam Municipal Water District.

4. RESOLUTION RECOGNIZING ALLEN CARLISLE ON THE OCCASION OF HIS RETIREMENT

The Board adopted Resolution 2022-14 recognizing Allen Carlisle, CEO/General Manager, on the occasion of his retirement effective June 1, 2022, after more than 20 years of service with Padre Dam Municipal Water District.

- **ACTION AGENDA**

Items on the Action Agenda call for discussion and action by the Board. All items are placed on the Agenda so that the Board may discuss and take action on the item if the Board is so inclined.

5. DISTRICT MEMBERSHIPS FOR FISCAL YEARS 2023-2027

Amy Pederson, Board Secretary, reviewed current memberships and annual budget for the next five years noting at last month's Finance and Administrative Services Committee meeting, the Committee recommended maintaining existing memberships and directed staff to review membership options with San Diego River Park Foundation (Foundation) and San Diego River Conservancy (Conservancy). She provided background on the Conservancy stating there is no membership program and if a Board Member would like to serve on the Board they would need to file an application with the Governor's office. Ms. Pederson discussed the Foundation highlighting the governing board is comprised of members not representing specific agencies therefore the District cannot nominate or appoint a Board member to serve on the Board. In closing, she reviewed the annual donation levels for the Foundation's Business Partner Program.

Kristen Dare, Santee Chamber of Commerce CEO, provided background on the Chamber of Commerce's community involvement, thanked the District for continued membership throughout the years, and answered questions from the Board.

James Sly, President and CEO of the East County Economic Development Council, shared the value of the partnership and collaboration between District and East County Economic Development Council and highlighted what the council provides to public and community members. He discussed the opportunity to showcase careers available within the water industry and providing pathways between the District, water science industry, and schools. In closing, he thanked the District for their partnership and offered to answer any questions from the Board.

Board discussion followed in which staff was asked to contact the Foundation and Conservancy to have representatives provide additional information to the Board at a future meeting.

Director Till requested the Board also consider adding the Conservancy meetings to the list of pre authorized meetings eligible for per diem for Board Member attendance.

On motion of Director Pommering, seconded by Director Caires, and unanimously carried by roll call vote, the Board approved maintaining existing memberships as recommended by the Finance & Administrative Services Committee and directed staff to contact The San Diego River Conservancy and The San Diego River Park Foundation to have a representative provide additional information to the Board at a future Board Meeting.



COMMITTEE AGENDA REPORT

Meeting Date: 03-27-2023
Dept. Head: Kyle Swanson
Submitted by: Amy Pederson
Department: Administration
Approved by: Kyle Swanson, CEO/GM

SUBJECT: AMENDMENTS TO THE DISTRICT'S ADMINISTRATION POLICY, STANDARD PRACTICES & POLICIES, SECTION 14

RECOMMENDATION(S):

- 1. Review amendments proposed by staff and provide input if changes are desired; and
- 2. Recommend proposed amendments to the full Board for approval.

ALTERNATIVE(S):

Table to future meeting.

ATTACHMENT(S):

- 1. Section 14 with proposed amendments in redline/strikeout text.

FUNDING:

Requested amount: n/a
Budgeted amount:
Are funds available? Yes No
Project cost to date:

PRIOR BOARD/COMMITTEE CONSIDERATION:

STRATEGIC PLAN IMPLEMENTATION:

This agenda item is consistent with the District’s Strategic Business Plan and meets one or more of the following Strategic Objections: Customer Experience; Fiscal Stability; Operational Excellence, Sustainability and Resource Management; Talent Management; Technology and Innovation.

Reviewed by:		Action Required:		Policy Updates:		Action Taken:
Dept Head	<input checked="" type="checkbox"/>	Motion	<input checked="" type="checkbox"/>	Rules & Regulations	<input type="checkbox"/>	As Recommended _____
Finance	<input type="checkbox"/>	Resolution	<input type="checkbox"/>	Standard Practices	<input type="checkbox"/>	Reso/Ord. No. _____
Legal Counsel	<input checked="" type="checkbox"/>	Ordinance	<input type="checkbox"/>	& Policies		Other _____
Standard Form	<input type="checkbox"/>	None	<input type="checkbox"/>			

EXECUTIVE SUMMARY:

Staff completed the annual review of the District's Administration Policy, Section 14, with input from Legal Counsel, and recommends amendments to reflect changes in law, current practice and/or to provide clarity. The more significant changes are summarized below:

14.8, RIGHT OF PUBLIC TO PARTICIPATE IN BOARD MEETINGS

14.8.1, Meetings to be Open and Public

Updated to reflect current practice of offering board meetings virtually as a convenience to the public, whenever possible, and making it clear that if a Board Member attends a meeting virtually pursuant to recent amendments to the Brown Act enacted by Assembly Bill 2449 permitting Board Members to virtually attend under certain conditions, the public's virtual participation will be subject to such Brown Act amendments (i.e.: if disruption to online meeting occurs, the Board can't take further action until public access is restored).

14.8.3, Right of the Public to Address the Board

Updated to reflect current practice and provide instructions for members of the public to provide public comments in writing or orally.

14.11, COMPENSATION OF THE BOARD OF DIRECTORS

14.11.1, Per Diem Compensation

Amended to include language requested by the Board at the March 1 Board meeting showing it's the Board intent to limit future increases considered by the Board (following a public hearing) to the Board's past practice of limiting any adjustments to its compensation to the same Cost of Living Adjustment (COLA) provided to District employees pursuant to approved Memorandums of Understandings with the employee associations, up to five percent, and rounded to the nearest whole dollar, unless a majority of the Board declines to accept the change. By adding this language, it also simplifies the current two-part process by allowing staff to go straight to the second step of providing notice of the public hearing identifying the proposed amount, without the need to docket the matter for the Board to identify an amount.

14.11.2, Per Diem and Meeting Authorization

Clarified this section to reflect what meetings Board Members are required to provide reports if they attended and identified what meetings do not require a report (meetings with the District's CEO/General Manager, District's legal counsel, or any Padre Dam Board or Committee meeting, including Joint Board meetings Padre Dam may have with other agencies).

14.11.2 A, Pre-approved meetings for ALL Directors

Added three meetings to be eligible for per diem that staff noticed would be beneficial to include or provide clarity in the policy. The first one is new and would allow Board members to attend Padre Dam or East County AWP JPA community sponsored events, such as the community meetings held for the District's Five Year Business Plan or community meetings for the East County AWP Project since the District is a member of the JPA and serves as JPA's Administrator-Operator for the project. The second two will provide clarity by identifying these types of meetings individually instead of categorizing under broader titles.

- Padre Dam or East County AWP JPA's sponsored community meetings (new)
- Joint Board meetings with Padre Dam and other agencies
- New Board Member orientation meeting with General Counsel (in addition to annual meeting)

14.11.2 B, Pre-approved meetings for Directors serving as designated representatives

Added East County AWP JPA to sponsored (local) Speakers Bureau Presentations already eligible for Padre Dam since the District is a member of the JPA and serves as JPA's Administrator-Operator for the project.

14.12, REIMBURSEMENT OF EXPENSES

14.12.4, Travel/Conference Expense

Added language to include reimbursement of an early check-in fee, if applicable, if arriving the same day the meeting/conference program begins.

14.13, BENEFITS

14.13.1, Board Health and Welfare Plan

The Board is eligible to receive the same benefits as employees. This section was amended to reflect changes agreed to in the Memorandum of Understandings the District entered into with the employee associations for fiscal years 2023-2027.

A redline showing the proposed amendments is attached. Staff will review these changes with the Board at the meeting.

RECOMMENDATION(S):

1. Review amendments proposed by staff and provide input if changes are desired; and
2. Recommend proposed amendments to the full Board for approval.

SECTION 14 DISTRICT ADMINISTRATION POLICY

	INDEX	Page
14.1	POLICY FOR ADMINISTRATION OF THE DISTRICT	4
14.2	GOVERNING BODY OF THE DISTRICT	4
14.2.1	Powers and Duties of the Board of Directors	4
14.2.2	Authority of Individual Board Members.....	5
14.2.3	Quorum and Voting Requirements	5
14.2.4	Official Seal of the District.....	5
14.3	MEMBERS OF THE BOARD OF DIRECTORS	5
14.3.1	Divisions of the District	5
14.3.2	Elections and Terms of Office.....	5
14.3.3	Financial Disclosure Statements	6
14.3.4	Appointment in Lieu of Election	6
14.3.5	Appointment to Fill a Vacancy.....	6
14.3.6	Required Training	7
14.4	OFFICERS OF THE BOARD	7
14.4.1	President.....	7
14.4.2	Vice President.....	8
14.5	STANDING COMMITTEES OF THE BOARD	8
14.5.1	Ad Hoc or Special Committees	8
14.6	BOARD MEETING AGENDAS	9
14.6.1	Requirement to Post.....	9
14.6.2	Agenda Item Descriptions	9

14.6.3 Non-Agenda Items 9

14.6.4 Opportunity for Public Comment 9

14.6.5 Agenda Preparation 10

14.6.6 Agenda Distribution 10

14.6.7 Agendas and Related Materials as Public Records 10

14.7 MEETINGS OF THE BOARD OF DIRECTORS 11

14.7.1 Regular Meetings..... 11

14.7.2 Special and Emergency Meetings 11

14.7.3 Adjourned Meetings 11

14.7.4 Closed Meetings 12

14.8 RIGHT OF PUBLIC TO PARTICIPATE IN BOARD MEETINGS..... 12

14.8.1 Meetings to be Open and Public..... 12

14.8.2 Public not Required to Register Attendance..... 13

14.8.3 Right of the Public to Address the Board..... 13

14.8.4 Meetings Closed to the Public 13

14.9 BOARD MEETING PROCEDURES..... 14

14.9.1 Board Actions and Voting Procedures..... 14

14.9.2 Public Hearings 14

14.9.3 Rules of Order 15

14.10 MINUTES OF BOARD MEETINGS 15

14.10.1 Content of the Minutes..... 15

14.10.2 Approval and Authentication 15

14.10.3 Resolutions and Ordinances 15

14.11	COMPENSATION OF THE BOARD OF DIRECTORS.....	16
14.11.1	Per Diem Compensation	16
14.11.2	Per Diem and Meeting Authorization	17
14.11.3	Representatives Serving on the San Diego County Water Authority Board and the Metro Commission/Metro Wastewater JPA	19
14.12	REIMBURSEMENT OF EXPENSES	19
14.12.1	Purpose	19
14.12.2	Background	19
14.12.3	Use of District Credit Cards	19
14.12.4	Travel/Conference Expense	19
14.13	BENEFITS.....	22
14.13.1	Board Health and Welfare Plan	22
14.13.2	Insurance Benefits for Retired Directors.....	23
14.13.3	Insurance Benefits for Spouses of Directors Retired Prior to Jan 1, 1995	23
14.14	PADRE DAM OWNED TABLET COMPUTING DEVICES.....	23
14.14.1	Policy	24
14.14.2	Background and Purpose	24
14.14.3	Procedure	24
14.14.4	Tablet and Software Use.....	24
14.14.5	Return of Device.....	25
14.15	RESPONSIBILITIES AND AUTHORITY OF GENERAL MANAGER.....	26
14.15.1	Legal Authority	26
14.15.2	Emergency Authority.....	27
14.15.3	Duties and Responsibilities	27
14.16	DUTIES AND RESPONSIBILITIES OF LEGAL COUNSEL.....	28

SECTION 14 DISTRICT ADMINISTRATION POLICY

14.1 POLICY FOR ADMINISTRATION OF THE DISTRICT

The purpose of this policy is to codify applicable provisions of the California Water Code and the California Government Code, and policies for the administration of the Board and management of the District. In addition to compliance with this section, the Board must also comply with Section 20, "Code of Ethics and Ethical Behavior." If any provision within these sections is found to be inconsistent with applicable statutes, the law shall govern.

14.2 GOVERNING BODY OF THE DISTRICT

The Board of Directors is the governing body of the District. [Water Code §71270].

14.2.1 Powers and Duties of the Board of Directors

All powers, privileges and duties vested in or imposed upon the District by law and the Municipal Water District Act of 1911 shall be exercised and performed by the Board of Directors [Water Code §71300] as a body, except as the Board shall delegate executive, administrative and ministerial powers to officers and employees of the District. [Water Code §71301].

The Board may delegate and redelegate to the officers of the District, under such conditions and restrictions as shall be fixed by the Board, the power to bind the District by contract [Water Code §71309].

The Board shall appoint, by majority vote, a General Manager, Attorney and Auditor, who shall serve at the pleasure of the Board, and shall define their duties and fix their compensation. The auditor shall have a limited multiyear term as determined by the Board.

The Board shall conduct an annual performance evaluation and review the compensation of the General Manager, in Closed Session, at a regular meeting [Gov. Code §54956 (b)] held during the month of November of each year.

The Board shall conduct an annual performance evaluation review, in Closed Session, of the Attorney and Law Firm in which the Attorney represents, and shall communicate the results of this evaluation in letter form to provide performance feedback on an annual basis.

The Board may require and fix the amount of all of fiscal bonds necessary for the protection of the funds and property of the District. [Water Code §71306]. The Board shall designate a depository or depositories to have custody of the funds of the District [Water Code §71311], and may issue bonds, borrow money and incur indebtedness as authorized by law. [Water Code §71312.5].

It shall be the responsibility of the Board to assure the District is well managed and responsive to the interests of those it represents, to comply with the law and use powers lawfully, to safeguard the assets of the District, to appoint a General Manager and Legal Counsel, and to determine the objectives and policies of the District.

14.2.2 Authority of Individual Board Members

Individual Board Members, except as provided herein or otherwise authorized by the Board, shall have no power to act for the District or the Board, or to direct the staff of the District in the performance of their duties. This shall not preclude individual Board Members from making reasonable requests for information or staff assistance through the General Manager. Any requests by a Board Member that requires more than two hours staff/legal/consultant time requires Board approval. Any information provided to an individual Board Member shall also be available to other members of the Board, or to the Board as a body.

