



Montara Water and Sanitary District

Serving the Community of Montara and Moss Beach

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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

Regular Meeting

District Board of Directors

8888 Cabrillo Highway
Montara, California 94037

September 21, 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 July 6 and August 3, 2017.](#)
2. [Approve Financial Statements for July 2017.](#)
3. Approve Warrants for August 1, 2017.
4. [SAM Flow Report for June 2017.](#)
5. [Monthly Review of Current Investment Portfolio.](#)
6. [Connection Permit Applications Received.](#)
7. [Monthly Water Production Report for June 2017.](#)
8. [Rain Report.](#)
9. [Solar Energy Report.](#)
10. [Monthly Public Agency Retirement Service Report for June 2017](#)

OLD BUSINESS
NEW BUSINESS

1. [Review and Possible Action Concerning Amendment Extending Solid Waste Franchise Agreement with Recology of the Coast.](#)
2. [Receipt of Alta Vista Well Update.](#)
3. [Review and Possible Action Concerning District Wellness Program.](#)
4. [Review and Possible Action Concerning Adoption of Appropriations Limit for FY 2017-2018](#)

REPORTS

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

FUTURE AGENDAS

ADJOURNMENT

CONVENE IN CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL--EXISTING LITIGATION

(Government Code §54956.9(d)(1))

Name of case: *City of Half Moon Bay v. Granada Community Services District, et al.*

(San Mateo County Super, Crt. No. 17CIV03092)

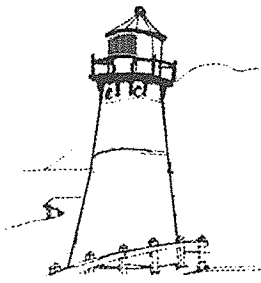
CONFERENCE WITH LEGAL COUNSEL—INITIATION OF LITIGATION

(Government Code §54956.9(d)(4))

Number of cases: 1

REPORT OF ACTION TAKEN IN CLOSED SESSION, IF ANY

ADJOURNMENT



MONTARA WATER & SANITARY
DISTRICT

BOARD OF DIRECTORS MEETING
July 6, 2017

MINUTES

REGULAR SESSION BEGAN AT 7:34 p.m.

CALL TO ORDER

ROLL CALL

Directors Present: Boyd, Wilson, Harvey and Huber
Slater-Carter by teleconference
Directors Absent: Director Harvey
Staff Present: General Manager, Clemens Heldmaier,
District Clerk, Tracy Beardsley
Others Present: District Counsel, Dave Schricker
District Water Engineer, Tanya Yurovsky
District Financial Advisor, Alex Handlers
District Sewer Engineer, Pippin Cavagnaro

PRESIDENT'S STATEMENT – President Wilson welcomed the new District Clerk, Tracy Beardsley.

General Manager Heldmaier reported the Account Specialist, Joanne Marsh, retired, and Sonya Flores is currently the new Accounts Specialist. Tracy Beardsley began two weeks ago, and is currently being trained by Judy gromm, who plans to transition out on August 4, 2017.

ORAL COMMENTS - None

PUBLIC HEARING - None

CONSENT AGENDA

1. Approve Minutes for May 4th 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.

Director Huber requested to remove item 1, Minutes for Meeting on May 4, 2017. He stated that former Director Thollaug pointed out that District Water Engineer Tanya Yurovsky's power point presentation was missing and not transcribed. Additionally, the oral presentation by Alex Handler of Bartle Wells was not transcribed. Lastly, a letter submitted by Chris Thollaug was omitted.

Director Huber had a question about Financial Statements for May 2017, item 4610 Property Tax receipts, \$80,502 above budget. The District received \$192,794 dollars in EREF funds, split between Water and Sewer funds, and he said he recalls that it was agreed upon last year to put the funds in the Water reserves. General Manager, Clemens Heldmaier, replied that Director Huber's inquiry will be researched and answered.*

*note: General Manager, Clemens Heldmaier conferred with Director Huber on the above matter on July 7, 2017, and the question regarding the Financial Statements for May 2017 was answered to Director Huber's satisfaction.

Director Huber moved to approve the Consent Agenda. Director Harvey seconded the motion.

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

OLD BUSINESS

1.a. 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 2017/2018 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 dollars. The overall amount that SAM plans to spend under the General Budget is an increase of 25%, or \$5,150,570 dollars. MWSD's assessment would increase by 31% to \$1,113,523 dollars.

General Manager Heldmaier reported a draft budget was presented at the May 4th meeting. The SAM Board met on June 12, 2017, and revised the budget. The changes occur in the infrastructure Division budget, which has been revised from, \$4,000,000-\$5,000,000, to a significantly lesser amount of approximately \$1,500,000. This is the first time that an Infrastructure Division budget based on a SAM approved 5 year Capital Improvement program is covering the existing problems at SAM, with the focus being on repairing the failed pipeline.

General Manager Heldmaier stated that they anticipate that the SAM board would approve a revised rate General Budget distributed to the member agencies, currently before the Directors for review. SAM is asking for an increase to the General Budget, due to the Infrastructure Division budget of approximately \$1,033,000 dollars. The overall amount SAM plans to spend on the General Budget is an increase of 25%, a total of \$5.1 million dollars. Montara's assessment would increase by 31%, and that is now approximately \$1.1 million dollars. General Manager, Clemens Heldmaier, recommended adopting the resolution of the Montara Water and Sewer District consenting to approval by Sewer Authority Mid-Coastside of its General Budget for the fiscal year 2017-2018.

Director Boyd recommended passage, although he admits that this is not an ideal budget. It was discussed at SAM recently, and he proposed the three agencies collectively put another half million dollars towards improving the IPS, given the current condition it is in. He stated that spending money to do urgent or emergency repairs is much greater than proactive maintenance. He added that Half Moon Bay still has concerns about funding anything related to the IPS. For the audience, he re-iterated that maintenance of the collectively owned Intertie Pipeline System is a mutual responsibility to be shared among all three agencies, and the JPA spells that out very clearly if read with the intent of finding out how the three agencies work together. Director Boyd also stated that this budget focuses heavily on the most urgent needs, although there is an extensive list of other needs. These needs will have to be addressed and it should be anticipated that our contribution to SAM in the coming years will be on the increase to catch up on deferred maintenance. The other reason Director Boyd cites passage of the budget is there has been a lot of procrastination and things need repair. So, he feels this is a good start, and recommends passage.

