



Montara Water and Sanitary District

Serving the Community of Montara and Moss Beach

P.O. Box 370131
8888 Cabrillo Hwy
Montara, CA 94037-0131
t: 650.728.3545 • f: 650.728.8556

To sensitively manage the natural resources entrusted to our care, to provide the people of Montara - Moss Beach with reliable, high – quality water, wastewater, and trash disposal at an equitable price, and to ensure the fiscal and environmental vitality of the district for future generations. Be open to providing other services desired by our community.

AGENDA

District Board of Directors

8888 Cabrillo Highway
Montara, California 94037

July 6, 2017 at 7:30 p.m.

CALL TO ORDER

ROLL CALL

PRESIDENT'S STATEMENT

ORAL COMMENTS (Items other than those on the agenda)

PUBLIC HEARING

CONSENT AGENDA

1. [Approve Minutes for Meeting on May 4, 2017.](#)
2. [Approve Financial Statements for May 2017.](#)
3. Approve Warrants for July 1, 2017.
4. [SAM Flow Report for May 2017.](#)
5. [Monthly Review of Current Investment Portfolio.](#)
6. [Connection Permit Applications Received.](#)
7. [Monthly Water Production Report for May 2017.](#)
8. [Rain Report.](#)
9. [Solar Energy Report.](#)
10. [Monthly Public Agency Retirement Service Report for April 2017.](#)

OLD BUSINESS

1. a. [Review and Possible Action Concerning Sewer Authority Mid-Coastside Fiscal Year 2017-2018 General Budget.](#)
1. b. [Review and Possible Action Concerning Sewer Authority Mid-Coastside Fiscal Year 2017-2018 Collection System Contract Services Budget.](#)
2. [2017 Water Connection 2nd Study Session - Capacity Charge.](#)
3. [Receive Status Update – Montara Caltrans Right of Way Acquisition.](#)

NEW BUSINESS

1. [Review and Possible Action Concerning Authorization to Advertise for Bids – 2017/18 Sewer Improvement and Spot Repairs Improvement Project.](#)
2. [Review and Possible Action Concerning AB 1479 \(Bonta\) Public Records: Custodian of Records; Civil Penalties.](#)
3. [Review and Possible Action Concerning California Special Districts Association 2017 Board Elections.](#)
4. [Review and Possible Action Concerning Cancellation of Next Regular Scheduled Meeting, July 20, 2017.](#)

REPORTS

1. Sewer Authority Mid-Coastside Meetings (Boyd)
2. MidCoast Community Council Meeting (Slater-Carter)
3. CSDA Report (Slater-Carter)
4. Attorney's Report (Schrickler)
5. Directors' Reports
6. General Manager's Report (Heldmaier)

FUTURE AGENDAS

CONVENE IN CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

(Government Code §54956.9(d))

Name of case: Claim of J. Cockrel

ADJOURNMENT

PARTICIPATION BY TELECONFERENCE

The following Director will participate by teleconference in all or a portion of the meeting of the Board, including Closed Session, from the following locations:

Director Kathryn Slater-Carter – 431 Lakeview St, Crystal, Mi. 48818

Directors participating by teleconference shall post a copy of the Agenda at a location available to the public in the vicinity of the place of their participation. Members of the public will be allowed to participate in open portions of the meeting at the teleconference site(s). All votes taken during a teleconferenced meeting shall be by roll call.

The District has a curfew of 11:00 p.m. for all meetings. The meeting may be extended for one hour by vote of the Board.

NOTE: In accordance with the Government Code, members of the public may address the Board on specific agenda items when that matter is discussed by the Board. Any other items of interest that is within the subject matter jurisdiction of the District may be addressed during the Oral Comments portion of the meeting. Upon request, this agenda will be made available in appropriate alternative formats to persons with a disability. Request for a disability-related modification or an accommodation in order to participate in the public meeting should be made at (650) 728-3545. Materials related to an item on this Agenda submitted to the Board after distribution of the agenda packet are available in the District Clerk's office during normal business hours. Such documents may also be available on the District's web site (www.mwsd.montara.org) subject to staff's ability to post the documents before the meeting.



MONTARA WATER & SANITARY
DISTRICT

BOARD OF DIRECTORS MEETING
May 4, 2017

MINUTES

REGULAR SESSION BEGAN AT 7:38 p.m.

CALL TO ORDER

ROLL CALL

Directors Present: Slater-Carter, Boyd, Wilson, Harvey and Huber

Directors Absent: None

Staff Present: General Manager, Clemens Heldmaier,
District Clerk, Judy Gromm

Others Present: District Counsel, Dave Schricker
District Water Engineer, Tanya Yurovsky
District Financial Advisor, Alex Handlers
District Accountant, Peter Medina

PRESIDENT'S STATEMENT - None

ORAL COMMENTS -

J.B. Cockrell knew his sewage spill issue would be discussed in closed session later this evening but reported he just recently received a settlement proposal from the insurance company approximately 11 months after the fact. It is a low ball offer and he will not be able to accept it. Mr. Cockrell handed out a copy of his statement of simple facts to the insurance company. Mr. Cockrell noted on a personal level, back in June of 2016 we had become aware of a sewage spill in his backyard which also involved his neighbor's back yard as well. This spill was also coming up through the pavement in the road next to the sewer main through a crack in the road. I called rescue rooter to snake it out and they needed a larger piece of equipment to handle the job. It was not working and now I became aware this was much more than had anticipated. In the meantime, I had called SAM and to their credit, they were very prompt to getting a crew out there to assess the situation. The crew reported it was not a SAM issue, the problem was on the home owner (Mr. Cockrell) and reported the same language to the supervisor of Rescue

Rooter. Given the facts of the case, I asked Rescue Rooter to give me an estimate to fix the problem, called Clemens and he reported he had a contractor in the area doing work for the district that could save me money but, would not be available immediately. Due the nature of the problem, this could not wait. In the meantime Rescue Rooter gave me the estimate of \$37,000 and I had to hire them to get the problem fixed as soon as possible. As they were completing the job, they had discovered our lateral had not been hooked up to the sewer main. Apparently, maintenance had been done prior this issue and they had not connected my lateral back up to the sewer main after they had completed the work. As a result, the sewage had nowhere else to go but my backyard.

When I was told it was my responsibility, I was not happy but accepted my responsibility. We stepped up and paid. Now I find out that it is not my responsibility. Here we are 11 months later and we are still out the \$37,000 and the insurance gave me a low ball settlement I can't accept. I am disappointed and did not anticipate this would take this long. The facts speak for themselves and I just wanted you to be aware of things I had not put into the letter.

Chris Thollaug, Montara resident wanted to comment on an article that quoted Director Boyd and General Manager Heldmaier on how they were handling the Caltrans Property negotiations. I have written a letter and I will be happy to answer any questions.

A copy of Mr. Thollaug's letter is attached to the minutes.

Mr. Thollaug would like to see MWSD engage in an open, transparent process that would better serve both the public and the District's interests.

General Manager Heldmaier shared a photo from 1934 he had been given of the Point Montara Naval Station. There is evidence the District Office was constructed as a RDF Station around 1920. General Manager Heldmaier is planning to put this picture and some of its history on the website.

PUBLIC HEARING - None

CONSENT AGENDA

1. Approve Minutes for December 15, 2016, and February 17, 2017
2. Approve Financial Statements for February and March 2017.
3. Approve Warrants for April 1 and May 1, 2017.
4. SAM flow Report for February and March 2017.
5. Monthly Review of Current Investment Portfolio.
6. Connection Permit Applications Received.
7. Monthly Water Production Report for February and March 2017.
8. Rain Report.
9. Solar Energy Report.
10. Monthly Public Agency Retirement Service Report for Jan. & Feb. 2017

Director Boyd moved to approve the Consent Agenda. Director Slater-Carter seconded the motion.

All Directors were in favor and the motion passed unanimously 5 – 0.

OLD BUSINESS – None

NEW BUSINESS -

1. Review and Possible Action Concerning Sewer Authority Mid-Coastside Fiscal Year 2017-2018 Budget.

General Manager Heldmaier reported at the SAM Board of Directors meeting on April 10, 2017, the Board approved the SAM General Budget for Fiscal Year 2017/18 be sent as two separate budgets for the member agencies to consider and approve. The proposed Joint Powers Agency (JPA) General Budget for Fiscal Year 2017/18, and the proposed Contract Collection Services Budget for Fiscal Year 2017/18 need to be approved by Resolution by the member agencies by June 1, 2017 to ensure the SAM Board can comply with the requirements of the JPA.

The overall Collections Budget has decreased by \$55,414 over the prior Fiscal Year, mainly due to lower equipment budget. Additionally, the allocation of costs between the contracting member agencies is now based on the percentage of total lines cleaned and percentage of lift stations maintained rather than a percentage of total man hours. The 2017/18 assessment for MWSD for the Collections Contract Services is \$285,934, 11% less than in the prior year.

The General Budget contains, for the first time, an Infrastructure Division Budget, that is based on a SAM approved 5 year Capital Improvement Program designed to address the maintenance shortfalls of SAM. The addition of the CIP based budget, with inclusion of the Intertie Pipeline System Repair of the section that failed in early April, SAM is asking for an increase to the General Budget of \$4,546,100. The overall amount that SAM plans to spend under the General Budget is an increase of 111%, or \$8,692,302. MWSD's assessment would increase by 121% to \$1,877,537.

General Manager Heldmaier introduced Beverli Marshall, SAM Manager to present the budget and answer questions from the Board.

Ms. Marshall gave a slide presentation on the proposed budget for the Board. A copy of this presentation is attached to the minutes.

The discussion was primarily on the repairs that need to be done on the IPS. Ms. Marshall explained which sections needed to be repaired first and why. Currently we are not replacing what we are losing in value. That is the bare minimum. We have assets that have been fully depreciated. The cost of the

temporary repairs have been expensive and this should have been avoided by good planning. This is what we are moving towards. Ms. Marshall has included a priority list of projects. They all have a high risk factor. These need to be addressed. Ms. Marshall is looking into funding options right now but can't wait to find out if they are approved to start the projects.

Regarding the Contract Collection Services, this budget was based on all 3 member agencies continuing to be a partner and be involved in that. Obviously, if one member pulls out, that could have some implications. For right now, all 3 member agencies are looking to contract with SAM.

Ms. Marshall directed the Board to page 13 of the presentation and the significant CCS budget changes from FY 2016/17.

Ms. Marshall acknowledges the new assessments for next fiscal years budget are quite significant increases, however feels very necessary for what we need to be doing.

Director Wilson would like a more complete budget before presented again.

Director Slater-Carter explained this is a result of 3 different agencies asking for 3 different things.

Director Boyd explained on this budget there are 5 years of prioritized projects our engineers, staff and consultants have listed as most important. We are also playing catch up on some of these projects.

Director Huber requested information on the sections that need to be repaired from La Costanera down the line. General Manager Marshall reported all down the line needs repairs. The only section that has been done in the last 34 years is the Vallemar project that has just been completed.

Director Huber commented there are no other choices than to repair these issues. General Manager Marshall noted we could roll the dice and hope we don't have another series of events like we have been having. Each one of these events opens us up to fines and litigation for spills that violate the Clean Water Act. The experts say that the more we are proactive to address these issues, the better it is. We need to be proactive recognizing we could have serious environmental problems.

One of the things General Manager Marshall wanted to report to the Board is we are not even replacing what we are losing in value. We are not keeping up with depreciation and that is usually the bare minimum to keep up with. Staff is looking into grants and funding to help with these projects.

Another mention was the collection budget. The collection budget has been prepared keeping in mind that all three agencies will continue to contract with

SAM. Ms. Marshall understands there will be a significant increase but very necessary.

Director Slater-Carter noted as President of the Board, she would like to extend an invitation to all Board members to tour the entire SAM system. This will give you an idea of what we are speaking about and put this all in the right perspective.

Director Boyd requested more comments regarding the engineering increase to the budget. General Manager Marshall reported those line items actually significantly relate to the work that may be done under the infrastructure projects. There is also technical work that may have to be contracted out.

2. Receive Draft Fiscal Year 2017-2018 Water and Sewer Budgets.

General Manager Heldmaier reported staff has prepared Draft Water and Sewer Operations Budgets. The Draft Operating Budgets are only showing a portion of the District's cash flow. Additional Capital Improvement Programs will be developed in the coming weeks. Additionally, other main factors that are needed to calculate rates, like the Sewer Flows and assessments will also be developed soon. Staff suggests referral of the Draft Budgets to the Finance Committee for further review.

The purpose of this draft budget is to show the potential impact of higher SAM assessments to MWSD's sewer side.

General Manager Heldmaier gave a brief presentation of the draft budgets.

There was a brief discussion regarding a 218 notice and the timing being an issue to have the ability to increase the rates before we place the charges on the tax roll. There is essentially no time to do this.

Pippin Cavagnaro, cost of construction for small projects in small districts that are running under 10 to 20 million dollars are at a huge disadvantage now because private industry has gobbled up the contractors.

Director Wilson suggested to hand this over to the Finance Committee for further review and discussion.

3. Review and Possible Action Concerning 2017 District Water Master Plan Update and 2017 Connection Fee Study.

General Manager Heldmaier reported the Montara Water and Sanitary District has developed its last Water System Master Plan Update in 2011, including the 2011 Capital Improvements Program followed by the development of the Connection Fee Study, as the 2011 Water Master Plan results were instrumental in lifting the moratorium on new connections and thus opening the process of adding new water connections to the District's water system.

Following over five years of water system operation without the moratorium and completing of major water system capital improvements, the Board authorized and staff developed a 2017 Water System Master Plan Update to review the current water demands, water supply portfolio, anticipated growth per the San Mateo County Local Coastal Program (SMC LCP), and identify system improvements needed to continue operating the water system and adding new customers. The 2017 Water Master Plan work resulted in the development of the long-term (10 years or longer) and short term CIP for adding new customers to the water system that, in turn served as the foundation for the 2017 Connection Fee Study Update.

The 2017 Master Plan Update will be completed in its entirety and presented at the May 18, 2017 Board of Directors meeting. The 2017 CIP that comprises Chapter 6 of the 2017 Master Plan is attached.

The 2017 Water Master Plan supports the long-term resource planning of water supply and water system facilities for the current and future water demands and creates a basis for the MWSD's CIP. The 2017 Master Plan describes and assesses the existing water infrastructure, examines current and projected water demands, and outlines viable alternatives to allow the District to fulfill its mission:

To sensitively manage the natural resources entrusted to our care, to provide the people of Montara-Moss Beach with reliable, high quality water, wastewater, and trash disposal at an equitable price, and to ensure the fiscal and environmental vitality of the District for future generations. Be open to providing other services desired by our community.

The objectives of this 2017 Water Master Plan included addressing the following key issues for the MWSD water system:

- Assess current and future water supply reliability to ensure adequate daily service and fire protection for the District's customers;
- Assess the water system's historical water quality and treatment infrastructure reliability;
- Assess the hydraulic capacity of the District's existing distribution and storage facilities; and
- Develop a near-and long-term CIP to address existing deficiencies in the water system's infrastructure and future water demands through buildout, as outlined in the San Mateo County Local Coastal Program (LCP).

Consistent with the District's current capacity charge methodology, Bartle Wells and Associates recommends use of an incremental cost approach used in this fee update, the updated capacity charge:

- Excludes cost recovery for any facilities previously funded by the District's prior issuances of General Obligation Bonds.
- Excludes cost recovery for buying-in to capital improvements and other assets funded by prior or existing ratepayers, even though some of

these improvements may provide benefit to new connections, such as via improved system reliability.

- Recovers costs based on the incremental water demand placed on the water system by new connections, regardless of whether the connection is from new construction, redevelopment, or a transition to District water supply from properties currently served by private wells.
- Ensures that updated capacity charges are appropriately sized to recover the cost of capital improvements required exclusively for serving growth.

As such, the updated capacity charges represent a conservative approach to calculating updated charges. The updated fee would apply consistently to all new or expanded water connections based on the new water demands of each connection which is in proportion to the system capacity needs for serving each connection.

General Manager Heldmaier then handed over the presentation to Tanya Yurovsky, District Engineer of SRT Consultants, who provided a Power Point Presentation on the Master Fee Schedule. Ms. Yurovsky concluded her presentation with a request to entertain any questions.

Director Slater-Carter: Do your costs include or do we anticipate that our Public Works Plan would need to be updated as a result of some of these projects?

District Engineer Tanya Yurovsky. The short answer is no because it's all within the scope of the current Public Works Plan. They don't include any projects that would trigger any additional amendments in Phase 2. The main reason is that because of the current supply and demand situation and the facilities that the District owns and operates – there is no need for expansion as far as the Public Works Plan is concerned. Public works Plan amendment and/or Phase 2 is triggered by any means outside where the District service area is rather outside of the streets where there is no main right now. We are not doing that or proposing to do that. Adding new sources to satisfy new demand – we are not proposing that because obviously you saw you have sufficient supply so those two triggers are not needed in the CIP for the Master Plan – that does not anticipate any need for a case – to happen any time soon.

A copy of Ms. Yurovsky's presentation is attached to the minutes of this meeting.

General Manager Heldmaier: I suggest that we switch over to Alex's presentation which builds on his Water Capacity Charge Update.

Alex Handlers, District Financial Advisor, provided a Power Point presentation to the public and Board.

A copy of Mr. Handler's presentation is attached to the minutes.

At the conclusion of Mr. Handlers' presentation, Director Wilson requested public input before consideration by vote of the Board members.

Chris Thollaug, a Montara resident commented: So I got pulled back into this as a part of the discussion we were having with the community about wells and well conversions. And my expectation at that point in time was that we were going to have a public workshop to discuss these issues because some of them are mechanical, some are related to models, and some relate to what standard is customary. But some are policy issues that are really more subjective than that and, in a way, I think is assisted by better understanding of these fundamentals. A lot of the folks that were over at the trailer park when we had 75 people show up were basically venting anger and I didn't find that particularly constructive. It was illuminating in terms of the sentiment that is out there. But what I am interested in is understanding as well as I can how these numbers are arrived at and querying some of the assumptions. So I put together a list of questions that I don't expect to have answered tonight. In fact, I don't want them answered tonight. What I would like is the ability to have a dialogue with the District Engineer and with Bartle Wells who are long-term resources for the District. They understand the history and they understand the domain. So let me run through this list. And so if you have questions about questions, I can respond.

So my first query was that Bartle Wells is using an incremental cost approach for calculating the updated water capacity charges and it is the one that the District has used historically. I would like to know a little more about what the methodologies are and why this one is advisable at this point in time or if there are others that might lend themselves to be part of the solution to some of the issues that we are facing, particularly around well conversions.

Second point, Table One of the 2011 water capacity charge projected 270 connections, 2010-11 through 2015-16. So, that difference with the current draft was one projection of connections over time. You can move to looking at a number of scenarios that are on a percentage basis probably going from less than we would expect to weigh more than we would probably expect and from the discussion. It was very helpful and I understand a little more about that approach. It does raise some other issues, and particularly for me, I would like to know what happened with that new customer capital improvement program. We had 8.8 million of projects identified that were 100 per cent new customers. Were any of those completed? And how many new customers did we have over that period? And what methodology are we really going to look at going forward to estimate given that we don't have a crystal ball? I am particularly sensitive to this because I was on this Board when we did the sewer plant expansion and the sewer plant was expanded to serve full capacity, full build out at a time when there was a lot of animosity between people that were representing themselves as pro-growth and ones that were camped in the camp of no-growth. And result was we spent way too much money on capacity that is rusting in the ground and will never be used. Right? So I heard the statement that we can start making connections in advance of some of this work. But eventually, you have to pay the Piper. But I would like to

understand better historically what projects were undertaken and what were the expenditures?

I would like to understand do we have a methodology in data sources that were identifying this helpful in looking at our crystal ball? What is going to happen going forward? Bullet 4 – I have said before this is a different approach in terms of looking at a range of scenarios. There is for each dollar figure associated with the level of capital investment required to support that level of expansion but I don't see any connection between those stated dollars and the new customer CIP. So there are eight projects listed there. One is funded out of the developer side. The Big Wave Project. All the others have a mix of being new customer and existing customer and the percentages that they represent are somewhere in the 20 percent to 100 percent. So I would like to understand better how that allocation between existing and new is made. And also to just understand for each project – each scenario, what are you thinking in terms of how the new customers are calculated?

The total project cost distribution which is Table 2 of the New Customer Water System Capital improvement program shows 1.6 million dollar cost allocation for new connections for main replacement project totaling 7.5 million. My questions are – how those that 1.6 million allocation? How does that relate to those six scenarios? What funding level? What level of expansion is that funding level provided for? Is it build out at the max? At the mid-point? I don't know. I can't tell. Each of those six scenarios has a dollar number associated with it. I would like to be able to connect the dots and understand, which projects, which portions of what projects are required by that level of expansion. I have that question for all the projects. Particularly for the one that is labeled "Develop additional supply liability" -- which I am all for. I am all for Mom and Apple Pie, too, but I would like to know what that means. And again, how do you relate the increased reliability for current users vs. that for new users.

And I really think a workshop where we can engage in a dialogue – a simple dialogue, not a venting dialogue, would be really helpful. Particularly when we are dealing with something as difficult as the well conversion issue. Which has an analogy that I really love your thoughts on. They have a way to get water now – the imperative for them to get on a meter is only about well sales to me. At that price. And we have to acknowledge that the reason that we are looking to remove public wells, or private wells, from the aquifer, is we want better control and management of that aquifer. That is a public good. I support that. But we also need to look at this in a manner that can't be construed as a "taking". I think that we need to look at these well owners and say is there a way for us to get these on the system without having them feel that like they are being shafted by the district. And allowing that animosity that has developed over many years to continue to ferment or is there something we can do to solve the problem. Thank you.

Director Wilson. Thank you. Let's bring it back to the Board.

Director Huber: I am really troubled by this. Not so much for the concept of the water capacity charge for new construction to build a new house but I am very concerned about this by the fact that it treats existing well owners the same way as a new connection. And there is the implicit – there is a statement through this whole thing that somehow these are new customers that they have made no contribution to the system before – and so therefore should be treated like a new connection. I just think that that is so totally off base. We are not like Dublin, we are not like those other areas where there truly is new connections, new houses and stuff like that. Here the majority of new connections could very well be well owners, and therefore, to treat them as a group that is the same as new construction, I think there is something really wrong with that. Because it's not like new construction where they bought a piece of property and they want a developer who wants to develop fifty or a hundred units. This is someone who lived in the community for a long time. In a lot of cases, they voted on this in 2003, and they made contribution to the General Obligation Bond, that they are paying property taxes and you can say, yes, we bought up an old beat-up system that was very deficient and stuff like that, but they still participate in the purchase of that and it is through their efforts that we can make any improvements whatsoever because they were part of supplying a stable base for us to go forward. They were the ones who contributed as did the existing rate payers, but of course, there was the payment of the obligation bonds, so that, pretty bluntly, we won't make any distinction between well owners and new construction, I don't want to have anything to do with this.

Another point is that in this whole analysis there is no mention made of increased revenue as a result of water sales. I also question the general idea that you could neatly and easily split out what is the benefit to new customers and existing customers because I think they are very much intermingled. You improve the telemetry at the Portola storage tank that benefits everybody. That you replace a water line with a higher capacity water line that in many cases is not a simple matter that will ever be used anyway. It has to be replaced at some point. And when you replace it, you replace it with a larger one that still benefits everyone. Having a greater redundancy of a water supply benefits everybody - - it's not just new customers because you can't predict, or accurately say wells aren't static. They go bad. Something happens that we need additional redundancy and that is not just the benefit of the new customers. It is for the benefit of everybody so that is where I'm coming from.

Director Harvey. Bill brings up a good point. Before we go on – these points about the difference between a new – well owners and new construction

Alex Handlers, District Financial Advisor: I just want to say – there is a different between policy decisions and benefits so we aren't saying this is the only way. There are different legitimate ways. One perspective is – when a new well owner shifts onto the water district, it is like a new house on vacant land. It is going to put the same new demand on the water system. That is what the fee is based on. You have to pay for their additional services to serve that new demand. So from some perspectives, whether it is a well conversion or a new construction or

redevelopment, a house that develops into ten unit apartments, it is an increase to demand, so it is blind to what the source is. On the other side of the equation, the well owners made payments when there is a moratorium so they weren't already connected to the system. They weren't allowed to connect to the system, not their decision because they were improving the property when they built the new home. Their G.O. bond payments are probably higher than the vacant land next door and then you point out the property taxes too. These folks are paying property taxes that are helping fund water and sewer as part of it yet they are not district customers

Director Huber: Don't forget the difference between the urban and outside urban boundary.

Alex Handlers, District Financial Advisor: Yes, people outside - so there is a legitimate perspective in my mind that well owners are not exactly the same as the vacant land next door. Keeping the GO Bonds even if you don't factor the go bonds into the equation; there is the property tax in the equation as well. That could be brought into this some way or other – so all of the above is – from the water system perspective, you look for the engineering side a new demand is a new demand. From the other side of the equation, there are some differences between a well owner who wants to convert with property taxes vs. the vacant land next door. So, both sides have valid perspectives.

Attorney David Schricker. With respect to making distinction between well owners and new construction, the constitutional clause provides equal protection and finds with respect to the distinction between a well owner and a new construction insofar as they place a demand on the water system. We are talking in terms of a capacity charge. And that relates to demand. And in order to make a distinction between users or new connections, there must be -- you must be able to show the distinction on the demand not upon the characteristic of the user but on the demand that that user makes on the system. This is a constitutional principal.

Director Huber: So how would you come up with a solution that doesn't pit well owners against ratepayers?

Director Wilson: The question on the tier system we now have which I guess is kind of blind in demand but based on consumption --

Attorney David Schricker: – and costs a burden on the system and that is the relationship – on government code -- you have to show reasonable relationship between the demand and the cost. And so according to that, you have to distinction between the characteristic of the user. You have to show that there is a difference between a well user and its demand on the system as opposed to new construction connection demand on the system.

Director Wilson – Can you do that by the location for instance if you are forty miles down the pipeline which would require more water pressure to get it there with someone who is downtown.

Director Boyd: East Bay Mud has those three tiers.

Director Wilson: So I guess what you are trying to say certain locations have more demand than others. I guess that's what we are saying.

Attorney Schricker: You can't make a distinction -- Three tiers -- so that is actually what we think would be the same. Certain locations have more demand. And depending on what the demand is. That is an engineering type of calculation.

District Engineer Tanya Yurovsky: I just want to make comment that EBMUD example -- the increased connection charge is for additional pumping. . . .

Director Wilson: but there is a pull that back to pressure on the system depending on where they are located.

District Engineer Tanya Yurovsky: -- no it is based on the facility there is required to serve them. Only to serve them.

Director Boyd: So if you had part of all your population down low and the other population at the top of the mountain, you have to have pumps to get it there. Is that the kind of situation you are saying?

District Engineer Tanya Yurovsky: Yes.

Attorney David Schricker: Generally that aspect relates to operational costs. So instead of talking about a capacity charge, it seems to me that would relate more to the operational cost which is a ratepayer consumer service charge. Monthly service charge.

Director Wilson: We are not going to solve this nor should we try to solve this tonight, but the idea of Chris having a work study would be very valuable to us. Because I think what we will be able to do is tier this all out whether we are restricted by law, what are our options, what are the related realities that we have. To your point, if there are models out there that you have suggested that there are other models out there --

Alex Handlers, District Financial Advisor: -- and we calculated these fees by numbers and difference approaches. Some with wind up with higher fees; and some would be lower fees. And it doesn't mean that one approach is inherently wrong but what is the most appropriate mix of objectives. What Dave is talking about -- you can't say "hey we are only going to charge you for ten units of demand but you have to pay fifteen units. Some agencies to have different zones where they may say you need more facilities to serve that zone over there than that zone over there. EBMUD is a giant agency. Their zones include ten cities in each of those zones so there are huge areas and part of the reason why they have a higher cost on -- we will call it -- they call it the East Bay hills is because there are some other facilities that are serving it and there are different clients and higher

demands FOR Homes. Dave says they are making a difference between a home that happens to be, I'll say in San Ramon – than a home that is on a small lot in Oakland or Alameda.

Director Huber: You do not have the various well owners being part of the mix. That is the unique property here. Correct?

Alex Handlers: The fact is there was a moratorium and had people connect but could not connect to the system is not very common.

Director Huber: and then you have the added limitation if a well owner goes on to the system, they place an equal need as new construction so you have to treat the two equally but can you in essence spread it for assisting well owners for fees already paid e.g., general obligation bond and part of property tax. It would be a tricky calculation. Would take some more. But if you want to be equitable about the whole thing, it seems to me you have to take something like that into account.

Director Boyd: How do you address the decision to expend the money to construct during the moratorium and make the personal financial decision to go ahead and construct a well and make agreements that say "I'll connect when the time comes" and then the space of the moratorium coming off. How are you thinking about this? We are all grown-ups deciding to become homeowners. We are making decisions, financial decisions, about when and where to invest. You could build—say you built in '91. You come here or Hillsborough. Both have real serious challenges or you can go to South San Jose or Gilroy. We all have decisions and factors and the factors to make those decision. Primary to that is the agency. The ability of us as adults to make decisions for family and or financial future. And I'm not sure how I'm not hearing in this discussion about "fair" where agency is coming into your thinking on that?

Director Huber: OK, so first of all, a person that – let's say was – had the expectation that they were waiting for a moratorium being lifted but had to connect to the system. Let's eliminate that so that is not a consideration that they don't have to connect to the system. It is

Director Boyd – well if you want to build here, you have to get water.

Director Huber: we aren't talking about building. We are talking about homeowners on wells. They are part of our community.

Director Boyd: I absolutely agree they are part of our community. You and I know a whole bunch of these folks. I am not trying to draw some distinction of who is or who is not part of the community. Let's not imagine there is any kind of that demand going on. They are part of the community then if there is a divide, then there must be some view that you have on that. They are all part of the community. Whether or not they are hooked up to our system is a clear physical distinction. This is what I thought you were talking about. If you want to make it some other social thing, fine. Let's be clear about the subject. I don't think we are.

Let's talk about – we have the people who had property on wells prior to the moratorium going into place but then we had a whole collection of properties that were developed after the moratorium began. That moratorium ran for 30 – how many years – almost 40 – so during that time people made financial decision to build those homes are here and the homeowners are part of this community. The decisions made at that time came with understandings. Moratorium. County made – I firmly believe – an unwise decision to substitute urban domestic wells for what we – this group – took on to do – which was the responsible development of additional supply so we could provide a municipal system for this new construction. Water under the bridge, but that is part of our historical layout here – but we have people who made decisions after the moratorium started, I will agree there is a real sense of difference between the people who were here and built the wells before any of this mattered – my house was originally constructed in 1914. I'm sure it had a well. Because there was no domestic distribution system although one actually got started around that time. I read the inventory. There were 50 different pieces that may have had a system. But the people who made a decision after the moratorium went in, if you are going to make this big case about fairness, I think that is fine. Let's brew into that the decisions that were made given the constraints, given the commitments and I'm curious where in all of that somebody was told that somebody else was going to come in with additional financial contribution to their side of things.

Director Wilson: Can I – I'm a little bit – Our time is up at 10 p.m. We are not going to solve this tonight. And then I think I would like to recommend we do a work study and we can really – get the questions out.

Director Boyd – one brief comment. There was something Director Huber said that I supported. You said in your earlier statement about trying to understand the difference between allocation and new demand current demand the benefit going each way and how you didn't see it as something that was crystal clear. I want to see those turned as questions to our engineer to – if there is uncertainty about how things are being put into one way or the other – we are told this is an engineering decision – and so I want to ask – take those questions and ask the engineers so we can get an engineering answer. I don't think it's fuzzy but if anybody does, then we should go through that another time. I support getting clarity on this is what I am saying.

Director Huber: to the point that someone being an adult and developing a property after the moratorium went into effect – having the expectation that they would have to connect to the system – I was under the summation – this 2003 this water capacity charge didn't come into play until 2011 so the time that they made their decision about what they were going to do, their expectation of what it would cost to connect to the system was significantly less and so the fundamentally changed the nature of the decision. The other part is the fact that they had a vested interest in the system even though they weren't deriving benefit from it – in other words – water – through the fact that they are paying property tax, a certain amount of that property tax went to the District.

Director Harvey: I just wanted to say Dave's point about the non-distinction to those who are on wells vs. those we were on the system as far as time on the well or either on the well or you are not. You are on the well for a year vs on a well for twenty years. There are two categories.

Attorney David Schricker: In the context of the capacity charge. We have to look at it legally. What is the demand made by the connection? The distinction would have to be made between a well owner and any other user who connects. There would have to be a rational basis for making a distinction as to demand. Not by status but by demand.

Director Slater-Carter: I would note that we are talking about fairness, the underlying principle, you are seeking fairness for a subset of people in this community.

Director Slater-Carter: I do notice on page 14 of the Bartle Wells notes, in a box it says it excludes cost recovery for facilities funded by the Districts general obligation bond.

Director Huber: Someone is paying the general obligation bond.

Director Slater-Carter: I don't mind getting in for the long haul. I understand what you are trying to do but I am happy to engage or not. It also says for the audience it excludes cost recovery for capital improvements and assets funded by prior or existing rate payers. So you are asking this Board to critique a subset of people to be able to come in essentially and the larger group of ratepayers – all of the existing ratepayers – they aren't getting any kind of compensation for what these folks are buying into. So one of the things that I would like to see, I think, if we are talking about this is what the numbers are if you users had to buy into the existing systems. And I think that is going to be a tough one because people who have been on the system some who have been on the system for 50 or 60 years have been paying under a different rate structure because they were paying through Citizens Utilities and CalAm but they were paying for improvements to these systems and maintenance and operations of those systems and those systems wouldn't exist without those people and maybe those homeowners even if they are not even specific people should get – if we are talking about fairness- we should be talking about fairness across the board. And Dave I have a question for you. It is my understanding from many discussions here that our meter fees that are supposed to work for a particular set of costs throughout the district and then our demand fees, our water rates are based on the cost of production and delivery of the water. So even if we and correct me if I'm wrong guys – but even if we get new customers – they are not contributing to the expansion or improvement of the system so much as just paying for the cost for us to have the staff and the equipment to deliver the water. So any increase in customer base – those monies can't be used for buying a larger system to serve them because under – its my understanding – under the state law – we are constrained in how we can fund those improvements and we have to keep those separate from our meter fees and our capacity – our water rate charges.

Attorney David Schricker: In principle as I indicated in my memorandum, question from the General Manager, the law does acknowledge provisions to be made for buy-in of system capacity. But you have to specify, improvements or what the facilities would be funded by that connection, portion of the connection charge. So you have a mixed basis for connection charge could between new facilities and by existing facilities, all of this has to be demonstrated that there is a rational relationship between the capacity charge and the cost of providing that capacity. The cost comes from existing facilities and new facilities. You have to track that.

Director Wilson: I guess my perspective is there are a lot of unknowns from this presentation tonight and a lot of these questions are based in going down to questions that Chris and some of the members of the Board have asked tonight and I would favor if it is okay with the four of us to allow you to show different models, break out the numbers in a way – I think ultimately the fairness is that each group is paying the costs of everything that we have talked about. But at this time, the numbers I've seen, I can't pull them apart. So the question is – is that a possible? Can that be done over the next period of time prior to a public hearing or a workshop? You have a set of numbers for these improvements and I assume they are based on cost assumption ---- Alex mentioned to us there are different scenarios out there – I would love to see what those are just so we have – at least what other agencies are doing – find an agency like outs that has well owners vs. other I can't believe we are the only entities that have these challenges.

General Manager Heldmaier: We are the only ones.

Director Slater-Carter: I went in 2001 to the State Department of Water Resources and they said we were the only one. And they said we can't do anything. The County is in control. The only other one that has a somewhat similar situation is Half Moon Bay – Granada CCWD. But they don't have any water supplies and they are running on a very very different model because their connection fees are for sale on the black market and are now \$50 or \$60,000 to the owner of the permit and the District gets something like \$6,000 so I wouldn't want us to compare us to that.

Director Wilson: This water district draws my attention but ----- that is like Tahoe which forced both their users and sewers and off wells –

Director Slater-Carter: Was that South Shore?

Director Wilson: That is specifically what I'm talking about. My uncle had a cabin . . . and the question is – is it relevant or not relevant

Director Slater-Carter: They had serious ground water issue.

Director Wilson: Yes they did. So I am trying to say some mandates were put on switching over and it would be interesting to see what models they created.

Director Slater-Carter: That was done in the 60's?

Director Wilson: The only reason I am bringing it up – we are probably not the norm – but it would be nice to find something – to tackle

Director Huber: Isn't Cambria in that situation

Alex Handler, District Financial Advisor: They are running out of water.....

Director Huber: but they had a combination of wells.

Alex Handler, District Financial Advisor: They had a moratorium and then they turned to black market selling of connections but you never want to get into that situation. They could prevent it – but there are a lot of different anomalies and agencies out there and a lot of cases there might be something comparable to a well owner or something like that – there are different agencies that handle things different ways – there is not a single right answer at the end of the day. There are different legitimate perspectives and also bringing up conceptually – what are some different conceptual fee approaches – how but your things roughly look at if we do an entire forensic analysis of every improvement made since 1915 etc. So that can all be done and explain some different potential approaches for dealing with these people without violating what Dave is mentioning. Arbitrarily saying – hey we are only going to assign you two units of demand and someone else gets twenty. So I think it is a balance of objectives that would be reflected in some policy decisions that the Board will have to make at the end of the day.

General Manager Heldmaier: My thoughts on this are that we have gone through this quite a number of meetings already. We provided a number of detailed documents, for example, about the inclusion of the G.O. bonds. As Alex says, there are probably a number of different approaches to this and every approach will have its plusses and its minuses. At the end, what I'm trying to avoid here is the very usual situation for a public agency of – you don't provide enough information. We have to drill deeper and we have to look at this further and further. We have done quite a bit of work on this. We have provided so much insight and actually a lot of aspects, when it comes to the well owners. We understand from setting rates, from setting fees, that whatever model is picked, not everybody will be happy. But what we have to do here is provide a fair approach, and that is up to the Board to decide what is fair. Staff has made some suggestions here. We are happy to provide a little bit more suggestions and maybe detail different models for example but this is costing the agency big dollars. We are talking about consultants that provide expert advice at not the cheapest rates. So we are a small agency. We are fighting here over the beliefs that I have to say, I think you guys have to come to grips on how to deal with this in really a fair manner and that is the best approach for the entire district.

So . . . I have to say I see you guys Getting entangled in weeds.

Director Slater-Carter: I have a quick question for either you or Alex. At today's interest rate

Alex Handler, District Financial Advisor: for borrowing for financing:

Director Slater-Carter: Yes. So if you took \$14,000 over ten years, what would roughly – I can't do it in my head, many you guys can.

Alex Handler, District Financial Advisor: Ten year financing for \$14,000. If you took \$14,000 spread over ten years, the interest rate would even be lower. 2.5%.

Director Slater-Carter: Because if people take advantage of the loan we are offering, they are saving thousands of dollars.

Director Slater-Carter: That you did for the previous one. So they are actually saving thousands of dollars and ... And if they take advantage of the ability to buy that connection now, our costs are going to continue going up. \$14,000 is the cheaper price until we adopt a higher price, which may be \$17 and then next year it might be \$18, then it might be \$19 – ½. So offering people that financial advantage of having an interest free loan for ten years is a way of being fair and acknowledging that people who are in the community right now can improve their own standing with water. If somebody has to go in and replace a pump, you are looking at thousands of dollars. If you have to go in – and I have heard of houses in the urban area here – where they can't drill another well that have oil in them, no water, nitrates, I'm trying to think of some of the other – there were some other pollutants that were in the water – MPVD is kind of in the back, in the urban area. So and people don't test for that. If you have to put in a treatment system and maintain it, that is another problem. When you buy into our system, you get a fabulous staff, great consultants, you get a working system that for the water quality is tested, that meets State standards. I do know that when you buy a house, they don't test for nearly as many things on an individual well as we test for the system. So you are buying into an advantage for your house. It just seemed to me that we should not forget that this District stepped forward and it has made an offer available to people to help them save money and have and be part of a system that adds value to their house. And every single house in this District – ever single house – urban area – rural area – every single house that is paying on the G.O. bond has fire protection and they have benefited from that and it is a protection that is in your fire insurance rates. We have recently been looking for insurance for property that we have in another state. We have been asked how far are you – are you within 1000 feet of the nearest hydrant? Are you within two miles of the nearest fire station? That helps keep your insurance rates down. That's accumulative cost that people are benefiting from – even people like me who live in the rural area – and if my well goes out – I get to pay \$15 or \$20,000 to put a new well in. Plus the treatment system plus everything else. So there are costs that are going to be associated. I would like to see a decision on this – and I must admit – I am going to be gone for the next almost two months. I will be available by phone. But so wherever and whatever this happens, I will be available. But I think if we are talking about just numbers and engineering that is one thing. We need to

see the benefit from what everyone receives in this community has done. And this community paid for the Bond. Agreed to buy the system. Negotiated on it and funded the bond. It is everyone. Not just a few well owners. So those people – if we want to be fair – we need to include as many people as possible. Well owners are one of the sub-sets in issue here. People with kids, seniors, we can divide in all kinds of ways. But we need to be fair to the people who are on the system already.

Director Wilson: I think a work study is essential. Let's bring closure to this. You recommend that in June we come back with ... I think we should go with the work study in June. Questions have been presented to us by Chris and others and we will get those questions answered to the best we can. And the goal should be that we have this work study with the idea that we will bring closure to that.

Director Boyd – I think we have a lot of good material that we can direct towards getting some clear presentation and some good interaction.

Director Wilson: I agree and I think Scott, Kathryn and everyone else around here – any information you have so they don't have to search would be useful. Then we can do this in June.

4. Review and Possible Action Concerning Filing Notice of Completion for the 2015-2016 Sewer Improvement Project and Spot Repairs.

General Manager Heldmaier reported: With this title, I think this is pretty clear. We engaged with D'Arcy and Harty in the summer of 2016 for construction of a certain project namely sewer repair project. And we received a letter from the District Sewer Engineer that the project has been successfully completed. Received a notice of completion to be filed with the County recorder essentially after the period, the retention was returned.

Director Slater-Carter moved to authorize the General Manager to file the attached Notice of Completion with the County Recorder. Director Huber seconded the motion.

All Directors are in favor and the motion passed unanimously 5 – 0.

5. Review and Possible Action Concerning Approval of District/County Cost-Sharing Agreement for Kanoff Street Repairs.

General Manager Heldmaier reported: I think everybody is aware of the Kanoff Street situation. I don't have to explain the details but we have now an agreement as we already announced in prior meetings that we will work with the County. We have an agreement in place. This essentially is asking for a lump sum amount of \$54,500 to reimburse the county for work that they are going to do. I have already contacted Yvette of the County so they are probably letting me know tomorrow that this is going to happen. They have this in their plans for May. The cost estimate that we have received for the work from Pippin is much higher. Almost – it won't be

as cheap as the county for the work – we think this is a deal because it will absolve us of all of the future liability.

Director Huber questioned if the county is paying a portion

General Manager Heldmaier responded the county's portion is everything above \$5,400.

Director Slater-Carter moved to adopt the next Resolution in line, a Resolution Approving and Authorizing Execution of Cost Sharing Agreement for Road and Drainage Repairs on Kanoff Street in Montara, California. Director Huber seconded the motion.

All Directors were in favor and the motion passed unanimously 5 – 0.

REPORTS

1. Sewer Authority Mid-Coastside Meeting (Boyd) –

Director Huber asked about the recent emergency repair.

Director Slater-Carter explained the repair was just for the emergency part of putting it in. Now I don't know specifically what the number is. I do know that Tim Monahan from SRT spent at least one and possible two 24 hour days on this. We were very, very lucky in that particular instance. This District and Granada have put in the wet weather storage tank in Granada and that saved us and gave us working time and we were able to pump backwards. It would have been nice if it had been bigger if our staff hadn't been so rushed. They were just fabulous. As you can see from the SAM budget, that is only the beginning.

Director Boyd reported regarding the Recycled Water Project, we are in the process of receiving updates as SRT does the work on getting us to finishing out what constitutes the 25 percent design. The preliminary reports we have so far are looking very positive. The tone and tenor of discussions among the parties especially from CCWD but they have kind of put the ball into our camp with their proposed term sheet for an agreement between SAM and CCWD. It doesn't incorporate much of what was put on the table from other agreements from around the area of the Ocean Colony partners that provided a set of those. Rick Lohman also provided additional So we have a discussion to do around the terms. In the meantime I will just replay some of the points that I made. Every day that we spend getting to where this project becomes real – is a day that the Ritz gets closer to falling into the ocean. It has an expected lifetime before that bluff compromises the property and its useful lifetimes literally wearing away as the ocean pounds on the bluff. So as we are fighting about how you take some things – we just glibly talked about amortizing things out over a time period. This is actually a time window that is getting smaller and so the cost that the annual debt service costs for funding this project goes up every single day because the lifetime of the Ritz is not going to get longer. It may get shorter. So we are pushing hard up against the financial feasibility of the number for ocean colony partners to do the debt service on this. And if that number of years of serviceable life gets too

few, that will just push that annual number up above what they can handle and be completely unfeasible.

Someone asked if we were talking about the golf course?

Director Boyd: They are glove and hand. There is no viable golf course I am just going to tell you what Bruce told us – one of the two running Ocean Colony partners – these two businesses operate hand and glove and w/o hotel, the golf course is not financially feasible. Not financially viable and golf course itself is the draw for the hotel. There are imminent businesses but you can see the symbiosis that those two businesses provide jobs for a great number of Coastsiders – economic vitality and cash flow directly into the City of HMB's coffers -- there is tax money that goes into the City's coffers from the golf courses. It is a substantial number every year and the Ritz has all sorts of taxes that go in. The most significant one is occupancy tax. Millions of dollars a year in the City's coffers and we as partners of HMB in the sewer authority need HMB to have the financial strength that comes from those two businesses being vital in order to be the good working partner that is willing to come in and fund all of the capital opportunity, all of the O&M and all of the CIP at SAM they have not been willing to pay for when times were lean. We don't want to go back to that. It is in our interests to drive this thing through. If we don't get it done soon, it would be infeasible just b/c we took too long. Time is of the essence and if CCWD does not get on with some of these activities for example, they could already be putting out an R and P for project management. They are planning the lead on CEQA. This is not an inconsequential effort and one they could start today. As soon as we have the complete wrap up on the 25% design, we are going to push on making the decision on the financial feasibility immediately and get to work on these things that have been stalled out. And I don't know why they are stalled out. There are a lot of pieces that we have worked very hard to get into place.

Director Slater-Carter – I would comment however that ----- water project is going to be a lot of money that we would have to put up front – andreimbursed.....but we haven't been reimbursed for any of our spending to date. Approximately over the last 7 years. But we have had in the mix the last seven years and building up money to get that calculated and we need to make sure we can work with the other member agencies in HMB including the HMB – b/c for instance if they decide to take their own O and M services for their sewer system away from SAM it is going to show a huge division in SAM that can impact our ability to get grants on other sources of funding for the recycled water project. And that is something that I think this Board needs to keep a close eye on Is what is going on w/ HMB who receives a huge amount of money from the transient occupancy taxes and so on and the golf course and they need the golf course but if they are not willing to make sure that SAM stays whole financially, then we need to discuss what our priorities are.

2. MidCoast Community Council Meeting (Slater-Carter) – Director Slater-Carter reported the last meeting of MidCoast Council was presentation by Sam Herzberg of what the County is doing for parks and recreation for the Midcoast.

Now the planning commission – I believe its next week – is having a discussion of the vacation rental – new vacation rental ordinance – while the county is very worried about affordable housing, they are not too particularly worried about housing for profit-vacation rentals. One fellow said well I have a four unit apartment complex I used for four units of vacation rentals. There are four units of relatively affordable housing. The county is not trying to make any kind of coordination or understanding of what the effect of what vacation rentals have on the housing supply.

3. CSDA Report (Slater-Carter) – (Slater-Carter) at the last meeting the big concern was what it costs for each district to purchase and pay for our own elections the issue was raised by the Harbor District that is looking at a fee of over a million dollars for the next election.

4. CCWD, NCCWD Committee Report – (Harvey, Huber) None

5. Attorney’s Report (Schricker) – None

6. Directors Report – Director Boyd mentioned he had the opportunity to travel to japan recently. I just noticed that as we went to every city, the sewer the utility covers were gorgeous pieces of art work. As we have opportunity, I would love to score some possibilities for us to use some of our artistic expressions. Pippin Cavagnaro will send examples of covers made in the USA with an artistic expression.

7. General Manager’s Report (Heldmaier) – None

FUTURE AGENDAS-

REGULAR MEETING ENDED at 10:43 P.M.

CONVENE IN CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

(Government Code § 54956.9(d))

Name of case: Claim of J. Cockrell

PUBLIC EMPLOYEE EVALUATION (Gov’t. code §54967)

ADJOURNMENT

Respectfully Submitted,

Signed _____
Secretary

Approved on the 6th, July 2017

Signed _____
President

Chris Thollaug
PO Box 371018, Montara CA 94037
(650) 400-0482 cthollaug@gmail.com



May 4, 2017

Board of Directors
Montara Water and Sanitary District
8888 Cabrillo Hwy
Montara, CA 94037

Regarding: MWSD Approach to Negotiation for Caltrans Right-of-Way

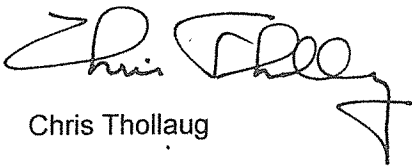
Dear Directors,

This letter is in response to comments from Director Scott Boyd and General Manager Clemens Heldmaier reported in yesterday's HMB review, regarding the district's interest in acquiring the Devil's Slide Caltrans alignment. In the article it was reported that they believe that "conversations regarding the property can and should be private until an agreement is reached between Caltrans and the district". I couldn't disagree more. Section 11.33 of the San Mateo County Local Coastal Program (LCP) provides that before title to the property is transferred, an LPTP Overlay Specific Plan must be adopted by the County and certified by the Coastal Commission. An LCP amendment is a very public process, however MWSD appears to be moving in the other direction, to keep their discussions private in closed session, and in doing so pre-empt public participation.

The secrecy is particularly ironic given that the political process that resulted in the property being available—Measure T, the Devil's Slide Tunnel Initiative—was the most public of processes—a citizen's initiative. Claiming that the district is in negotiations for the acquisition of the Caltrans right-of-way, and using that as a rationale for providing no information to the public, is a short-sighted attempt to secure the district's water rights before the community understands the intended long-term use of the property, the stewardship costs and the ownership alternatives.

I believe that MWSD engaging in an open, transparent process would better serve both the public and the district's interests.

Best regards,


Chris Thollaug

Chris Thollaug
PO Box 371018, Montara CA 94037
(650) 400-0482 cthollaug@gmail.com



Board of Directors
Montara Water and Sanitary District
8888 Cabrillo Hwy
Montara, CA 94037

Dear Directors,

I've developed an Excel file with two worksheets I'd like to have available for use at tomorrow's study session. I've attached the printouts as PDFs, and am providing the Excel file as an attachment to this email.

The first worksheet, titled Revenue Projection, MWSD Projected Conversions, calculates incremental connection charge and water-bill revenues under various scenarios:

- Scenario 1: Calculation of revenues using the connections projected by district staff and the district engineer and provided to Bartle Wells for their 2011 Water Capacity Charge Study. I've estimated the year-over-year annual increases at 2.1% (the historical average for the period 2011-2017), and projected increases at that rate for the balance of the Bartle-Wells study period. Projected revenue, \$16.6m.
- Scenario 2: Same source, projected revenues that would have been received if the connections projected through 2016 by the BW study had in fact occurred, together with projected water-bill revenues through the end of the study period (2025). Projected revenue, \$8.3m.
- Scenario 3: An estimate of the new-connection revenues. I've estimated those connections at 4 per year, however I would like to have this updated with actuals if those numbers are readily available. Projected revenue, less than \$1m, a small fraction of the revenues projected by the Bartle Wells study.
- Scenario 4: Projection of well conversions under the financing incentive approved by the board. The projection reflects my belief that there will be very little demand from well owners to convert, unless they have serious equipment problems or a failing well. Projected revenues, \$1.3m.
- Scenario 5: Projection of well conversions under an incentive which waives the water connection charge for a fixed period, in this example, 3 years. I've projected 66 well conversions, which is approximately one third of the wells inside the urban/rural boundary (per the Public Works Plan, new connections outside the urban/rural boundary are prohibited).
- Scenario 6: A blank for any additional projection you'd like to consider.

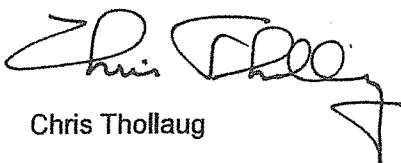
All the scenarios are set up with variables that allow modification for any pricing and connection circumstances you'd like to consider in the study session.

The second, titled Current Value of MWSD Capital Assets Paid Through Water Charges, uses debt and asset numbers from the 2015-2016 audit to calculate the present value of assets (acquisition cost less accumulated depreciation) paid by water customers. Using the audit figures, that number is \$3.3m, 17% of current asset value or approx. \$2,000 per connection.

In addition to working with these numbers, at the study session I'd like to review the status of the \$8.8 million capital improvement plan for new connections included in the 2011 Bartle Wells study, as well as the basis for the district engineer's determination that each project is 100% for future new water customers.

Please make this letter and attachments available to study session participants.

Best regards,


Chris Thollaug

Revenue Projection, MWSD Projected Conversions

Projected Annual Increase: 2.1% both capacity charges & water bills

Scenario 1: Bartle Wells New Customer CIP & Water Capacity Charge Study, 2011 – Projection of Connections (Table 1, page 6)

Revenues assuming the number of new connections projected by district staff and engineer for the Bartle Wells. That projection assumed all wells would convert to the water system. Also assumes 100% of new connections are 5/8 x 3/4 meters, rather than the 97.7% assumed by the BW study.

Year:	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Capacity Charge:	\$14,187	\$14,485	\$14,789	\$15,100	\$15,417	\$15,729	\$16,059	\$16,397	\$16,741	\$17,092	\$17,451	\$17,818	\$18,192	\$18,574	\$18,954	
Average Water Bill:	\$90	\$92	\$94	\$96	\$98	\$100	\$102	\$104	\$106	\$108	\$110	\$112	\$114	\$116	\$118	
New connections:	20	50	50	50	50	50	50	50	50	50	50	20	20	20	20	600
Connection Fees:	\$283,740	\$724,250	\$739,459	\$754,988	\$770,843	\$786,450	\$802,965	\$819,828	\$837,044	\$854,622	\$872,569	\$356,357	\$363,841	\$371,481	\$379,282	\$9,717,720
Water Bills:	21,600	77,280	135,360	195,840	258,720	324,000	391,680	461,760	534,240	609,120	686,400	725,760	766,080	807,360	849,600	6,844,800
Total receipts:	\$305,340	\$801,530	\$874,819	\$950,828	\$1,029,563	\$1,110,450	\$1,194,645	\$1,281,588	\$1,371,284	\$1,463,742	\$1,558,969	\$1,082,117	\$1,129,921	\$1,178,841	\$1,228,882	\$16,562,520

Scenario 2: Bartle Wells Projection, 2011 through 2016

Revenues from the new connections projected by the Bartle Wells report for the period 2011-2016, including water billing through the end of the study period.

Year:	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Capacity Charge:	\$14,187	\$14,485	\$14,789	\$15,100	\$15,417	\$15,741										
Average Water Bill:	\$90	\$92	\$94	\$96	\$98	\$100	\$102	\$104	\$106	\$108	\$110	\$112	\$114	\$116	\$118	
New connections:	20	50	50	50	50	50										270
Connection Fees:	\$283,740	\$724,250	\$739,459	\$754,988	\$770,843	\$787,030	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,060,310
Water Bills:	21,600	77,280	135,360	195,840	258,720	324,000	330,480	336,960	343,440	349,920	356,400	362,880	369,360	375,840	382,320	4,220,400
Total receipts:	\$305,340	\$801,530	\$874,819	\$950,828	\$1,029,563	\$1,111,030	\$330,480	\$336,960	\$343,440	\$349,920	\$356,400	\$362,880	\$369,360	\$375,840	\$382,320	\$8,280,710

Scenario 3: 2011-2016 Actual New Connections (estimate, needs update to numbers highlighted below)

Revenues from actual new connections, 2011-2016, including water billing through the end of the study period.

Year:	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Capacity Charge:	\$14,187	\$14,485	\$14,789	\$15,100	\$15,417	\$15,741	\$16,071	\$16,409	\$16,753	\$17,105	\$17,464	\$17,831	\$18,205	\$18,588	\$18,978	
Average Water Bill:	\$90	\$92	\$94	\$96	\$98	\$100	\$102	\$104	\$106	\$108	\$110	\$112	\$114	\$116	\$118	
New connections:	4	4	4	4	4	4										24
Connection Fees:	\$56,748	\$57,940	\$59,157	\$60,399	\$61,667	\$62,962	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$568,874
Water Bills:	4,320	8,632	13,536	18,432	23,520	28,800	29,376	29,952	30,528	31,104	31,680	32,256	32,832	33,408	33,984	382,560
Total receipts:	\$61,068	\$66,772	\$72,693	\$78,831	\$85,187	\$91,762	\$29,376	\$29,952	\$30,528	\$31,104	\$31,680	\$32,256	\$32,832	\$33,408	\$33,984	\$741,434

Revenue Projection, MWSD Projected Conversions

Projected Annual Increase: 2.1% both capacity charges & water bills

Scenario 4: Projection of Well Conversions under Financing Incentive Ordinance as approved by the Board, and non-enforcement of "shall connect" provision of MWSD Code section 5-3.103

Financing incentive implements a payment schedule and waives interest for property owners that elect to convert within the first year. Water Capacity Charge revenues are shown when earned, rather than when received. Assumption is that incentive is insufficient to motivate well owners who are not experiencing problems with well output and/or equipment.

Year:	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
Capacity Charge:	\$15,729	\$16,059	\$16,396	\$16,741	\$17,092	\$17,451	\$17,818	\$18,192	\$18,574	\$18,964	\$19,362	\$19,769	\$20,184	\$20,608	\$21,040	
Average Water Bill:	\$100	\$102	\$104	\$106	\$108	\$110	\$112	\$114	\$116	\$118	\$120	\$123	\$126	\$129	\$132	
Well conversions:	6	6	6	2	2	2	2	2	2	2	2	2	2	2	2	42
Connection Fees:	\$94,374	\$96,354	\$98,377	\$33,481	\$34,184	\$34,902	\$35,635	\$36,383	\$37,147	\$37,928	\$38,724	\$39,537	\$40,367	\$41,215	\$42,081	\$740,691
Water Bills:	7,200	14,688	22,464	25,440	28,512	31,680	34,944	38,304	41,760	45,312	48,960	53,136	57,456	61,920	66,528	578,304
Total receipts:	\$101,574	\$111,042	\$120,841	\$58,921	\$62,696	\$66,582	\$70,579	\$74,687	\$78,907	\$83,240	\$87,684	\$92,673	\$97,823	\$103,135	\$108,609	\$1,318,995

Scenario 5: Projection of Connections under a policy of waiving the Water Capacity Charge for well owners abandoning their wells. Incentive would be for a fixed period, then revert to full fee years.

Waiving water connection charge is a much more substantive incentive, and the assumption is more well owners would choose to convert. The incentive is proposed for a finite period—in this example, 3 years. Note that 1/3rd of the estimated 314 wells are outside the urban/rural boundary, and per the Public Works Plan may not be served as the PWP prohibits new connections outside the urban/rural boundary. This example assumes 1/3rd of the wells inside the urban/rural boundary opt to convert to the water system.

Year:	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
Capacity Charge:	\$0	\$0	\$0	\$33,482	\$34,185	\$34,903	\$35,636	\$36,384	\$37,148	\$37,929	\$38,725	\$39,538	\$40,369	\$41,216	\$42,082	\$451,597
Average Water Bill:	\$100	\$102	\$104	\$106	\$108	\$110	\$112	\$114	\$116	\$118	\$120	\$123	\$126	\$129	\$132	
Well conversions:	22	22	22	2	2	2	2	2	2	2	2	2	2	2	2	90
Connection Fees:	\$0	\$0	\$0	\$86,496	\$90,720	\$95,040	\$99,456	\$103,968	\$108,576	\$113,280	\$118,080	\$123,984	\$130,032	\$136,224	\$142,560	\$1,511,040
Water Bills:	26,400	53,856	82,368	86,496	90,720	95,040	99,456	103,968	108,576	113,280	118,080	123,984	130,032	136,224	142,560	
Total receipts:	\$26,400	\$53,856	\$82,368	\$119,978	\$124,905	\$129,943	\$135,092	\$140,352	\$145,724	\$151,209	\$156,805	\$163,522	\$170,401	\$177,440	\$184,642	\$1,962,637

Scenario 6:

[comments]

Year:	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
Capacity Charge:	\$15,729	\$16,059	\$16,396	\$16,741	\$17,092	\$17,451	\$17,818	\$18,192	\$18,574	\$18,964	\$19,362	\$19,769	\$20,184	\$20,608	\$21,040	
Average Water Bill:	\$100	\$102	\$104	\$106	\$108	\$110	\$112	\$114	\$116	\$118	\$120	\$123	\$126	\$129	\$132	
Well conversions:																0
Connection Fees:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Water Bills:	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total receipts:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Current Value of MWSD Capital Assets Paid Through Water Charges

		% of Asset Current Value
Present Value, Capital Assets*		
Capital Assets at Acquisition Cost:	\$28,031,592	
Accumulated Depreciation	(\$8,896,821)	
Current value of water-system assets:	\$19,134,771	100%
Debit Financing*		
General Obligation Bonds (less current portion):	\$11,426,755	60%
Other Long-Term Obligations (less current portion):	\$4,392,206	23%
Current long-term debt:	\$15,818,961	83%
Current Value of Capital Assets Paid Through Water Charges:	\$3,315,810	17%
Current Value of Capital Assets Paid Through Water Charges, per Connection:	\$2,011	

* source: 2015-2016 audit

Questions

Are all depreciable costs for the Alta Vista Tank project included in the balance sheet of the 2016 audit?
 What improvements listed on Table 4 of the 2011 Bartle Wells Connection Charge Rpt have been completed and are included in the district's capital assets?
 What is the current number of connections--1,649 needs to be updated

Montara Water and Sanitary District

Existing Customer
Water System Capital Improvement Program
Update FY17/18 – FY21/22

May 2017

Board of Directors

Dwight Wilson, President

Scott Boyd, President Pro Tem

Bill Huber, Treasurer

Kathryn Slater-Carter, Secretary

Jim Harvey, Director

Clemens Heldmaier, General Manager

Montara Water and Sanitary District

WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM UPDATE (FY2017/18 – FY2021/22)

The District’s water system requires improvements to address system renewal and replacement needs, continue to improve water supply reliability, and ensure sufficient response under daily operational scenarios, fire flow, and emergency conditions. These potential improvements make up the District's Capital Improvement Program (CIP) and include the rehabilitation of the existing infrastructure, addition of new facilities, development of new sources of supply, implementation of repair and replacement, and preventive maintenance programs.

In 2003, the Board established the CIP prioritization criteria that serve as the foundation for the District's capital improvements decision-making process to ensure a relevant implementation schedule and adequate funding for the improvements. The criteria provides a method to rate the relative importance of a particular project based upon factors such as protection of public health, employee safety, legal and regulatory requirements, and funding constraints. These criteria established which projects should be implemented in any given year and over the CIP planning horizon. The prioritization criteria used by MWSD are presented in Table 1, below, categorized into three priority levels, listed from most to least critical for implementation.

Table 1. Prioritization Criteria		
Priority Level	Description	Examples
Level One <i>Mandatory Projects</i>	<i>“Must do” – highest priority.</i> District has little or no control to defer.	<ol style="list-style-type: none"> 1. Projects required by law/legislation, regulations; 2. Projects protecting health and safety of employees and the public; and 3. Project funded by others.
Level Two <i>Necessary Projects</i>	<i>Must be done.</i> District has moderate level of control over the timing of implementation.	<ol style="list-style-type: none"> 1. Projects required for providing adequate emergency storage and meeting fire flow requirements; 2. Projects reducing water system losses and reducing pipeline leaks.
Level Three <i>Discretionary Projects</i>	<i>Should be done.</i> District has significant level of control over the timing of implementation.	Projects that are required but can be deferred to a later date. Level Three Projects can be completed as needed, if Level One or Level Two Projects are postponed.

In addition, following introduction of new domestic connections to the water system in 2011 by the Board, the District has started developing a two-part CIP that includes projects designed exclusively for or shared by the new customers connecting to the water system. This category is funded through the Water Capacity Charge (WCC). The second category of projects is needed for the existing customers and designed to provide appropriate levels of renewal and replacement for the current water system. The water rate revenues fund these projects.

Montara Water and Sanitary District

WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM UPDATE (FY2017/18 – FY2021/22)

The planning-level cost estimates included in this CIP are total project costs with the +50%/-30% estimating accuracy and include the following elements:

1. Engineer's opinion of probable construction cost
2. Planning, permitting, legal, and administrative costs 40 percent
3. Planning-level contingency 25 percent

While the CIP projects and programs included in the following sections include long-range and short-term projects for the water system, the summary presented in Table 2, Project Cost Distribution and Fiscal Year Schedule, only includes capital projects and portions of the capital programs that the District anticipates completing the next five (5) fiscal years. Project descriptions that follow include the cost of the entire project or program that may extend beyond the initial five years of the CIP. The actual timing of implementing the project would depend on various factors, including but not limited to the number of customers requesting water connections, regulatory climate, etc.

This document includes Existing Customer CIP only. The New Customer CIP is described in Chapter 6 of the 2017 Water Master Plan Update and presented separately.

Montara Water and Sanitary District

WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM UPDATE (FY2017/18 – FY2021/22)

Table 3. Total Project Cost Distribution and Fiscal Year Schedule – Existing Customer CIP

Existing Customer CIP - WATER	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	5-Year CIP Total
Distribution System Renewal and Replacement Program	\$300,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,100,000
Water Conservation Program	\$8,500	\$8,755	\$9,018	\$9,288	\$9,567	\$45,128
Well Rehabilitation Program	\$100,000	\$100,000	-	-	-	\$200,000
Storage Tank Rehabilitation Program	-	\$100,000	\$50,000	-	-	\$150,000
Emergency Generator Replacement	\$75,000	\$40,000	\$40,000	\$40,000	\$40,000	\$255,000
Vehicle Replacement Fund	-	\$25,000	\$27,000	\$29,000	-	\$81,000
Pillar Ridge Rehabilitation Program	\$20,000	\$50,000	\$300,000	\$25,000	\$50,000	\$445,000
EXISTING CUSTOMER CIP TOTAL	\$503,500	\$523,755	\$626,018	\$303,288	\$299,567	\$2,276,128

Montara Water and Sanitary District

WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM UPDATE (FY2017/18 – FY2021/22)

PRIORITY LEVEL TWO – NECESSARY PROJECTS

The District's water system requires improvements to address system renewal and replacement needs and ensure sufficient response under daily operational scenarios, fire flow, and emergency conditions. These necessary improvements make up the District's Priority Level Two, Necessary Projects, which include the rehabilitation of the existing infrastructure, repair and replacement, and preventative maintenance programs.