When representing the District, Board Members comments should reflect approved Board policies or actions. However, a Board Member has the right to express personal opinions on matters of Board concern. When expressing such an opinion in public, the Board Member must make it clear that it is only his/her opinion and not the position of the Board. Such an opinion will not be made using District letterhead/logo.

14.2.3 Quorum and Voting Requirements

A majority of the Board of Directors shall constitute a quorum for the transaction of business. No ordinance, resolution or motion shall be passed without three affirmative votes. [Water Code §71274].

14.2.4 Official Seal of the District

The official seal of the District bearing the words "Padre Dam Municipal Water District, founded November 23, 1955," was adopted by the Board in accordance with the law. [Water Code §71591, Resolution No. 77-2].

14.3 MEMBERS OF THE BOARD OF DIRECTORS

14.3.1 Divisions of the District

The Board of Directors of Padre Dam Municipal Water District consists of five Directors, each representing a division of the District. Each Director shall be a resident of the division for which he or she is elected. [Water Code §71250].

Boundary lines of the divisions are established by the Board, and may be relocated prior to each election. [Water Code §71540].

14.3.2 Elections and Terms of Office

Elections are held in accordance with the Uniform District Election Law. [Water Code §71505, Elections Code §10500 et seq.] Each Director is elected for a term of four years, or until his or her successor qualifies and takes office, and shall assume office at 12:00 noon on the first Friday in December following the election. [Water Code §71252, §71253].

The terms of office are staggered so that elections are held in November of each even-numbered year.

Directors representing Divisions 2 and 4 are elected each leap year, and Directors representing Divisions 1, 3 and 5 are elected in the intervening even-numbered election years.

Each Director shall file an official oath of office prior to assuming office on the Board, and such oaths shall be kept on file by the Board Secretary. [Gov. Code §1363 (a)(4)].

14.3.3 Financial Disclosure Statements

Directors shall disclose their private economic interests by filing statements as required under the Political Reform Act of 1974, and the District's Conflict of Interest Code, and shall disqualify themselves from participating in decisions in which they have a financial interest. Directors shall also file candidate and officeholder campaign statements, as required by the Political Reform Act.

14.3.4 Appointment in Lieu of Election

If no person has filed a declaration of candidacy for the office of director by the 83rd day before the election, the Board may request the County Board of Supervisors to make an appointment prior to the last Monday before the last Friday in November in which the election was held; if only one person has filed a declaration of candidacy for such office, the County shall appoint that person to the office of director. [Elections Code, §10515(b)].

14.3.5 Appointment to Fill a Vacancy

Whenever a vacancy occurs in the office of director, the remaining Directors shall, within 60 days after the vacancy occurs, appoint a qualified person from the division in which the vacancy occurs or call an election to fill the vacancy. [Water Code §71254, Gov. Code §1780].

If the vacancy occurs in the first half of a term of office and at least 130 days prior to the next general district election, the person appointed to fill the vacancy shall hold office until the next general district election that is scheduled 130 or more days after the date the District Board is notified of the vacancy, and thereafter until the person who is elected at that election to fill the vacancy has been qualified. The person elected to fill the vacancy shall hold office for the unexpired balance of the term of office. [Gov. Code §1780(d)(2)].

If the vacancy occurs in the first half of a term of office, but less than 130 days prior to the next general district election, or if the vacancy occurs in the second half of a term of office, the person appointed to fill the vacancy shall fill the balance of the unexpired term of office.

If the Board determines to fill the vacancy by appointment, a notice of vacancy must be posted in three or more conspicuous places in the District, at least 15 days before the appointment is made. The Board may determine whether it desires additional publicity regarding the vacancy by the publication of a notice or other methods.

As an alternative to making an appointment, the remaining members of the Board may within 60 days of the vacancy call an election to fill the vacancy. If the Board neither fills the vacancy nor calls an election, the Board of Supervisors may fill the vacancy within 90 days of the date of the vacancy, or may order the District to call an election. If the Board of Supervisors fails to act, the District must call an election.

A Director appointed to fill a vacancy may assume office immediately upon appointment and the execution of an oath of office.

14.3.6 Required Training

Directors shall complete at least two hours of Ethics Training within one year from the first date of service, and once every two years thereafter. [Gov. Code Section 53234]. Additionally Directors shall complete at least two hours of Sexual Harassment Prevention Training within six months of taking office, and once every two years thereafter. [Gov. Code Sections 53237 et seq.]. Certificates of completion for both trainings shall be kept on file by the Board Secretary.

14.4 OFFICERS OF THE BOARD

The officers of the Board shall consist of the President, Vice President, Treasurer and Secretary. The Treasurer and Secretary may, but need not be members of the Board.

The President and Vice President shall serve one-year terms and shall be elected to such term by the Board at its first meeting in the month of January of each year. [Ord. 2013-02; Water Code §71273]. At such meeting, the current President or, in his or her absence, the current Vice-President, shall preside until the new President is elected.

The Board shall appoint, by majority vote, at its pleasure, a Treasurer and Secretary, and shall define their duties and fix their compensation range if a District employee. [Water Code §71340]. The Board appoints to the position of Board Secretary that District employee who also serves as Executive Assistant to the District's Management Team, and appoints to the position of Treasurer, that District employee who also serves as the Director of Finance/Chief Financial Officer of the District. The General Manager is responsible for hiring the positions of Executive Assistant to the District's Management Team and the Director of Finance/Chief Financial Officer and shall make a recommendation to the Board for formal appointment as Board Secretary and Treasurer, respectively. Each of these officers shall serve at the pleasure of the Board. If an appointed officer is a District employee, that officer shall report directly to the General Manager, and the General Manager shall perform an annual evaluation and set the employee's compensation in accordance with the Salary Schedule approved annually by the Board for all employees.

The Board may create any necessary offices and establish the powers and duties of all officers. [Water Code §71305].

14.4.1 President

The President shall preside over the meetings of the Board of Directors in accordance with established rules of procedure, and shall maintain order and decorum. The President shall authenticate by signature all official records of the District as required by law or as directed by a majority vote of the Board.

It shall be the responsibility of the President to set the time and place for any special meeting of the Board, and to appoint, with Board confirmation, any standing and ad hoc committees of the Board, ~~and~~ representatives to outside organizations, and any special assignments, as may be required.

The President shall carry out such other duties and responsibilities as required or imposed by law or a majority vote of the Board. [Water Code §71360].

14.4.2 Vice President

If the President is absent or unable to act, the Vice President shall exercise the powers of the President granted by law. [Water Code §71273].

14.5 STANDING COMMITTEES OF THE BOARD

Standing committees of less than a quorum of the Board (two Board Members) may be created to study and advise the full Board regarding certain areas of concern. Appointments to standing committees and designation of the chairperson shall be made by the President, with consent of the Board, following the selection of Board officers, and may be made as necessary due to vacancies on the Board. The General Manager shall assign appropriate staff to serve on each committee. Committees shall meet as determined by their members or as requested by staff.

Directors that are not members of a standing committee may attend only as observers unless the agenda of the committee meeting indicates that a special meeting of the Board has also been noticed as required by law, at which the Board will discuss but not take any action. Whenever a standing committee meeting is also noticed as a special Board meeting, it shall be conducted as a committee meeting and Directors that are not members of the committee may participate in discussions upon recognition by the committee chair, but only members of the committee are entitled to make, second or vote on any motion or other action of the committee. Any actions taken by the committee pursuant to the posted agenda shall be deemed recommendations of the committee for the full Board to consider at a future Board meeting.

In the event a committee quorum is not present, the meeting may continue as a special board meeting to hear informational reports on the agenda. Any action items will be agendaized for a future committee meeting or regular board meeting.

The Board retains all powers, privileges and duties to exercise and perform the business of the District, and committees of the Board are not empowered to act for the Board. Meetings of Board standing committees are subject to the Ralph M. Brown Act. Full Board discussion and public comment on committee recommendations shall be encouraged prior to Board action.

14.5.1 Ad Hoc Committees or Special Assignments Committees

The President may appoint, with Board confirmation, ad hoc committees or special assignments committees of less than a quorum of the Board, as needed, to undertake specific assignments on behalf of the Board. Ad hoc ~~Such a~~ committees shall exist for a specified term or until its assigned responsibilities are completed. Special assignments may last for an extended period of time or until a new representative is appointed.

14.6 **BOARD MEETING AGENDAS**

Agendas for Board and standing committee meetings agendas are prepared, posted and distributed in accordance with provisions of the Ralph M. Brown Act, as set forth in §54950 et seq. of the Government Code.

14.6.1 **Requirement to Post**

At least 72 hours prior to a regular meeting, the Secretary shall post, or cause to be posted, an agenda specifying the time and location of the meeting, in a place that is freely accessible to members of the public. [Gov. Code §54954.2(a)]. Requirements for posting the agenda for special meetings are described in more detail below.

14.6.2 **Agenda Item Descriptions**

The agenda for a regular meeting shall contain a brief general description of each item of business to be transacted or discussed at the meeting. [Gov. Code §54954.2(a)].

The agenda for regular or special meetings may provide a consent calendar for routine items. An information agenda may also be provided for reports by Board members, District Counsel, and the General Manager, or other items not requiring action.

14.6.3 **Non-Agenda Items**

No action shall be taken on any item not appearing on the posted agenda [Gov. Code §54954.2(a)], except as follows [Gov. Code §54954.2(b)]:

- A. When a majority of the Board decides there is an emergency situation, as defined in §54956.5 of the Government Code.
- B. When two-thirds of the members [or all members if less than two-thirds are present] determine that the need to take action arose subsequent to the agenda being posted.
- C. The item appeared on the agenda of, and was continued from a meeting held not more than five days earlier.

14.6.4 **Opportunity for Public Comment**

Every agenda for regular meetings shall provide an opportunity for members of the public to address the Board on matters of interest to the public that are within the subject matter jurisdiction. [Gov. Code §54954.3(a)].

The Secretary shall provide mailed notices of all meetings to any person who has filed an annual written request with the Secretary. [Gov. Code §54954.1]. An annual subscription of \$20 is required for this service to cover the cost incurred by the District. Additional information and resources regarding receiving meeting and agenda notifications is addressed in section 14.6.6 below.

14.6.5 Agenda Preparation

The Secretary of the Board is responsible for preparing the agenda and assembling all supporting documents, including staff and committee recommendations, reports and exhibits. Agenda items are generated by staff, and submitted to the General Manager for approval before being placed on the agenda. Directors may also initiate items to be placed on Board agendas.

Agenda items requested by the public must be received no later than 5:00 pm on Friday of the week preceding agenda posting. Earlier deadlines may be established by staff as necessary to allow sufficient time for preparation of related staff reports.

14.6.6 Agenda Distribution

The regular meeting agenda, along with related documents, is published and distributed to members of the Board and administrative staff no later than five days prior to the ~~next~~ meeting. Exceptions may be due to a holiday or some emergency, in which case distribution may be delayed. Any supplemental documents should be ~~delivered~~ distributed no later than one day prior to the meeting.

Information regarding distribution of special or emergency meeting agendas, along with related documents, to the members of the Board are described in more detail in Section 14.7.

The agenda summary will be made available to the public in the lobby of the District's Customer Service Center, and ~~the~~ complete agenda and related documents will be made available to the public on the District's website. The agenda may also be mailed to local newspapers, other public agencies, the District's auditor and insurance agent, and property owners, firms or individuals who subscribe on an annual basis. [Gov. Code §54954.1].

Any person desiring to electronically receive the Board agenda may sign up for the "Notify Me" program on the District's website (www.padredam.org) to be notified via e-mail or text that the agenda, or revisions to the agenda or related documents, is available to view or download. Alternatively, any person desiring to receive copies of the Board agenda summary by mail shall make a request in writing to the Secretary, and shall pay in advance an annual fee of \$20. [Gov. Code §54954.1]. Any person may obtain from the Secretary copies of agenda backup materials, upon payment of the standard fee charged for copies of public records in accordance with the public records policy.

Any person desiring to receive hard copies of the complete Board agenda by mail shall make a request in writing to the Secretary, and shall pay in advance an annual fee of \$600.

14.6.7 Agendas and Related Materials as Public Records

Notwithstanding provisions of the Public Records Act, agendas and other writings are public records upon distribution to all or a majority of the members of the Board for discussion or consideration during a Board meeting, except for items exempt from public disclosure under Government Code §6253.5, §6254, §6254.3, §6254.7, §6254.15, §6254.16, §6254.22 or §6254.26 of the California Public Records Act. [Gov. Code §54957.5(a)].

Public record materials distributed to the Board in advance ~~prior to commencement~~ of the Board meeting,

~~or during the meeting and prior to their discussion,~~ shall be made available immediately for public inspection in the revised agenda posted on the District's website. [Gov. Code §54957.5(a) and (b)].

Public record materials distributed during ~~their discussion in a~~ Board meeting shall be made available for public inspection immediately if prepared by the District or a member of the Board, or as soon thereafter as practicable if prepared by any other person. [Gov. Code §54957.5(c)]. Following the meeting, a revised agenda will be posted on the District's website to include any records distributed during a Board meeting.

14.7 MEETINGS OF THE BOARD OF DIRECTORS

14.7.1 Regular Meetings

Regular meetings of the Board of Directors shall be held on the first and third Wednesdays of each month, at 4:00 pm in the Board Room of the District's Customer Service Center, at 9300 Fanita Parkway, Santee, California, and virtually as a convenience to the public. Regular meetings may be rescheduled or cancelled as needed.

All meetings of the Board shall be noticed and conducted in conformance with the provisions of the Ralph M. Brown Act, as set forth in Government Code §54950 et seq.