Director Slater-Carter commented that it has been a long contentious set of discussion at SAM about the budget, and recommends approval so that projects can begin.

Director Boyd added that we had two items that were approved using money from the reserves to pay for operations for this month, and SAM doesn't have the authority to bill us this month, as we haven't passed the budget yet. This was coming to them late.

Director Huber asked Director Boyd if he felt it should be another half million dollars.

Director Boyd replied that they should consider paying it, given the list of the things to do. Split between the three agencies--Half Moon Bay paying 50%, El Granada 30%, and Montara 20%--the amount is not as big as it sounds. He calls it the "stretch goal."

Director Huber said that he concurred with Director Boyd's concern, as he reviewed an SRT report from 2009, raising his concern. At the May 4th meeting, Director Huber asked General Manager, Beverly Marshall about the addition of the force main, and she conceded that all down the line needs repairs, and the only section that has been done in 34 years is the Vallemar project.

Director Boyd stated that repairs were done, and they sleeved a large portion of it using the liner that has the polymer in it. He added that Beverly Marshall was not wrong, as there is a great deal that needed to be done, but in the moment of the meeting, it may have slipped the mind. The over-arching point is that it is right.

Director Huber asked if they have the ability to amend the budget to include the money Director Boyd was talking about.

Director Boyd replied that they can always come back and levy it on themselves at their discretion. He asserted that they are up against the County deadline, and it was important to set the budget so each agency knows how much to collect. This amount is then put on the County property tax roll, collected, and sent to SAM. If they want to do more than that they will have to do that from the reserves.

Director Huber added "And unilaterally."

Director Boyd replied that the discussions at SAM were long disputable attempts in getting the budget passed. However, due to the lateness of the hour, they decided to pass the budget the Directors were looking at. Director Boyd further explains how the process works. The SAM Board runs what happens to SAM—provides the oversight of management-- but when it comes to the big spending, the owners approve it. So they work on the budget at SAM, and it is approved. Once all three agencies approves it, then the SAM Board adopts it. That process is lengthy. He saw some receptivity to the notion that they allocate another half million or so. He felt they could revisit, but it would come out of their reserves.

Director Huber expressed his concern about the deterioration and urged the need to be aggressive about it as humanly possible. He realizes they are constrained by

money, but also the ability of land contractors to schedule work in the weather and so forth.

He confirmed that if the budget is passed then they can still revisit that at a later time to keep pushing to be as aggressive as possible.

Director Boyd agreed. He also explained Half Moon Bay's desire to put the Intertie Pipeline System work under a category in the Joint Powers Authority agreement which spells out that each agency has the option to participate in or not, instead of the section where they are maintaining the thing they have. This is the crux of the debate, as they are trying to say maintenance of this decaying infrastructure is in the category of a new project. He goes on to say that he bought new tires on his car because the tires wore out. It was expensive, but it was not a new car, not a new project—it's maintenance on his existing car. They have pipeline that is 40 years or older, and they have to do maintenance on it. This is where the disagreement lies. They looked at the way the Authority was brought together, and everyone brought something to the table—everybody paid for something or got grant money. They assembled it all, and the Agreement says now they all own it together. There was an agreement of how much they agree to do. All of the Intertie Pipeline system, the size of the plant, that's scoped out in the agreement. Something new might be "let's run another sewer line up Highway 92 to the top of the hill." Then they would all want the option to say "no, they don't want to sign up for that." That's the whole notion of a new project where people get the option. But they all have this together and they have to maintain it.

Director Huber: So, that is basically it, to be aggressive as possible about this.

Director Harvey: Scott, to reiterate, the money taken from the reserves this month, there is a priority to put that back in.

Director Boyd: Yes, that was actually part of the vote, that we all agreed that as soon as the money was available the reserves would be replenished—not this whole delay thing, and never pay it back. As you know, we all begrudgingly agreed to pull money from the reserves rather than have Half Moon Bay incur a rate increase.

General Manager Heldmaier: It is my understanding that the SAM Board can ask for more money at any time. Can this budget be amended mid-year?

Director Boyd: Yes.

General Manager Heldmaier: And the funds wouldn't necessarily have to come out of the SAM reserves?

Director Boyd: I meant out of our reserves.

General Manager Heldmaier: Then I am clarifying that it would have to come out of our reserves.

Director Boyd: And Granada, and Half Moon Bay. And there have been occasions where we have done work on the Intertie Pipeline system where Granada and Montara have felt it so important, that they did the work, without Half Moon Bay opening up a checkbook. So, we have what is now deemed. We heard it constantly with all the rain this year, the holding tank we put in to the Burnham strip into Granada saved our agency many spills, because the tanks were full, the holding tank here was full, and SAM staff was carefully managing things to ensure we didn't have any overflows just from the sheer volume—its been super helpful. That was paid for by entirely by Granada and Montara. Half Moon Bay gets the benefits, the environment benefits and we don't get fines for overflows that didn't happen. But they never paid for any of that.

President Wilson: So, let me understand where we are at. There is a recommended budget for tonight. It is my understanding that the SAM Board is looking at a strategic plan to look at the maintenance for over the next "X" number of years. I think what we are going to have to do is, as a District, get an estimate for what these bills are going to be for the deferred maintenance that ultimately has to go into our rate increase discussion for the sewer bills sometime next year.

General Manager Heldmaier: Yes, you are correct. We can set the rates once per year so that they get collected through the sewer service charge. This year, we were not able to go through the process to increase rates, so we are taking some money out of reserves that will also have to be recovered. I think it is up to all three member agencies and SAM to develop a plan on how much money do we have to spend in the coming years on this, and how are we going to collect the necessary rates to cover the expenses.

President Wilson: So, my only hope is that we come with a reasonable maintenance and whatever needs to be done over a period of time that we can budget for, because it is going to be a significant rate increase next year—there's no way around it.

Director Boyd replied that SAM staff has already assembled an end of life schedule that they can use to operate from.