Priority Level Two – These projects provide measurable progress in achieving the District's goals, but over which the District has a moderate level of control over the timing of implementation. Examples of such projects include projects reducing water system losses and reducing pipeline leaks.

Table 4 below provides a list of the Priority Two Level projects. These projects serve existing District's customers and are funded by the water rate revenues.

Table 4. Priority Level Two – Necessary Projects
1. Distribution System Renewal and Replacement Program
2. Water Conservation Program
3. Storage Tank Rehabilitation Program
4. Generator Replacement Program
5. Vehicle Replacement Fund
6. Pillar Ridge Rehabilitation Program

Montara Water and Sanitary District

WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM UPDATE (FY2017/18 – FY2021/22)

PRIORITY LEVEL TWO – NECESSARY PROJECTS

Program: Distribution System Renewal and Replacement Program

Priority: Level Two

This program is an on-going annual rehabilitation program that includes the following projects:

- Mechanical systems replacement
 - Water meter replacement
 - Water lateral replacement
 - Water main replacement
 - Fire hydrant replacement
-

Project: Distribution System Renewal and Replacement Program

CIP Total Cost: \$1,100,000

Project Funding: This program will be funded by existing customers through water rate revenues

Basis of Priority: This program is ranked as Priority Level Two because it address system renewal and replacement needs and ensure sufficient response under daily operational scenarios, fire flow, and emergency conditions.

Montara Water and Sanitary District

WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM UPDATE (FY2017/18 – FY2021/22)

PRIORITY LEVEL TWO – NECESSARY PROJECTS

Program: Water Conservation Program

Priority: Level Two

The District continues its multi-year rebate program to encourage customers to replace their fixtures and appliances with water-efficient units.

Project: Water Conservation Program

CIP Total Cost: \$45,128

Project Funding: This program will be funded by existing customers through water rate revenues.

Basis of Priority: This program is ranked as Priority Level Two because it continues to promote water conservation.

Montara Water and Sanitary District

WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM UPDATE (FY2017/18 – FY2021/22)

PRIORITY LEVEL TWO – NECESSARY PROJECTS

Program: Storage Tank Rehabilitation Program

Priority: Level Two

The existing Alta Vista Tank 1 (AVT 1) was inspected in 2016 and found needing to be taken off line for rehabilitation. It was determined that the tank floor and areas on the wall of the AVT 1 shows signs of significant corrosion. AVT 1 will be rehabilitated, including: cleaning, recoating and corrosion spot repair. Some areas, such as the tank floor, may require more extension corrosion repair.

Project: Storage Tank Rehabilitation Program

CIP Total Cost: \$150,000

Project Funding: This program will be funded by existing customers through water rate revenues

Basis of Priority: This program is ranked as Priority Level Two because it ensures continued operation of the existing water supply sources

Montara Water and Sanitary District

WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM UPDATE (FY2017/18 – FY2021/22)

PRIORITY LEVEL TWO – NECESSARY PROJECTS

Project: Emergency Generator Replacement

Priority: Level Two

This project will replace one of the existing emergency generators that reached the end of its useful life.

Project: Emergency Generator Replacement

CIP Total Cost: \$75,000

Project Funding: This project will be funded by existing customers through water rate revenues

Basis of Priority: This project is ranked as Priority Level Two because it ensures efficiency of water operations.

Montara Water and Sanitary District

WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM UPDATE (FY2017/18 – FY2021/22)

PRIORITY LEVEL TWO – NECESSARY PROJECTS

Project: Vehicle Replacement Fund

Priority: Level Two

This funding is targeted to a renewal of the District fleet of trucks and started in FY 15/16 with a \$30,000 purchase of a heavy truck followed by replacing one light truck annually in the following two years of the CIP.

Project: Vehicle Replacement Fund

CIP Total Cost: \$801,000

Project Funding: This project will be funded by existing customers through water rate revenues

Basis of Priority: This project is ranked as Priority Level Two because it ensures efficiency of water operations.

Montara Water and Sanitary District

WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM UPDATE (FY2017/18 – FY2021/22)

PRIORITY LEVEL TWO – NECESSARY PROJECTS

Program: Pillar Ridge Rehabilitation Program

Priority: Level Two

Consolidation of the Pillar Ridge Water System into the MWSD water system benefits all District's customers. The addition of new facilities, however, necessitates planning for the renewal and replacement of the Pillar Ridge treatment, supply, and storage facilities. Existing customer water rate revenues will fund this project.

Project: Pillar Ridge Rehabilitation Program

CIP Total Cost: \$445,000

Project Funding: This program will be funded through water rate revenues

Basis of Priority: This program is ranked as Priority Level Two because it ensures existing facility functionality and reliability

Montara Water and Sanitary District

WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM UPDATE (2013 – 2018)

PRIORITY LEVEL THREE – DISCRETIONARY PROJECTS

Projects not meeting the criteria for Priority Level One or Two are ranked as Priority Level Three. These projects are needed, albeit may not yet have defined scopes, schedules, or funding sources. Many factors exist that may promote Level Three projects to Level One or Two such as the release of new regulations and legislation or the availability of funding.

Priority Level Three – Projects that are required but can be deferred to a later date. Level Three Projects can be completed as needed, if Level One or Level Two Projects are postponed. District has significant level of control over the timing of implementation.

Table 17 below provides a list of the Priority Level Three projects. Funding for these projects is not currently included as part of this CIP.

Table 5. Priority Level Three – Discretionary Projects
1. Portola Tank Road Repair
2. Alta Vista Water Treatment Plant Replacement
3. District Office Remodel
4. New Large Service Connections

Montara Water and Sanitary District

2017 Water System Master Plan Update
New Customer Capital Improvements Program

May 2017

Board of Directors

Dwight Wilson, President

Scott Boyd, President Pro Tem

Bill Huber, Treasurer

Kathryn Slater-Carter, Secretary

Jim Harvey, Director

Clemens Heldmaier, General Manager

Montara Water and Sanitary District

NEW CUSTOMER WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM

The District’s water system requires improvements to address system renewal and replacement needs, continue to improve water supply reliability, and ensure sufficient response under daily operational scenarios, fire flow, and emergency conditions. These potential improvements make up the District's Capital Improvement Program (CIP) and include the rehabilitation of the existing infrastructure, addition of new facilities, development of new sources of supply, implementation of repair and replacement, and preventive maintenance programs.

In 2003, the Board established the CIP prioritization criteria that serve as the foundation for the District's capital improvements decision-making process to ensure a relevant implementation schedule and adequate funding for the improvements. The criteria provides a method to rate the relative importance of a particular project based upon factors such as protection of public health, employee safety, legal and regulatory requirements, and funding constraints. These criteria established which projects should be implemented in any given year and over the CIP planning horizon. The prioritization criteria used by MWSD are presented in Table 1, below, categorized into three priority levels, listed from most to least critical for implementation.

Table 1. Prioritization Criteria		
Priority Level	Description	Examples
Level One <i>Mandatory Projects</i>	<i>“Must do” – highest priority.</i> District has little or no control to defer.	<ol style="list-style-type: none"> 1. Projects required by law/legislation, regulations; 2. Projects protecting health and safety of employees and the public; and 3. Project funded by others.
Level Two <i>Necessary Projects</i>	<i>Must be done.</i> District has moderate level of control over the timing of implementation.	<ol style="list-style-type: none"> 1. Projects required for providing adequate emergency storage and meeting fire flow requirements; 2. Projects reducing water system losses and reducing pipeline leaks.
Level Three <i>Discretionary Projects</i>	<i>Should be done.</i> District has significant level of control over the timing of implementation.	Projects that are required but can be deferred to a later date. Level Three Projects can be completed as needed, if Level One or Level Two Projects are postponed.

In addition, following introduction of new domestic connections to the water system in 2011 by the Board, the District has started developing a two-part CIP that includes projects designed exclusively for or shared by the new customers connecting to the water system. This category is funded through the Water Capacity Charge (WCC). The second category of projects is needed for the existing customers and designed to provide appropriate levels of renewal and replacement for the current water system. The water rate revenues fund these projects.

Montara Water and Sanitary District

NEW CUSTOMER WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM

The planning-level cost estimates included in this CIP are total project costs with the +50%/-30% estimating accuracy and include the following elements:

1. Engineer's opinion of probable construction cost
2. Planning, permitting, legal, and administrative costs 40 percent
3. Planning-level contingency 25 percent

While the CIP projects and programs included in the following sections include long-range and short-term projects for the water system, the summary presented in Table 2, Project Cost Distribution and Fiscal Year Schedule, only includes capital projects and portions of the capital programs that the District anticipates completing the next five (5) fiscal years. Project descriptions that follow include the cost of the entire project or program that may extend beyond the initial five years of the CIP. The actual timing of implementing the project would depend on various factors, including but not limited to the number of customers requesting water connections, regulatory climate, etc.

This document contains the CIP required to serve new customers while the existing customer CIP is presented in a separate document.

Montara Water and Sanitary District
NEW CUSTOMER WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM

Table 2. Total Project Cost Distribution and Fiscal Year Schedule – New Customer CIP

New Customer CIP - WATER	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	5-Year CIP Total
Water Main Upgrade Program	\$300,000	\$309,000	\$318,270	\$327,818	\$337,653	\$1,592,741
Existing Well Upgrade Program	-	-	\$280,000	\$288,400	\$297,052	\$865,452
New and Upgraded PRV Stations' Program	-	\$250,000	\$257,500	\$265,225	\$273,182	\$1,045,907
Emergency Generator Upgrade Program	-	\$150,000	\$154,500	\$159,135	\$163,909	\$627,544
Schoolhouse Booster Pump Station Upgrade	-	-	-	-	\$350,000	\$350,000
Portola Tank Telemetry Upgrade	-	\$150,000	\$100,000	-	-	\$250,000
Develop Additional Supply Reliability	-	-	-	\$450,000	\$1,000,000	\$1,450,000
Big Wave NPA Water Main Extension	\$30,000	\$2,000,000	-	-	-	\$2,030,000
NEW CUSTOMER CIP TOTAL	\$330,000	\$2,859,000	\$1,110,270	\$1,490,578	\$2,421,795	\$8,211,644

Montara Water and Sanitary District

NEW CUSTOMER WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM

Priority Level One projects almost exclusively address the projected system deficiencies related to adding new customers to the system. Most of the anticipated system deficiencies are due to adding new connections to the system and increasing water demands.

Priority Level One – These are the highest priority, “must do” capital projects. The District has little or no control to defer these projects. Examples of such projects include: (1) Projects required by law/legislation, regulations; (2) Projects protecting health and safety of employees and the public; and (3) Project funded by others.

Table 3 below, contains *Priority Level One* projects and programs that have been formulated to provide benefit to, and be paid for by, new District customers. A detailed discussion of the projects follows.

Table 3. Priority Level One – Mandatory Projects
1. Water Main Upgrade Program
2. Existing Well Upgrade Program
3. New and Upgraded PRV Stations' Program
4. Emergency Generator Upgrade Program
5. Schoolhouse Booster Pump Station Upgrade
6. Portola Tank Telemetry Upgrade
7. Develop Additional Supply Reliability
8. Big Wave Main Extension Project

Montara Water and Sanitary District

NEW CUSTOMER WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM

Project: Water Main Upgrade Program

Priority: Level One

Under the water main upgrade program, the District will undertake the effort of designing and constructing upsizing of the existing distribution system mains to accommodate increasing demands due to the addition of new water customers. This program includes an estimated 12,800 linear feet of 8-inch- and 10-inch-diameter mains installed in the water system replacing existing 2-inch, 4-inch, and 6-inch-diameter mains.

Upsizing of existing water mains and isolation and control valves will be required to accommodate new water customers.

The Water Main Upgrade Program will involve the strategic upgrade of existing water mains to incorporate "arterial distribution loops" throughout the system. These arterial loops will provide added redundancy and reinforcement to handle the addition of new customers or potential leaks and pipe failures. The loops will be designed utilizing the existing distribution system and the installation of short spans of new pipelines. Isolation and control valves will also be installed in critical locations as part of the loop design. As a whole, the arterial loops will provide the District's Operations Staff the ability to isolate and repair critical sections of the distribution system while still conveying water throughout the system. Additionally, this program includes upsizing of the existing mains that would become deficient due to added new customer demands.

Project: Water Main Upgrade Program

CIP Total Cost: \$7,484,500

Project Funding: This program will be funded by new customers through the WCC

Basis of Priority: This project is ranked as Priority Level 1 because it ensures redundancy and reinforcement of the distribution system to handle the addition of new customers or potential leaks and pipe failures.

Montara Water and Sanitary District

NEW CUSTOMER WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM

Project: Existing Well Upgrade Program

Priority: Level One

The existing District's wells operate within their design parameters in the existing water system. Hydraulic analysis demonstrates, however, that with increased demands due to new water customers, existing wells' pumps and motors would need to be upsized to pump into the system. The pump and motor replacement and piping modifications are required to accommodate new customers due to increased pressures at each wellhead they would have to overcome. This program would involve replacement of all existing motor control centers (MCCs) and associated power supply improvements.

Project: Existing Well Upgrade Program

CIP Total Cost: \$3,389,000

Project Funding: This project will be funded by new customers through the WCC

Basis of Priority: This project is ranked as Priority Level 1 because it is required to accommodate new customers

Montara Water and Sanitary District

NEW CUSTOMER WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM

Project: New and Upgraded Pressure-Regulating Stations Program

Priority: Level One

Due to the District's water system configuration and the terrain of the service area, the District operates over 20 existing pressure-regulating stations (PRVs). With the addition of new customers throughout the service area, this project will install up to 5 new PRV stations and increase the capacity of 13 existing PRV stations.

Project: New and Upgraded Pressure-Regulating Stations Program

CIP Total Cost: \$1,856,000

Project Funding: This project will be funded by new customers through the WCC

Basis of Priority: This project is ranked as Priority Level 1 because it ensures efficient water distribution under new demand conditions

Montara Water and Sanitary District

NEW CUSTOMER WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM

Project: Emergency Generator Upgrade Program

Priority: Level One

Existing generators at the District's pumping and treatment facilities will become undersized following upgrades of the existing pumps and motors and would require replacement. This program would secure safe and reliable emergency power to the District's critical water treatment and delivery facilities and provide safe operation by staff under the increased demand conditions due to new customers. The associated appurtenances, including automatic transfer switches (ATS) would also have to be replaced due to the increased generator and system capacities.

Project: Emergency Generator Upgrade Program

CIP Total Cost: \$889,500

Project Funding: This project will be funded by new customers WCC

Basis of Priority: This project is ranked as Priority Level 1 because it ensures efficiency of operations under new demand conditions

Montara Water and Sanitary District

NEW CUSTOMER WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM

Project: Schoolhouse Booster Pump Station Upgrade

Priority: Level One

The District owns and operates the existing Schoolhouse Booster Pump Station. The addition of new water customers throughout the service area necessitates installation of a new set of booster pumps to accommodate the distribution system expansion for new customers and a new set of parameters under which the system would operate when demand increases. This project will include an addition of a new set of pumps and replacement of the existing pumps with larger pumps and motors.

Project: Schoolhouse Booster Pump Station Upgrade

CIP Total Cost: \$1,545,000

Project Funding: This project will be funded by new customers through the WCC

Basis of Priority: This project is ranked as Priority Level 1 because it ensures water deliveries to new customers with increased flows in the distribution system.

Montara Water and Sanitary District

NEW CUSTOMER WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM

Project: Portola Tank Telemetry Upgrade

Priority: Level One

The existing Portola Tank currently operates with no telemetry link to the District's SCADA system. While this arrangement works to serve existing water customers, addition of new customers throughout the District's service area will require adding the tank to SCADA to ensure operational optimization of the tank under new demand conditions.

Project: Portola Tank Telemetry Upgrade

CIP Total Cost: \$250,000

Project Funding: This project will be funded by new customers through the WCC

Basis of Priority: This project is ranked as Priority Level 1 because it ensures operational optimization of the Portola Tank under new demand conditions

Montara Water and Sanitary District

NEW CUSTOMER WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM

Project: Develop Additional Supply Reliability

Priority: Level One

This project provides for planning, permitting, and implementation of water supply augmentation to ensure that the water system's reliability remains intact with the addition of the new water customers to the system. Currently, the District has over 20 percent reliability and redundancy in its water supply portfolio achieved by existing District's customers through adding new sources, implementing water system improvements, securing the existing Airport Wells for its water supply portfolio, and through conservation. This portion of the water supply portfolio will initially be utilized to add new customers to the system; however, the supply reliability needs to be replenished and paid for by the new customers to ensure consistent continued reliability of the water system. The project includes new groundwater source planning, permitting, and development.

Project: Develop Additional Supply Reliability

CIP Total Cost: \$1,984,000

Project Funding: This project will be funded by new customers through the WCC

Basis of Priority: This project is ranked as Priority Level 1 because it ensures consistent continued reliability of the District's water system

Montara Water and Sanitary District

NEW CUSTOMER WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM

Project: Big Wave NPA Water Main Extension

Priority: Level One

This project provides for the installation of a new 12-inch-diameter, 4,400-foot-long water main extension required to serve the Big Wave NPA development with 2,000 gallons-per-minute fire flow for 2 hours with the residual pressure at the hydrant on the Bog Wave NPA property of 20 pounds per square inch.

The developer will fund this project in its entirety. This project is NOT included in the water connection fee calculations.

Project: Big Wave NPA Water Main Extension

CIP Total Cost: \$2,030,000

Project Funding: This project will be funded entirely by the developer

Basis of Priority: This project is ranked as Priority Level 1 because it paid for by others



Montara Water and Sanitary District



Water Capacity Charge Update

Draft 04/28/17



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

TABLE OF CONTENTS

Background.....	1
Government Code.....	2
Fee Methodology.....	3
New Customer Capital Improvement Program.....	4
Water Capacity Charge Alternatives.....	5
Proposed Water Capacity Charges	7
Capacity Charge Ordinance: Purpose of Charge.....	9
Capacity Charge Credits for Redevelopment	9
Limited Term of Application for an Adopted Capacity Charge	9
Future Fee Adjustments.....	9
Appendix A – Government Code Pertaining to Water & Wastewater Capacity Charges	

Background

The Montara Water and Sanitary District (District or MWSD) provides water, sewer and trash disposal services to the unincorporated areas of Montara and Moss Beach. The District is located on the Pacific Coast in San Mateo County, north of Half Moon Bay and south of Pacifica.

The District levies water capacity charges on new or expanded connections to the water system. These charges are levied as a condition of development or expansion, and are designed to recover the cost of capacity in infrastructure benefitting new development. The District's water capacity charges were last updated in 2011.

In March 2011 the District Board of Directors passed Ordinance No. 161 which amended the District code to repeal Section 5-4.229, the moratorium on new water connections, and added Section 5-4.100(a), which allows for the connections of new water customers. To facilitate the addition of new water customers, the District Engineer, SRT Consultants, updated the District's Water System Master Plan and concluded there was sufficient water supply available to start adding new customers. The Master Plan identified capital improvement needed to improve system reliability and serve growth. Infrastructure improvements needed to serve growth were detailed in a New Customer Capital Improvement Program (CIP) prepared by SRT. The capital improvements identified in the program were exclusively for the benefit of new connections and excluded cost recovery for capital improvements benefitting the existing customer base.

In April 2011, Bartle Wells Associates (BWA) updated the District's water capacity charges based on costs identified in the New Customer CIP developed by SRF. The District has not recalculated its water capacity charges since 2011, however the District has adjusted the fees annually by the change in the Engineering News-Record Construction Cost Index – a widely used measure of construction cost inflation – to keep the charge aligned with construction cost inflation.

Since 2011, the District's water system undergone a number of changes. The District has completed a number of capital improvements to improve system reliability, acquired the Pillar Ridge water system and customer base, and identified new sources of water supply. Additionally, District customers have successfully reduced water consumption in response to California's multi-year drought.

In April 2017, SRT developed 2017 Water System Master Plan Update which included updated CIPs for a) Existing Customers and b) New Customers. The capital improvements identified in the New Customer CIP represent the share of total CIP projects that are allocated to growth and provide 100% benefit to new or expanded connections to the water system. These projects exclude reliability improvements as well as renewal and replacement projects benefiting existing customers. In conjunction with the Master Plan Update, which includes 5-year CIPs for both existing and new customers, SRT updated a water system hydraulic model previously developed for the District to identify system capacity deficiencies and associated capital improvements needed to serve future increments of growth.

Bartle Wells Associates subsequently updated the District's water capacity charges based on the SRT's analysis of capital needs for serving growth. The updated charges are designed to:

- Recover the costs of water system infrastructure and improvement required to serve new water connections or expanded connections that increase water demand;
- Equitably recover costs based on the new or increased capacity needs for serving each new or expanded connection;
- Are consistent with industry-standard practices and methodologies;
- Comply with government code.

Government Code

Development impact fees are governed by California Government Code Section 66000 et. seq. This section of the Code was initially established by Assembly Bill 1600 (AB 1600) and is commonly referred to as the Mitigation Fee Act. Pursuant to the Code, a development impact fee is not a tax or special assessment, but is instead voluntary charge levied to defray the cost of public facilities needed to serve a new development.

Section 66013 of the Code specifically governs water and wastewater capacity charges. This section of the Code defines a "capacity charge" to mean "*a charge for public facilities in existence at the time a charge is imposed or charges for new public facilities to be acquired or constructed in the future that are of proportional benefit to the person or property being charged.*" The Code distinguishes "capacity charges" from "connection fees" which are defined as fees for the

physical facilities necessary to make a water or sewer connection, such as costs related to installation of meters and pipelines from a new building to a water or sewer main.

According to the Section 66013, a water or wastewater capacity charge “shall not exceed the estimated reasonable cost of providing the service for which the fee or charge is imposed” unless approved by a two-thirds vote. As such, the capacity charges calculated in this report represent the maximum charges that the District can levy. Section 66013 does not detail any specific methodology for calculating capacity charges.

Section 66016 of the Code identifies the procedural requirements for adopting or increasing water and wastewater capacity charges and Section 66022 summarizes the general process by which the charges can be legally challenged. The full text of Sections 66013, 66016 and 66022 are attached in Appendix A.

Fee Methodology

Consistent with the District’s current capacity charge methodology, BWA recommends use of an *incremental cost approach* for calculating updated water capacity charges. Under this approach, new connections pay for the share of water system infrastructure improvements needed to serve new connections and meet the capacity requirements of new water demand. Based on the incremental cost approach used in this fee update, the updated capacity charge:

- Excludes cost recovery for any facilities previously funded by the District’s prior issuances of General Obligation Bonds.
- Excludes cost recovery for buying-in to capital improvements and other assets funded by prior or existing ratepayers, even though some of these improvements may provide benefit to new connections, such as via improved system reliability.
- Recovers costs based on the incremental water demand placed on the water system by new connections, regardless of whether the connection is from new construction, redevelopment, or a transition to District water supply from properties currently served by private wells
- Ensures that updated capacity charges are appropriately sized to recover the cost of capital improvements required exclusively for serving growth.

As such, the updated capacity charges represent a conservative approach to calculating updated charged. The updated fee would apply consistently to all new or expanded water connections based on the new water demands of each connection which is in proportion to the system capacity needs for serving each connection.

New Customer Capital Improvement Program

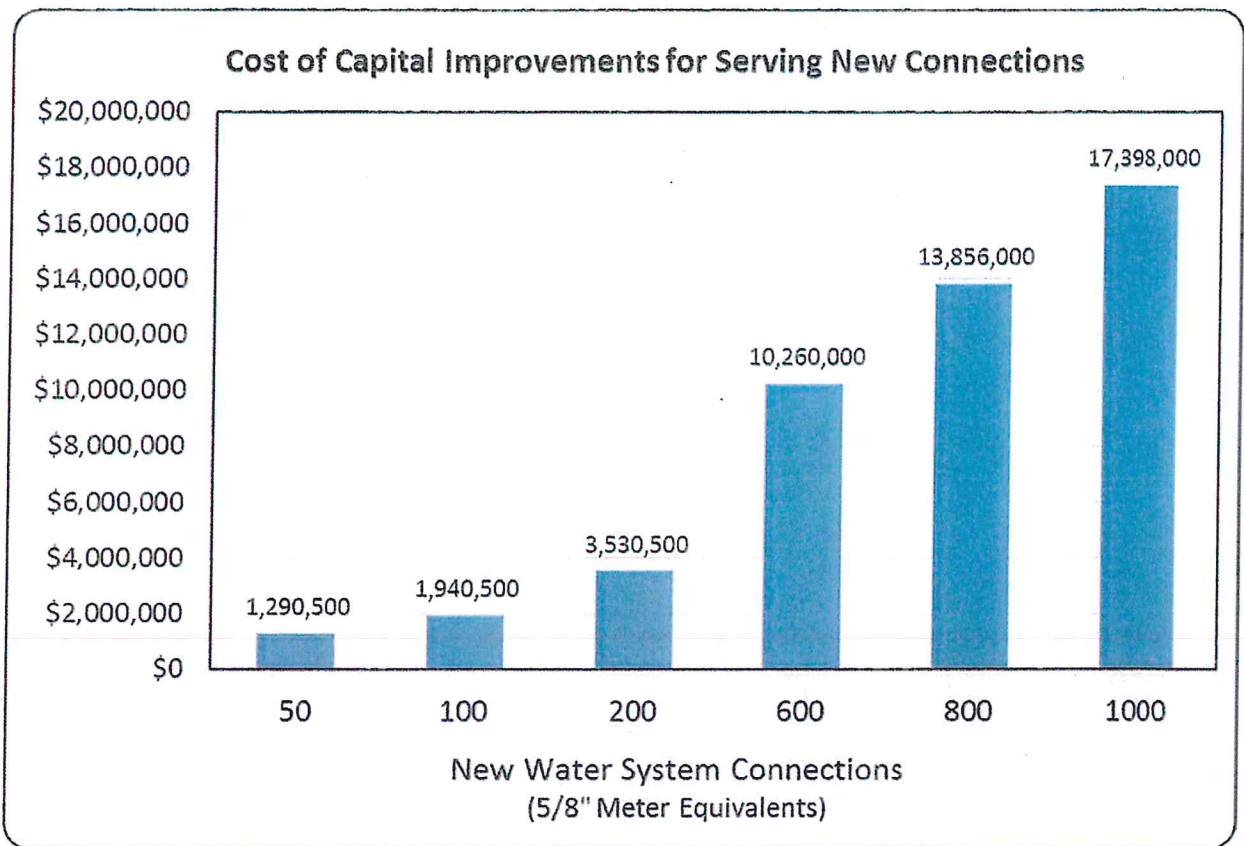
Table 1 shows the cost of capital improvements required exclusively for serving growth based on analysis provided by SRT. SRT ran a number of growth and associated water demand scenarios through a hydraulic model they developed for the District’s water system to identify water system capacity deficiencies and capital improvements required for serving different increments of growth. For example, to reliably serve the next 100 new water system connections (typical single family homes or 5/8 x 3/4-inch meter equivalents), the District would need to construct a little over \$1.9 million of infrastructure improvements. Likewise, to serve the next 1,000 connections, the District would need to construct roughly \$17.4 million of improvements.

The table below shows the capital improvement costs associated with serving various levels of new connections based on SRT’s hydraulic model analysis. This and following tables use the term 5/8” meter to refer to the District’s base 5/8 x 3/4-inch meter, which serves most residential connections.

Water System Capital Improvements Required for Serving Different Levels of Growth			
Growth Scenario	New Connections (5/8" Meter Equivalents)	Estimated Population Growth	Estimated Cost of Improvements to Serve New Connections
Scenario 1	50	3%	\$1,290,500
Scenario 2	100	6%	\$1,940,500
Scenario 3	200	12%	\$3,530,500
Scenario 4	600	35%	\$10,260,000
Scenario 5	800	47%	\$13,856,000
Scenario 6	1000	59%	\$17,398,000

Source: SRT Consultants, April 24, 2017.

The following chart shows the same information graphically.



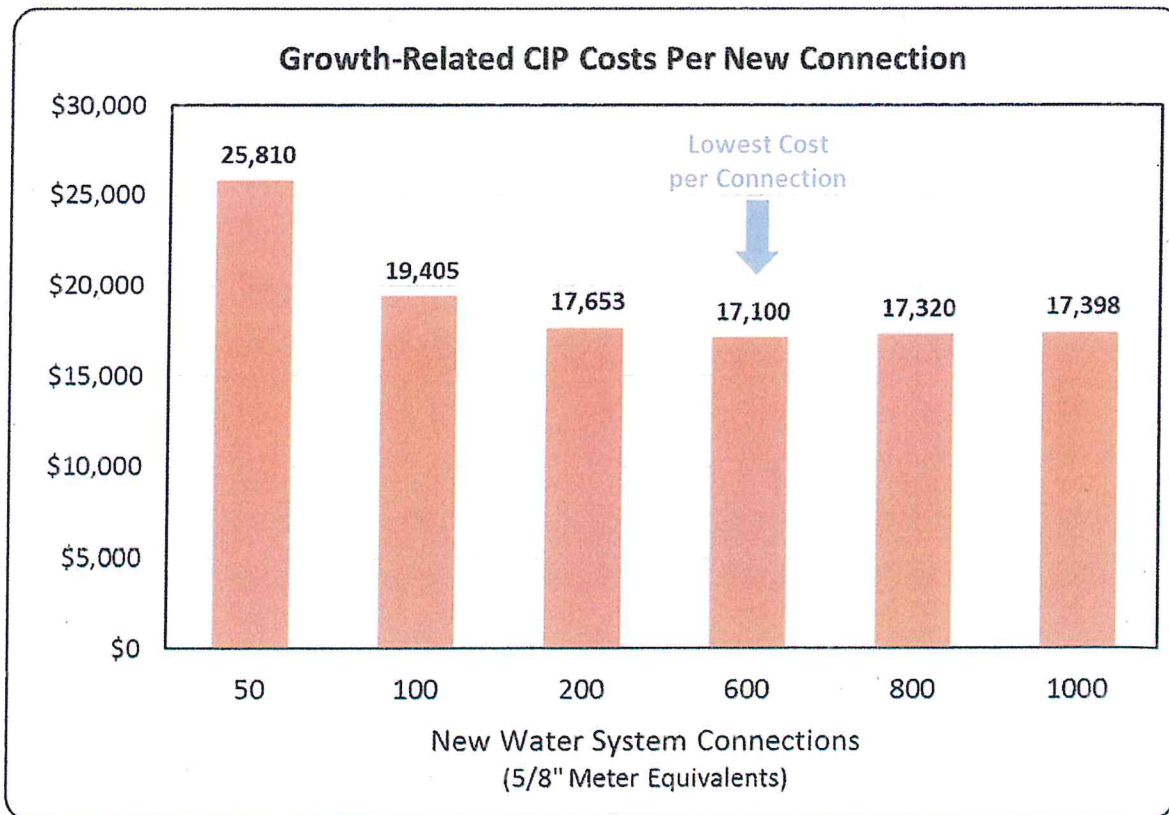
Water Capacity Charge Alternatives

The incremental cost of capital improvements needed to serve growth varies based on the level of growth, with more capital improvements required for serving more growth. Hence the cost for serving new connections can vary depending on the level of growth, with the cost per connection based on a) the cost of growth-related capital improvements divided by b) the number of connections (e.g. 100, 200, etc.) those capital improvements are designed to serve.

The following table calculated the cost of growth-related capital improvements per new connection at different levels of growth.

Growth-Related CIP Cost per New Connection			
Growth Scenario	Estimated Cost of Improvements to Serve New Connections	New Connections (5/8" Meter Equivalents)	Cost per New Connection (5/8" Meter Equivalent)
Scenario 1	\$1,290,500	50	\$25,810
Scenario 2	\$1,940,500	100	\$19,405
Scenario 3	\$3,530,500	200	\$17,653
Scenario 4	\$10,260,000	600	\$17,100
Scenario 5	\$13,856,000	800	\$17,320
Scenario 6	\$17,398,000	1000	\$17,398

The same information is shown on the following chart.



As shown, the cost per new connection is highest for the lowest levels of growth. However, from 200 connections and upward, the cost per unit remains in relatively stable range. This is partially due to the fact that additional water storage capacity would eventually need to be constructed as growth approaches 800 new connections. Subsequently, the District would need to fund additional water supply reliability improvements.

The District can allow new customers to connect to the water system before the growth-improvements are constructed. However, this does not negate the need to eventually construct the improvements necessitated by growth. The new water demands placed on the water system by the new connections would negatively impact the reliability and fire flow capacity of the water system to substandard levels based on the hydraulic model. So while the water system could accommodate new connections on a temporary basis, the improvements would still need to be completed to increase system capacity and reliability to adequately serve the new water demands.

Proposed Water Capacity Charges

Based on the data from SRT's engineering analysis and cost estimates, BWA recommends an updated water capacity charge of \$17,100 per new 5/8 x 3/4-inch meter connection, the standard meter size for a typical residential connection. This level of charge is based on a scenario of 600 new connections, which results in the lowest cost per connection. This level of growth is also consistent with the level of growth used in the prior water capacity charge update from 2011.

New connections that have higher water demands and hence higher water system capacity needs, would require larger water meters, and would pay correspondingly higher water capacity charges based on the water demands of each meter size in relation to that of the base 5/8 x 3/4-inch meter. For example, a 2-inch meter has the same capacity as 1.4 5/8 x 3/4-inch meters and hence would pay a capacity charge equal to eight times the charge of the 5/8-inch meter.

The updated charges are based on the cost of infrastructure improvements needed to serve increased demands on the water system. As such, the charges would consistently apply to new connections regardless of whether the connection is from new construction, redevelopment, or a transition to District water supply from properties currently served by private wells.

The following table shows a schedule of updated water capacity charges. Typical single family homes are served by a base 5/8 x 3/4-inch meter (referred to as a 5/8-inch meter in the table below).

Updated Water Capacity Charges		
Meter Size	Ratio to 5/8 x 3/4"	Capacity Charge
5/8 x 3/4-inch	1.00	\$17,100
3/4-inch	1.10	18,810
1-inch	1.40	23,939
1-1/2 inch	1.80	30,783
2-inch	2.90	49,589
3-inch	11.00	188,095
4-inch	14.00	239,395

Charges for connections for meters larger than 4-inch will be determined by the General Manager based on estimated water demand.

The updated water capacity charges are approximately 8.7% higher than the District's current charges.

Comparison of Current & Updated Water Capacity Charges				
Meter Size	Current	Updated	Increase \$	Increase %
5/8 x 3/4-inch*	\$15,729	\$17,100	\$1,371	8.7%
3/4-inch	17,302	18,810	1,508	8.7%
1-inch	22,020	23,939	1,919	8.7%
1-1/2 inch	28,315	30,783	2,468	8.7%
2-inch	45,613	49,589	3,976	8.7%
3-inch	173,014	188,095	15,081	8.7%
4-inch	220,201	239,395	19,194	8.7%

Capacity Charge Ordinance: Purpose of Charge

Pursuant to Government Code, revenues derived the District's water capacity charges can only be used for the purpose for which the charges are collected. In order to maximize the District's flexibility for use of capacity charge revenues, BWA recommends that the ordinances/resolutions adopting new charges broadly define the purpose of the capacity charge.

Capacity Charge Credits for Redevelopment

Capacity charges for redevelopment projects and/or expansions should be based on the incremental demand generated from each project. Under this approach, future redevelopment projects would get credited for the capacity purchased by the prior development. For example, a small commercial building served by a 5/8 x 3/4-inch meter that is being redeveloped as a mixed-use development served by 2-inch meter, would only have to pay capacity charges for the additional demand generated by the new project as reflected by the difference in the capacity charge between the two meter sizes.

Limited Term of Application for an Adopted Capacity Charge

Other California agencies have experienced problems with developers purchasing capacity many years in advance of anticipated development in order to lock in lower fees. To avoid these problems, the District should continue to require that capacity charges be paid up front as a condition of development and should allow the charges to be effective for a limited period of time (typically one year) after which the developer or property owner would be responsible for paying any increase to the charges.

Future Fee Adjustments

In future years, BWA recommends that the District continue to update its capacity charges annually by adjusting the charges by the change in the Engineering News-Record Construction Cost Index (20-Cities Average) to account for future construction cost inflation. The fee adjustment should be based on the change in the ENR index from the most recent preceding fee update, which allows for a multi-year adjustment if the District ever opts to temporarily defer any fee adjustments. The District's capacity charge ordinance can allow for automatic annual adjustments.

Additionally, the District should review and consider updating its capacity charges when substantial revisions are made to anticipated capital improvement costs. In general, BWA recommends that capacity charges be independently reviewed and/or updated approximately once every five years.

APPENDIX A

**California Government Code:
Key Sections Pertaining to Water & Sewer Capacity Charges**

California Government Code
Key Sections Pertaining to Water & Wastewater Capacity Charges
Sections 66013, 66016, & 66022

66013

(a) Notwithstanding any other provision of law, when a local agency imposes fees for water connections or sewer connections, or imposes capacity charges, those fees or charges shall not exceed the estimated reasonable cost of providing the service for which the fee or charge is imposed, unless a question regarding the amount of the fee or charge imposed in excess of the estimated reasonable cost of providing the services or materials is submitted to, and approved by, a popular vote of two-thirds of those electors voting on the issue.

(b) As used in this section:

(1) "Sewer connection" means the connection of a structure or project to a public sewer system.

(2) "Water connection" means the connection of a structure or project to a public water system, as defined in subdivision (f) of Section 116275 of the Health and Safety Code.

(3) "Capacity charge" means a charge for public facilities in existence at the time a charge is imposed or charges for new public facilities to be acquired or constructed in the future that are of proportional benefit to the person or property being charged, including supply or capacity contracts for rights or entitlements, real property interests, and entitlements and other rights of the local agency involving capital expense relating to its use of existing or new public facilities. A "capacity charge" does not include a commodity charge.

(4) "Local agency" means a local agency as defined in Section 66000.

(5) "Fee" means a fee for the physical facilities necessary to make a water connection or sewer connection, including, but not limited to, meters, meter boxes, and pipelines from the structure or project to a water distribution line or sewer main, and that does not exceed the estimated reasonable cost of labor and materials for installation of those facilities.

(6) "Public facilities" means public facilities as defined in Section 66000.

(c) A local agency receiving payment of a charge as specified in paragraph (3) of subdivision (b) shall deposit it in a separate capital facilities fund with other charges received, and account for the charges in a manner to avoid any commingling with other moneys of the local agency, except for investments, and shall expend those charges solely for the purposes for which the charges were collected. Any interest income earned from the investment of moneys in the capital facilities fund shall be deposited in that fund.

(d) For a fund established pursuant to subdivision (c), a local agency shall make available to the public, within 180 days after the last day of each fiscal year, the following information for that fiscal year:

(1) A description of the charges deposited in the fund.

(2) The beginning and ending balance of the fund and the interest earned from investment of moneys in the fund.

(3) The amount of charges collected in that fiscal year.

(4) An identification of all of the following:

(A) Each public improvement on which charges were expended and the amount of the expenditure for each improvement, including the percentage of the total cost of the public improvement that was funded with those charges if more than one source of funding was used.

(B) Each public improvement on which charges were expended that was completed during that fiscal year.

(C) Each public improvement that is anticipated to be undertaken in the following fiscal year.

(5) A description of each interfund transfer or loan made from the capital facilities fund. The information provided, in the case of an interfund transfer, shall identify the public improvements on which the transferred moneys are, or will be, expended. The information, in the case of an interfund loan, shall include the date on which the loan will be repaid, and the rate of interest that the fund will receive on the loan.

(e) The information required pursuant to subdivision (d) may be included in the local agency's annual financial report.

(f) The provisions of subdivisions (c) and (d) shall not apply to any of the following:

(1) Moneys received to construct public facilities pursuant to a contract between a local agency and a person or entity, including, but not limited to, a reimbursement agreement pursuant to Section 66003.

(2) Charges that are used to pay existing debt service or which are subject to a contract with a trustee for bondholders that requires a different accounting of the charges, or charges that are used to reimburse the local agency or to reimburse a person or entity who advanced funds under a reimbursement agreement or contract for facilities in existence at the time the charges are collected.

(3) Charges collected on or before December 31, 1998.

(g) Any judicial action or proceeding to attack, review, set aside, void, or annul the ordinance, resolution, or motion imposing a fee or capacity charge subject to this section shall be brought pursuant to Section 66022.

(h) Fees and charges subject to this section are not subject to the provisions of Chapter 5 (commencing with Section 66000), but are subject to the provisions of Sections 66016, 66022, and 66023.

(i) The provisions of subdivisions (c) and (d) shall only apply to capacity charges levied pursuant to this section.

(Amended by Stats. 2007, Ch. 94, Sec. 1. Effective January 1, 2008.)

66016

(a) Prior to levying a new fee or service charge, or prior to approving an increase in an existing fee or service charge, a local agency shall hold at least one open and public meeting, at which oral or written presentations can be made, as part of a regularly scheduled meeting. Notice of the time and place of the meeting, including a general explanation of the matter to be considered, and a statement that the data required by this section is available, shall be mailed at least 14 days prior to the meeting to any interested party who files a written request with the local agency for mailed notice of the meeting on new or increased fees or service charges. Any written request for mailed notices shall be valid for one year from the date on which it is filed unless a renewal request is filed. Renewal requests for mailed notices shall be filed on or before April 1 of each year. The legislative body may establish a reasonable annual charge for sending notices based on the estimated cost of providing the service. At least 10 days prior to the meeting, the local agency shall make available to the public data indicating the amount of cost, or estimated cost, required to provide the service

for which the fee or service charge is levied and the revenue sources anticipated to provide the service, including General Fund revenues. Unless there has been voter approval, as prescribed by Section 66013 or 66014, no local agency shall levy a new fee or service charge or increase an existing fee or service charge to an amount which exceeds the estimated amount required to provide the service for which the fee or service charge is levied. If, however, the fees or service charges create revenues in excess of actual cost, those revenues shall be used to reduce the fee or service charge creating the excess.

(b) Any action by a local agency to levy a new fee or service charge or to approve an increase in an existing fee or service charge shall be taken only by ordinance or resolution. The legislative body of a local agency shall not delegate the authority to adopt a new fee or service charge, or to increase a fee or service charge.

(c) Any costs incurred by a local agency in conducting the meeting or meetings required pursuant to subdivision (a) may be recovered from fees charged for the services which were the subject of the meeting.

(d) This section shall apply only to fees and charges as described in Sections 51287, 56383, 65104, 65456, 65584.1, 65863.7, 65909.5, 66013, 66014, and 66451.2 of this code, Sections 17951, 19132.3, and 19852 of the Health and Safety Code, Section 41901 of the Public Resources Code, and Section 21671.5 of the Public Utilities Code.

(e) Any judicial action or proceeding to attack, review, set aside, void, or annul the ordinance, resolution, or motion levying a fee or service charge subject to this section shall be brought pursuant to Section 66022.

(Amended by Stats. 2006, Ch. 643, Sec. 19. Effective January 1, 2007.)

66022

(a) Any judicial action or proceeding to attack, review, set aside, void, or annul an ordinance, resolution, or motion adopting a new fee or service charge, or modifying or amending an existing fee or service charge, adopted by a local agency, as defined in Section 66000, shall be commenced within 120 days of the effective date of the ordinance, resolution, or motion.

If an ordinance, resolution, or motion provides for an automatic adjustment in a fee or service charge, and the automatic adjustment results in an increase in the amount of a fee or service charge, any action or proceeding to attack, review, set aside, void, or

annul the increase shall be commenced within 120 days of the effective date of the increase.

(b) Any action by a local agency or interested person under this section shall be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure.

(c) This section shall apply only to fees, capacity charges, and service charges described in and subject to Sections 66013, 66014, and 66016.

(Amended by Stats. 2006, Ch. 643, Sec. 20. Effective January 1, 2007.)

MONTARA WATER AND SANITARY DISTRICT



Unaudited Financial Statements for

May 2017



MONTARA WATER AND SANITARY DISTRICT AGENDA

Prepared For the Meeting Of: July 06, 2017

TO: BOARD OF DIRECTORS

FROM: Clemens H. Heldmaier, General Manager 

SUBJECT: Unaudited Financial Statements – Executive Summary

Budget vs. Actual – Sewer July thru May, 2017 Variances over \$2,000:

- 4460 Remodel Fees, \$8,745 above Budget – The system took in a large receive from 193 Reef Point, LLC for a remodel project.
- 4610 Property Tax Receipts, \$80,502 above Budget – The District received \$192,794 in ERAF funds, which was split between Sewer and Water funds.
- 4710 Sewer Service Charges, \$167,567 below Budget – No additional funds received in May, remainder to come in June & July (accrual).
- 4720 Sewer Service Refunds, \$6,863 above budget – No refunds issued in May.
- **Overall Total Operating Income for the period ending May 31, 2017 was \$80,980 below budget. Total revenue received to date is \$2,186,080.**
- 5270 Information Systems, \$4,283 below Budget – Minimal activity to date and mostly in a services support role.
- 5400 Legal, \$4,751 above Budget- Increased activity in the current fiscal year.
- 5610 Accounting, \$10,950 below Budget - Difference due to timing.
- 5630 Consulting, \$8,277 below Budget – District's Strategic Plan is still being developed.
- 5640 Data Services, \$5,500 below Budget – The services of Fred Weber are not utilized until April in concurrence with the budget, the District has not yet been billed for the services.
- 5710 San Mateo Co. Tax Roll Charges, \$2,173 below Budget – Costs are included in the net check from the County. Expense is not broken out until fiscal year end.
- 5720 Telephone & Internet, \$3,300 above Budget – Higher costs than anticipated. The District has changed both providers and plans in an attempt to rein in costs.
- 5800 Labor, \$6,397 above Budget – Major line items to increase are due to the payment of employee benefits and a one-time payment toward the GM's 457 account.
- 6170 Claims, Property Damage, \$9,167 below Budget –No activity to date.



MONTARA WATER AND SANITARY DISTRICT AGENDA

Prepared For the Meeting Of: July 06, 2017

TO: BOARD OF DIRECTORS

FROM: Clemens H. Heldmaier, General Manager

- 6200 Engineering, \$13,008 below Budget – Majority of costs have been related to capital improvement.
- 6400 Pumping, \$5,718 above Budget – PG&E payment for February – March appears to include a catch-up payment.
- 6600 Collection/Transmission, \$9,167 below Budget – No activity to date.
- 6920 SAM Operations, \$16,627 below Budget – The District received a reimbursement from SAM for a FY 2015-16 operating income.
- 6940 SAM Maintenance, Collection Sys, \$18,590 above Budget – Payment made for Sewer Maintenance expenses.
- 6950 SAM Maintenance, Pumping, \$26,654 below Budget – Lift Stations maintenance in March.
- **Overall Total Operating Expenses for the period ending May 31, 2017 were \$50,548 below Budget.**
- **Total overall Expenses for the period ending May 31, 2017 were \$71,633 below budget. For a net ordinary loss of \$9,347, budgeted vs. actual. Actual net ordinary income is \$706,215.**
- 7100 Connection Fees, \$4,354 below Budget – One new construction connection issued in May.
- 7200 Interest Income, LAIF, \$6,351 above budget – 1st & 2nd quarter interest payments have been booked.
- 8000 CIP, \$694,274 below Budget – \$47,788 in capital improvements booked in May.
- 9175 Capital Assessment – SAM, \$40,278 below Budget – The District received a \$27,469 assessment refund.
- 9200 I-Bank Loan, \$23,066 below Budget – Variance due to timing.



MONTARA WATER AND SANITARY DISTRICT AGENDA

Prepared For the Meeting Of: July 06, 2017

TO: BOARD OF DIRECTORS

FROM: Clemens H. Heldmaier, General Manager

- **Budget vs. Actual – Water July thru May, 2017 Variances over \$2,000:**
- 4400 Fees, \$14,808 above Budget – Major increase in activity over prior year.
- 4610 Property tax Receipts, \$80,502, above Budget – The District received \$192,794 in ERAF funds, which was split between Sewer and Water funds.
- 4810 Water Sales Domestic, \$14,563 below Budget – Overall, anticipated water sales are keeping pace with budgeted projections.
- **Overall Total Operating Income for the period ending May 31, 2017 was \$92,781 above budget. Total revenue received to date is \$2,027,235.**
- 5190 Bank Fees, \$3,425 below Budget – Lower fees than anticipated.
- 5240 CDPH Fees, \$14,208 below Budget – The District has not yet received the annual bill.
- 5250 Conference Attendance, \$2,817 below Budget – Minimal activity to date.
- 5400 Legal, \$8,659 below Budget – Majority of costs have been related to the Sewer enterprise.
- 5530 Memberships, \$9,423 above Budget – Expense for Water system connection fees has inadvertently been booked to this account. The expense will be reclassified to its appropriate account on an on-going basis.
- 5610 Accounting, \$10,950 below Budget - Difference due to timing.
- 5620 Audit, \$7,500 below Budget – The District did not have to undergo a single audit, thus reducing the overall fee.
- Consulting, \$7,135 below Budget – Two expenses from previous months have been reclassified to more suitable accounts.
- Data Services, \$9,530 above Budget – Expenditures for billing support services have inadvertently been booked to an unbudgeted account.
- 5720 Telephone & Internet, \$2,933 above Budget - Higher costs than anticipated. The District has changed both providers and plans in an attempt to rein in costs.
- 5800 Labor, \$7,032 below Budget – The District's Water Billing Specialist departed in March 2017.
- 6170 Claims, Property Damage, \$8,992 below Budget –Minimal activity to date.
- 6180 Communications, \$7,355 above Budget – SCADA communications expenses have been higher than anticipated.



MONTARA WATER AND SANITARY DISTRICT AGENDA

Prepared For the Meeting Of: July 06, 2017

TO: BOARD OF DIRECTORS

FROM: Clemens H. Heldmaier, General Manager

- 6200 Engineering, \$17,391 above Budget –Water quality engineering costs have been higher than anticipated.
- 6400 Pumping, \$13,979 below Budget – PG&E costs have been less than expected to date.
- 6500 Supply, \$8,757 below Budget – Well maintenance expenses have been held in check.
- 6600 Collection/Transmission, \$40,965 above Budget – Water Main maintenance expenses have been much higher than anticipated.
- 6700 Treatment, \$20,396 below Budget – Costs related to chemicals and filtering have been held below historic levels.
- 6800 Vehicles, \$5,394 below Budget – Indicative of lower fuel costs and less than anticipated vehicle repairs.
- **Overall Total Operating Expenses for the period ending May 31, 2017 were \$17,127 above Budget.**
- **Total overall Expenses for the period ending May 31, 2017 were \$16,729 below budget. For a net ordinary income of \$109,510, budgeted vs. actual. Actual net ordinary income is \$708,575.**
- 7100 Connection Fees, \$29,119 above Budget – No new construction connections May.
- 7600 Bond Revenues, G.O. \$74,111 below Budget – Variance due to timing.
- 8000 CIP, \$57,817 above Budget – Projects include: Alta Vista Well monitoring.
- 9100 Interest Expense- Go Bonds, \$124,712 under Budget - Variance due to timing.
- 9150 SRF Loan, \$8,933 above Budget - Variance due to timing.

RECOMMENDATION:

This is for Board information only

Montara Water & Sanitary District Revenue & Expenditures Budget vs. Actual - Sewer July 2016 through May 2017

	Jul '16 - May 17	Sewer Budget		\$ Over Budget
Ordinary Income/Expense				
Income				
4220 - Cell Tower Lease	31,472.80	30,708.37		764.43
4400 - Fees				
4410 - Administrative Fee (New Constr)	3,409.00	2,750.00		659.00
4420 - Administrative Fee (Remodel)	1,448.00	1,375.00		73.00
4430 - Inspection Fee (New Constr)	3,220.00	2,291.63		928.37
4440 - Inspection Fee (Remodel)	3,748.00	3,208.37		539.63
4460 - Remodel Fees	15,161.60	6,416.63		8,744.97
Total 4400 - Fees	26,986.60	16,041.63		10,944.97
4610 - Property Tax Receipts	315,501.74	235,000.00		80,501.74
4710 - Sewer Service Charges	1,802,158.71	1,969,726.00		-167,567.29
4720 - Sewer Service Refunds, Customer	-10,529.93	-3,666.63		-6,863.30
4760 - Waste Collection Revenues	20,204.26	19,250.00		954.26
4990 - Other Revenue	285.44			
Total Income	2,186,079.62	2,267,059.37		-80,979.75
Gross Profit	2,186,079.62	2,267,059.37		-80,979.75
Expense				
5000 - Administrative				
5190 - Bank Fees	6,264.15	5,041.63		1,222.52
5200 - Board of Directors				
5210 - Board Meetings	4,044.23	2,750.00		1,294.23
5220 - Director Fees	2,289.94	3,025.00		-735.06
5230 - Election Expenses	4,859.68	3,666.63		1,193.05
Total 5200 - Board of Directors	11,193.85	9,441.63		1,752.22
5250 - Conference Attendance	146.63	1,833.37		-1,686.74
5270 - Information Systems	1,216.87	5,500.00		-4,283.13
5300 - Insurance				
5310 - Fidelity Bond	0.00	458.37		-458.37
5320 - Property & Liability Insurance	1,918.47	1,558.37		360.10
Total 5300 - Insurance	1,918.47	2,016.74		-98.27
5350 - LAFCO Assessment	1,526.00	1,833.37		-307.37
5400 - Legal				
5420 - Meeting Attendance, Legal	5,670.00	8,708.37		-3,038.37
5430 - General Legal	26,122.50	18,333.37		7,789.13
Total 5400 - Legal	31,792.50	27,041.74		4,750.76
5510 - Maintenance, Office	6,622.50	7,333.37		-710.87
5540 - Office Supplies	6,249.53	7,333.37		-1,083.84
5550 - Postage	1,034.37	2,291.63		-1,257.26
5560 - Printing & Publishing	802.37	2,750.00		-1,947.63

Montara Water & Sanitary District Revenue & Expenditures Budget vs. Actual - Sewer July 2016 through May 2017

	Jul '16 - May 17	Sewer Budget	\$ Over Budget
5600 · Professional Services			
5610 · Accounting	16,550.00	27,500.00	-10,950.00
5620 · Audit	13,000.00	13,000.00	0.00
5630 · Consulting	17,389.27	25,666.63	-8,277.36
5640 · Data Services	0.00	5,500.00	-5,500.00
5650 · Labor & HR Support	2,062.50	2,062.50	0.00
5660 · Payroll Services	872.35	733.37	138.98
5690 · Other Professional Services	101.50		
Total 5600 · Professional Services	49,975.62	74,462.50	-24,486.88
5710 · San Mateo Co. Tax Roll Charges	119.00	2,291.63	-2,172.63
5720 · Telephone & Internet	13,383.58	10,083.37	3,300.21
5730 · Mileage Reimbursement	1,062.85	1,375.00	-312.15
5740 · Reference Materials	23.40	183.37	-159.97
5800 · Labor			
5810 · CalPERS 457 Deferred Plan	17,213.09	13,857.25	3,355.84
5820 · Employee Benefits	32,603.71	31,516.87	1,086.84
5830 · Disability Insurance	1,133.63	1,355.75	-222.12
5840 · Payroll Taxes	12,995.67	15,144.25	-2,148.58
5850 · PARS	12,924.16	12,620.63	303.53
5900 · Wages			
5910 · Management	91,435.94	85,591.88	5,844.06
5920 · Staff	107,411.32	108,573.63	-1,162.31
5930 · Staff Certification	1,650.00	1,650.00	0.00
5940 · Staff Overtime	3,693.06	2,144.12	1,548.94
5950 · Staff Standby	0.00		
Total 5900 · Wages	204,190.32	197,959.63	6,230.69
5960 · Worker's Comp Insurance	1,135.48	3,344.88	-2,209.40
Total 5800 · Labor	282,196.06	275,799.26	6,396.80
Total 5000 · Administrative	415,527.75	436,611.98	-21,084.23
6000 · Operations			
6170 · Claims, Property Damage	0.00	9,166.63	-9,166.63
6195 · Education & Training	0.00	916.63	-916.63
6200 · Engineering			
6210 · Meeting Attendance, Engineering	0.00	1,833.37	-1,833.37
6220 · General Engineering	34,658.34	45,833.37	-11,175.03
Total 6200 · Engineering	34,658.34	47,666.74	-13,008.40
6320 · Equipment & Tools, Expensed	0.00	916.63	-916.63
6330 · Facilities			
6335 · Alarm Services	4,930.08	4,895.00	35.08
6337 · Landscaping	3,700.00	2,200.00	1,500.00
Total 6330 · Facilities	8,630.08	7,095.00	1,535.08

1:17 PM

06/23/17

Accrual Basis

Montara Water & Sanitary District Revenue & Expenditures Budget vs. Actual - Sewer July 2016 through May 2017

	Jul '16 - May 17	Sewer Budget	\$ Over Budget
6400 · Pumping			
6410 · Pumping Fuel & Electricity	30,467.81	24,750.00	5,717.81
Total 6400 · Pumping	30,467.81	24,750.00	5,717.81
6600 · Collection/Transmission			
6660 · Maintenance, Collection System	0.00	9,166.63	-9,166.63
Total 6600 · Collection/Transmission	0.00	9,166.63	-9,166.63
6800 · Vehicles			
6810 · Fuel	583.83	733.37	-149.54
6820 · Truck Equipment, Expensed	34.06	146.63	-112.57
6830 · Truck Repairs	143.24	366.63	-223.39
Total 6800 · Vehicles	761.13	1,246.63	-485.50
6890 · Other Operations	550.00		
6900 · Sewer Authority Midcoastside			
6910 · SAM Collections	294,807.37	294,807.37	0.00
6920 · SAM Operations	620,026.38	636,653.38	-16,627.00
6940 · SAM Maintenance, Collection Sys	55,256.53	36,666.63	18,589.90
6950 · SAM Maintenance, Pumping	19,179.69	45,833.37	-26,653.68
Total 6900 · Sewer Authority Midcoastside	989,269.97	1,013,960.75	-24,690.78
Total 6000 · Operations	1,064,337.33	1,114,885.64	-50,548.31
Total Expense	1,479,865.08	1,551,497.62	-71,632.54
Net Ordinary Income	706,214.54	715,561.75	-9,347.21
Other Income/Expense			
Other Income			
7000 · Capital Account Revenues			
7100 · Connection Fees			
7110 · Connection Fees (New Constr)	140,090.27	128,568.00	11,522.27
7120 · Connection Fees (Remodel)	29,956.80	45,833.37	-15,876.57
Total 7100 · Connection Fees	170,047.07	174,401.37	-4,354.30
7200 · Interest Income - LAIF	13,851.17	7,500.00	6,351.17
Total 7000 · Capital Account Revenues	183,898.24	181,901.37	1,996.87
Total Other Income	183,898.24	181,901.37	1,996.87
Other Expense			
8000 · Capital Improvement Program			
8075 · Sewer	905,997.24	1,600,270.87	-694,273.63
Total 8000 · Capital Improvement Program	905,997.24	1,600,270.87	-694,273.63

1:17 PM

06/23/17

Accrual Basis

Montara Water & Sanitary District
Revenue & Expenditures Budget vs. Actual - Sewer
July 2016 through May 2017

	Jul '16 - May 17	Sewer Budget	\$ Over Budget
9000 - Capital Account Expenses			
9125 - PNC Equipment Lease Interest	17,172.82	18,013.22	-840.40
9175 - Capital Assessment - SAM	100,622.70	140,900.87	-40,278.17
9200 - I-Bank Loan	2,134.81	25,201.00	-23,066.19
Total 9000 - Capital Account Expenses	119,930.33	184,115.09	-64,184.76
Total Other Expense	1,025,927.57	1,784,385.96	-758,458.39
Net Other Income	-842,029.33	-1,602,484.59	760,455.26
Net Income	-135,814.79	-886,922.84	751,108.05

**Montara Water & Sanitary District
Revenue & Expenditures Budget vs. Actual - Water
July 2016 through May 2017**

	Jul '16 - May 17	Water Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
4220 · Cell Tower Lease	31,472.69	30,708.37	764.32
4400 · Fees			
4410 · Administrative Fee (New Constr)	6,805.00	4,125.00	2,680.00
4420 · Administrative Fee (Remodel)	0.00	825.00	-825.00
4430 · Inspection Fee (New Constr)	6,428.00	3,895.87	2,532.13
4440 · Inspection Fee (Remodel)	460.00	733.37	-273.37
4460 · Remodel Fees	10,693.84		
Total 4400 · Fees	24,386.84	9,579.24	14,807.60
4610 · Property Tax Receipts	315,501.62	235,000.00	80,501.62
4740 · Testing, Backflow	13,544.00	11,916.63	1,627.37
4810 · Water Sales, Domestic	1,635,436.67	1,650,000.00	-14,563.33
4850 · Water Sales Refunds, Customer	-2,333.08	-2,750.00	416.92
4990 · Other Revenue	9,226.12		
Total Income	2,027,234.86	1,934,454.24	92,780.62
Gross Profit	2,027,234.86	1,934,454.24	92,780.62
Expense			
5000 · Administrative			
5190 · Bank Fees	5,741.57	9,166.63	-3,425.06
5200 · Board of Directors			
5210 · Board Meetings	4,044.20	2,750.00	1,294.20
5220 · Director Fees	2,289.94	3,025.00	-735.06
5230 · Election Expenses	4,859.66	3,666.63	1,193.03
Total 5200 · Board of Directors	11,193.80	9,441.63	1,752.17
5240 · CDPH Fees	0.00	14,208.37	-14,208.37
5250 · Conference Attendance	850.12	3,666.63	-2,816.51
5270 · Information Systems	2,523.45	1,375.00	1,148.45
5300 · Insurance			
5310 · Fidelity Bond	0.00	458.37	-458.37
5320 · Property & Liability Insurance	1,918.46	2,475.00	-556.54
Total 5300 · Insurance	1,918.46	2,933.37	-1,014.91
5350 · LAFCO Assessment	2,048.00	2,291.63	-243.63
5400 · Legal			
5420 · Meeting Attendance, Legal	5,667.50	7,791.63	-2,124.13
5430 · General Legal	48,465.00	55,000.00	-6,535.00
Total 5400 · Legal	54,132.50	62,791.63	-8,659.13

Montara Water & Sanitary District
Revenue & Expenditures Budget vs. Actual - Water
 July 2016 through May 2017

	Jul '16 - May 17	Water Budget	\$ Over Budget
5510 · Maintenance, Office	8,367.65	7,333.37	1,034.28
5530 · Memberships	25,922.50	16,500.00	9,422.50
5540 · Office Supplies	6,249.46	7,333.37	-1,083.91
5550 · Postage	6,079.46	5,500.00	579.46
5560 · Printing & Publishing	1,022.85	1,833.37	-810.52
5600 · Professional Services			
5610 · Accounting	16,550.00	27,500.00	-10,950.00
5620 · Audit	13,000.00	20,500.00	-7,500.00
5630 · Consulting	15,781.82	22,916.63	-7,134.81
5640 · Data Services	9,530.00		
5650 · Labor & HR Support	2,062.50	1,833.37	229.13
5660 · Payroll Services	872.29	779.13	93.16
5690 · Other Professional Services	2,973.82		
Total 5600 · Professional Services	60,770.43	73,529.13	-12,758.70
5710 · San Mateo Co. Tax Roll Charges	119.00		
5720 · Telephone & Internet	18,515.94	15,583.37	2,932.57
5730 · Mileage Reimbursement	1,647.60	1,833.37	-185.77
5740 · Reference Materials	23.40	733.37	-709.97
5790 · Other Administrative	2,103.62		
5800 · Labor			
5810 · CalPERS 457 Deferred Plan	33,597.04	31,139.13	2,457.91
5820 · Employee Benefits	63,913.48	63,587.37	326.11
5830 · Disability Insurance	2,805.05	2,677.62	127.43
5840 · Payroll Taxes	34,612.97	37,192.87	-2,579.90
5850 · PARS	24,299.00	24,754.62	-455.62
5900 · Wages			
5910 · Management	91,437.77	85,591.88	5,845.89
5920 · Staff	317,281.41	321,558.38	-4,276.97
5930 · Staff Certification	8,325.00	8,250.00	75.00
5940 · Staff Overtime	47,919.40	47,990.25	-70.85
5950 · Staff Standby	21,833.92	22,785.62	-951.70
Total 5900 · Wages	486,797.50	486,176.13	621.37
5960 · Worker's Comp Insurance	10,173.73	17,702.63	-7,528.90
Total 5800 · Labor	656,198.77	663,230.37	-7,031.60
Total 5000 · Administrative	865,428.58	899,284.61	-33,856.03
6000 · Operations			
6160 · Backflow Prevention	892.27	916.63	-24.36
6170 · Claims, Property Damage	175.00	9,166.63	-8,991.63
6180 · Communications			
6185 · SCADA Maintenance	20,012.60	13,750.00	6,262.60
6180 · Communications - Other	399.12		
Total 6180 · Communications	20,411.72	13,750.00	6,661.72

Montara Water & Sanitary District
Revenue & Expenditures Budget vs. Actual - Water
 July 2016 through May 2017

	Jul '16 - May 17	Water Budget	\$ Over Budget
6195 · Education & Training	6,803.43	5,500.00	1,303.43
6200 · Engineering			
6210 · Meeting Attendance, Engineering	0.00	1,833.37	-1,833.37
6220 · General Engineering	4,028.75	18,333.37	-14,304.62
6230 · Water Quality Engineering	93,112.53	59,583.37	33,529.16
Total 6200 · Engineering	97,141.28	79,750.11	17,391.17
6320 · Equipment & Tools, Expensed	2,599.29	4,583.37	-1,984.08
6330 · Facilities			
6335 · Alarm Services	724.08	687.50	36.58
6337 · Landscaping	6,083.53	5,500.00	583.53
Total 6330 · Facilities	6,807.61	6,187.50	620.11
6370 · Lab Supplies & Equipment	178.24	916.63	-738.39
6380 · Meter Reading	118.79		
6400 · Pumping			
6410 · Pumping Fuel & Electricity	72,058.28	91,666.63	-19,608.35
6420 · Pumping Maintenance, Generators	12,118.46	7,333.37	4,785.09
6430 · Pumping Maintenance, General	4,968.94	2,291.63	2,677.31
6440 · Pumping Equipment, Expensed	0.00	1,833.37	-1,833.37
Total 6400 · Pumping	89,145.68	103,125.00	-13,979.32
6500 · Supply			
6510 · Maintenance, Raw Water Mains	1,363.08		
6520 · Maintenance, Wells	1,420.58	9,166.63	-7,746.05
6530 · Water Purchases	34,292.34	36,666.63	-2,374.29
Total 6500 · Supply	37,076.00	45,833.26	-8,757.26
6600 · Collection/Transmission			
6610 · Hydrants	3,818.95	916.63	2,902.32
6620 · Maintenance, Water Mains	108,094.33	50,416.63	57,677.70
6630 · Maintenance, Water Svc Lines	4,189.90	22,916.63	-18,726.73
6640 · Maintenance, Tanks	70.58	916.63	-846.05
6650 · Maint., Distribution General	1,461.93	9,166.63	-7,704.70
6660 · Maintenance, Collection System	23.89		
6670 · Meters	9,930.42	2,291.63	7,638.79
Total 6600 · Collection/Transmission	127,590.00	86,624.78	40,965.22
6700 · Treatment			
6710 · Chemicals & Filtering	10,472.05	27,500.00	-17,027.95
6720 · Maintenance, Treatment Equip.	3,798.34	3,666.63	131.71
6730 · Treatment Analysis	24,000.32	27,500.00	-3,499.68
Total 6700 · Treatment	38,270.71	58,666.63	-20,395.92
6770 · Uniforms	8,524.27	8,250.00	274.27