14.7.2 Special and Emergency Meetings

Special meetings of the Board of Directors may be called at the time and in the manner provided by law. [Gov. Code §54956].

Written notice must be delivered personally or by any other means to each member of the Board and to members of the media requesting such notice in writing and by posting on the District's Website, at least 24 hours before the time of the meeting as specified in the notice. The notice shall state the time and place and the business to be transacted, and no other business shall be transacted. The notice shall also be posted at least 24 hours before the meeting in a site freely accessible to the public. The written notice may be dispensed under conditions set forth in the law. [Gov. Code §54956].

Emergency meetings may be held under these same provisions, when prompt action is needed because of actual or threatened disruption of public facilities or the public health and/or safety, except that the 24-hour notice is not required. [Gov. Code §54956.5].

14.7.3 Adjourned Meetings

A regular or special meeting may be adjourned and re-adjourned to a time and place specified in the order of adjournment. [Gov. Code §54955]. Less than a quorum may so adjourn a meeting, and if no member of the Board is present, the Secretary may adjourn the meeting. A notice of such adjournment must be posted within 24 hours at or near the door of the place where the meeting was held.

A public hearing can be continued in the same manner, except that a copy of the notice of continuance must be posted immediately after the meeting. If the hearing is continued to a time less than 24 hours after the time specified in the notice of hearing, a copy of the notice of continuance of hearing shall be posted immediately following the meeting at which the hearing was ordered to be continued. [Gov. Code §54955.1].

14.7.4 Closed Meetings

The Board may hold a closed session only as authorized by the Brown Act, where restrictions are more fully described under Government Code §54950 et seq. The general reason for the closed session must be made public, either before or after the meeting, and in certain cases additional information must be disclosed. Only members of the Board, plus any necessary support staff or any witnesses, shall attend, and all others shall be excluded.

The Board shall publicly report any action taken in closed session in accordance with the requirements of Government Code §54957.1. In addition, any action taken during a closed session, and any roll call vote thereon, to appoint, employ, dismiss, accept the resignation of, or otherwise affect the employment status of a public employee arising out of closed session shall be publically reported at the public meeting during which the closed session is held; provided, however, that the report of a dismissal or of the nonrenewal of an employment contract shall be deferred until the first public meeting following the exhaustion of administrative remedies, if any. [Gov. Code §54957.1].

The Board may designate the Secretary or other officer to keep and enter in a minute book a record of the topics discussed and decisions made during a closed meeting. The closed session minute book and any staff reports or related documents are not public records, and shall be available only to members of the Board. Such minute book may consist of a tape recording [Gov. Code §54957.2].

The Board may hold a closed meeting only for the following purposes: [Gov. Code §54956.75-54957].

- A. To consider the appointment, employment, performance evaluation or dismissal of an employee, or to hear complaints brought against such employee, unless the employee requests a public hearing.
- B. To give instructions to negotiators regarding real estate transactions or labor negotiations.
- C. To discuss matters posing a threat to the security of public buildings, a threat to the security of essential public services including water, drinking water, wastewater treatment, natural gas service and electric service, or a threat to the public's right of access to public services or public facilities.
- D. To consider a confidential final draft audit report from the California State Auditor's Office.
- E. To meet with its legal counsel to discuss pending or potential litigation, or to consider initiating litigation. [Gov. Code §54956.9(a), (b) and (c)].

14.8 RIGHT OF PUBLIC TO PARTICIPATE IN BOARD MEETINGS

14.8.1 Meetings to be Open and Public

All meetings except closed meetings shall be open and public, and all persons shall be permitted to attend any meeting of the Board of Directors, except as provided under the law. [Gov. Code §54953(a)]. All

meetings will also be held virtually, whenever possible, as a convenience to the public. If a Board Member attends a meeting virtually pursuant to recent amendments to the Brown Act enacted by Assembly Bill 2449 permitting Board Members to virtually attend under certain conditions, the public's virtual participation will be subject to such Brown Act amendments.

Any person attending an open and public meeting of the Board shall have the right to record the proceedings, unless it is determined by the Board President or the Board that such recording would constitute a disruption of the proceedings. [Gov. Code § 54953.5, 54957.95].

14.8.2 Public not Required to Register Attendance

Members of the public are not required, as a condition to attend a Board meeting, to register his or her name or provide any other information. Any attendance list circulated or otherwise made available in the Board Room shall state that signing or registering is voluntary. [Gov. Code §54953.3]

14.8.3 Right of the Public to Address the Board

Members of the public may address the Board regarding items of interest to the public which are within the subject matter jurisdiction of the Board, providing that no action shall be taken on any item not appearing on the agenda, unless otherwise authorized under Government Code §54954.2(b). [Gov. Code § 54954.3]

Members of the public may also address the Board on any item on the agenda when the item is considered.

Public comments may be submitted in writing through the public comment e-form available on the District's website at least a half hour prior to the start of the meeting. Additional instructions for the public to provide oral or written comments prior to or during the meeting are included on each agenda. Written public comments may be read for the record at the appropriate time during the meeting, or if submitted in advance of the meeting, may instead be included in a revised agenda distributed to the Board and posted on the District's website prior to the meeting.

The Board may require speakers to state their name and address for the record. ~~Persons desiring to address the Board regarding items listed on the agenda are asked to present a speaker's slip to the Board President or the Secretary prior to the meeting, indicating their name and address, and the agenda item on which they wish to speak.~~

The Board may limit the total amount of time allocated to public testimony on particular issues and for each individual speaker. [Gov. Code §54954.3(b)].

~~The public may also address the Board by written communication submitted to the President or to the Secretary, prior to or during the meeting.~~

14.8.4 Meetings Closed to the Public

Part or all of a regular, special or adjourned meeting may be closed to the public under special conditions,

as described herein in Section 14.7.4.

14.9 BOARD MEETING PROCEDURES

14.9.1 Board Actions and Voting Procedures

The Board shall act only by resolution, ordinance or action upon a motion duly made, seconded and passed. [Water Code §71276]. The vote of a majority of the Board is sufficient for most official actions. Three affirmative votes shall constitute a majority.

All ordinances require a roll call vote, and the results thereto shall be entered into the record of proceedings. [Water Code §71277]. The Board shall adopt an ordinance when required by law or to amend either the District's Rules and Regulations or the Standard Practices and Policies. Ordinances normally take effect in 30 days, unless otherwise stated.

Resolutions and other motions may be passed by a voice vote, but on demand of any Board member or if any Board member attends the meeting virtually, the roll shall be called and the vote recorded. [Water Code §71278]. All motions, including a motion to adopt an ordinance or approve a resolution, shall require a second. Any member of the Board, including the President, may make or second a motion, and the President shall vote on all motions unless disqualified or abstaining.

Votes of the members of the Board shall not be cast or exercised by proxy. [Water Code §71279].

Items on the consent calendar may be approved without discussion upon a single motion duly made, seconded and passed. Upon the request of a Director or a member of the public, an item on the consent calendar shall be removed from the consent calendar and placed on the action agenda with other items for discussion and/or public comment prior to being voted upon.

The Board shall publicly report in the minutes any action taken and the vote or abstention on that action of each member present for the action. [Gov. Code §54953].

14.9.2 Public Hearings

Public hearings shall be given proper public notice, as required by law. Public Hearings held pursuant to Proposition 218 for water and sewer rates shall be held at 6:00 pm. The staff shall present such information, exhibits and recommendations as may be appropriate.

The presiding officer shall open the hearing for public comment. Board Members and staff may ask questions of members of the public during testimony, and may respond to relevant questions raised by the public.

Board Members shall refrain from discussing the issue among themselves or expressing their personal views until all the testimony has been heard.

At the conclusion of public testimony, the hearing shall be closed, and the Board may discuss the matter and take action, as desired.

14.9.3 Rules of Order

Except as otherwise provided by law, all meetings of the Board shall be conducted on the basis of precedent and customary rules of order, in a manner facilitating the orderly transaction of business. Upon determination of a quorum, items on the agenda may be reordered or withdrawn upon request of either a Board member or staff.

The presiding officer shall allow reasonable opportunity for full discussion on any issue presented to the Board for consideration, and may terminate debate as appropriate. Each Board Member shall be recognized by the chair before speaking, and shall be allowed to speak without interruption.

A motion by any member shall be seconded prior to any discussion thereon. Any member may move to amend or table the motion, refer it to a committee, propose a substitute motion, or call for the question. The presiding officer may restate the motion if deemed appropriate before calling for a vote, and shall announce its passage or failure.

14.10 MINUTES OF BOARD MEETINGS

The Secretary shall record and keep the minutes of meetings of the Board of Directors ~~in a book maintained for that purpose and retained~~ in accordance with the District's Record Retention Schedule. The meetings may also be recorded, and such recordings shall be maintained in accordance with the District's Records Retention Schedule.

14.10.1 Content of the Minutes

The minutes shall contain primarily a record of what was done at the meeting, not what was said by the members, and shall not reflect the opinion of the Secretary. Any Director may request his or her oral or written statement, or an abstract thereof, to be entered into the minutes.

The minutes shall indicate the maker and seconder of each motion, the votes in favor and opposed, and any Board member absent or abstaining from the vote. The minutes may contain brief descriptions of documents presented to the Board, and may summarize staff reports and the Board discussion leading to the actions taken.

14.10.2 Approval and Authentication

The minutes shall be approved by the Board upon publication, along with any amendments. The President or other person who may preside at the meeting shall authenticate the minutes by signature, and the Secretary shall attest thereto.

14.10.3 Resolutions and Ordinances

All resolutions and ordinances adopted by the Board may be referred to in the minutes by number and title, but shall be preserved ~~recorded~~ in their entirety ~~in books kept for that purpose~~ and retained in accordance with the District's Record Retention Schedule. Resolutions and ordinances shall indicate the vote of the members of the Board, and shall be authenticated by the presiding officer and attested to by the Secretary.

14.10.4 Public Records

Books of minutes, resolutions and ordinances shall be kept at such place as the Secretary deems appropriate, and shall be presented for inspection by any person at any reasonable time, upon request to the Secretary. Any copies of resolutions, ordinances, or excerpts from approved minutes provided to the public shall be certified by the Secretary.

14.11 COMPENSATION OF THE BOARD OF DIRECTORS

14.11.1 Per Diem Compensation

Each Director shall receive compensation on a per diem basis in an amount not to exceed \$145 for one meeting/function per day. [Ordinance 2019-02, effective July 1, 2019]. Attendance at meetings authorized in advance by the Board of Directors, or as specified in Section 14.11.2, will be eligible for compensation and reimbursement of reasonable expenses incurred for each day's service rendered. Compensation and expense reimbursement for other services shall require a specific request and approval by the Board in advance. [Gov. Code 53232.2 (f)].

The maximum number of meetings for which a Director may receive compensation from the District is limited to a total of 10 days in any calendar month.

No compensation shall be paid to a Director until a claim for per diem compensation has been filed on the "Per Diem and Mileage Claim Form" provided by the District. All such claims shall be filed within 30 days of the meeting. Listing of non-qualified meetings on the claim form is not permitted even when "no charge (N/C)" is indicated.

The Board may consider adjustments to its ~~Changes in Director compensation may be considered~~ on an annual basis, following a public hearing, in conjunction with the development of the District's budget. The Board's intent is for said adjustments to be limited to the Cost of Living Adjustment (COLA) provided to District employees pursuant to approved Memorandums of Understandings with the employee associations, up to five percent, and rounded to the nearest whole dollar, unless a majority of the Board declines to accept the change. ~~If the Board determines to proceed with a change, a public hearing will be noticed to receive public comment prior to any action being taken.~~

Changes in compensation shall require the approval of the Board at an open meeting held at least 60 days prior to the effective date of the change and cannot exceed five percent per calendar year following the operative date of the last adjustment. [Water Code 20202-20207].

14.11.2 Per Diem and Meeting Authorization

Attendance at meetings pre-authorized by the Board of Director will be eligible for compensation and reimbursement of reasonable expenses. Board Members attending and requesting compensation or reimbursement of expenses for attending meetings attended at outside organizations, or if attending as the District's appointed representative for any organization, must ~~provide that the attendee(s)~~ provide a brief report ~~on the meeting attended~~ at the next Regular Board meeting. Reports are not required for meetings with the District's CEO/General Manager, District's legal counsel, or any Padre Dam Board or Committee meeting, including Joint Board meetings Padre Dam may have with other agencies [Gov. Code 53232.3 (d)].