Director Harvey moved to adopt a resolution of the Montara Water and Sanitary District Consenting to Approval of Sewer Authority Mid-Coastside of its General Budget for the Fiscal year 2017-2018, and resolves. Director Boyd seconded the motion.

All Directors were in favor and the Resolution passed unanimously 5-0

1. b Review and Possible Action Concerning Sewer Authority Mid-Coastside Fiscal Year 2017-2018 General Budget. (Resolution 1622)

At the SAM Board of Directors meeting on June 12, 2017, the Board approved a revised SAM General Budget for Fiscal Year 2017/2018 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 dollars 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 2017/2018 assessment for MWSD for the Collections Contract Services is \$279,411 dollars, 13% less than in the prior year.

General Manager Heldmaier: Every year, we receive two budgets from the Sewer Authority Mid-Coastside. We just approved the General Budget. The Sewer Authority Mid-Coastside provides the treatment for the sewer that is collected in our system, the field staff, and maintenance of our collection system. We have already seen a draft of the collections budget at the earlier May 4th meeting and it now needs to be approved by a separate resolution. The only change made is the removal of a vehicle replacement fund, so we have a slightly lower collections budget compared to what we presented to this Board before. Right now, the Collections Budget is a decrease of \$100,000 dollars over the prior fiscal year, due mainly to the lower equipment budget. In prior years, we purchased a large flusher truck that somewhat inflated that Collections budget. Now, it is back to normal. We also see a change in the allocation of costs between the contracting member agencies based on the total lines cleaned and the percentage of lift stations maintained, when before it was simply a percentage of total man hours. So the 2017-2018 assessment for Montara for the collection of contract services is \$279,411 dollars, which is 13% less than the prior year. The staff recommendation is to adopt the 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.

Director Boyd commented that they worked hard to reduce expenses of things not needed to make room for the things they do need. This was a much tighter budget, and he strongly urges its passage.

Director Slater-Carter also recommended its approval, as it is less than what was assessed previously and they don't have much in the way of reserves. She felt that they were doing well with this, and it should be approved.

Director Huber: There was some talk that Half Moon bay was thinking of contracting with someone else. Is there any developments in that area that would affect this budget?

General Manager Heldmaier: It has been clarified by the City that they will participate in this collections budget. Is that correct?

Director Boyd: Yes, this year. It is also quite clear that they have an interest in exploring other options. And let me just note, that in the strongest terms, if they do that, I certainly hope they provide ample time and notice so that we don't wind up having some kind of dire consequences for what that means for SAM's ability to

conduct the same kinds of services that they are doing now for us and Granada. It would have a big impact on staff, equipment, on coverage, and how we are going to pay for it all. So that would be very disruptive if it were done hastily. So, if they do it, I hope they take the time to engage us all so they could do it without a big disruption.

Director Slater-Carter: And I would like to add that if they do that even if they have been discussing this although not in a public forum at the Half Moon Bay city council it could put this whole recycled water program in jeopardy. I've been talking to folks, and if there are major changes for SAM it would making funding for the recycled water project very difficult if not impossible.

Director Huber said that the elimination of the truck replacement fund made sense.

Director Huber moved to adopt the Resolution of the Montara Water and Sanitary District of Approving and Adopting Fiscal year 2017-2018 Sewer Authority Mid-Coastside Wastewater Collection System Contract Services Budget. Director Boyd seconded the motion.

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

2. 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 Master Plan were presented at the May 4th 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 the public.

General Manager Heldmaier: We had a public hearing on January 9th in regards to water connections in which the Well Conversion Financing program was presented and also adopted. At the March 16, 2017 we had a Water Connection work study that resulted in co-changes that confirmed existing well conversion policies. Additionally, the preparation of the new Water Master Plan and the connection charge study were announced at that meeting. We received the draft Connection Charge study and relevant sections of the Master Plan at the May 4th meeting. At that meeting the Board directed staff to schedule a study session to expand on possible alternatives to the staff presentation calculations of the presentation charges and to allow the consideration of questions from the public. The full Water

Master Plan was received on June 1, 2017. So, we have an expanded staff presentation with Alex Handler from Bartle Wells and will present the comparison of the different approaches that are used to calculate connection charges that are standard in the industry and after that we will be available to answer questions, from the Board, public, and some questions received from Chris Thollaug at the May 4th meeting. Thank you.

Chris Thollaug, a local resident: Question for the chair. I had submitted a letter asking to reconsider whether or not you are doing this session, this item on the agenda. I'm assuming that you all have received that, and you have just decided not to respond.

President Wilson: We are going to do the session tonight as we put on the agenda.

District Financial Consultant Alex Handler began his power presentation. His power point presentation is attached.

It is good to see you all again. It has been a couple of months since the last discussion on this issue. So, first is going to be a re-refresh of the background leading up to the capacity charge update and review of what is being recommended, and then after that we have a number of questions we have addressed that have come up from various letters or in public comments and talk about some generic fee alternatives in the industry and turn it back over to the Board for additional questions, discussion, etc.

So, that is the goal. No action tonight—just to review the recommendations, address questions, identify alternatives and keep the discussion going.

Background is the capacity charges are a one-time capacity charges levied on new or expanded connections to the water system designed to recoup the cost of the infrastructure needed to serve those connections. These fees were last calculated in 2011, a little over six years ago. Since that time there has been a lot of changes here in the District. There has been a lot of capital improvement, projects completed to improve reliability, the District has new sources of water supply, the acquisition of Pillar Ridge, water use has come down successfully during the drought, and Local Coastal Program set a limit of growth at 1%. Growth is back on line. There is a new public work plan. So, a lot has changed, and the thoughts were that it was a good time to review the capital program, the Master Plan, and with that, the capacity charges based on the capital costs.