1:18 PM

06/23/17

Accrual Basis

Montara Water & Sanitary District
Revenue & Expenditures Budget vs. Actual - Water
 July 2016 through May 2017

	Jul '16 - May 17	Water Budget	\$ Over Budget
6800 - Vehicles			
6810 - Fuel	5,232.62	7,333.37	-2,100.75
6820 - Truck Equipment, Expensed	327.56	916.63	-589.07
6830 - Truck Repairs	1,878.82	4,583.37	-2,704.55
Total 6800 - Vehicles	7,439.00	12,833.37	-5,394.37
6890 - Other Operations	10,057.65		
Total 6000 - Operations	453,230.94	436,103.91	17,127.03
Total Expense	1,318,659.52	1,335,388.52	-16,729.00
Net Ordinary Income	708,575.34	599,065.72	109,509.62
Other Income/Expense			
Other Income			
7000 - Capital Account Revenues			
7100 - Connection Fees			
7110 - Connection Fees (New Constr)	130,171.17	117,333.37	12,837.80
7120 - Connection Fees (Remodel)	106.00	2,750.00	-2,644.00
7130 - Conn. Fees, PFP (New Constr)	78,508.41	59,583.37	18,925.04
Total 7100 - Connection Fees	208,785.58	179,666.74	29,118.84
7600 - Bond Revenues, G.O.	1,128,677.26	1,054,566.37	74,110.89
Total 7000 - Capital Account Revenues	1,337,462.84	1,234,233.11	103,229.73
Total Other Income	1,337,462.84	1,234,233.11	103,229.73
Other Expense			
8000 - Capital Improvement Program			
8100 - Water	625,233.21	567,416.63	57,816.58
Total 8000 - Capital Improvement Program	625,233.21	567,416.63	57,816.58
9000 - Capital Account Expenses			
9075 - PFP Connection Expenses	7,922.50		
9100 - Interest Expense - GO Bonds	171,021.84	295,734.00	-124,712.16
9125 - PNC Equipment Lease Interest	17,172.84	18,013.22	-840.38
9150 - SRF Loan	46,180.10	37,247.00	8,933.10
9210 - Conservation Program/Rebates	700.00		
Total 9000 - Capital Account Expenses	242,997.28	350,994.22	-107,996.94
Total Other Expense	868,230.49	918,410.85	-50,180.36
Net Other Income	469,232.35	315,822.26	153,410.09
Net Income	1,177,807.69	914,887.98	262,919.71

Montara Water & Sanitary District Funds Balance Sheet As of May 31, 2017

	Sewer	Water	TOTAL
ASSETS			
Current Assets			
Checking/Savings			
Sewer - Bank Accounts			
Wells Fargo Operating - Sewer	2,971,272.78	0.00	2,971,272.78
LAIF Investment Fund			
Capital Reserve	3,867,818.32	0.00	3,867,818.32
Connection Fees Reserve	152,756.00	0.00	152,756.00
Operating Reserve	281,893.00	0.00	281,893.00
Total LAIF Investment Fund	<u>4,302,467.32</u>	<u>0.00</u>	<u>4,302,467.32</u>
Total Sewer - Bank Accounts	7,273,740.10	0.00	7,273,740.10
Water - Bank Accounts			
Wells Fargo Operating - Water	0.00	715,378.13	715,378.13
Capital Reserve	0.00	398,249.00	398,249.00
Operating Reserve	0.00	190,251.00	190,251.00
Restricted Cash			
Acq & Improv Fund	0.00	436.13	436.13
Connection Fees Reserve	0.00	157,000.00	157,000.00
Cost of Issuance	0.00	122.94	122.94
GO Bonds Fund	0.00	1,336,919.10	1,336,919.10
Total Restricted Cash	<u>0.00</u>	<u>1,494,478.17</u>	<u>1,494,478.17</u>
Total Water - Bank Accounts	<u>0.00</u>	<u>2,798,356.30</u>	<u>2,798,356.30</u>
Total Checking/Savings	7,273,740.10	2,798,356.30	10,072,096.40
Accounts Receivable			
Sewer - Accounts Receivable			
Accounts Receivable	28,221.03	0.00	28,221.03
Total Sewer - Accounts Receivable	<u>28,221.03</u>	<u>0.00</u>	<u>28,221.03</u>
Water - Accounts Receivable			
Accounts Receivable	0.00	-2,683.77	-2,683.77
Accounts Rec. - Backflow	0.00	11,661.59	11,661.59
Accounts Rec. - Water Residents	0.00	141,785.59	141,785.59
Unbilled Water Receivables	0.00	222,714.27	222,714.27
Total Water - Accounts Receivable	<u>0.00</u>	<u>373,477.68</u>	<u>373,477.68</u>
Total Accounts Receivable	28,221.03	373,477.68	401,698.71
Other Current Assets			
Due from Kathryn Slater-Carter	232.31	382.31	614.62
Maint/Parts Inventory	0.00	42,656.32	42,656.32
Total Other Current Assets	<u>232.31</u>	<u>43,038.63</u>	<u>43,270.94</u>
Total Current Assets	7,302,193.44	3,214,872.61	10,517,066.05
Fixed Assets			
Sewer - Fixed Assets			
General Plant	2,335,210.98	0.00	2,335,210.98
Land	5,000.00	0.00	5,000.00
Other Capital Improv.			
Sewer-Original Cost	685,599.18	0.00	685,599.18
Other Cap. Improv.	2,564,810.39	0.00	2,564,810.39
Total Other Capital Improv.	<u>3,250,409.57</u>	<u>0.00</u>	<u>3,250,409.57</u>
Seal Cove Collection System	995,505.00	0.00	995,505.00
Sewage Collection Facility			
Collection Facility - Org. Cost	1,349,064.00	0.00	1,349,064.00
Collection Facility - Other	3,991,243.33	0.00	3,991,243.33
Total Sewage Collection Facility	<u>5,340,307.33</u>	<u>0.00</u>	<u>5,340,307.33</u>

1:27 PM

6/23/17

Accrual Basis

Montara Water & Sanitary District
Funds Balance Sheet
As of May 31, 2017

Treatment Facility	244,539.84	0.00	244,539.84
Accumulated Depreciation	-7,394,155.00	0.00	-7,394,155.00
Total Sewer - Fixed Assets	<u>4,776,817.72</u>	<u>0.00</u>	<u>4,776,817.72</u>
Water - Fixed Assets			
General Plant	0.00	25,889,935.10	25,889,935.10
Land & Easements	0.00	734,500.00	734,500.00
Surface Water Rights	0.00	300,000.00	300,000.00
Water Meters	0.00	1,058,985.00	1,058,985.00
Fixed Assets - Other	0.00	48,171.78	48,171.78
Accumulated Depreciation	0.00	-8,896,821.00	-8,896,821.00
Total Water - Fixed Assets	<u>0.00</u>	<u>19,134,770.88</u>	<u>19,134,770.88</u>
Total Fixed Assets	<u>4,776,817.72</u>	<u>19,134,770.88</u>	<u>23,911,588.60</u>
Other Assets			
Sewer - Other Assets			
Def'd Amts Related to Pensions	13,495.00	0.00	13,495.00
Joint Power Authority			
SAM - Orig Collection Facility	981,592.00	0.00	981,592.00
SAM - Expansion	1,705,955.08	0.00	1,705,955.08
Total Joint Power Authority	<u>2,687,547.08</u>	<u>0.00</u>	<u>2,687,547.08</u>
Total Sewer - Other Assets	<u>2,701,042.08</u>	<u>0.00</u>	<u>2,701,042.08</u>
Water - Other Assets			
Def'd Amts Related to Pensions	0.00	26,821.00	26,821.00
Due from Sewer	0.00	146,418.50	146,418.50
Bond Acquisition Cost OID	0.00	57,636.40	57,636.40
Bond Issue Cost	0.00	61,691.45	61,691.45
Total Water - Other Assets	<u>0.00</u>	<u>292,567.35</u>	<u>292,567.35</u>
Total Other Assets	<u>2,701,042.08</u>	<u>292,567.35</u>	<u>2,993,609.43</u>
TOTAL ASSETS	<u>14,780,053.24</u>	<u>22,642,210.84</u>	<u>37,422,264.08</u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
Accounts Payable - Sewer	3,704.50	0.00	3,704.50
Total Accounts Payable	<u>3,704.50</u>	<u>0.00</u>	<u>3,704.50</u>
Other Current Liabilities			
Sewer - Current Liabilities			
Accrued Payables - Sewer	-75.00	0.00	-75.00
Accrued Vacations	6,911.83	0.00	6,911.83
Deposits Payable	21,715.25	0.00	21,715.25
PNC Equip. Loan - S/T	3,630.38	0.00	3,630.38
Total Sewer - Current Liabilities	<u>32,182.46</u>	<u>0.00</u>	<u>32,182.46</u>
Water - Current Liabilities			
Accrued Payables - Water	0.00	978.90	978.90
Accrued Vacations	0.00	10,719.62	10,719.62
Deposits Payable	0.00	34,725.43	34,725.43
PFP Water Deposits	0.00	4,302.50	4,302.50
PNC Equip. Loan - S/T	0.00	3,630.34	3,630.34
SRF Loan Payable X102 - Current	0.00	81,026.93	81,026.93
SRF Loan Payable X109 - Current	0.00	158,287.99	158,287.99
Total Water - Current Liabilities	<u>0.00</u>	<u>293,671.71</u>	<u>293,671.71</u>
Payroll Liabilities			
Employee Benefits Payable	16,854.95	0.00	16,854.95
Total Payroll Liabilities	<u>16,854.95</u>	<u>0.00</u>	<u>16,854.95</u>

1:27 PM
6/23/17
Accrual Basis

Montara Water & Sanitary District Funds Balance Sheet As of May 31, 2017

Total Other Current Liabilities	49,037.41	293,671.71	342,709.12
Total Current Liabilities	52,741.91	293,671.71	346,413.62
Long Term Liabilities			
Sewer - Long Term Liabilities			
Due to Water Fund	146,418.50	0.00	146,418.50
Accrued Vacations	9,853.51	0.00	9,853.51
I-Bank Loan	800,182.73	0.00	800,182.73
PNC Equip. Loan - L/T	640,930.10	0.00	640,930.10
Total Sewer - Long Term Liabilities	1,597,384.84	0.00	1,597,384.84
Water - Long Term Liabilities			
Accrued Vacations	0.00	9,969.14	9,969.14
Deferred on Refunding	0.00	-224,756.00	-224,756.00
GO Bonds - L/T	0.00	11,479,503.08	11,479,503.08
PNC Equip. Loan - L/T	0.00	640,930.13	640,930.13
SRF Loan Payable - X102	0.00	91,108.13	91,108.13
SRF Loan Payable - X109	0.00	3,541,174.66	3,541,174.66
Total Water - Long Term Liabilities	0.00	15,537,929.14	15,537,929.14
Total Long Term Liabilities	1,597,384.84	15,537,929.14	17,135,313.98
Total Liabilities	1,650,126.75	15,831,600.85	17,481,727.60
Equity			
Sewer - Equity Accounts			
Capital Assets Net	3,408,252.20	0.00	3,408,252.20
Fund Balance - Unrestricted	8,646,292.87	0.00	8,646,292.87
Retained Earnings	-147,890.16	0.00	-147,890.16
Total Sewer - Equity Accounts	11,906,654.91	0.00	11,906,654.91
Water - Equity Accounts			
Capital Assets Net	0.00	2,868,858.70	2,868,858.70
Restricted Debt Service	0.00	1,384,997.90	1,384,997.90
Unrestricted	0.00	-1,562,801.59	-1,562,801.59
Retained Earnings	0.00	147,890.16	147,890.16
Total Water - Equity Accounts	0.00	2,838,945.17	2,838,945.17
Equity Adjustment Account	1,359,086.37	2,793,857.13	4,152,943.50
Net Income	-135,814.79	1,177,807.69	1,041,992.90
Total Equity	13,129,926.49	6,810,609.99	19,940,536.48
TOTAL LIABILITIES & EQUITY	<u>14,780,053.24</u>	<u>22,642,210.84</u>	<u>37,422,264.08</u>

Montara Water & Sanitary District
Restricted and Non Restricted Cash Assets
July 2016 through June 2017

Assets and Reserves Information

Year to Date Cash Information	July	August	September	October	November	December	January	February	March	April	May	June	Target Reserves	\$ Over/(Under) Targets	% Over/Under Targets
Sewer - Operations															
Wells Fargo Operating - Sewer	3,336,939.65	3,075,524.30	2,705,463.57	1,925,893.93	1,859,469.58	3,025,008.81	2,577,749.97	2,699,962.53	2,487,998.87	3,517,496.47	2,971,272.78				
Sewer - Reserve Accounts															
LAIF -															
Capital Reserve	3,853,967.15	3,853,967.15	3,853,967.15	3,853,967.15	3,853,967.15	3,853,967.15	3,853,967.15	3,853,967.15	3,867,818.32	3,867,818.32	3,867,818.32		1,626,140.00	2,227,827.15	237%
Connection Fees Reserve	152,756.00	152,756.00	152,756.00	152,756.00	152,756.00	152,756.00	152,756.00	152,756.00	152,756.00	152,756.00	152,756.00		152,756.00	-	100%
Operating Reserve	281,893.00	281,893.00	281,893.00	281,893.00	281,893.00	281,893.00	281,893.00	281,893.00	281,893.00	281,893.00	281,893.00		281,893.00	-	100%
Sub-total	<u>4,288,616.15</u>	<u>4,288,616.15</u>	<u>4,288,616.15</u>	<u>4,288,616.15</u>	<u>4,288,616.15</u>	<u>4,288,616.15</u>	<u>4,288,616.15</u>	<u>4,288,616.15</u>	<u>4,302,467.32</u>	<u>4,302,467.32</u>	<u>4,302,467.32</u>				
Water - Operations															
Wells Fargo Operating - Water	607,680.10	618,197.47	630,454.76	642,423.58	654,933.70	665,424.33	675,824.13	686,062.68	696,079.29	705,053.24	715,378.13				
Water - Reserve Accounts															
Wells Fargo Bank-															
Capital Reserve	398,249.00	398,249.00	398,249.00	398,249.00	398,249.00	398,249.00	398,249.00	398,249.00	398,249.00	398,249.00	398,249.00		1,218,980.00	(820,731.00)	33%
Connection Fees Reserve	157,000.00	157,000.00	157,000.00	157,000.00	157,000.00	157,000.00	157,000.00	157,000.00	157,000.00	157,000.00	157,000.00		196,000.00	(39,000.00)	80%
Operating Reserve	190,251.00	190,251.00	190,251.00	190,251.00	190,251.00	190,251.00	190,251.00	190,251.00	190,251.00	190,251.00	190,251.00		242,487.00	(52,236.00)	78%
Sub-total	<u>745,500.00</u>	<u>745,500.00</u>	<u>745,500.00</u>	<u>745,500.00</u>	<u>745,500.00</u>	<u>745,500.00</u>	<u>745,500.00</u>	<u>745,500.00</u>	<u>745,500.00</u>	<u>745,500.00</u>	<u>745,500.00</u>				
Water - Restricted accounts															
First Republic Bank - Water															
Acquisition & Improvement Fund	436.13	436.13	436.13	436.13	436.13	436.13	436.13	436.13	436.13	436.13	436.13				
Cost of issuance	122.94	122.94	122.94	122.94	122.94	122.94	122.94	122.94	122.94	122.94	122.94				
GO Bonds Fund	1,332,844.72	796,526.91	796,526.91	796,526.91	796,526.91	865,964.79	1,442,649.57	870,433.65	934,387.13	944,234.12	1,336,919.10				
Sub-total	<u>1,333,403.79</u>	<u>797,085.98</u>	<u>797,085.98</u>	<u>797,085.98</u>	<u>797,085.98</u>	<u>866,523.86</u>	<u>1,443,208.64</u>	<u>870,992.72</u>	<u>934,946.20</u>	<u>944,793.19</u>	<u>1,337,478.17</u>				
Total Cash and equivalents	<u>10,312,139.69</u>	<u>9,524,923.90</u>	<u>9,167,120.46</u>	<u>8,399,519.64</u>	<u>8,345,605.41</u>	<u>9,591,073.15</u>	<u>9,730,898.89</u>	<u>9,291,134.08</u>	<u>9,166,991.68</u>	<u>10,215,310.22</u>	<u>10,072,096.40</u>				

Montara Water & Sanitary District
Revenue & Expenditures Budget vs. Actual - Sewer
July 2016 through June 2017

	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17	Apr 17	May 17	Jun 17	TOTAL				
													Jul '16 - Jun 17	Budget	\$ Over Budget	% of Budget	
Ordinary Income/Expense																	
Income																	
4220 · Cell Tower Lease	2,857.30	2,857.30	2,857.30	2,857.30	2,857.30	2,857.30	2,857.30	2,857.30	2,857.30	2,857.30	2,899.80		31,472.80	33,500.00	-2,027.20	93.95%	
4400 · Fees																	
4410 · Administrative Fee (New Constr)		487.00				974.00	487.00	487.00	487.00	487.00			3,409.00	3,000.00	409.00	113.63%	
4420 · Administrative Fee (Remodel)	487.00	487.00		474.00									1,448.00	1,500.00	-52.00	96.53%	
4430 · Inspection Fee (New Constr)		460.00				920.00	460.00	460.00	460.00	460.00			3,220.00	2,500.00	720.00	128.8%	
4440 · Inspection Fee (Remodel)	566.00	460.00	530.00	908.00		430.00	430.00	106.00	318.00				3,748.00	3,500.00	248.00	107.09%	
4460 · Remodel Fees	341.00	682.00	106.00	1,942.90		324.00					11,765.70		15,161.60	7,000.00	8,161.60	216.59%	
Total 4400 · Fees	1,394.00	2,576.00	636.00	3,324.90		2,648.00	1,377.00	1,053.00	1,265.00	947.00	11,765.70		26,986.60	17,500.00	9,486.60	154.21%	
4610 · Property Tax Receipts				521.37	22,366.27	100,892.31	99,522.31	15,063.32	1,020.00	73,490.80	2,625.36		315,501.74	235,000.00	80,501.74	134.26%	
4710 · Sewer Service Charges						1,002,502.87		119,003.53	270.04	680,382.27			1,802,158.71	1,969,726.00	-167,567.29	91.49%	
4720 · Sewer Service Refunds, Customer					-667.68	-6,883.77			-2,978.48				-10,529.93	-4,000.00	-6,529.93	263.25%	
4760 · Waste Collection Revenues	1,344.31	2,571.11	1,169.43	2,771.41	1,944.68	1,910.92	1,184.75	2,651.03	1,013.10	2,647.62	995.90		20,204.26	21,000.00	-795.74	96.21%	
4990 · Other Revenue		4.01			4.48	271.33					5.62		285.44				
Total Income	5,595.61	8,008.42	4,662.73	9,474.98	26,505.05	1,104,198.96	104,941.36	140,628.18	3,446.96	760,324.99	18,292.38		2,186,079.62	2,272,726.00	-86,646.38	96.19%	
Gross Profit	5,595.61	8,008.42	4,662.73	9,474.98	26,505.05	1,104,198.96	104,941.36	140,628.18	3,446.96	760,324.99	18,292.38		2,186,079.62	2,272,726.00	-86,646.38	96.19%	
Expense																	
5000 · Administrative																	
5190 · Bank Fees	2,803.19	350.36	306.87	283.42	307.91	300.85	306.54	309.60	460.63	302.69	532.09		6,264.15	5,500.00	764.15	113.89%	
5200 · Board of Directors																	
5210 · Board Meetings		167.00	125.00	1,004.58	125.00	250.00	306.72		262.52	745.00	1,058.41		4,044.23	3,000.00	1,044.23	134.81%	
5220 · Director Fees		112.50	262.50	450.00		637.50	262.50	187.50	187.50	189.94			2,289.94	3,300.00	-1,010.06	69.39%	
5230 · Election Expenses			819.68								4,040.00		4,859.68	4,000.00	859.68	121.49%	
Total 5200 · Board of Directors		279.50	1,207.18	1,454.58	125.00	887.50	569.22	187.50	450.02	4,974.94	1,058.41		11,193.85	10,300.00	893.85	108.68%	
5250 · Conference Attendance								146.63					146.63	2,000.00	-1,853.37	7.33%	
5270 · Information Systems		126.87	160.00		390.00	150.00	150.00		30.00	210.00			1,216.87	6,000.00	-4,783.13	20.28%	
5300 · Insurance																	
5310 · Fidelity Bond														500.00	-500.00		
5320 · Property & Liability Insurance	1,918.47												1,918.47	1,700.00	218.47	112.85%	
Total 5300 · Insurance	1,918.47												1,918.47	2,200.00	-281.53	87.2%	
5350 · LAFCO Assessment					1,526.00								1,526.00	2,000.00	-474.00	76.3%	
5400 · Legal																	
5420 · Meeting Attendance, Legal		500.00	587.50	1,057.50		467.50	562.50	1,295.00	475.00	725.00			5,670.00	9,500.00	-3,830.00	59.68%	
5430 · General Legal		4,457.50	5,162.50	1,487.50	3,587.50	1,600.00	1,432.50	1,770.00	2,962.50	1,775.00	1,887.50		26,122.50	20,000.00	6,122.50	130.61%	
Total 5400 · Legal		4,957.50	5,750.00	2,545.00	3,587.50	2,067.50	1,995.00	3,065.00	3,437.50	2,500.00	1,887.50		31,792.50	29,500.00	2,292.50	107.77%	
5510 · Maintenance, Office		391.98	2,136.78	32.63	550.00	1,621.28	350.00	617.33	502.50	160.00	260.00		6,622.50	8,000.00	-1,377.50	82.78%	
5540 · Office Supplies		1,488.07	361.58	1,456.12	206.75	510.47	414.60	437.34	312.20	762.90	299.50		6,249.53	8,000.00	-1,750.47	78.12%	

Montara Water & Sanitary District
Revenue & Expenditures Budget vs. Actual - Sewer
July 2016 through June 2017

													TOTAL			
	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17	Apr 17	May 17	Jun 17	Jul '16 - Jun 17	Budget	\$ Over Budget	% of Budget
5550 - Postage		100.00		77.85		100.00	227.85	260.83	155.34	112.50			1,034.37	2,500.00	-1,465.63	41.38%
5560 - Printing & Publishing		37.91	40.35		84.43	19.14	19.58	51.10	310.27	13.86	225.73		802.37	3,000.00	-2,197.63	26.75%
5600 - Professional Services																
5610 - Accounting			1,900.00	4,200.00	1,550.00	1,800.00	2,800.00	1,000.00	700.00	2,600.00			16,550.00	30,000.00	-13,450.00	55.17%
5620 - Audit			2,800.00		7,500.00	2,700.00							13,000.00	13,000.00		100.0%
5630 - Consulting		375.00	3,801.50	1,756.59	3,265.05	1,083.00	833.75	486.88	517.50	2,500.00	2,770.00		17,389.27	28,000.00	-10,610.73	62.11%
5640 - Data Services														6,000.00	-6,000.00	
5650 - Labor & HR Support	187.50		187.50	375.00		375.00		375.00	187.50	187.50	187.50		2,062.50	2,250.00	-187.50	91.67%
5660 - Payroll Services	73.94	74.95	75.94	74.95	74.95	75.94	136.21	73.96	71.95	69.78	69.78		872.35	800.00	72.35	109.04%
5690 - Other Professional Services							101.50						101.50			
Total 5600 - Professional Services	261.44	449.95	8,764.94	6,406.54	12,390.00	6,033.94	3,871.46	1,935.84	1,476.95	5,357.28	3,027.28		49,975.62	80,050.00	-30,074.38	62.43%
5710 - San Mateo Co. Tax Roll Charges					119.00								119.00	2,500.00	-2,381.00	4.76%
5720 - Telephone & Internet	29.98	1,347.12	1,292.60	1,289.46	1,468.08	1,632.93	1,239.12	1,258.34	1,370.18	1,389.68	1,066.09		13,383.58	11,000.00	2,383.58	121.67%
5730 - Mileage Reimbursement			23.03	513.71			44.43				36.27	445.41	1,062.85	1,500.00	-437.15	70.86%
5740 - Reference Materials											23.40		23.40	200.00	-176.60	11.7%
5800 - Labor																
5810 - CalPERS 457 Deferred Plan	1,134.69	1,254.27	1,627.78	1,230.60	1,237.00	1,254.64	1,259.28	1,235.83	1,450.49	1,214.26	4,314.25		17,213.09	15,117.00	2,096.09	113.87%
5820 - Employee Benefits	2,865.14	2,865.14	2,865.14	2,865.14	2,865.14	2,865.14	6,273.88			3,046.33	6,092.66		32,603.71	34,382.00	-1,778.29	94.83%
5830 - Disability Insurance		113.37	113.37	113.36	113.36	113.36	113.36	113.37	113.36	113.36	113.36		1,133.63	1,479.00	-345.37	76.65%
5840 - Payroll Taxes	1,327.53	1,101.00	973.67	873.78	881.26	763.05	1,376.25	1,350.60	1,585.21	1,327.02	1,436.30		12,995.67	16,521.00	-3,525.33	78.66%
5850 - PARS	1,087.07	1,144.84	1,498.30	1,107.10	1,136.32	1,136.32	1,136.32	1,077.87	1,287.13	1,112.61	1,200.28		12,924.16	13,768.00	-843.84	93.87%
5900 - Wages																
5910 - Management	7,391.78	7,391.78	12,988.30	7,590.62	7,590.62	7,590.62	7,590.62	7,590.62	9,460.98	8,125.00	8,125.00		91,435.94	93,373.00	-1,937.06	97.93%
5920 - Staff	9,332.41	10,221.20	10,076.11	9,441.60	9,892.00	9,891.20	9,891.20	8,992.00	10,340.80	8,992.00	10,340.80		107,411.32	118,444.00	-11,032.68	90.69%
5930 - Staff Certification	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00		1,650.00	1,800.00	-150.00	91.67%
5940 - Staff Overtime	478.96	155.35	39.81	398.10	39.81	291.94	358.29	922.27	769.66	79.63	159.24		3,693.06	2,339.00	1,354.06	157.89%
5950 - Staff Standby																
Total 5900 - Wages	17,353.15	17,918.33	23,254.22	17,580.32	17,672.43	17,923.76	17,990.11	17,654.89	20,721.44	17,346.63	18,775.04		204,190.32	215,956.00	-11,765.68	94.55%
5960 - Worker's Comp Insurance				604.48			531.00						1,135.48	3,649.00	-2,513.52	31.12%
Total 5800 - Labor	23,767.58	24,396.95	30,332.48	24,374.78	23,905.51	24,056.27	28,680.20	21,432.56	25,157.63	24,160.21	31,931.89		282,196.06	300,872.00	-18,675.94	93.79%
Total 5000 - Administrative	28,780.66	33,926.21	50,375.81	38,434.09	44,660.18	37,379.88	37,868.00	29,702.07	33,663.22	40,003.73	40,733.90		415,527.75	475,122.00	-59,594.25	87.46%
6000 - Operations																
6170 - Claims, Property Damage														10,000.00	-10,000.00	
6195 - Education & Training														1,000.00	-1,000.00	
6200 - Engineering																
6210 - Meeting Attendance, Engineering														2,000.00	-2,000.00	
6220 - General Engineering	1,253.00	5,519.00	0.09		4,101.00	6,713.25	4,206.50	2,685.00	3,492.00	3,640.00	3,048.50		34,658.34	50,000.00	-15,341.66	69.32%
Total 6200 - Engineering	1,253.00	5,519.00	0.09		4,101.00	6,713.25	4,206.50	2,685.00	3,492.00	3,640.00	3,048.50		34,658.34	52,000.00	-17,341.66	66.65%
6320 - Equipment & Tools, Expensed														1,000.00	-1,000.00	

Montara Water & Sanitary District
Revenue & Expenditures Budget vs. Actual - Sewer
July 2016 through June 2017

													TOTAL			
	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17	Apr 17	May 17	Jun 17	Jul '16 - Jun 17	Budget	\$ Over Budget	% of Budget
6330 - Facilities																
6335 - Alarm Services	444.30	518.82	391.80	444.30	518.82	391.80	444.30	518.82		594.30	662.82		4,930.08	5,340.00	-409.92	92.32%
6337 - Landscaping		190.00	190.00	190.00	190.00	190.00	190.00	190.00	190.00	1,990.00	190.00		3,700.00	2,400.00	1,300.00	154.17%
Total 6330 - Facilities	444.30	708.82	581.80	634.30	708.82	581.80	634.30	708.82	190.00	2,584.30	852.82		8,630.08	7,740.00	890.08	111.5%
6400 - Pumping																
6410 - Pumping Fuel & Electricity		2,368.80	2,723.57	2,490.01	2,278.55	2,522.97	2,376.64		8,725.88		6,981.39		30,467.81	27,000.00	3,467.81	112.84%
Total 6400 - Pumping		2,368.80	2,723.57	2,490.01	2,278.55	2,522.97	2,376.64		8,725.88		6,981.39		30,467.81	27,000.00	3,467.81	112.84%
6600 - Collection/Transmission																
6660 - Maintenance, Collection System														10,000.00	-10,000.00	
Total 6600 - Collection/Transmission														10,000.00	-10,000.00	
6800 - Vehicles																
6810 - Fuel							412.87	93.33	77.63				583.83	800.00	-216.17	72.98%
6820 - Truck Equipment, Expensed							34.06						34.06	160.00	-125.94	21.29%
6830 - Truck Repairs							106.68	16.41	20.15				143.24	400.00	-256.76	35.81%
Total 6800 - Vehicles							553.61	109.74	97.78				761.13	1,360.00	-598.87	55.97%
6890 - Other Operations									550.00				550.00			
6900 - Sewer Authority Midcoastside																
6910 - SAM Collections	26,800.67	26,800.67	26,800.67	26,800.67	26,800.67	26,800.67	26,800.67	26,800.67	26,800.67	26,800.67	26,800.67		294,807.37	321,608.00	-26,800.63	91.67%
6920 - SAM Operations	57,877.58	57,877.58	57,877.58	57,877.58	57,877.58	57,877.58	57,877.58	57,877.58	57,877.58	41,250.58	57,877.58		620,026.38	694,531.00	-74,504.62	89.27%
6940 - SAM Maintenance, Collection Sys						55,256.53							55,256.53	40,000.00	15,256.53	138.14%
6950 - SAM Maintenance, Pumping									19,179.69				19,179.69	50,000.00	-30,820.31	38.36%
Total 6900 - Sewer Authority Midcoastside	84,678.25	84,678.25	84,678.25	84,678.25	84,678.25	139,934.78	84,678.25	84,678.25	103,857.94	68,051.25	84,678.25		989,269.97	1,106,139.00	-116,869.03	89.44%
Total 6000 - Operations	86,375.55	93,274.87	87,983.71	87,802.56	91,766.62	149,752.80	92,449.30	88,181.81	116,913.60	74,275.55	95,560.96		1,064,337.33	1,216,239.00	-151,901.67	87.51%
Total Expense	115,156.21	127,201.08	138,359.52	126,236.65	136,426.80	187,132.68	130,317.30	117,883.88	150,576.82	114,279.28	136,294.86		1,479,865.08	1,691,361.00	-211,495.92	87.5%
Net Ordinary Income	-109,560.60	-119,192.66	-133,696.79	-116,761.67	-109,921.75	917,066.28	-25,375.94	22,744.30	-147,129.86	646,045.71	-118,002.48		706,214.54	581,365.00	124,849.54	121.48%
Other Income/Expense																
Other Income																
7000 - Capital Account Revenues																
7100 - Connection Fees																
7110 - Connection Fees (New Constr)		-433.57	79,040.00		-212.16			30,848.00			30,848.00		140,090.27	140,256.00	-165.73	99.88%
7120 - Connection Fees (Remodel)	1,927.60	963.80	8,676.00	6,264.70		8,645.40	481.90		2,891.40		106.00		29,956.80	50,000.00	-20,043.20	59.91%
Total 7100 - Connection Fees	1,927.60	530.23	87,716.00	6,264.70	-212.16	8,645.40	481.90	30,848.00	2,891.40		30,954.00		170,047.07	190,256.00	-20,208.93	89.38%
7200 - Interest Income - LAIF				6,525.17			7,326.00						13,851.17	10,000.00	3,851.17	138.51%
7700 - Interest, Employee Loans																
Total 7000 - Capital Account Revenues	1,927.60	530.23	87,716.00	12,789.87	-212.16	8,645.40	7,807.90	30,848.00	2,891.40		30,954.00		183,898.24	200,256.00	-16,357.76	91.83%

Montara Water & Sanitary District
Revenue & Expenditures Budget vs. Actual - Sewer
July 2016 through June 2017

	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17	Apr 17	May 17	Jun 17	TOTAL			
													Jul '16 - Jun 17	Budget	\$ Over Budget	% of Budget
Total Other Income	1,927.60	530.23	87,716.00	12,789.87	-212.16	8,645.40	7,807.90	30,848.00	2,891.40		30,954.00		183,898.24	200,256.00	-16,357.76	91.83%
Other Expense																
8000 - Capital Improvement Program																
8075 - Sewer	6,845.00	13,941.91	328.00	573,170.68	55,846.75	155,064.12	20,467.67	5,457.50	20,681.46	6,406.50	47,787.65		905,997.24	1,745,750.00	-839,752.76	51.9%
Total 8000 - Capital Improvement Program	6,845.00	13,941.91	328.00	573,170.68	55,846.75	155,064.12	20,467.67	5,457.50	20,681.46	6,406.50	47,787.65		905,997.24	1,745,750.00	-839,752.76	51.9%
9000 - Capital Account Expenses																
9125 - PNC Equipment Lease Interest	840.38	1,672.69	1,663.98	1,655.25	1,646.50	1,637.73	1,628.93	1,620.12	1,611.28	1,602.42	1,593.54		17,172.82	19,598.00	-2,425.18	87.63%
9175 - Capital Assessment - SAM	12,809.17	12,809.17	12,809.17	12,809.17	12,809.17	12,809.17	-27,469.00	12,809.17	12,809.17	12,809.17	12,809.17		100,622.70	153,710.00	-53,087.30	65.46%
9200 - I-Bank Loan	2,134.81												2,134.81	25,201.00	-23,066.19	8.47%
Total 9000 - Capital Account Expenses	15,784.36	14,481.86	14,473.15	14,464.42	14,455.67	14,446.90	-25,840.07	14,429.29	14,420.45	14,411.59	14,402.71		119,930.33	198,509.00	-78,578.67	60.42%
Total Other Expense	22,629.36	28,423.77	14,801.15	587,635.10	70,302.42	169,511.02	-5,372.40	19,886.79	35,101.91	20,818.09	62,190.36		1,025,927.57	1,944,259.00	-918,331.43	52.77%
Net Other Income	-20,701.76	-27,893.54	72,914.85	-574,845.23	-70,514.58	-160,865.62	13,180.30	10,961.21	-32,210.51	-20,818.09	-31,236.36		-842,029.33	-1,744,003.00	901,973.67	48.28%
Net Income	-130,262.36	-147,086.20	-60,781.94	-691,606.90	-180,436.33	756,200.66	-12,195.64	33,705.51	-179,340.37	625,227.62	-149,238.84		-135,814.79	-1,162,638.00	1,026,823.21	11.68%

Montara Water & Sanitary District
Revenue & Expenditures Budget vs. Actual - Water
July 2016 through June 2017

	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17	Apr 17	May 17	Jun 17	TOTAL				
													Jul '16 - Jun 17	Budget	\$ Over Budget	% of Budget	
Ordinary Income/Expense																	
Income																	
4220 - Cell Tower Lease	2,857.29	2,857.29	2,857.29	2,857.29	2,857.29	2,857.29	2,857.29	2,857.29	2,857.29	2,857.29	2,899.79		31,472.69	33,500.00	-2,027.31	93.95%	
4400 - Fees																	
4410 - Administrative Fee (New Constr)		974.00			974.00	974.00	974.00	974.00	961.00	974.00			6,805.00	4,500.00	2,305.00	151.22%	
4420 - Administrative Fee (Remodel)														900.00	-900.00		
4430 - Inspection Fee (New Constr)		920.00			920.00	920.00	920.00	920.00	908.00	920.00			6,428.00	4,250.00	2,178.00	151.25%	
4440 - Inspection Fee (Remodel)				460.00									460.00	800.00	-340.00	57.5%	
4460 - Remodel Fees									106.00		10,587.84		10,693.84				
Total 4400 - Fees		1,894.00		460.00	1,894.00	1,894.00	1,894.00	1,894.00	1,975.00	1,894.00	10,587.84		24,386.84	10,450.00	13,936.84	233.37%	
4610 - Property Tax Receipts				521.35	22,366.26	100,892.30	99,522.28	15,063.32	1,019.98	73,490.78	2,625.35		315,501.62	235,000.00	80,501.62	134.26%	
4740 - Testing, Backflow			6,548.00			5,618.00							13,544.00	13,000.00	544.00	104.19%	
4760 - Waste Collection Revenues																	
4810 - Water Sales, Domestic	148,457.14	150,557.73	181,904.17	163,485.10	151,741.35	114,265.07	150,373.09	140,896.68	205,222.65	102,398.50	126,135.19		1,635,436.67	1,800,000.00	-164,563.33	90.86%	
4850 - Water Sales Refunds, Customer		-499.56						-1,532.04		-301.48			-2,333.08	-3,000.00	666.92	77.77%	
4990 - Other Revenue		152.50	1,350.54		5,004.47		840.72	18.00	1,179.00	675.27	5.62		9,226.12				
Total Income	151,314.43	154,961.96	192,660.00	167,323.74	183,863.37	225,526.66	255,487.38	159,197.25	212,253.92	181,014.36	143,631.79		2,027,234.86	2,088,950.00	-61,715.14	97.05%	
Gross Profit	151,314.43	154,961.96	192,660.00	167,323.74	183,863.37	225,526.66	255,487.38	159,197.25	212,253.92	181,014.36	143,631.79		2,027,234.86	2,088,950.00	-61,715.14	97.05%	
Expense																	
5000 - Administrative																	
5190 - Bank Fees	1,256.24	502.91	429.66	452.15	425.60	498.93	453.05	602.46	442.02	471.29	207.26		5,741.57	10,000.00	-4,258.43	57.42%	
5200 - Board of Directors																	
5210 - Board Meetings		166.99	125.00	1,004.58	125.00	250.00	306.71		262.51	745.00	1,058.41		4,044.20	3,000.00	1,044.20	134.81%	
5220 - Director Fees		112.50	262.50	450.00		637.50	262.50	187.50	187.50	189.94			2,289.94	3,300.00	-1,010.06	69.39%	
5230 - Election Expenses			819.67							4,039.99			4,859.66	4,000.00	859.66	121.49%	
Total 5200 - Board of Directors		279.49	1,207.17	1,454.58	125.00	887.50	569.21	187.50	450.01	4,974.93	1,058.41		11,193.80	10,300.00	893.80	108.68%	
5240 - CDPH Fees															15,500.00	-15,500.00	
5250 - Conference Attendance							703.50	146.62					850.12	4,000.00	-3,149.88	21.25%	
5270 - Information Systems		126.87	160.00		390.00	150.00	150.00		1,336.58	210.00			2,523.45	1,500.00	1,023.45	168.23%	
5300 - Insurance																	
5310 - Fidelity Bond														500.00	-500.00		
5320 - Property & Liability Insurance	1,918.46												1,918.46	2,700.00	-781.54	71.05%	
Total 5300 - Insurance	1,918.46												1,918.46	3,200.00	-1,281.54	59.95%	
5350 - LAFCO Assessment					2,048.00								2,048.00	2,500.00	-452.00	81.92%	
5400 - Legal																	
5420 - Meeting Attendance, Legal		500.00	587.50	1,055.00		470.00	562.50	1,292.50	475.00	725.00			5,667.50	8,500.00	-2,832.50	66.68%	

Montara Water & Sanitary District
Revenue & Expenditures Budget vs. Actual - Water
July 2016 through June 2017

												TOTAL				
	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17	Apr 17	May 17	Jun 17	Jul '16 - Jun 17	Budget	\$ Over Budget	% of Budget
5430 · General Legal		4,017.50	4,300.00	3,275.00	3,975.00	2,662.50	1,155.00	7,430.00	5,662.50	8,100.00	7,887.50		48,465.00	60,000.00	-11,535.00	80.78%
Total 5400 · Legal		4,517.50	4,887.50	4,330.00	3,975.00	3,132.50	1,717.50	8,722.50	6,137.50	8,825.00	7,887.50		54,132.50	68,500.00	-14,367.50	79.03%
5510 · Maintenance, Office		391.98	2,151.45	32.63	1,765.10	2,136.66	350.00	617.33	502.50	160.00	260.00		8,367.65	8,000.00	367.65	104.6%
5530 · Memberships		255.00			10,680.00	6,744.00					8,243.50		25,922.50	18,000.00	7,922.50	144.01%
5540 · Office Supplies		1,488.06	361.59	1,456.10	206.74	510.45	414.59	437.34	312.20	762.89	299.50		6,249.46	8,000.00	-1,750.54	78.12%
5550 · Postage		570.00	318.17	989.77	130.52	570.00	735.08	790.68	838.93	646.31	490.00		6,079.46	6,000.00	79.46	101.32%
5560 · Printing & Publishing		111.36	40.35		84.43	19.13	19.58	51.11	205.27	265.89	225.73		1,022.85	2,000.00	-977.15	51.14%
5600 · Professional Services																
5610 · Accounting			1,900.00	4,200.00	1,550.00	1,800.00	2,800.00	1,000.00	700.00	2,600.00			16,550.00	30,000.00	-13,450.00	55.17%
5620 · Audit			2,800.00		7,500.00	2,700.00							13,000.00	20,500.00	-7,500.00	63.42%
5630 · Consulting		375.00	3,801.49	1,756.59	2,365.62	375.00	833.75	486.87	517.50	2,500.00	2,770.00		15,781.82	25,000.00	-9,218.18	63.13%
5640 · Data Services											9,530.00		9,530.00			
5650 · Labor & HR Support	187.50		187.50	375.00		375.00		375.00	187.50	187.50	187.50		2,062.50	2,000.00	62.50	103.13%
5660 · Payroll Services	73.95	74.94	75.94	74.94	74.94	75.94	136.19	73.94	71.95	69.78	69.78		872.29	850.00	22.29	102.62%
5690 · Other Professional Services							101.50			2,872.32			2,973.82			
Total 5600 · Professional Services	261.45	449.94	8,764.93	6,406.53	11,490.56	5,325.94	3,871.44	1,935.81	1,476.95	8,229.60	12,557.28		60,770.43	78,350.00	-17,579.57	77.56%
5710 · San Mateo Co. Tax Roll Charges					119.00								119.00			
5720 · Telephone & Internet	29.97	1,732.10	2,109.52	1,662.18	1,872.91	2,078.37	1,799.68	1,648.91	2,096.26	1,780.60	1,705.44		18,515.94	17,000.00	1,515.94	108.92%
5730 · Mileage Reimbursement		45.05	96.74	655.29	57.33	61.43	93.56	53.24	99.19	40.36	445.41		1,647.60	2,000.00	-352.40	82.38%
5740 · Reference Materials										23.40			23.40	800.00	-776.60	2.93%
5790 · Other Administrative	1,112.00							12.14	328.00		651.48		2,103.62			
5800 · Labor																
5810 · CalPERS 457 Deferred Plan	2,529.45	2,883.96	3,144.65	2,769.39	2,817.69	2,826.86	2,834.74	2,807.31	3,160.00	2,268.82	5,554.17		33,597.04	33,970.00	-372.96	98.9%
5820 · Employee Benefits	5,780.71	5,780.71	5,780.71	5,780.71	5,780.71	5,780.71	12,731.69			5,163.36	11,334.17		63,913.48	69,368.00	-5,454.52	92.14%
5830 · Disability Insurance		280.45	280.52	280.51	280.51	280.51	280.51	280.51	280.51	280.51	280.51		2,805.05	2,921.00	-115.95	96.03%
5840 · Payroll Taxes	3,131.43	3,208.58	2,941.70	2,897.95	2,908.65	2,760.26	3,407.02	3,395.63	3,850.82	2,889.21	3,221.72		34,612.97	40,574.00	-5,961.03	85.31%
5850 · PARS	2,052.14	2,315.19	2,617.77	2,180.06	2,264.56	2,264.56	2,264.57	2,103.55	2,396.57	1,822.90	2,017.13		24,299.00	27,005.00	-2,706.00	89.98%
5900 · Wages																
5910 · Management	7,391.76	7,391.76	12,990.28	7,590.60	7,590.60	7,590.60	7,590.60	7,590.60	9,460.97	8,125.00	8,125.00		91,437.77	93,373.00	-1,935.23	97.93%
5920 · Staff	26,704.42	31,295.80	30,285.26	29,268.13	29,969.76	29,615.70	29,844.08	27,787.42	31,227.72	24,034.34	27,248.78		317,281.41	350,791.00	-33,509.59	90.45%
5930 · Staff Certification	750.00	750.00	750.00	750.00	750.00	750.00	750.00	750.00	750.00	775.00	800.00		8,325.00	9,000.00	-675.00	92.5%
5940 · Staff Overtime	4,082.98	4,020.68	3,049.19	4,480.72	3,875.97	4,092.41	4,309.95	6,400.44	6,830.80	2,873.51	3,902.75		47,919.40	52,353.00	-4,433.60	91.53%
5950 · Staff Standby	2,003.78	2,010.97	1,933.58	1,951.52	1,986.48	1,982.45	2,041.42	1,858.66	2,068.19	1,959.14	2,037.73		21,833.92	24,857.00	-3,023.08	87.84%
Total 5900 · Wages	40,932.94	45,469.21	49,008.31	44,040.97	44,172.81	44,031.16	44,536.05	44,387.12	50,337.68	37,766.99	42,114.26		486,797.50	530,374.00	-43,576.50	91.78%
5960 · Worker's Comp Insurance				4,998.73			5,175.00						10,173.73	19,312.00	-9,138.27	52.68%
Total 5800 · Labor	54,426.67	59,938.10	63,773.66	62,948.32	58,224.93	57,944.06	71,229.58	52,974.12	60,025.58	50,191.79	64,521.96		656,198.77	723,524.00	-67,325.23	90.7%
Total 5000 · Administrative	59,004.79	70,408.36	84,300.74	80,387.55	91,595.12	80,058.97	82,106.77	68,179.76	74,250.99	76,582.06	98,553.47		865,428.58	979,174.00	-113,745.42	88.38%

Montara Water & Sanitary District
Revenue & Expenditures Budget vs. Actual - Water
July 2016 through June 2017

	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17	Apr 17	May 17	Jun 17	TOTAL			
													Jul '16 - Jun 17	Budget	\$ Over Budget	% of Budget
6000 - Operations																
6160 - Backflow Prevention							472.45		419.82				892.27	1,000.00	-107.73	89.23%
6170 - Claims, Property Damage				175.00									175.00	10,000.00	-9,825.00	1.75%
6180 - Communications																
6185 - SCADA Maintenance						9,939.23		1,320.44	1,998.93	6,197.00	557.00		20,012.60	15,000.00	5,012.60	133.42%
6180 - Communications - Other		222.12		177.00									399.12			
Total 6180 - Communications		222.12		177.00		9,939.23		1,320.44	1,998.93	6,197.00	557.00		20,411.72	15,000.00	5,411.72	136.08%
6195 - Education & Training		1,184.68	1,330.00	304.23	670.28	172.15	215.34	825.00	574.31	600.97	926.47		6,803.43	6,000.00	803.43	113.39%
6200 - Engineering																
6210 - Meeting Attendance, Engineering														2,000.00	-2,000.00	
6220 - General Engineering		165.00	797.50	482.50		1,232.50	55.00	526.25	385.00	385.00			4,028.75	20,000.00	-15,971.25	20.14%
6230 - Water Quality Engineering		12,442.37	6,952.50	9,500.85		5,104.80	7,266.05	12,542.15	5,696.25	11,607.06	22,000.50		93,112.53	65,000.00	28,112.53	143.25%
Total 6200 - Engineering		12,607.37	7,750.00	9,983.35		6,337.30	7,321.05	13,068.40	6,081.25	11,992.06	22,000.50		97,141.28	87,000.00	10,141.28	111.66%
6320 - Equipment & Tools, Expensed		16.99	613.28		65.36	616.35		202.19	399.84	249.64	435.64		2,599.29	5,000.00	-2,400.71	51.99%
6330 - Facilities																
6335 - Alarm Services	52.50	127.02		52.50	127.02		52.50	127.02		58.50	127.02		724.08	750.00	-25.92	96.54%
6337 - Landscaping		420.00	437.73	420.00	485.80	420.00	420.00	420.00	420.00	2,220.00	420.00		6,083.53	6,000.00	83.53	101.39%
6330 - Facilities - Other																
Total 6330 - Facilities	52.50	547.02	437.73	472.50	612.82	420.00	472.50	547.02	420.00	2,278.50	547.02		6,807.61	6,750.00	57.61	100.85%
6370 - Lab Supplies & Equipment						11.96			26.58	139.70			178.24	1,000.00	-821.76	17.82%
6380 - Meter Reading									118.79				118.79			
6400 - Pumping																
6410 - Pumping Fuel & Electricity		5,182.01	5,080.12	5,343.54	4,965.79	4,594.61	4,212.21	2,281.25	28,760.36	2,409.81	9,228.58		72,058.28	100,000.00	-27,941.72	72.06%
6420 - Pumping Maintenance, Generators					4,934.49				2,566.25		4,617.72		12,118.46	8,000.00	4,118.46	151.48%
6430 - Pumping Maintenance, General				466.63				1,233.43	3,251.30		17.58		4,968.94	2,500.00	2,468.94	198.76%
6440 - Pumping Equipment, Expensed														2,000.00	-2,000.00	
Total 6400 - Pumping		5,182.01	5,080.12	5,810.17	9,900.28	4,594.61	4,212.21	3,514.68	34,577.91	2,409.81	13,863.88		89,145.68	112,500.00	-23,354.32	79.24%
6500 - Supply																
6510 - Maintenance, Raw Water Mains					49.47	1,301.10		12.51					1,363.08			
6520 - Maintenance, Wells		89.73	3.49		1,298.30			29.06					1,420.58	10,000.00	-8,579.42	14.21%
6530 - Water Purchases				14,082.76							20,209.58		34,292.34	40,000.00	-5,707.66	85.73%
Total 6500 - Supply		89.73	3.49	14,082.76	1,347.77	1,301.10		41.57			20,209.58		37,076.00	50,000.00	-12,924.00	74.15%
6600 - Collection/Transmission																
6610 - Hydrants				5,691.91	-1,872.96								3,818.95	1,000.00	2,818.95	381.9%
6620 - Maintenance, Water Mains		255.19	1,417.69	260.45	12,439.95	9,676.32	24,485.74	3,960.90	18,677.58	31,139.22	5,781.29		108,094.33	55,000.00	53,094.33	196.54%

Montara Water & Sanitary District
Revenue & Expenditures Budget vs. Actual - Water
July 2016 through June 2017

													TOTAL			
	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17	Apr 17	May 17	Jun 17	Jul '16 - Jun 17	Budget	\$ Over Budget	% of Budget
6630 · Maintenance, Water Svc Lines			108.35		68.38					3,989.29	23.88		4,189.90	25,000.00	-20,810.10	16.76%
6640 · Maintenance, Tanks		2.78						67.80					70.58	1,000.00	-929.42	7.06%
6650 · Maint., Distribution General		349.24			278.57	89.61	69.11	388.51			286.89		1,461.93	10,000.00	-8,538.07	14.62%
6660 · Maintenance, Collection System										23.89			23.89			
6670 · Meters			4,136.05	1,463.59	3,491.01			839.77					9,930.42	2,500.00	7,430.42	397.22%
Total 6600 · Collection/Transmission		607.21	5,662.09	7,415.95	14,404.95	9,765.93	24,554.85	4,349.41	19,585.15	35,152.40	6,092.06		127,590.00	94,500.00	33,090.00	135.02%
6700 · Treatment																
6710 · Chemicals & Filtering		388.92	2,950.54	1,571.80	1,631.28	1,269.77	181.09	132.91	1,959.42	273.78	112.54		10,472.05	30,000.00	-19,527.95	34.91%
6720 · Maintenance, Treatment Equip.			69.18	638.49				503.00	1,158.57	1,429.10			3,798.34	4,000.00	-201.66	94.96%
6730 · Treatment Analysis		1,043.42	473.94	7,742.30	2,164.75	2,309.39	2,317.85	1,387.60	2,067.50	1,017.22	3,476.35		24,000.32	30,000.00	-5,999.68	80.0%
Total 6700 · Treatment		1,432.34	3,493.66	9,952.59	3,796.03	3,579.16	2,498.94	2,023.51	5,185.49	2,720.10	3,588.89		38,270.71	64,000.00	-25,729.29	59.8%
6770 · Uniforms		65.39	1,262.41	2,097.12	1,677.49	1,637.70		522.60	919.08	396.48	-54.00		8,524.27	9,000.00	-475.73	94.71%
6800 · Vehicles																
6810 · Fuel		598.21	461.63	558.82	615.99	513.07	142.33	653.31	543.44	642.70	503.12		5,232.62	8,000.00	-2,767.38	65.41%
6820 · Truck Equipment, Expensed		104.06	9.04	45.79	26.30	87.30	-34.06			89.13			327.56	1,000.00	-672.44	32.76%
6830 · Truck Repairs					853.43		-106.68	114.87	141.10	29.97	846.13		1,878.82	5,000.00	-3,121.18	37.58%
Total 6800 · Vehicles		702.27	470.67	604.61	1,495.72	600.37	1.59	768.18	684.54	761.80	1,349.25		7,439.00	14,000.00	-6,561.00	53.14%
6890 · Other Operations		105.94			4,955.21	330.00	4,003.00		646.15	17.35			10,057.65			
Total 6000 · Operations	52.50	22,763.07	26,103.45	51,075.28	38,925.91	39,305.86	43,751.93	27,183.00	71,637.84	62,915.81	69,516.29		453,230.94	475,750.00	-22,519.06	95.27%
Total Expense	59,057.29	93,171.43	110,404.19	131,462.83	130,521.03	119,364.83	125,858.70	95,362.76	145,888.83	139,497.87	168,069.76		1,318,659.52	1,454,924.00	-136,264.48	90.63%
Net Ordinary Income	92,257.14	61,790.53	82,255.81	35,860.91	53,342.34	106,161.83	129,628.68	63,834.49	66,365.09	41,516.49	-24,437.97		708,575.34	634,026.00	74,549.34	111.76%
Other Income/Expense																
Other Income																
7000 · Capital Account Revenues																
7100 · Connection Fees																
7110 · Connection Fees (New Constr)			55,966.00		-654.96		17,302.00	22,400.41	17,855.72	17,302.00			130,171.17	128,000.00	2,171.17	101.7%
7120 · Connection Fees (Remodel)				106.00									106.00	3,000.00	-2,894.00	3.53%
7130 · Conn. Fees, PFP (New Constr)		-5,160.00	35,357.00				12,385.00	12,628.41	10,849.00	12,449.00			78,508.41	65,000.00	13,508.41	120.78%
Total 7100 · Connection Fees		-5,160.00	91,323.00	106.00	-654.96		29,687.00	35,028.82	28,704.72	29,751.00			208,785.58	196,000.00	12,785.58	106.52%
7400 · State Revolving Fund Loan																
7600 · Bond Revenues, G.O.				1,616.33	67,821.55	569,427.86	15,594.85	58,618.67	12,649.51	389,882.46	13,066.03		1,128,677.26	1,150,436.00	-21,758.74	98.11%
Total 7000 · Capital Account Revenues		-5,160.00	91,323.00	1,722.33	67,166.59	569,427.86	45,281.85	93,647.49	41,354.23	419,633.46	13,066.03		1,337,462.84	1,346,436.00	-8,973.16	99.33%
Total Other Income		-5,160.00	91,323.00	1,722.33	67,166.59	569,427.86	45,281.85	93,647.49	41,354.23	419,633.46	13,066.03		1,337,462.84	1,346,436.00	-8,973.16	99.33%

Montara Water & Sanitary District
Revenue & Expenditures Budget vs. Actual - Water
July 2016 through June 2017

	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17	Apr 17	May 17	Jun 17	TOTAL				
													Jul '16 - Jun 17	Budget	\$ Over Budget	% of Budget	
Other Expense																	
8000 - Capital Improvement Program																	
8100 - Water		37,701.72	377,765.15	36,814.58	62,516.67	23,924.29	2,560.00	30,838.15	29,803.40	17,725.81	5,583.44		625,233.21	619,000.00	6,233.21	101.01%	
Total 8000 - Capital Improvement Program		37,701.72	377,765.15	36,814.58	62,516.67	23,924.29	2,560.00	30,838.15	29,803.40	17,725.81	5,583.44		625,233.21	619,000.00	6,233.21	101.01%	
9000 - Capital Account Expenses																	
9075 - PFP Connection Expenses										7,375.00	547.50		7,922.50				
9100 - Interest Expense - GO Bonds		24,942.50						146,079.34					171,021.84	295,734.00	-124,712.16	57.83%	
9125 - PNC Equipment Lease Interest	840.37	1,672.69	1,663.98	1,655.26	1,646.50	1,637.73	1,628.94	1,620.12	1,611.28	1,602.43	1,593.54		17,172.84	19,598.00	-2,425.16	87.63%	
9150 - SRF Loan						45,287.60			892.50				46,180.10	37,247.00	8,933.10	123.98%	
9210 - Conservation Program/Rebates			200.00	200.00	100.00					200.00			700.00				
Total 9000 - Capital Account Expenses	840.37	26,615.19	1,863.98	1,855.26	1,746.50	46,925.33	1,628.94	147,699.46	2,503.78	9,177.43	2,141.04		242,997.28	352,579.00	-109,581.72	68.92%	
Total Other Expense	840.37	64,316.91	379,629.13	38,669.84	64,263.17	70,849.62	4,188.94	178,537.61	32,307.18	26,903.24	7,724.48		868,230.49	971,579.00	-103,348.51	89.36%	
Net Other Income	-840.37	-69,476.91	-288,306.13	-36,947.51	2,903.42	498,578.24	41,092.91	-84,890.12	9,047.05	392,730.22	5,341.55		469,232.35	374,857.00	94,375.35	125.18%	
Net Income	91,416.77	-7,686.38	-206,050.32	-1,086.60	56,245.76	604,740.07	170,721.59	-21,055.63	75,412.14	434,246.71	-19,096.42		1,177,807.69	1,008,883.00	168,924.69	116.74%	



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **July 6, 2017**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

SUBJECT: SAM Flow Report for May 2017

The Sewer Authority Mid-Coastside (SAM) has prepared the following attached reports for the SAM Board of Directors and the California Regional Water Quality Control Board:

- Flow Report for May 2017.
- Collection System Monthly Overflow Report – May 2017.

The Average Daily Flow for Montara was 0.264 MGD in May 2017. There was no reportable overflow in May in the Montara System. SAM indicates there were 0.04 inches of rain in May 2017.

RECOMMENDATION:

Review and file.

Attachments

Sewer Authority Mid-Coastside

Monthly Collection System Activity/SSO Distribution Report, May 2017

May 2017

	Number of S.S.O.'s				
	Total	HMB	GCSD	MWSD	SAM
Roots	0	0	0	0	0
Grease	0	0	0	0	0
Mechanical	1	0	0	0	1
Wet Weather	0	0	0	0	0
Other	0	0	0	0	0
Total	1	0	0	0	1
					100%

12 Month Moving Total

	12 month rolling Number				
	Total	HMB	GCSD	MWSD	SAM
Roots	4	2	0	2	0
Grease	0	0	0	0	0
Mechanical	6	0	0	1	5
Wet Weather	2	2	0	0	0
Other	2	0	1	1	0
Total	14	4	1	4	5
		29%	7%	29%	36%

Reportable SSOs

	Reportable Number of S.S.O.'s				
	Total	HMB	GCSD	MWSD	SAM
May 2017	1	0	0	0	1
12 Month Moving Total	14	4	1	4	5

SSOs / Year / 100 Miles

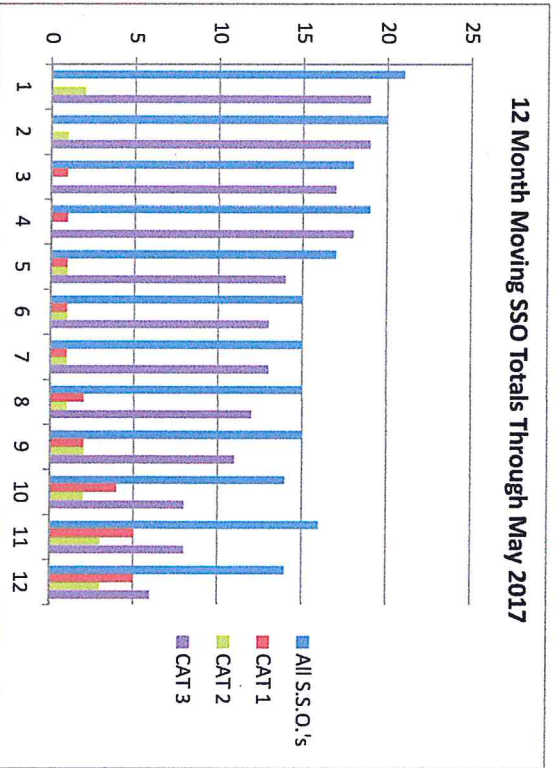
	Number of S.S.O.'s /Year/100 Miles				
	Total	HMB	GCSD	MWSD	SAM
May 2017	1.0	0.0	0.0	0.0	1.0
12 Month Moving Total	13.4	10.8	3.0	14.8	68.5
Category 1	4.8	2.7	0.0	7.4	27.4
Category 2	2.9	2.7	0.0	0.0	27.4
Category 3	5.7	5.4	3.0	7.4	13.7
Miles of Sewers	104.5	37.0	33.2	27.0	7.3
		35.4%	31.8%	25.8%	7.0%

12 Month Rolling Total Sewer Cleaning Summary

Month	HMB	GCSD	MWSD	Total Feet	Total Miles
June-16	9,762	2,161	7,367	19,290	3.7
July-16	34,037	28,984	8,192	71,213	13.5
Aug -16	31,070	5,694	16,714	53,478	10.1
Sep - 16	13,228	35,432	11,406	60,066	11.4
Oct - 16	27,226	7,389	15,283	49,898	9.5
Nov - 16	25,535	33,638	10,436	69,609	13.2
Dec - 16	33,928	19,306	10,127	63,361	12.0
Jan - 17	16,650	16,144	11,837	44,631	8.5
Feb - 17	12,216	4,866	11,531	28,613	5.4
Mar - 17	15,347	11,667	10,133	37,147	7.0
Apr - 17	13,101	11,588	11,460	36,149	6.8
May - 17	12,044	12,483	9,547	34,074	6.5
Annual ft	244,144	189,352	134,033	567,529	
Annual Mi.	46.2	35.9	25.4		107.5

Attachment C

12 Month Moving SSO Totals Through May 2017



Attachment A

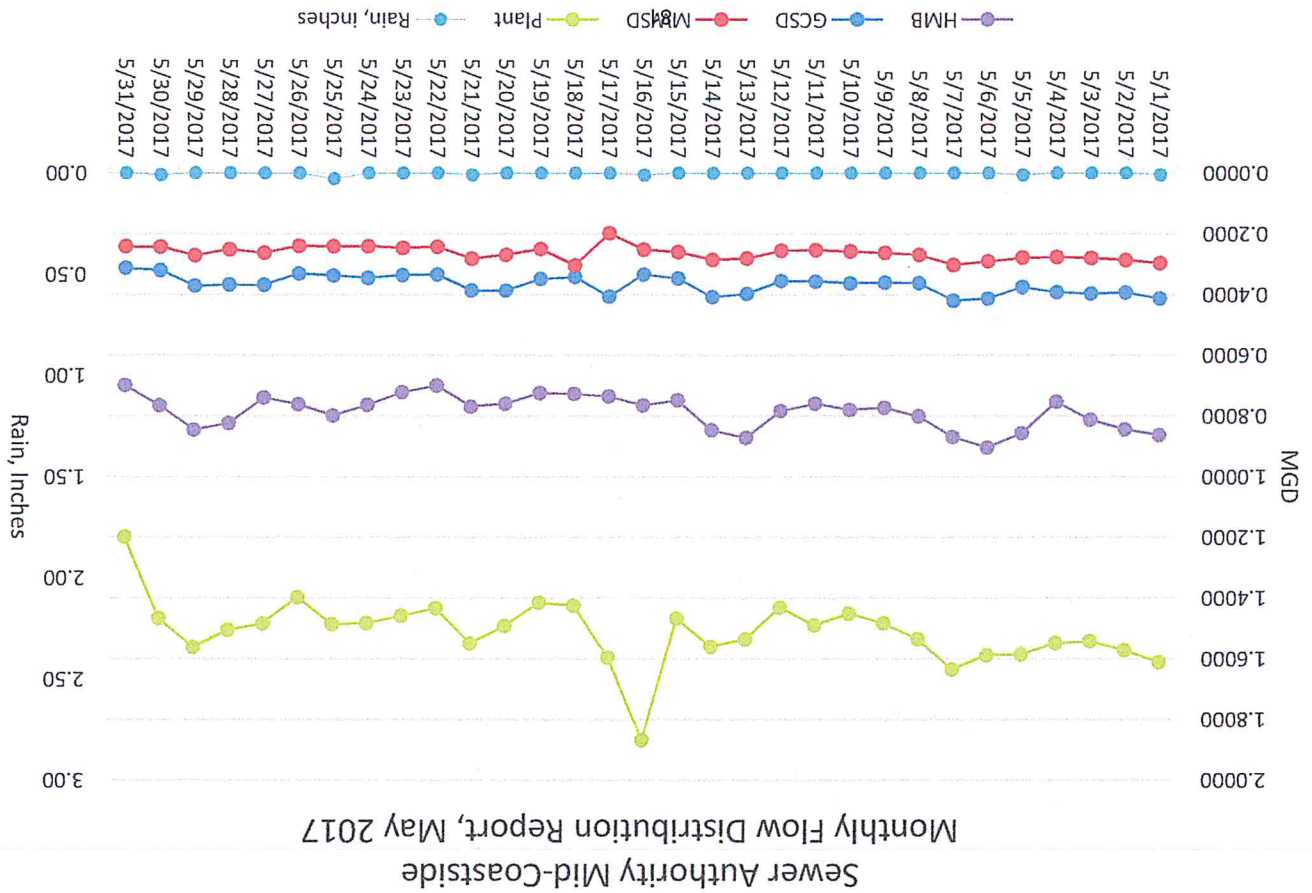
Flow Distribution Report Summary For May 2017

The daily flow report figures for the month of May 2017 have been converted to an Average Daily Flow (ADF) for each Member Agency. The results are attached for your review.