A. Pre-approved meetings for ALL Directors

The following meetings are pre-approved for all Directors to attend and receive payment of per diem compensation and expense reimbursement:

1. Padre Dam Regular and Special Board Meetings
2. Padre Dam Standing Committee meetings when also noticed as a Special Board Meeting
3. Conferences, seminars, workshops, or webinars of the following organizations:
 - American Water Works Association (AWWA)
 - Association of California Water Agencies (ACWA)
 - Best, Best and Krieger Legal Updates (BB&K)
 - California Special Districts Association (CSDA)
 - Colorado River Water Users Association (CRWUA)
 - Special Districts Leadership Foundation (SDLF)
 - Metropolitan Water District of Southern California
 - San Diego County Water Authority (CWA)
 - Water Education Foundation
 - Water Research Foundation
 - CalDesal
4. Meetings of the following organizations:
 - Council of Water Utilities (COWU)
 - San Diego County Water Authority Board and Committee meetings (CWA)
 - Metro Commission/Metro Wastewater Joint Powers Authority (Metro JPA)
 - East County Advanced Water Purification Joint Powers Authority (East County AWP JPA)
 - ~~Metro TAC (Technical Advisory Committee) (Limited to 2 Board Members each meeting)~~
 - Padre Dam or East County AWP JPA's sponsored community meetings
 - Joint Board meetings with Padre Dam and other agencies
 - California Special Districts Association, San Diego Chapter
 - Association of California Water Agencies (ACWA) Committee meetings held in conjunction with the ACWA Spring and Fall Conference

- Tours of water projects sponsored by the San Diego County Water Authority, Metropolitan Water District of Southern California and the Association of California Water Agencies (ACWA)
5. Meetings with the District General Manager
 6. District's ~~Assessment and Direction~~ Strategic Planning Workshops
 7. Tours of District facilities
 8. Tours, ground breakings, and open houses of Water Agencies in San Diego County
 9. Participation and completion of Ethics Training, including online courses, to meet the requirements of Government Code Sections 53234-53235.2. For online courses, Directors may be paid compensation for one day upon successful completion of the course
 10. Meetings of other official bodies such as the City Council, Community Planning Groups, or the Local Agencies Formation Commission (LAFCO) if a Board Member is serving an official role on behalf of Padre Dam
 11. Annual meeting or new Board Member orientation meeting with General Counsel

B. Pre-approved meetings for Directors serving as designated representatives

The following meetings are pre-approved for Directors serving as designated representatives, to attend conferences and regular and special meetings as specified below, and receive payment of per diem compensation and expense reimbursement:

1. Padre Dam Standing and Ad Hoc Committees
2. Padre Dam Basin Meeting
3. Standing, Special or Board-authorized committees of the Association of California Water Agencies (ACWA)
4. San Diego Area Wastewater Management District
5. Local Agency Formation Commission (LAFCO) Regular Meetings
6. Local Agency Formation Commission Special Districts Advisory Committee
7. Padre Dam or East County AWP JPA sponsored (local) Speakers Bureau Presentations
8. Santee Chamber of Commerce Board meetings
9. Santee Chamber of Commerce Governance Affairs Committee meetings (~~representative and alternate~~)
10. East County Economic Development Council Board Meetings
11. San Diego East County Chamber of Commerce Government Affairs & Infrastructure Land Use Committee

C. Conferences outside the U.S.

Conferences outside the U.S. are prohibited unless otherwise authorized by the Board of Directors in advance.

D. Philanthropic and Community Organizations [Ethics Policy 20.16.3]

Involvement in worthy community organizations is encouraged. Payment of per diem or meeting expenses are not provided for Board Members. Payment of membership fees, meeting lunches and other support are not provided for Board Members.

14.11.3 Representatives Serving on the San Diego County Water Authority Board and the Metro Commission/Metro Wastewater JPA

Each Director appointed to represent the District on the Board of Directors of the San Diego County Water Authority and the Metro Commission/Metro Wastewater JPA receives compensation and reimbursement from the respective agency for each day's service rendered on behalf of the agency and not from the District.

14.12 REIMBURSEMENT OF EXPENSES

14.12.1 Purpose

To establish a policy for reimbursement of expenses to Directors in connection with their attendance at meetings or when traveling on official District business.

14.12.2 Background

Each Director shall be reimbursed in accordance with Water Code §71255 and as outlined in this section for any allowable expenses incurred in the performance of their duties required or authorized by the Board. This shall include attendance at occasions set forth in Section 14.11.2 and other occasions specifically approved by the Board in advance. Directors may request a cash advance for travel expenses, if desired.

14.12.3 Use of District Credit Cards

It is the policy of the Board that District bank credit cards are authorized for Members of the Board. Padre Dam credit cards are to be used only for Padre Dam business; no personal expenses are to be charged even if the cardholder intends to later reimburse the District. District credit card holders shall submit to the accounting department the customer copy of each receipt clearly showing the date, time and explanation of charges. Customer charges must be submitted to accounting within 30 days of when expenditure occurs.

14.12.4 Travel/Conference Expense

Reimbursement of expenses incurred while attending conferences and meetings shall be limited to actual and necessary expenses incurred in the performance of official duties for the benefit of Padre Dam. Per diem and travel expenses for arrival the night before is allowed when a conference is located outside the County of San Diego and starts the following morning. All completed travel/expense reports for individual Board Members are subject to the provision of this policy and approval by the Board of Directors.

Each Director will be reimbursed for allowable expenses incurred while traveling on District business. Allowable expenses include:

- common carrier fares (coach class)
- lodging, single occupancy rate (for conferences outside the County of San Diego); early check-in fee, if applicable, if arriving the same day the meeting/conference program begins
- Rideshare or other ground transportation, or if necessary, automobile rental charges (economy

or midsize) ~~or other ground transportation~~

- parking fees
- mileage reimbursement for personal vehicle usage
- District business telephone calls
- two personal long-distance telephone calls home each day
- meals
- tips
- other eligible miscellaneous expenses

Reservations for travel shall be made as far in advance as possible, in order to take full advantage of any travel discounts and/or early registration rates. Travel arrangements, applicable travel forms and all travel information should be made through or obtained from the Board Secretary.

The Board may approve exceptions to this travel expense policy based on extenuating circumstances. Such exceptions must be approved before the expense is incurred. Retroactive authorization of reimbursement is not permitted. [Gov. Code 53232.2 (f)].

Claims for Compensation:

Expenses shall not be reimbursed to a Director until an official expense reimbursement form has been filed with the Accounting Department. All such claims shall be filed on the "Travel and Meeting Expense Report Form" within 30 days of travel. Retroactive authorization of reimbursement is not permitted. [Gov. Code 53232.2(f)].

Guidelines for Reimbursement:

Directors applying for reimbursement of transportation, lodging, meals, and incidental expenses shall use the following guidelines:

A. Transportation

1. The maximum to be paid for travel outside the County of San Diego shall not exceed an amount equal to "coach fare" airline transportation. Government and group rates offered by a provider of transportation must be used, when available. [Gov. Code 53232.2 (e)].
2. Avoid car rentals by taking rideshare/shuttle/taxi/mass-transit service or other local transportation.
3. When renting a car is necessary, it shall be economy or mid-size in class, unless upgrades are offered at no additional cost to the District. The traveler should purchase the full insurance coverage including the collision damage waiver.

Board of Directors Personal Vehicle Use: Mileage will be reimbursed based upon the approved Internal Revenue Service (IRS) rate in effect upon completion of an approved expense report. In order to be eligible for mileage reimbursement, you must be a Director on the Board at Padre Dam Municipal Water District and you must be driving on District business on occasions set forth in Section 14.11.2.

Travel reimbursement shall not exceed the cost of the then prevailing round-trip (coach) airfare to the same destination.

The Director's expense claim should indicate the nature of the trip. **District insurance does not cover your personal vehicle while it is being driven on District business.** The reimbursement rate includes an

allowance for insurance costs. The District will reimburse Directors for the deductible under their personal insurance policy in the event of an accident while traveling on District business.

B. Lodging

Conference and similar housing reservations are reimbursable. Lodging expense for attending a conference or organized educational activity shall not exceed the maximum group rate published by the conference or activity sponsor. If the group rate is not available, reimbursement shall be for comparable lodging expense, so long as it does not exceed the prevailing lodging rate for lodging in the geographical area of the conference or educational activity. Government and group rates offered by a provider lodging services must be used, when available. [Gov. Code 53232.2 (d)(e)]. Early check-in fees, if applicable, are reimbursable if arriving the same day the meeting/conference program begins.

C. Meals

Reimbursement will be provided for meals while a Director is attending meetings, conferences, or other activities authorized under this policy. Meals that are part of the meeting, conference or activity, will be reimbursed at the actual cost. Other meal expenses actually incurred will be reimbursed and shall not exceed the maximum allowed amounts for single meals. **If meals are included in the cost of a conference or event, substitute meals are not eligible for reimbursement.**

The following chart provides a guideline as a standard to reflect what the "typical" meal should cost. The maximum amount is set to cover events where alternative and lower priced meals are not available within a reasonable distance from the event location.

The maximum meal limits are individually applied; unused meal allowance may not be accumulated to result in higher subsequent meals. The guidelines and maximum amounts are as follows:

	<u>Guideline</u>	<u>Maximum</u>
Breakfast	\$19	\$38
Lunch	\$25	\$44
Dinner	\$44	\$63
Total Maximum Per Day	\$88	\$145
NOTE: Add tax and tip to the above numbers. Maximum tip is not to exceed 20 percent.		

D. Non-Reimbursable Items

The following expenses are not reimbursable:

- a) alcoholic beverages
- b) parking or traffic violations
- c) in-room movies
- d) laundry service [prior to a three-day stay]
- e) entertainment
- f) expenses incurred on behalf of spouse, dependent, or traveling companion

The District will not reimburse the cost of travel of a personal nature taken in conjunction with travel on

official business. Any expense which includes costs of personal travel (e.g. hotel receipt for employee and spouse) should be paid for by the traveler. The District will reimburse the traveler for the portion of expenses qualifying as official business identified in this policy upon submission of a travel and meeting expense claim.

E. Receipts

Receipts must be attached to the expense reimbursement form for all expenses except mileage. However, if no receipts are available, a written explanation of the expenditure, the amount, and to whom paid is required.

14.13 BENEFITS

Directors are entitled to group health, dental and life insurance coverage, as follows:

14.13.1 Board Health and Welfare Plan

Annually Board members may elect to receive medical and dental benefits.

Cost sharing for the medical plan is as follows:

	HMO Coverage	PPO Coverage
Board Member Only	Board Member pays zero percent	Board Member pays difference between PPO and Kaiser HMO Rate
Board Member + One Dependent	Board Member pays 10 percent + half the amount over 15 percent TBD based on expenses for that individual year.	Board Member pays difference between PPO and Kaiser HMO Rate + 10 percent for dependents and half the amount over 15 percent TBD based on expenses for that individual year
Board Member + Family	Board Member pays 10 percent + half the amount over 15 percent TBD based on expenses for that individual year.	Board Member pays difference between PPO and Kaiser HMO Rate + 10 percent for dependents and half the amount over 15 percent TBD based on expenses for that individual year

Dental benefits are paid by the District (100 percent of the annual premium).

Every year at open enrollment, a Board Member may choose to waive coverage of medical or dental insurance; upon completion of a waiver, proving other ACA eligible coverage is available. Padre Dam and the Board Member will evenly share in the savings. The cost savings will be placed monthly in a Health Reimbursement account that the Board Member can then use to seek reimbursement for out of pocket medical and dental expenses and insurance premiums. IF a Board Member does not use the money by

December 31, the unused money shall revert back to the District.

Board members also receive a life insurance and an AD&D policy equal to one and a half (1 ½) times their basic annual salary. As part of their life insurance benefits, \$5,000 life insurance is provided for one or more dependents and includes spouse and dependent children, six months to age 21 (or age 23 if enrolled as full-time student). Coverage for children age birth to six months is \$500. In accordance with the District's group life policy, the life insurance benefit will be reduced by 50 percent after the Board Member attains the age of 70.

Dependent coverage will continue until the Board Member benefits are no longer in effect.

14.13.2 Insurance Benefits for Retired Directors

Directors sworn in for their initial term of office after January 1, 1995, may retire from the District after the age of 50 if they have completed one or more terms of office and if they have no less than five years of service with the District and whose age, combined with years of service, equals 65 or more. In such case, Directors may elect to continue receiving existing life insurance and health insurance as long as they pay the full cost of such premiums.

The District will continue to pay premiums upon existing life insurance and health insurance for all previously retired Directors receiving such District benefits prior to January 1, 1995. In accordance with the District's group life policy, the life insurance benefit will be reduced by 50 percent after the retiree Director attains the age of 70.

Health insurance coverage for the retiree Director will be coordinated with Medicare and other benefits provided by federal and state law, and will be reduced when retiree Director qualifies for those benefits.

14.13.3 Insurance Benefits for Spouses of Directors Retired Prior to Jan 1, 1995

- A. The District will continue to pay, under the terms and conditions set forth in Section 14.13, the premiums upon existing health insurance provided to the spouses of said Directors at the time of retirement.
- B. Health insurance coverage for the spouse of a retiree Director will be coordinated with Medicare and other benefits provided by federal and state law, and will be reduced when the spouse qualifies for those benefits.
- C. Upon the death of a retiree Director, health insurance coverage for the spouse will be continued, provided the spouse keeps the District informed of his/her name, address and marital status. In the event such spouse remarries, his or her eligibility for such coverage ceases immediately and shall be terminated.
- D. As used herein, "spouse" shall mean the spouse of the Director at the time of the retirement.

14.14 PADRE DAM OWNED MOBILE COMPUTING DEVICES

14.14.1 Policy

This policy is intended to guide the use of mobile computing devices by the Board of Directors. However, it does not cover every situation that may arise. All existing District policies continue to apply to Board Member conduct while using a mobile computing device.

Padre Dam Board of Directors will be provided a Padre Dam owned mobile computing device to assist them in carrying out District business in an efficient manner. Before receiving the device, Board Members will be required to sign a statement indicating that they will abide by this policy and any other written procedures, standards or agreements.

14.14.2 Background and Purpose

The use of mobile computing devices allows Board Members to receive electronic agenda packets in lieu of receiving a paper packet. The use of these devices will help reduce the amount of paper needed for the operations of the Board. The use of these devices will assist Board Members in the efficient performance of their duties, including service as members on other boards and commissions. Board Members will also be able to receive and respond to emails from District staff and the public. Board Members may also access personal emails subject to the District's usage policy as further described in Section 14.14.4 below.

14.14.3 Procedure

All Board Members are requested to use a mobile computing device and will no longer be provided with printed meeting packets and agendas, except by special request. Copies of the packet and agenda will be made available through electronic download. All references to "mobile computing devices" include laptop computers, tablet computers, smart phones, electronic readers, and personal data assistants (PDA). Examples include but are not limited to Apple iPads, Android devices, electronic readers, Windows Surface and RT devices, Amazon Kindle, and Barnes and Noble Nooks.

Devices are provided to Board members based on the needs of Padre Dam in serving our customers. Each Board Member will be supplied with one device, portfolio case and keyboard combo, and associated chargers. All applications required to conduct District Business will come pre-installed on each device.