So, current fees go back to 2011, based on the Water System Master Plan developed in 2011, and in that plan, capital costs were allocated whether they were needed existing customers or for growth. At the time there was a projection made that in the next ten plus years there would be potentially 600+ connections made to the system so the Master Plan identified what are the specific costs that are allocable to those growth connections and what are the costs that are not. And so, the costs allocated to growth are about \$8.8 million dollars. The way the fee was calculated was taking those costs allocated to growth, divided by the level of

growth they are going to serve, the \$8.8 million dollars over 621 connections, or 5/8" meter equivalents. To calculate what is the charge. It was \$14,000 dollars and change for connection and since then the District has wisely adjusted its fees annually by the Engineering News Record Construction Cost Index, a widely used measure of construction cost inflation and that basically allows you to keep the charge in line with construction costs inflation. So, the current charge here is \$15,729 dollars and I understand that was recently updated as part of the annual E&R Engineering News Record update, and now for a typical 5/8" – 3/4" meter for a new home, the charge is \$16,262 dollars.

These funds are deposited in a separate fund. They are not be used for operating costs, pursuant to State law. They are used exclusively for projects that benefit growth.

Moving on to the next slide, the legal requirements for water and sewer capacity charges are governed by Government Code 66013. The basics there is that the charges cannot exceed the estimated reasonable cost providing the service. So, the law goes on to say that you can collect charges for existing facilities, future facilities, but the code is relatively brief and doesn't provide a specific method for how the fees are calculated. So, the agencies have used a wide variety of methods to come up with what they feel is a fair cost of providing facilities for growth.

Next slide. Fast forward to current days, and the Master Plan was just updated. Again, there were projects identified for what is needed for existing folks and what projects are identified to meet the needs of new demands placed on water system. In doing the Water System Master Plan, SRT Consultants (Tanya) updated the hydraulic model they developed for the District. What they do is they run different scenarios through there to determine if there are any capacity deficiencies. For example, they can run "what if we have 50 new connections" or "what if we have 100 new connections? Or, 200 connections?" And with those increased demands, is our current system able to reliably provide water to those customer or do we need to make improvements. So, this is the hydraulic model that has driven what are the needs of the system to serve growth and when we go on to the next page, we don't know how quickly the growth is going to be, or how quickly growth is going to occur. So, in developing capacity charges what does it cost to serve the next unit of growth, are we talking the next 50 connections, the next 1000 connections. SRT ran scenarios for a number of different levels of growth, from 50 new single family, or 5/8" meter equivalents, a 100, 600, 800, and 1000, and they developed what are the capital needs needed to serve each of those levels of growth. For example, to serve the next 200 connections the hydraulic model indicates that the system should do about \$3.5 million dollars of improvements, fixing bottlenecks, making sure there is adequate fire flow reliability, to serve the demands created by those connections. If it was 600 new connections, obviously there would have to be more improvements made and the costs associated with serving 600 connections is approximately \$10 million dollars in improvements to adequately serve those connections in a safe and responsible way. So, those are the levels of growth and the levels of capital needs specifically needed to serve growth.

Moving on to the next slide, this slide just shows it graphically. Obviously, the more connections, the more demand, the more improvements need to be made to reliably serve those.

On the next slide, so what we did was update the capacity charge based on that data. This is consistent with the same approach used in the 2011 Capacity Charge study. That's a forward looking approach which we call an Incremental Cost Approach. What is the cost associated with serving the next unit of growth divided by those units of growth, and come up with the cost of serving each 5/8" meter equivalent. To emphasize, I know there was talk about the G.O. Bond, and we shouldn't be paying into those with the new fees, and the answer is they are not. They are not recovering anything for facilities that were funded by the G.O. Bond issue—there is no double counting going on there. They also don't exclude cost recovery for improvements and assets funded by existing or prior rate payers even though some of those improvements can provide benefits via improving reliability to serve growth. What they do recover as the new connections occur they are going to pay-in for the average cost of facilities needed to serve those new connections. One thing that was brought up also was "can you charge me different for new well connections or new homes being built?" Our take is and also confirmed with legal counsel is that these charges are based on new demands placed on the system. So it has to be consistent whether the new demand is coming from a conversion from someone currently served by a well or the vacant lot next door that develops a house on there and wants to connect to the system. It's the same new demand placed on the system so that the charge should be consistent with those.

Moving on to the next slide, again the fee calculations are pretty straightforward for this type of capacity charge model approach. We take the costs associated with a certain level of growth divided by that level of growth and it results in the fee per unit. And you can see when you are only dealing with the next 50 units you have to do about \$1.3 million dollars in improvements. $A/B =$ a little over \$25,000.00 dollars per connection. You can see how the charge changes with different levels of growth. If you had to do a 1000 units of growth, the hydraulic model indicates that it will be a little over \$17 million dollars of costs, and \$17 million dollars divided by 1000, would be a little over \$17,000 dollar for fee calculations.

Going to the next slide, it shows graphically, "what is the cost per unit?" for new facilities to serve growth at these different levels of growth—50, 100, 200, 600. It worked out that the lowest cost per connection worked out at the 600 level which would be \$17,100 dollars for funding the average cost of facilities needed to serve those next 600 units of growth. So, that is what is being recommended. It is the lowest of the alternatives that were developed by the hydraulic model.

Moving on to the next slide. This is what the charge would look like for all the different meter sizes. Obviously, the larger meter sizes put more demand on the system and the fee is proportionately higher.

Going on to the next slide. Here's a comparison of the current fees for each meter slide with the updated charges. And here I have the right current fees, I just uploaded them today based on the recent E&R cost adjustments and you can see for a typical single family home connection with a 5/8"-3/4" meter currently, the fee is \$16,262 dollars. The proposed updated fee is \$17,100 dollars. It is a little bit higher—5.2% higher. And then you can see the comparisons between the other meters there as well.

Next slide. Just to emphasize a few key points, these charges are just based on the cost of infrastructure improvements needed to serve the new demands to be consistently applied to all new demand regardless of the source of that demand. One thing folks sometimes say is "hey, can't we add more connections to the system without doing the projects?" and the answer is yes, you can add more connections to the system without the projects but then the system is falling in deficit in terms of reliability. So that doesn't negate the need of projects that should be done over the longer term to bring everything up to "snuff" for fire flow and system reliability. So, of course you can allow growth to occur first while you are collecting the fees and as you do the projects you are bringing the system back up to "snuff" where it is supposed to be. The other thing I want to point out is that the fees certainly aren't low, and I've worked with some agencies that haven't updated their connections for the last 25 years and is only a few thousand dollars. So they are up in the middle range compared to what other agencies do but they are certainly not out of line with what the other agencies do.

