

Governance Policies of the Board

Current EL-6 and BAO Interpretations

Title: Asset Management		
Category: Executive Limitations		
Policy No. EL-6	Adopted: June 15, 1999 Chair: Larry Wilson	Latest Revision: July 29, 2015 Chair: Gary Kremen
The Board of Directors revised and adopted this policy at its public meeting on the latest revision date.		

The BAOs shall protect and adequately maintain corporate assets.

Further, a BAO shall:

- 6.1. Not unnecessarily expose the organization, its Board and employees to claims of liability.
- 6.2. Protect intellectual property, information, and files from loss or significant damage.
 - 6.2.1. Retain records in accordance with Records Retention Schedules, as adopted by Board resolution, including:
 - 6.2.1.1. Permanently retain the video recordings of the Board of Director meetings.
 - 6.2.1.2. Permanently retain the audio recordings of the Board Committee meetings.
- 6.3. Prepare the organization to respond and recover from an emergency or disaster. [See BAO Interpretation](#)
- 6.4. Maintain an Asset Management Program. [See BAO Interpretation](#)
 - 6.4.1. Keep commercial off-the-shelf software in supported versions.
- 6.5. Protect water rights and rights of way. [See BAO Interpretation](#)
 - 6.5.1. Proactively identify, preserve, and protect District property to ensure its use is consistent with the District mission.
 - 6.5.2. Resolve encroachments on District property.
- 6.6. Maintain adequate insurance. [See BAO Interpretation](#)

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Real Property

- 6.7. Acquire, encumber or dispose real property interest, only when authorized by the Board or one of the following exemptions is applicable:
- 6.7.1. The acquisition of real property interest is part of a Board-approved project, the purchase price does not exceed \$500,000, and the acquisition meets the following criteria:
 - 6.7.1.1. The purchase price equals the statutory offer of just compensation established for the property interest by a State of California licensed appraiser; or
 - 6.7.1.2. The negotiated purchase price does not exceed 10% above said statutory offer of just compensation.
 - 6.7.1.3. To provide public transparency, the CEO will provide a written report to the Board, in open session, prior to acquisition, of anticipated properties to be acquired under EL-6.7.1.
 - 6.7.1.4. A summary of the properties that have been acquired under EL-6.7.1, including the respective statutory offer of just compensation and final negotiated values will be reported to the Board quarterly.
 - 6.7.2. The disposition is a temporary construction easement (TCE) held by the District on lands owned by others when the TCE is no longer needed.
 - 6.7.3. The execution of a correction deed is necessary.
 - 6.7.4. The acquisition or dedication is a permanent or temporary real property interest required to be purchased to meet District obligations to provide such interests under a contract eligible for federal cost-sharing, provided that such acquisitions otherwise meet the requirements of State law.
 - 6.7.5. The acquisition is a dedication of real property interests and acceptance of the dedication is not anticipated to subject the District to unreasonable liability.
 - 6.7.6. The encumbrance is a lease or rental agreement granting the District a possessory real property interests as a lessee or tenant and the District's total financial obligation under the Lease does not exceed the amount specified in the Board-approved annual budget for any such Lease.

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- 6.7.7. The disposition is a lease or rental agreement that: (a) conveys only possessory interests in District real property that the District has no need to use during the term of the Lease; (b) can unilaterally be terminated at the District's convenience by providing at least 90 days prior notice; and (c) does not provide rights to construct any improvement whatsoever, without the tenant obtaining a written District permit issued pursuant to the District's permitting procedures.
- 6.7.8. The encumbrance is a license or right-of-entry granting the District non-possessory real property interests.
- 6.7.9. The disposition is a revocable license or right-of-entry that grants non-possessory real property interests so long as the term of any such license or right-of-entry does not exceed two years or the District reserves the right to revoke any such license or right-of-entry at will, and any such license or right-of-entry does not grant the right to construct any permanent improvement on District real property that is incompatible with District purposes.