Devices with cellular capability may be equipped with a limited cellular data plan (3G, 4G, etc.) to allow Board Members to have access to District information wirelessly. Use of the data plan is subject to the same restrictions as use of the mobile device itself.

14.14.4 Mobile Computing Device and Software Use

All District-provided apps, data, and services (such as email and calendars) will remain the property of the District and may be accessed, altered, or removed by the District at any time. All information on any District mobile computing device used for District or other public agency business may (with limited exceptions) be subject to the provisions of the Public Records Act.

Training on the basic use of a mobile computing device and applications required by the District for conducting District businesses will be provided by District staff. The Board Member should update the installed apps and the mobile device operating system as updates are released.

If a Board Member believes the security of his or her mobile computing device has been compromised, he or she shall immediately notify the Board Secretary/IS Manager. The device must be password protected and used only by the authorized Board Member. Internet use, email and other activities carried out on the device may be traceable to Padre Dam and the individual Board Member, and may impact the reputation of the District.

District Board Members shall not use the device in any way as to violate the public meeting requirements of the Brown Act. Board members may not use the device in violation of Government Code § 54964, which prohibits the expenditure or authorization to expend public resources to "...support or oppose the approval or rejection of a ballot measure, or the election or defeat of a candidate, by the voters."

Board Members must abide by the Policy on the use of Padre Dam Computer Systems, Section 11.27. Access to inappropriate, pornographic or offensive websites is prohibited. In addition, sending messages which would violate the District's Policy on use of email, that could be deemed defamatory, offensive or harassing are prohibited. All information regarding use of the Internet, including sites visited, and all information transmitted, including emails, should not be considered private and may be viewed by the District under appropriate circumstances and in accordance with applicable law.

Cellular data use (not Wi-Fi) outside of the continental USA is extremely expensive. Therefore, the cellular data function should be disabled if a Board Member is traveling outside of the continental USA with their tablet. Information and use may still be available through the use of Wi-Fi. The IS Manager should be contacted to ensure that steps are taken to ensure the cellular data function is disabled.

Use of the Padre Dam mobile computing devices are primarily for Padre Dam business purposes. Mobile computing devices will allow Board Members to receive agendas and other District communications electronically. Because Board Members are generally only at Padre Dam facilities during scheduled meetings, do not have designated computers at Padre Dam, and often perform Padre Dam business away from Padre Dam facilities, the device will allow Board Members to more effectively and efficiently perform their duties. Personal use of Padre Dam's devices is acceptable as long as it is not excessive or inappropriate, does not disrupt the normal operation of the district, and does not result in expense or liability to Padre Dam or violate any of the limitations contained within this policy. Board Members should, however, not have an expectation of privacy in anything they create, store, send or receive on the District's mobile computing devices, including personal email accounts or other communications accessed on the devices. Board Members should use caution before downloading any programs or applications and seek assistance from the IS Manager as needed.

District-issued mobile computing devices may be backed up, remotely wiped, restored from a backup, or restored to factory settings as necessary to maintain the technical viability of the device and/or the District's network. The District does not accept responsibility for loss of files or software lost, including personal data or software, due to a wipe, backup or physical device damage. The District may add, upgrade or remove software/information on the device as necessary to maintain the technical viability of the device and/or the District's network. In addition, the District will retain access to and ownership of backups of the device's content. All device IDs and service accounts used to manage the device will be maintained by the District.

14.14.5 Return of Device

District issued mobile computing devices shall be returned to the Board Secretary/IS Manager when the individual Board member's term and service on the District Board has ended. Upon return of the device to the District and following the preparation of any appropriate backup files, it will be wiped clean of any and all information at the end of a Board Members term and service.

Disposal of returned mobile computing devices shall be governed by the provisions of Section 18.16 (Control and Disposal of Surplus Equipment) of the District Standard Practices and Policies.

14.15 RESPONSIBILITIES AND AUTHORITY OF GENERAL MANAGER

14.15.1 Legal Authority

Subject to the approval of the Board, the General Manager shall have full charge and control of the maintenance, operation and construction of the water and sewer systems and other operations and facilities of the District, with full power and authority to employ and terminate all employees, prescribe their duties and direct their activities, and fix their compensation. [Water Code §71362].

The General Manager shall serve at the pleasure of the Board [Water Code §71340], shall perform such duties as may be imposed by the Board, and shall report to the Board in accordance with such rules and regulations as it may adopt. [Water Code §71363].

The General Manager is authorized by the Board of Directors to enforce the District's Rules and Regulations and the Standard Practices and Policies, to execute documents necessary to carry out any action approved by the Board of Directors, and to otherwise act on behalf of the District as provided therein, and to delegate said duties and responsibilities.

The General Manager is authorized by the Board to accept facilities and to file notices of completion on behalf of the District. [Resolution No. 77-125].

The General Manager is authorized by the Board of Directors to execute consents to recordation of grants to the District of interests in real property. [Resolution No. 97-31].

The General Manager is authorized by the Board to determine the compensation of the Management Team within the range established for unclassified employees by the Board of Directors. [Resolution 99-46].

The General Manager is authorized to sign an MOU, MOA or Interagency Agreement along with General Counsel and the respective Department Director if the document involves ministerial business transactions and if the annual committed value does not exceed \$~~50~~100,000 or, regardless of the value, if the District funds are reimbursable by a third party.

The General Manager or his/her designee is hereby delegated the responsibility to deny all claims filed against the District, and settle claims against the District up to a maximum of \$50,000. [Gov. Code §935.4]. Settlement and payment of all claims in excess of \$50,000 shall be subject to approval by the Board of Directors.

The General Manager may, in his/her discretion, forward any claim in any amount to the Board of Directors for consideration and action, as he/she deems appropriate.

The Board of Directors shall be provided with periodic confidential reports noting claims and lawsuits filed since the preceding report, as well as any settlement activity. The Board of Directors may, in its discretion, request additional periodic reports, as it deems appropriate. All reports containing privileged, confidential information may be provided to the Board of Directors and shall be identified as such, and shall not be considered public records, as defined by the California Public Records Act.

The Board of Directors retains the right, in its sole discretion, to exercise the handling, compromise or settlement of any claim by providing notice of such intention to the General Manager.

14.15.2 Emergency Authority

An emergency is defined as 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. [Public Contract Code §1102]. Pursuant to Public Contract Code Section 22050, the Board hereby delegates by 4/5ths vote, to the General Manager, and the General Manager's designee, the authority to order any action pursuant to the provisions of this Section 14.15.2. [Resolution 96-05; Ordinance 2013-02] In the event the General Manager or General Manager's Designee determines that an emergency exists requiring immediate action, the General Manager or General Manager's Designee (hereafter, the "EOC Manager," as designated by the Emergency Response Plan (a SEMS document) shall have the power, without prior Board action:

- To implement the District's Response Plan and to perform all other acts deemed necessary or appropriate to alleviate the emergency and to protect the interest of the District, the public and its customers.
- To enter into contracts and/or agreements and to expend funds on behalf of the District, provided that such expenditures or contracts do not exceed, in total one million dollars without competitive bidding.
- To control, limit or redirect the delivery of water to District customers.
- To reassign District personnel and to employ additional personnel.

Not later than 72 hours after determination by the General Manager or EOC Manager of an emergency and that action must be taken pursuant to this section, the General Manager or EOC Manager shall notify the Board of Directors of the reasons necessitating such determination, the reasons justifying why the emergency will not permit a delay resulting from a competitive solicitation for bids, the emergency action(s) taken, and why the action is necessary to respond to the emergency. The Board shall review the General Manager's or EOC Manager's emergency action not later than seven days after the General Manager or EOC Manager takes emergency action(s) or at the next regularly scheduled Board meeting, if the meeting occurs within 14 days of the emergency action, and at least every regularly scheduled Board meeting thereafter until the emergency action(s) is terminated, to determine by a 4/5th vote that there is a need to continue the emergency action(s). [Public Contract Code § 22050(b)(3), (c)(2)].

14.15.3 Duties and Responsibilities

The General Manager shall manage the District in conformance with policies, goals and objectives established by the Board.

It shall be the responsibility of the General Manager to provide for optimum utilization of the Management Team and hire qualified and competent people. The General Manager shall assure that the limitations of staff authority are defined and understood. The General Manager shall develop staff so that they may be qualified for promotional opportunities that may arise.

The General Manager shall propose a budget for one or more fiscal years which shall be adopted by the Board, and shall manage the financial operations and expenditures of funds in conformity with the approved budget and within limits established by Board policy.

It shall also be the responsibility of the General Manager to ensure that the Board is fully informed on conditions of the District and factors affecting their decisions and that sufficient staff analysis are provided.

The General Manager shall develop specific policies, procedures and programs to implement the policies established by the Board. The General Manager shall execute all documents or commitments as may be required by action or policies of the Board.

The General Manager shall develop a Strategic Plan and other long-range plans consistent with the policies, goals and objectives of the Board.

In the absence of the General Manager, a member of the Management Team shall be appointed as acting General Manager.

14.16 DUTIES AND RESPONSIBILITIES OF LEGAL COUNSEL

An attorney shall be employed by the Board of Directors to advise the District, in order that it may be in full compliance with the requirements of the Municipal Water District Law and other applicable laws. The attorney shall be the legal advisor of the District, and shall perform such other duties as may be prescribed by the Board. [Water Code §71364].

The legal counsel shall review and make appropriate comments on matters or recommendations presented to the Board in written or oral form, and shall review all notices, agendas, resolutions, ordinances, minutes, agreements, contracts and supporting materials.

It shall be the duty of the legal counsel to attend all meetings of the Board of Directors, unless excused in advance or during a meeting by the President of the Board, and to attend other meetings upon request of the Board or the General Manager.

List of Ordinances amending Section 14:

- 95-2 adopted March 14, 1995, Section 14.11.2, Authorization for meetings of Outside Organizations
- 97-6 adopted July 8, 1997, Section 14.11.1, Pier Diem Compensation
97-10 adopted August 12, 1997, Section 14.4, Officers of the Board, Section 14.5.1 Ad Hoc or Special Committees; Section 14.6.5, Agenda Preparation; Section 14.6.6, Agenda Distribution; Section 14.10, Minutes of Board Meetings; Section 14.10.1, Content of Minutes; Section 14.11.4, Benefits; Section 14.13.1, Legal Authority; Section 14.13.2, Duties and Responsibilities
- 98-01 adopted March 10, 1998, Section 14.4, Officers of the Board
- 99-01 adopted January 12, 1999, Section 14.4, Officers of the Board
- 2003-01 adopted February 11, 2003, Sections 14.4.4, Treasurer; 14.6.4, Opportunity for Public Comment; 14.6.6, Agenda Distribution
- 2004-03 adopted February 24, 2004, Sections 14.11.4, Benefits, and 14.12.4, Director Travel/Conference Expense (added policies for Directors moved from Section 11)
- 2007-01 adopted April 10, 2007, incorporating the Ethic Policy and AB1234 requirements
2007-06 adopted June 26, 2007, amending Sections 14.14, Responsibilities of the GM
2007-07 adopted Sept. 11, 2007, amending Section 14.11.2 A, Per Diem and Meeting Authorization
- 2008-05 adopted May 13, 2008, amending Section 14.5.1, Committees of the Whole, and 14.11.2 A, Pre-approved meeting for All Directors, and 14.12.4, Travel Expense
2008-08 adopted August 12, 2008, amending Section 14.11.2, Per Diem and Meeting Authorization
- 2009-03 adopted February 24, 2009, amending Section 14.11.2, Per Diem and Meeting Authorization
2009-09 adopted November 10, 2009, amending Section 14.13, Benefits
- 2011-08 adopted August 9, 2011, amending Section 14.11.1, Per Diem Compensation
- 2012-01 adopted Jan 4, 2012, amending Section 14.7, Meetings of the Board of Directors
2012-05 adopted May 2, 2012, adding the Santee Chamber Governance of Affairs Committee meetings (representative and alternate) to pre-approved meetings
- 2013-02 adopted March 6, 2013, rewriting various sections
2013-03 adopted August 21, 2013, establishing a policy for tablet devices
2013-07 adopted December 18, 2013, amending Section 14.11.1, Per Diem Compensation
2013-08 adopted December 18, 2013, annual review amending various sections
- 2014-01 adopted May 7, 2014, amending Section 14.5, Standing Committees and Section 14.15.1, Responsibilities and Authority of General Manager – Legal Authority
2014-07 adopted 12/17/14, annual review with minor revisions in various sections
- 2015-03 adopted 4/1/15, amending Section 14.11.1, Per Diem Compensation
- 2016-03 adopted 2/3/16, amending Sections 14.11 and 14.13
2016-04 adopted 4/6/16, amending Sections 14.11.1, Per Diem Compensation
- 2017-02 adopted 4/19/17, annual review amending various sections
- 2018-04 adopted 12/19/18, annual review amending various sections
- 2019-02 adopted 4/17/19, amending Section 14.11.1, Per Diem Compensation effective July 1, 2019
2019-04 adopted 10/2/19, amending Section 14.11.2, Per Diem and Meeting Authorization, to include the San Diego East County Chamber of Commerce Government Affairs Committee.

- 2020-02 adopted 2/5/20, Annual review amending various sections.
- 2020-03 adopted 11/4/20, amending Section 14.11.2, Per Diem and Meeting Authorization, and 14.13.1, Board Health and Welfare Plan.
- 2021-07 adopted 12/01/21, amending section 14.12.4, administration policy related to travel expense reimbursement for Board of Directors, effective immediately.
- 2022-01 adopted 3/2/22, amending section 14.7.1, Regular Meetings policy and 14.9.2 Public Hearings policy, effective immediately.
- 2023- adopted _____, amending various section as part of annual review to include procedural changes and amendments to address AB 2449 (virtual attendance by Board Member) and SB 1100 (disruptions at board meetings).