Next slide. Here's a survey of a number of regional agencies. This is a fee survey from May so it doesn't include the escalated cost for Montara nor does it for all these agencies. Most of these have some kind of fee escalation, so everyone's fee will go up a little bit proportionally. And here what we showing with the green bar that's in the middle is current fee just for the 5/8"-3/4" meter and the green bar on the right shows it with the Private Fire Protection connection as well. Again, they are not the lowest fees out there, but they are by no means the highest fees out there either. So, again even very large agencies like EBMUD East Bay Municipal Utility District who serve a tremendous number of agencies in the East Bay their charges range from \$16,000 dollars in some zones, to over \$37,000 dollars in other areas. Dublin San Ramon Services District has a charge over \$38,000 dollars. A very big component of that is the cost of water supply. Again, when someone else charges more than someone else it doesn't mean that it is any more or less efficient--that's just what their costs are to meet their needs or their infrastructure water supply needs to serve growth.

Moving on to the next slide. Here's the updated charge for the basic 5/8"-3/4" meter connection compared to last fiscal year's charge for the other agencies to again put it in perspective.

Moving on to the next slide, Clemens already mentioned the Multi-Year fee payment program. Your fees aren't super cheap, so there have been a number of well-conversion folks who have said "hey we might wish to convert but it is a bit of a cost burden there." To address it, the District came up with the Multi-Year Fee

payment program where customers can spread the cost of making the new connection spreading it over ten years on the tax roll with a low interest rate or the interest is waived for connecting by the end of this year. So, if we put it on the Property tax roll people tend to write that off in taxes, so maybe there is a little bit of a discount there. So the District did try to take action to ameliorate the cost of concerns for those existing folks with wells.

Next slide. Here we come to issues and questions, and alternatives have been brought out there. Some of the basic principles one, is obviously growth should pay its own way is a principle that many agencies but not all adhere to. If new customers are connecting they should pay for their facilities, likewise rate-payers shouldn't be subsidizing growth, nor should growth subsidizing rate-payers. The next thing is that the balance between capacity charges and rates. These are really the two main revenue sources other than property taxes and interest earnings and things like that. The higher the capacity charge that is funding infrastructure for growth, the less funding is required for rates and vice versa. So, there is two sides of the coin there. This is why I put the little graphic of the scale there. The third thing I want to mention, is there are different perspectives of what is fair and equitable. There are different approaches out there and some agencies have a policy objective of trying to encourage development so they want to keep the fees down. Other agencies want to make sure that the rate payers aren't subsidizing growth so they want growth to pay the full share of costs. So, there are different legitimate approaches. The next thing is folks have mentioned that there shouldn't any cost recovery for facilities funded by G.O. Bonds. There's not double-counting there--that's been avoided. And the last point that I've mentioned already is the charge should be proportional to the new demand being placed on the system regardless of the source of the demand. So, those are the basic principles, and now we will go on to some questions that have been raised and some of the responses to those.

Next slide. One question raised, and there have been some letters received with good questions and good concerns. One is "Are these draft capacity charges legal?" And that has been run by your legal counsel and confirmed in a letter, yes. These are legal; they have been vetted. There was legitimate concern raised when the SAM expansion took place and the assessments were invalidated by a Superior Court. Doesn't that apply here as well? That was researched and the answer is no. Those SAM assessments were invalid because the capacity improvements that were funded by certain folks paying the assessment also benefited a number of other folks not paying those assessments. So, they were getting a free ride and the people paying the charge were allegedly overpaying. But in this case, there is no free ride, all these facilities that are identified for growth are not needed for existing customers. They wouldn't have happened for existing customers. In addition, the capacity charges, no one is forcing anyone to pay it. It is a voluntary decision when someone wants to develop their property. It is inherently different than voted assessments and legal counsel was comfortable with the proposed charges that are being put forth.

In the next slide, a legitimate question "Do some of these projects that have been allocated and identified as necessary for growth also provide some ancillary benefit for existing customers and if so, shouldn't the existing customers have to pay for a little of them?" And I've talked with the District engineers, and we had a few conference calls, and really, at the end of the day, no, none of these projects would have been done, if not for growth. Sure, if you have to upsize a pipeline running down a street somewhere to serve growth at the end, does that provide some benefit to the houses along the way that don't have to replace the pipe soon? Sure, but that's 40 years down the line and there's no way the existing District would be using its rate-payer money to fund replacement of a pipeline that still has 40 years for example. So, the answer is no, not really. All these facilities that are identified for growth are exclusively being triggered by the new demand.

Next slide, "Should the capacity charges be reduced to give new connections credit for improved economies of scale?" And this is a legitimate issue that gets brought up. As they connect to the system, there's a marginal additional revenue that is coming in to the system that are not needed for the fixed costs for the folks paying rates, so shouldn't this extra revenue source that is coming in for rates, be credited back to the new connection? Something along these lines was brought up. After discussing this, no, the economies of scale should benefit everyone proportionately. In fact, it is the new person connecting to the system that really is the biggest beneficiary of the economies of scales. If they had to build their own water system it would be an exorbitant cost. But they are able to buy in to an already developed system that is already being funded by existing rate payers. If you were to give that credit to the new folks only, it shifts the cost burden to the existing rate payers. So, at the end of the day, everyone should benefit proportionately from the economies of scale.

The next one "Should well owners be given a break and have a reduced fee?" And on some level that is a policy decision and on other levels it's some legal issues there. That's not being recommended from us or from legal counsel unless there is a real cost-base rationale for doing that. And we haven't been able to develop a cost-based rationale for that because as the new well owner--if the existing well owners want to connect to the system as far as the system is concerned, it's the same as a vacant piece of property being developed, as both put in consistent demands on the same system and the capacity charges have to be consistent regardless of the source of that new water demand.

On the next slide, "Should properties that pay GO Bonds not have to pay capacity charges? The answer is no, the GO Bonds did not fund the full build-out system that as full water supply and reliability that serves everyone. The GO Bonds purchase the acquisition of an old dilapidated water system and it also provided some funding for improvements that benefit everyone to get the system a little closer to being reliable and addressing some of the highest priority deficiencies for everyone, including future customers.