*Influent flow is calculated using the mid-plant flow meter less process water and trucked in waste

The summary of the ADF information is as follows:

	MGD	%
The City of Half Moon Bay	0.787	55.5%
Granada Community Services District	0.367	25.9%
Montara Water and Sanitary District	0.264	18.6%
Total	1.418	100.0%

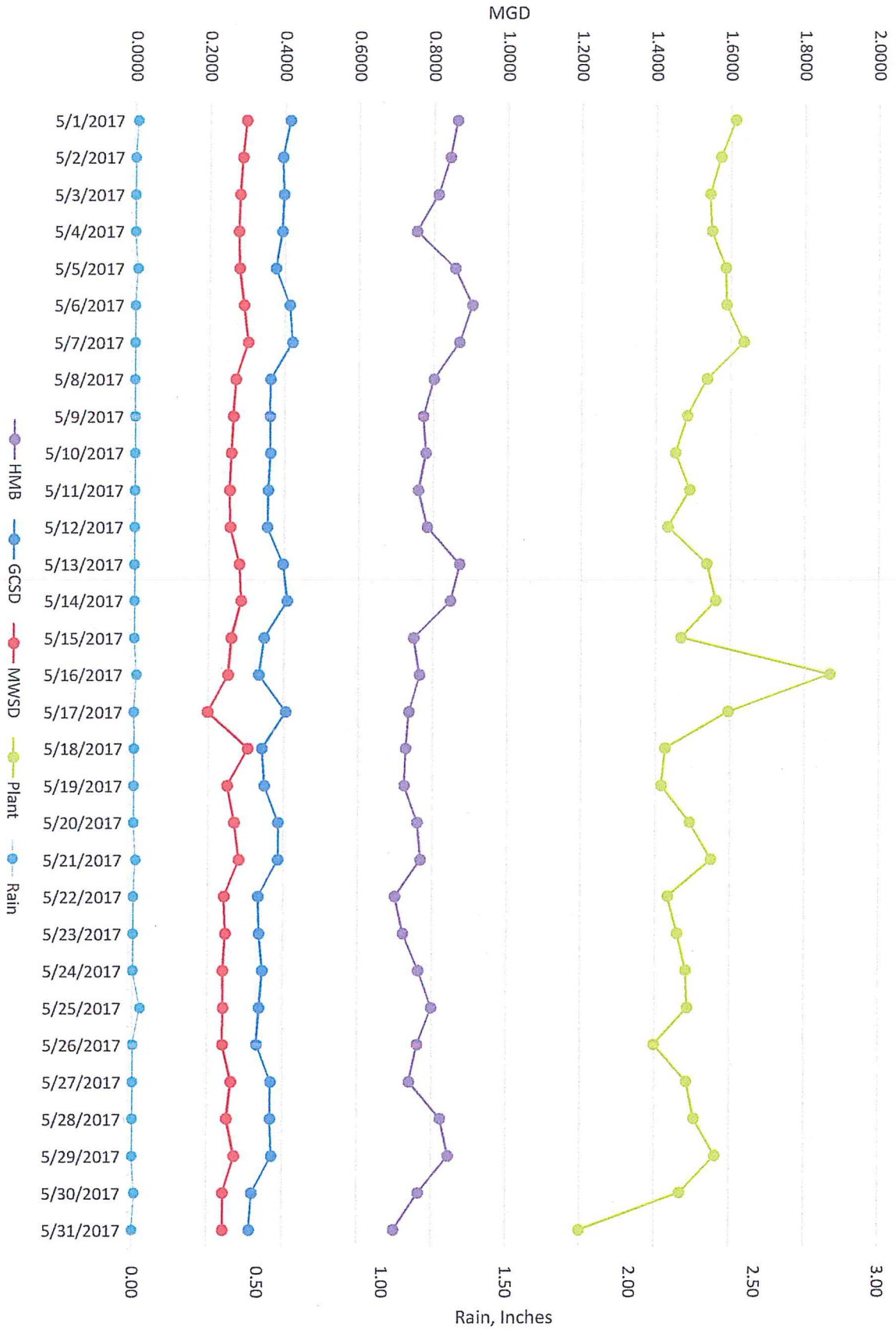


Sewer Authority Mid-Coastside

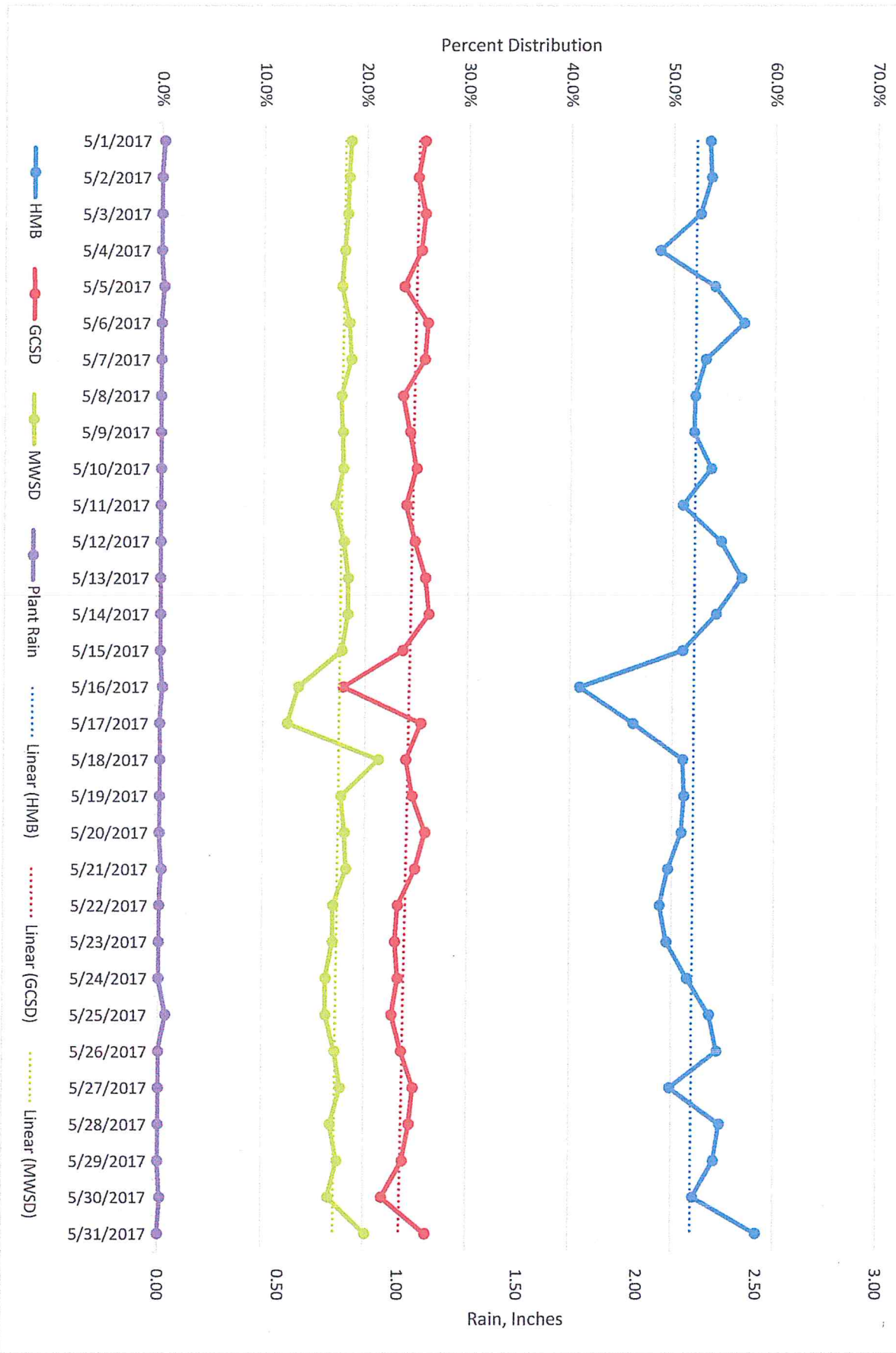
Monthly Flow Distribution Report for May 2017

Date	HMB	GCSD	MWSD	Plant	Plant	Rain	Portola	Rain	Montara
5/1/2017	0.8637	0.4139623	0.297	1.613	1.573	0.01	0.00	0.00	0.00
5/2/2017	0.8446	0.3934533	0.287	1.573	1.544	0.00	0.00	0.00	0.00
5/3/2017	0.8128	0.3970763	0.280	1.544	1.549	0.00	0.00	0.00	0.00
5/4/2017	0.7544	0.3928963	0.277	1.549	1.587	0.00	0.00	0.00	0.02
5/5/2017	0.8577	0.3757613	0.279	1.587	1.589	0.01	0.00	0.00	0.00
5/6/2017	0.9046	0.4130543	0.291	1.589	1.636	0.00	0.00	0.00	0.00
5/7/2017	0.8700	0.4207793	0.303	1.636	1.537	0.00	0.00	0.00	0.00
5/8/2017	0.8019	0.3628453	0.270	1.537	1.484	0.00	0.00	0.00	0.00
5/9/2017	0.7729	0.3608923	0.263	1.484	1.452	0.00	0.00	0.00	0.00
5/10/2017	0.7804	0.3622583	0.258	1.452	1.490	0.00	0.00	0.00	0.00
5/11/2017	0.7599	0.3569863	0.254	1.490	1.432	0.00	0.00	0.00	0.00
5/12/2017	0.7840	0.3550763	0.256	1.432	1.537	0.00	0.00	0.00	0.00
5/13/2017	0.8723	0.3972183	0.281	1.537	1.561	0.00	0.00	0.00	0.00
5/14/2017	0.8472	0.4087913	0.285	1.561	1.468	0.00	0.00	0.00	0.00
5/15/2017	0.7488	0.3473843	0.260	1.468	1.869	0.00	0.00	0.00	0.00
5/16/2017	0.7654	0.3338293	0.252	1.869	1.595	0.01	0.00	0.00	0.00
5/17/2017	0.7368	0.4063083	0.198	1.595	1.426	0.00	0.00	0.00	0.00
5/18/2017	0.7278	0.3421893	0.304	1.426	1.416	0.00	0.00	0.00	0.00
5/19/2017	0.7248	0.3489453	0.250	1.416	1.493	0.00	0.00	0.00	0.00
5/20/2017	0.7601	0.3865683	0.269	1.493	1.550	0.00	0.00	0.00	0.00
5/21/2017	0.7693	0.386470	0.282	1.550	1.434	0.01	0.00	0.00	0.00
5/22/2017	0.7003	0.3338693	0.243	1.434	1.460	0.00	0.00	0.00	0.00
5/23/2017	0.7226	0.3359573	0.247	1.460	1.483	0.00	0.00	0.00	0.00
5/24/2017	0.7645	0.3456893	0.241	1.483	1.488	0.00	0.00	0.00	0.00
5/25/2017	0.7994	0.3382063	0.242	1.488	1.399	0.03	0.00	0.00	0.01
5/26/2017	0.7618	0.3308733	0.240	1.399	1.485	0.00	0.00	0.00	0.00
5/27/2017	0.7404	0.3685363	0.263	1.485	1.506	0.00	0.00	0.00	0.00
5/28/2017	0.8245	0.3683033	0.252	1.506	1.562	0.00	0.00	0.00	0.01
5/29/2017	0.8463	0.3718563	0.272	1.562	1.468	0.00	0.00	0.00	0.00
5/30/2017	0.7659	0.3201773	0.243	1.468	1.200	0.01	0.00	0.00	0.00
5/31/2017	0.6997	0.3125193	0.242	1.200	46.884	0.00	0.08	0.01	0.04
Summary									
Totals									
	24.385	11.389	8.181	46.884	0.08	0.01	0.04		
	HMB	GCSD	MWSD	Plant	Plant	Rain	Portola	Rain	Montara
Minimum	0.700	0.313	0.198	1.200	1.418	1.869			
Average	0.787	0.367	0.264	1.418	1.869				
Maximum	0.905	0.421	0.304	1.869					
Distribution	55.5%	25.9%	18.6%	100.0%					

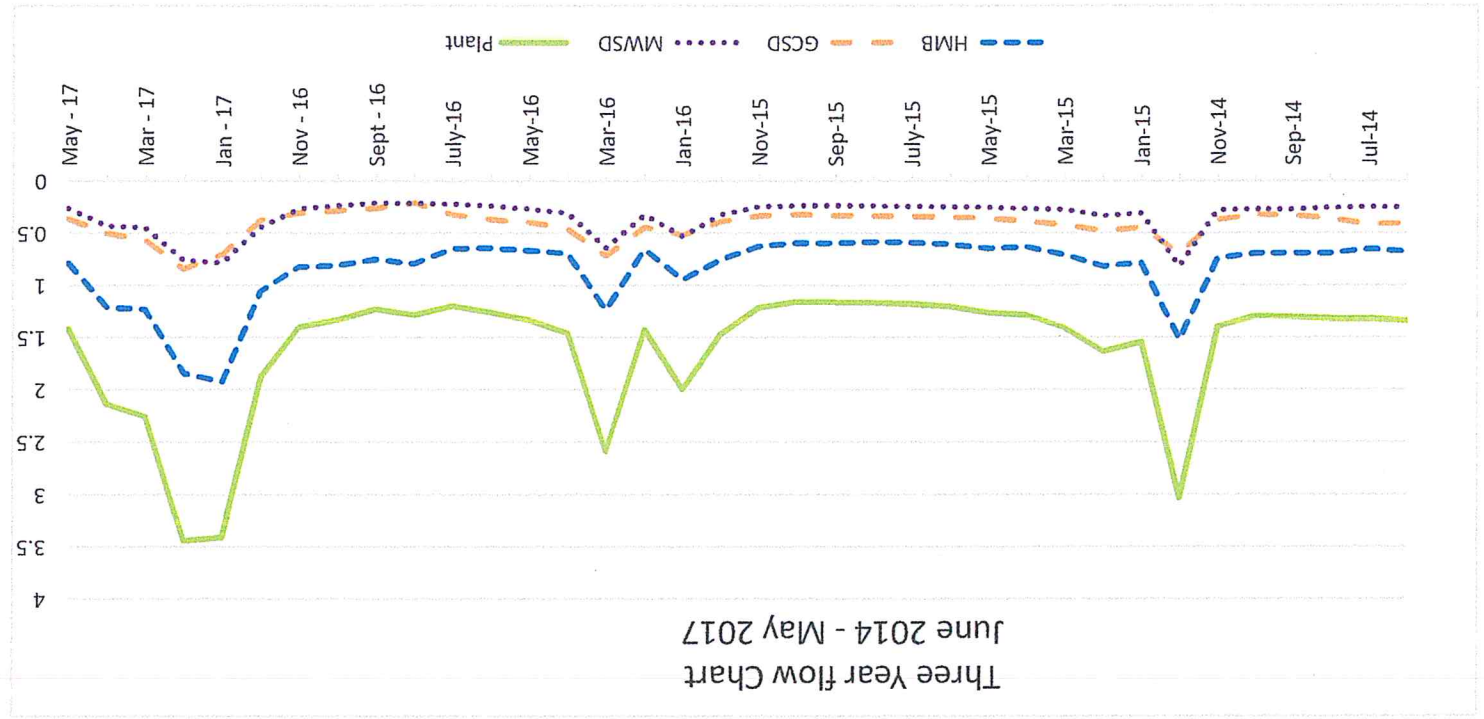
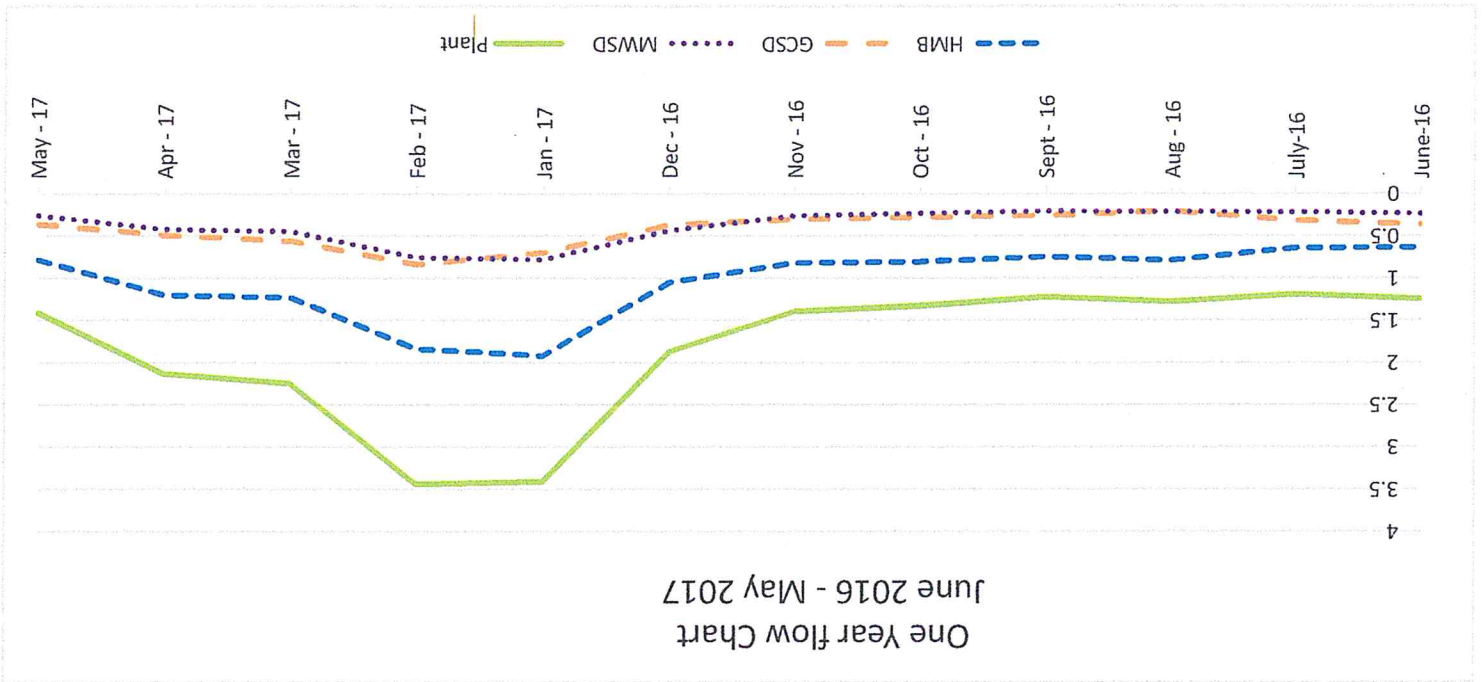
Sewer Authority Mid-Coastside Monthly Flow Distribution Report, May 2017



Percent Distribution May 2017



Most recent flow calibration December 2016 PS, November 2016 Plant





MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: July 6, 2017

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

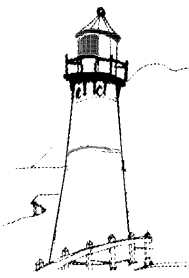
SUBJECT: Review of Current Investment Portfolio

The District's Investment Policy and Guidelines requires that the Board review the status of the current investment portfolio. The following summarizes the status of these accounts:

- The District has most of its idle sewer funds deposited in the State of California's Local Agency Investment Fund (LAIF). The Monthly Average interest rate for May 2017 the rate was 0.925.
- The District has one checking account with Wells Fargo Bank for Water and Sewer Funds that is largely backed by Federal securities.

RECOMMENDATION:

District staff attempts to cash manage idle funds in LAIF as long as possible before transferring to the Wells Fargo checking accounts for disbursements.



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: July 1, 2017

TO: BOARD OF DIRECTORS

SUBJECT: Connection Permit Applications Received

As of July 1, 2017 the following new **Sewer Connection Permit** applications were received since the last report:

Date of Application	Property Owner	Site Address	Home Size

As of July 1, 2017 the following new **Water (Private Fire Sprinkler) Connection Permit** applications were received since the last report:

Date of Application	Property Owner	Site Address	Home Size

As of July 1, 2017 the following new **Water Connection Permit** applications were received since the last report:

Date of App.	Property Owner	Site Address	Home Size	Type of Connection

RECOMMENDATION:

No action is required. This is for Board information only.



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: July 6th, 2017

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

SUBJECT: Monthly Water Production Report

The attached two charts summarize the monthly water production for the District.

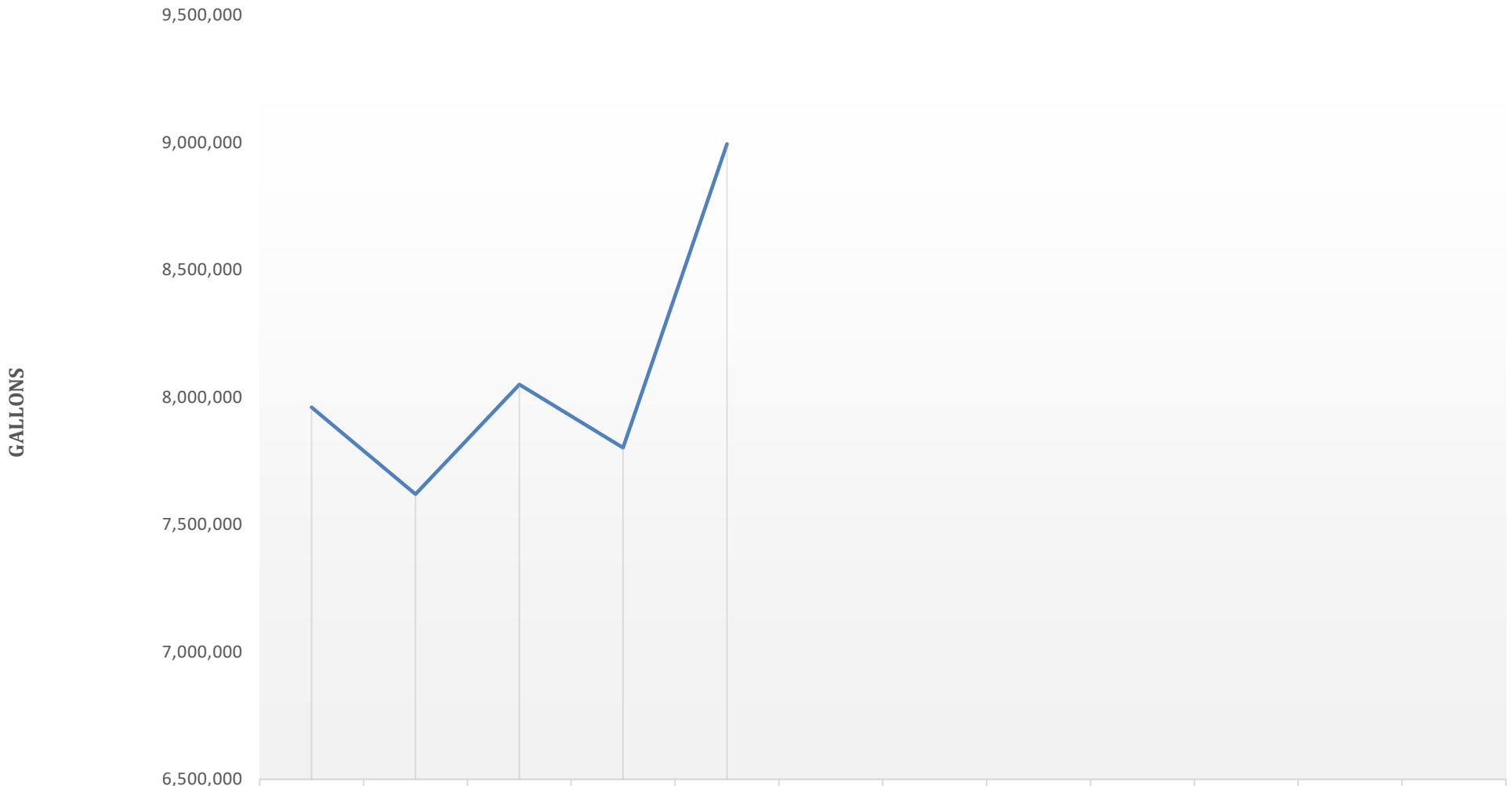
The first shows a consolidated from all sources by month. The second shows each water source the District uses, both wells and surface water. The production is shown in gallons of water produced.

RECOMMENDATION:

No action is required. These reports are provided for the Board's information only.

Attachments: 2

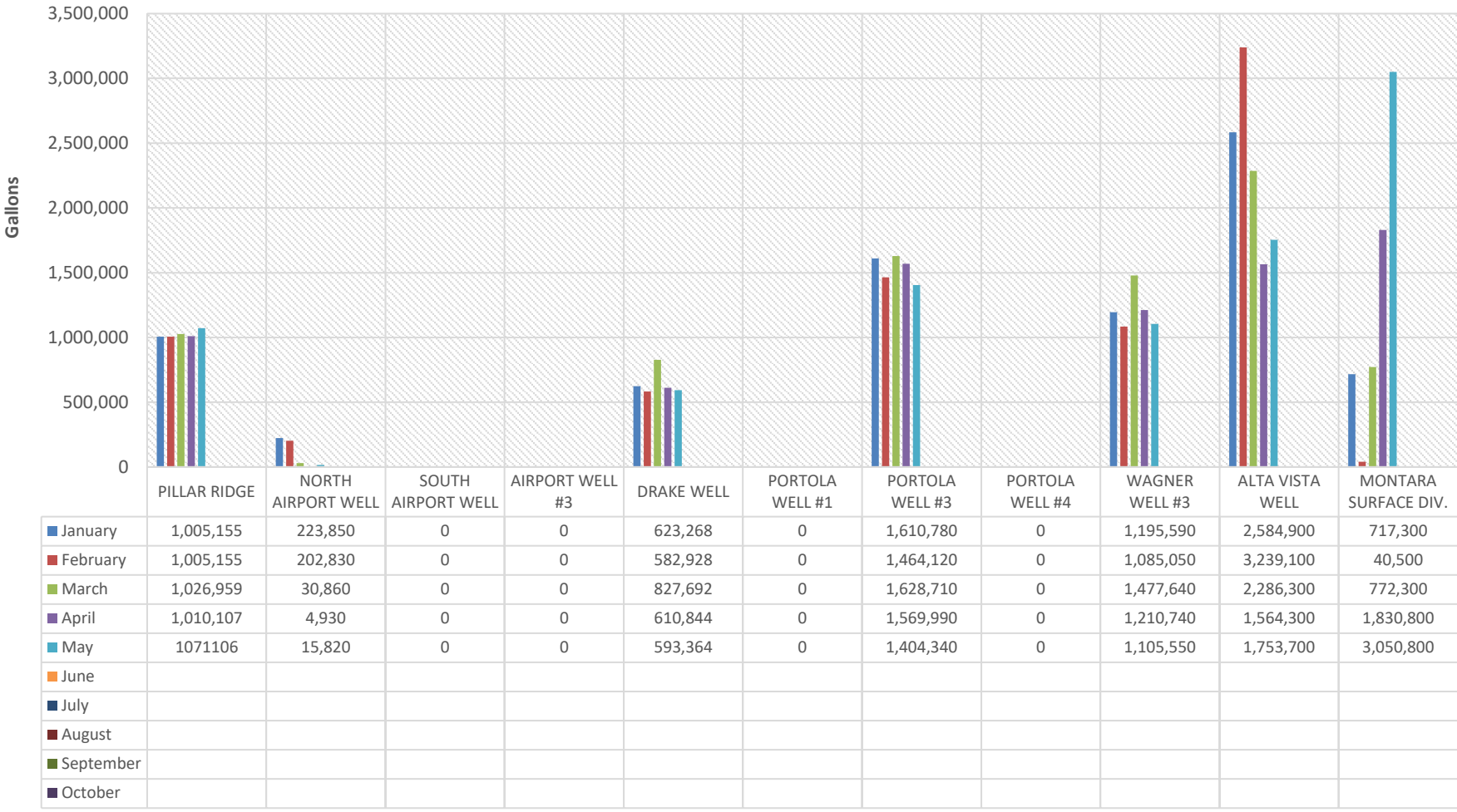
TOTAL PRODUCTION 2017(Gallons)



Total Production (Gallons)	7,960,843	7,619,683	8,050,461	7,801,711	8,994,680							
----------------------------	-----------	-----------	-----------	-----------	-----------	--	--	--	--	--	--	--

MONTH

MONTHLY WATER PRODUCTION



Water Source



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting of: July 6th, 2017

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

A handwritten signature in black ink, appearing to be 'C. Heldmaier'.

SUBJECT: Rain Report

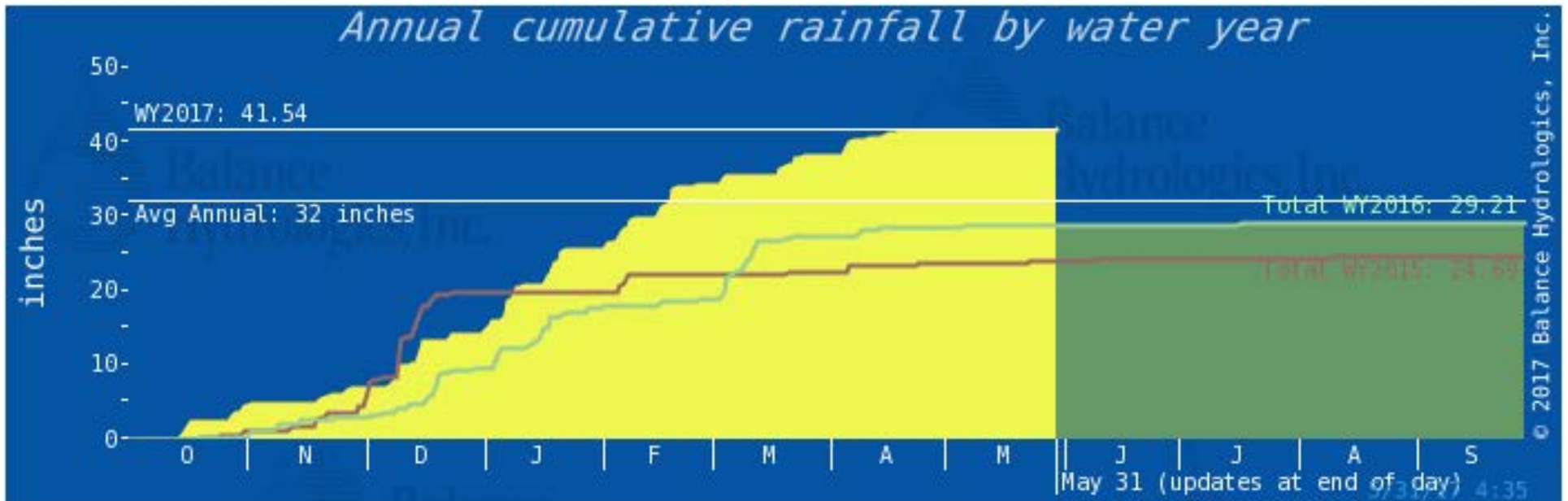
The attached chart shows the monthly rainfall at Alta Vista Treatment Plant for the current and prior water years along with seven-year average rain fall.

RECOMMENDATION:

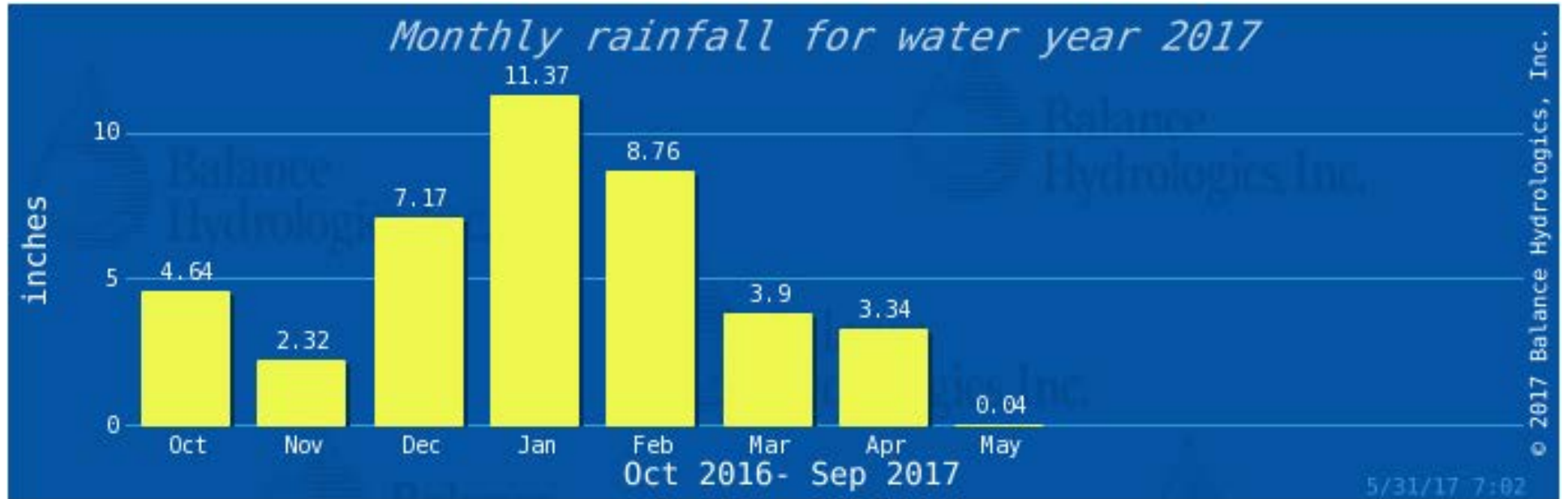
No action is required. These reports are provided for the Board's information only.

Attachments: 2

Annual Cumulative Rainfall



Monthly Rainfall Report Oct 2016 – Sept 2017





MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: July 6th, 2017

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager 

SUBJECT: Monthly Solar Energy Report

The attached chart summarizes the monthly solar production at the Alta Vista Array. Since the installation of the solar panels the District produced 39150 kWh and saved 66556 lbs of CO₂.

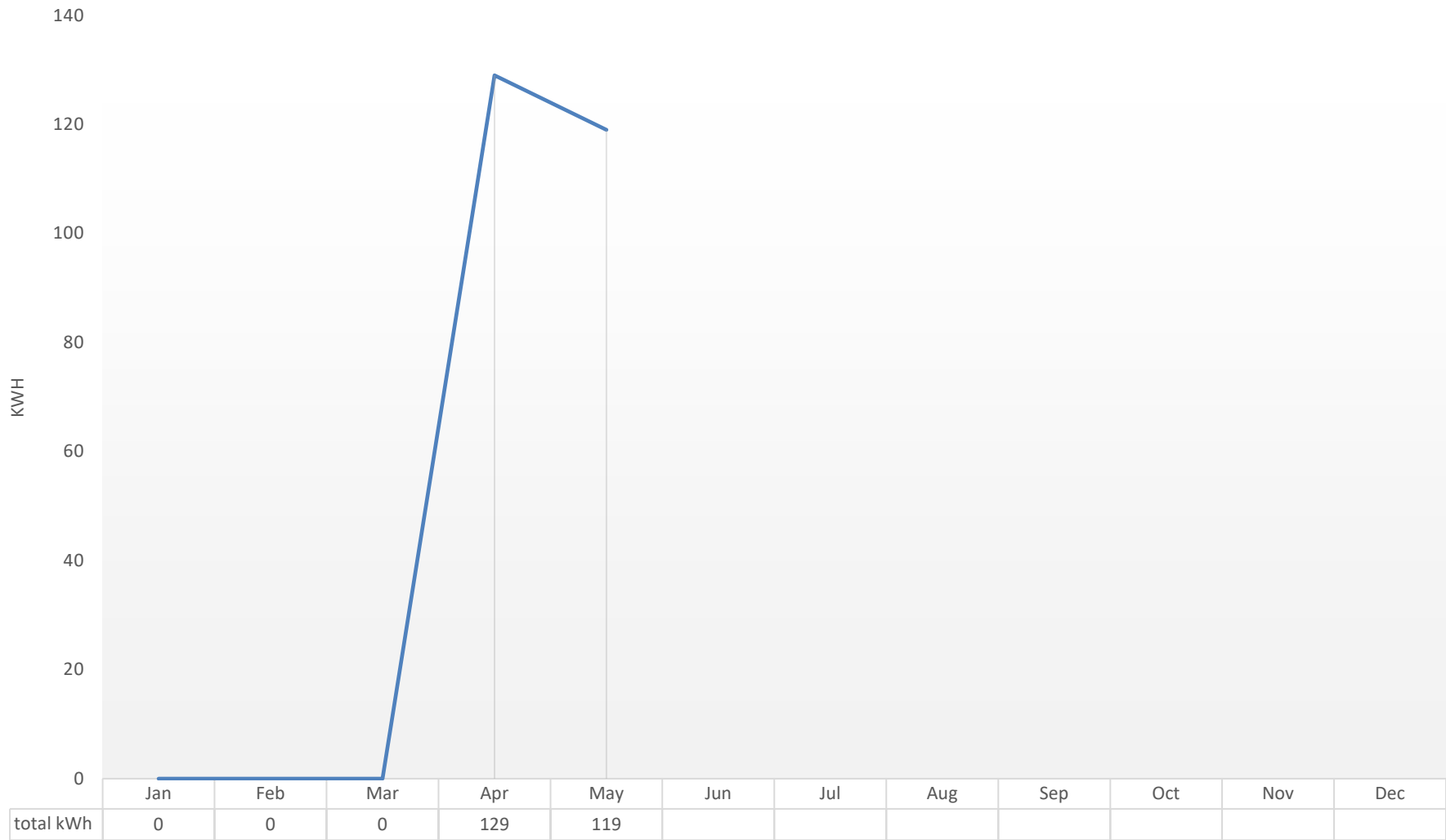
Please note - due to an electrical storm in December, the solar array equipment was damaged and has been disconnected. Array was reconnected April 15th , 2017

RECOMMENDATION:

No action is required. This information is provided for the Board's information only.

Attachments: 1

SOLAR ENERGY PRODUCED IN 2017 (kWh)






MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **July 6, 2017**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager 

**SUBJECT: Monthly Public Agency Retirement Service
Report for April 2017.**

The District has received the monthly PARS report for April 2017.

Contributions are calculated on a bi-weekly basis, and contributions are made on a monthly basis.

The following monthly reports are submitted as consent agenda items on a monthly basis.

RECOMMENDATION:

This is for Board information only.

Attachment

MONTARA WATER & SANITARY DISCTRICT
PARS REP Program

Monthly Account Report for the Period
4/1/2017 to 4/30/2017

Clemens Heldmaier
General Manager
Montara Water & Sanitary District
8888 Cabrillo Highway
Montara, CA 94037

Account Summary

Source	Beginning Balance as of 4/1/2017	Contributions	Earnings	Expenses	Distributions	Transfers	Ending Balance as of 4/30/2017
Employer Contribution	\$492,969.46	\$8,359.13	\$5,660.89	\$252.26	\$508.86	\$0.00	\$506,228.36
Totals	\$492,969.46	\$8,359.13	\$5,660.89	\$252.26	\$508.86	\$0.00	\$506,228.36

Investment Selection

Capital Appreciation Index PLUS

Investment Objective

The primary goal of the Capital Appreciation objective is growth of principal. The major portion of the assets are invested in equity securities and market fluctuations are expected.

Investment Return

1-Month	3-Months	1-Year	Annualized Return			Plan's Inception Date
			3-Years	5-Years	10-Years	
1.14%	3.90%	12.64%	-	-	-	3/8/2016

Information as provided by US Bank, Trustee for PARS; Not FDIC Insured; No Bank Guarantee; May Lose Value

Past performance does not guarantee future results. Performance returns may not reflect the deduction of applicable fees, which could reduce returns. Information is deemed reliable but may be subject to change.

Investment Return: Annualized rate of return is the return on an investment over a period other than one year multiplied or divided to give a comparable one-year return.

Account balances are inclusive of Trust Administration, Trustee and Investment Management fees



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **July 6, 2017**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

SUBJECT: Review and Possible Action Concerning Sewer Authority Mid-Coastside Fiscal Year 2017-2018 General Budget.

At the SAM Board of Directors meeting on June 12, 2017, the Board approved a revised SAM General Budget for Fiscal Year 2017/18 for the member agencies to consider and approve. Changes to the prior presented budget are highlighted in the attached SAM staff report and budget.

The General Budget contains for the first time an Infrastructure Division Budget, that is based on a SAM approved 5 Year Capital Improvement Program designed to address the maintenance shortfalls of SAM. The addition of the CIP based infrastructure budget, with inclusion of the Intertie Pipeline System Repair of the section that failed in early April, SAM is asking for an increase to the General Budget of \$1,033,393. The overall amount that SAM plans to spend under the General Budget is an increase of 25%, or \$5,150,570. MWSD's assessment would increase by 31% to \$1,113,523.

RECOMMENDATION:

Adopt Resolution No.____, Resolution of the Montara Water and Sanitary District Consenting to Approval by Sewer Authority Mid-Coastside of its General Budget for Fiscal Year 2017-2018

Attachments

RESOLUTION NO. _____

RESOLUTION OF THE MONTARA WATER AND SANITARY DISTRICT CONSENTING TO APPROVAL BY SEWER AUTHORITY MID-COASTSIDE OF ITS GENERAL BUDGET FOR FISCAL YEAR 2017-2018

WHEREAS, Sewer Authority Mid-Coastside has, pursuant to Article III, Section (F)(3) of the joint exercise of powers agreement dated February 3, 1976, as amended, establishing said Authority, submitted its General Budget for fiscal year July 1, 2017 – June 30, 2018 for the consent of this District; and

WHEREAS, this Board has reviewed the aforesaid budget and desires to signify its approval thereof;

NOW THEREFORE, be it resolved by the Board of the Montara Water and Sanitary District, a public agency in the County of San Mateo, California, as follows:

1. Consent is hereby given to the approval by Sewer Authority Mid-Coastside of its General Budget for fiscal year 2017-2018 entitled, "Sewer Authority Mid-Coastside Proposed JPA General Budget – Fiscal Year 2017/18," dated June 12, 2017, a copy of which is on file in the District's Administrative Offices to which reference is hereby made for the particulars thereof.

2. The District Secretary is hereby authorized and directed to transmit a certified copy of this resolution to Sewer Authority Mid-Coastside, the Granada Community Services District and the City of Half Moon Bay.

President, Montara Water and Sanitary District

COUNTERSIGNED:

Secretary, Montara Water and Sanitary District

RESOLUTION NO. _____

**RESOLUTION OF THE MONTARA WATER AND SANITARY
DISTRICT CONSENTING TO APPROVAL BY SEWER
AUTHORITY MID-COASTSIDE OF ITS GENERAL BUDGET FOR
FISCAL YEAR 2017-2018**

* * * * *

I HEREBY CERTIFY that the foregoing Resolution No. _____ was duly and regularly passed and adopted by the Board of the Montara Water and Sanitary District, County of San Mateo, California, at a Regular Meeting thereof held on the 6th day of July, 2017, by the following vote:

AYES, Directors:

NOES, Directors:

ABSENT, Directors:

Secretary, Montara Water and Sanitary District



SEWER AUTHORITY MID-COASTSIDE

Staff Report

TO: Honorable Board of Directors

FROM: Beverli A. Marshall, General Manager

DATE: June 12, 2017

SUBJECT: Approve Revised JPA General Budget for Fiscal Year 2017/18 and Authorize the General Manager to Submit it to Member Agencies for Approval

Staff Recommendation

Staff recommends that the Board of Directors approve the revised JPA General Budget for Fiscal Year 2017/18 and authorize the General Manager to submit it to the member agencies for their approval.

Fiscal Impact

The fiscal impact of the Revised JPA General Budget for Fiscal Year 2017/18 is \$5.21 million. This is an *overall increase* of \$1.00 million from the FY 2016/17 Budget. The increase is primarily due to the significant increase in proposed infrastructure projects. The impact to the member agency assessments is (rounded to nearest \$):

JPA Assessments for Each Member Agency

	<u>FY 2016/17</u>	<u>FY 2017/18</u>	<u>\$ Change</u>	<u>% Change</u>
Half Moon Bay	\$2,086,121	\$2,688,597	\$ 602,476	29%
GCSD	\$1,182,816	\$1,349,449	\$ 166,633	14%
MWSD	\$ 848,240	\$1,113,523	\$ 264,283	31%
Total	\$4,117,177	\$5,150,570	\$1,033,393	25%

Staff continues to investigate the possibility of grants and loans to alleviate the burden of the infrastructure projects on the member agency assessments.

BOARD MEMBERS:	J. Blanchard	S. Boyd	D. Penrose
	D. Ruddock	K. Slater-Carter	L. Woren
ALTERNATE MEMBERS:	M. Clark	J. Harvey	B.
Huber	R. Kowalczyk	H. Rarback	

Strategic Plan Compliance

The recommendations in the revised General Budget comply with the SAM Strategic Plan Goal 3: *“Consider long-term costs, and ensure that finances are stable and understandable by the board, member agencies, and the public.”*

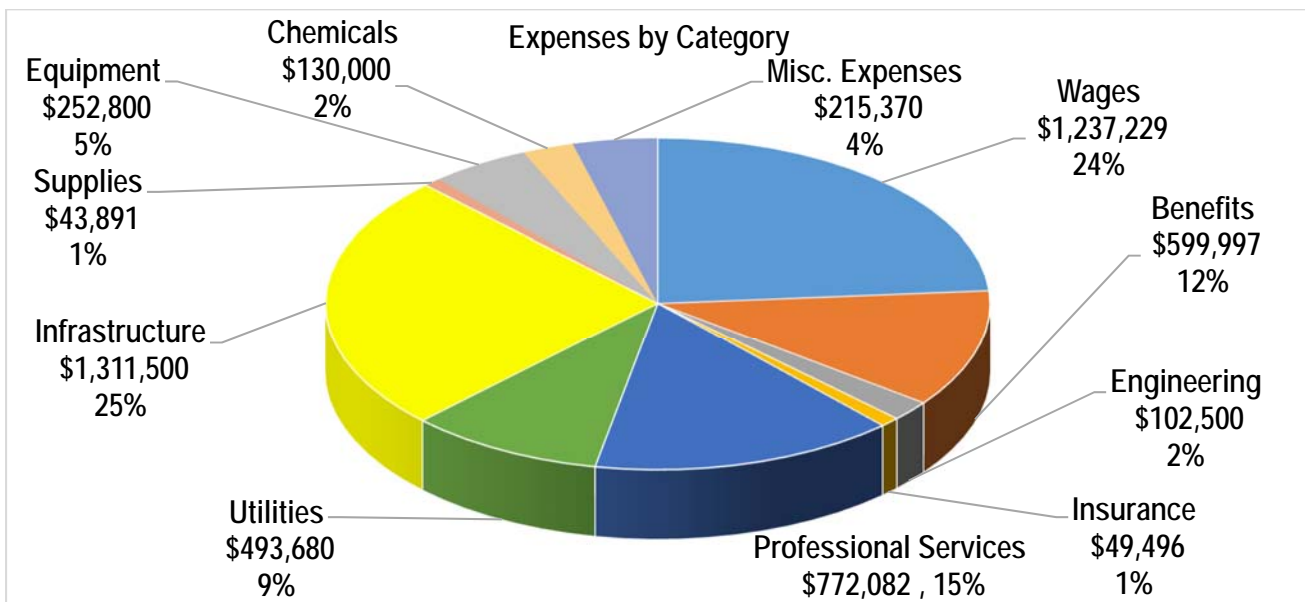
Background and Discussion/Report

The revised JPA General Budget for FY 2017/18 is presented to the Board of Directors for approval and authorizing the General Manager to submit it to the member agencies for their approval. The budget includes obligations for wages and benefits defined in employment and bargaining contracts, increases in retirement contributions, and other non-discretionary expenses. Staff made the following assumptions in determining changes from FY 2016/17.

- The maximum funding available for infrastructure projects is \$1.5 million.
- All three member agencies fully participate in all services.
- All budgeted positions will be filled if they become vacant.
- All applicable merit step increases will be earned per the MOU with Local No. 39.
- 1.5% of payroll will be set aside for OPEB costs.

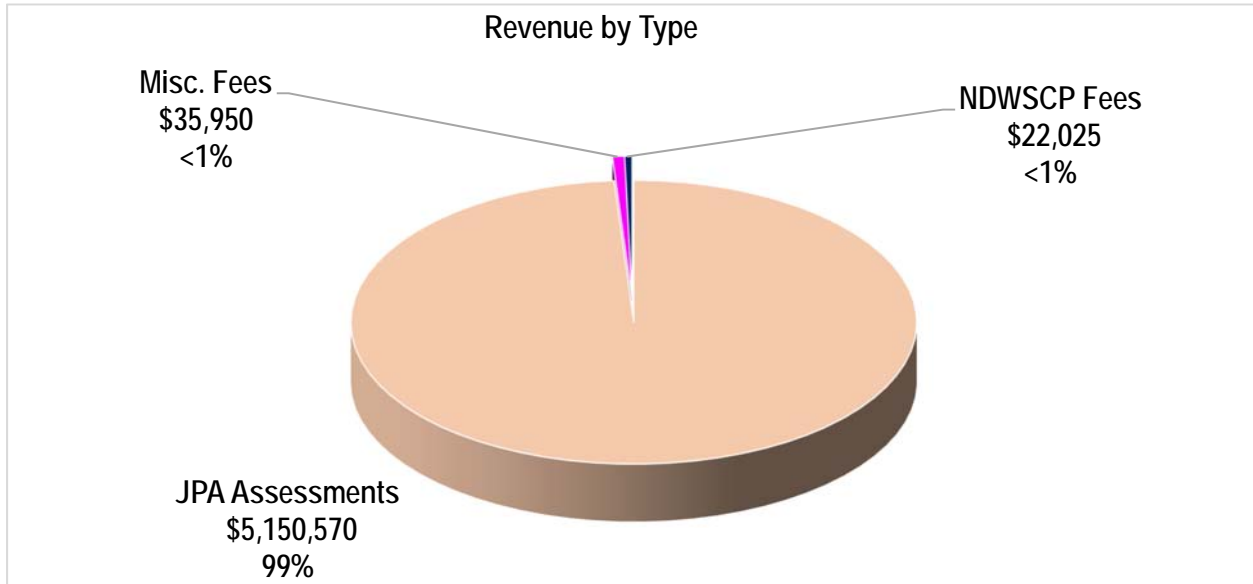
Budget Overview

Of the total JPA General Budget expenses, 24%) is for wages and 12% is for benefits. The cost of infrastructure projects and engineering is 27%. Professional services provided by outside vendors is also a significant amount (15% million) due to SAM’s small staff size and dependency on vendors for technical and specialized services.

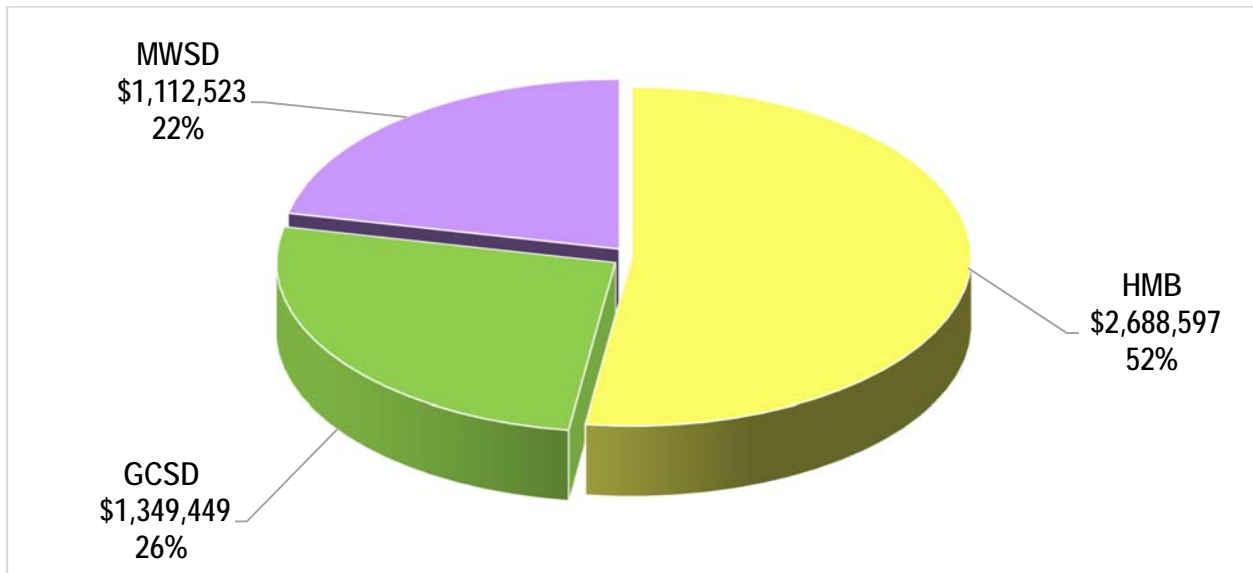


BOARD MEMBERS:	J. Blanchard	S. Boyd	D. Penrose
	D. Ruddock	K. Slater-Carter	L. Woren
ALTERNATE MEMBERS:	M. Clark	J. Harvey	B.
Huber	R. Kowalczyk	H. Rarback	

Of the total JPA General Budget revenue, almost all of it (99%) is from the JPA assessments to the member agencies assessments, which is calculated based on the previous calendar year's flow percentages.



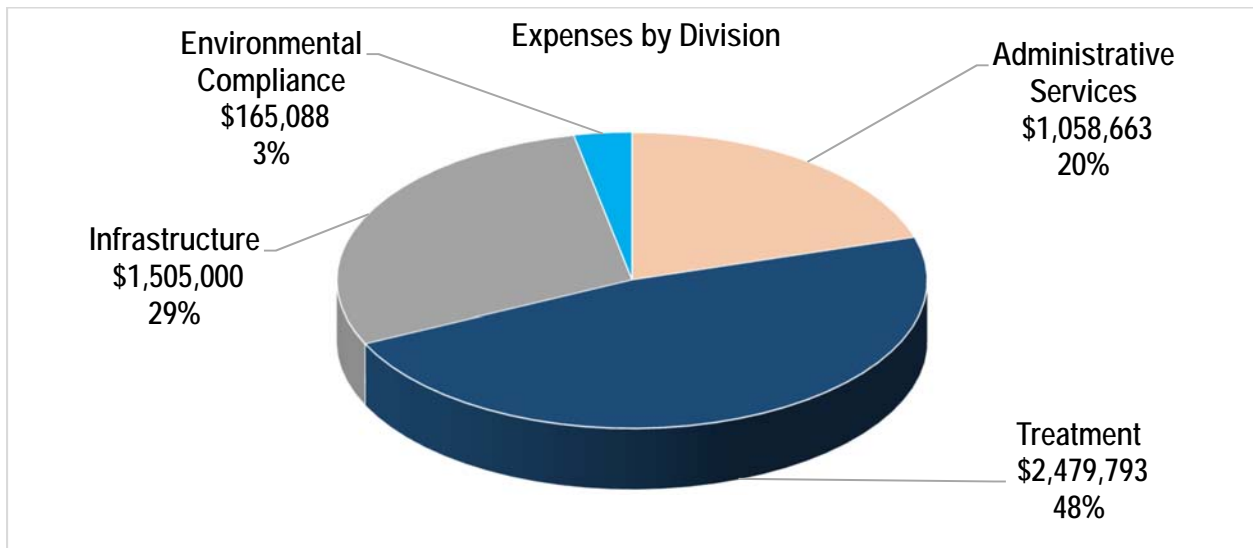
The allocation between the member agencies is reflected in the following chart.



JPA Divisions

The JPA General Budget includes the Administrative Services, Treatment, Environmental Compliance, and Infrastructure divisions. Not surprisingly, the Treatment division has the largest share of the budget (48%) followed by Infrastructure (29%). The allocation of expenses between the divisions is reflected in the following chart.

BOARD MEMBERS:	J. Blanchard	S. Boyd	D. Penrose
	D. Ruddock	K. Slater-Carter	L. Woren
ALTERNATE MEMBERS:	M. Clark	J. Harvey	B.
Huber	R. Kowalczyk	H. Rarback	



The overall change in the JPA budget is due to: increases in wages for cost of living adjustments; increases in CalPERS rates for classic members; increases in retirement medical contributions to meet GASB requirements for other post-employment benefits (OPEB); shifting staff time from the Infrastructure budget to Treatment for general support; shifting staff time to Contract Collection Services for inspections (F.O.G.) that was previously charged to the Environmental Compliance budget; increases in the membership dues and certification fees to various professional organizations; shifting training and travel to Treatment to support staff development that was previously charged to Contract Collection Services; increases in equipment to purchase a new server and related equipment in the Administrative Services division and a replacement truck (Operator) for the Treatment division. The reason that the assessments increased more than the budgeted expenses is that the F.O.G. inspection fees were shifted to the contract collection services divisions along with the related expenditures.

The Infrastructure division budget increased from \$746,074 in Fiscal Year 2016/17 to \$1.50 million (264%). This change is due to: increases in wages for cost of living adjustments; shifting staff time from the Infrastructure budget to Treatment for general support; and funding projects to replace segments of the Force Main that have failed due to age and stress.

Changes in Budget Categories

The significant overall changes in the budget categories are as follows.

1. Wages: increased for negotiated COLA of 3%; application of step increases, where appropriate; eliminated .50 FTE Accounting Technician position.

BOARD MEMBERS:	J. Blanchard	S. Boyd	D. Penrose
	D. Ruddock	K. Slater-Carter	L. Woren
ALTERNATE MEMBERS:	M. Clark	J. Harvey	B.
Huber	R. Kowalczyk	H. Rarback	

2. Premium Pay: increased \$15,182 for negotiated changes in standby pay, certification pay, and overtime pay for work performed outside of normal working hours effective July 1, 2016, but not adopted until September 26, 2016. This also reflects a change in the Supervisor of Treatment/Field Services from non-exempt to exempt for the purposes of overtime.
3. Health Benefits: *decreased* \$28,132 based on elimination of .50 FTE Accounting Technician and negotiated changes in benefits effective July 1, 2016, but not adopted until September 26, 2016.
4. Retirement Contributions: increased \$52,277 due to changes in the CalPERS contribution rates for classic members.
5. Retirement Medical: increased \$16,788 (1.5% of wages) for contributions for OPEB as required by GASB.
6. Misc. Benefits: *decreased* \$12,038 for negotiated changes in benefits effective July 1, 2016, but not adopted until September 26, 2016.
7. Legal Services: *decreased* \$8,160 based on projected costs for FY 2016/17.
8. Engineering Services: *decreased* \$31,550 to reflect fewer projects requiring design and project management services. Design services for the Force Main Replacement Project were primarily completed as part of the FY 2016/17 budget.
9. Professional Services: increased \$3,818 and includes ongoing services that are specialized and need to be performed by consultants and the following one-time needs.
 - \$10,000 for communications plan as identified in the Strategic Plan.
 - \$32,500 to fund two years (FY 2017/18 and FY 2018/19) of the First Flush program provided by SMCRCG.
10. Professional Memberships: increased \$11,055 and reflects rate increases as well as new memberships in local organizations (Rotary, Chamber of Commerce, San Mateo County Employee Relations Consortium) and an increase in certification fees for negotiated changes in minimum requirements, effective July 1, 2016, but not adopted until September 26, 2016.
11. Printing/Advertising: *decreased* \$1,301 based on projected FY 2016/17 expenses.

BOARD MEMBERS:	J. Blanchard	S. Boyd	D. Penrose
	D. Ruddock	K. Slater-Carter	L. Woren
ALTERNATE MEMBERS:	M. Clark	J. Harvey	B.
Huber	R. Kowalczyk	H. Rarback	

12. Insurance Premiums: *decreased* \$3,879 to reflect retroactive premiums and anticipated adjustments in property, liability, and professional liability premiums related to JPA activities.
13. Utilities: increased \$14,080 for electricity, gas, and water based on projected FY 2016/17 expenses and anticipated rate increases.
14. Misc. Expenses: increased \$46,749 reflects a reallocation of expenses from the various categories to correct GL account lines in the accounting software.
15. Travel & Training: increased \$11,000 reflects shifting expenses to Treatment for staff development that was previously charged to Contract Collection Services. This line item will need to be increased if directors plan to attend conferences in FY 2017/18.
16. Building & Maintenance Services: increased \$60,049 for contractors to perform deferred maintenance tasks at the treatment plant and pump stations.
17. Chemicals: *decreased* \$20,500 based on reduced rates through participation in the Bay Area Chemical Consortium. Total savings of approximately \$60,000 from rates prior to joining the consortium.
18. Permits & Licenses: increased \$7,500 for anticipated changes in permit fees as well as more permits for proposed infrastructure projects.
19. Supplies: *decreased* \$40,168 based on projected FY 2016/17 expenses.
20. Equipment: *decreased* \$17,203 to reflect the shift of projects from replacement of equipment to replacement of Force Main segments.
21. Tools: increased \$5,000 for replacement of tools that have worn out and to make sure spares are available in an emergency.
22. Infrastructure: increased \$1.31 million to replace segments of the Force Main that have failed due to age and stress.

Challenges

SAM's Reserve Policy requires a balance of two months of operating reserve (\$868,091) and \$1.25 million in emergency repair reserve for a total reserve of \$2,118,091. As of April 30, 2017, SAM had \$1,388,630 invested with LAIF, which is the total of SAM's reserve funds. To be compliant with the reserve policy, \$729,461 needs to be provided by the member agencies to meet the reserve minimum in addition to the assessments needed to pay for FY 2017/18 expenses. Staff did not incorporate this

BOARD MEMBERS:	J. Blanchard	S. Boyd	D. Penrose
	D. Ruddock	K. Slater-Carter	L. Woren
ALTERNATE MEMBERS:	M. Clark	J. Harvey	B.
Huber	R. Kowalczyk	H. Rarback	

additional funding in the revised budget due to the impact it would have on the member agency assessments.

Cash flow will be an issue in FY 2017/18 due to the timing of infrastructure projects. Assessments are billed in equal installments each month, which generally matches the expenditure outlays related to operating costs such as wages, benefits, and recurring services (janitorial, utility, etc.). Infrastructure costs are incurred based on the timing of the planned or emergency work, which is often driven by weather or project timing, and could result in a significant cash outlay at the beginning of the fiscal year during the Summer and Fall, when much of the activity occurs, and prior to assessments being received to cover the cash outlay. This could result in a need to bill infrastructure up front rather than in twelve equal installments. ***If the budget is approved, staff requests that the portion of the assessments related to Infrastructure be split into 6 equal payments and billed the first 6 months of the fiscal year.***

CalPERS has notified participating agencies of its change in discount rate and how the current smoothing process will increase contribution rates. This will continue to be significant cost until the workforce transitions to all classic employees being retired.

The JPA General Budget was discussed by the Board of Directors at the regular meetings on March 27, April 10, May 8, and May 22, 2017. The Board requested that staff meet with the member agency managers and sewer engineers to identify ways to reduce the budget and reprioritize infrastructure projects to lessen the impact on agency assessments. Staff met and discussed the budget and the Infrastructure projects on May 11 and 12. The following is a summary of recommendations made by one or more of the managers/engineers during those discussions.

- Revise approved 5-Year Infrastructure Plan to reprioritize projects based on current circumstances and stretch the projects over a longer period (i.e., 10 to 20 years).
- The updated Infrastructure Plan needs to be discussed and accepted by the member agency managers/engineers first and then the member agencies before it is presented to the SAM Board for approval and implementation.
- SAM needs to be conservative in what it says it can accomplish (don't overpromise).
- Cap Infrastructure spending at what the member agencies can comfortably afford (approx. \$1.5 million in FY 2017/18) and focus on the IPS segments that are leaking.
- Write bid documents to contain mobilization costs.
- Need to think of SAM budget like personal finances vs. government spending.
- Be more conscientious of rate payer impact.
- Underbudget for non-fixed costs and ask for more mid-year, only if needed.

BOARD MEMBERS:	J. Blanchard	S. Boyd	D. Penrose
	D. Ruddock	K. Slater-Carter	L. Woren
ALTERNATE MEMBERS:	M. Clark	J. Harvey	B.
Huber	R. Kowalczyk	H. Rarback	

- SAM staff need to do more of the work and depend less on contractors (cut by 50%).
- Key budget lines to reduce: Professional Services and Building & Maintenance Services.
- Key budget lines to eliminate: Vehicle Replacement funding, Equipment.
- Need to evaluate number of staff in each position – may be overstaffed.
- SAM is facing a dire situation and needs to strip the budget bare.
- Provide more information of SAM’s funding options: loans, bonds, etc., to lessen the impact on member agency assessments and rates.

Staff did not include all of the member agency/engineer recommendations in the revised budget. It does include reprioritization of the projects and capping the Infrastructure division budget at \$1.5 million.

Staff asks that the Board discuss the revised budget and authorize the General Manager to submit it to the member agencies for their approval.