COMMITTEE AGENDA REPORT

Meeting Date: 03-27-2023
Dept. Head: Kyle Swanson
Submitted by: Amy Pederson
Department: Administration
Approved by: Kyle Swanson, CEO/GM

SUBJECT: BOARD ROOM AND AUDIO VISUAL (AV) SYSTEM IMPROVEMENTS

RECOMMENDATION(S):

Discuss options and desired functionality for AV system improvements and potential change to board room layout and provide direction to staff.

ALTERNATIVE(S):

Table to future meeting.

ATTACHMENT(S):

- 1. Current and Prior Layout Designs Considered by the Board in 2015
- 2. Cost Estimate Breakdown from 2015 for each layout option

FUNDING:

Requested amount: None at this time.
Budgeted amount: \$250,000
Are funds available? Yes No
Project cost to date:

PRIOR BOARD/COMMITTEE CONSIDERATION:

STRATEGIC PLAN IMPLEMENTATION:

This agenda item is consistent with the District’s Strategic Business Plan and meets one or more of the following Strategic Objections: Customer Experience; Fiscal Stability; Operational Excellence, Sustainability and Resource Management; Talent Management; Technology and Innovation.

Reviewed by:	Action Required:	Policy Updates:	Action Taken:
Dept Head <input checked="" type="checkbox"/>	Motion <input type="checkbox"/>	Rules & Regulations <input type="checkbox"/>	As Recommended _____
Finance <input type="checkbox"/>	Resolution <input type="checkbox"/>	Standard Practices & Policies <input type="checkbox"/>	Reso/Ord. No. _____
Legal Counsel <input type="checkbox"/>	Ordinance <input type="checkbox"/>		Other _____
Standard Form <input type="checkbox"/>	None <input checked="" type="checkbox"/>		

EXECUTIVE SUMMARY:

The 2023-2027 Strategic Business Plan and Budget includes \$250,000 for improvements to the board room, such as upgrading or replacing the existing audio system and controls, display monitors and potentially adding video capabilities.

In addition to serving as the Board's appointed meeting place, the board room was designed to be used for other types of District meetings (i.e. staff training, applicant testing, bid openings, department meetings, hosted meetings with other agencies, etc.). The custom furniture, which includes electrical and data ports and built in microphones used prior to the District switching to a virtual meeting platform in March 2020, was intended to be semi-portable to allow more space if needed for other types of meeting; however, it is too heavy and difficult to move.

Over the years, Board Members have expressed an interest in changing the furniture and layout of the room to be more functional, allowing the Board to have better visibility of the Management Team members since they often participate in discussions at any given time during the meeting. In an attempt to address this issue without negatively impacting the room's multi-purpose use, the Board chose to have Management Team sit at portable training tables instead of utilizing the custom furniture originally planned to be used during board meetings.

In 2014, the District did a partial upgrade to the system (originally installed in 2005) which cost approximately \$30,000 and included replacing a projector with the 80" room monitor, adding the monitors in front of each Board Member, upgrading wiring to digital, and replacing the microphones. The District planned to upgrade the system in the last Five Year Business Plan but the pandemic hit and the District had to transition to virtual meetings. At its February 15, 2023 Board meeting, the Board approved continuing to use hybrid meetings as a convenience for remote attendance by the public, and allowing Board Members to use all teleconference options permitted under the Brown Act recently amended by AB 2449.

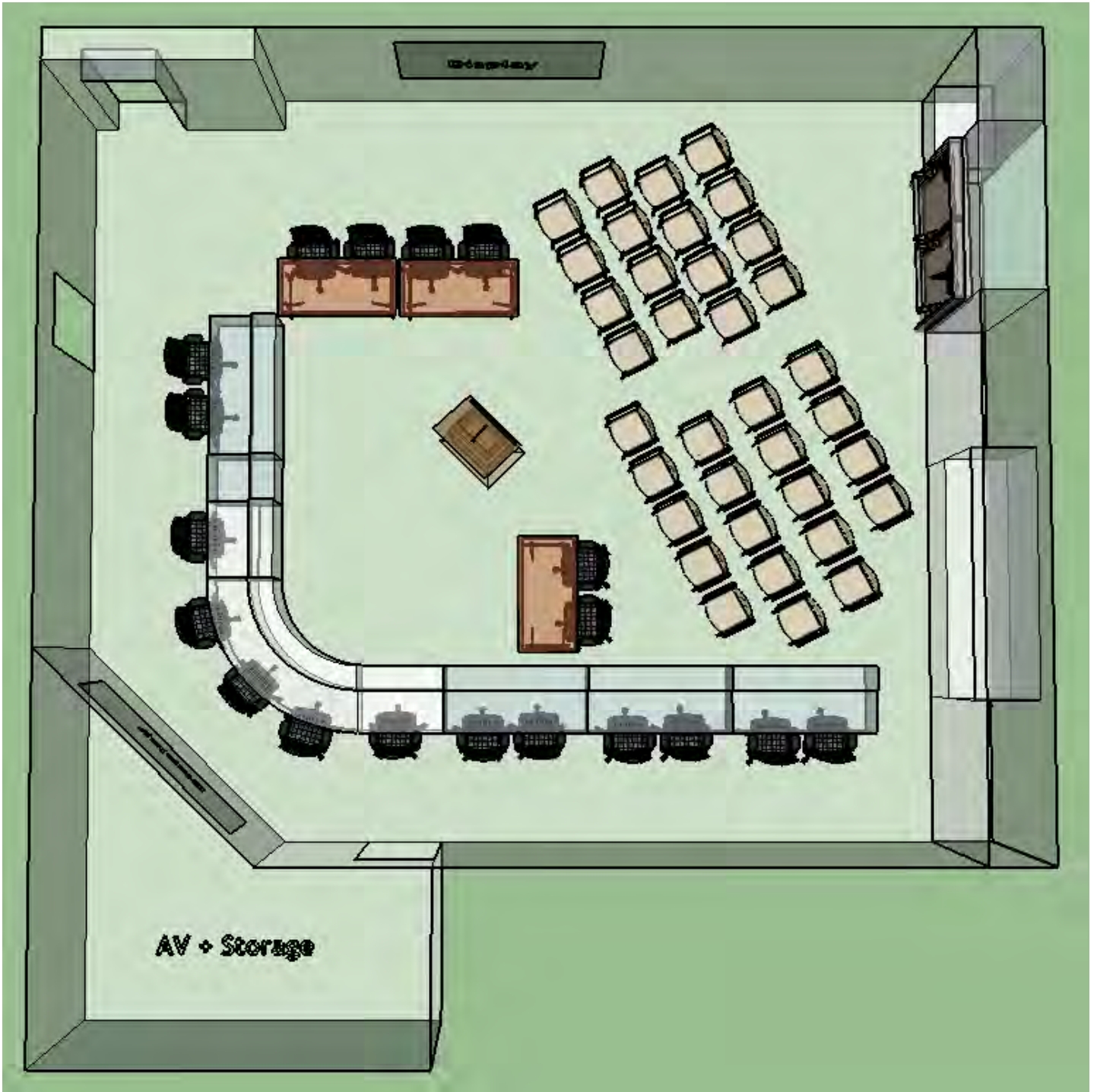
Staff is requesting input from the Board if there is a desire to change the board room layout and desired functionality of a new AV system. To aid in the discussion, attached are different layout options considered by the Board in 2015, with cost estimates from 2015 included. Staff from various departments (Admin, IT, Facilities Maintenance, and Engineering) will be at the meeting to answer questions and provide input.

RECOMMENDATION(S):

Discuss options and desired functionalities for AV system improvements and potential changes to board room layout and provide direction to staff.

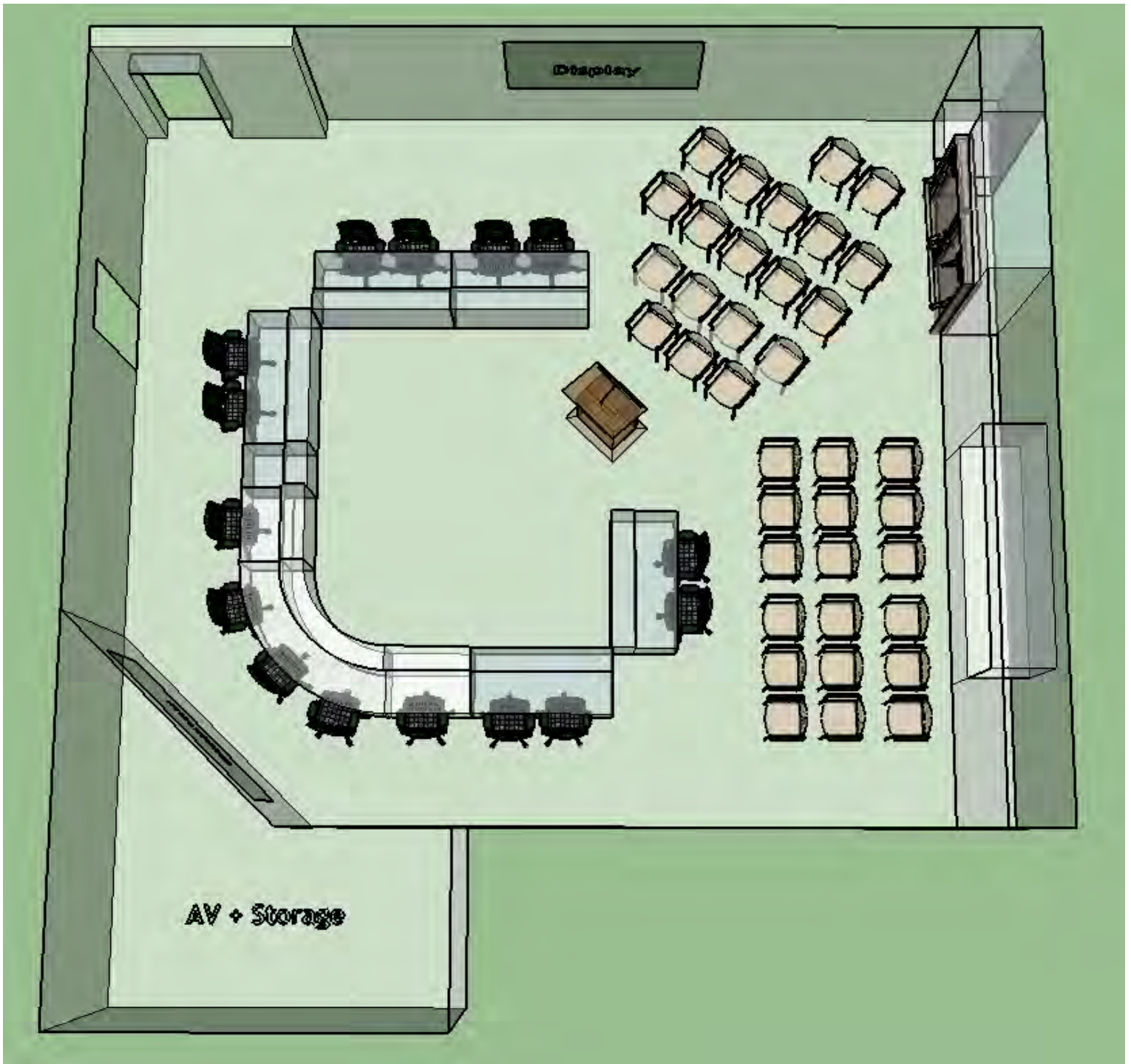
Layout 1 (current)