Next one, "Did existing customers double pay for the water system?" this question came up in one of our conversations, and we will leave that to folks' judgement but

the folks that have been here a long time, they paid rates to Citizens and CalAm, and a chunk of those water rates is rate of return for capital facilities. Unfortunately, the money that that they were paying for those facilities wasn't reinvested back in the system but they essentially paid over time through their rates, and then when the District took over the system all the property owners including the existing customers again paid for the system acquisition. Arguably some of the existing customers had to pay in more than they would think is their fair share.

Next, "Would a lower charge lead to a lot of additional connections, which benefits everyone, great economies of scale? We thought about that and maybe there would be an additional incentive for some of the well owners to connect but certainly there are a lot of other cost barriers for well owners and when you look at a new property being developed having a capacity charge that is a bit lower, that is not what is driving the development. There are so many other costs in developing a new house or a new commercial building that we don't see in other places. Levels of growth are massively changing due to differences in capacity charges. So we thought for this area, not likely.

Next page, so those are some of the questions, and I know some of the other engineering questions will be addressed after this, specifically that came from Chris' letter that Tanya has come up with some responses to. But the next thing we wanted to cover is "what are some other generic fee approaches that are used out there in the industry, and certainly there are an almost infinite number of approaches with higher value infrastructure what you are going to include or not include. But, these are some of the basic ones that get used out there. One is called a "buy-in" cost approach, What this is typically used for systems that have already mostly built-out, and they have already done the improvements, everything has been funded, so they say you have to buy in for your share of infrastructure. We have already built everything, and you have to reimburse us for your share. In this case, it doesn't apply to this District so much but there are a number of improvements that need to be built to reliably serve growth. So we don't recommend this. It doesn't have any cost recovery for capital improvements.

Next is something called the "Average cost" approach where you take the total cost of the system, the total cost of the facilities and the facilities needed for growth and divide by the total capacities of existing/future--so it is like a long term average. This approach will probably result in a fee that is a little bit lower than your existing fee. We are not recommending that fee because it gets a little more convoluted with cost allocations and a little more judgement thrown in there. It would require existing folks to shoulder some of the burden of funding the improvements that really are only meant for growth, and again, the existing rate payers already have to arguably pay more than their fair share of the system.

The next slide, the "Incremental Approach," that's the one that we are recommending. It is a forward looking approach--what do you have to do to meet the needs of the next increments of growth and divide it by the level of growth that is consistent to what has been done in the past, it's been vetted by legal counsel, it excludes the GO Bond funding, it excludes cost recovery for some improvements

and assets that have been paid for by existing rate payers that may provide some ancillary benefits to growth. It's straightforward, very easy to defend.

The final one is what some agencies do is "buy-in plus incremental cost" which would result in the highest fee, higher than the fee that is being proposed. This is when you have to pay the incremental cost, plus we are also going to make you pay a buy-in for some of the assets that have been funded by rate-payers that provide potentially some benefits to growth. Those are the four generic approaches that are used out there.

Moving on to the next slide, there is a recommendation that is on the table which is the proposed report and the proposed fee that goes along with that. That is what is being recommended. There are a lot of issues being brought up from different sources that the Board wants to have addressed, and you may have more questions that we can address here. But that's pretty much it. We are still recommending this fee. This has been presented to the public and Board before, and we are trying to do that again tonight, hopefully addressing some of the concerns and answering some of the questions out there, with the goal of getting Board direction and where do we go from here after this meeting—do we move ahead with the existing proposed fee or does the Board feel that something else should be developed in its replacement? That's pretty much it.

President Wilson opened the floor for the audience to ask questions or comments, and requested that questions be kept straight forward and once the audience was finished it will be opened to the Board. He also requested the blue Speaker Request form be filled out for those people who have questions for the record. He reminded people that this discussion was informal, but as the Chair he may use the Call to Order if things get out-of-hand.

Larry De Young, a Montara resident: This is not a public...there will not be any action taken here--it's a workshop. So I'm not sure why you need a blue slip for a workshop/study.

President Wilson: We just want to have it for anyone giving feedback.

Larry De Young: I'm not giving feedback. I'm asking a question. My question is that you have an increment of 600 in your calculations, and number one, is that anywhere near realistic and number two, since this is all about putting the burden on the new connections what happens if you build this out for 600 and only 50 people connect, then the burden will be on the rate-payers. So, I don't understand where your math is coming from in all this.

General Manager Clemens Heldmaier: So, Tanya, I think some of these questions are best answered by you... We are not building out for 600 connections at once--it is an incremental approach.

Tanya Yurovsky: Right, exactly. We are not predicting 600 connections.

Larry De Young: He was. (District Financial Consultant, Alex Handler)

District Water Engineer Tanya Yurovsky: No, I think that was a misunderstanding.

Larry De Young: He said that 600 gives the least amount of price per unit, and that was the number he recommended. So, it cannot be both ways.

President Wilson: This is a call to order. This is a Q & A. If you read the thing, the most efficient one was at 600 but there has been no decision made on the slide. Again if we can do Q & A and try not to get into debates I would appreciate it.

Chris Thollaug: How is that a workshop?

Larry De Young: You haven't answered my question, yet.

Chris Thollaug: How is that a workshop? You scheduled this as a workshop.

President Wilson: I'm not going to get into an argument over this.

Chris Thollaug: I'm not asking for an argument, I'm asking for an explanation.

President Wilson: You are starting with an argument....

Chris Thollaug: No, I've asked for clarification for what the process is.

President Wilson: The process is Q & A and discussion--not a debate.

Chris Thollaug: No, the process...You said you were going to do a workshop.

President Wilson: Chris, I don't have the patience for this. We are going to do Q & A and discussions, back and forth.

Chris Thollaug: So, let's be clear. What you are doing is what you did at the March meeting. Don't circulate what you are doing to the public and then give an explanation and buffer your consultants from the people that need to ask the questions.

President Wilson: That's your point,

Chris Thollaug: That is my point.

Larry De Young: I do have a question that I would like to hear an answer to it.