Supporting Documents

Attachment A: List of Strategic Plan Goals and Infrastructure Projects for FY 2017/18

Attachment B: Revised JPA General Budget for FY 2017/18

BOARD MEMBERS:	J. Blanchard	S. Boyd	D. Penrose
	D. Ruddock	K. Slater-Carter	L. Woren
ALTERNATE MEMBERS:	M. Clark	J. Harvey	B.
Huber	R. Kowalczyk	H. Rarback	

Strategic Plan Goal	Cost	Priority	Included in Revised Budget
Develop Communications Plan	\$ 10,000		Yes
	\$ 10,000		
Set Reserve Standards & Fund	\$ 726,040		No
Resolve IPS Funding Issue (Who Pays for What)	\$ 25,000		No
Develop Succession/Staffing Plan	\$ 25,000		No
Ensure Adequate Staff Training and Development	\$ 25,000		No
Clarify Roles of Manager and Member Managers	\$ 5,000		No
Extrapolate 20-year Asset Management Plan	\$ 100,000		No
Ensure SAM in Compliance with Regulatory Req	\$ 50,000		No
New CCS Agreement	\$ 5,000		No
Emergency Plan	\$ 10,000		No
	\$ 971,040		

Infrastructure Project	Cost	Priority	Included in Revised Budget
Force Main: Replace Segments 1, 2, 3, and 4	\$ 1,430,000	1	Yes
Portola Pump Station: Replace Surge Tank	\$ 75,000	1	Yes
	\$ 1,505,000		
Force Main: Replace Segments 1, 2, 3, and 4	\$ 1,470,000	1	No
WWTP: Replace Chemical Metering Pumps	\$ 75,000	2	No
WWTP: Replace Burner System for Boilers	\$ 55,000	3	No
WWTP: Replace Stainless Steel Heat Exchanger/Shell	\$ 100,000	3	No
Princeton Pump Station: Replace Station	\$ 700,000	4	No
Portola Pump Station: Replace Pump 1	\$ 200,000	4	No
Princeton Pump Station: ATS	\$ 75,000	4	No
Princeton Pump Station: Assess & Repair Rainwater Issues	\$ 50,000	5	No
WWTP: Install WAS Gravity Thickener	\$ 300,000	5	No
	\$ 3,025,000		

SEWER AUTHORITY MID-COASTSIDE



**PROPOSED JPA GENERAL BUDGET
FISCAL YEAR 2017/18
JUNE 12, 2017**

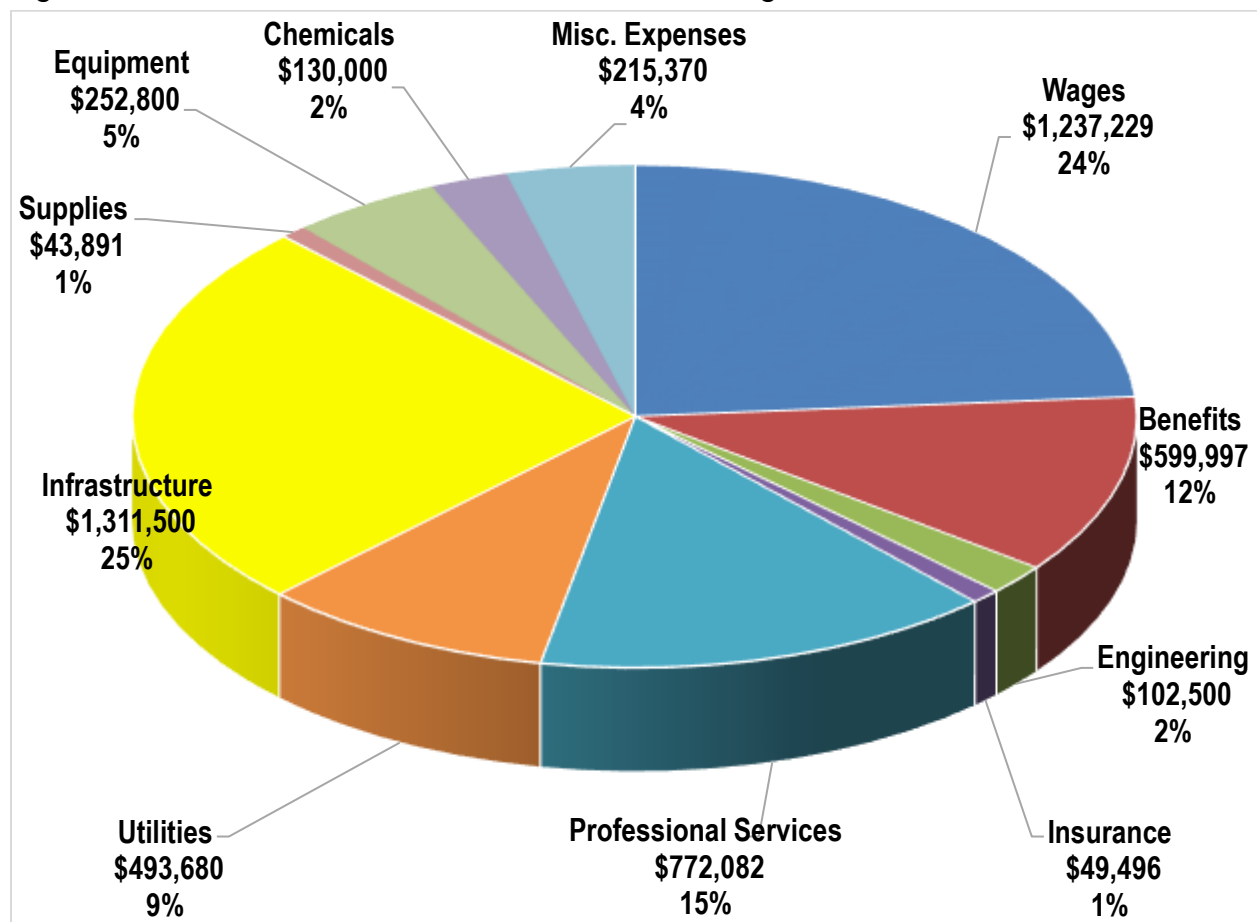
JPA GENERAL BUDGET

SUMMARY

Each year SAM makes assumptions regarding revenue and expenses. While much of the operating expenses are outside of SAM's control (utilities, chemical use, treatment flow levels), it is still possible to estimate the cost from year to year. The Board and the member agencies expect staff to justify all expenditures and to continue to identify areas that can be made more efficient and cost effective.

The budget includes obligations for wages and benefits as stipulated in employment and bargaining contracts, increases in retirement contributions, utilities, chemical supplies, and other non-discretionary expenses. Discretionary costs were recommended by staff based on identified needs and industry practices.

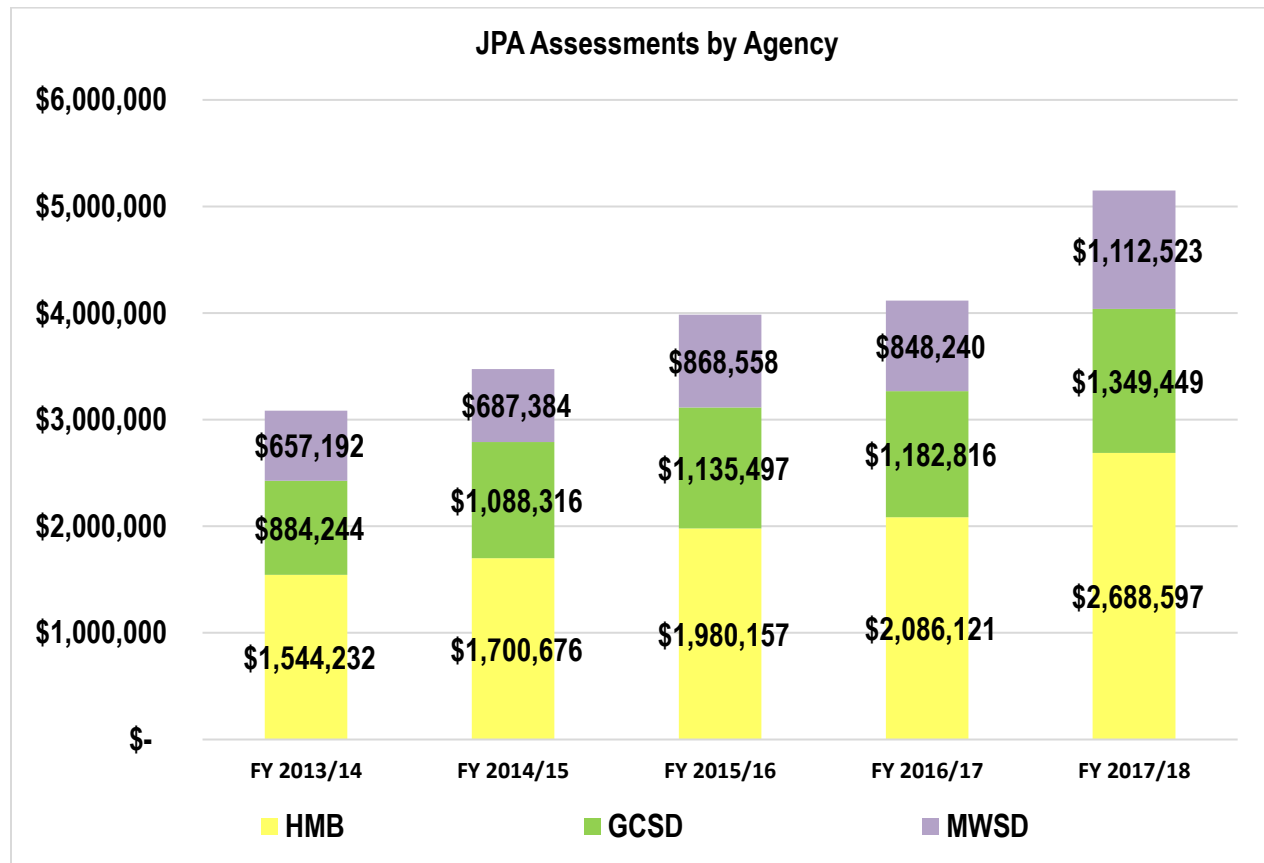
The overall change from the Adopted JPA General Budget for Fiscal Year 2016/17 to Fiscal Year 2017/18 is an increase of \$1,004,368 (24%), which is due mostly to the significant increase in the Infrastructure division budget.



All expenditures and revenues are included in the General Fund, SAM's primary funding source. The impact on the member agency assessments is:

FISCAL YEAR 2017/18

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	\$	%
	<u>Actual</u>	<u>Actual</u>	<u>Adopted</u>	<u>Proposed</u>	<u>Change</u>	<u>Change</u>
Half Moon Bay	\$1,700,676	\$1,980,157	\$2,086,121	\$2,688,597	\$ 602,476	29%
GCSD	\$1,088,316	\$1,135,497	\$1,182,816	\$1,349,449	\$ 166,633	14%
MWSD	\$ 687,384	\$ 868,558	\$ 848,240	\$1,112,523	\$ 264,283	31%
Total	\$3,476,376	\$3,984,212	\$4,117,177	\$5,150,570	\$1,033,393	25%



The primary changes in the JPA General Budget are: increase in wages for cost of living adjustments; increase in CalPERS rates for classic members; increase in retirement medical contributions to meet GASB requirements for other post-employment benefits (OPEB); shift of staff time to Contract Collection Services for pre-treatment inspections (F.O.G.) that was previously charged to the Environmental Compliance budget; increase in the membership dues and certification fees to various professional organizations; shift of training and travel to Treatment to support staff development that was previously charged to Contract Collection Services; increase in equipment to purchase a new server and related equipment; the purchase of a replacement truck (Operator) for the Treatment division; and funding segments of the Force Main in response to the leaks that occurred during FY 2016/17.



PROGRAM DESCRIPTION

The Joint Exercise of Powers Agreement (JEPA) stipulates that the total expenses of operation and maintenance (O & M) of all of the components of the Present Project (intertie pipeline and attendant pump facilities, ocean outfall, treatment plant) shall be shared in a manner based on flows.

Operation & Maintenance Flow Calculations

	HMB	GCSD	MWSD	
FY 2017/18	50.2%	26.2%	21.5%	(Based on Calendar Year 2016)
FY 2016/17	<u>50.7%</u>	<u>28.7%</u>	<u>20.6%</u>	(Based on Calendar Year 2015)
Variance	1.6%	-2.5%	0.9%	

The O & M divisions (Administrative Services, Treatment, Environmental Compliance, and Infrastructure divisions) and staffing have remained relatively static. The following staffing summary reflects the historical cost allocation for O & M staff. In FY 2016/17, the O & M staff that provide assistance to the Contract Collection Services was reallocated to O & M. Staff continues to assist the contract services but the staff allocation and related costs are not charged to that separate budget.

Staffing Summary	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Regular Positions	8.85	8.85	8.85	8.525	11.25	10.50

The following pages provide the budget details for the entire JPA budget as well as the separate budgets for each of the O & M divisions.

JPA GENERAL BUDGET

FY 2013/14 ACTUAL	FY 2014/15 ACTUAL	FY 2015/16 ACTUAL	FY 2016/17 ADOPTED	FY 2016/17 ESTIMATE	FY 2017/18 PROPOSED	CHANGE FROM FY 2016/17 ADOPTED
----------------------	----------------------	----------------------	-----------------------	------------------------	------------------------	-----------------------------------

EXPENDITURES

By Type:

1 Wages	705,711	770,720	919,245	1,202,145	1,127,298	1,174,647	(27,497)	-2.3%
2 Premium Pay	20,981	24,354	31,398	47,400	63,619	62,582	15,182	32%
3 Health Benefits	-	-	35,882	274,625	226,504	246,493	(28,132)	-10.2%
4 Retirement Cont.	119,802	131,159	156,415	207,825	189,746	260,102	52,277	25%
5 Retirement Medical	18,779	2,348	28,974	10,274	26,360	27,062	16,788	163%
6 Misc. Benefits	176,239	246,661	257,854	78,378	67,238	66,340	(12,038)	-15%
7 Legal Services	103,157	76,296	103,449	54,660	41,608	46,500	(8,160)	-15%
8 Engineering Services	147,071	108,194	66,966	134,050	278,420	102,500	(31,550)	-24%
9 Professional Services	253,404	162,934	361,792	616,312	615,432	620,130	3,818	0.6%
10 Prof. Memberships	15,135	16,858	20,133	23,045	33,839	34,100	11,055	48%
11 Printing/Advertising	3,563	2,137	7,495	7,501	1,034	6,200	(1,301)	-17%
12 Insurance Premiums	59,065	53,716	57,858	53,375	48,867	49,496	(3,879)	-7.3%
13 Utilities	482,718	477,856	459,323	479,600	517,379	493,680	14,080	2.9%
14 Misc. Expenses	226,786	225,120	83,869	64,971	123,603	111,720	46,749	72%
15 Travel & Training	14,791	14,936	11,223	21,350	21,880	32,350	11,000	52%
16 Bldg & Maint Services	12,104	13,520	38,704	45,403	240,245	105,452	60,049	132%
17 Chemicals	179,222	186,854	195,468	150,500	128,330	130,000	(20,500)	-14%
18 Permits & Licenses	32,134	48,423	36,983	23,500	27,656	31,000	7,500	32%
19 Supplies	49,722	41,468	51,355	84,059	45,551	43,891	(40,168)	-48%
20 Equipment	517,808	482,643	418,928	260,003	240,655	242,800	(17,203)	-6.6%
21 Tools	1,843	2,380	4,284	5,000	5,000	10,000	5,000	100%
22 Infrastructure	-	512,157	1,353,921	360,200	300,200	1,311,500	951,300	264%
23	3,140,035	3,600,734	4,701,519	4,204,177	4,370,464	5,208,545	1,004,368	24%

24 **Funded Positions:**

25 <i>Operating Fund FTE</i>	8.85	8.85	8.53	11.25	10.75	10.50	(0.75)	-6.7%
26 <i>Other Funds FTE</i>	-	-	-	-	-	-	-	0%
27	8.85	8.85	8.53	11.25	10.75	10.50	(0.75)	-6.7%

28 REVENUE

By Type:

30 JPA Assessments	3,085,668	3,476,376	3,984,212	4,117,178	4,298,070	5,150,570	1,033,392	25%
31 Contract Services	-	-	-	-	-	-	-	0%
32 NDWSCP Fees	40,702	-	74,593	48,249	38,667	22,025	(26,224)	-54%
33 Misc. Fees	5,865	7,635	7,225	7,000	8,136	8,200	1,200	17%
34 Interest Earnings	6,859	7,032	8,365	6,500	4,342	6,500	-	0%
35 Misc. Revenue	30,984	187,734	36,350	25,250	21,250	21,250	(4,000)	-16%
36 From/(To) Reserves	-	-	500,000	-	-	-	-	0%
37	3,170,078	3,678,777	4,610,745	4,204,177	4,370,464	5,208,545	1,004,368	24%

By Agency:

39 Half Moon Bay	1,544,232	1,700,676	1,980,157	2,086,121	2,179,121	2,688,597	602,476	29%
40 Granada CSD	884,244	1,088,316	1,135,497	1,182,816	1,233,546	1,349,449	166,633	14%
41 Montara WSD	657,192	687,384	868,558	848,240	885,402	1,112,523	264,283	31%
42	3,085,668	3,476,376	3,984,212	4,117,177	4,298,070	5,150,570	1,033,393	25%

ADMINISTRATIVE SERVICES DIVISION

FY 2013/14 ACTUAL	FY 2014/15 ACTUAL	FY 2015/16 ACTUAL	FY 2016/17 ADOPTED	FY 2016/17 ESTIMATE	FY 2017/18 PROPOSED	CHANGE FROM FY 2016/17 ADOPTED	
----------------------	----------------------	----------------------	-----------------------	------------------------	------------------------	-----------------------------------	--

EXPENDITURES

By Type:

1	Wages	345,863	389,614	431,898	471,624	459,463	459,157	(12,467)	-2.6%
2	Premium Pay	2,275	2,484	2,021	100	-	200	100	100%
3	Health Benefits	-	-	25,494	93,840	64,820	83,703	(10,137)	-11%
4	Retirement Cont.	60,872	68,572	76,014	83,006	64,365	110,237	27,231	33%
5	Retirement Medical	10,513	1,205	18,216	6,864	16,342	16,301	9,437	137%
6	Misc. Benefits	63,634	121,708	89,174	31,400	19,705	17,613	(13,787)	-44%
7	Legal Services	103,157	76,296	103,449	54,560	41,508	46,000	(8,560)	-16%
8	Engineering Services	142,871	108,194	66,966	-	3,420	2,000	2,000	100%
9	Professional Services	253,404	162,934	316,814	74,500	121,828	100,580	26,080	35%
10	Prof. Memberships	14,987	16,404	18,975	21,925	23,739	24,000	2,075	9.5%
11	Printing/Advertising	2,768	2,137	7,495	6,000	697	5,500	(500)	-8.3%
12	Insurance Premiums	59,065	53,716	56,041	53,375	48,867	49,496	(3,879)	-7.3%
13	Utilities	16,822	19,940	24,678	15,000	29,715	20,180	5,180	35%
14	Misc. Expenses	51,395	51,825	22,880	35,420	73,305	47,995	12,575	36%
15	Travel & Training	2,272	2,507	260	9,000	12,330	15,500	6,500	72%
16	Bldg & Maint Services	12,104	13,520	5,379	14,500	18,617	24,452	9,952	69%
17	Chemicals	-	-	-	-	-	-	-	0%
18	Permits & Licenses	2,772	-	-	-	-	-	-	0%
19	Supplies	11,610	19,044	16,674	47,500	8,056	8,750	(38,750)	-82%
20	Equipment	3,327	2,483	2,781	5,000	7,705	27,000	22,000	440%
21	Tools	-	-	-	-	-	-	-	0%
22	Infrastructure	-	-	-	-	-	-	-	0%
23		1,159,711	1,112,583	1,285,209	1,023,614	1,014,480	1,058,663	35,049	3.4%

24 Funded Positions:

25	Operating Fund FTE	4.000	3.925	3.975	4.000	3.500	3.500	(0.50)	-13%
26	Other Funds FTE	-	-	-	-	-	-	-	0%
27		4.000	3.925	3.975	4.000	3.500	3.500	(0.50)	-13%

28 REVENUE

29 By Type:

30	JPA Assessments	1,080,360	1,094,412	1,122,456	991,864	988,888	1,030,913	39,049	3.9%
31	Contract Services	-	-	-	-	-	-	-	0%
32	NDWSCP Fees	-	-	-	-	-	-	-	0%
33	Misc. Fees	-	-	-	-	-	-	-	0%
34	Interest Earnings	6,859	7,032	8,365	6,500	4,342	6,500	-	0%
35	Misc. Revenue	30,789	13,177	36,350	25,250	21,250	21,250	(4,000)	-16%
36	From/(To) Reserves	-	-	-	-	-	-	-	0%
37		1,118,008	1,114,621	1,167,171	1,023,614	1,014,480	1,058,663	35,049	3.4%

38 By Agency:

39	Half Moon Bay	540,672	535,416	557,868	502,565	501,366	538,137	35,572	7.1%
40	Granada CSD	309,588	342,624	319,896	284,951	283,811	270,099	(14,852)	-5.2%
41	Montara WSD	230,100	216,372	244,692	204,348	203,711	222,677	18,329	9%
42		1,080,360	1,094,412	1,122,456	991,864	988,888	1,030,913	39,049	3.9%

ADMINISTRATIVE SERVICES DIVISION



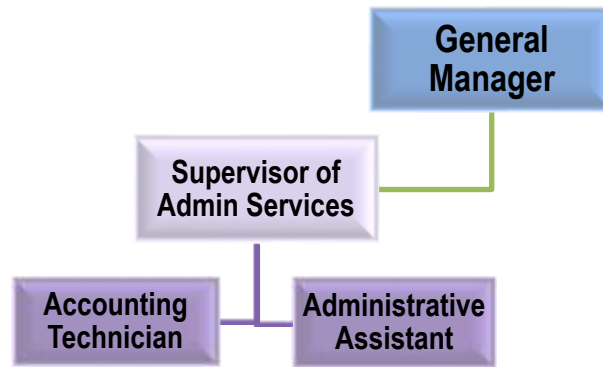
PROGRAM DESCRIPTION

The Administrative Services division provides administrative support to the Board of Directors, the General Manager and all SAM divisions. Its functions include overall planning and coordination of SAM activities, including human resources and risk management, management of SAM's information systems, the web site, and Board services. While there is little public contact by office staff, contact with member agencies and vendors is often coordinated via Administrative Services and information management is a significant role.

This division is responsible for wage, salary and benefits administration, recruitment, employee relations, training, as well as administration of the District's self-insurance and loss prevention programs.

The financial staff in Administrative Services is responsible for maintaining detailed financial records; accounts payable processing; issuing, tracking and collection of accounts receivables; payroll processing; employee benefits accounting; fixed asset management; financial planning, forecasting and reporting; budget development; debt administration; centralized procurement; coordination of the District's audits and issuance of a Comprehensive Annual Financial Report.

Administrative Services operations are managed by the Supervisor of Administrative Services. The following organizational chart reflects the reporting structure for this division.



The following staffing summary reflects the historical cost allocation for this division.

Staffing Summary	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Regular Positions	4.00	4.00	3.925	3.975	4.00	3.50

FINANCIAL DETAILS

The following is a list of key budget categories, what is included in each category, and the changes between the FY 2015/16 and 2016/17 budgets.

Budget Line #	FY 2016/17	FY 2017/18
1. Wages Increased for COLA adjustments of 3% per MOU. Includes wages for 3.50 staff allocated to this division, which reflects the reduction of the Accounting Technician from full- to part-time, and the fees paid to SAM Directors for Board, Committee and special meetings based on days of service.	\$471,624	\$459,157
2. Premium Pay Increased to account for the possibility of more meetings and events that would require staff assistance outside of regular hours. Overtime paid for staff to perform tasks outside of normal work times.	\$100	\$200
3. Health Benefits Decreased to reflect the reduction of the Accounting Technician from full- to part-time with pro-rated benefits. The cost of medical, dental, and vision benefits provided to employees based on the MOU or Unrepresented Employees Manual.	\$93,840	\$83,703

FISCAL YEAR 2017/18

<u>Budget Line #</u>	<u>FY 2016/17</u>	<u>FY 2017/18</u>
4. Retirement Contributions Increased to reflect changes in the CalPERS contribution rates for classic members. SAM pays the employer contribution as well as a portion of the employee contribution to CalPERS for retirement benefits. SAM is in compliance with PEPRAs.	\$83,006	\$ 110,237
5. Retirement Medical Increased to make contributions to an OPEB trust in compliance with GASB as well as current retiree medical premiums.	\$6,864	\$16,301
6. Misc. Benefits Increased for negotiated changes in benefits effective July 1, 2016, but not adopted until September 26, 2016, and the reduction of the Accounting Technician from full- to part-time.	\$31,400	\$17,613
7. Legal Services Decreased based on projected costs for FY 2016/17.	\$54,560	\$46,000
8. Engineering Services Increased to provide general support unrelated to infrastructure or maintenance projects.	\$0	\$2,000
9. Professional Services Increased for developing a communications plan per the adopted Strategic Plan. It also includes ongoing services that are specialized and need to be performed by consultants rather than staff.	\$74,500	\$88,080
10. Professional Membership Increased to reflect rate increases for memberships in professional organizations for SAM and employees that keeps them current in industry practices and improves how SAM serves the community.	\$21,925	\$24,000
11. Printing/Advertising The cost of printing envelopes, letterhead, checks, and other business forms, mandatory employment posters, as well as advertising public notices.	\$6,000	\$5,500

FISCAL YEAR 2017/18

<u>Budget Line #</u>	<u>FY 2016/17</u>	<u>FY 2017/18</u>
12. Insurance Premiums Workers' compensation, property, and liability premiums based on utilization rates.	\$53,375	\$49,496
13. Utilities Electricity, water, telephone, cable, internet connections, etc. based on FY 2016/17 projections and anticipated rate increases.	\$15,000	\$20,180
14. Misc. Expenses Includes incidental expenses (offsite file storage, postage, claims, copier lease, phone system lease) not captured in other categories.	\$35,420	\$60,495
15. Travel & Training Training and travel related costs for attendance at industry conferences and seminars, and other related events to allow staff to keep current on technical skills and industry best practices. Increased for anticipated conference attendance for directors.	\$9,000	\$15,500
16. Building & Maintenance Services Includes janitorial and other regular building maintenance services.	\$14,500	\$24,452
17. Chemicals There are no chemical costs charged to Administrative Services.	\$0	\$0
18. Permits & Licenses There are no permit and license costs charged to Administrative Services.	\$0	\$0
19. Supplies Office, computer, and general supplies, including food for Board and SAM member managers' meetings.	\$47,500	\$8,750
20. Equipment Purchase of a server, replacement computers, small office equipment, and ergonomic equipment.	\$5,000	\$27,000

FISCAL YEAR 2017/18

Budget Line #	FY 2016/17	FY 2017/18
21. Tools There are no tool costs in this division.	\$0	\$0
22. Construction There are no construction costs in this division.	\$0	\$0

The significant changes in the Administrative Services division from the Adopted Budget for FY 2016/17 included in the FY 2017/18 budget are as follows.

1. Reduced the Accounting Technician from full-time to part-time.
2. Increased the retirement contributions budget to CalPERS for classic employees based on projected rate changes.
3. Increased the retirement medical budget to contribute 1.5% of payroll into a trust for future OPEB costs in compliance with GASB.
4. Increased the budget for professional services to develop a communications plan per the adopted Strategic Plan.
5. Increase the budget for Misc. Expenses to reflect the lease payment for the new phone system.
6. Increased the travel and training budget to ensure sufficient funding for directors to attend conferences and seminars relevant to SAM.

GOALS

- Provide effective and efficient administrative support to the Board and other divisions.
- Maintain responsive and efficient customer service.
- Ensure that SAM is protected against loss through risk and claim management.
- Manage information systems, web site and social media pages.
- Implement document retention and destruction policy and procedures in compliance with state requirements.
- Review administrative, financial, and personnel policies each year for compliance and relevance.

ACHIEVEMENTS

- Completed negotiations with IUOE, Local No. 39, for a successor MOU.
- Completed recruitments for Operator-in-Training, Collection Maintenance Worker, and Accounting Technician.

- Designed and implemented new SAM website to replace one being discontinued by the existing provider.
- Reviewed and updated existing Anti-Harassment and Discrimination Policy and recommended new policies (Board Communications Policy; Employee Recognition and Expressions of Sympathy Policy) for Board approval.
- Completed the SAM Strategic Plan process.
- Replaced the outdated telephone system and reduced monthly service rates.

PROGRAM OBJECTIVES

- Manage the processing and review of SAM contracts.
- Maintain records of benefits, including employee leave balances, retirement contributions, and employer-provided insurance policies.
- Coordinate updates to terms and conditions for Unrepresented Employees.
- Recruit and retain highly qualified candidates for vacant positions.
- Maintain up-to-date personnel files.
- Provide assistance with employee relations.
- Provide on-going clarifications of definitions and conditions of employment.
- Evaluate personnel policies and procedures and make appropriate revisions.
- Process employee payroll per employee contracts. Process accounts payable on a weekly basis. Issue, track and collect accounts receivable.
- Maintain accounting files on Capital Improvement projects and Fixed Assets.
- Provide monthly budget reports to divisions each month.
- Conform with GAAP (Generally Accepted Accounting Principles).
- Manage and prioritize division activities on an ongoing basis.
- Work with other divisions to implement procedures that result in cost savings, increased efficiencies and improved customer service.
- Provide general administrative support to all divisions for centralized services.
- Efficiently and effectively manage information technology and systems, including the SAM website and social media sites.

PERFORMANCE MEASURES

- Submit the Annual Financial and Salary & Compensation reports to the State Controller's Office by the deadline.
- Implement objectives identified in the SAM Strategic Plan.
- Review and update, as necessary, 25% of administrative, financial and personnel policies.
- Complete the annual audit and present it to the Board by the December meeting.
- Present budget to Board and member agencies in a timely manner.

TREATMENT DIVISION

FY 2013/14 ACTUAL	FY 2014/15 ACTUAL	FY 2015/16 ACTUAL	FY 2016/17 ADOPTED	FY 2016/17 ESTIMATE	FY 2017/18 PROPOSED	CHANGE FROM FY 2016/17 ADOPTED
----------------------	----------------------	----------------------	-----------------------	------------------------	------------------------	-----------------------------------

EXPENDITURES

By Type:

1 Wages	327,637	359,700	486,492	577,667	589,322	621,376	43,709	7.6%
2 Premium Pay	18,706	21,870	29,377	47,200	62,224	61,591	14,391	30%
3 Health Benefits	-	-	10,297	154,898	152,944	144,843	(10,055)	-6.5%
4 Retirement Cont.	54,060	59,351	80,271	102,669	117,116	137,082	34,413	34%
5 Retirement Medical	7,819	1,143	10,314	1,509	8,840	9,322	7,812	518%
6 Misc. Benefits	100,628	115,619	167,914	37,259	37,937	43,504	6,246	17%
7 Legal Services	-	-	-	-	-	-	-	0%
8 Engineering Services	4,200	-	-	500	25,000	500	-	0%
9 Professional Services	-	-	37,529	422,292	412,932	429,500	7,208	1.7%
10 Prof. Memberships	148	454	1,158	1,120	10,000	10,000	8,880	793%
11 Printing/Advertising	645	-	-	1	69	100	99	9900%
12 Insurance Premiums	-	-	1,817	-	-	-	-	0%
13 Utilities	465,896	457,916	434,638	464,600	487,664	473,500	8,900	1.9%
14 Misc. Expenses	175,391	172,167	60,989	27,304	49,540	50,550	23,246	85%
15 Travel & Training	12,519	12,429	10,963	9,000	9,000	13,000	4,000	44%
16 Bldg & Maint Services	-	-	33,325	30,903	221,628	81,000	50,097	162%
17 Chemicals	179,222	186,854	195,468	145,500	122,384	125,000	(20,500)	-14%
18 Permits & Licenses	29,362	48,423	36,983	23,500	27,656	31,000	7,500	32%
19 Supplies	38,112	22,424	34,681	23,860	34,681	25,125	1,265	5.3%
20 Equipment	514,481	480,160	416,147	180,003	181,450	212,800	32,797	18%
21 Tools	1,843	2,380	4,284	5,000	5,000	10,000	5,000	100%
22 Infrastructure	-	-	-	-	-	-	-	0%
23	1,930,669	1,940,889	2,052,647	2,254,785	2,555,386	2,479,793	225,008	10%

24 Funded Positions:

25 <i>Operating Fund FTE</i>	4.600	4.700	4.275	5.950	6.250	6.250	0.30	5.0%
26 <i>Other Funds FTE</i>	-	-	-	-	-	-	-	0%
27	4.600	4.700	4.275	5.950	6.250	6.250	0.30	5.0%

28 REVENUE

By Type:

30 JPA Assessments	2,005,308	2,061,960	2,124,756	2,247,786	2,528,583	2,452,593	204,807	9.1%
31 Contract Services	-	-	-	-	-	-	-	0%
32 NDWSCP Fees	-	-	-	-	18,667	19,000	19,000	189990%
33 Misc. Fees	5,865	7,635	7,225	7,000	8,136	8,200	1,200	17%
34 Interest Earnings	-	-	-	-	-	-	-	0%
35 Misc. Revenue	195	174,557	-	-	-	-	-	0%
36 From/(To) Reserves	-	-	-	-	-	-	-	0%
37	2,011,368	2,244,152	2,131,981	2,254,786	2,555,386	2,479,793	225,007	10%

By Agency:

39 Half Moon Bay	1,003,560	1,008,780	1,056,000	1,138,924	1,281,992	1,280,254	141,330	12%
40 Granada CSD	574,656	645,528	605,556	645,762	725,703	642,579	(3,183)	-0.5%
41 Montara WSD	427,092	407,652	463,200	463,099	520,888	529,760	66,661	14%
42	2,005,308	2,061,960	2,124,756	2,247,785	2,528,583	2,452,593	204,808	9.1%

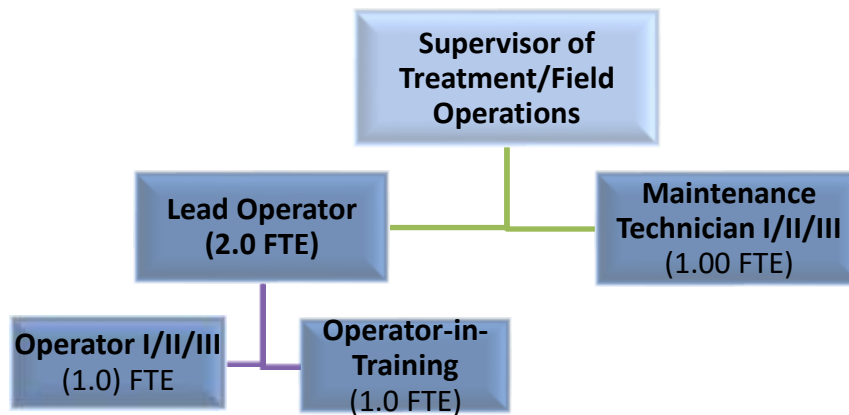
TREATMENT DIVISION



PROGRAM DESCRIPTION

The Treatment division is responsible for the safe, economical, and environmentally acceptable treatment and reclamation of all sanitary wastewater flows from the City of Half Moon Bay, Granada Community Services District, and the Montara Water & Sanitary District. The division is responsible for the reliability and integrity of systems and equipment at the Plant and the operation and maintenance of three SAM pump stations and the transmission pipeline. Staff performs predictive and preventive maintenance programs, corrective and rehabilitative maintenance, and in-house equipment and process improvements.

Division services are supervised by the Supervisor of Treatment/Field Operations. The following organizational chart reflects the reporting structure of the division.



The following staffing summary reflects the historical cost allocation for the division.

Staffing Summary	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Regular Positions	4.60	4.60	4.70	4.275	5.95	6.25

FINANCIAL HIGHLIGHTS

The following is a list of key budget categories, what is included in each category, and the changes between the FY 2015/16 and 2016/17 budgets.

Budget Line #	FY 2016/17	FY2017/18
1. Wages Increased for COLA adjustments of 3% per MOU, a shift of 0.30 Engineering & Construction Contracts Manager, which reflects the additional engineering and project management related to the Treatment function, and merit step increases, where applicable.	\$582,667	\$621,376
2. Premium Pay Overtime paid for staff to perform tasks outside of normal work times as well as standby pay. The change reflects negotiated changes effective July 1, 2016, but not adopted until September 26, 2016. This also reflects the change in the Supervisor from non-exempt to exempt for the purposes of overtime.	\$47,200	\$61,591
3. Health Benefits The cost of medical, dental, and vision benefits provided to employees based on the MOU or Unrepresented Employees Manual. The change reflects negotiated changes effective July 1, 2016, but not adopted until September 26, 2016.	\$154,898	\$144,843
4. Retirement Contributions Increased to reflect changes in CALPERS contribution rates for classic members. SAM pays the employer contribution as well as a portion of the employee contribution to CalPERS for retirement benefits. SAM is in compliance PEPRA.	\$102,669	\$137,082
5. Retirement Medical Increased to make contributions to an OPEB trust in compliance with GASB as well as current retiree medical premiums.	\$8,740	\$9,322

FISCAL YEAR 2017/18

<u>Budget Line #</u>	<u>FY 2016/17</u>	<u>FY2017/18</u>
6. Misc. Benefits The increase reflects negotiated changes effective July 1, 2016, but not adopted until September 26, 2016.	\$37,259	\$43,504
7. Legal Services There are no legal services charged to Treatment.	\$0	\$0
8. Engineering Services General support unrelated to infrastructure projects.	\$500	\$500
9. Professional Services This category reflects specialized services that cannot be provided by SAM staff. Increased to reflect increases in ongoing services.	\$422,292	\$429,500
10. Professional Membership Memberships in professional organizations for SAM and employees that keeps them current in industry practices and improves how SAM serves the community. Costs were previously charged to Administrative Services and the CCS budget.	\$1,120	\$10,000
11. Printing/Advertising Includes the cost of printing business cards and advertising related to small repair and maintenance projects.	\$0	\$100
12. Insurance Premiums There are no insurance premiums charged to Treatment.	\$0	\$0
13. Utilities Electricity, water, telephone, cable, etc. Increased to reflect anticipated rate increases.	\$462,100	\$473,500
14. Misc. Expenses Includes incidental expenses (uniforms, radio and alarm systems, etc.) not captured in other categories. Increase is based on projected expenses for FY 2016/17 and anticipated needs.	\$27,304	\$50,550

FISCAL YEAR 2017/18

<u>Budget Line #</u>	<u>FY 2016/17</u>	<u>FY2017/18</u>
15. Travel & Training Training and travel related costs for attendance at industry conferences and seminars, and other related events to allow staff to keep current on technical skills and industry best practices and safety training. Increased to reflect the costs previously charged to the CCS budget for the employees in that budget as well as negotiated changes effective July 1, 2016, but not adopted until September 26, 2016	\$9,000	\$13,000
16. Building & Maintenance Services Includes janitorial and other regular building and facility maintenance services. Increased to reflect planned maintenance at the Treatment Plant as well as the pump stations that are not significant to be separate infrastructure projects.	\$30,903	\$81,000
17. Chemicals Includes chemicals (sodium hypochlorite, polymer, ferric chloride) used in the treatment of wastewater to meet regulatory standards. Decreased to reflect reduced rates through participation in the Bay Area Chemical Consortium.	\$145,500	\$125,000
18. Permits & Licenses Annual costs for permits with local, regional and state agencies. Increase reflects anticipated changes in fees.	\$23,500	\$31,000
19. Supplies Office, computer, and general supplies.	\$23,860	\$25,125
20. Equipment Purchase of equipment for repair and rehabilitation of SAM facilities. Repair projects and equipment purchases in this category typically cost less than \$30,000 each. Increased to reflect planned maintenance at the Treatment Plant as well as the pump stations that are not large enough to be separate infrastructure projects.	\$180,003	\$212,800

<u>Budget Line #</u>	<u>FY 2016/17</u>	<u>FY2017/18</u>
21. Tools Purchase of tools for repair of facilities, vehicles, and equipment.	\$5,000	\$10,000
22. Construction There are no construction costs in this division. These costs are generally reflected in the Infrastructure division and exceed \$30,000 per project.	\$0	\$0

The significant changes in the Treatment division from the Adopted Budget for FY 2016/17 included in the FY 2017/18 budget are:

1. Reallocated 0.25 FTE Engineering & Construction Contracts Manager from Infrastructure to Treatment, for a total of .50 FTE, to reflect the support provided for Treatment-related functions.
2. Increased retirement contributions to CalPERS for classic employees based on projected rate changes.
3. Increased retirement medical to contribute 1.5% of payroll into a trust for future OPEB costs in compliance with GASB.
4. Increased Building & Maintenance Services to reflect more work contracted to third-party vendors to perform regular and emergency maintenance tasks.
5. Reallocated budget between line items to more accurately reflect the expenditures after implementing new accounting software.

GOALS

- Operate the wastewater treatment system for current and future customers with safe, efficient, and cost-effective treatment services.
- Achieve 100% compliance with all NPDES limits for conventional pollutants.
- Maintain appropriate capacities and effective operations and assure no spills or overflows at SAM facilities.
- Maintain the wastewater treatment and pump station facilities at a level that assures uninterrupted quality service and no process interruptions due to equipment failures.
- Promote the development and education of staff to assure the ongoing ability to operate, maintain, troubleshoot and repair all systems and equipment.

- Maintain equipment and facilities to improve reliability and reduce operating and maintenance costs.

HIGHLIGHTS

- Performed process related laboratory analysis for the Environmental Compliance division on weekends.
- Conducted all required annual safety training programs.
- Administered the Trucked Waste Acceptance Program.
- Worked to optimize processes and expand nitrifying facilities to improve reliability.

PROGRAM OBJECTIVES

- Perform required preventive and predictive maintenance to eliminate spills, overflows, bypasses or discharge permit violations, and to minimize the possibility of equipment breakdowns
- Promote comprehensive training of division personnel.
- Continue to promote and provide a safe and healthy environment for all staff, contractors, and community.
- Develop and implement standard operating procedures (SOPs) for operations and maintenance functions.
- Develop and implement maintenance plan for routine maintenance on all equipment.
- Purchase and implement new computer maintenance management system to replace outdated system.

PERFORMANCE MEASURES

- Meet all effluent quality targets described in the NPDES permit.
- Perform all routine maintenance tasks in a timely manner.

ENVIRONMENTAL COMPLIANCE DIVISION

FY 2013/14 ACTUAL	FY 2014/15 ACTUAL	FY 2015/16 ACTUAL	FY 2016/17 ADOPTED	FY 2016/17 ESTIMATE	FY 2017/18 PROPOSED	CHANGE FROM FY 2016/17 ADOPTED
----------------------	----------------------	----------------------	-----------------------	------------------------	------------------------	-----------------------------------

EXPENDITURES

By Type:

Wages	32,211	21,406	855	53,054	53,170	33,284	(19,770)	-37%
Premium Pay	-	-	-	100	1,395	791	691	691%
Health Benefits	-	-	91	11,730	5,684	6,217	(5,513)	-47%
Retirement Cont.	4,870	3,237	129	10,234	7,089	8,577	(1,657)	-16%
Retirement Medical	447	-	444	796	798	524	(272)	-34%
Misc. Benefits	11,977	9,334	767	4,090	7,961	1,080	(3,010)	-74%
Legal Services	-	-	-	-	-	-	-	0%
Engineering Services	-	-	-	-	-	-	-	0%
Professional Services	-	-	7,449	79,500	80,671	92,550	13,050	16%
Prof. Memberships	-	-	-	-	100	100	100	10000%
Printing/Advertising	150	-	-	500	69	100	(400)	-80%
Insurance Premiums	-	-	-	-	-	-	-	0%
Utilities	-	-	7	-	-	-	-	0%
Misc. Expenses	-	1,128	-	750	759	550	(200)	-27%
Travel & Training	-	-	-	1,250	550	3,300	2,050	164%
Bldg & Maint Services	-	-	-	-	-	-	-	0%
Chemicals	-	-	-	5,000	5,946	5,000	-	0%
Permits & Licenses	-	-	-	-	-	-	-	0%
Supplies	-	-	-	12,699	2,815	10,016	(2,683)	-21%
Equipment	-	-	-	-	1,500	3,000	3,000	30000%
Tools	-	-	-	-	-	-	-	0%
Infrastructure	-	-	-	-	-	-	-	0%
	49,655	35,105	9,742	179,704	168,506	165,088	(14,615)	-8.1%

Funded Positions:

Operating Fund FTE	0.250	0.225	0.275	0.500	0.500	0.250	(0.25)	-50%
Other Funds FTE	-	-	-	-	-	-	-	0%
	0.250	0.225	0.275	0.500	0.500	0.250	(0.25)	-50%

REVENUE

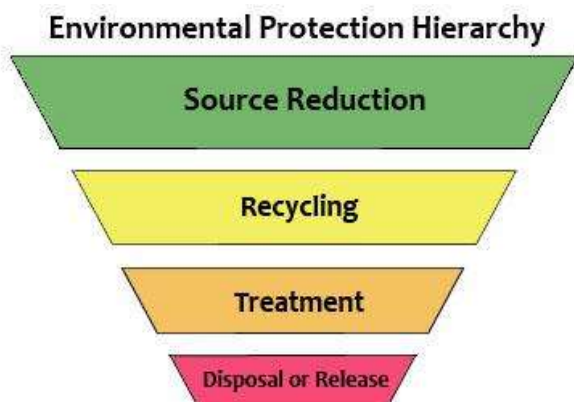
By Type:

JPA Assessments	-	-	-	131,454	148,506	162,063	30,609	23%
Contract Services	-	-	-	-	-	-	-	0%
NDWSCP Fees	40,702	-	74,593	48,249	20,000	3,025	(45,224)	-94%
Misc. Fees	-	-	-	-	-	-	-	0%
Interest Earnings	-	-	-	-	-	-	-	0%
Misc. Revenue	-	-	-	-	-	-	-	0%
From/(To) Reserves	-	-	-	-	-	-	-	0%
	40,702	-	74,593	179,703	168,506	165,088	(14,615)	-8.1%

By Agency:

Half Moon Bay	-	-	-	66,606	75,293	84,597	17,991	27%
Granada CSD	-	-	-	37,765	42,621	42,461	4,695	12%
Montara WSD	-	-	-	27,083	30,592	35,006	7,923	29%
	-	-	-	131,454	148,506	162,063	30,609	23%

ENVIRONMENTAL COMPLIANCE DIVISION



PROGRAM DESCRIPTION

The Environmental Compliance division provides services and oversight in four areas: National Pollutant Discharge Elimination System (NPDES) permit compliance, Laboratory Operations, Non-Domestic Waste Source Control (NDWSCP) Program, and Pollution Prevention (P2) Program. NPDES permit compliance involves maintaining compliance with permit parameters, implementing investigations and additional sampling programs to address specific pollutants, developing action plans to reduce these pollutants and reporting levels of progress to the Regional Board. The laboratory conducts analyses of various plant samples for process control, NPDES permit parameters, and special projects as needed.

The NDWSC Program includes evaluating facilities and dischargers within SAM's service area that could adversely affect the SAM collection system and/or treatment plant, evaluating discharge permit applications and issuing permits, performing inspections, sampling and monitoring and conducting enforcement when needed. The P2 Program focuses on educating commercial businesses and residents on pollutants that are harmful to the collection system, treatment plant and the environment, including fats, oils, and grease (F.O.G.), and how to reduce or eliminate them. Public information, plant tours, and participation in outreach activities are significant elements.

Division functions are supervised by the Supervisor of Treatment/Field Operations. The following organizational chart reflects the reporting structure of the division.

**Supervisor of
Treatment/Field
Operations**

The following staffing summary reflects the historical cost allocation for the division.

Staffing Summary	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Regular Positions	0.25	0.25	0.225	0.275	0.50	0.25

FINANCIAL HIGHLIGHTS

The following is a list of key budget categories, what is included in each category, and the changes between the FY 2015/16 and 2016/17 budgets.

Budget Line #		FY 2016/17	FY2017/18
1.	Wages Decreased to reflect that F.O.G. inspections performed by the 0.25 Lead Collection Maintenance Worker on behalf of the member agencies have been reallocated to the CCS budget along with the associated revenue.	\$53,054	\$33,284
2.	Premium Pay Certification pay, standby pay, and overtime paid for staff to perform tasks outside of normal work times. Increased to reflect negotiated changes effective July 1, 2016, but not adopted until September 26, 2016.	\$100	\$791
3.	Health Benefits The cost of medical, dental, and vision benefits provided to employees based on the MOU or Unrepresented Employees Manual. Decreased to reflect the shift of 0.25 Lead Collection Maintenance Worker to CCS. Reflects negotiated changes effective July 1, 2016, but not adopted until September 26, 2016.	\$11,730	\$6,217
4.	Retirement Contributions Reflects changes in CALPERS contribution rates for classic members. SAM pays the employer contribution as well as a portion of the employee contribution to CalPERS for retirement benefits. SAM is in compliance PEPRA. Decreased to reflect the shift of 0.25 Lead Collection Maintenance Worker to CCS.	\$10,234	\$8,577
5.	Retirement Medical Increased to reflect contributions to an OPEB trust in compliance with GASB as well as current retiree medical premiums, and decreased to reflect the shift of 0.25 Lead Collection Maintenance Worker to CCS.	\$796	\$524

FISCAL YEAR 2017/18

<u>Budget Line #</u>	<u>FY 2016/17</u>	<u>FY2017/18</u>
6. Misc. Benefits Decreased to reflect the shift of 0.25 Lead Collection Maintenance Worker to CCS.	\$4,090	\$1,080
7. Legal Services There are no legal services budgeted to EC.	\$0	\$0
8. Engineering Services There are no engineering costs budgeted to EC.	\$0	\$0
9. Professional Services This category is for specialized services that cannot be provided by SAM staff. Increased to reflect anticipated increases in third-party laboratory rates. It also includes funding for two years of the First Flush program.	\$79,500	\$92,550
10. Professional Membership The cost of the laboratory certification, which was previously charged to Treatment.	\$0	\$100
11. Printing/Advertising Printing and mailing outreach and inspection information as part of the pre-treatment and pollution prevention programs.	\$500	\$100
12. Insurance Premiums There are no insurance premiums budgeted to EC.	\$0	\$0
13. Utilities There are no utility costs budgeted to EC.	\$0	\$0
14. Misc. Expenses Includes incidental expenses (postage, copier) not captured in other categories.	\$750	\$550
15. Travel & Training Training and travel related costs for attendance at industry conferences, seminars, and other related events to keep current on technical skills and industry practices and required safety training. Significant changes are anticipated related to laboratory requirements. Additional training will be needed.	\$1,250	\$3,300

FISCAL YEAR 2017/18

Budget Line #	FY 2016/17	FY2017/18
16. Building & Maintenance Services There are no building maintenance services budgeted to EC.	\$0	\$0
17. Chemicals Includes chemicals used in the laboratory to meet regulatory standards.	\$5,000	\$5,000
18. Permits & Licenses There are no permits or licenses budgeted to EC.	\$0	\$0
19. Supplies Office, computer, and general supplies. The laboratory costs were previously reported in the Treatment budget.	\$250	\$10,016
20. Equipment Purchase of equipment and tools for use in the laboratory to replace outdated or unrepairable equipment.	\$0	\$3,000
21. Tools There are no tool costs budgeted to EC.	\$0	\$0
22. Construction There are no construction costs budgeted to EC.	\$0	\$0

The significant changes in the Environmental Compliance division from the Adopted Budget for FY 2015/16 included in the FY 2016/17 budget are:

1. Reallocated 0.25 FTE Lead Collection Maintenance Worker related to the F.O.G. inspections performed on behalf of member agencies.
2. Increased retirement contributions to CalPERS for classic employees based on projected rate changes.
3. Increased retirement medical to contribute 1.5% of payroll into a trust for future OPEB costs in compliance with GASB.
4. Increased Professional Services to fund two-years of the First Flush program.

GOALS

- Achieve and maintain 100 % compliance with the District's NPDES permit requirements, including the NDWSC and Pollution Prevention (P2) programs.

- Promote and maintain a positive, safe and productive work environment while cultivating a sense of environmental stewardship.
- Promote and maintain representative sampling, perform exceptional analyses and accurately report data collected to evaluate industrial and commercial discharges, the operational status of the treatment plant and the quality of the bio-solids generated.
- Effectively regulate dischargers of industrial, commercial and other types of wastewater to protect the sanitary sewer system, the treatment plant, staff, the public and the environment.
- Effectively implement the Pollution Prevention (P2) Program and provide public outreach to reduce and or prevent the discharge of pollutants to the collection system, treatment plant and the environment; this includes implementing tools to measure the progress of these efforts.
- Effectively build and maintain partnerships with other agencies that have similar requirements and goals (Green Business Program, Household Hazardous Waste/Pharmaceutical Collection, Bay Area Pollution Prevention Group, etc.)
- Maintain Environmental Laboratory Accreditation Program (ELAP) certification for conventional pollutants and coliform bacteria.

ACHIEVEMENTS

- Identified deficiencies in the necessary ELAP certification requirements and implemented necessary changes.
- Performed the annual NDWSC program inspections and sampling at commercial facilities and inspections at food service establishments (FSEs) and dentists in the SAM's service area.
- Conducted classroom tours of the treatment plant for approximately 280 students.

PROGRAM OBJECTIVES

- Perform all required sampling, inspections, studies and outreach to comply with the District's NPDES permit, NDWSC and Pollution Prevention Programs, F.O.G. program, and process control.
- Maintain compliance with all programs and requirements listed above.
- Maintain ELAP certification for laboratory functions.
- Continue to educate and increase the level of awareness on pollution prevention and water quality issues with the goals of changing behavior and decreasing the volume of pollutants entering the treatment plant and the bay.

FISCAL YEAR 2017/18

- Participate in public outreach activities such as the Half Moon Bay Art & Pumpkin Festival, Pacific Coast Dream Machines, and the Coastal Wildflower Day/Earth Day.
- Distributed informational materials, brochures, and notices regarding proper discharge of wastes to residents, commercial businesses, and during public events.
- Coordinate Plant Tour program for Half Moon Bay High School biology students.
- Develop and implement an education outreach program to create interest in wastewater and recycled water resource issues at middle and elementary school levels.

PERFORMANCE MEASURES

- Complete 100% NDWSC and F.O.G. inspections as required by SAM permits.
- Meet and maintain ELAP compliance requirements.
- Complete all of the necessary annual continued learning units to maintain required Environmental Compliance Inspector and Laboratory Analyst certifications from the California Water Environment Association.

INFRASTRUCTURE DIVISION

FY 2013/14 ACTUAL	FY 2014/15 ACTUAL	FY 2015/16 ACTUAL	FY 2016/17 ADOPTED	FY 2016/17 ESTIMATE	FY 2017/18 PROPOSED	CHANGE FROM FY 2016/17 ADOPTED
----------------------	----------------------	----------------------	-----------------------	------------------------	------------------------	-----------------------------------

EXPENDITURES

By Type:

1 Wages	-	-	-	99,800	25,343	60,831	(38,969)	-39%
2 Premium Pay	-	-	-	-	-	-	-	0%
3 Health Benefits	-	-	-	14,157	3,056	11,730	(2,427)	-17%
4 Retirement Cont.	-	-	-	11,915	1,177	4,206	(7,709)	-65%
5 Retirement Medical	-	-	-	1,105	381	915	(190)	-17%
6 Misc. Benefits	-	-	-	5,629	1,635	4,143	(1,487)	-26%
7 Legal Services	-	-	-	100	100	500	400	400%
8 Engineering Services	-	-	-	133,550	250,000	100,000	(33,550)	-25%
9 Professional Services	-	-	-	40,020	-	10,000	(30,020)	-75%
10 Prof. Memberships	-	-	-	-	-	-	-	0%
11 Printing/Advertising	-	-	-	1,000	200	500	(500)	-50%
12 Insurance Premiums	-	-	-	-	-	-	-	0%
13 Utilities	-	-	-	-	-	-	-	0%
14 Misc. Expenses	-	-	-	1,497	-	125	(1,372)	-92%
15 Travel & Training	-	-	-	2,100	-	550	(1,550)	-74%
16 Bldg & Maint Services	-	-	-	-	-	-	-	0%
17 Chemicals	-	-	-	-	-	-	-	0%
18 Permits & Licenses	-	-	-	-	-	-	-	0%
19 Supplies	-	-	-	-	-	-	-	0%
20 Equipment	-	-	-	75,000	50,000	-	(75,000)	-100%
21 Tools	-	-	-	-	-	-	-	0%
22 Infrastructure	-	512,157	1,353,921	360,200	300,200	1,311,500	951,300	264%
23	-	512,157	1,353,921	746,074	632,092	1,505,000	758,927	102%

24 Funded Positions:

25 <i>Operating Fund FTE</i>	-	-	-	0.80	0.50	0.50	(0.30)	-38%
26 <i>Other Funds FTE</i>	-	-	-	-	-	-	-	0%
27	-	-	-	0.80	0.50	0.50	(0.30)	-38%

28 REVENUE

By Type:

30 JPA Assessments	-	320,004	737,000	746,074	632,092	1,505,000	758,927	102%
31 Contract Services	-	-	-	-	-	-	-	0%
32 NDWSCP Fees	-	-	-	-	-	-	-	0%
33 Misc. Fees	-	-	-	-	-	-	-	0%
34 Interest Earnings	-	-	-	-	-	-	-	0%
35 Misc. Revenue	-	-	-	-	-	-	-	0%
36 From/(To) Reserves	-	-	500,000	-	-	-	-	0%
37	-	320,004	1,237,000	746,074	632,092	1,505,000	758,927	102%

By Agency:

39 Half Moon Bay	-	156,480	366,289	378,026	320,471	785,610	407,584	108%
40 Granada CSD	-	100,164	210,045	214,338	181,410	394,310	179,972	84%
41 Montara WSD	-	63,360	160,666	153,710	130,211	325,080	171,370	111%
42	-	320,004	737,000	746,074	632,092	1,505,000	758,926	102%

INFRASTRUCTURE DIVISION



PROGRAM DESCRIPTION

The Infrastructure Division is responsible for the management and technical support necessary to develop and manage an infrastructure program and provide project management and construction inspection services of SAM facilities (as defined in the JEPA).

Division services are managed by the Engineering & Construction Contracts Manager.

**Engineering &
Construction
Contracts
Manager**

The following staffing summary reflects the historical cost allocation to this division.

Staffing Summary	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Regular Positions	0.00	0.00	0.00	0.00	0.80	0.50

GOALS

- To provide engineering analysis and project development for cost effective implementation of all SAM facility infrastructure projects.
- To effectively plan and implement future rehabilitation and replacement of the facilities to maintain an efficient, reliable system and to provide timely response with plan review for new development.
- To maintain accurate reproducible records of facility improvements and land records.
- To keep informed of all construction that may affect SAM facilities.

HIGHLIGHTS

- Directed design approval, implementation and construction inspection for all facility projects. Pipeline, pump station, engineering and treatment plant projects completed in FY 2015/16.
- Infrastructure Projects completed in FY 2016/17:
 5-Year Infrastructure Plan
 SCADA Upgrades
 Plant Safety Improvements
 Recycled Water Project 25% Design

PROGRAM OBJECTIVES

- Provide research, design, bidding and construction inspection services for infrastructure projects.
- Prioritize infrastructure projects to meet SAM needs, compliance with new regulatory requirements, and develop a 20-year improvement program plan.

FINANCIAL HIGHLIGHTS

The following is a list of key budget categories, what is included in each category, and the changes between the FY 2016/17 and 2017/18 budgets.

Budget Line #	FY 2016/17	FY2017/18
1. Wages Increased for COLA adjustments of 3% per the Unrepresented Employee Manual, merit step increases, where applicable, and a shift of 0.30 Engineering & Construction Contracts Manager to Treatment to reflect the additional project management support.	\$99,800	\$60,831
2. Premium Pay There is no premium pay budgeted to this division.	\$0	\$0
3. Health Benefits The cost of medical, dental, and vision benefits provided to employees based.	\$14,157	\$11,730
4. Retirement Contributions SAM pays only the employer contribution to CalPERS for retirement benefits in compliance with PEPRA. Decreased to reflect the shift of 0.30 Engineering & Construction Contracts Manager to Treatment.	\$11,915	\$4,206

FISCAL YEAR 2017/18

<u>Budget Line #</u>	<u>FY 2016/17</u>	<u>FY2017/18</u>
5. Retirement Medical Decreased to reflect the shift of 0.30 Engineering & Construction Contracts Manager to Treatment. Reflects make contributions to an OPEB trust in compliance with GASB as well as current retiree medical premiums.	\$1,105	\$915
6. Misc. Benefits Decreased to reflect the shift of 0.30 Engineering & Construction Contracts Manager to Treatment.	\$5,629	\$4,143
7. Legal Services Increased to reflect general contract review needed for budgeted projects.	\$100	\$500
8. Engineering Services Engineering services requiring specialized certification or skills will be performed by contract engineers. Increased to reflect projects identified in the first year of the 5-Year Infrastructure Plan.	\$133,550	\$100,000
9. Professional Services Specialized services that cannot be provided by staff.	\$40,020	\$10,000
10. Professional Membership There are no professional memberships budgeted to Infrastructure.	\$0	\$0
11. Printing/Advertising The cost of printing plans for bid postings as well as advertising public notices.	\$1,000	\$500
12. Insurance Premiums There are no insurance premiums budgeted to Infrastructure.	\$0	\$0
13. Utilities There are no utilities budgeted to Infrastructure.	\$0	\$0
14. Misc. Expenses Includes incidental expenses not captured in other categories. Decreased based on projected expenses for FY 2016/17 and anticipated needs.	\$1,497	\$125

FISCAL YEAR 2017/18

<u>Budget Line #</u>	<u>FY 2016/17</u>	<u>FY2017/18</u>
15. Travel & Training Training and travel related costs for attendance at industry conferences and seminars, and other related events to allow staff to keep current on technical skills and industry practices.	\$2,100	\$550
16. Building & Maintenance Services There are no building maintenance services budgeted to Infrastructure.	\$0	\$0
17. Chemicals There are no chemical costs budgeted to Infrastructure.	\$0	\$0
18. Permits & Licenses There are no permit and license costs budgeted to Infrastructure.	\$0	\$0
19. Supplies There are no supply costs budgeted to Infrastructure.	\$0	\$0
20. Equipment Increased to reflect projects identified in the first year of the 5-Year Infrastructure Plan.	\$75,000	\$0
21. Tools There are no tool costs budgeted to Infrastructure.	\$0	\$0
22. Construction Contract construction costs are included in this category. Increased to address issues on the IPS.	\$360,200	\$1,311,500

The Infrastructure division budget increased from \$0.75 million to \$1.50 million from Fiscal Year 2016/17. The significant changes in the Infrastructure division from the Adopted Budget for FY 2016/17 included in the FY 2017/18 budget are:

1. Reallocated 0.30 FTE of the Engineering & Construction Contracts Manager to Treatment to more accurately reflect the support provided to those functions.
2. Increased the Infrastructure division budget by \$951,300. Based on direction provided by the Board, staff has minimized the list of infrastructure projects for FY 2017/18 and has budgeted for only the highest priority projects that can be funded by available revenue. The projects planned for this fiscal year are:

FISCAL YEAR 2017/18

- IPS: Replace Segments from Station 51+50 to 73+50 \$1,430,000
- Portola Pump Station: Replace Surge Tank \$75,000



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **July 6, 2017**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

SUBJECT: Review and Possible Action Concerning Sewer Authority Mid-Coastside Fiscal Year 2017-2018 Collection System Contract Services Budget.

At the SAM Board of Directors meeting on June 12, 2017, the Board approved a revised SAM General Budget for Fiscal Year 2017/18 for the member agencies to consider and approve. Changes to the prior presented budget are highlighted in the attached SAM staff report and budget.

The overall Collections Budget has decreased by \$101,682 over the prior Fiscal Year, mainly due to lower equipment budget. Additionally, the allocation of costs between the contracting member agencies is now based on the percentage of total lines cleaned and percentage of lift stations maintained rather than a percentage of total man hours. The 2017/18 assessment for MWSD for the Collections Contract Services is \$279,411, 13% less than in the prior year.

RECOMMENDATION:

Adopt Resolution No.____, Resolution of the Montara Water and Sanitary District Approving and Adopting Fiscal Year 2017-2018 Sewer Authority Mid-Coastside Wastewater Collections System Contract Services Budget.

Attachments

RESOLUTION NO. _____

**RESOLUTION OF THE MONTARA WATER AND SANITARY DISTRICT
APPROVING AND ADOPTING FISCAL YEAR 2017 – 2018 SEWER
AUTHORITY MID-COASTSIDE WASTEWATER COLLECTION SYSTEM
CONTRACT SERVICES BUDGET**

WHEREAS, pursuant to Section V of that certain Agreement entitled, "Agreement for Maintenance and Operation Services Between the Montara Sanitary District and Sewer Authority Mid-Coastside," [said District subsequently renamed] dated April 7, 1988, for wastewater collection system maintenance and operation services, the Authority has submitted its Fiscal Year July 1, 2017– June 30, 2018 budget for such services; and

WHEREAS, this Board has reviewed the budget and desires to signify its approval thereof;

NOW THEREFORE, be it resolved by the Board of the Montara Water and Sanitary District, a public agency in the County of San Mateo, California, as follows:

1. That certain budget entitled, "Sewer Authority Mid-Coastside Proposed Contract Collection Services Budget – Fiscal Year 2017/18," dated June 12, 2017, for collection system maintenance and operation services to be provided by Sewer Authority Mid-Coastside to the Montara Water and Sanitary District for said fiscal year, a copy of which is on file in the District Administrative Offices to which reference is hereby made for the particulars thereof, is hereby approved.

2. The District Secretary is hereby authorized and directed to transmit a certified copy of this resolution to Sewer Authority Mid-Coastside.

President, Montara Water and Sanitary District

COUNTERSIGNED:

Secretary, Montara Water and Sanitary District

RESOLUTION NO. _____

**RESOLUTION OF THE MONTARA WATER AND SANITARY DISTRICT
APPROVING AND ADOPTING FISCAL YEAR 2017 – 2018 SEWER
AUTHORITY MID-COASTSIDE WASTEWATER COLLECTION SYSTEM
CONTRACT SERVICES BUDGET**

* * * *

I HEREBY CERTIFY that the foregoing Resolution No. _____
was duly and regularly adopted and passed by the Board of the Montara Water
and Sanitary District, San Mateo County, California, at a Regular Meeting thereof
held on the 6th day of July 2017, by the following vote:

AYES, Directors:

NOES, Directors:

ABSENT, Directors:

Secretary, Montara Water and Sanitary District



SEWER AUTHORITY MID-COASTSIDE

Staff Report

TO: Honorable Board of Directors

FROM: Beverli A. Marshall, General Manager

DATE: June 12, 2017

SUBJECT: Approve Revised Contract Collection Services Budget for Fiscal Year 2017/18 for and Authorize General Manager to Submit it to Participating Agencies for Approval

Staff Recommendation

Staff recommends that the Board of Directors approve the revised Contract Collection Services (CCS) Budget for Fiscal Year 2017/18 and authorize the General Manager to submit it to the participating agencies for their approval.

Fiscal Impact

The fiscal impact of the revised CCS Budget for Fiscal Year 2017/18 is \$813,561. This is an *overall decrease* of \$82,081 from the FY 2016/17 budget, which is primarily due to the eliminating funding for vehicle replacements. The impact to the participating agency assessments is (rounded to nearest \$):

	Total CCS Assessments for Each Agency			
	<u>FY 2016/17</u>	<u>FY 2017/18</u>	<u>\$ Change</u>	<u>% Change</u>
Half Moon Bay	\$331,685	\$274,596	(\$ 57,089)	(17%)
GCSD	\$242,350	\$239,954	(\$ 2,396)	(1.0%)
MWSD	\$321,608	\$279,411	(\$ 42,197)	(13%)
Total	\$895,642	\$793,961	(\$101,682)	(11%)

Strategic Plan Compliance

The revised CCS Budget complies with the SAM Strategic Plan Vision: “Act as one organization service the Coastside community: member agencies, residents, visitors, and the environment.” It also complies with Strategic Plan Goal 5.6: “SAM is committed

BOARD MEMBERS:	J. Blanchard	S. Boyd	D. Penrose
	D. Ruddock	K. Slater-Carter	L. Woren
ALTERNATE MEMBERS:	M. Clark	J. Harvey	B.
Huber	R. Kowalczyk	H. Rarback	

to providing quality collection system maintenance service for the Coastsides. It will seek to offer the type of agile and responsive service and cost that wins that business.”