Cost estimate: \$0 - \$4,500



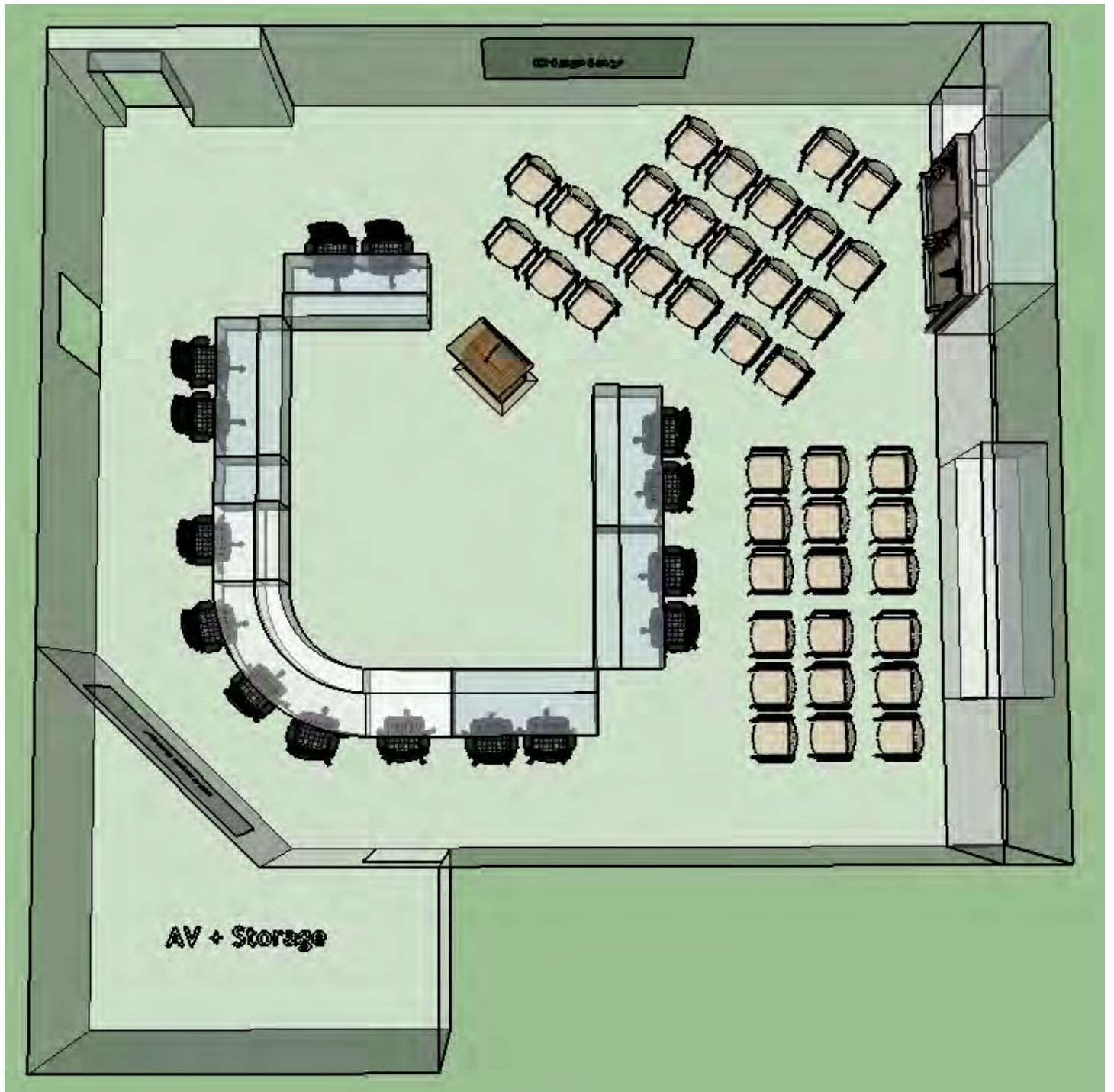
Layout 2

Cost Estimate: \$10,360-\$15,700



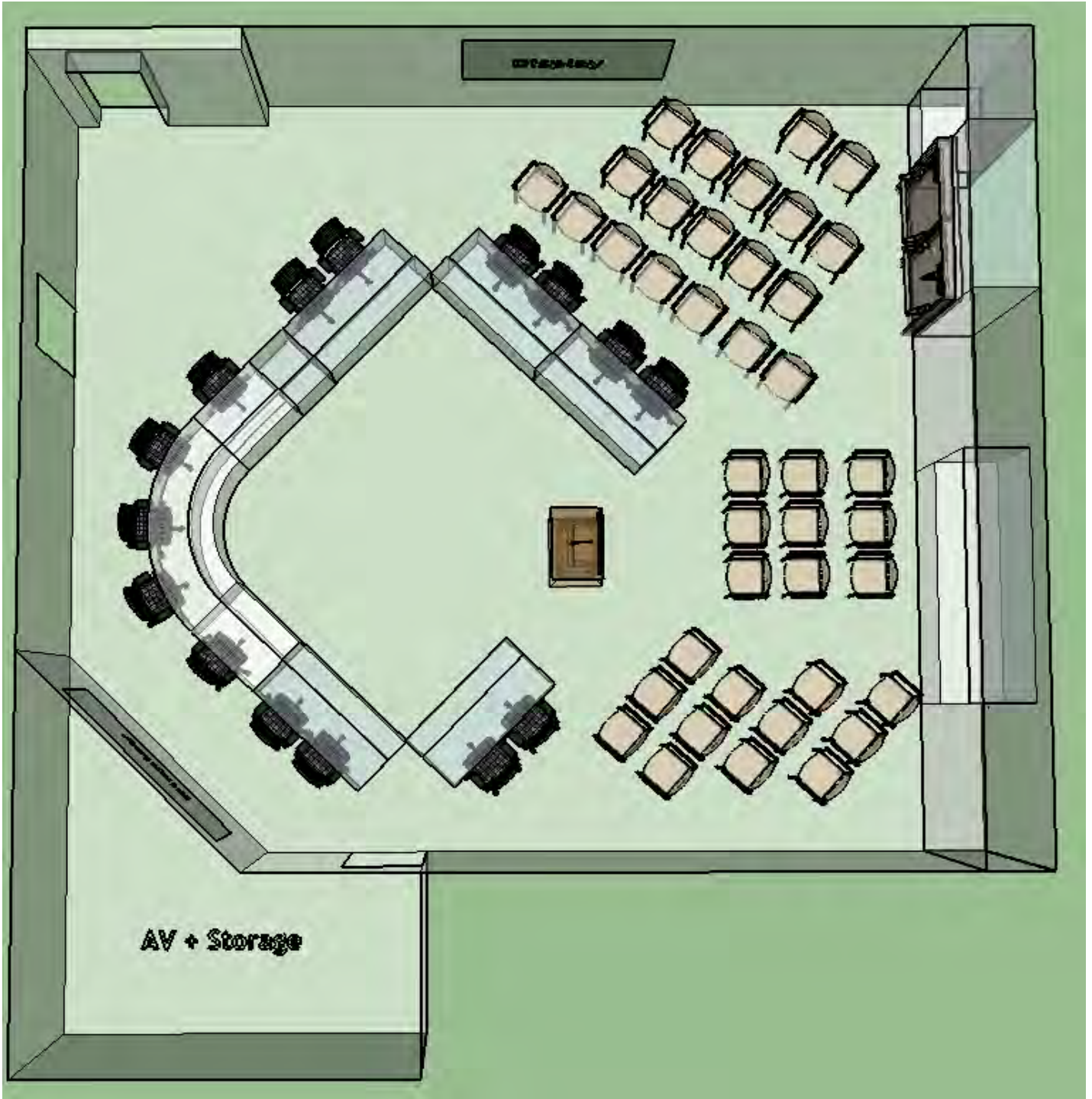
Layout 3

Cost estimate: 10,360-\$15,700



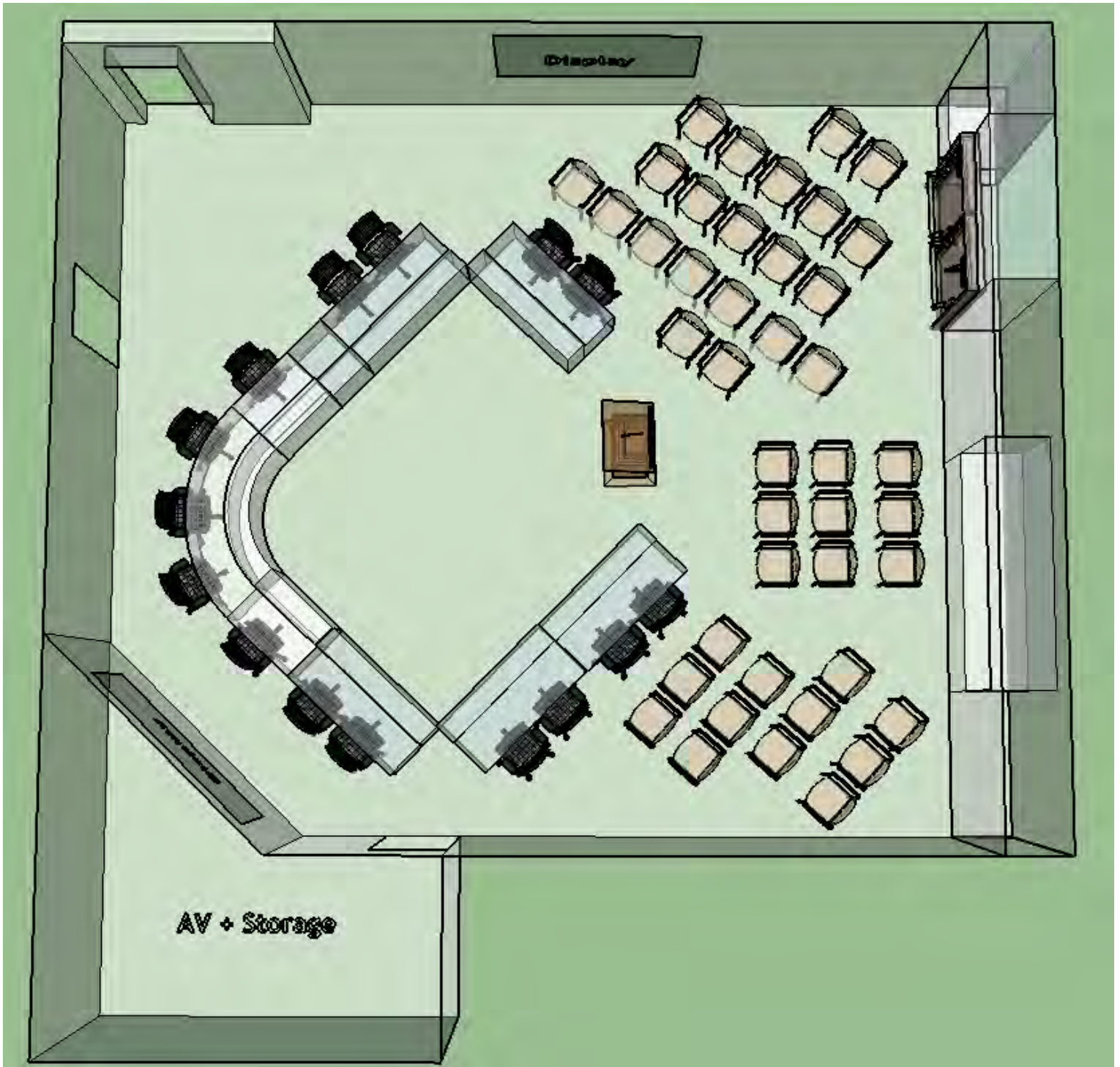
Layout 4

Cost Estimate: \$25,860 - \$41,200

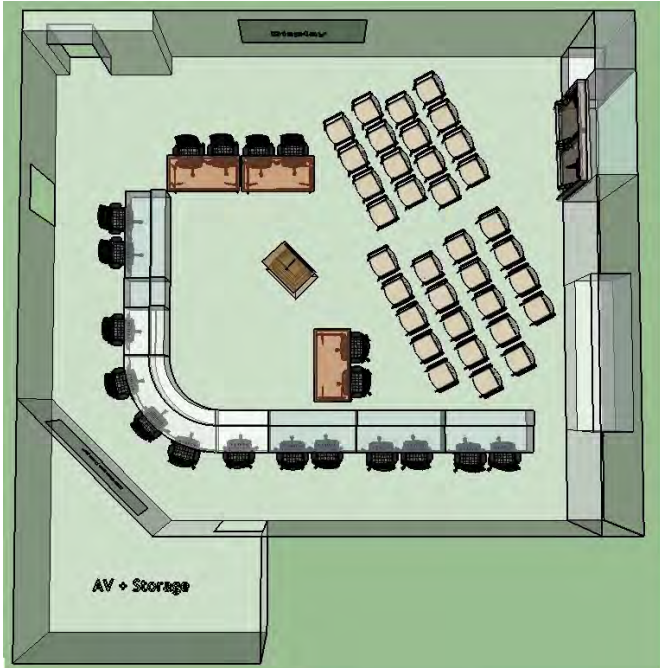


Layout 5

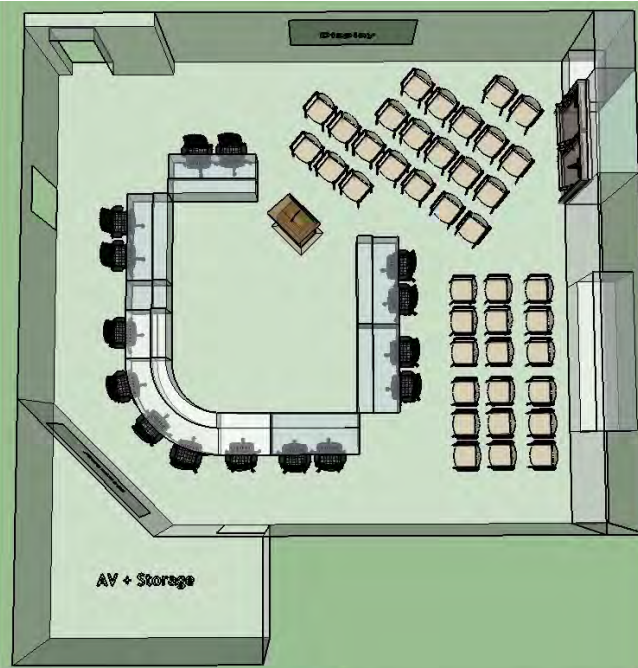
Cost Estimate: \$25,860 - \$41,200



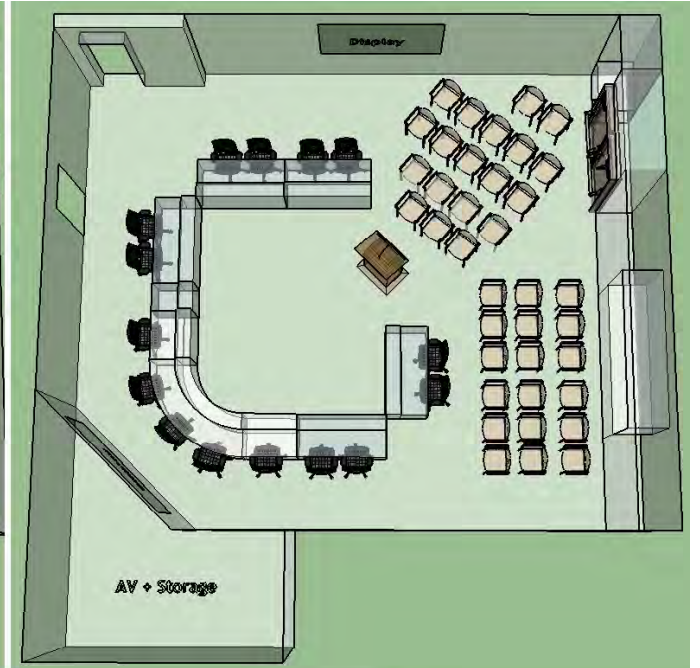
Layout 1



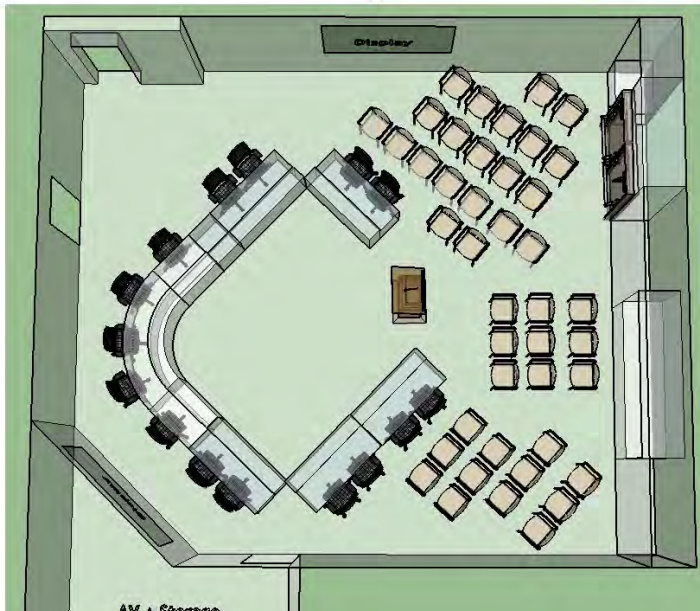
Layout 3



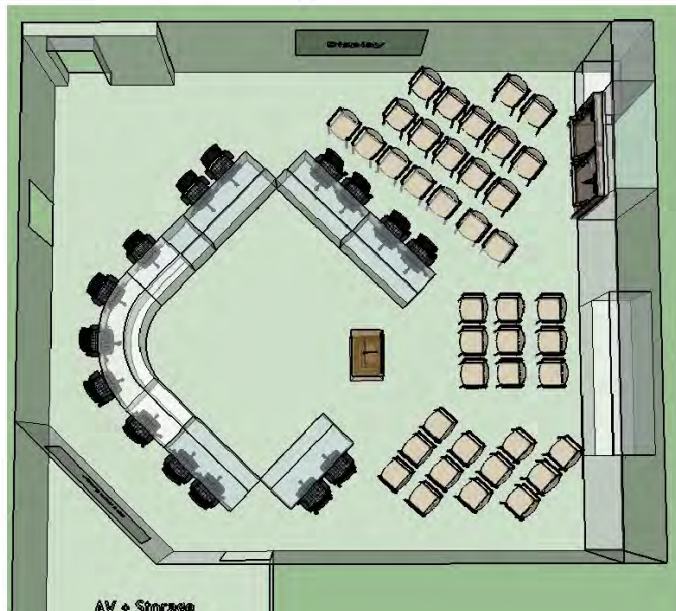
Layout 2



Layout 5



Layout 4



Board Room Layouts - Cost Comparison Breakdown

		Layout 1	
		Alternative 1	Alternative 2
		No Change	New Wireless Mics
Existing Training Tables		\$0	\$0
3 mics for portable tables		\$0	\$4,500
Total Estimate		<u>\$0</u>	<u>\$4,500</u>
Layouts 2 & 3			
		Alternative 1	Alternative 2
		Furniture Built by PDMWD Staff	Furniture Purchase Outsourced
3 wireless mics		\$4,500	\$4,500
Furniture, includes labor		\$5,860	\$11,200
Total Estimate		<u>\$10,360</u>	<u>\$15,700</u>
Layouts 4 & 5			
		Alternative 1	Alternative 2
		Furniture Built by PDMWD Staff	Furniture Purchase Outsourced
Major modifications to AV		\$20K - \$30K	\$20K - \$30K
Furniture, includes labor		\$5,860	\$11,200
Total Estimate		<u>\$25,860 - \$35,860</u>	<u>\$31,200 - \$41,200</u>

Board Room Layouts - Cost Comparison Breakdown

		Layout 1	
		Alternative 1	Alternative 2
		No Change	New Wireless Mics
Existing Training Tables		\$0	\$0
3 mics for portable tables		\$0	\$4,500
Total Estimate		\$0	\$4,500

		Layouts 2 & 3	
		Alternative 1	Alternative 2
		Furniture Built by PDMWD Staff	Furniture Purchase Outsourced
3 wireless mics		\$4,500	\$4,500
Furniture, includes labor		\$5,860	\$11,200
Total Estimate		\$10,360	\$15,700

		Layouts 4 & 5	
		Alternative 1	Alternative 2
		Furniture Built by PDMWD Staff	Furniture Purchase Outsourced
Major modifications to AV		\$20K - \$30K	\$20K - \$30K
Furniture, includes labor		\$5,860	\$11,200
Total Estimate		\$25,860 - \$35,860	\$31,200 - \$41,200



COMMITTEE AGENDA REPORT

Meeting Date: 03-27-2023
Dept. Head: Karen Jassoy
Submitted by: Art Oughton
Department: Finance
Approved by: Kyle Swanson, CEO/GM

SUBJECT: ANNUAL LEAK APPEAL UPDATE

RECOMMENDATION(S):

Hear staff report; no action required.

ALTERNATIVE(S):

N/A

ATTACHMENT(S):

- 1. Leak Appeal Statistics
- 2. Rules and Regulations 8.7 & 8.7.1

FUNDING:

Requested amount: N/A
Budgeted amount: N/A
Are funds available? Yes No
Project cost to date: N/A

PRIOR BOARD/COMMITTEE CONSIDERATION:

STRATEGIC PLAN IMPLEMENTATION:

This agenda item is consistent with the District’s Strategic Business Plan and meets one or more of the following Strategic Objections: Customer Experience; Fiscal Stability; Operational Excellence, Sustainability and Resource Management; Talent Management; Technology and Innovation.

Reviewed by:	Action Required:	Policy Updates:	Action Taken:
Dept Head <input checked="" type="checkbox"/>	Motion <input type="checkbox"/>	Rules & Regulations <input type="checkbox"/>	As Recommended _____
Finance <input type="checkbox"/>	Resolution <input type="checkbox"/>	Standard Practices <input type="checkbox"/>	Reso/Ord. No. _____
Legal Counsel <input type="checkbox"/>	Ordinance <input type="checkbox"/>	& Policies	Other _____
Standard Form <input type="checkbox"/>	None <input checked="" type="checkbox"/>		

EXECUTIVE SUMMARY:

The District's Rules and Regulations require the Customer Service Manager to provide a report summarizing the results of appeals processed to monitor the effectiveness and appropriateness of the appeals policy. At the meeting, staff will review the water leak appeal statistics (attachment 1) for customers requesting a billing adjustment.

DESCRIPTION:

Rules and Regulations Section 8.7 and 8.7.1 (attachment 2) identify the process for a customer to apply for a billing adjustment due to a leak they've experienced at their property and whether or not appeals are approved or denied. Appeals are granted or denied depending on the criteria in the Rules and Regulations. For example, a customer will not qualify for a leak adjustment if they have already been approved for 2 appeals in the last 60 months. There were 115 appeals filed in 2021, 87 of which were approved. In 2022, 132 appeals were filed and 98 were approved. To date in 2023, 29 appeals have been filed and 23 were approved including one that was a customer's second appeal under the policy of allowing two appeals in a 60 month period.

RECOMMENDATION(S):

Hear staff report; no action required.

**LEAL APPEALS REPORT
2021 - 2023**

Month	2021			2022			2023		
	Number Approved	Amount Approved	Number Declined	Number Approved	Amount Approved	Number Declined	Number Approved	Amount Approved	Number Declined
Jan	6	\$ 521.02	4	10	\$1,267.94	3	8	\$1,403.12	2
Feb	8	\$ 1,036.94	2	7	\$868.38	1	10	\$1,684.14	3
Mar	3	\$ 249.48	2	7	\$825.92	1	5	\$607.52	1
Apr	4	\$ 407.11	1	6	\$987.13	4			
May	9	\$ 1,282.26	1	6	\$723.14	2			
Jun	9	\$ 1,440.94	3	8	\$1,404.88	1			
Jul	8	\$ 1,470.38	0	7	\$919.67	4			
Aug	13 (1 to Board)	\$ 2,328.05	5	11	\$1,881.20	6			
Sep	14	\$ 1,878.38	3	5	\$1,026.85	4			
Oct	10	\$ 2,062.98	4	9	\$945.15	5			
Nov	8	\$ 1,250.15	1	7	\$1,005.95	1			
Dec	8	\$ 1,079.49	2	15	\$2,211.19	2			
Total	87	\$ 15,007.18	28	98	\$ 14,067.40	34	23	\$ 3,694.78	6

8.7 CUSTOMER'S RIGHT TO REVIEW AND APPEAL

Any customer desiring to initiate a complaint or contest the validity or accuracy of any charges shall submit a properly executed appeal form to the District's Customer Service Manager within 30 days of the mailing date of the bill in question. The written request shall state the reasons for the complaint and/or the basis for contesting the validity of the charges in question. A customer account must be current on previous billings prior to the submission of the appeal. No adjustment will be posted to an account that has any past due balances.

The customer may appeal the decision of the Customer Service Manager to the CEO/General Manager of the District by submitting a written request to the Board Secretary within 14 days of the decision by the Customer Service Manager.