BAO Interpretations

of the Board's Governance Policies

Title:	Asset Management	
Category:	BAO Interpretations	
Interpretation of Policy No. EL-6	CEO Approval: April 18, 2007	Date of Latest Revision: September 18, 2014

6.3. Prepare the organization to respond and recover from an emergency or disaster.

I-EL-6.3.a. Utilize the National Incident Management System.

6.4. Maintain an Asset Management Program.

I-EL-6.4.a. Minimize asset life-cycle costs while sustainably delivering the levels of service that meet customer expectations at an acceptable level of risk as expressed through the Board.

I-EL-6.4.b. Develop and maintain the Asset Management Program.

6.5. Protect water rights and rights of way.

I-EL-6.5.a. Meet all legal requirements that apply to the District's water rights, and take action as needed to protect and preserve these rights for long-term beneficial use.

I-EL-6.5.a.i. As stated in the FAHCE draft Settlement Agreement of 2003, a primary purpose of the FAHCE Program is to protect the District's water rights.

I-EL-6.5.b. Meet all water contract terms and conditions, and take action as needed to protect and preserve water contract rights and benefits.

I-EL-6.5.b.i. Governance structures and operating agreements related to the long-term Delta solution must provide the ability to protect the value of the District's imported water assets, including water supply and banking contracts.

I-EL-6.5.c. The Board adopted Water Resources Protection Ordinance to protect District assets from the actions of external parties. Because enforcement resources are not unlimited, prioritizing ordinance violations based on the following criteria will enable employees to focus its enforcement efforts. As a general rule, the priority level assigned to a violation will be increased by one level if another agency will partner on an enforcement action (e.g. a Priority 3 violation for the District becomes a Priority 2 where there is a partnership enforcement).

I-EL-6.5.c.i. Priority 1 – This is the most serious type of violation that generally will pose a threat to public and/or environmental health and safety, impacts the District's ability to operate and maintain a facility, impacts the District's ability to proceed with the planned construction of a facility, or where the District has or will face possible civil or criminal liability by a third party. Examples include: suspected hazardous material drainage and dumping, major encroachment of structures

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- on District property, denuding District property of vegetation, significant fill, grading or structures threatening or blocking flow in the creek.*
- I-EL-6.5.c.ii. Priority 2 – This covers most violations of a serious nature which may threaten water quality, stream stability, and habitat, expose the District to liability, may affect the District's ability to operate and maintain a facility, or may affect the District's ability to construct a future facility. This may also include violations of issued permits, instances where an unauthorized use of District property is conferring a material and quantifiable financial benefit on the user, and situations where the unauthorized use has or may result in adverse public opinion. Examples include: dumping, improperly constructed or failed outfalls that show evidence of erosion, fences or minor retaining walls below top of bank, minor grading or filling, deliberate obvious encroachments on District fee title property.*
- I-EL-6.5.c.iii. Priority 3 – This is an intermediate type of violation that is either a Priority 4 type violation of a more egregious nature or Priority 2 type violation of a less significant nature. An example is an improperly constructed outfall that shows no sign of erosion, discharges suspected from pools or spas where no evidence of damage is observed, removal of native vegetation that could affect habitat, and blocking District access.*
- I-EL-6.5.c.iv. Priority 4 – This covers activities where the responsible party (RP) did not obtain a permit in advance of the activity, but it does not pose any potential threat to public or environmental health and safety or affect District operations or maintenance. Examples include: temporary trespassing, replacement of a fence, landscaping on easement where District approval and permit is required, and removal of a minimal amount of vegetation.*

6.6. Maintain adequate insurance.

- I-EL-6.6.a. Maintain property insurance for occupied buildings and contents to at least the value of probable maximum loss, excluding any insurance for the value of non-occupied facilities such as pipelines, dams, canals, reservoirs and the like, and excluding any insurance for the value of vehicles.*
- I-EL-6.6.b. Maintain District Self-Insured Risk Retention for liability with appropriate insurance reserves funding at a level of 90 percent actuarial confidence and a policy or policies of insurance for not less than \$40 million excess coverage for Commercial General Liability. However, in the event that losses are paid from this reserve fund during a fiscal year, the fund balance may drop to a level representing 80 percent actuarial confidence, to be replenished in the next fiscal year.*

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