District Financial Consultant, Alex Handlers: Sure. We are not saying there are going to be 600 units in a certain time. That was done last time. Often with these fee calculations, you have to pick a unit of time how you are going to assess the fee and in this case what happened is, our engineers said very wisely, "what if we have 50 new connections, what is the cost going to be?" So if these guys were

going to be doing the fee calculations based off the next 50 connections, the fee would be... It's cost per unit. It was looked at different levels of growth. Do you expect 600? Over a long period of time. The District certainly has the facilities...

Larry De Young: Is this a discussion or is this a presentation? What happens if you over-bill? Who is going to take care of that? It is the existing rate payers. And you picked the 600 number out of the sky without any study what-so-ever on how many new connections you are allowed to have.

General Manager Clemens Heldmaier: I think there is, understandably, some confusion, due to the fact that this District was under a moratorium for a long time. No water agency in California plans to be in a moratorium. When we repealed our moratorium in 2010, and subsequently approved it with the California Coastal Commission of San Mateo County in 2013, we were very careful to build in mechanisms to ensure this agency will never get into a similar situation. No agency in California has a limited amount of connections--you look at growth. And this is exactly what we are doing here. So, to calculate the fee, we are indeed, picking a random number of connections. It is the number of connections we can correlate to an amount we need to spend for improvements that add up to a certain dollar amount. Those dollars will not be spent at once. They will be spent over a period of time.

Larry De Young: Do you realize how absurd it is pick a random number of connections? That is totally absurd. Where is your planning? Where is your protections? Where are they? Answer the question. Where are your projections?

President Wilson: Sir, you've made your point.

Larry De Young: Answer the question!" "Where are the projections?"

District Water Engineer Tanya Yurovsky (referred to District Financial Consultant Alex Handler's presentation power point page 8): This is actually prudent planning. The attempt was made to say we looked at 16 areas, and if we add 50 connections we would need to invest \$1,290,500 dollars for infrastructure.

Larry De Young: I understand that.

District Water Engineer Tanya Yurovsky: You divide that by 50 and you get the connection...."

Larry De Young: I have a PHD, and I can divide and multiply. Okay, so where is your planning? Why do you think you will ever have 600 connections? What makes you think that?

District Water Engineer Tanya Yurovsky: I respect that you have a PHD, and kindly ask that you let me finish....

Larry De Young: You are repeating the same thing. You are dividing a number by a number and coming up with another number. That's insulting. I'm asking you. Where do you come up with 600? How many lots are out there? How many people can possibly serve?

President Wilson: Go ahead Scott...

Director Boyd: Larry, you are persistently interrupting people who are speaking.

Larry De Young: Nobody has answered my question, and I will interrupt you too.

Director Boyd: And what you are doing is....

Larry De Young: Is what?

Director Boyd: You know what it is.

Chris Thollaug: He is interfering with your carefully orchestrated presentation!

Larry De Young: Yeah. Give me a break. It's a very simple question, where does the 600 come from. Where does it come from?

Bob Ptacek, a local resident: Hey, do you mind if I get to say my point, who went through the process and put a blue slip up there?

Larry De Young: Say anything you want.

Director Boyd: Excuse me, Larry and Bob, I have the floor, The Chair gave me the floor and I'm going to use it. And I'm going to point out that you are being argumentative and you are interrupting and this is not...

Larry De Young: I could care less.

Director Boyd: Apparently. But, that's not facilitating the discussion.

Larry De Young: You are not either--and neither is she, or he, or he, or he.

Director Boyd: You can make all the interruptions, argumentations and interjections you wish, but the fact of the matter is, when you are cutting people off when they are attempting to answer your question, you are guarantying you are not going to get an answer.

Larry De Young: Don't lecture me like that! Please. Where is the answer? Don't B.S. me. Don't divide a million by 50, tell me where you get 600?

Director Boyd: You can argue apparently, and we are going to listen to the things you are saying, and trying to answer your questions. But when you interrupt you aren't letting us get anywhere.

Larry De Young: I'm not interrupting. I keep asking the same question again and again! Where did the 600 come from?

Director Boyd: I'm not saying that.

Larry De Young: You deserve it, pal. Okay.

President Wilson: Go ahead, Bob.

Bob Ptacek: Okay, thank you. I do have comments about the plan later. This is more general. I follow a process that includes things like you go from dialog to discussion to debate to diatribe. In dialog, you gather data to form an opinion which is what we are trying to do. That's followed by discussion, where an opinion has been formulated, but you listen for additional data to confirm your opinion and alter it based on the new information. In a debate, you defend your position because you believe it is the right one, and you find faults in the other. Then you get into diatribe--close-minded, interrupting, no courtesy, and argumentative--the current interactions with the Board. I would encourage as argumentative and hateful you would like to be, is to go to discussion first. You can get to diatribe later.

Larry De Young: I don't need a lecture from you either, pal. This is ridiculous!"

Bob Ptacek: Shut up for a moment. Okay?

Larry De Young: What does this got to do with this?

Bob Ptacek: Your argumentative nature is preventing from realistic discussion to get to facts. Because you are argumentative, of only one position, and that is yours.

Larry De Young: No...

Bob Ptacek: Would you let me finish?

Larry De Young: Well, then don't look at me while you are talking!

President Wilson, interjected, "Time out."

Bob Ptacek: I was trying to get to everyone to please stay with discussion.

President Wilson: I hear you.

Bob Ptacek: Diatribe here, but ignore it, please.

President Wilson: We are going to bring this quickly to a point of order please. Dave can you please talk about what we can and cannot do in this situation?

District Counsel Dave Schricker: In a workshop scenario we have a presentation and are always concerned about what the record shows. People like to have their thoughts recorded and it will show up in the minutes. In order to do that, we have to have an orderly process, and by that I mean, the Board Chair President recognizes a member of the public or staff and advises comment. And members of the public are certainly entitled to direct specific questions. Generally, to be efficient and have a useful presentation, the Chair should recognize the staff person to respond to the person and then the person responding should have the opportunity to respond. If there are further questions. To have an orderly process to the benefit of the public participants and the Board, the Chair, the President should recognize the speaker. And follow-up questions are perfectly alright. The Chair does have the authority to place a time restriction on questions as well. But I think we had a demonstration which would indicate the value of having a more orderly process. The questions are legitimate, and I believe your questions deserve an answer. If the staff can answer the Board President should direct questions to staff, if the staff can't answer, my recommendation would be that the staff be given the opportunity to research the issue and come back with an answer.

