COUNTY OF SAN DIEGO, CALIFORNIA
BOARD OF SUPERVISORS POLICY

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Policy for Use of Irrevocable Letters of Credit in Lieu of Cash Payments for Sewer Capacity Commitments for Major Subdivisions Within the San Diego County Sanitation District	I-91	1 of 2

Purpose

To provide a policy authorizing, in certain circumstances, the use of letters of credit in lieu of cash payments for sewer capacity commitments for major subdivisions within the San Diego County Sanitation District ("District").

Background

The sewer capacity commitment ordinances were adopted by the Board of Directors of the District in May 1980 to enable the District to acquire monies for proposed capital improvements to serve future needs. These ordinances were required to assure the availability of facilities when needed.

Since there is a long lead time in the planning and development of additional improvements to serve proposed developments, the District must have the monies, or access to the monies, in their capital improvement funds to guarantee the proposed construction.

There may be cases in connection with major subdivisions where the developer, because of the economic situation prevailing at the time in the housing and construction industry, desires to defer construction of the public facilities and buildings.

In these instances, the District could issue sewer capacity commitments with irrevocable letters of credit for a period of two years with the provision of an extension of an additional two years. This would give the District the ability to draw monies from the letters of credit, if needed, for any major construction.

Policy

It is the policy of the Board of Supervisors, acting as the Board of Directors of the San Diego County Sanitation District, that:

1. An irrevocable letter of credit may be used in lieu of cash payment for sewer capacity commitments on a major subdivision when approved by the Board. This may be allowed for developers who desire to defer the application for building permits for a long period of time after recordation of final map.

2. Approval for the use of an irrevocable letter of credit, in lieu of cash, is not automatic. Each request will be reviewed and approved on a case-by-case basis.

3. All conditions in the Resolution of Approval of the Tentative Map and approval of an irrevocable letter of credit by the Board must be satisfied prior to the recording of the map.

4. The use of an irrevocable letter of credit, in lieu of cash payment for sewer capacity commitments for major subdivisions, is limited to a term of two years from the date the final map is recorded. It may be extended for another two years subject to approval by the Board. It should be noted that if funds are needed for replacement or construction of sewer facilities, the District will draw monies from the letter of credit for such design and construction.

Sunset Date

This policy will be reviewed for continuance by 12-31-26

Board Action
02-03-82 (29)
07-26-88 (43)
12-12-89 (49)
06-05-90 (43)
09-25-90 (41)
07-14-99 (4)
06-23-04 (12)
12-09-08 (33)
10-31-12 (4)
11-20-19 (10)

CAO Reference

1. Department of Public Works