The customer may appeal the decision of the CEO/General Manager to the Board's Customer Appeals Committee (Appeals Committee) by submitting a written request to the Board Secretary within 14 days of the CEO/General Manager's decision. The written request shall state the grounds for the appeal and shall include any documents or other evidence that the customer wishes the Appeals Committee to consider. Upon receiving a timely appeal, a hearing date for the Appeals Committee will be established by the Board Secretary. A notice of the hearing date shall be mailed to the customer at least 10 calendar days before the date established for the hearing. If the customer is not able to appear at the appointed day and time of the Appeals Committee Meeting, the Appeals Committee will make a decision based on all available information, and no other customer hearing will be scheduled. The decision of the Appeals Committee shall be final and no further appeals on the disputed charges may be made by the Customer to the District. Notice of the determination by the Appeals Committee shall be mailed to the customer within 10 calendar days of such determination and shall indicate whether the appeal has been denied or granted in whole or in part and set forth the terms and conditions for the decision, if any.

If the CEO/General Manager determines an adjustment to the customer's account is appropriate in light of the facts and evidence presented by the customer and any information provided by the Customer

Service Manager, the CEO/General Manager may adjust the disputed charges by an amount not to exceed \$1,000 of the original billing amount (up to 35 consecutive days) less any adjustment previously given for the same billing under this policy. The Appeals Committee may adjust the disputed charges by an amount not to exceed \$2,000 of the original billing amount (up to 35 consecutive days) less any adjustment previously given for the same billing under this policy. Adjustments that total more than \$500 cannot reduce water charges due to the District to an amount that is lower than if the bill were calculated using the budgeted average rate. The budgeted average rate shall be determined annually by the Finance Department in accordance with the District's existing rates for water service charges and its annual budget. Such limitations are applied for fairness and protection to both the District and customers.

Service to the customer's property shall not be discontinued pending the outcome of such review by the Customer Service Manager, CEO/General Manager or the appeal to the Appeals Committee. If the appeal is denied or granted in part, any amounts due and owing shall be paid in full within 10 days after the notice of determination has been mailed to the customer, including any applicable penalties as provided herein.

At least annually, the Customer Service Manager shall provide a written report summarizing the results of appeals processed to the Appeals Committee to monitor the effectiveness and appropriateness of this policy.

8.7.1 Water Leak Adjustment Policy

The Customer Service Manager is authorized to make adjustments to water flow charges for one billing period (up to 35 consecutive days) in which an apparent water loss occurred due to a broken pipe and/or plumbing fixture that caused exceptionally high water consumption compared to consumption history for the property during the same billing period. All leaks must be repaired prior to the filing of a leak appeal. The leak must be repaired within 7 days of District notification or the finding of a leak.

Adjustments will be determined using the following criteria:

- a) The customer must not have previously received more than one leak adjustment at the same property in the past 60 months.
- b) The District leak appeal form must be properly completed by the customer and submitted to the District with required documentation and verifications mentioned thereon, within 30 days of the mailing date of the bill in question. A minimum payment of 50 percent of the bill appealed must accompany the appeal application.
- c) Only one billing period (up to 35 consecutive days) will be considered for an adjustment, provided the accounts billing is current.
- d) To qualify as exceptional high water consumption, the minimum adjustment amount, based on the following criteria, must exceed \$50.
- e) A consumption base will be determined using the previous three year average from the same billing period unless the District determines other measurable factors are shown to have greater relevance for a consumption base. The base will be calculated at normal rates and added to any

excess consumption calculated at wholesale water costs. The adjustment amount becomes that sum less the charges originally billed for water flow, or the maximum adjustment amount, whichever is less.

- f) The adjustment shall not exceed \$750 or 25 percent of original water flow charges, whichever is less.
- g) No adjustments will be given if the District determines excessive water flow was caused by the customer's negligence or non-responsiveness to warning signals such as higher water and/or sewer bills, leak notifications, visible water, or other factors that should have made the customer reasonably aware of the existence of a broken pipe and/or plumbing fixture.
- h) No adjustments will be given if a third party is responsible for water loss at the customer's

- h) No adjustments will be given if a third party is responsible for water loss at the customer's property and can be pursued for reimbursement by the customer.
- i) No adjustments will be given due to the resetting of irrigation timers at the customer's property, whether intentional or not.
- j) Padre Dam is not responsible for any leak due to lack of notification and no adjustment will be given for this reason. It is the customer's responsibility to determine leaks and/or excessive water use. Padre Dam provides an online water use tool where customers, at their own discretion, can set alerts and/or notifications; however, this program does NOT replace the customer's responsibility for all water use.
- k) No adjustment will be given if the customer was notified by District staff of a leak or continuous flow if the leak was not repaired within one week of notification.
- l) An approved leak adjustment will not be granted until the customer has registered in the District's online water use tool and has set the appropriate threshold notifications.