Background and Discussion/Report

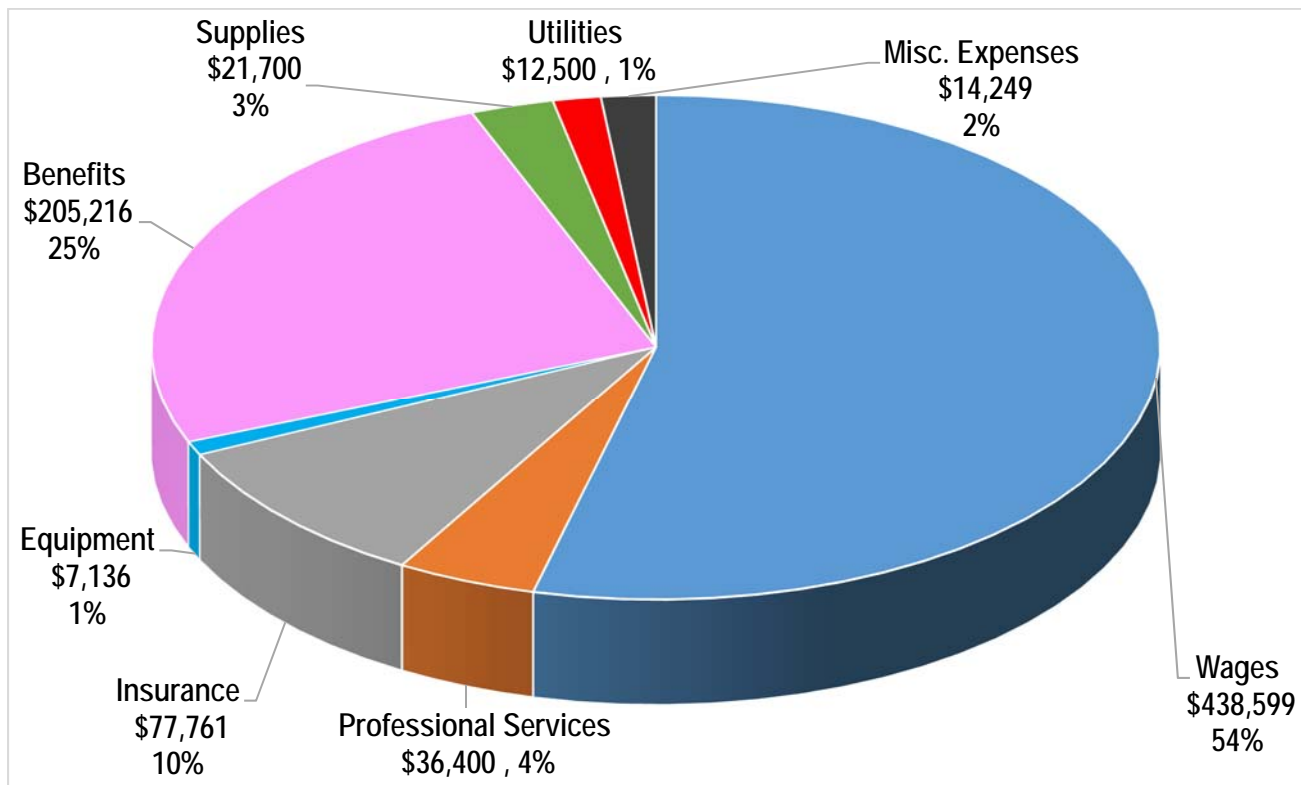
The revised CCS Budget for FY 2017/18 is presented to the Board of Directors for approval for authorizing the General Manager to submit it to the participating agencies for their approval. The budget includes obligations for wages and benefits defined in employment and bargaining contracts, increases in retirement contributions, and other non-discretionary expenses.

Staff made the following assumptions in determining changes from FY 2016/17.

- All three agencies will fully participate in all services.
- All budgeted positions will be filled if they become vacant.
- All applicable merit step increases will be earned per the MOU with Local No. 39.
- 1.5% of payroll will be set aside for OPEB costs.

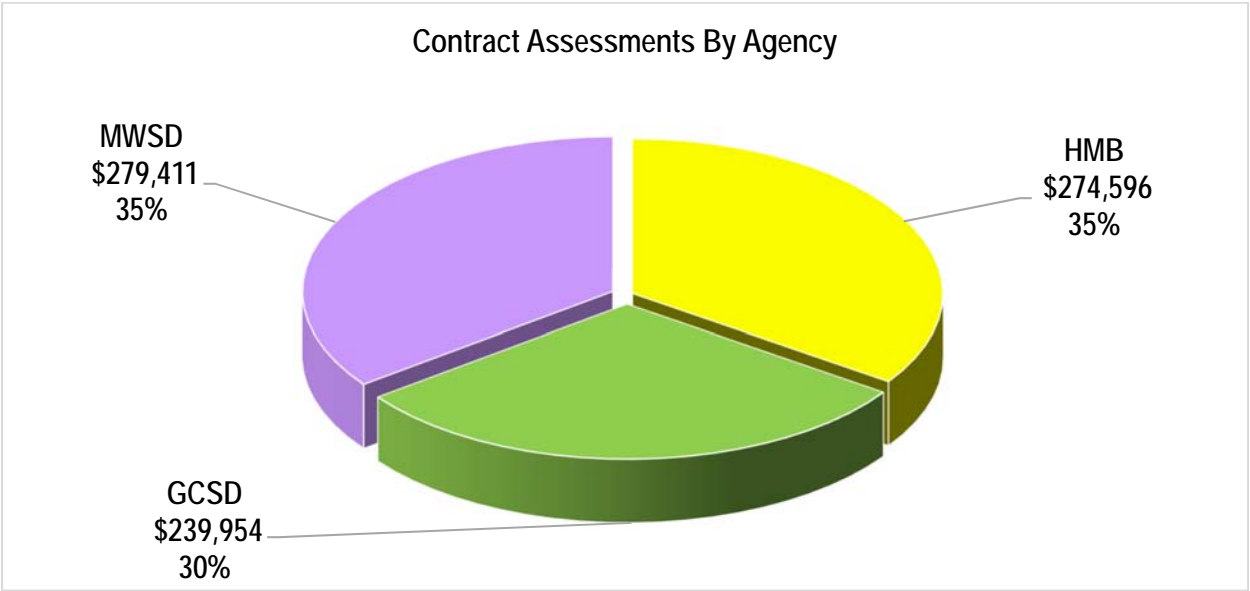
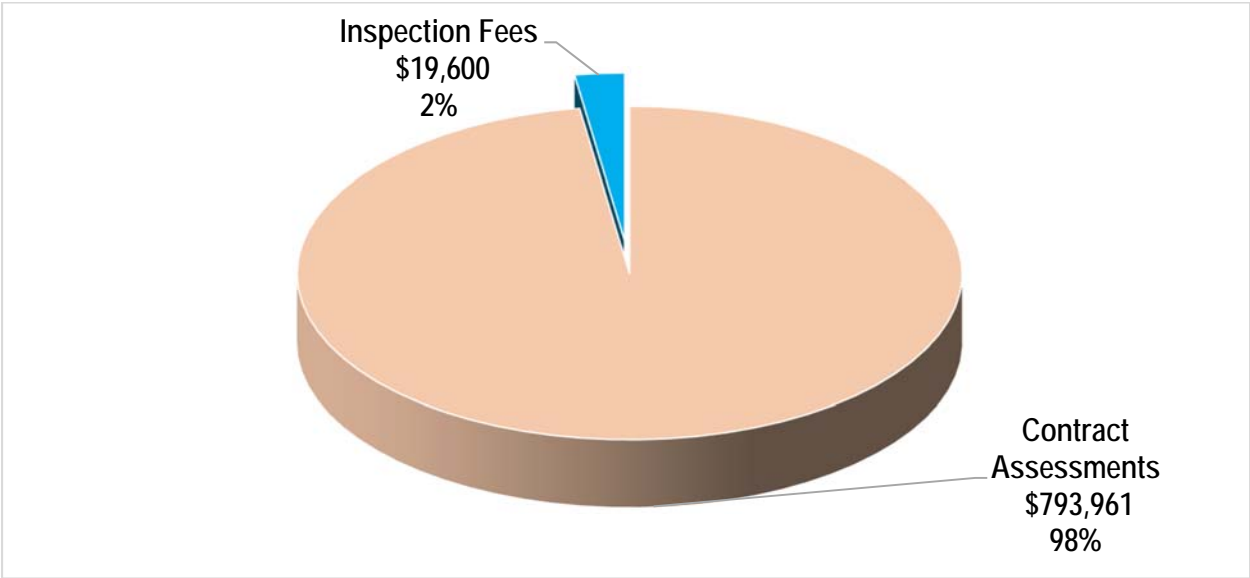
Budget Overview

Of the total CCS Budget expenses, 54% is for wages and 25% is for benefits. Insurance premiums represents the third largest category in the budget (10%).



BOARD MEMBERS:	J. Blanchard	S. Boyd	D. Penrose
	D. Ruddock	K. Slater-Carter	L. Woren
ALTERNATE MEMBERS:	M. Clark	J. Harvey	B.
Huber	R. Kowalczyk	H. Rarback	

Of the CCS Budget revenue, the majority (99%) is from the contract assessments to the participating agencies. The remaining revenue is from the F.O.G. inspection fees.

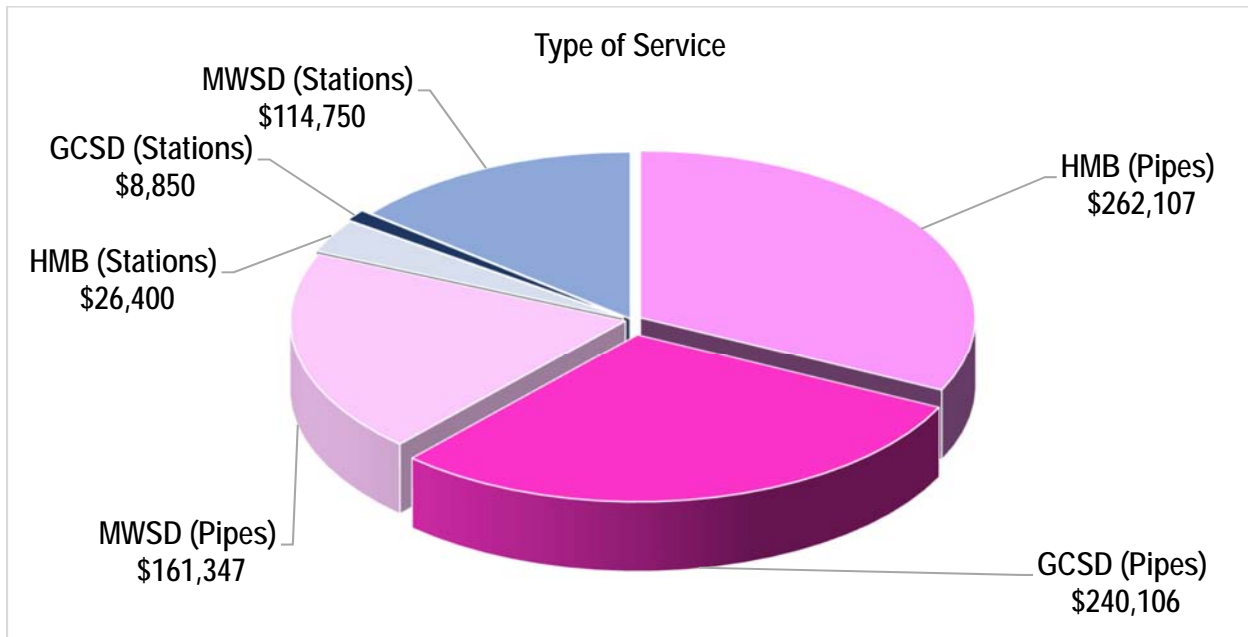


The change in the CCS budget is due to: increases in wages for cost of living adjustments; increases in CalPERS rates for classic members; increases in retirement medical contributions to meet GASB requirements for other post-employment benefits (OPEB); shifting staff time to Contract Collection Services for inspections (F.O.G.) that was previously charged to the Environmental Compliance budget; increases in insurance premiums due to retroactive adjustments based on claims experience; shifting training and travel to the JPA General Budget to support staff development that was previously charged to Contract Collection Services; reallocation of water costs that

BOARD MEMBERS:	J. Blanchard	S. Boyd	D. Penrose
	D. Ruddock	K. Slater-Carter	L. Woren
ALTERNATE MEMBERS:	M. Clark	J. Harvey	B.
Huber	R. Kowalczyk	H. Rarback	

were incorrectly charged to the JPA General Budget; decreases in equipment costs due to the elimination of funding for vehicle replacements.

Starting with FY 2017/18, the allocation of costs between the participating agencies is based on the percentage of total lines cleaned and percentage of lift stations maintained rather than on a percentage of total CCS man hours.



Changes Within Budget Categories

The significant overall changes in the budget categories are as follows.

1. Wages: increased \$34,987 for negotiated COLA of 3%; application of step increases, where appropriate. Also includes shifting .25 FTE Lead Collection Maintenance Worker for F.O.G. inspections.
2. Premium Pay: increased \$23,396 for negotiated changes in standby pay, certification pay, and overtime pay for work performed outside of normal working hours effective July 1, 2016, but not adopted until September 26, 2016. Also includes shifting .25 FTE Lead Collection Maintenance Worker for F.O.G. inspections.
3. Health Benefits: increased \$5,865 based on negotiated changes in benefits effective July 1, 2016, but not adopted until September 26, 2016. Also includes shifting .25 FTE Lead Collection Maintenance Worker for F.O.G. inspections.

BOARD MEMBERS:	J. Blanchard	S. Boyd	D. Penrose
	D. Ruddock	K. Slater-Carter	L. Woren
ALTERNATE MEMBERS:	M. Clark	J. Harvey	B.
Huber	R. Kowalczyk	H. Rarback	

4. Retirement Contributions: *decreased* \$28,721 due to changes in the CalPERS contribution rates for PEPRA members. Also includes shifting .25 FTE Lead Collection Maintenance Worker for F.O.G. inspections.
5. Retirement Medical: increased \$5,856 (1.5% of wages) for contributions for OPEB as required by GASB. Also includes shifting .25 FTE Lead Collection Maintenance Worker for F.O.G. inspections.
6. Misc. Benefits: increased \$16,711 for negotiated changes in benefits effective July 1, 2016, but not adopted until September 26, 2016. Also includes shifting .25 FTE Lead Collection Maintenance Worker for F.O.G. inspections.
7. Legal Services: no legal service costs budgeted in CCS.
8. Engineering Services: no legal service costs budgeted in CCS.
9. Professional Services: increased \$6,086 and includes ongoing services that are specialized and need to be performed by consultants.
10. Professional Memberships: *decreased* \$491 to reflect shift to JPA General Budget for certification fees for negotiated changes in minimum requirements, effective July 1, 2016, but not adopted until September 26, 2016.
11. Printing/Advertising: increased \$103 based on projected FY 2016/17 expenses.
12. Insurance Premiums: increased \$18,425 to reflect retroactive premiums and anticipated adjustments in liability premiums for participating members.
13. Utilities: increased \$7,499 for water that was previously charged to the JPA General Budget in error.
14. Misc. Expenses: increased \$5,921 reflects a reallocation of expenses from the various categories to correct GL account lines in the accounting software.
15. Travel & Training: *decreased* \$13,120 to reflect shift to JPA General Budget.
16. Building & Maintenance Services: no building and maintenance service costs budgeted in CCS.
17. Chemicals: no chemical costs are budgeted in CCS.
18. Permits & Licenses: no permit and license costs are budgeted in CCS.
19. Supplies: increased \$7,322 based on projected FY 2016/17 expenses.

BOARD MEMBERS:	J. Blanchard	S. Boyd	D. Penrose
	D. Ruddock	K. Slater-Carter	L. Woren
ALTERNATE MEMBERS:	M. Clark	J. Harvey	B.
Huber	R. Kowalczyk	H. Rarback	

20. Equipment: *decreased* \$173,864 to reflect the elimination of funding for replacement of collection system vehicles.
21. Tools: increased \$2,200 for replacement of tools that have worn out and to make sure spares are available in an emergency.
22. Infrastructure: no construction related costs are budgeted in CCS.

Challenges

SAM's Reserve Policy requires a balance of two months of operating reserve (\$135,594). As of April 30, 2017, SAM had no reserve funds for CCS. To be compliant with the reserve policy, funds need to be provided by the participating agencies to meet the reserve minimum in addition to the assessments needed to pay for FY 2017/18 expenses. Staff did not incorporate this additional funding in the revised budget.

Cash flow likely will be an issue in FY 2017/18. Assessments are billed in equal installments each month, which generally matches the expenditure outlays related to ongoing costs such as wages, benefits, and recurring services (janitorial, utility, etc.). Emergency repair work costs are incurred as needed and billed separately to the appropriate agency for reimbursement. There is often a 60-day delay between paying the vendor invoices and receiving the reimbursement from the agencies. This could result in a cash shortage while waiting for the reimbursements.

CalPERS has notified participating agencies of its change in discount rate and how the current smoothing process will increase contribution rates. This will continue to be significant cost until the workforce transitions to all classic employees being retired.

This budget was discussed by the Board of Directors at the regular meetings on March 27, April 10, May 8, and May 22, 2017. The Board requested that staff meet with the participating agency managers and sewer engineers to identify ways to reduce the budget and reprioritize infrastructure projects to lessen the impact on agency assessments. Staff met and discussed the budget on May 11 and 12. The following is a summary of recommendations made by one or more of the managers/engineers during those discussions.

- Need to think of SAM budget like personal finances vs. government spending.
- Be more conscientious of rate payer impact.
- Underbudget for non-fixed costs and ask for more mid-year, only if needed.
- SAM staff need to do more of the work and depend less on contractors (cut by 50%).

BOARD MEMBERS:	J. Blanchard	S. Boyd	D. Penrose
	D. Ruddock	K. Slater-Carter	L. Woren
ALTERNATE MEMBERS:	M. Clark	J. Harvey	B.
Huber	R. Kowalczyk	H. Rarback	

- Key budget lines to reduce: Professional Services.
- Key budget lines to eliminate: Equipment for vehicle replacement funding.
- Need to evaluate number of staff in each position – may be overstaffed.
- SAM is facing a dire situation and needs to strip the budget bare.

Staff did not include all of the participating agency/engineer recommendations in the revised budget. It does include the elimination of vehicle replacement funding in the Equipment category.

Staff asks that the Board discuss the revised budget and authorize the General Manager to submit it to the participating agencies for their approval.

Supporting Documents

Attachment A: Revised CCS Budget for FY 2017/18

BOARD MEMBERS:	J. Blanchard	S. Boyd	D. Penrose
	D. Ruddock	K. Slater-Carter	L. Woren
ALTERNATE MEMBERS:	M. Clark	J. Harvey	B.
Huber	R. Kowalczyk	H. Rarback	

SEWER AUTHORITY MID-COASTSIDE



**PROPOSED
CONTRACT COLLECTION SERVICES BUDGET
FISCAL YEAR 2017/18
JUNE 12, 2017**

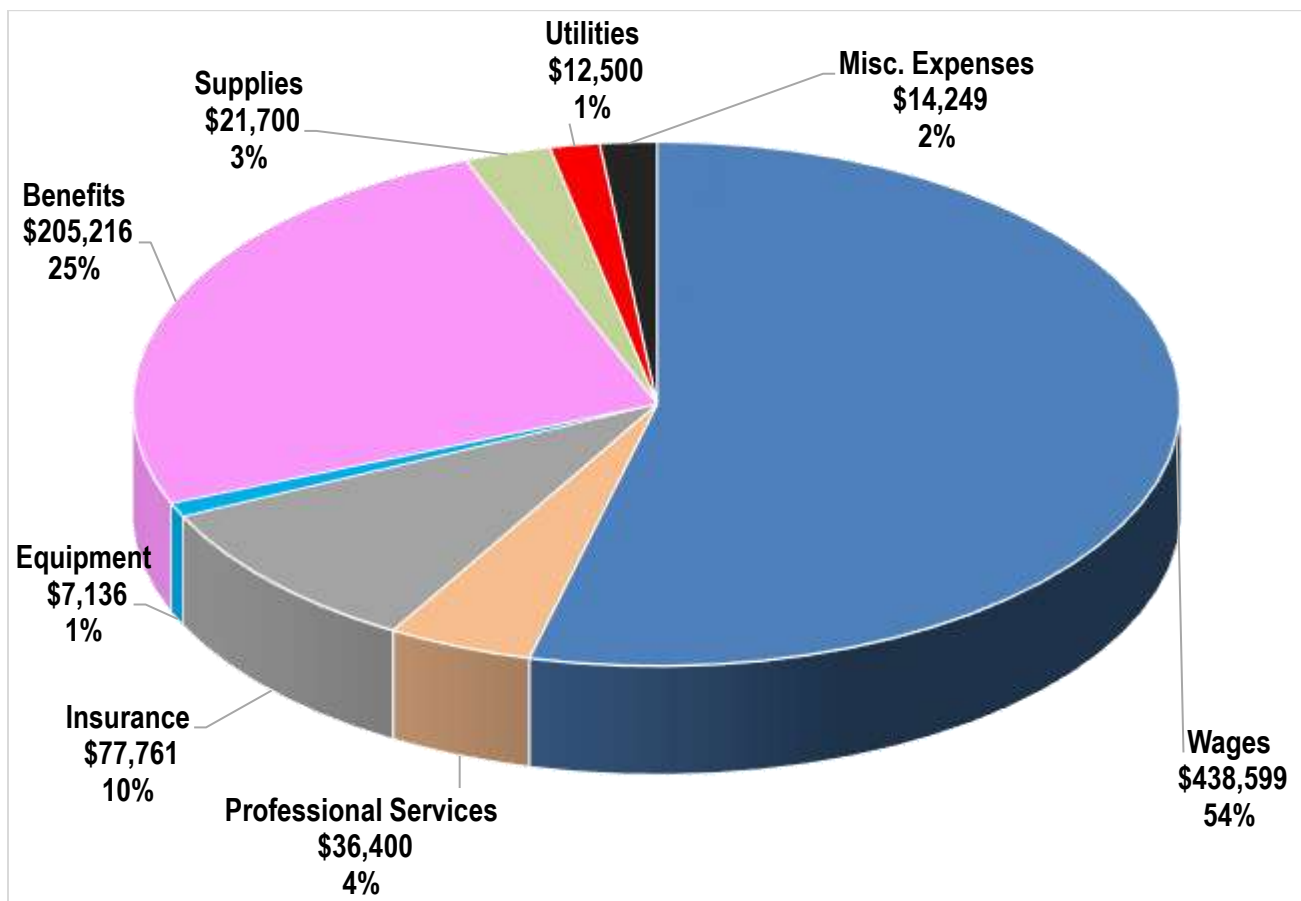
CONTRACT COLLECTION SERVICES BUDGET

SUMMARY

Each year SAM makes assumptions regarding revenue and expenses. While some of the expenses are outside of SAM's control (utilities, collection flow levels, emergency repairs), it is still possible to estimate the cost from year to year. The Board and the contracting agencies expect staff to justify all expenditures and to continue to identify areas that can be made more efficient and cost effective.

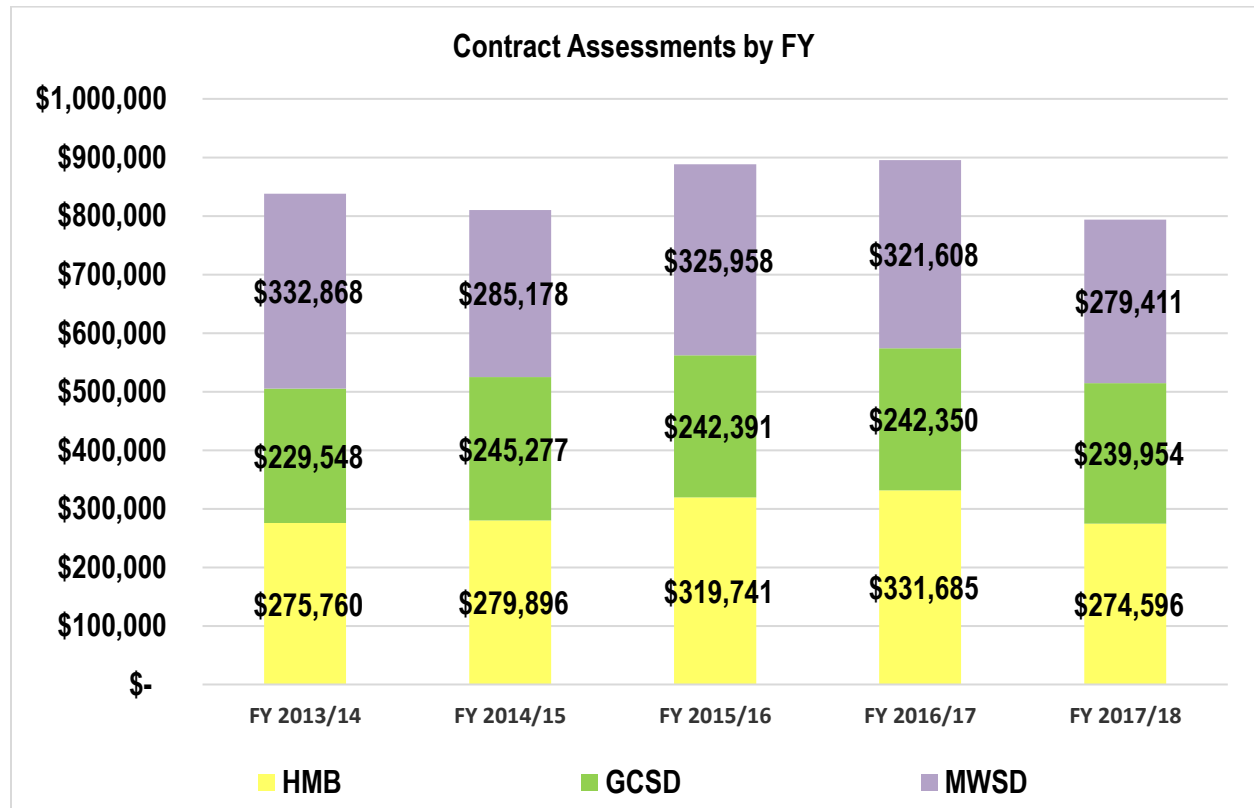
The budget includes obligations for wages and benefits as stipulated in employment and bargaining contracts, increases in retirement contributions, utilities, fuel, and other non-discretionary expenses. Discretionary costs were recommended by staff based on identified needs and industry practices.

The overall change from the Contract Collection Services (CCS) Budget for Fiscal Year 2016/17 to Fiscal Year 2017/18 is a **decrease** of \$82,081 (-9.2%), which is due mostly to the elimination of funding for vehicle replacement.



All expenditures and revenues are included in the General Fund, SAM's primary funding source. The impact to the participating agency assessments is:

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	\$	%
	<u>Actual</u>	<u>Actual</u>	<u>Adopted</u>	<u>Proposed</u>	<u>Change</u>	<u>Change</u>
Half Moon Bay	\$ 279,896	\$ 319,741	\$ 331,685	\$ 274,596	(\$ 57,089)	(17%)
GCSD	\$ 245,277	\$ 242,391	\$ 242,350	\$ 239,954	(\$ 2,396)	(1.0%)
MWSD	\$ 285,178	\$ 325,958	\$ 321,608	\$ 279,961	(\$ 42,197)	(13%)
Total	\$ 810,351	\$ 888,090	\$ 895,643	\$ 793,961	(\$101,682)	(11%)



The primary changes in the CCS Budget are: increased in wages for cost of living adjustments; increase in CalPERS rates for classic members; increase in retirement medical contributions to meet GASB requirements for other post-employment benefits (OPEB); shift of staff time to Contract Collection Services for pre-treatment inspections (F.O.G.) that was previously charged to the Environmental Compliance budget; increase in insurance premiums due to retroactive adjustments based on claims experience; shift in training costs to the O & M budget; reallocation of water costs that were incorrectly budgeted in the O & M budget; decreased equipment costs due to financing the vehicle replacement costs over the life of the vehicles (12 years).

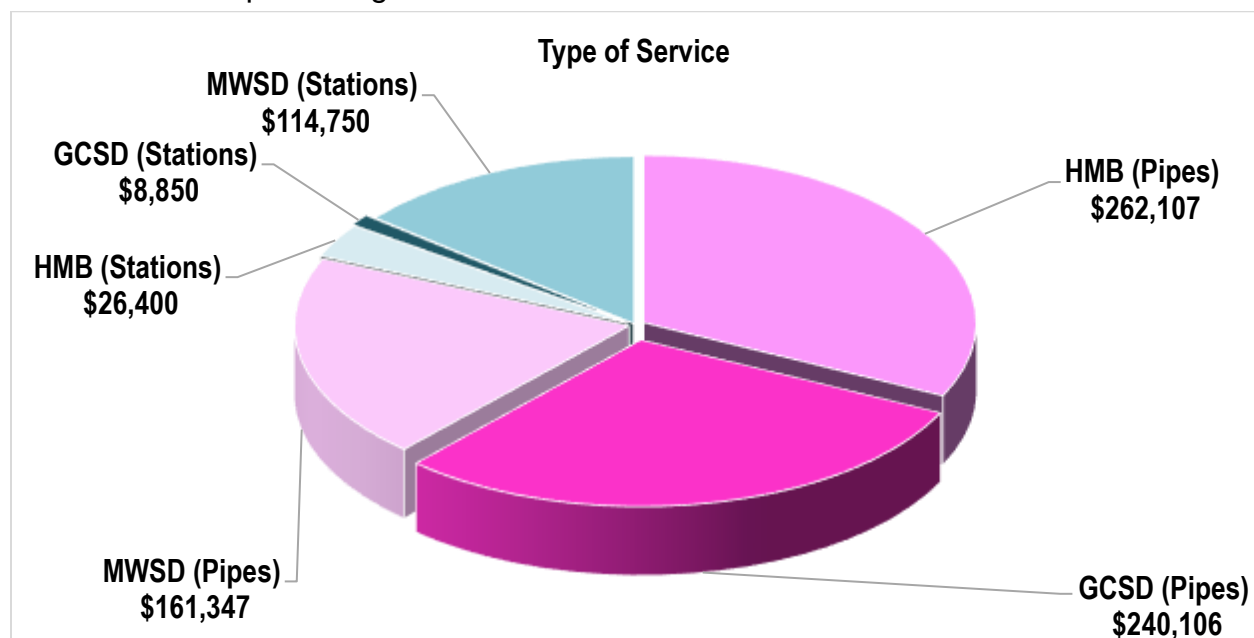


PROGRAM DESCRIPTION

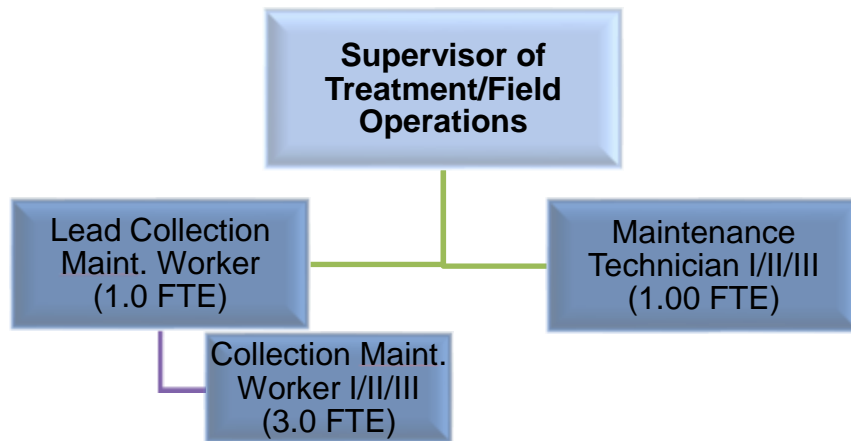
The Contract Collection Services (CCS) division budget is a discrete function at SAM and not included in the JEPA. This division provides preventive and corrective maintenance of the wastewater main lines and lift stations and responds to customer requests for service for the City of Half Moon Bay, Granada Community Services District, and the Montara Water & Sanitary District. The service levels are identified in the service agreements between SAM and each participating agency.

In the past, assessments for the contract collection services were calculated based on the previous calendar year's man-hours spent in each contracting agency's system.

Starting with FY 2017/18, the allocation of costs between the participating agencies is based on the percentage of total lines cleaned and percentage of lift stations maintained rather than on a percentage of total CCS man hours.



Services are supervised by the Supervisor of Treatment/Field Operations. None of the cost of the Supervisor is charged to the CCS Budget as is included in the JPA General Budget. The following organizational chart reflects the reporting structure of the division.



The following staffing summary reflects the historical cost allocation for the division.

Staffing Summary	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Regular Positions	6.15	6.15	6.15	6.475	4.75	5.00

The following pages provide the CCS Budget details as well as the separate budgets for each participating agency.

CONTRACT COLLECTION SERVICES BUDGET

FY 2013/14 ACTUAL	FY 2014/15 ACTUAL	FY 2015/16 ACTUAL	FY 2016/17 ADOPTED	FY 2016/17 ESTIMATE	FY 2017/18 PROPOSED	CHANGE FROM FY 2016/17 ADOPTED
----------------------	----------------------	----------------------	-----------------------	------------------------	------------------------	-----------------------------------

EXPENDITURES

By Type:

1 Wages	347,920	437,355	430,134	355,606	292,600	390,503	34,897	10%
2 Premium Pay	35,363	40,049	15,545	24,701	71,518	48,097	23,396	95%
3 Health Benefits	-	-	129,030	111,435	88,285	117,300	5,865	5.3%
4 Retirement Cont.	57,407	72,164	71,986	68,596	42,454	45,044	(23,552)	-34%
5 Retirement Medical	9,058	1,389	11,943	5,334	1,491	5,856	522	10%
6 Misc. Benefits	117,740	125,816	12,232	20,305	31,009	37,016	16,711	82%
7 Legal Services	-	-	-	-	-	-	-	0%
8 Engineering Services	-	-	-	-	-	-	-	0%
9 Professional Services	19,500	17,875	37,454	30,314	173,208	36,400	6,086	20%
10 Prof. Memberships	148	-	245	750	1,079	259	(491)	-65%
11 Printing/Advertising	-	-	154	3	101	106	103	3440%
12 Insurance Premiums	51,996	48,091	51,718	59,336	71,995	77,761	18,425	31%
13 Utilities	3,347	257	943	5,001	11,019	12,500	7,499	150%
14 Misc. Expenses	4,091	10,163	46,948	5,083	7,362	11,004	5,921	116%
15 Travel & Training	5,519	8,949	10,666	16,000	9,876	2,880	(13,120)	-82%
16 Bldg & Maint Services	-	-	22	-	-	-	-	0%
17 Chemicals	-	-	-	-	-	-	-	0%
18 Permits & Licenses	-	-	-	-	-	-	-	0%
19 Supplies	9,390	8,875	12,256	11,378	27,218	18,700	7,322	64%
20 Equipment	15,872	20,233	57,425	181,000	2,117	7,136	(173,864)	-96%
21 Tools	353	222	3,974	800	268	3,000	2,200	275%
22 Infrastructure	-	-	-	-	-	-	-	0%
23	677,704	791,438	892,675	895,642	831,599	813,561	(82,081)	-9.2%

24 Funded Positions:

25 <i>Operating Fund FTE</i>	6.150	6.150	6.475	4.750	4.750	5.000	0.25	5.3%
26 <i>Other Funds FTE</i>	-	-	-	-	-	-	-	0%
27	6.150	6.150	6.475	4.750	4.750	5.000	0.25	5.3%

28 REVENUE

By Type:

30 JPA Assessments	-	-	-	-	-	-	-	0%
31 Contract Services	838,176	810,351	888,090	895,643	895,643	793,961	(101,682)	-11%
32 NDWSCP Fees	-	-	-	-	-	19,600	19,600	196000%
33 Misc. Fees	-	-	-	-	-	-	-	0%
34 Interest Earnings	-	-	-	-	-	-	-	0%
35 Misc. Revenue	-	-	-	-	-	-	-	0%
36 From/(To) Reserves	-	-	-	-	-	-	-	0%
37	838,176	810,351	888,090	895,643	895,643	813,561	(82,082)	-9.2%

By Agency:

39 Half Moon Bay	275,760	279,896	319,741	331,685	331,685	274,596	(57,089)	-17%
40 Granada CSD	229,548	245,277	242,391	242,350	242,350	239,954	(2,396)	-1.0%
41 Montara WSD	332,868	285,178	325,958	321,608	321,608	279,411	(42,197)	-13%
42	838,176	810,351	888,090	895,643	895,643	793,961	(101,682)	-11%

CONTRACT COLLECTION SERVICES: HMB DIVISION

FY 2013/14 ACTUAL	FY 2014/15 ACTUAL	FY 2015/16 ACTUAL	FY 2016/17 ADOPTED	FY 2016/17 ESTIMATE	FY 2017/18 PROPOSED	CHANGE FROM FY 2016/17 ADOPTED	
----------------------	----------------------	----------------------	-----------------------	------------------------	------------------------	-----------------------------------	--

EXPENDITURES

By Type:

1 Wages	115,440	152,681	154,848	133,612	109,643	137,983	4,370	3.3%
2 Premium Pay	11,733	13,981	8,837	8,840	26,891	16,434	7,594	86%
3 Health Benefits	-	-	46,451	41,767	33,195	41,483	(284)	-0.7%
4 Retirement Cont.	19,048	25,192	25,915	25,813	15,962	16,701	(9,112)	-35%
5 Retirement Medical	3,005	485	4,299	2,005	619	2,069	64	3.2%
6 Misc. Benefits	39,066	43,922	4,403.52	7,570	11,466	13,068	5,498	73%
7 Legal Services	-	-	-	-	-	-	-	0%
8 Engineering Services	-	-	-	-	-	-	-	0%
9 Professional Services	6,470	6,240	13,483	10,926	65,094	14,485	3,559	33%
10 Prof. Memberships	49	-	88	282	406	40	(242)	-86%
11 Printing/Advertising	-	-	55	1	38	40	39	3893%
12 Insurance Premiums	17,252	16,789	18,618	17,140	22,253	25,272	8,132	47%
13 Utilities	1,111	90	339	1,881	4,143	4,974	3,094	165%
14 Misc. Expenses	1,357	3,548	13,431	1,910	2,604	1,260	(650)	-34%
15 Travel & Training	1,831	3,124	3,840	6,016	3,713	1,234	(4,782)	-79%
16 Bldg & Maint Services	-	-	8	-	-	-	-	0%
17 Chemicals	-	-	-	-	-	-	-	0%
18 Permits & Licenses	-	-	-	-	-	-	-	0%
19 Supplies	3,116	3,098	4,412	3,903	10,223	7,442	3,539	91%
20 Equipment	5,266	7,063	20,673	68,056	859	3,343	(64,713)	-95%
21 Tools	117	78	1,431	301	101	1,194	893	297%
22 Infrastructure	-	-	-	-	-	-	-	0%
23	224,862	276,291	321,133	330,024	307,210	287,021	(43,003)	-13.0%

24 Funded Positions:

25 Operating Fund FTE	2.041	2.148	2.350	1.786	1.786	1.768	(0.018)	-1.0%
26 Other Funds FTE	-	-	-	-	-	-	-	0%
27	2.041	2.148	2.350	1.786	1.786	1.768	(0.018)	-1.0%

28 REVENUE

By Type:

30 JPA Assessments	-	-	-	-	-	-	-	0%
31 Contract Services	275,760	279,896	319,741	331,685	331,685	274,596	(57,089)	-17%
32 NDWSCP Fees	-	-	-	-	-	12,425	12,425	124250%
33 Misc. Fees	-	-	-	-	-	-	-	0%
34 Interest Earnings	-	-	-	-	-	-	-	0%
35 Misc. Revenue	-	-	-	-	-	-	-	0%
36 From/(To) Reserves	-	-	-	-	-	-	-	0%
37	275,760	279,896	319,741	331,685	331,685	287,021	(44,664)	-13%

By Agency:

39 Half Moon Bay	275,760	279,896	319,741	331,685	331,685	274,596	(57,089)	-17%
40 Granada CSD	-	-	-	-	-	-	-	0%
41 Montara WSD	-	-	-	-	-	-	-	0%
42	275,760	279,896	319,741	331,685	331,685	274,596	(57,089)	-17%

CONTRACT COLLECTION SERVICES: GCSD DIVISION

	FY 2013/14 ACTUAL	FY 2014/15 ACTUAL	FY 2015/16 ACTUAL	FY 2016/17 ADOPTED	FY 2016/17 ESTIMATE	FY 2017/18 PROPOSED	CHANGE FROM FY 2016/17 ADOPTED	
--	------------------------------	------------------------------	------------------------------	-------------------------------	--------------------------------	--------------------------------	---	--

EXPENDITURES

By Type:

1	Wages	95,922	134,049	117,427	97,335	80,366	116,125	18,790	19%
2	Premium Pay	9,750	12,275	6,701	7,377	19,525	12,887	5,511	75%
3	Health Benefits	-	-	35,225	30,594	24,102	34,923	4,329	14%
4	Retirement Cont.	15,827	22,118	19,652	18,761	11,590	14,451	(4,311)	-23%
5	Retirement Medical	2,497	426	3,260	1,456	330	1,741	285	20%
6	Misc. Benefits	32,461	38,563	3,339.34	5,638	8,716	10,991	5,353	95%
7	Legal Services	-	-	-	-	-	-	-	0%
8	Engineering Services	-	-	-	-	-	-	-	0%
9	Professional Services	5,376	5,479	10,225	8,943	47,332	13,011	4,068	45%
10	Prof. Memberships	41	-	67	205	294	36	(169)	-83%
11	Printing/Advertising	-	-	42	1	28	29	28	2799%
12	Insurance Premiums	14,335	14,740	14,119	14,332	16,901	17,834	3,502	24%
13	Utilities	923	79	257	1,365	3,008	4,468	3,103	227%
14	Misc. Expenses	1,128	3,115	6,569	1,389	2,180	8,116	6,727	484%
15	Travel & Training	1,522	2,743	2,912	4,368	2,696	1,108	(3,260)	-75%
16	Bldg & Maint Services	-	-	6	-	-	-	-	0%
17	Chemicals	-	-	-	-	-	-	-	0%
18	Permits & Licenses	-	-	-	-	-	-	-	0%
19	Supplies	2,589	2,720	3,346	2,833	7,446	6,684	3,851	136%
20	Equipment	4,376	6,201	15,677	49,413	550	2,252	(47,161)	-95%
21	Tools	97	68	1,085	218	73	1,072	854	391%
22	Infrastructure	-	-	-	-	-	-	-	0%
23		186,843	242,576	239,910	244,230	225,138	245,729	1,500	0.6%

24 Funded Positions:

25	Operating Fund FTE	1.696	1.885	1.774	1.297	1.297	1.489	0.192	15%
26	Other Funds FTE	-	-	-	-	-	-	-	0%
27		1.696	1.885	1.774	1.297	1.297	1.489	0.192	15%

28 REVENUE

By Type:

30	JPA Assessments	-	-	-	-	-	-	-	0.0%
31	Contract Services	229,548	245,277	242,391	242,350	242,350	239,954	(2,396)	-1.0%
32	NDWSCP Fees	-	-	-	-	-	5,775	5,775	577500%
33	Misc. Fees	-	-	-	-	-	-	-	0%
34	Interest Earnings	-	-	-	-	-	-	-	0%
35	Misc. Revenue	-	-	-	-	-	-	-	0%
36	From/(To) Reserves	-	-	-	-	-	-	-	0%
37		229,548	245,277	242,391	242,350	242,350	245,729	3,379	1.4%

38 By Agency:

39	Half Moon Bay	-	-	-	-	-	-	-	0%
40	Granada CSD	229,548	245,277	242,391	242,350	242,350	239,954	(2,396)	-1.0%
41	Montara WSD	-	-	-	-	-	-	-	0%
42		229,548	245,277	242,391	242,350	242,350	239,954	(2,396)	-1.0%

CONTRACT COLLECTION SERVICES: MWSD DIVISION

FY 2013/14 ACTUAL	FY 2014/15 ACTUAL	FY 2015/16 ACTUAL	FY 2016/17 ADOPTED	FY 2016/17 ESTIMATE	FY 2017/18 PROPOSED	CHANGE FROM FY 2016/17 ADOPTED
----------------------	----------------------	----------------------	-----------------------	------------------------	------------------------	-----------------------------------

EXPENDITURES

By Type:

1 Wages	136,559	150,625	157,859	124,658	102,591	136,395	11,737	9.4%
2 Premium Pay	13,880	13,793	7	8,484	25,103	18,775	10,291	121%
3 Health Benefits	-	-	47,354	39,074	30,988	40,894	1,820	4.7%
4 Retirement Cont.	22,532	24,853	26,419	24,021	14,901	13,891	(10,130)	-42%
5 Retirement Medical	3,555	478	4,383	1,872	541	2,045	173	9.3%
6 Misc. Benefits	46,213	43,331	4,489.14	7,097	10,826	12,957	5,860	83%
7 Legal Services	-	-	-	-	-	-	-	0%
8 Engineering Services	-	-	-	-	-	-	-	0%
9 Professional Services	7,654	6,156	13,746	10,445	60,783	8,904	(1,541)	-15%
10 Prof. Memberships	58	-	90	263	379	183	(80)	-30%
11 Printing/Advertising	-	-	57	1	36	37	36	3628%
12 Insurance Premiums	20,408	16,563	18,981	27,864	32,842	34,655	6,791	24%
13 Utilities	1,314	89	346	1,755	3,868	3,058	1,303	74%
14 Misc. Expenses	1,606	3,500	26,949	1,784	2,578	1,628	(156)	-8.7%
15 Travel & Training	2,166	3,082	3,914	5,616	3,466	538	(5,078)	-90%
16 Bldg & Maint Services	-	-	8	-	-	-	-	0%
17 Chemicals	-	-	-	-	-	-	-	0%
18 Permits & Licenses	-	-	-	-	-	-	-	0%
19 Supplies	3,686	3,057	4,498	4,642	9,549	4,574	(68)	-1.5%
20 Equipment	6,230	6,968	21,075	63,531	708	1,541	(61,990)	-98%
21 Tools	139	76	1,458	281	94	734	453	161%
22 Infrastructure	-	-	-	-	-	-	-	0%
23	265,999	272,571	331,632	321,388	299,251	280,811	(40,577)	-13%

24 Funded Positions:

25 Operating Fund FTE	2.414	2.117	2.350	1.667	1.667	1.743	0.076	4.6%
26 Other Funds FTE	-	-	-	-	-	-	-	0%
27	2.414	2.117	2.350	1.667	1.667	1.743	0.076	4.6%

28 REVENUE

By Type:

30 JPA Assessments	-	-	-	-	-	-	-	0%
31 Contract Services	332,868	285,178	325,958	321,608	321,608	279,411	(42,197)	-13%
32 NDWSCP Fees	-	-	-	-	-	1,400	1,400	140000%
33 Misc. Fees	-	-	-	-	-	-	-	0%
34 Interest Earnings	-	-	-	-	-	-	-	0%
35 Misc. Revenue	-	-	-	-	-	-	-	0%
36 From/(To) Reserves	-	-	-	-	-	-	-	0%
37	332,868	285,178	325,958	321,608	321,608	280,811	(40,797)	-13%

By Agency:

39 Half Moon Bay	-	-	-	-	-	-	-	0%
40 Granada CSD	-	-	-	-	-	-	-	0%
41 Montara WSD	332,868	285,178	325,958	321,608	321,608	279,411	(42,197)	-13%
42	332,868	285,178	325,958	321,608	321,608	279,411	(42,197)	-13%

FINANCIAL HIGHLIGHTS

The following is a list of key budget categories, what is included in each category, and the changes between the FY 2016/17 and 2017/18 budgets.

Category	FY 2016/17	FY 2017/18
<p>Wages</p> <p>Increased for COLA adjustments of 3% per MOU, a shift of 0.25 Lead Collection Maintenance Worker from the JPA budget, which reflects the F.O.G. inspections performed on behalf of the participating agencies, and merit step increases, where applicable.</p>	\$355,606	\$390,503
<p>Premium Pay</p> <p>Includes overtime paid for staff to perform tasks outside of normal work times as well as standby pay. The change includes negotiated changes effective July 1, 2016, but not adopted until September 26, 2016. The increase also includes the shift of 0.25 Lead Collection Maintenance Worker from the JPA budget.</p>	\$24,701	\$48,097
<p>Health Benefits</p> <p>The cost of medical, dental, and vision benefits provided to employees based on the MOU. The increase includes negotiated changes effective July 1, 2016, but not adopted until September 26, 2016. The increase also includes the shift of 0.25 Lead Collection Maintenance Worker from the JPA budget.</p>	\$111,435	\$117,300
<p>Retirement Contributions</p> <p>Decreased to reflect changes in CALPERS contribution rates for PEPRA members. SAM pays a portion of the employee contribution to CalPERS for retirement benefits only for classic members. SAM is in compliance PEPRA.</p>	\$68,596	\$45,044
<p>Retirement Medical</p> <p>Increased to make contributions to an OPEB trust in compliance with GASB. The increase also includes the shift of 0.25 Lead Collection Maintenance Worker from the JPA budget.</p>	\$5,334	\$5,856

FISCAL YEAR 2017/18

Misc. Benefits	\$20,305	\$37,016
Increased to include negotiated changes effective July 1, 2016, but not adopted until September 26, 2016.		
Legal Services	\$0	\$0
There are no legal services budgeted to CCS.		
Engineering Services	\$0	\$0
There are no engineering costs charged to CCS.		
Professional Services	\$30,314	\$36,400
This category reflects specialized services that cannot be provided by SAM staff. This includes vehicle maintenance, medical services to maintain Class B licenses, and contracting with vendor to perform cleaning services on Hwy 1.		
Professional Membership	\$750	\$259
Includes memberships in professional organizations (CWEA) for SAM to keep current on industry practices and service delivery improvements.		
Printing/Advertising	\$3	\$106
Includes the cost of business cards, door hangtags, and F.O.G outreach materials.		
Insurance Premiums	\$59,336	\$77,761
The liability insurance premiums for coverage of the participating agencies' collection systems are charged to this budget. Increases are based on FY 2016/17 premiums, retroactive premiums, and anticipated premium changes by the pooling authority (CSRMA).		
Utilities	\$5,001	\$12,500
Water and cellular telephones for CCS staff. Water was previously charged to the JPA budget in error.		
Misc. Expenses	\$5,086	\$11,004
Includes incidental expenses (uniform laundry services, postage, delivery services, etc.) not captured in other categories.		

FISCAL YEAR 2017/18

Travel & Training	\$16,000	\$2,880
Training and travel related costs for required safety training.		
Building & Maintenance Services	\$0	\$0
There are no building and maintenance services budgeted to CCS.		
Chemicals	\$0	\$0
There are no chemical costs budgeted to CCS.		
Permits	\$0	\$0
There are no permit fees budgeted to CCS. If permits are needed for emergency repairs of participating agency pipes, the costs are charged to the appropriate agency for reimbursement.		
Supplies	\$11,378	\$18,700
Office, computer, printer, safety, and general supplies.		
Equipment	\$181,000	\$7,136
Decreased to eliminate funding for replacement of CCS vehicles due to the uncertainty of continued contract services with one or more of the participating agencies.		
Tools	\$800	\$3,000
Purchase of tools and small equipment for use in the collection system.		
Construction	\$0	\$0
There are no construction costs budgeted to CCS.		

The significant changes in the Contract Collection Services division from the Adopted Budget for FY 2016/17 included in the FY 2017/18 budget are:

1. Changed the allocation methodology to more accurately reflect the types of services delivered to each participating agency rather than allocating the percentage of total man hours used.
2. Reallocated 0.25 FTE Lead Collection Maintenance Worker related to the F.O.G. inspections performed on behalf of participating agencies.

3. Reallocated budget between line items to more accurately reflect the expenditures after implementing new accounting software.
4. Eliminated funding for equipment replacement or establishment of a replacement fund for the purchase of future CCS vehicles.

GOALS

- Perform all scheduled and emergency maintenance at the service levels defined in the service agreements.
- Work with the member agencies to reduce sanitary sewer overflows (SSOs) through use of industry best practices.
- Provide customers with quick, knowledgeable, and complete response by service crews.
- In a timely manner, process all liability claims paperwork as required by CSRMA on behalf of the participating agencies.
- Promote the development and education of staff to assure the ongoing ability to maintain, troubleshoot and repair all systems and equipment.

HIGHLIGHTS

- Cleaned participating agency sewer lines as required in the service agreements.
- Responded to service requests as required in the service agreements.
- Responded to most emergency service requests within 60 minutes.
- Performed preventive maintenance at all contract lift stations. This work improves station reliability and reduces odor generation.
- Conducted all required annual safety training programs.
- Responded to requests for USA markings.
- Performed connection inspections for member agencies as requested.
- Performed project management services for sewer line repair work as requested by participating agencies.

PROGRAM OBJECTIVES

- Perform required preventive and predictive maintenance to eliminate spills, overflows in the participating agencies' systems, and to minimize the possibility of equipment breakdowns
- Continue to promote and provide a safe and healthy environment for all staff.
- Develop and implement standard operating procedures (SOPs) for contract collection and maintenance functions.
- Develop and implement maintenance plan for routine maintenance on all equipment.

- Perform the annual F.O.G. program inspections on behalf of the participating agencies.

PERFORMANCE MEASURES

- Clean all segments of participating agency sewer lines each year for regular cleaning and more frequently for “hot spots” or problem areas.
- Reduce sanitary sewer overflows (SSOs) to no more than the annual Region 2 average of six spills per 100 miles of pipe.
- No lost time due to injuries or accidents.
- Completion of 100% of required annual safety trainings.
- Respond to 100% of emergency service requests within 60 minutes with 100% customer satisfaction.



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **July 6, 2017**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

**SUBJECT: 2017 Water Connection 2nd Study Session –
Capacity Charge**

The District held a Public Hearing on January 19, 2017 in regards to Water Connections at which the Well Conversion Financing Program was presented and adopted. At the March 16, 2017 a Water Connection Work Study resulted in code changes confirming existing well conversion policies. Additionally the preparation of a new Water Master Plan and Connection Charge Study were announced at that meeting. The Draft Connection Charge Study and sections of the Mater Plan were presented at the May 4 meeting. The Board directed staff to schedule a study session to expand on possible alternatives to the staff presented calculation of the connection charges and allow the consideration of questions from the public. The full Water Master Plan was received on June 1, 2017.

Alex Handlers with Bartle Wells will be available to present a comparison of the approaches used to calculate connection charges in the industry. Staff will be available to answer questions from the board and public.

RECOMMENDATION:

This item is for information and discussion only.

Attachment



Montara Water and Sanitary District



Water Capacity Charge Update

Draft 04/28/17



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

TABLE OF CONTENTS

Background.....	1
Government Code.....	2
Fee Methodology.....	3
New Customer Capital Improvement Program.....	4
Water Capacity Charge Alternatives.....	5
Proposed Water Capacity Charges	7
Capacity Charge Ordinance: Purpose of Charge.....	9
Capacity Charge Credits for Redevelopment	9
Limited Term of Application for an Adopted Capacity Charge	9
Future Fee Adjustments.....	9
Appendix A – Government Code Pertaining to Water & Wastewater Capacity Charges	

Background

The Montara Water and Sanitary District (District or MWSD) provides water, sewer and trash disposal services to the unincorporated areas of Montara and Moss Beach. The District is located on the Pacific Coast in San Mateo County, north of Half Moon Bay and south of Pacifica.

The District levies water capacity charges on new or expanded connections to the water system. These charges are levied as a condition of development or expansion, and are designed to recover the cost of capacity in infrastructure benefitting new development. The District's water capacity charges were last updated in 2011.

In March 2011 the District Board of Directors passed Ordinance No. 161 which amended the District code to repeal Section 5-4.229, the moratorium on new water connections, and added Section 5-4.100(a), which allows for the connections of new water customers. To facilitate the addition of new water customers, the District Engineer, SRT Consultants, updated the District's Water System Master Plan and concluded there was sufficient water supply available to start adding new customers. The Master Plan identified capital improvement needed to improve system reliability and serve growth. Infrastructure improvements needed to serve growth were detailed in a New Customer Capital Improvement Program (CIP) prepared by SRT. The capital improvements identified in the program were exclusively for the benefit of new connections and excluded cost recovery for capital improvements benefitting the existing customer base.

In April 2011, Bartle Wells Associates (BWA) updated the District's water capacity charges based on costs identified in the New Customer CIP developed by SRF. The District has not recalculated its water capacity charges since 2011, however the District has adjusted the fees annually by the change in the Engineering News-Record Construction Cost Index – a widely used measure of construction cost inflation – to keep the charge aligned with construction cost inflation.

Since 2011, the District's water system undergone a number of changes. The District has completed a number of capital improvements to improve system reliability, acquired the Pillar Ridge water system and customer base, and identified new sources of water supply. Additionally, District customers have successfully reduced water consumption in response to California's multi-year drought.

In April 2017, SRT developed 2017 Water System Master Plan Update which included updated CIPs for a) Existing Customers and b) New Customers. The capital improvements identified in the New Customer CIP represent the share of total CIP projects that are allocated to growth and provide 100% benefit to new or expanded connections to the water system. These projects exclude reliability improvements as well as renewal and replacement projects benefiting existing customers. In conjunction with the Master Plan Update, which includes 5-year CIPs for both existing and new customers, SRT updated a water system hydraulic model previously developed for the District to identify system capacity deficiencies and associated capital improvements needed to serve future increments of growth.

Bartle Wells Associates subsequently updated the District's water capacity charges based on the SRT's analysis of capital needs for serving growth. The updated charges are designed to:

- Recover the costs of water system infrastructure and improvement required to serve new water connections or expanded connections that increase water demand;
- Equitably recover costs based on the new or increased capacity needs for serving each new or expanded connection;
- Are consistent with industry-standard practices and methodologies;
- Comply with government code.

Government Code

Development impact fees are governed by California Government Code Section 66000 et. seq. This section of the Code was initially established by Assembly Bill 1600 (AB 1600) and is commonly referred to as the Mitigation Fee Act. Pursuant to the Code, a development impact fee is not a tax or special assessment, but is instead voluntary charge levied to defray the cost of public facilities needed to serve a new development.

Section 66013 of the Code specifically governs water and wastewater capacity charges. This section of the Code defines a "capacity charge" to mean "*a charge for public facilities in existence at the time a charge is imposed or charges for new public facilities to be acquired or constructed in the future that are of proportional benefit to the person or property being charged.*" The Code distinguishes "capacity charges" from "connection fees" which are defined as fees for the

physical facilities necessary to make a water or sewer connection, such as costs related to installation of meters and pipelines from a new building to a water or sewer main.

According to the Section 66013, a water or wastewater capacity charge “shall not exceed the estimated reasonable cost of providing the service for which the fee or charge is imposed” unless approved by a two-thirds vote. As such, the capacity charges calculated in this report represent the maximum charges that the District can levy. Section 66013 does not detail any specific methodology for calculating capacity charges.

Section 66016 of the Code identifies the procedural requirements for adopting or increasing water and wastewater capacity charges and Section 66022 summarizes the general process by which the charges can be legally challenged. The full text of Sections 66013, 66016 and 66022 are attached in Appendix A.

Fee Methodology

Consistent with the District’s current capacity charge methodology, BWA recommends use of an *incremental cost approach* for calculating updated water capacity charges. Under this approach, new connections pay for the share of water system infrastructure improvements needed to serve new connections and meet the capacity requirements of new water demand. Based on the incremental cost approach used in this fee update, the updated capacity charge:

- Excludes cost recovery for any facilities previously funded by the District’s prior issuances of General Obligation Bonds.
- Excludes cost recovery for buying-in to capital improvements and other assets funded by prior or existing ratepayers, even though some of these improvements may provide benefit to new connections, such as via improved system reliability.
- Recovers costs based on the incremental water demand placed on the water system by new connections, regardless of whether the connection is from new construction, redevelopment, or a transition to District water supply from properties currently served by private wells
- Ensures that updated capacity charges are appropriately sized to recover the cost of capital improvements required exclusively for serving growth.

As such, the updated capacity charges represent a conservative approach to calculating updated charged. The updated fee would apply consistently to all new or expanded water connections based on the new water demands of each connection which is in proportion to the system capacity needs for serving each connection.

New Customer Capital Improvement Program

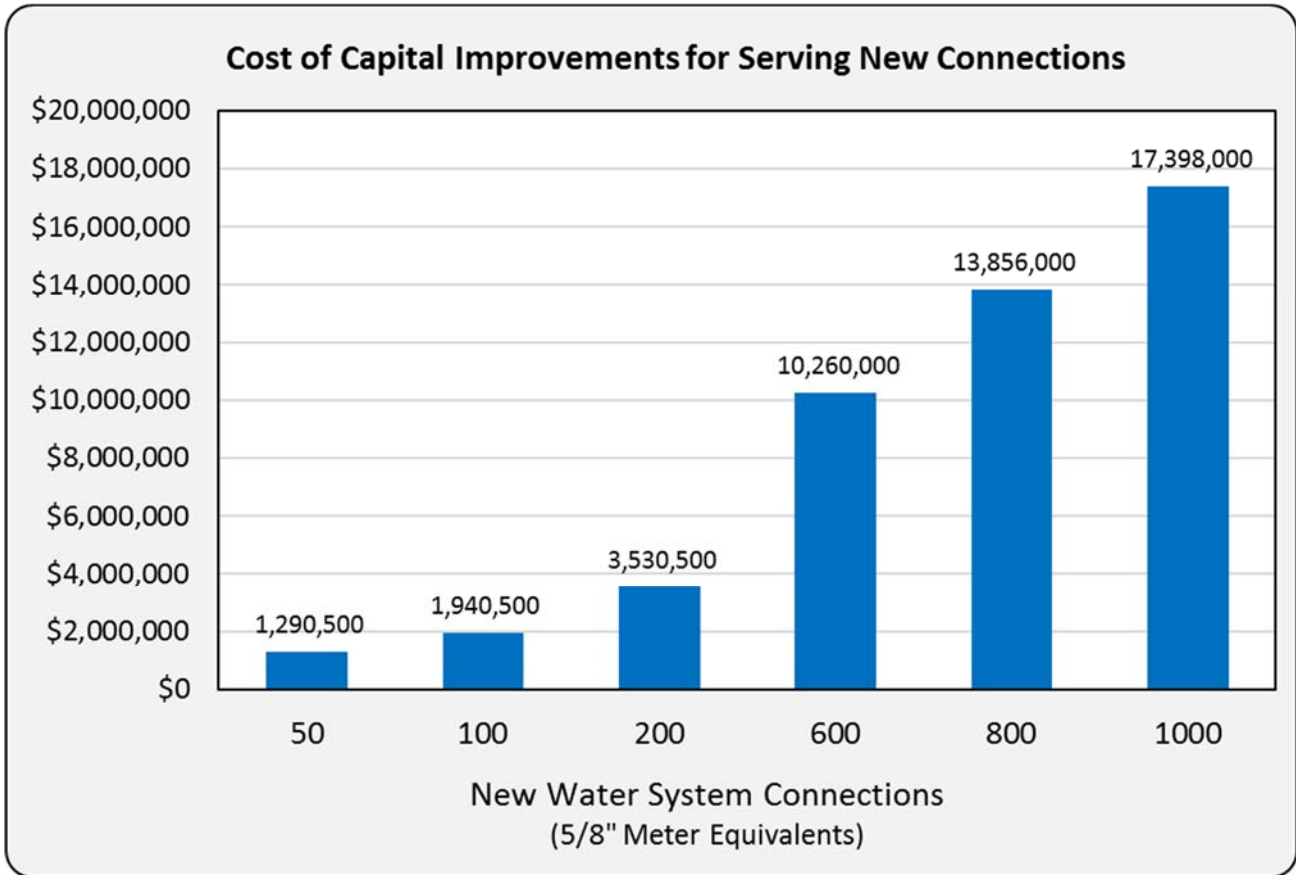
Table 1 shows the cost of capital improvements required exclusively for serving growth based on analysis provided by SRT. SRT ran a number of growth and associated water demand scenarios through a hydraulic model they developed for the District’s water system to identify water system capacity deficiencies and capital improvements required for serving different increments of growth. For example, to reliably serve the next 100 new water system connections (typical single family homes or 5/8 x 3/4-inch meter equivalents), the District would need to construct a little over \$1.9 million of infrastructure improvements. Likewise, to serve the next 1,000 connections, the District would need to construct roughly \$17.4 million of improvements.

The table below shows the capital improvement costs associated with serving various levels of new connections based on SRT’s hydraulic model analysis. This and following tables use the term 5/8” meter to refer to the District’s base 5/8 x 3/4-inch meter, which serves most residential connections.

Water System Capital Improvements Required for Serving Different Levels of Growth			
Growth Scenario	New Connections (5/8" Meter Equivalents)	Estimated Population Growth	Estimated Cost of Improvements to Serve New Connections
Scenario 1	50	3%	\$1,290,500
Scenario 2	100	6%	\$1,940,500
Scenario 3	200	12%	\$3,530,500
Scenario 4	600	35%	\$10,260,000
Scenario 5	800	47%	\$13,856,000
Scenario 6	1000	59%	\$17,398,000

Source: SRT Consultants, April 24, 2017.

The following chart shows the same information graphically.



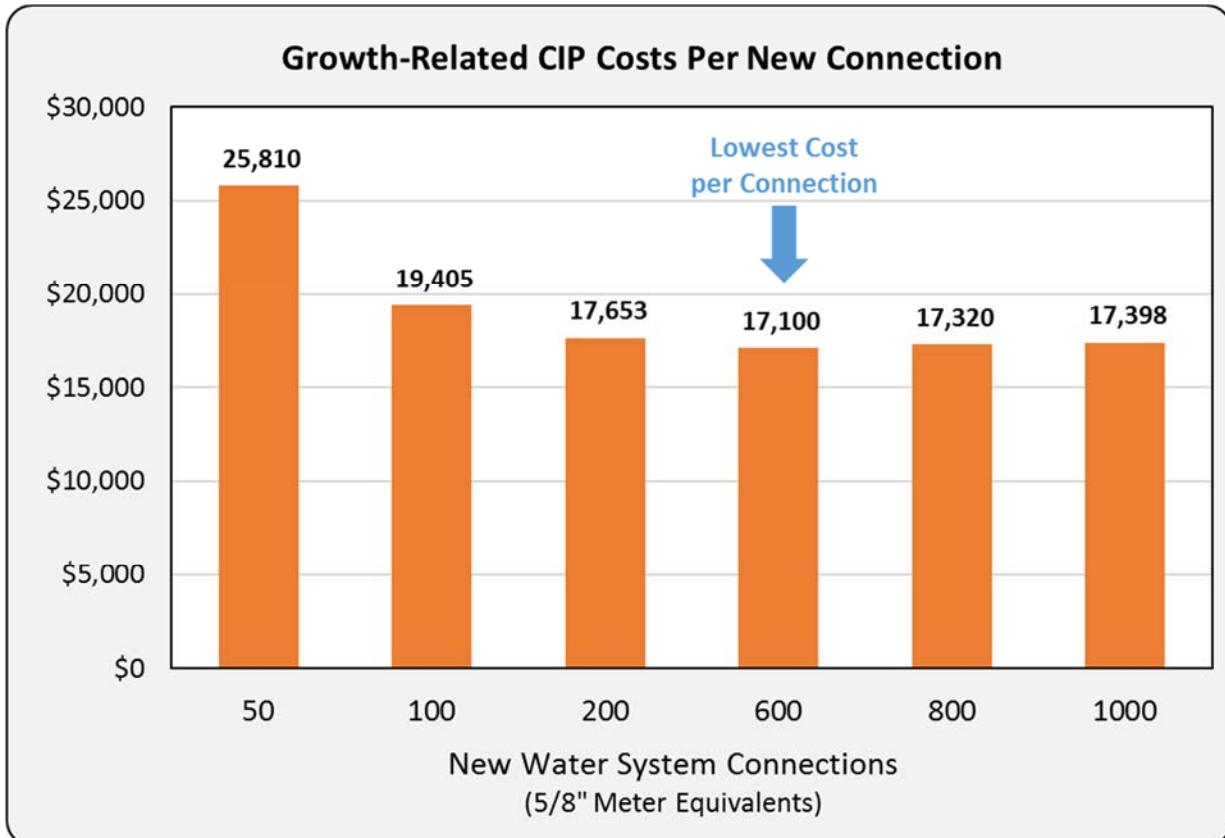
Water Capacity Charge Alternatives

The incremental cost of capital improvements needed to serve growth varies based on the level of growth, with more capital improvements required for serving more growth. Hence the cost for serving new connections can vary depending on the level of growth, with the cost per connection based on a) the cost of growth-related capital improvements divided by b) the number of connections (e.g. 100, 200, etc.) those capital improvements are designed to serve.

The following table calculated the cost of growth-related capital improvements per new connection at different levels of growth.

Growth-Related CIP Cost per New Connection			
Growth Scenario	Estimated Cost of Improvements to Serve New Connections	New Connections (5/8" Meter Equivalents)	Cost per New Connection (5/8" Meter Equivalent)
Scenario 1	\$1,290,500	50	\$25,810
Scenario 2	\$1,940,500	100	\$19,405
Scenario 3	\$3,530,500	200	\$17,653
Scenario 4	\$10,260,000	600	\$17,100
Scenario 5	\$13,856,000	800	\$17,320
Scenario 6	\$17,398,000	1000	\$17,398

The same information is shown on the following chart.



As shown, the cost per new connection is highest for the lowest levels of growth. However, from 200 connections and upward, the cost per unit remains in relatively stable range. This is partially due to the fact that additional water storage capacity would eventually need to be constructed as growth approaches 800 new connections. Subsequently, the District would need to fund additional water supply reliability improvements.

The District can allow new customers to connect to the water system before the growth-improvements are constructed. However, this does not negate the need to eventually construct the improvements necessitated by growth. The new water demands placed on the water system by the new connections would negatively impact the reliability and fire flow capacity of the water system to substandard levels based on the hydraulic model. So while the water system could accommodate new connections on a temporary basis, the improvements would still need to be completed to increase system capacity and reliability to adequately serve the new water demands.

Proposed Water Capacity Charges

Based on the data from SRT's engineering analysis and cost estimates, BWA recommends an updated water capacity charge of \$17,100 per new 5/8 x 3/4-inch meter connection, the standard meter size for a typical residential connection. This level of charge is based on a scenario of 600 new connections, which results in the lowest cost per connection. This level of growth is also consistent with the level of growth used in the prior water capacity charge update from 2011.

New connections that have higher water demands and hence higher water system capacity needs, would require larger water meters, and would pay correspondingly higher water capacity charges based on the water demands of each meter size in relation to that of the base 5/8 x 3/4-inch meter. For example, a 2-inch meter has the same capacity as 1.4 5/8 x 3/4-inch meters and hence would pay a capacity charge equal to eight times the charge of the 5/8-inch meter.

The updated charges are based on the cost of infrastructure improvements needed to serve increased demands on the water system. As such, the charges would consistently apply to new connections regardless of whether the connection is from new construction, redevelopment, or a transition to District water supply from properties currently served by private wells.

The following table shows a schedule of updated water capacity charges. Typical single family homes are served by a base 5/8 x 3/4-inch meter (referred to as a 5/8-inch meter in the table below).

Updated Water Capacity Charges		
Meter Size	Ratio to 5/8 x 3/4"	Capacity Charge
5/8 x 3/4-inch	1.00	\$17,100
3/4-inch	1.10	18,810
1-inch	1.40	23,939
1-1/2 inch	1.80	30,783
2-inch	2.90	49,589
3-inch	11.00	188,095
4-inch	14.00	239,395

Charges for connections for meters larger than 4-inch will be determined by the General Manager based on estimated water demand.

The updated water capacity charges are approximately 8.7% higher than the District's current charges.

Comparison of Current & Updated Water Capacity Charges				
Meter Size	Current	Updated	Increase \$	Increase %
5/8 x 3/4-inch*	\$15,729	\$17,100	\$1,371	8.7%
3/4-inch	17,302	18,810	1,508	8.7%
1-inch	22,020	23,939	1,919	8.7%
1-1/2 inch	28,315	30,783	2,468	8.7%
2-inch	45,613	49,589	3,976	8.7%
3-inch	173,014	188,095	15,081	8.7%
4-inch	220,201	239,395	19,194	8.7%

Capacity Charge Ordinance: Purpose of Charge

Pursuant to Government Code, revenues derived from the District's water capacity charges can only be used for the purpose for which the charges are collected. In order to maximize the District's flexibility for use of capacity charge revenues, BWA recommends that the ordinances/resolutions adopting new charges broadly define the purpose of the capacity charge.

Capacity Charge Credits for Redevelopment

Capacity charges for redevelopment projects and/or expansions should be based on the incremental demand generated from each project. Under this approach, future redevelopment projects would get credited for the capacity purchased by the prior development. For example, a small commercial building served by a 5/8 x 3/4-inch meter that is being redeveloped as a mixed-use development served by 2-inch meter, would only have to pay capacity charges for the additional demand generated by the new project as reflected by the difference in the capacity charge between the two meter sizes.

Limited Term of Application for an Adopted Capacity Charge

Other California agencies have experienced problems with developers purchasing capacity many years in advance of anticipated development in order to lock in lower fees. To avoid these problems, the District should continue to require that capacity charges be paid up front as a condition of development and should allow the charges to be effective for a limited period of time (typically one year) after which the developer or property owner would be responsible for paying any increase to the charges.

Future Fee Adjustments

In future years, BWA recommends that the District continue to update its capacity charges annually by adjusting the charges by the change in the Engineering News-Record Construction Cost Index (20-Cities Average) to account for future construction cost inflation. The fee adjustment should be based on the change in the ENR index from the most recent preceding fee update, which allows for a multi-year adjustment if the District ever opts to temporarily defer any fee adjustments. The District's capacity charge ordinance can allow for automatic annual adjustments.

Additionally, the District should review and consider updating its capacity charges when substantial revisions are made to anticipated capital improvement costs. In general, BWA recommends that capacity charges be independently reviewed and/or updated approximately once every five years.

APPENDIX A

**California Government Code:
Key Sections Pertaining to Water & Sewer Capacity Charges**

California Government Code
Key Sections Pertaining to Water & Wastewater Capacity Charges
Sections 66013, 66016, & 66022

66013

(a) Notwithstanding any other provision of law, when a local agency imposes fees for water connections or sewer connections, or imposes capacity charges, those fees or charges shall not exceed the estimated reasonable cost of providing the service for which the fee or charge is imposed, unless a question regarding the amount of the fee or charge imposed in excess of the estimated reasonable cost of providing the services or materials is submitted to, and approved by, a popular vote of two-thirds of those electors voting on the issue.

(b) As used in this section:

(1) "Sewer connection" means the connection of a structure or project to a public sewer system.

(2) "Water connection" means the connection of a structure or project to a public water system, as defined in subdivision (f) of Section 116275 of the Health and Safety Code.

(3) "Capacity charge" means a charge for public facilities in existence at the time a charge is imposed or charges for new public facilities to be acquired or constructed in the future that are of proportional benefit to the person or property being charged, including supply or capacity contracts for rights or entitlements, real property interests, and entitlements and other rights of the local agency involving capital expense relating to its use of existing or new public facilities. A "capacity charge" does not include a commodity charge.

(4) "Local agency" means a local agency as defined in Section 66000.

(5) "Fee" means a fee for the physical facilities necessary to make a water connection or sewer connection, including, but not limited to, meters, meter boxes, and pipelines from the structure or project to a water distribution line or sewer main, and that does not exceed the estimated reasonable cost of labor and materials for installation of those facilities.

(6) "Public facilities" means public facilities as defined in Section 66000.

(c) A local agency receiving payment of a charge as specified in paragraph (3) of subdivision (b) shall deposit it in a separate capital facilities fund with other charges received, and account for the charges in a manner to avoid any commingling with other moneys of the local agency, except for investments, and shall expend those charges solely for the purposes for which the charges were collected. Any interest income earned from the investment of moneys in the capital facilities fund shall be deposited in that fund.

(d) For a fund established pursuant to subdivision (c), a local agency shall make available to the public, within 180 days after the last day of each fiscal year, the following information for that fiscal year:

(1) A description of the charges deposited in the fund.

(2) The beginning and ending balance of the fund and the interest earned from investment of moneys in the fund.

(3) The amount of charges collected in that fiscal year.

(4) An identification of all of the following:

(A) Each public improvement on which charges were expended and the amount of the expenditure for each improvement, including the percentage of the total cost of the public improvement that was funded with those charges if more than one source of funding was used.

(B) Each public improvement on which charges were expended that was completed during that fiscal year.

(C) Each public improvement that is anticipated to be undertaken in the following fiscal year.

(5) A description of each interfund transfer or loan made from the capital facilities fund. The information provided, in the case of an interfund transfer, shall identify the public improvements on which the transferred moneys are, or will be, expended. The information, in the case of an interfund loan, shall include the date on which the loan will be repaid, and the rate of interest that the fund will receive on the loan.

(e) The information required pursuant to subdivision (d) may be included in the local agency's annual financial report.

(f) The provisions of subdivisions (c) and (d) shall not apply to any of the following:

(1) Moneys received to construct public facilities pursuant to a contract between a local agency and a person or entity, including, but not limited to, a reimbursement agreement pursuant to Section 66003.

(2) Charges that are used to pay existing debt service or which are subject to a contract with a trustee for bondholders that requires a different accounting of the charges, or charges that are used to reimburse the local agency or to reimburse a person or entity who advanced funds under a reimbursement agreement or contract for facilities in existence at the time the charges are collected.

(3) Charges collected on or before December 31, 1998.

(g) Any judicial action or proceeding to attack, review, set aside, void, or annul the ordinance, resolution, or motion imposing a fee or capacity charge subject to this section shall be brought pursuant to Section 66022.

(h) Fees and charges subject to this section are not subject to the provisions of Chapter 5 (commencing with Section 66000), but are subject to the provisions of Sections 66016, 66022, and 66023.

(i) The provisions of subdivisions (c) and (d) shall only apply to capacity charges levied pursuant to this section.

(Amended by Stats. 2007, Ch. 94, Sec. 1. Effective January 1, 2008.)

66016

(a) Prior to levying a new fee or service charge, or prior to approving an increase in an existing fee or service charge, a local agency shall hold at least one open and public meeting, at which oral or written presentations can be made, as part of a regularly scheduled meeting. Notice of the time and place of the meeting, including a general explanation of the matter to be considered, and a statement that the data required by this section is available, shall be mailed at least 14 days prior to the meeting to any interested party who files a written request with the local agency for mailed notice of the meeting on new or increased fees or service charges. Any written request for mailed notices shall be valid for one year from the date on which it is filed unless a renewal request is filed. Renewal requests for mailed notices shall be filed on or before April 1 of each year. The legislative body may establish a reasonable annual charge for sending notices based on the estimated cost of providing the service. At least 10 days prior to the meeting, the local agency shall make available to the public data indicating the amount of cost, or estimated cost, required to provide the service

for which the fee or service charge is levied and the revenue sources anticipated to provide the service, including General Fund revenues. Unless there has been voter approval, as prescribed by Section 66013 or 66014, no local agency shall levy a new fee or service charge or increase an existing fee or service charge to an amount which exceeds the estimated amount required to provide the service for which the fee or service charge is levied. If, however, the fees or service charges create revenues in excess of actual cost, those revenues shall be used to reduce the fee or service charge creating the excess.

(b) Any action by a local agency to levy a new fee or service charge or to approve an increase in an existing fee or service charge shall be taken only by ordinance or resolution. The legislative body of a local agency shall not delegate the authority to adopt a new fee or service charge, or to increase a fee or service charge.

(c) Any costs incurred by a local agency in conducting the meeting or meetings required pursuant to subdivision (a) may be recovered from fees charged for the services which were the subject of the meeting.

(d) This section shall apply only to fees and charges as described in Sections 51287, 56383, 65104, 65456, 65584.1, 65863.7, 65909.5, 66013, 66014, and 66451.2 of this code, Sections 17951, 19132.3, and 19852 of the Health and Safety Code, Section 41901 of the Public Resources Code, and Section 21671.5 of the Public Utilities Code.

(e) Any judicial action or proceeding to attack, review, set aside, void, or annul the ordinance, resolution, or motion levying a fee or service charge subject to this section shall be brought pursuant to Section 66022.

(Amended by Stats. 2006, Ch. 643, Sec. 19. Effective January 1, 2007.)

66022

(a) Any judicial action or proceeding to attack, review, set aside, void, or annul an ordinance, resolution, or motion adopting a new fee or service charge, or modifying or amending an existing fee or service charge, adopted by a local agency, as defined in Section 66000, shall be commenced within 120 days of the effective date of the ordinance, resolution, or motion.

If an ordinance, resolution, or motion provides for an automatic adjustment in a fee or service charge, and the automatic adjustment results in an increase in the amount of a fee or service charge, any action or proceeding to attack, review, set aside, void, or

annul the increase shall be commenced within 120 days of the effective date of the increase.

(b) Any action by a local agency or interested person under this section shall be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure.

(c) This section shall apply only to fees, capacity charges, and service charges described in and subject to Sections 66013, 66014, and 66016.

(Amended by Stats. 2006, Ch. 643, Sec. 20. Effective January 1, 2007.)

Montara Water & Sanitary District



Water Capacity Charge Workshop

July 6, 2017



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS



Montara Water
and Sanitary District

Presentation Overview

- **Water Capacity Charge Update**
 - *Brief Review of Background and Draft Recommendations*
- **Principles & Issues**
- **Questions & Concerns**
- **Alternative Approaches**



Goal: Review draft recommendations, address questions, identify potential alternatives

Water Capacity Charge Update



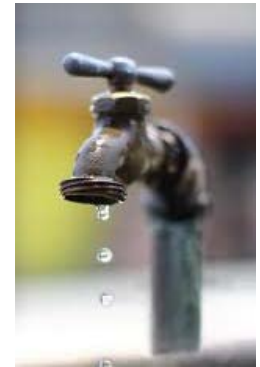
Background

- ▶ **Water capacity charges have not been recalculated since 2011**
- ▶ **Since 2011, the water system has undergone a number of changes**
 - **District completed a number of capital improvements to improve system reliability**
 - **Identified new sources of water supply**
 - **District customers successfully reduced water use in response to drought**
 - **Acquired the Pillar Ridge water system and customer base**
 - **New growth limit set at 1% by Local Coastal Program (LCP)**
 - **District's Public Works Plan approved by the Coastal Commission in 2013**



Current Capacity Charges

- ▶ Current fees based on *Water Capacity Charge Study, April 2011* by BWA
- ▶ In 2011, SRT updated the Water System Master Plan and associated Capital Improvement Program (CIP)
- ▶ CIP allocated costs to existing customers and growth
 - Identified cost of improvements benefitting approximately the next 621 equivalent connections
 - Project costs excluded cost recovery for facilities funded by GO Bonds
 - Projects costs allocated to growth = \$8.81 million
- ▶ Capacity Charge = $\$8.81\text{M} / 621 = \$14,187$ per new 5/8" meter or equivalent
 - Connection fees adjusted annually based on Engineering News-Record Construction Cost Index (SF Bay Area)
 - Current Capacity Charge for a 5/8" x 3/4" Meter = \$15,729
- ▶ Revenues deposited into separate fund & used exclusively for eligible projects



Legal Requirements

- ▶ **Development impact fees are governed by California Government Code Section 66000 *et. seq.*, (AB1600, enacted 1987 and amended 4 times including addition of Section 66013 in 1990)**
- ▶ **Section 66013 governs water & sewer capacity charges**
 - **Charge “shall not exceed the estimated reasonable cost of providing the service for which the fee or charge is imposed” (Unless obtain 2/3 voter approval)**
 - **Capacity charge can recover costs for:**
 - **“public facilities in existence at the time a charge is imposed”**
 - **“new facilities to be acquired or constructed in the future that are of proportional benefit to the person or property being charged”**
 - **“supply or capacity contracts for rights or entitlements, real property interests, and entitlements or other rights involving capital expenses”**
- ▶ **Code does not detail any specific method for fee calculation; a variety of methods may be used to determine an appropriate charge**

Master Plan Update

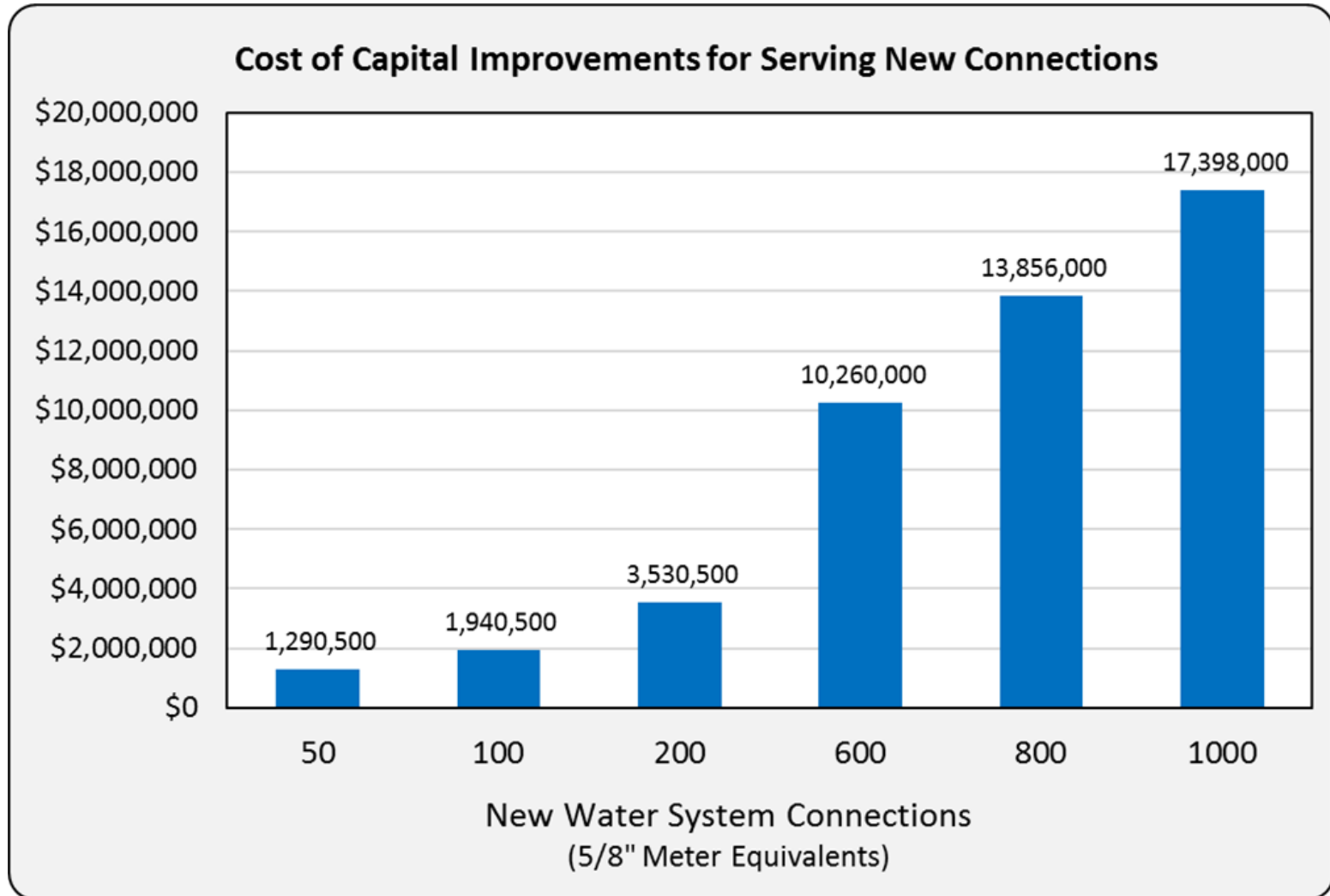
- ▶ **SRT developed 2017 Water System Master Plan Update**
 - Separate CIPs developed for a) existing customers and b) new customers
- ▶ **New Customer CIP identifies projects allocated to growth**
 - Projects needed to meet capacity needs of new development
- ▶ **SRT updated water system hydraulic model as part of process**
 - Hydraulic model used to identify system capacity deficiencies
- ▶ **SRT used hydraulic model to identify capital improvements needed to serve future increments of growth**

Capital Improvements for Growth

Water System Capital Improvements Required for Serving Different Levels of Growth			
Growth Scenario	New Connections (5/8" Meter Equivalents)	Estimated Population Growth	Estimated Cost of Improvements to Serve New Connections
Scenario 1	50	3%	\$1,290,500
Scenario 2	100	6%	\$1,940,500
Scenario 3	200	12%	\$3,530,500
Scenario 4	600	35%	\$10,260,000
Scenario 5	800	47%	\$13,856,000
Scenario 6	1000	59%	\$17,398,000

Source: SRT Consultants, April 24, 2017.

Capital Improvements for Growth



Capacity Charge Update

- ▶ **Incremental Cost Approach**
 - **Costs of improvements needed to serve growth / corresponding # of new connections**
 - **Similar methodology to 2011 fee calculation, simple & straightforward approach**
 - **Forward looking approach, growth pays its own way**

- ▶ **Excludes cost recovery for any facilities previously funded by District's General Obligation Bonds to ensure no double-counting**

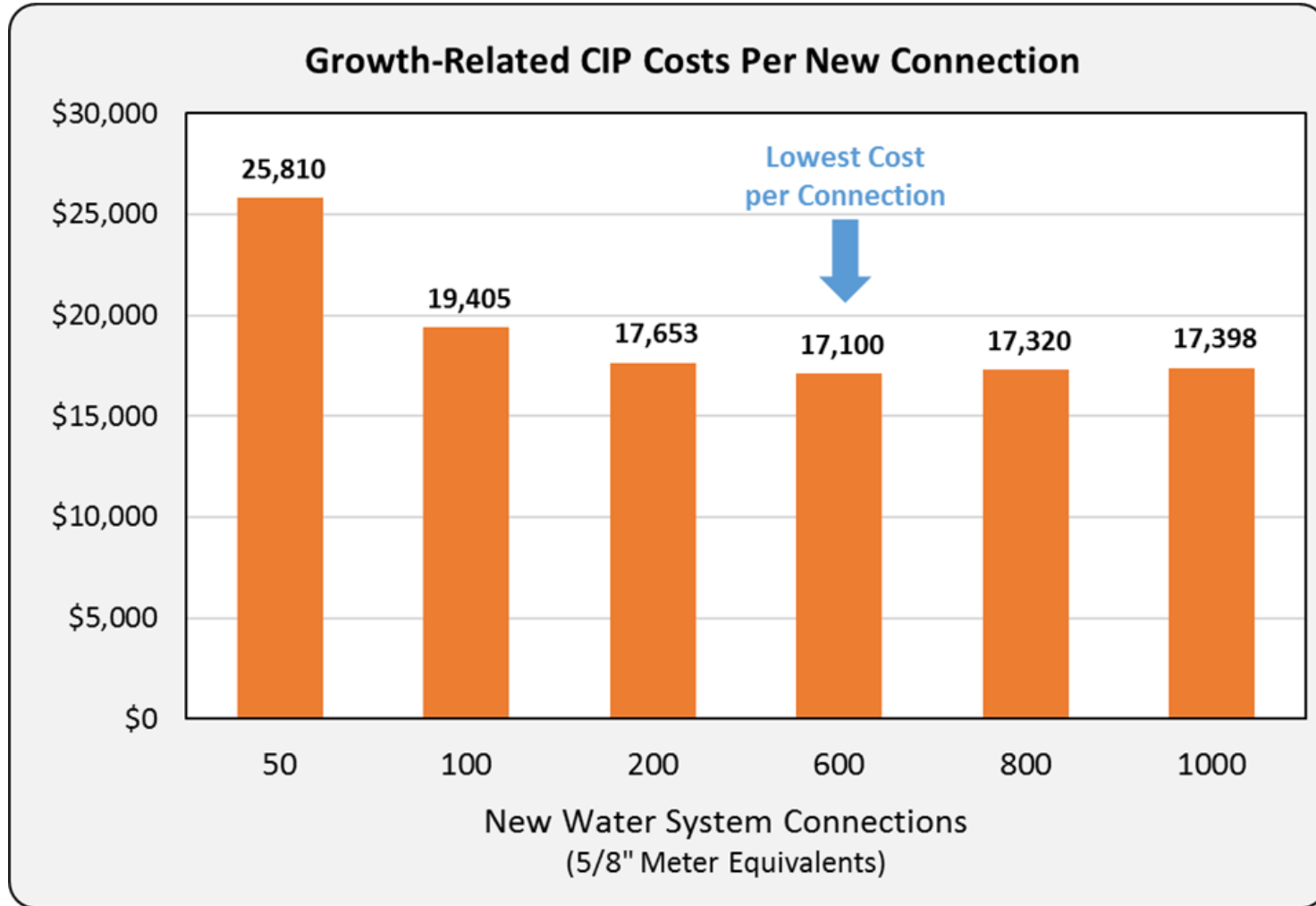
- ▶ **Excludes cost recovery for capital improvements and assets funded by prior or existing ratepayers**
 - **Even though some of these improvements may provide benefit to new connections, such as via improved system reliability**

- ▶ **Recovers costs based on the incremental demand placed on the water system by new connections**
 - **Same charge applies whether the connection is from new construction, redevelopment, or well-conversions**

Incremental Cost per Connection

Growth-Related CIP Cost per New Connection			
Growth Scenario	Estimated Cost of Improvements to Serve New Connections	New Connections (5/8" Meter Equivalents)	Cost per New Connection (5/8" Meter Equivalent)
Scenario 1	\$1,290,500	50	\$25,810
Scenario 2	\$1,940,500	100	\$19,405
Scenario 3	\$3,530,500	200	\$17,653
Scenario 4	\$10,260,000	600	\$17,100
Scenario 5	\$13,856,000	800	\$17,320
Scenario 6	\$17,398,000	1000	\$17,398

Incremental Cost per Connection



Capacity Charge per Meter Size

Updated Water Capacity Charges		
Meter Size	Ratio to 5/8 x 3/4"	Capacity Charge
5/8 x 3/4-inch	1.00	\$17,100
3/4-inch	1.10	18,810
1-inch	1.40	23,939
1-1/2 inch	1.80	30,783
2-inch	2.90	49,589
3-inch	11.00	188,095
4-inch	14.00	239,395

Charges for connections for meters larger than 4-inch will be determined by the General Manager based on estimated water demand.

Current vs. Updated Charges

Comparison of Current & Updated Water Capacity Charges				
Meter Size	Current	Updated	Increase \$	Increase %
5/8 x 3/4-inch*	\$15,729	\$17,100	\$1,371	8.7%
3/4-inch	17,302	18,810	1,508	8.7%
1-inch	22,020	23,939	1,919	8.7%
1-1/2 inch	28,315	30,783	2,468	8.7%
2-inch	45,613	49,589	3,976	8.7%
3-inch	173,014	188,095	15,081	8.7%
4-inch	220,201	239,395	19,194	8.7%

Note that charges would increase by 3% to 4% due to ENR adjustment, resulting in net increase of roughly 5%

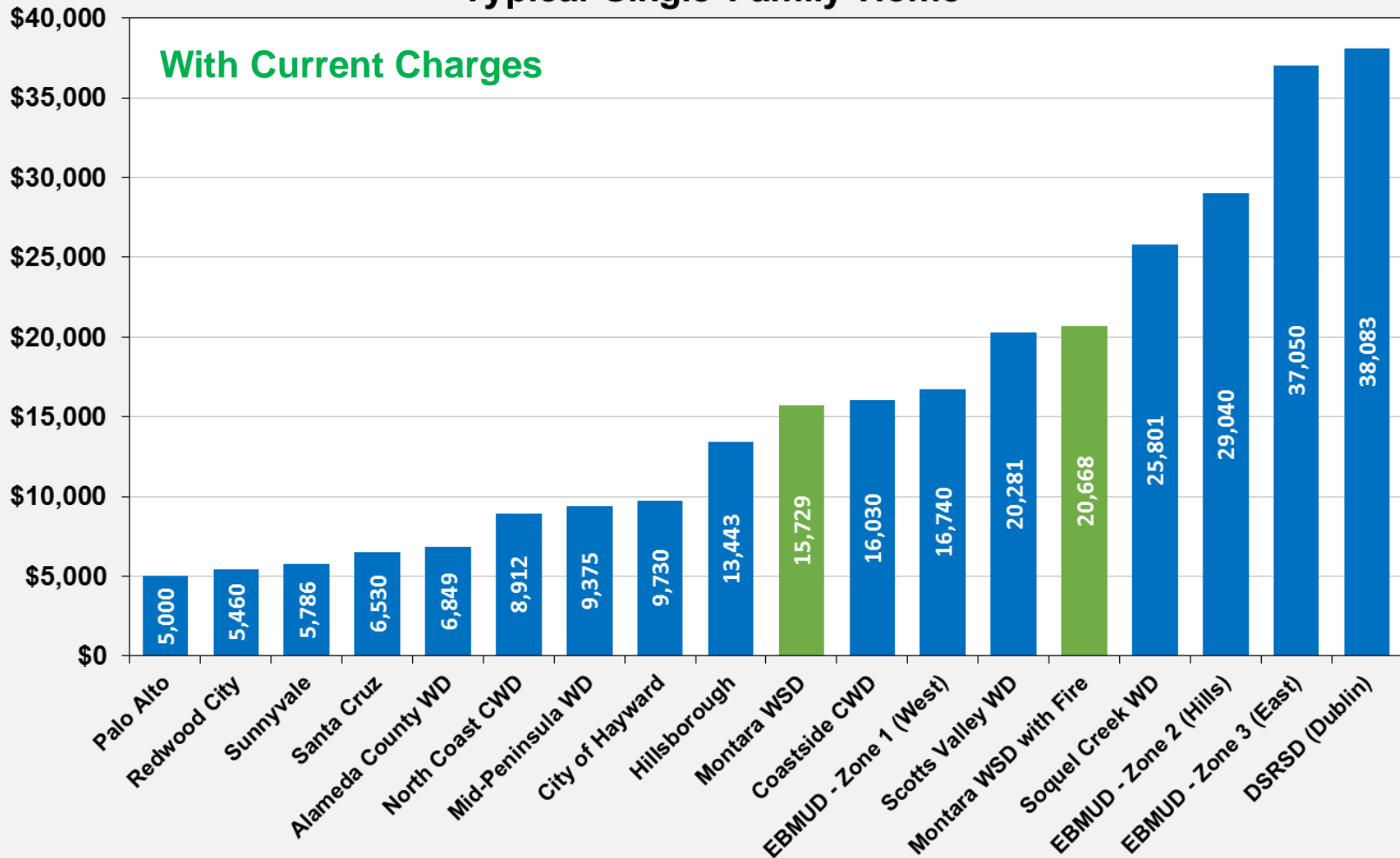
Updated Charges

- ▶ **Updated charges based on cost of infrastructure improvements needed to serve new demands**
 - Updated charges would apply consistently to new connections based on demand; same charges apply to new construction, redevelopment, or well-conversions
- ▶ **New customers can connect before the growth-related improvements are constructed**
 - This does not negate the need for the capacity charge
 - Improvements would still subsequently need to be completed to increase capacity and reliability to adequately serve new water demands
- ▶ **Current and updated charges are in upper-middle range compared to other Bay Area agencies**

Water Capacity Charge Survey

Typical Single Family Home

DRAFT

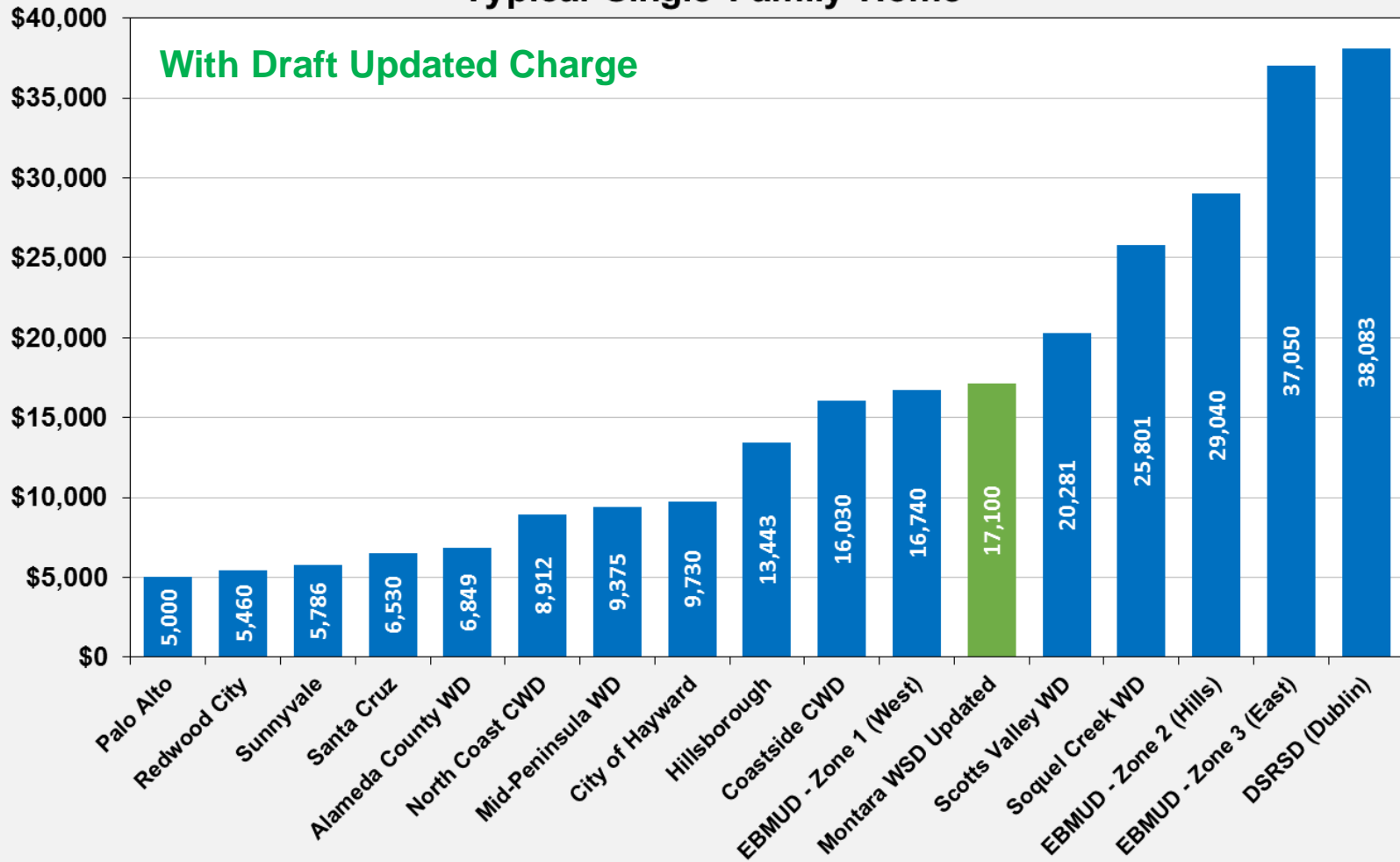


EBMUD Zone 1 includes: Oakland, Berkeley, Emeryville, Alameda, Richmond, El Cerrito, San Pablo, Pinole, Hercules, Rodeo, Crockett, San Leandro, & San Lorenzo.
 EBMUD Zone 2 includes: Castro Valley, Oakland Hills, Berkeley Hills, El Cerrito Hills
 EBMUD Zone 3 includes: Walnut Creek, Lafayette, Moraga, Orinda, Pleasant Hill, Alamo, Danville, & San Ramon. *Effective May 2017*

Water Capacity Charge Survey

Typical Single Family Home

DRAFT



EBMUD Zone 1 includes: Oakland, Berkeley, Emeryville, Alameda, Richmond, El Cerrito, San Pablo, Pinole, Hercules, Rodeo, Crockett, San Leandro, & San Lorenzo.

EBMUD Zone 2 includes: Castro Valley, Oakland Hills, Berkeley Hills, El Cerrito Hills

EBMUD Zone 3 includes: Walnut Creek, Lafayette, Moraga, Orinda, Pleasant Hill, Alamo, Danville, & San Ramon.

Effective May 2017

Multi-Year Fee Payment Program

- ▶ Program adopted to help existing homes served by private wells
- ▶ Eligible costs include all fees due to District as part of connection process
 - *Mainline extensions not eligible; must be paid in full, up front*
- ▶ Multi-year payment program:
 - Term of repayment: Up to 10 years (customer's choice)
 - Interest rate: 2%, waived for conversions through Dec 31, 2017
 - Customer can opt to any amount up to 100% of eligible fees
 - Customer can pay the balance without penalty anytime
- ▶ Fees are collected on the property tax rolls subject to an Agreement between District and each participant
- ▶ Balance due upon a) property sale, b) title transfer (excluding transfer for financing)



Issues & Alternatives



Principles & Issues

- ▶ **Growth should pay its own way**
 - Growth shouldn't subsidize ratepayers
 - And ratepayers shouldn't subsidize growth
- ▶ **Capacity charges vs. rates, balance between revenue sources**
 - Lower capacity charges = more funding requirement from rates, and vice versa
- ▶ **Different perspectives on what is fair and equitable**
 - Primary principal is that the charges should correspond to the cost of improvements providing capacity for new development
- ▶ **Charges should exclude cost-recovery for facilities funded by GO Bonds to avoid double-counting**
- ▶ **Capacity charge should be proportional to new demand placed on the system**
 - Well conversions and development of vacant land both place new demand on system
 - Capacity charge should be consistent, regardless of source of new demand



Questions & Concerns

▶ Are draft capacity charge recommendations legal?

- Yes, confirmed and documented by District's legal counsel
- Concern expressed that recommended charge may not be legal because new facilities required to serve growth may also provide some benefit for existing customers
 - Capacity charges are a different situation than the SAM expansion assessments invalidated by Superior Court
 - SAM assessments deemed invalid because capacity improvements would have benefitted existing users whose properties were excluded from the assessments, thereby getting a "free ride" paid by the assessed properties
 - In this case there is no "free ride" since existing customers do not need capacity provided by expansion projects, existing customers already funded their own capacity needs
- There would be no need for new customer expansion projects if there was no increase in water demand, projects are required exclusively to serve new demand
- Capacity charges are paid in conjunction with voluntary decision to develop property; are inherently different than voted assessments



Questions & Concerns

- ▶ **Do capital improvements needed to serve growth also benefit existing customers? If so, should new connections only have to pay a portion of costs for “new customer” improvements with ratepayer funding the rest?**
 - **E.g. A pipeline upsizing to meet capacity needs for growth also includes replacement of an older pipeline (should costs be split between ratepayers and new connection?)**
 - **Answer: No, upsizing triggered by new demand, pipelines being upsized have lots of useful life and would not be replaced using current limited ratepayer funds**
 - **Expansion projects are needed exclusively to serve new demand**

Questions & Concerns

- ▶ **Should capacity charges be reduced to give new connections credit for the improved economies of scale they provide?**
 - Revenues from new ratepayers exceed the marginal cost of providing service (some costs are fixed costs that do not increase with more customers)
 - New connections are the biggest beneficiaries of economies of scale as they are joining a greater number of existing ratepayers
 - Giving a fee credit to new connections shifts burden to ratepayers
 - Economies of scale should benefit everyone proportionately...not just new connections

- ▶ **Can well owners be given a break and allowed to pay a reduced fee?**
 - Not recommended, unless there is some defensible, cost-based rationale
 - Capacity charges applied in proportion to new demand placed on the water system
 - Demand from well conversions is no different than demand from new construction
 - Capacity charge should be consistent, regardless of source of new demand

Questions & Concerns

- ▶ **Should properties that pay GO Bonds not have to pay capacity charges?**
 - No, GO Bonds funded acquisition and initial critical improvements to a deficient water system that did not receive prudent reinvestment & maintenance from prior owners
 - Substantial additional improvements required to serve existing customers and growth

- ▶ **Did existing customers have to double pay for the water system?**
 - Prior/existing customers funded rate of return profit to Citizens/CalAm in lieu of a buy-in for facilities
 - Property owners, including existing customers, also paid for water system acquisition via GO bonds

- ▶ **Would a lower charge lead to lots of additional connections?**
 - Not likely, capacity charge is only a small share of costs for developing a new home
 - Might provide a little additional incentive well owners to connect, but other cost barriers exist and District has already adopted a multi-year fee payment program

General Fee Methodologies

▶ Buy-In Cost Approach (Not Recommended)

- For systems largely built out AND without need for significant improvements for growth
- Capacity charge based on cost of buying in for a share of capacity in existing facilities
- Some facilities already funded by GO Bonds
- Approach excludes cost recovery for improvements needed to serve growth

▶ Average Cost Approach (Not Recommended)

- Total cost / total capacity
- Cost of existing facilities + upgrades / future service capacity with upgrades
- Results in a lower fee than under the recommended incremental approach
- Requires existing customers to shoulder a share of improvements for growth
- *Existing ratepayers have already helped pay for system twice (as prior customers and via GO Bond payments issued for system acquisition)*

General Fee Methodologies

▶ Incremental Cost Approach (Recommended)

- Forward looking: recovers cost for upgrades needed to serve next increment of growth
- Similar methodology to 2011 fee calculation, simple & straightforward approach
- Vetted by legal counsel
- Excludes cost recovery for any facilities previously funded by GO Bonds
- Excludes cost recovery for improvements & assets funded by existing ratepayers

▶ Buy-In + Incremental Cost Approach (Not Recommended)

- New connections fund 100% of future facilities needed to serve growth + reimburse existing customers for share of improvements funded by ratepayers that benefit growth
- Cost of facilities identified for reimbursement should be adjusted to account for any debt financing (add in interest paid, subtract outstanding principal)
- Equity issues regarding how to allocate costs for improvements and assets funded by existing ratepayers vs required for serving growth
- Results in the highest fee

Schedule



Schedule

- ▶ **Jan-19** Adopted multi-year capacity charge payment program for well conversions
- ▶ **Mar-16** Water Capacity Charge introduction
 - *Received public comments and subsequent letter*
- ▶ **May-4** Water Master Plan Update & Capacity Charge Update
 - *Received public comments*
 - *Legal counsel responded to legal issues raised in letter*
 - *Board direction to set up a workshop*
- ▶ **Jul-6** Capacity Charge Workshop
 - *Review proposed Capacity Charges*
 - *Address questions, discuss issues & alternatives*
 - *Provide Board direction*



Questions / Discussion





MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **July 6, 2017**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

A handwritten signature in black ink, appearing to be 'C Heldmaier', located to the right of the 'FROM:' line.

SUBJECT: Receive Status Update - Montara Caltrans Right of Way Acquisition.

Starting in 2012, the District negotiated a right of entry to the Caltrans right of way in Montara and Moss Beach. In 2015, MWSD successfully drilled two exploratory boreholes in the pristine untouched property that runs through the heart of our communities.

The property was originally acquired by the State agency to build a multi-lane highway. The project was opposed by local citizens and instead the Devils Slide tunnel was suggested as a better solution and subsequently implemented. Today, the Caltrans Right of Way is a pristine unspoiled property, physically and geologically connected to Montara Mountain. The fact that the property is undeveloped and designated in the Local Coastal Program (LCP) to remain open space, goes hand in hand with MWSD's interest to protect watersheds in the District and provide the needed resources to our community.

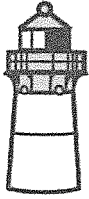
Subsequently MWSD indicated to Caltrans and other stakeholders the interest to acquire ownership of the property, and manage the lands in accordance with the Local Coastal Programs guidelines. MWSD has received overwhelming support from the responsible parties.

We were informed by Caltrans that the property has now been declared surplus. The planning agencies San Mateo County and California Coastal Commission are starting to consider the implementation of LCP policy 11.33, and MWSD is looking forward of being part of the process.

RECOMMENDATION:

This is for information only

Attachment



**Montara Water
and Sanitary District**
Serving the Community of Montara and Moss Beach

P.O. Box 370131
8888 Cabrillo Hwy
Montara, CA 94037-0131
t: 650.728.3545 • f: 650.728.8556
email: mwsd@coastside.net
web: mwsd.montara.org

June 22, 2017

Mr. Mark L. Weaver
Deputy District Director
California Department of Transportation
P. O. Box 23660
Oakland, CA 94623

Re: Right-of-Way Excess Land Sales – California Department of Transportation
("CalTrans") Devil's Slide Bypass Alignment ("Bypass")

Dear Mr. Weaver:

Thank you for your June 13, 2017 e-mail response to my letter of the same date and your June 16, 2017 follow-up e-mail and attachment (S. Monowitz letter dated February 22, 2017). The latter e-mail inquires whether the Montara Water and Sanitary District (MWSD) would be able to work with San Mateo County and the California Coastal Commission or enter into an agreement that would satisfy those two agencies regarding compliance with the Linear Park and Trail Plan (LPTP) overlay established by Local Coastal Program (LCP) Policy 11.33. As you know, the LPTP overlay requires preparation of a Specific Plan. LCP Policy 11.33 also anticipates CalTrans' participation in its development.¹ The purpose of my June 13 letter invitation for a site visit was to initiate that participation, including discussion of CalTrans' plans for providing the information referenced in the Policy. MWSD's intentions regarding acquisition and use of the Bypass were stated similarly in a letter to Mr. Monowitz dated March 27, 2017 (copy enclosed).²

I have recently been informed (as a copy addressee to an e-mail from Ms. Tami Grove, Coastal Commission Statewide Development and Transportation Program Manager) that Commission staff is working to convene a meeting among staff members from San Mateo County, Caltrans and the Coastal Commission to develop a workplan

¹ "The County will work with *CalTrans* and other affected agencies in a manner consistent with applicable State and Federal laws and regulations to complete a LPTP Overlay Specific Plan for the Devil's Slide Bypass "Adopted Alignment." The County, *CalTrans* and other affected agencies shall collectively provide whatever information they have readily available to complete the requirements of the Specific Plan described below and shall collectively seek whatever additional effort or resources may be necessary to complete the plan as soon as feasible." (LCP Policy 11.33c; italics added).

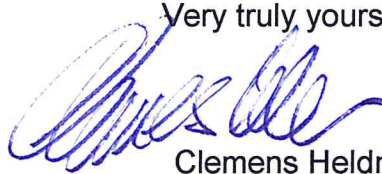
² Given our interest in the Bypass, MWSD is an "other affected" agency under LCP Policy 11.33c, quoted in footnote 1.

Mr. Mark L. Weaver
Deputy District Director
June 22, 2017
Page 2

to guide development of the Specific Plan. However, I also understand that the meeting has yet to be held.

As stated in my March 27, 2017 letter to Mr. Monowitz (copied to CalTrans), MWSD desires implementation of LCP Policy 11.33 or alternative procedures consistent with the underlying goal of the Policy, at the earliest convenience of the parties. Toward that end, kindly provide me with the name of the person who shall represent CalTrans in the meeting of staff members referenced above.

Very truly yours,



Clemens Heldmaier, General Manager

Encl.

cc: Don Horsley, President, Board of Supervisors (w/encl.)
Hon. President and Members, MWSD Board of Directors
Kristin L. Schober, CalTrans
Nancy Cave, California Coastal Commission
Tami Grove, California Coastal Commission
Steve Monowitz, Community Development Director
Hon. Quentin Kopp
Gary Warhaftig



P.O. Box 370131
8888 Cabrillo Hwy
Montara, CA 94037-0131
t: 650.728.3545 • f: 650.728.8556
email: mwsd@coastside.net
web: mwsd.montara.org

March 27, 2017

Steve Monowitz
Community Development Director
County of San Mateo
455 County Government Center, 2nd Floor
Redwood City, CA 94063

Re: Right-of-Way Excess Land Sales – California Department of Transportation
("CalTrans") Devil's Slide Bypass Alignment

Dear Steve:

This letter refers to yours dated February 22, 2017 to Kristin L. Schober, CalTrans Senior Right-of-Way Agent, responding to her notification of the potential sale of the Devil's Slide Bypass Alignment property ("Bypass") to Montara Water and Sanitary District ("MWSD"). While I understand, as stated in your letter to Ms. Schober, that disposition and use of the Bypass has been the topic of discussion among CalTrans, the County and the California Coastal Commission ("CCC") for a number of years and that those discussions resulted in the development of San Mateo County Local Coastal Plan ("LCP") Policy 11.33, that topic has also been a matter discussion among CalTrans, MWSD and the County. In that regard, I enclose a copy of the Board of Supervisors' resolution entitled, "Resolution in Support of the Montara Water and Sanitary District's Request for CalTrans Donation of 'Bypass Lands,'"¹ sponsored by Board President Don Horsley.

Please be assured that, in connection with the adoption of the Board's resolution, MWSD was, and is, fully aware of LCP Policy 11.33. Likewise, our discussions with CalTrans have included full recognition of the Policy. While your letter to Ms. Schober understandably refers to LCP Policy 11.33 in its present form, we propose to confer with you and other cognizant County officials and the CCC regarding how best to implement the intent of LCP Policy 11.33 in the most efficient and effective way. For example, MWSD's sole ownership of the Bypass should lend itself to expeditious development of the Specific Plan referenced in Policy 11.33, or simply to an amendment to the LCP recognizing that MWSD's intended use of the Bypass is for exactly the same purposes now specified by Policy 11.3. Notably, the recitals supporting the Board's resolution underscore that intent.

¹ Although the enclosure is not numbered or signed, I understand that it was adopted May 24, 2016.

Steve Monowitz, Community Development Director

March 27, 2017

Page 2

I look forward to working with you, your staff and other County officials as well as the Coastal Commission in implementing the intent of LCP Policy 11.33 through our acquisition of the Bypass. Given the adoption of the Board's resolution supporting our acquisition, I should think that all parties concerned, including CalTrans, will find MWSD's ownership of the Bypass the best way to ensure advancement of the public interest underlying Policy 11.33.

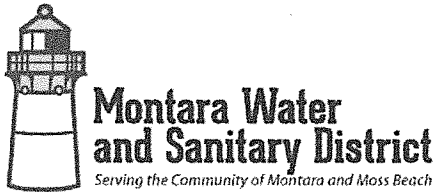
Very truly yours,



Clemens Heldmaier, General Manager

Encl.

cc: Don Horsley, President, Board of Supervisors (w/encl.)
Hon. President and Members, MWSD Board of Directors (w/encl.)
Kristin L. Schober, CalTrans (w/encl.)
Nancy Cave, California Coastal Commission (w/encl.)



P.O. Box 370131
8888 Cabrillo Hwy
Montara, CA 94037-0131
t: 650.728.3545 • f: 650.728.8556
email: mwsd@coastside.net
web: mwsd.montara.org

March 27, 2017

Steve Monowitz
Community Development Director
County of San Mateo
455 County Government Center, 2nd Floor
Redwood City, CA 94063

Re: Right-of-Way Excess Land Sales – California Department of Transportation
("CalTrans") Devil's Slide Bypass Alignment

Dear Steve:

This letter refers to yours dated February 22, 2017 to Kristin L. Schober, CalTrans Senior Right-of-Way Agent, responding to her notification of the potential sale of the Devil's Slide Bypass Alignment property ("Bypass") to Montara Water and Sanitary District ("MWSD"). While I understand, as stated in your letter to Ms. Schober, that disposition and use of the Bypass has been the topic of discussion among CalTrans, the County and the California Coastal Commission ("CCC") for a number of years and that those discussions resulted in the development of San Mateo County Local Coastal Plan ("LCP") Policy 11.33, that topic has also been a matter discussion among CalTrans, MWSD and the County. In that regard, I enclose a copy of the Board of Supervisors' resolution entitled, "Resolution in Support of the Montara Water and Sanitary District's Request for CalTrans Donation of 'Bypass Lands,'"¹ sponsored by Board President Don Horsley.

Please be assured that, in connection with the adoption of the Board's resolution, MWSD was, and is, fully aware of LCP Policy 11.33. Likewise, our discussions with CalTrans have included full recognition of the Policy. While your letter to Ms. Schober understandably refers to LCP Policy 11.33 in its present form, we propose to confer with you and other cognizant County officials and the CCC regarding how best to implement the intent of LCP Policy 11.33 in the most efficient and effective way. For example, MWSD's sole ownership of the Bypass should lend itself to expeditious development of the Specific Plan referenced in Policy 11.33, or simply to an amendment to the LCP recognizing that MWSD's intended use of the Bypass is for exactly the same purposes now specified by Policy 11.3. Notably, the recitals supporting the Board's resolution underscore that intent.

¹ Although the enclosure is not numbered or signed, I understand that it was adopted May 24, 2016.

Steve Monowitz, Community Development Director

March 27, 2017

Page 2

I look forward to working with you, your staff and other County officials as well as the Coastal Commission in implementing the intent of LCP Policy 11.33 through our acquisition of the Bypass. Given the adoption of the Board's resolution supporting our acquisition, I should think that all parties concerned, including CalTrans, will find MWSD's ownership of the Bypass the best way to ensure advancement of the public interest underlying Policy 11.33.

Very truly yours,



Clemens Heldmaier, General Manager

Encl.

cc: Don Horsley, President, Board of Supervisors (w/encl.)
Hon. President and Members, MWSD Board of Directors (w/encl.)
Kristin L. Schober, CalTrans (w/encl.)
Nancy Cave, California Coastal Commission (w/encl.)

CALIFORNIA COASTAL COMMISSION

NORTH CENTRAL COAST DISTRICT OFFICE
45 FREMONT STREET, SUITE 2000
SAN FRANCISCO, CA 94105
PHONE: (415) 904-5260
FAX: (415) 904-5400
WEB: WWW.COASTAL.CA.GOV



February 28, 2017

Kristin L. Schober
Caltrans, Right-of-Way Local Programs, MS 11A
P. O. Box 23440
Oakland, CA 94623-0440

RE: Proposed Transfer of Caltrans Excess Right-of-Way, Montara

Dear Ms. Schober:

Steve Monowitz, Community Development Director for San Mateo County, recently forwarded to the California Coastal Commission's North Central Coast District Office, a copy of a letter dated February 23, 2017 to you regarding the proposed transfer of California Department of Transportation (Caltrans) Excess Lands in Montara, California. In addition, Kate White, Deputy Secretary of Environmental Policy and Housing Coordination for the California State Transportation Agency, contacted Dan Carl, District Director for the Central and North Central Coastal Districts of the Commission regarding this transfer.

The Montara Water and Sanitary District (MWSD) is currently pursuing the acquisition of excess right-of-way land from Caltrans. The potential transfer of land from Caltrans to MWSD has generally been discussed with Commission staff in the past. We have conveyed to the County, Caltrans and MWSD that such a transaction requires that the land transfer is done consistent with the specific requirements of San Mateo County's Local Coastal Program (LCP). With respect to receiving a request to consider such a transfer of land from Caltrans to MWSD, neither party has submitted a formal request to the Commission's North Central Coast District for our review or approval.

San Mateo County LCP Policy 11.33 identifies the land proposed for transfer as the "Devil's Slide Bypass Alignment" (Adopted Alignment) and applies a Linear Park and Trail Plan (LPTP) Overlay requirement to this area. The LPTP Overlay requires the preparation of a Specific Plan for all properties currently located within the Adopted Alignment. Caltrans is required to prepare a Specific Plan consistent with LCP Policy 11.33, cited in part, below:

11.33 Use of CalTrans' Devil's Slide Bypass Alignment within Montara

- a. A Linear Park and Trail Plan (LPTP) Overlay is applied over the original Devil's Slide Bypass Alignment, also known as the "Adopted Alignment," between the National Park Service – Golden Gate National Recreation Area property known as

Rancho Del Tierra and Highway 1, including the Peninsula Open Space Trust (POST) ownership south and east of Sunshine Valley Road. (The "Adopted Alignment" right-of-way area is also called out as the Midcoast Foothills Trail in the 2001 County Parks Plan.) The LPTP Overlay requires the preparation of a Specific Plan for all properties currently within the "Adopted Alignment."

- b. Except for park, open space, trail or habitat protection and restoration purposes, the County shall not permit any requests for subdivisions, lot line adjustments, conditional or unconditional certificates of compliance, or coastal development permits within the "Adopted Alignment" area until the LPTP Overlay Specific Plan is adopted by the County and effectively certified by the Coastal Commission through an LCP Amendment. The underlying zoning remains RM-CZ, R-1/S-17 and PAD within the LPTP Overlay area until such a Specific Plan is effectively certified by the Commission. Notwithstanding the provisions of any R-1 categorical exclusions, all overlay provisions will apply to the "Adopted Alignment" area. Further, until such time that a Specific Plan is effectively certified by the Coastal Commission, all uses within the LPTP Overlay area will be treated as conditional uses, except that linear park uses shall be considered the principally permitted use for purposes under the Coastal Act. Any proposed transfer of title to the State Department of Transportation ("Department") property within the adopted alignment will proceed after the Department, County and Commission jointly determine that there is no conflict with the proposed LPTP Overlay Specific Plan as specified below.
- c. The County will work with CalTrans and other affected agencies in a manner consistent with applicable State and Federal laws and regulations to complete a LPTP Overlay Specific Plan for the Devil's Slide Bypass "Adopted Alignment." The County, CalTrans and other affected agencies shall collectively provide whatever information they have readily available to complete the requirements of the Specific Plan described below and shall collectively seek whatever additional effort or resources may be necessary to complete the plan as soon as feasible...

The County LCP explicitly requires a joint County, Caltrans, and Coastal Commission agreement with respect to the Specific Plan for the Adopted Alignment, before proceeding with a potential land transfer. Any land transfer agreement would need to provide enforceable parameters to ensure that the LCP's Specific Plan requirements that currently accrue to Caltrans are equally taken on by any potential, new owner, such as MWSD. We are amenable to helping in this process; however it is important that the proposed land transfer agreement addresses and satisfactorily resolves the requirements for the Specific Plan required in the LCP. We don't believe that the framework for such an agreement would need to be particularly complicated or difficult. The provisions of LCP Policy 11.33 clearly dictate the Specific Plan's required elements.

Kristin Schober
Montara Land Transfer
February 28, 2017
Page 3

Please forward any draft agreements to us for review and input, as soon as possible. We are happy to prioritize our review in order to facilitate this process. Please feel free to contact Renée Ananda of my staff at 415-904-5292 or if you like, please contact me in writing, by telephone at 415-904-5290, or e-mail me at nancy.cave@coastal.ca.gov. We look forward to coordinating with you further regarding this proposal.

Sincerely,



Nancy Cave, District Manager
North Central Coast District

CC: Clemens Heldmaier, Montara Water & Sanitary District
Kate White, California State Transportation Agency
Steve Monowitz, San Mateo County
Michael Schaller, San Mateo County
Tami Grove, Coastal Commission
Renée Ananda, Coastal Commission

**COUNTY OF SAN MATEO
PLANNING AND BUILDING**

County Government Center
455 County Center, 2nd Floor
Redwood City, CA 94063
650-363-4161 T
650-363-4849 F
www.planning.smcgov.org

February 23, 2017

Kristin L. Schober, Senior Right of Way Agent
Caltrans – Right-of-Way Local Programs, MS 11A
P.O. Box 23440
Oakland, CA 94623-0440

Dear Ms. Schober:

SUBJECT: Right-of-Way Excess Land Sales Circulation #B-4225 SM-1-PM 37.0 Montara

Thank you for notifying the San Mateo County Planning Department regarding this proposed decertification and potential sale to the Montara Water and Sanitary District. The transfer of this land to a local (San Mateo County) government agency has been a topic of discussion between the CalTrans, the County, and the Coastal Commission for a number of years and has resulted in the adoption of Policy 11.33 into the County's certified Local Coastal Program. This policy requires the development of a Specific Plan for these lands before they are transferred to another government agency:

11.33 Use of CalTrans' Devil's Slide Bypass Alignment within Montara

- b. Except for park, open space, trail or habitat protection and restoration purposes, the County shall not permit any requests for subdivisions, lot line adjustments, conditional or unconditional certificates of compliance, or coastal development permits within the "Adopted Alignment" area until the LPTP Overlay Specific Plan is adopted by the County and effectively certified by the Coastal Commission through an LCP Amendment. The underlying zoning remains RM-CZ, R-1/S-17 and PAD within the LPTP Overlay area until such a Specific Plan is effectively certified by the Commission. Notwithstanding the provisions of any R-1 categorical exclusions, all overlay provisions will apply to the "Adopted Alignment" area. Further, until such time that a Specific Plan is effectively certified by the Coastal Commission, all uses within the LPTP Overlay area will be treated as conditional uses, except that linear park uses shall be considered the principally permitted use for purposes under the Coastal Act. **Any proposed transfer of title of the State Department of Transportation ("Department") property within the adopted alignment cannot proceed until the Department, County, and Commission jointly determine that there is no conflict with the proposed LPTP Overlay Specific Plan as specified below.** (emphasis added)

Please be aware that the potential transfer of this land to the Montara Water and Sanitary District will require the determination, by the Board of Supervisors, that such transfer conforms to the County's General Plan, of which the LCP is a subset. Because the required Specific Plan has not been prepared, the Board of Supervisors will not be able to make the necessary findings.



Until such time as this Plan is completed and certified, transfer of title is premature.

Additionally, the Montara Water and Sanitary District is not authorized to provide recreational services at the present time. Water Code Section 31130 sets forth that a water district may use any water or land under its control for recreational purposes and in connection therewith may construct, maintain, and operate any works or facilities appropriate or ancillary to such recreational use; provided, that recreational use of water shall be subject to the approval of the public health authority having jurisdiction. In 2008, San Mateo Local Agency Formation Commission (LAFCo) prepared a municipal service review and sphere of influence update which cited recreation as an authorized but inactive function of the District. The report stated that activation of the recreation function would require LAFCo approval pursuant to Government Code Section 56824.12.

If you have any questions regarding the San Mateo County Planning Department's position regarding this matter, please contact me at 650/363-1861 or at smonowitz@smcgov.org.

Sincerely,

A handwritten signature in cursive script that reads "Steve Monowitz". The signature is written in black ink and is positioned above the printed name and title.

Steve Monowitz
Community Development Director

SAM:jlh – SAMBB0069_WJN.DOCX

cc: Renee Ananda, California Coastal Commission

Resolution

THE BOARD OF SUPERVISORS
COUNTY OF SAN MATEO, STATE OF CALIFORNIA
RESOLUTION IN SUPPORT OF THE

MONTARA WATER AND SANITARY DISTRICT

Request for Caltrans Donation of 'Bypass Lands'

WHEREAS, Montara Water and Sanitary District provides water, sewer, and refuse disposal services to the coastal communities of Montara, Moss Beach and adjacent areas in unincorporated San Mateo County; and

WHEREAS, Montara Water and Sanitary District owns and operates water storage, treatment, and distribution facilities that currently provide domestic water to approximately 1,800 domestic and fire water connections; and

WHEREAS, the commonly called "Caltrans Bypass", also known as Martini Creek Bypass Lands, is unimproved state surplus land east of Elm Street in Montara, with the northern portion having been sold to the California State Parks System as a condition of building the Tom Lantos Tunnels at Devil's Slide, and the remaining portion running through Montara and Moss Beach without current ownership transfer plan by the California Department of Transportation (Caltrans); and

WHEREAS, Montara Water and Sanitary District has applied to Caltrans for acquisition of such land and also agrees with the Midcoast Community Council's recommendation that such property be rezoned from residential to open space; and

WHEREAS, Montara Water and Sanitary District is a public agency serving the same community that has already been using the land for recreation and would like to enhance its stewardship and watershed protection of the property; and

WHEREAS, Montara Water and Sanitary District currently provides critical source protection benefits to existing District water sources, which could be adversely affected should the Bypass Lands be developed commercially; and

WHEREAS, Montara Water and Sanitary District desires to maintain and preserve the natural landscapes of the area, and protect the watershed which constitutes an integral part of the District's necessary water supplies; and

WHEREAS, Montara Water and Sanitary District will adhere to the San Mateo County Local Coastal Program with such proposal by discouraging urban sprawl, maximizing the efficiency of public utilities, minimizing energy consumption, protecting the natural environment and revitalizing existing developed areas; and

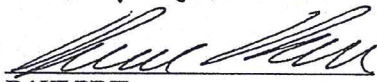
WHEREAS, Montara Water and Sanitary District would also preserve the Bypass Lands for use as recreational facilities and watershed protection and maintenance.


NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of San Mateo County hereby strongly supports Montara Water and Sanitary District in its request to Caltrans for donation of the specified property known as the "Bypass Lands" in Montara, and encourages Caltrans to execute such transfer as soon as possible.

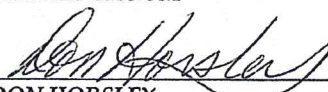
Dated: May 24, 2016

SUPERVISORS:


WARREN LOCUM, PRESIDENT


DAVE PINE


CAROLE GROOM


DON HORSLEY


ADRIENNE J. TISSIER



Attest: 
Deputy Clerk of the Board of Supervisors



February 25, 2016

Mr. Clemens Heldmaier
General Manager
Montara Water & Sanitary District
8888 Cabrillo Hwy.
Montara, CA 94037

Re: Acquisition and Use of CalTrans' Devil's Slide Bypass Alignment within Montara

Mr. Heldmaier:

I am writing in response to your request for Coastal Conservancy support for the Montara Water & Sanitary District's proposal to acquire the CalTrans' Devil's Slide Bypass Alignment within Montara.

You confirmed with my staff that if acquired the District intends to develop this property for water extraction to serve the local community as well as for public access and recreation, and open space protection. We also understand the District is committed to complying with the San Mateo County Local Coastal Program (LCP, updated June 2013), including policies regarding the use of the CalTrans' Devil's Slide Bypass Alignment consistent with the future development of a Linear Park and Trail Plan (LPTP) Overlay. You also confirmed that the District is bound to comply with the LCP through your Publics Work Plan negotiated with the Coastal Commission.

The Coastal Conservancy is supportive of the District's proposal to acquire these bypass lands and looks forward to the District's future development and management of public trails in this corridor.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sam Schuchat", is written over a light blue horizontal line.

Sam Schuchat
Executive Officer

CC Supervisor Don Horsley
San Mateo County Parks Director Marlene Finley

1330 Broadway, 13th Floor
Oakland, California 94612-2512
510-286-1015 Fax: 510-286-0470

DON HORSLEY

Board of Supervisors, Third District
County of San Mateo

January 6, 2016

Scott Boyd
Montara Water and Sanitary District
8888 Cabrillo Highway
Montara, CA 94037

Dear Scott:

As the Montara Water and Sanitary District's Board explores a potential acquisition and management of Caltrans property known informally as the "Bypass Lands" in Montara, I wanted to offer my support in any future discussions to achieve that end.

While San Mateo County is not interested in adding this property to its portfolio, I am encouraged to learn of your hope to gain access and ownership of this property, should Caltrans agree.

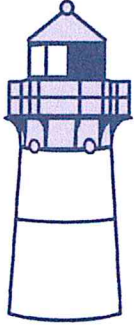
It is my understanding that MWSD is seeking to acquire this property in order to protect it for recreational and open space uses. The creation and maintenance of hiking trails through this property would be a major asset and I support the MWSD's interest in doing such a project. I am also aware that MWSD hopes to gain access to the water rights on the property.

As you move forward in your effort to realize this project, please keep me informed and do not hesitate to call on me for any needed support.

Sincerely,



Don Horsley, Third District Supervisor
San Mateo County Board of Supervisors



Montara Water & Sanitary District

Serving the Communities of Montara and Moss Beach

P.O. Box 370131

Tel: (650) 728-3545

8888 Cabrillo Highway

Fax: (650) 728-8556

Montara, CA 94037-0131

E-mail: mwsd@coastside.net

Visit Our Web Site: <http://www.mwsd.montara.com>

12/04/15

Mr. Mark L. Weaver
Deputy District Director
Department of Transportation
P.O. Box 23660
Oakland, CA, 94623

RE: State of California, Department of Transportation Property, Montara, San Mateo County.

Dear Deputy Director Weaver,

Thank you for scheduling the planned meeting with the District in regards to water exploration on the subject property. As we consider developing new sources we would also like to discuss the possibilities for MWSD to manage the watershed appropriately.

I am looking forward to meeting you on January 13 at 9:30 am.

Sincerely,

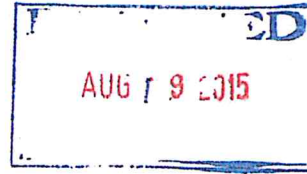
Clemens Heldmaier
General Manager

DEPARTMENT OF TRANSPORTATION

DISTRICT 4
P.O. BOX 23440
OAKLAND, CA 94623-0440
PHONE (510) 286-5400
FAX (510) 286-5482
TTY 711
www.dot.ca.gov



*Serious Drought.
Help save water!*



August 14, 2015

Mr. Clemens Heldmaier
General Manager
Montara Water & Sanitary District
P. O. Box 370131
Montara, CA 94037-0131

Dear Mr. Heldmaier:

Thank you for your August 4, 2015 letter in which you provided the detailed information we requested for the five potential well sites.

As Robert Macpherson explained during his August 13, 2015 telephone conversation with you; we want to plot the requested locations on project maps to facilitate coordination of your request with requests we have from other agencies and with any outstanding obligations, we might have with adjacent private property owners related to our acquisitions for the now abandoned freeway project.

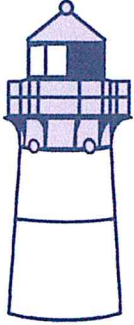
We agree that having an informal meeting after the data is plotted would be mutually productive. I will arrange to contact you at that time for scheduling purposes.

Thank you.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mark L. Weaver".

MARK L. WEAVER
Deputy District Director
Right of Way and Land Surveys



Montara Water & Sanitary District

Serving the Communities of Montara and Moss Beach

P.O. Box 370131

Tel: (650) 728-3545

8888 Cabrillo Highway

Fax: (650) 728-8556

Montara, CA 94037-0131

E-mail: mwsd@coastside.net

Visit Our Web Site: <http://www.mwsd.montara.com>

8/04/15

Mr. Mark L. Weaver
Deputy District Director
Department of Transportation
P.O. Box 23660
Oakland, CA, 94623

RE: State of California, Department of Transportation Property, Montara, San Mateo
County; Your letter dated July 1, 2015

Dear Mr. Weaver,

Thank you for your July 1, 2015 letter. You requested further information in preparation for our to be scheduled meeting. Please find answers to your questions below:

Specific site locations:

Site A, between Cedar St. and Linda Vista Rd. Coordinates (WGSB4) 37° 32' 47.09" N; 122° 30' 2.86" W.

Site B, South of Drake St. between Cedar and Elm, approx. 50 feet west of APN 036-162-110.
Coordinates (WGSB4) 37° 32' 39.21" N; 122° 29' 59.16" W.

Site C, End of Date Street, 400 ft north of Edison St. Coordinates (WGSB4) 37° 32' 38.32" N; 122° 30' 2.67" W.

Site D, North corner of Franklin St. and Elm St. Coordinates (WGSB4) 37° 32' 28.13" N; 122° 30' 5.41" W

Site F, Northeast corner of Hawthorn St. and Fir St. Coordinates (WGSB4) 37° 32' 21.05" N; 122° 30' 9.49"

Anticipated size requirements are 30' x 30' for sites A, 30' x 30" for site B, 30' x 30' for site C, 30' x 30' for site D, and 30' x 30' for site F.

The District requires fee title for all production sites.

Our water operations will need to access production sites on a daily basis via unpaved maintenance path suitable for work trucks.

I am looking forward to meeting with you this month pursuant to the May 26 letter from Director Sarpiti. If you can give us a couple of dates that would work for you, we will find a match and come to Oakland unless you would prefer to meet at the property.

Looking forward to working with you,

Sincerely,

Clemens Heldmaier
General Manager

1 INTRODUCTION

The Montara Water and Sanitary District (MWSD or District) provides water, sewer, and refuse disposal services to the coastal communities of Montara, Moss Beach, and adjacent areas in the unincorporated San Mateo County, and is located north of Half Moon Bay and south of Pacifica. The District owns and operates water storage, treatment, and distribution facilities that currently provide domestic water to approximately 1,800 domestic and fire water connections. The District operates a surface water source, a water treatment plant, twelve groundwater wells, and four water water storage tanks.

2 BACKGROUND

The “Caltrans Bypass” or “Caltrans Right-of-Way (ROW)” is a strip of empty land running east of Elm Street in Montara, CA, that is owned by Caltrans, and is also commonly known as Martini Creek Bypass Lands. It had been intended for use as a freeway through Montara and down to the Half Moon Bay Airport, however, the northern tunnel option was selected and this land was never utilized.

The northern portion of the original Caltrans ROW was sold to the California State Parks system as a condition of building the tunnel, however, the portion that runs through Montara and Moss Beach had no established plan for ownership transfer.

In its communications to the County’s regarding Local Coastal Plan (LCP), the Midcoast Community Council (MCC) recommended that the Caltrans Right-of-Way be rezoned from residential to open space. Other Local Coastal Plan recommendations urge Caltrans to voluntarily merge existing subdivided lots within the ROW and then transfer the resulting single parcel to a public agency. This would promote the use of the property for trails and other open space uses.

The local population currently uses this land for recreation, and advocacy groups maintain that it could be formally designated as a recreational trail stretching all the way from the Half Moon Bay airport to Pacifica.

3 PLAN OF SERVICE

3.1 Watershed Protection

MWSD is pursuing the acquisition of the Caltrans ROW primarily to promote its watershed protection by maintaining the natural landscape of the Caltrans ROW, which currently provides critical source protection benefits to the existing District water sources. Ensuring safe and adequate drinking water supplies requires

MWSD Plan of Service
Martini Creek Bypass Lands
March 2016

maintaining the quality and availability of present and future water supply sources. The conversion of undeveloped land to rooftops, pavement, and other surfaces that are impervious to the infiltration of rain presents a challenge to municipalities responsible for supplying high quality, safe drinking water to their residents. Industrial, commercial and residential development within the MWSD service area and watershed has the potential to degrade drinking water quality at District sources.

Natural landscapes filter the water that feeds both groundwater and surface water sources used as water supplies in the MWSD watershed and service area. Undeveloped land helps to filter water and release it more gradually than developed surfaces, preserving both the quality and quantity of water sources.

The Caltrans ROW is currently an undeveloped, natural landscape within the District's watershed that plays an integral part in protecting the District's water supplies. As established by the United States Environmental Protection Agency (EPA), purchasing land or placing conservation easements on critical water supply land - over which water flows towards surface water and groundwater drinking water sources - is considered the most effective way to protect drinking water by preserving forested buffers.

The San Mateo County LCP specifically aims to address the following:

- Discourage urban sprawl,
- Maximize the efficiency of public facilities, services, and utilities,
- Minimize energy consumption,
- Protect and enhance the natural environment, and
- Revitalize existing developed areas.

3.2 Recreation

The 2013 LCP policy 11.3 defines recreation facilities as "...lands and facilities serving primarily a recreation function which are operated by public agencies...", including "...natural reserves, wild areas, and trails". The District currently operates trails through its property that provide public recreation for the community and visitors alike. While ensuring watershed protection, the District intends to further contribute to the development and operation of recreation facilities.

DEPARTMENT OF TRANSPORTATION

P.O. Box 23440
OAKLAND, CA 94612
PHONE (510) 286-5400
FAX (510) 286-5482
TTY 711
www.dot.ca.gov



*Serious drought.
Help save water!*

July 1, 2015

Mr. Clemens Heldmaier
General Manager
Montara Water & Sanitary District
P. O. Box 370131
Montara, CA 94037-0131

Dear Mr. Heldmaier:

Thank you for your June 10, 2015 reply to District Director Bijan Sartipi's May 26, 2015 letter in which you included information concerning two recent test boreholes. You also provided San Mateo County permit information concerning the location of three potential well sites.

We have made a preliminary review of the information provided. In order to complete a more comprehensive review in preparation for our planned meeting we will need additional details.

Please provide the following information for the five locations:

- Specific site location information, such as latitude and longitude references and survey records to enable us to precisely locate the sites
- Anticipated site size requirements
- Anticipated title requirements, e.g. fee or easement
- Anticipated access requirements

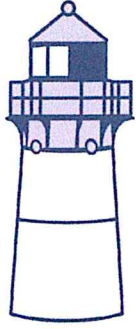
After we have reviewed the additional information we will contact you to arrange a mutually convenient meeting date and time.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark L. Weaver".

MARK L. WEAVER
Deputy District Director
Right of Way and Land Surveys



Montara Water & Sanitary District

Serving the Communities of Montara and Moss Beach

P.O. Box 370131

Tel: (650) 728-3545

8888 Cabrillo Highway

Fax: (650) 728-8556

Montara, CA 94037-0131

E-mail: mwsd@coastside.net

Visit Our Web Site: <http://www.mwsd.montara.com>

6/10/15

Mr. Mark L. Weaver
Deputy District Director
Department of Transportation
P.O. Box 23660
Oakland, CA, 94623

RE: State of California, Department of Transportation Property, Montara, San Mateo County; Mr. Sartipi's letter dated May 26, 2015

Dear Deputy Director Weaver,

Per Mr. Sartipi's request, please find location data for the two recent test boreholes attached. The San Mateo County permit also includes the location of the three potential well sites that are further described in our joint agreement.

I would be happy to meet with you and discuss the issues soon.

Sincerely,

Clemens Heldmaier
General Manager

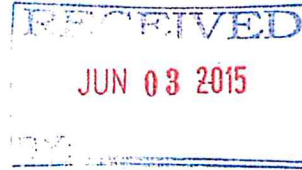
Attachments

DEPARTMENT OF TRANSPORTATION

P.O. Box 23660
OAKLAND, CA 94623
PHONE (510) 286-5900
FAX (510) 286-5903
TTY 711
www.dot.ca.gov



*Serious drought.
Help save water!*



May 26, 2015

Mr. Clemens Heldmaier
General Manager
Montara Water & Sanitary District
P. O. Box 370131
8888 Cabrillo Highway
Montara, CA 94037-0131

Re: State of California, Department of Transportation Property, Montara, San Mateo County

Dear Mr. Heldmaier:

Thank you for your May 8, 2015 letter informing us of the successful completion of the recent test borehead.

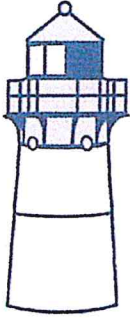
We look forward to meeting with you to further discuss the Montara property. To help prepare for a productive meeting, please forward location data for the two recent test boreholes to Mark L. Weaver, Deputy District Director for real estate matters. Having an opportunity to review this information in advance of the meeting will help us be better prepared to discuss the issues.

After we have reviewed the data we will contact you to arrange a mutually convenient meeting date.

Sincerely,


BIJAN SARTIPI
District Director

C: Judge Quentin Koop



Montara Water & Sanitary District

Serving the Communities of Montara and Moss Beach

P.O. Box 370131

8888 Cabrillo Highway

Montara, CA 94037-0131

Visit Our Web Site: <http://www.mwsd.montara.com>

Tel: (650) 728-3545

Fax: (650) 728-8556

E-mail: mwsd@coastside.net

5/8/15

Mr. Bijan Sartipi
District Director
Department of Transportation
P.O. Box 23660
Oakland, CA, 94623

RE: State of California, Department of Transportation Property, Montara, San Mateo County; Your letter dated March 9, 2015

Dear Director Sartipi,

Thank you for assuring your department's further assistance to secure new water supplies for existing and new water connections in the MWSD service area.

Two recent test boreholes in the Montara Caltrans Right of Way Property that you supported were successfully completed. The results confirm research and monitoring results of the past decade. This demonstrates that the Caltrans Right of Way can provide the community with additional water sources for decades to come, provided that further watershed protection is established. The community's future now depends on successful cooperation between stakeholders to ensure MWSD's access to and use of the property.

I look forward to exercising condition 1B of our agreement, and discussing future use of the property with you or your designee on May 26, 27, 28, or 29 at your Oakland offices.

Sincerely,

A blue ink handwritten signature that reads "Clemens Heldmaier".

Clemens Heldmaier

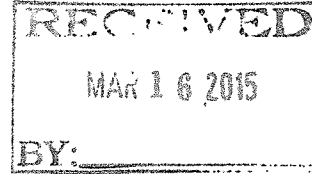
Cc: Quentin Kopp

DEPARTMENT OF TRANSPORTATION

P.O. Box 23660
OAKLAND, CA 94623
PHONE (510) 286-5900
FAX (510) 286-5903
TTY 711
www.dot.ca.gov



*Serious drought.
Help save water!*



March 9, 2015

Mr. Clemens Heldmaier
General Manager
Montara Water & Sanitary District
P. O. Box 370131
Montara, CA 94037-0131

Re: Permit to Enter, Proposed Test Wells – State of California, Department of Transportation
Property, Montara, San Mateo County, CA

Dear Mr. Heldmaier:

Thank you for your February 15, 2015 letter affirming our mutual intent to cooperate as the Montara Water & Sanitary District undertakes the exploration of potential water well sites on the parcels identified in our jointly signed permit to enter.

We appreciate the challenges you face in dealing with a very stressed water table and addressing ongoing drought impacts on your existing water supplies while working to develop additional capacity to support authorized new meter hook-ups.

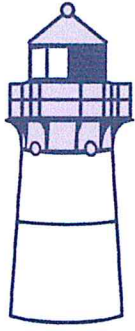
The Department will continue to provide whatever assistance we can.

Sincerely,

A handwritten signature in cursive script that reads "Bijan Sartipi".

BIJAN SARTIPI
District Director

C: Judge Quentin Koop
Supervisor Don Horsley, District 3, San Mateo County



Montara Water & Sanitary District

Serving the Communities of Montara and Moss Beach

P.O. Box 370131
8888 Cabrillo Highway
Montara, CA 94037-0131
Visit Our Web Site: <http://www.mwsd.montara.com>

Tel: (650) 728-3545
Fax: (650) 728-8556
E-mail: mwsd@coastside.net

2/15/15

Mr. Bijan Sartipi
District Director
California Department of Transportation District 4
111 Grand Avenue
Oakland, California 94612
Bijan.Sartipi@dot.ca.gov

RE: Permit to Enter, Proposed Test Wells – State of California Department of Transportation (Caltrans)
Property, Montara, San Mateo County, CA

Dear Director Sartipi,

As we undertake the exploration of potential water well sites to determine their viability to serve as additional community water sources, we look forward to the likelihood of a positive outcome. In anticipation of a fruitful search, we affirm our intention to engage in further discussions with Caltrans at Caltrans' discretion as to the potential future use of the sites by MWSD, as noted in Preconditions and Mutual Understandings section I, paragraph B.

Thank you for the opportunity to pursue this exploration for water, such a vital resource for the good people of Montara and Moss Beach. Your assistance is has been well received by the community and has already garnered positive press. We look forward to more good news to come.

Sincerely,

Clemens Heldmaier
General Manager
Montara Water & Sanitary District

CC: Judge Quentin Kopp
Supervisor Don Horsley, District 3, San Mateo Count

3, June, 2014

Montara Water and Sanitary District
P.O. Box 370131
8888 Cabrillo Highway
Montara, CA 94037-0131
Attention: Clemens Heldmaier, General Manager

RE: Proposed Test Wells – State of California Department of Transportation (Caltrans) Property
Montara, San Mateo County, CA

Dear Mr. Heldmaier:

The Department of Transportation (Caltrans; also, Party) hereby grants to the Montara Water and Sanitary District (MWSD; also, Party) a nonexclusive right to enter specified portions of Caltrans' Devils Slide Bypass property within an unincorporated area of Montara, San Mateo County, CA, (Subject Area) as shown on the map attached as Exhibit A, incorporated in full herein, for the sole purpose of conducting exploratory drilling at any or all of four (4) potential water well sites to determine the viability of the proposed well sites as additional community water sources and for all activities related thereto, subject to the terms and conditions set forth in this Permit to Enter (Permit). The exact locations of the four potential water well sites are identified and described in metes and bounds in Exhibit B, incorporated in full herein. This Permit will be for a period of One (1) Year from the date of approval by Caltrans or the completion of the proposed exploratory activities noted above. The Permit may be extended upon written notice provided to Caltrans prior to the expiration of this Permit.

I. PRECONDITIONS AND MUTUAL UNDERSTANDINGS

- A. MWSD acknowledges and understands that activities under this Permit are subject to San Mateo County Local Coastal Plan (LCP) Amendment No. SMC-MAJ-1-11, Exhibit No. 1, Section 11.33, Subsection B (pages M8 and M9) (Exhibit C).
- B. MWSD also acknowledges and understands that, in the event that the exploratory activities conducted pursuant to this Permit demonstrate the viability of the proposed well sites, MWSD may engage in further discussions with Caltrans at Caltrans' discretion as to potential future use of the sites by MWSD, subject to Caltrans' own needs, desires, and obligations with respect to the sites.
- C. MWSD also acknowledges and understands that a Linear Park and Trail Plan Overlay Specific Plan (Overlay Plan) as mandated by the LCP has been approved and that, in the event that the exploratory activities conducted pursuant to this Permit demonstrate the viability of the proposed well sites, the Overlay Plan may affect the potential future use of any of the proposed well sites.

II. SCOPE OF WORK

Detailed description of work to be performed and Party duties:

- A. The purpose of the proposed drilling shall be strictly limited to water exploration and testing.
- B. The activities under this Permit shall not result in any permanent damage to the Subject Area or any permanent alteration or installation of improvements on the Subject Area.
- C. The drilling equipment to be used by MWSD is air rotary drill rig, model Rand TH 60.
- D. The size of each drilling shall not exceed six (6) inches in diameter.
- E. The depth of each drilling shall not exceed 1,000 feet.
- F. MWSD shall properly secure and abandon each borehole in accordance with applicable state laws and regulations, including but not limited to the State Department of Water Resources (DWR) requirements.
- G. MWSD shall retain a qualified contractor to perform the proposed exploratory drillings.
- H. MWSD shall require and ensure that the contractor perform the proposed exploratory drillings during the hours of 7 a.m. and 5 p.m., Monday through Friday. For the sites close to residences in proximity, the work shall be during the hours of 8 a.m. and 5 p.m.
- I. MWSD shall give Caltrans a minimum of forty-eight (48) hours' written notice prior to entry upon the Subject Area.
- J. MWSD and its contractor shall maintain and preserve Caltrans' ongoing access to the Subject Area during MWSD's activities under this Permit.
- K. MWSD shall notify Caltrans in writing when the exploratory drilling work is complete and the Subject Area disrupted or otherwise affected by the exploratory drilling work has been restored and the Subject Area is ready to be returned to Caltrans.

III. CONDITIONS AND RESTORATION OF PREMISES

- A. Before MWSD may enter upon and use the Subject Area, MWSD and Caltrans shall conduct a joint field review of the Subject Area on a mutually convenient date and time, at which time Caltrans may take a photographic record of the Subject Area, including any improvements and fixtures thereon, depicting the pre-existing condition of the Subject Area.
- B. MWSD shall be responsible for restoration and/or repair, to Caltrans' satisfaction, of the Subject Area and improvements and fixtures thereon that are damaged or altered by activities associated with the exploratory drilling work.
- C. At the conclusion of MWSD's activities under this Permit, MWSD and Caltrans shall conduct a joint field review of the Subject Area on a mutually convenient date and time, at which time

Caltrans may take a photographic record of the Subject Area, including any improvements and fixtures thereon, depicting the condition of the Subject Area.

IV. ENVIRONMENTAL OBLIGATIONS

- A. MWSD shall be responsible for all environmental clearances, permits or other requirements relating to performance of work set forth herein. Prior to starting any activities under this Permit, MWSD shall obtain any and all required permits, including but not limited to any Federal, State, County, local, and/or regulatory agency permits.
- B. Any and all environmental mitigation required or resulting from the work to be conducted by MWSD and/or its contractor(s) under this Permit shall be the sole responsibility of MWSD.

V. HAZARDOUS MATERIALS

- A. MWSD acknowledges that Caltrans' grant of a right of entry covering the Subject Area to MWSD shall be, and is accepted by MWSD in an "AS IS" condition as to the existence of hazardous materials on the Subject Area and/or the physical condition of the Subject Area, and that Caltrans makes no warranty or representation as to the existence or non-existence of hazardous materials on the Subject Area or as to the physical condition of the Subject Area or its suitability for the purposes of the exploratory drilling activities.
- B. MWSD shall be responsible for:
 - 1. Removal or remediation of hazardous materials required by statute or duly enacted regulation of regulatory agency(ies) with applicable jurisdiction as a result of MWSD's release of hazardous materials; and
 - 2. Removal or remediation of pre-existing hazardous materials encountered during the exploratory drilling by reason of the drilling activities where such removal or remediation is required by statute or duly enacted regulation of regulatory agency(ies) with applicable jurisdiction.

VI. INDEMNIFICATION AND INSURANCE

A. INDEMNIFICATION

- 1. MWSD shall defend, indemnify, and save harmless Caltrans, its officers, employees, and agents from any and all claims, demands, causes of action, damages, costs, expenses, attorneys' fees, losses or liabilities, in law or in equity arising out of or in connection with the performance of any or all of the activities under this Permit by MWSD or MWSD's contractor(s), including but not limited to:
 - a. Bodily injury including, but not limited to, sickness or disease, emotional injury or death to persons, caused in whole or in part by any negligent or otherwise legally actionable act or omission of MWSD, its officers, employees, agents or contractors.

- b. Damage to property including loss of use thereof, caused in whole or in part by any negligent or otherwise legally actionable act or omission of MWSD, its officers, employees, agents or contractors.
- 2. MWSD shall require its contractor(s) performing the exploratory drilling work to defend, indemnify, and save harmless Caltrans, its officers, employees, and agents from any and all claims, demands, causes of action, damages, costs, expenses, attorneys' fees, losses or liabilities, in law or in equity, of any type or nature, arising out of or in connection with the performance of work by MWSD's contractor(s) under this Permit for:
 - a. Bodily injury including, but not limited to, sickness or disease, emotional injury or death to persons, caused in whole or in part by any negligent or otherwise legally actionable act or omission of MWSD's contractor(s), its or their officers, employees, agents or subcontractors.
 - b. Damage to property including loss of use thereof, caused in whole or in part by any negligent or otherwise legally actionable act or omission of MWSD's contractor(s), its or their officers, employees, agents or subcontractors.

B. INSURANCE

- 1. MWSD shall procure and continuously maintain for the duration of the Permit term insurance against claims for injuries to persons and damage to property that may arise from or in connection with the performance of the exploratory drilling work by MWSD, its officers, employees, agents or contractors. MWSD shall also require that Caltrans, its officers, directors, agents and employees be named as additional insureds under the policy(ies) above with respect to liability arising out of or connected with work or operations performed by or on behalf of MWSD under this Permit. Upon Caltrans' request, MWSD shall provide certificates of insurance establishing the above.
- 2. MWSD shall require its contractor(s) performing the exploratory drilling work to procure and continuously maintain for the duration of the Permit term insurance against claims for injuries to persons and damage to property that may arise from or in connection with the performance of the exploratory drilling work by the contractor, its officers, employees, agents, and subcontractors. MWSD shall also require that Caltrans, its officers, directors, agents and employees be named as additional insureds under the policy(ies) above with respect to liability arising out of or connected with work or operations performed by or on behalf of MWSD under this Permit. Upon Caltrans' request, MWSD shall provide certificates of insurance establishing the above.

VII. PAYMENT PROVISIONS

- 1. MWSD understands and agrees that any and all costs, obligations, and/or mitigation imposed by the California Coastal Commission, San Mateo County, and/or any other local, state or federal regulatory/permitting agency with jurisdiction over the work to be conducted by MWSD and/or its contractor(s) under this Permit or the environmental resources affected thereby shall be assumed and paid for by MWSD at MWSD's sole expense.

2. MWSD also understands and agrees that any and all costs, obligations, and/or mitigation resulting from the work to be conducted by MWSD and/or its contractor(s) under this Permit shall be assumed and paid for by MWSD at MWSD's sole expense.

VIII. GENERAL TERMS AND CONDITIONS

1. APPROVAL

This Permit is of no force or effect until signed by both Parties and approved by Caltrans. MWSD may not commence performance of the work permitted hereunder until such approval has been obtained.

2. AMENDMENT

No amendment or variation of the terms of this Permit shall be valid unless made in writing, signed by the Parties, and approved as required. No oral understanding or agreement not incorporated in the Permit is binding on any of the Parties.

3. ASSIGNMENT

This Permit is not assignable by MWSD, either in whole or in part, without the consent of Caltrans in the form of a formal written amendment.

4. TERMINATION FOR CAUSE

Upon thirty (30) days written notice to MWSD and the failure of MWSD to address the concerns raised by Caltrans, Caltrans may terminate this Permit.

5. INDEPENDENT CONTRACTOR

MWSD, its officers, employees and agents and the officers, employees, and agents of MWSD's contractor(s) in their performance under this Permit, shall act in an independent capacity and not as officers, employees or agents of Caltrans.

6. GOVERNING LAW AND VENUE

The Parties agree that the law governing this Permit shall be that of the State of California. In the event that suit shall be brought by either Party to this Permit, the Parties agree that trial court venue shall lie in the County of San Mateo, or as otherwise agreed to by the Parties.

7. PRIOR AGREEMENTS AND AMENDMENTS

This Permit, including all Exhibits attached hereto, represents the entire understanding of the Parties as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder.

8. HEADINGS AND TITLES

Paragraph headings and/or titles used in this Permit are for the convenience of the Parties only

and shall not be considered conclusive in interpreting or construing this Permit.

9. ENTIRE AGREEMENT

No addition to or modification of any term or provision hereof shall be effective unless set forth in writing and signed by the Parties to this Permit.

IX. NOTICES

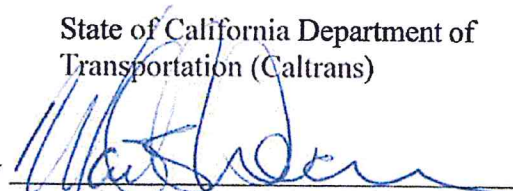
All inquiries and notices during the term of this Permit shall be directed to the following Party representatives:

Department of Transportation	Montara Water and Sanitary District
Section/Unit: District 4 Right of Way	Section/Unit:
Name: Robert Bachtold	Name: Clemens Heldmaier, General Manager
Address: Department of Transportation 111 Grand Avenue Oakland, CA 94612	Address: P.O. Box 370131 8888 Cabrillo Highway Montara, CA 94037
Phone: (510) 286-5322	Phone: (650) 728-3545
Fax: (510) 286-5482	Fax: (650) 728-8556
E-mail: robert.bachtold@dot.ca.gov	E-mail: mwsd@coastside.net

Property Owner:

State of California Department of
Transportation (Caltrans)

Date 3, June 2014

By 
MARK L. WEAVER
Deputy District Director, District 4
Right of Way and Land Surveys


Accepted: 
CLEMENS HELDMAIER
General Manager
Montara Water and Sanitary District

EXHIBIT "A"

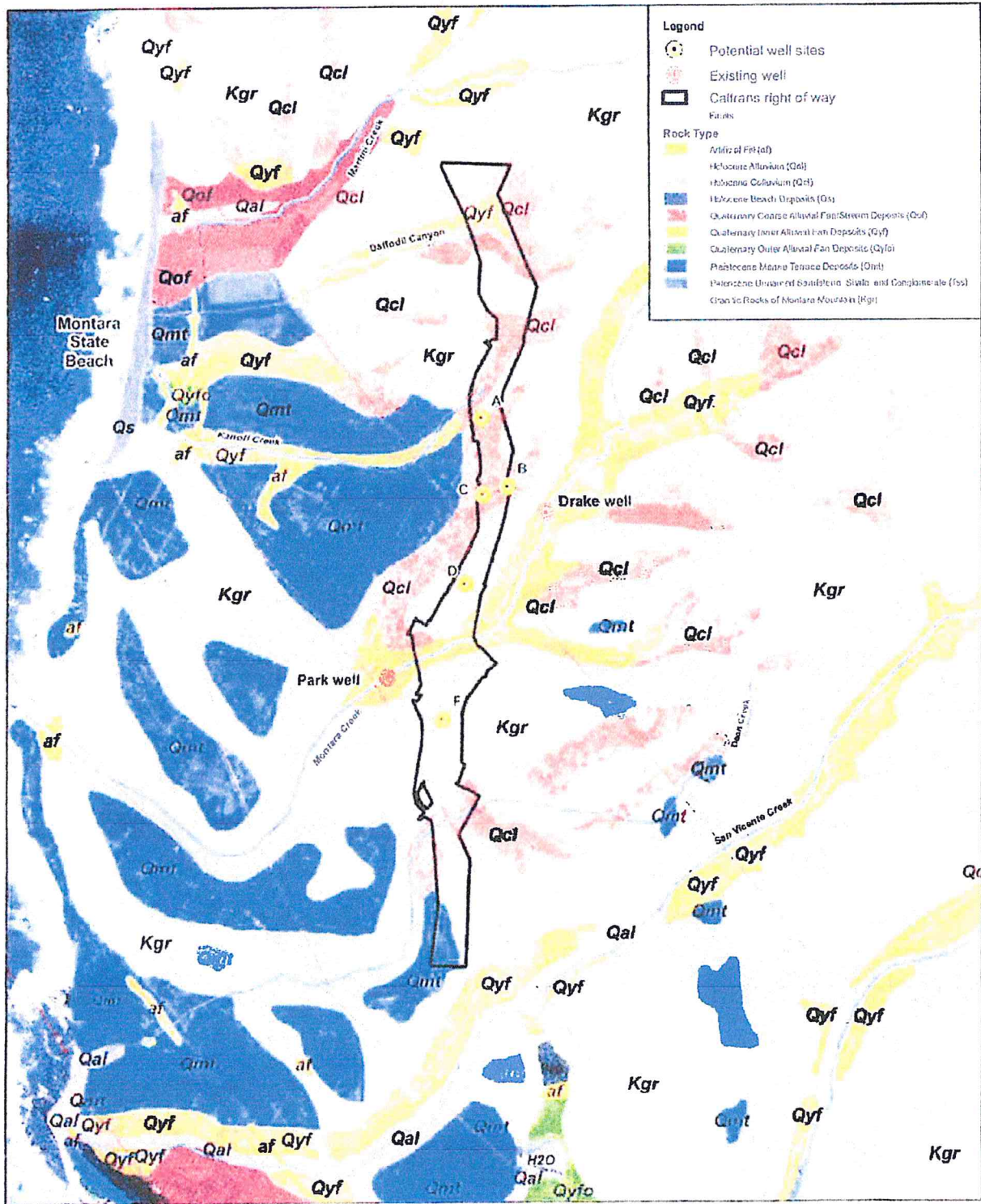


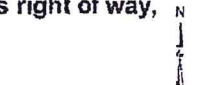
Figure 1. Proposed test wells along Caltrans right of way, San Mateo County, California



Balance Hydrologics, Inc.

211258 Figure 1 ROW wells.mxd

Source: Aerial photo from USGS (reprinted 2/27/2004)
 Geology data from Geologic Map of San Mateo County, CA, Bralton & Farnsworth, 1982



© 2013 Balance Hydrologics, Inc

Exhibit B - Preliminary Site Locations

Name	Site A	Site B	Site C
Location	Cedar St. and Linda Vista Rd.	South of Drake St between Cedar and Elm, approx. 50 feet west of APN 036-162-110	End of Date Street, 400 ft north of Edison St.
Coordinates (WGS84)	37°32'47.09"N 122°30'2.86"W	37°32'39.21"N 122°29'59.16"W	37°32'38.32"N 122°30'2.67"W
Site Dimensions	30-ft x 30-ft	30-ft x 30-ft	30-ft x 30-ft
Name	Site D	Site F	
Location	North corner of Franklin St. and Elm St.	Northeast corner of Hawthorn St. and Fir St	
Coordinates (WGS84)	37°32'28.13"N 122°30'5.41"W	37°32'21.05"N 122°30'9.49"W	
Site Dimensions	30-ft x 30-ft	30-ft x 30-ft	

Notes:

- (1) For the purposes of exploration drilling, the District will select four (4) out of the five (5) sites listed above.
- (2) See Figure 1 for a depiction of the proposed preliminary site locations along the CalTrans ROW.

**Exhibit C – San Mateo County Local Coastal Plan (LCP) Amendment No. SMC-MAJ-1-11,
Section 11.33, Subsection b****11.29 Role of the State Coastal Conservancy**

- a. Request the State Coastal Conservancy to contribute funds to acquire land or interests in land in the areas surrounding public beaches, parks and nature preserves when private development would clearly damage the resource values of the public land.
- b. Support and facilitate the efforts of the State Coastal Conservancy to develop the California Coastal Trail.

11.30 Encourage San Mateo County Harbor District

Encourage the San Mateo County Harbor District to continue its efforts providing public recreation and visitor-serving facilities on the District's coastal properties, including provision of shoreline access and trails.

11.31 Encourage National Park Service

Encourage the National Park Service to provide public recreation and visitor-serving facilities on coastal land in the Golden Gate National Recreation Area, including provision of shoreline access and trails.

11.32 Encourage Transportation Authority and Metropolitan Transportation Commission

Encourage the San Mateo County Transportation Authority and the Metropolitan Transportation Commission to ensure that provisions for the CCT are included within the Regional Transportation Plan each time that it is updated, consistent with AB 1396.

11.33 Use of CalTrans' Devil's Slide Bypass Alignment within Montara

- a. A Linear Park and Trail Plan (LPTP) Overlay is applied over the original Devil's Slide Bypass Alignment, also known as the "Adopted Alignment," between the National Park Service — Golden Gate National Recreation Area property known as Rancho Del Tierra and Highway 1, including the Peninsula Open Space Trust (POST) ownership south and east of Sunshine Valley Road. (The "Adopted Alignment" right-of-way area is also called out as the Midcoast Foothills Trail in the 2001 County Parks Plan.) The LPTP Overlay requires the preparation of a Specific Plan for all properties currently within the "Adopted Alignment."
- b. Except for park, open space, trail or habitat protection and restoration purposes, the County shall not permit any requests for subdivisions, lot line adjustments, conditional or unconditional certificates of compliance, or coastal development permits within the "Adopted Alignment" area until the

LPTP Overlay Specific Plan is adopted by the County and effectively certified by the Coastal Commission through an LCP Amendment. The underlying zoning remains RM-CZ, R-1/S-17 and PAD within the LPTP Overlay area until such a Specific Plan is effectively certified by the Commission. Notwithstanding the provisions of any R-1 categorical exclusions, all overlay provisions will apply to the "Adopted Alignment" area. Further, until such time that a Specific Plan is effectively certified by the Coastal Commission, all uses within the LPTP Overlay area will be treated as conditional uses, except that linear park uses shall be considered the principally permitted use for purposes under the Coastal Act. Any proposed transfer of title to the State Department of Transportation ("Department") property within the adopted alignment will proceed after the Department, County and Commission jointly determine that there is no conflict with the proposed LPTP Overlay Specific Plan as specified below.

- c. The County will work with CalTrans and other affected agencies in a manner consistent with applicable State and Federal laws and regulations to complete a LPTP Overlay Specific Plan for the Devil's Slide Bypass "Adopted Alignment." The County, CalTrans and other affected agencies shall collectively provide whatever information they have readily available to complete the requirements of the Specific Plan described below and shall collectively seek whatever additional effort or resources may be necessary to complete the plan as soon as feasible. The LPTP Overlay Specific Plan shall include a text and a diagram or diagrams which specify all of the following:
 - (1) The distribution, location, and extent of the uses of land, including open space, within the area covered by the plan.
 - (2) The proposed distribution, location, and extent and intensity of major components of public and private transportation, sewage, water, drainage, solid waste disposal, energy, and other essential facilities proposed to be located within the area covered by the plan and needed to support the land uses described in the plan.
 - (3) Standards and criteria by which development will proceed, and standards for the conservation, development, and/or utilization of natural resources, consistent with provisions 11.33(d) and (e) below.
 - (4) A program of implementation measures including regulations, zoning changes, potential reversion of categorical exclusions, and other programs to carry out the Specific Plan.
 - (5) The Specific Plan shall include a statement describing the relationship of the Specific Plan to the LCP and General Plan.



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **July 6, 2017**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

SUBJECT: Review and Possible Action Concerning Authorization to Advertise for Bids - 2017-18 Sewer Improvement and Spot Repairs Project.

In accordance with the revised 7-year Capital Improvement Plan and working with SAM sewer maintenance staff, the 2017-18 SEWER IMPROVEMENT PROJECT AND SPOT REPAIRS project is proposed for advertising for bids. The current FY CIP continues the rehabilitation of Medium and High Priority Sewer Mains as well as miscellaneous maintenance and spot repairs and CCTV inspections for the purpose of reducing Sanitary Sewer Overflows and Inflow and Infiltration in the District's sewer collection system. The 2017-18 Sewer Budget is \$1,640,000. This project improvement budget, including associated TV inspections and spot repairs, is \$610,000. The remaining budget is for routine and planned system repairs and improvements, with the largest portion remaining to be spent on the Cabrillo Highway Crossing project, Phase A, previously presented to the Board of Directors.

Staff recommends that the District call for sealed bids to be submitted by 2:00 PM, Wednesday, Aug 9th, 2017, for award of the Contract for the improvements described in the Plans and Specifications entitled, "2017-18 SEWER IMPROVEMENT PROJECT AND SPOT REPAIRS," dated July 2017, prepared by Nute Engineering, Civil and Sanitary Consultants.

The work includes the furnishing of all labor, materials and equipment for the construction and rehabilitation of sanitary sewer mains primarily by pipe bursting near Harte, Hawthorn, Irving and Hill Streets, and Buena Vista Ave, including lowering laterals, miscellaneous spot repairs, and CCTV of sewers, together with all appurtenances, for the complete project as described in the Plans and Specifications. The Engineer's Construction Estimate is \$535,000 for the Base Bid and \$140,000 for Additive Alternate line segments to be considered if the bid prices are favorable.

Pippin Cavagnaro, P.E., from Nute Engineering, will be available to present the Project and answer any questions the Board might have.

RECOMMENDATION:

Adopt Resolution Approving Contract Documents and Authorizing Advertisement for Bids for bids for 2017-18 Sewer Improvement Project and Spot Repairs and authorize filing Notice of Exemption under the California Environmental Quality Act (repair/replacement of existing facilities)

Attachments

RESOLUTION NO. _____

RESOLUTION OF THE MONTARA WATER AND SANITARY DISTRICT APPROVING CONTRACT DOCUMENTS, INCLUDING PLANS AND SPECIFICATIONS, FOR FISCAL YEAR 2017-18 SEWER IMPROVEMENT AND SPOT REPAIRS PROJECT AND AUTHORIZING ADVERTISEMENT FOR BIDS FOR THE PROJECT

WHEREAS, contract documents, including plans and specifications, for the Fiscal Year 2017-18 Sewer Improvement Project and Spot Repairs project have been submitted to and reviewed by this Board; and

WHEREAS, this Board desires to approve said documents, the design therefor, and to authorize advertisement for bids for construction of the project;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF THE MONTARA WATER AND SANITARY DISTRICT, A PUBLIC AGENCY IN THE COUNTY OF SAN MATEO, CALIFORNIA, AS FOLLOWS:

1. The contract documents, including the plans and specifications, for the Fiscal Year 2017-18 Sewer Improvement and Spot Repairs Project ("Project") and the design of the Project are hereby approved.

2. The General Manager is hereby authorized and directed to provide for the advertisement for bids for the Project.

President, Montara Water and Sanitary District

COUNTERSIGNED:

Secretary, Montara Water and Sanitary District

* * * *

I HEREBY CERTIFY that the foregoing Resolution No. 1562 was duly and regularly adopted and passed by the Board of the Montara Water and Sanitary District, San Mateo County, California, at a meeting thereof held on the 6th day of July 2017, by the following vote:

AYES, Directors:

NOES, Directors:

ABSENT, Directors:

Secretary, Montara Water and Sanitary District



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **July 6, 2017**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

**SUBJECT: Review and Possible Action Concerning AB 1479
(Bonta) Public Records; Custodian of Records; Civil
Penalties.**

The California Special Districts Association is asking its members to submit opposition letters to AB 1479. The bill creates additional Records Act requirements. Especially concerning are civil penalties that would provide financial incentive for serial litigants.

The item was placed on the agenda at the request of Director Slater-Carter.

RECOMMENDATION:

Authorize the General Manager to send an oppose letter on AB 1479

Attachments.

Subject: FW: Opposition Letters Needed on Costly Legislation

From: Neil McCormick [<mailto:neilm@csla.net>]
Sent: Wednesday, June 28, 2017 9:30 AM
To: Beverli Marshall <bmarshall@samcleanswater.org>
Subject: Opposition Letters Needed on Costly Legislation

If you are on a mobile device or want to view this as a web page, please [click here](#).
To ensure receipt of our email, please add 'CSDA@informz.net' to your address book.



The banner features the CSDA logo on the left, which includes a map of California and the text "California Special Districts Association" and "Districts Stronger Together". On the right, there is a blue button with a white triangle icon and the text "TAKE ACTION". Below the logo and button is a horizontal strip of ten small, square images depicting various scenes: a person in a hard hat, a building, a person in a blue shirt, a red cross, a person holding a child, a person in a white lab coat, a person in a green shirt, a person in a red shirt, a person in a black shirt, and a person in a white shirt.

Opposition Letters Needed on Costly Legislation

Please join CSDA in submitting an oppose letter on [AB 1479 \(Bonta\)](#), which creates additional California Public Records Act (CPRA) requirements. Download a [sample oppose letter](#).

AB 1479 could have a significant financial impact on special districts across California. It places new burdens on local agencies by including additional requirements for processing CPRA requests and imposing costly new civil penalties.

AB 1479 would mandate that every local agency assign an individual or an office as the "custodian of record" to review every public records act request and response, taking up significant time and creating a bottleneck in the process. Additionally, the measure establishes new civil penalties ranging from \$1,000 to \$5,000 for violations of the CPRA that would provide a financial incentive for serial litigants, from across the nation, to extort taxpayer dollars from the state and local public agencies. Tax dollars that would otherwise be used to provide essential services such as healthcare, fire protection, park and road maintenance, and police protection.

If you have any questions about AB 1479 or the sample letter, please contact CSDA legislative representative, Dillon Gibbons, at dillong@csla.net.

Take Action:

- [Send a letter](#) - Submit opposition letters to the Senate Judiciary Committee regarding AB 1479 by Monday, July 10. Be sure to copy CSDA on your letters.

[District Letterhead]

[Date]

The Honorable Hannah-Beth Jackson
Chair, Senate Judiciary Committee
State Capitol, Room 2187
Sacramento, CA 95814

RE: AB 1479 (Bonta) Public Records: Custodian of Records: Civil Penalties - Oppose [As Amended June 19, 2017]

Hearing Date: July 11, 2017 – *Senate Judiciary Committee*

Dear Senator Jackson:

The [District Name] respectfully opposes Assembly Bill 1479 (Bonta). As amended, the measure places substantial burdens on local agencies by adding costly and unnecessary requirements in processing California Public Records Act (CPRA) requests. AB 1479 would mandate that every local agency assign a “custodian of record” to review each public records act request and response. Additionally, the measure establishes new and costly civil penalties assessed to agencies above and beyond plaintiffs’ attorneys’ fees established in current law.

Under current law, all costs are placed on local public agencies when responding to CPRA requests and local agencies would receive virtually no reimbursements for the increased staffing/staff time that would be required to comply with this measure.

Creates Increased Litigation for Local Agencies

The notion of introducing civil penalties into the body of law pertaining to the CPRA is troublesome. Doing so sets a costly and precarious precedent. Such an introduction of civil penalties could lead to abuses of the CPRA and be likened to the well-documented abuses associated with frivolous Americans with Disabilities Act (ADA) lawsuits filed against small businesses. Similar to unwarranted ADA lawsuits, AB 1479 would provide a financial incentive for serial litigants, from across the nation, to extort taxpayer dollars from the state and local public agencies. Tax dollars that would otherwise be used to provide essential services such as healthcare, fire protection, park and road maintenance, and police protection. Public agencies will be forced to settle out of court to avoid expending time and resources for a costly trial, even when the agency is attempting to comply in good faith with the law.

Currently under the CPRA, a requester can file suit on the day after responsive records are due which could be as early as eleven days after the request, if there has been no extension of time. Once a suit is filed, generous attorneys’ fees established in current law may still be awarded under the “catalyst” theory even if the agency discloses the requested records after the litigation has commenced. Paying plaintiff’s attorneys’ fees in a CPRA case can cost an agency upwards of \$100,000. An additional \$5,000 fine on top of the existing \$100,000 will not stop bad actors from willful violations—rather AB 1479 will

incentivize litigation while punishing good actors trying to comply with the statutory deadlines in CPRA law.

Creates New Costs and Impediments to Process Public Records Act Requests in a Timely Manner

Local agencies strive to comply with the strict guidelines inherent with the CPRA, including responding within a 10-day period from the time of the request; this measure runs counter to that intent. AB 1479 would cause further delays in processing requests by creating a bottleneck in the process. AB 1479 requires each public agency to designate a person or office to act as the agency's "custodian of records." The custodian of records is then responsible for responding to all CPRA requests made to the agency. Rather than allowing an agency to determine who is the most appropriate person or office to respond to a request, based on their level of expertise on the subject of the request, AB 1479 takes a one-size-fits-all approach to responding to CPRA requests.

For these reasons the [District Name] respectfully opposes Assembly Bill 1479. If you have any questions regarding our position, please do not hesitate to contact our district.

Sincerely,

[Signature]

[Title]

CC: The Honorable Rob Bonta
Members, Senate Judiciary Committee
Marisa Shea, Counsel, Senate Judiciary Committee
Mike Petersen, Consultant, Senate Republican Caucus
Melinda Grant, Deputy Legislative Secretary, Office of Governor Edmund G. Brown Jr.

[Distribution email List – Please delete this highlighted section from the letter before sending -

Senator Jackson's Staff: tobias.halvarson@sen.ca.gov

CC's:

Assembly Member Bonta's staff: alma.barreras@asm.ca.gov

Senate Judiciary Committee Member's Staff: robert.nash@sen.ca.gov; craig.wilson@sen.ca.gov;

elizabeth.bojorquez@sen.ca.gov; elise.thurau@sen.ca.gov; bethany.westfall@sen.ca.gov;

heather.resetarits@sen.ca.gov; jocelyn.twilla@sen.ca.gov; erica.porter@sen.ca.gov

Senate Judiciary Committee Consultant: sjud.fax@sen.ca.gov

Senate Republican Caucus Consultant: mike.petersen@sen.ca.gov;

Melinda Grant: leg.unit@gov.ca.gov;

CSDA Staff Person: dillong@csda.net]

AMENDED IN SENATE JUNE 19, 2017
AMENDED IN ASSEMBLY APRIL 27, 2017
AMENDED IN ASSEMBLY MARCH 21, 2017
CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

ASSEMBLY BILL

No. 1479

**Introduced by Assembly Member Bonta
(Coauthor: Assembly Member Cristina Garcia)**

February 17, 2017

An act to amend Sections ~~6255~~ 6253 and 6259 of the Government Code, relating to public records.

LEGISLATIVE COUNSEL'S DIGEST

AB 1479, as amended, Bonta. Public records: custodian of records: civil penalties.

Existing law, the California Public Records Act, requires a public agency, defined to mean any state or local agency, to make its public records available for public inspection and to make copies available upon request and payment of a fee, unless the public records are exempt from disclosure. Existing law requires an agency to justify withholding a record from disclosure by demonstrating either that the record in question is exempt under express provisions of law or that on the facts of the particular case the public interest served by not disclosing the record clearly outweighs the public interest served by disclosure of the record. Existing law requires specified state and local agencies to establish written guidelines for accessibility of records. Existing law authorizes a person to institute proceedings for injunctive or declarative relief or writ of mandate in any court of competent jurisdiction to enforce

his or her right to inspect or to receive a copy of any public record or class of public records under these provisions.

This bill would require public agencies to designate a person or office to act as the agency’s custodian of records who is responsible for responding to any request made pursuant to the California Public Records Act and any inquiry from the public about a decision by the agency to deny a request for records. The bill also would make other conforming changes. Because the bill would require local agencies to perform additional duties, the bill would impose a state-mandated local program.

The bill would also authorize a court that finds that an agency or the custodian *failed to respond to a request for records*, improperly withheld from a member of the public, public records ~~which~~ *that* were clearly subject to public disclosure, unreasonably delayed providing the contents of a record subject to disclosure in whole or in part, ~~assessed an unreasonable or unauthorized fee upon a requester, improperly assessed a fee upon a requester that exceeded the direct cost of duplication,~~ or otherwise did not act in good faith to comply with these provisions, to assess a civil penalty against the agency in an amount not less than \$1,000, nor more than \$5,000.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The California Constitution requires local agencies, for the purpose of ensuring public access to the meetings of public bodies and the writings of public officials and agencies, to comply with a statutory enactment that amends or enacts laws relating to public records or open meetings and contains findings demonstrating that the enactment furthers the constitutional requirements relating to this purpose.

This bill would make legislative findings to that effect.

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

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

1 SECTION 1. ~~Section 6255 of the Government Code is amended~~
2 ~~to read:~~

1 ~~6255. (a) The agency shall justify withholding any record by~~
2 ~~demonstrating that the record in question is exempt under express~~
3 ~~provisions of this chapter or that on the facts of the particular case~~
4 ~~the public interest served by not disclosing the record clearly~~
5 ~~outweighs the public interest served by disclosure of the record.~~

6 ~~(b) A response to a written request for inspection or copies of~~
7 ~~public records that includes a determination that the request is~~
8 ~~denied, in whole or in part, shall be in writing.~~

9 ~~(c) Each agency shall designate a person or office to act as the~~
10 ~~agency's custodian of records who is responsible for responding~~
11 ~~to any request made pursuant to this chapter and any inquiry from~~
12 ~~the public about a decision by the agency to deny a request for~~
13 ~~records.~~

14 ~~SECTION 1. Section 6253 of the Government Code is amended~~
15 ~~to read:~~

16 6253. (a) Public records are open to inspection at all times
17 during the office hours of the state or local agency and every person
18 has a right to inspect any public record, except as hereafter
19 provided. Any reasonably segregable portion of a record shall be
20 available for inspection by any person requesting the record after
21 deletion of the portions that are exempted by law.

22 (b) Except with respect to public records exempt from disclosure
23 by express provisions of law, each state or local agency, upon a
24 request for a copy of records that reasonably describes an
25 identifiable record or records, shall make the records promptly
26 available to any person upon payment of fees covering direct costs
27 of duplication, or a statutory fee if applicable. Upon request, an
28 exact copy shall be provided unless impracticable to do so.

29 (c) Each agency, upon a request for a copy of records, shall,
30 within 10 days from receipt of the request, determine whether the
31 request, in whole or in part, seeks copies of disclosable public
32 records in the possession of the agency and shall promptly notify
33 the person making the request of the determination and the reasons
34 therefor. In unusual circumstances, the time limit prescribed in
35 this section may be extended by written notice by the head of the
36 agency or his or her designee to the person making the request,
37 setting forth the reasons for the extension and the date on which
38 a determination is expected to be dispatched. No notice shall
39 specify a date that would result in an extension for more than 14
40 days. When the agency dispatches the determination, and if the

1 agency determines that the request seeks disclosable public records,
2 the agency shall state the estimated date and time when the records
3 will be made available. As used in this section, “unusual
4 circumstances” means the following, but only to the extent
5 reasonably necessary to the proper processing of the particular
6 request:

7 (1) The need to search for and collect the requested records
8 from field facilities or other establishments that are separate from
9 the office processing the request.

10 (2) The need to search for, collect, and appropriately examine
11 a voluminous amount of separate and distinct records that are
12 demanded in a single request.

13 (3) The need for consultation, which shall be conducted with
14 all practicable speed, with another agency having substantial
15 interest in the determination of the request or among two or more
16 components of the agency having substantial subject matter interest
17 therein.

18 (4) The need to compile data, to write programming language
19 or a computer program, or to construct a computer report to extract
20 data.

21 (d) Nothing in this chapter shall be construed to permit an
22 agency to delay or obstruct the inspection or copying of public
23 records. The notification of denial of any request for records
24 required by Section 6255 shall set forth the names and titles or
25 positions of each person responsible for the denial. *Each agency*
26 *shall designate a person or office to act as the agency’s custodian*
27 *of records who is responsible for responding to any requests made*
28 *pursuant to this chapter and any inquiry from the public about a*
29 *decision by the agency to deny a request for records.*

30 (e) Except as otherwise prohibited by law, a state or local agency
31 may adopt requirements for itself that allow for faster, more
32 efficient, or greater access to records than prescribed by the
33 minimum standards set forth in this chapter.

34 (f) In addition to maintaining public records for public inspection
35 during the office hours of the public agency, a public agency may
36 comply with subdivision (a) by posting any public record on its
37 Internet Web site and, in response to a request for a public record
38 posted on the Internet Web site, directing a member of the public
39 to the location on the Internet Web site where the public record is
40 posted. However, if after the public agency directs a member of

1 the public to the Internet Web site, the member of the public
2 requesting the public record requests a copy of the public record
3 due to an inability to access or reproduce the public record from
4 the Internet Web site, the public agency shall promptly provide a
5 copy of the public record pursuant to subdivision (b).

6 SEC. 2. Section 6259 of the Government Code is amended to
7 read:

8 6259. (a) Whenever it is made to appear by verified petition
9 to the superior court of the county where the records or some part
10 thereof are situated that certain public records are being improperly
11 withheld from a member of the public, the court shall order the
12 custodian of records or person charged with withholding the
13 records to disclose the public record or show cause why he or she
14 should not do so. The court shall decide the case after examining
15 the record in camera, if permitted by subdivision (b) of Section
16 915 of the Evidence Code, papers filed by the parties and any oral
17 argument and additional evidence as the court may allow.

18 (b) If the court finds that the custodian of records' or other public
19 official's decision to refuse disclosure is not justified under Section
20 6254 or 6255, he or she shall order the custodian of records or
21 public official to make the record public. If the judge determines
22 that the custodian of records or other public official was justified
23 in refusing to make the record public, he or she shall return the
24 item to the custodian of records or other public official without
25 disclosing its content with an order supporting the decision refusing
26 disclosure.

27 (c) In an action filed on or after January 1, 1991, an order of
28 the court, either directing disclosure by a public official or
29 supporting the decision of the custodian of records or other public
30 official refusing disclosure, is not a final judgment or order within
31 the meaning of Section 904.1 of the Code of Civil Procedure from
32 which an appeal may be taken, but shall be immediately reviewable
33 by petition to the appellate court for the issuance of an
34 extraordinary writ. Upon entry of any order pursuant to this section,
35 a party shall, in order to obtain review of the order, file a petition
36 within 20 days after service upon him or her of a written notice of
37 entry of the order, or within a further time not exceeding an
38 additional 20 days as the trial court may for good cause allow. If
39 the notice is served by mail, the period within which to file the
40 petition shall be increased by five days. A stay of an order or

1 judgment shall not be granted unless the petitioning party
2 demonstrates it will otherwise sustain irreparable damage and
3 probable success on the merits. Any person who fails to obey the
4 order of the court shall be cited to show cause why he or she is not
5 in contempt of court.

6 (d) (1) The court shall award court costs and reasonable attorney
7 fees to the plaintiff should the plaintiff prevail in litigation filed
8 pursuant to this section. The costs and fees shall be paid by the
9 public agency of which the custodian of records or public official
10 is a member or employee and shall not become a personal liability
11 of the custodian of records or public official.

12 (2) If the court finds that the plaintiff's case is clearly frivolous,
13 it shall award court costs and reasonable attorney fees to the public
14 agency.

15 (3) If a court finds that an agency ~~or the custodian of records~~
16 ~~or other public official of an agency failed to respond to a request~~
17 ~~for records as required pursuant to subdivision (c) of Section 6253,~~
18 ~~improperly withheld a public record from a member of the public~~
19 ~~that was clearly subject to public disclosure, unreasonably delayed~~
20 ~~providing the contents of a record subject to disclosure in whole~~
21 ~~or in part, assessed an unreasonable or unauthorized fee upon a~~
22 ~~requester, improperly assessed a fee upon a requester that exceeded~~
23 ~~the direct cost of duplication, or otherwise did not act in good faith~~
24 ~~to comply with this chapter, the court may assess a civil penalty~~
25 ~~against the agency in an amount not less than one thousand dollars~~
26 ~~(\$1,000) nor more than five thousand dollars (\$5,000).~~

27 SEC. 3. No reimbursement is required by this act pursuant to
28 Section 6 of Article XIII B of the California Constitution because
29 the only costs that may be incurred by a local agency or school
30 district under this act would result from a legislative mandate that
31 is within the scope of paragraph (7) of subdivision (b) of Section
32 3 of Article I of the California Constitution.

33 SEC. 4. The Legislature finds and declares that Sections 1 and
34 2 of this act, which amend Sections ~~6255~~ 6253 and 6259 of the
35 Government Code, respectively, further, within the meaning of
36 paragraph (7) of subdivision (b) of Section 3 of Article I of the
37 California Constitution, the purposes of that constitutional section
38 as it relates to the right of public access to the meetings of local
39 public bodies or the writings of local public officials and local
40 agencies. Pursuant to paragraph (7) of subdivision (b) of Section

1 3 of Article I of the California Constitution, the Legislature makes
2 the following findings:

3 By requiring local agencies to designate custodians of records
4 responsible for responding to requests and inquiries under the
5 California Public Records Act, this act furthers the public's access
6 to public records.


O



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **July 6, 2017**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager 

**SUBJECT: Review and Possible Action Concerning
California Special Districts Association 2017
Board Elections.**

The annual elections to the California Special Districts Association (CSDA) are being held by mail. The ballot has been provided by CSDA and must be submitted by August 4, 2017. There are six regional divisions each with three Board members elected by those in their division. The positions up for election are seat C, and the remainder of seat A in Region 3 which serves the San Francisco Bay Area.

RECOMMENDATION:

Recommend a suitable candidate and authorize the General Manager to submit the ballot for Seat A and Seat C in Region 3.

Attachment



**California Special
Districts Association**

Districts Stronger Together

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION

2017 BOARD ELECTIONS

MAIL BALLOT INFORMATION

Dear Member:

A mail ballot has been enclosed for your district's use in voting to elect a representative to the CSDA Board of Directors in your Network for Seat C (2018-20 term) and Seat A (term ends December 31, 2018).

Each of CSDA's six (6) networks has three seats on the Board. Each of the candidates is either a board member or management-level employee of a member district located in your network. Each Regular Member (district) in good standing shall be entitled to vote for one (1) director to represent its network.

We have enclosed the candidate information for each candidate who submitted one. Please vote for **only two** candidates to represent your network and be sure to sign, date and fill in your member district information. If any part of the ballot is not complete, the ballot will not be valid and will not be counted.

Per CSDA Bylaws, the candidate with the highest number of votes will assume the full term, Seat C. The candidate with the second highest number of votes will assume Seat A to fulfill the remainder of that term.

Please utilize the enclosed return envelope to return the completed ballot. Ballots must be received at the CSDA office at 1112 I Street, Suite 200, Sacramento, CA 95814 by **5:00pm on Friday, August 4, 2017.**

If you do not use the enclosed envelope, please mail in your ballot to:

**California Special Districts Association
Attn: 2016 Board Elections
1112 I Street, Suite 200
Sacramento, CA 95814**

Please contact Beth Hummel toll-free at 877.924.CSDA or bethh@csgda.net with any questions.



California Special
Districts Association
Districts Stronger Together

2017 CSDA BOARD CANDIDATE INFORMATION SHEET

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: STANLEY R. CALDWELL

District/Company: MT. VIEW SANITARY DISTRICT

Title: DIRECTOR

Elected/Appointed/Staff: ELECTED

Length of Service with District: 23 YEARS

1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):

CURRENT CSDA DIRECTOR FOR BAY AREA NETWORK, SERVE ON PROFESSIONAL DEVELOPMENT AND MEMBER SERVICES COMMITTEE, SERVE AS BOARD MEMBER FOR SDLF

2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.):

CASA

3. List local government involvement (such as LAFCo, Association of Governments, etc.):

CURRENT SPECIAL DISTRICT ALTERNATE TO LAFCO COMMISSION

4. List civic organization involvement:

CURRENT VICE PRESIDENT OF THE CONTRA COASTA SPECIAL DISTRICTS ASSOCIATION (CCSDA), CURRENT NEWSLETTER EDITOR FOR CCSDA

****Candidate Statement** – Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. **Any statements received in the CSDA office after May 31, 2017 will not be included with the ballot.**

Stanley R. Caldwell
75 Cecilia Lane
Martinez, California 94553-1455

RE: Election Bay Area Network, Seat C

It has been an honor and a pleasure to serve the California Special Districts Association (CSDA) membership as Bay Area Network Director. I look forward to the opportunity to continue to be of service. I have been active and involved in CSDA activities. I have served on the Member Services Committee & Professional Development Committee. I am also a past CSDA President (2013).

I am retired and I have the time, and the commitment required to continue to serve as a director. I have faithfully and diligently served within my local community. I am a dedicated active board member of Mt. View Sanitary District (MVSD) and having served several times as the board president. . By being an active participant at the California Association of Sanitation Agencies and the CSDA, I enhance my ability to serve in a director position. I also serve as the special district alternate to the Local Agency Formation Commission (LAFCO) in Contra Costa County..

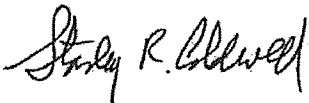
Contra Costa County has an affiliated CSDA chapter, the Contra Costa Special Districts Association (CCSDA) of which I have been active participant currently service as chapter vice president and as the current Newsletter Editor.

If re-elected I would continue to provide the leadership that makes CSDA a success. I will apply my experience, commitment, and leadership, to be effective, efficient, and responsive to special district needs.

Please consider me for the upcoming election for Director of the Bay Area Network where I will continue to bring my experience and dedication to CSDA.

Thank you for your consideration,

Stanley R. Caldwell



Incumbent CSDA Bay Area Network Director
Mt. View Sanitary District Board Member
Contra Costa Special Districts Association vice president



California Special
Districts Association
Districts Stronger Together

2017 CSDA BOARD CANDIDATE INFORMATION SHEET

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: JOHN CARARIET

District/Company: SANITARY DISTRICT NO. 5 OF MARIN COUNTY

Title: BOARD OF DIRECTORS, VICE PRESIDENT

Elected/Appointed/Staff: _____

Length of Service with District: 3⁺ yrs.

1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):

No

2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.):

No

3. List local government involvement (such as LAFCo, Association of Governments, etc.):

PRESIDENT OF BELVEDERE LAGOON PROPERTY OWNERS' ASSOCIATION

4. List civic organization involvement:

COUNTY OF MARIN CIVIL GRAND JURY, 2009-2010

****Candidate Statement** – Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. **Any statements received in the CSDA office after May 31, 2017 will not be included with the ballot.**



California Special
Districts Association
Districts Stronger Together

2017 CSDA BOARD CANDIDATE INFORMATION SHEET

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: Robert Silano
District/Company: MENLO PARK FIRE PROTECTION DISTRICT
Title: DIRECTOR
Elected/Appointed/Staff: ELECTED
Length of Service with District: 6 years

1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):

ATTENDED many workshops
within the past 6 years

2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.):

NO

3. List local government involvement (such as LAFCo, Association of Governments, etc.):

LARCO - Communication Representative
CSDA - LEG Committees, HR and
Legal

4. List civic organization involvement:

ASIS Bay Area Emergency Managers,
FBI National Academy ASSOCIATES

****Candidate Statement** – Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. Any statements received in the CSDA office after May 31, 2017 will not be included with the ballot.

As a current Director and an elected official of the Menlo Park Fire Protection District, I have local government public safety experience. I have taken the lead in San Mateo County on matters of disaster preparedness and I have been selected to sit on the Emergency Preparedness, the Strategic Planning and the California Special District Association Committees.. I served as a Special Agent and Supervisory Special Agent for the DEA until my retirement in 2003. Often managing more than 300 sworn and 50 non-sworn employees. My past experience as a DEA senior manager required me to be responsible for an annual budget in the millions of dollars. As a Task Force Commander having state and local law enforcement officers under my command, I developed strong skills in cooperative governmental efforts. As a DEA Manager, I was involved in program development, inter-agency cooperation, public relations, human resource management, budget development and the management of international and domestic operations. I possess a background that will well serve the CSDA..



California Special
Districts Association
Districts Stronger Together

2017 CSDA BOARD CANDIDATE INFORMATION SHEET

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: Robert Silano
District/Company: MENLO PARK FIRE PROTECTION DISTRICT
Title: DIRECTOR

Elected/Appointed/Staff: ELECTED

Length of Service with District: 6 years

1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):

ATTENDED many workshops within the past 6 years

2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.):

NO

3. List local government involvement (such as LAFCo, Association of Governments, etc.):

LAPCO - Communication Representative
CSDA - LEG COMMITTEES, HR and legal

4. List civic organization involvement:

ASIS, Bay Area Emergency Managers, FBI NATIONAL Academy ASSOCIATES

****Candidate Statement** – Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. Any statements received in the CSDA office after May 31, 2017 will not be included with the ballot.

As a current Director and an elected official of the Menlo Park Fire Protection District, I have local government public safety experience. I have taken the lead in San Mateo County on matters of disaster preparedness and I have been selected to sit on the Emergency Preparedness, the Strategic Planning and the California Special District Association Committees.. I served as a Special Agent and Supervisory Special Agent for the DEA until my retirement in 2003. Often managing more than 300 sworn and 50 non-sworn employees. My past experience as a DEA senior manager required me to be responsible for an annual budget in the millions of dollars. As a Task Force Commander having state and local law enforcement officers under my command, I developed strong skills in cooperative governmental efforts. As a DEA Manager, I was involved in program development, inter-agency cooperation, public relations, human resource management, budget development and the management of international and domestic operations. I possess a background that will well serve the CSDA..

CSDA BOARD OF DIRECTORS 2017 ELECTION



**BAY AREA
NETWORK**

Stanley R. Caldwell*
Mt. View Sanitary District

John Carapiet
Sanitary District #5 of Marin County

Robert Silano
Menlo Park Fire Protection District

.....
SEAT C
term ends 2020

.....
SEAT A
term ends 2018

Please vote for only two.

All fields must be completed for ballot to be counted.

**Incumbent running for re-election*

SIGNATURE

MEMBER DISTRICT

DATE

Must be received by 5pm, August 4, 2017. CSDA, 1112 I Street, Suite 200, Sacramento, CA 95814



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **July 6, 2017**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

A handwritten signature in black ink, appearing to be 'C. Heldmaier', written in a cursive style.

**SUBJECT: Review and Possible Action Concerning
Cancellation of Next Regular Scheduled
Meeting, July 20, 2017.**

At this time no urgent items require holding the next meetings.

RECOMMENDATION:

Cancel the regular scheduled meeting, July 20, 2017.