President Wilson: So given the advice of the counsel, everything is going to go through the Chair...and there is a question outstanding about where did the number 600 come from, and I ask that staff answer that question, then we will move on to the next speaker.

District Counsel Dave Schricker: I might add another thing, Mr. President. The law does not require that person identify himself or herself in making a presentation. Generally, people do, because they like to be recognized and they feel they have a quality presentation to make and that will show up in the minutes. But you are not legally required to either sign in or identify yourself. But, usually for the benefit of the knowledge that is being presented it is helpful to have that person's identifying him or herself.

President Wilson: Okay, so the question about the 600. If someone could speak to that number or the rationale behind it.

District Water Engineer, Tanya Yurovsky: Mr. Chair, and the members of the Board, if I may, the table and the approach we have taken are reviewing several options is to look at the capacity of the system and then look at the existing system, then look at the capacity of the existing system plus the six options. Existing system plus 50 connections, existing system plus one hundred, and so on, and up to one thousand. These are theoretical numbers that were ran that will correspond to certain capital improvements that would be required to accommodate these connections. The District system is very interesting in the sense that most of the growth will be in-fill as you know in San Mateo lots or lots that have been subdivided and of course the well owners converting with the exception of two large developments that are anticipated, one is the Big Wave and the other Sierra One, and those numbers are known. So, as opposed to San Ramon/Dublin Services District or any other East Bay District Community where they would know where the growth is occurring, and that would be assigned to that

community, it's easy to say well this is it. But, your growth is dispersed, so we have to do an incremental approach which is what this is and say okay if we have 50 connections we need to add so much in capital improvements and that would as Alex says would result in a very simple calculation. As a member of the public mentioned, it is very simple and straightforward. This is to demonstrate what we had hoped would create dialog and understanding. We are trying to come up with different capital improvements that correspond to a certain amount of connections and you just divide one over another.

President Wilson: I think the question is from what you are saying we have not come up with a number of growth at this time.

District Water Engineer, Tanya Yurovsky: That is correct.

President Wilson: These are various scenarios that we would have to investigate further to come up with the exact number. Is that correct?

District Water Engineer, Tanya Yurovsky: Yes that is correct.

District Financial Consultant, Alex Handlers: No one can project growth. It's always hypothetical how much growth we are going to get. Some agencies attempt to make projections and they are uniformly incorrect. So, every agency has to decide what are we going to base the fee on, not necessary saying hey this is how we are going to get this number of growth in so many years—that's impossible to project.

President Wilson: What agencies do if they identify one number and they get another? How do they compensate for the difference between the projections and actuality? Because there was that question about...let's say we say we have 300, and we end up having 200. How does that 100 differential get managed between the rate-payers and the actual new connections? How does that get managed?

District Financial Consultant, Alex Handlers: This certainly happened with your last connection fee study where we said to serve the next 621 5/8" meter equivalents you've got to fund \$8.8 million dollars in facilities to get there. You didn't have 600 connections over the last ten years, it was a lot less. So, a lot less money was recovered. But also on the other side of the equation you didn't need to build all those facilities so we certainly didn't spend rate-payer money to build facilities that weren't needed. So, no matter what level of growth you pick, even if you were to pick 1000, the District is not going out to spend 17 million dollars the next day. That growth will occur over time, and the district is going to size the charge appropriately so that the revenues it does collect over time are going to be adequate to fund those facilities and periodically you are going to be building stuff as you collect the fees and as facilities are needed to maintain reliability of the system.

Dave Schrickler: Mr. President, perhaps to further answer that question I might ask the Water Engineer for instance scenario four which provides the lowest

connection fee, does that include improvements that would also serve scenario one?

District Water Engineer Tanya Yurovsky: Yes.

District Counsel Dave Schricker: And, if you recommended the District constructed those improvements, but you only had 50 new connections, would you stop at that level? As opposed to going to serve facilities for all 600?

District Water Engineer, Tanya Yurovsky: That's right. We would never recommend over-building before the customer came on-line.

District Counsel Dave Schricker: Is your recommendation carried out on a document that you can identify?

District Water Engineer, Tanya Yurovsky: That's right. It is in the Master Plan.

District Counsel Dave Schricker: In the Master Plan. And, how frequently is that visited?"

District Water Engineer Tanya Yurovsky: Every five years.

President Wilson: Chris?

Chris Thollaug: So, the document that was missing from the May 4th packet would have provided some information for Larry. Your presentation had a demand projection... The whole presentation was very helpful. But, this sheet in particular, was looking at what are the current reserves and what is the current need and then going at the maximum allowable growth rate, one percent per year, how would we utilize those reserves? And the fact is, one percent is 16-18 connections per year, so.... And the CIP is looking at a five year program. So, I think you can say, unless the Local Coastal program is modified and the Public Works plan is modified, that the maximum that you can get at one percent for five years, is less than 100 connections.

President Wilson: What is 1%?

General Manager Clemens Heldmaier: Around 40.

President Wilson: Is that well-conversions?

Chris Thollaug: over a 5 year period?

General Manager Clemens Heldmaier: Plus well-conversions.

District Water Engineer, Tanya Yurovsky: It is 40 connections per year plus well-conversions.

Chris Thollaug: No, 1%. You've got 1600 residential water connections?

General Manager Clemens Heldmaier: We have roughly 4000 residents on the Mid-Coastside, and the 1% growth limit is actually

Chris: You actually gave 1600 connections in the district?

District Water Engineer, Tanya Yurovsky: the LCP refers to the number of homes, not number of connections.

Chris Thollaug: Okay, you are saying we have 4000 in our service area?

District Water Engineer, Tanya Yurovsky: That's right.

General Manager Clemens Heldmaier: In the Mid-Coast, the LCP is...

Director Boyd: The Mid-Coast.

Chris Thollaug: How about in our service area? Because we are not going to be serving beyond our service area.

Director Boyd: LCP is... I'm sorry, I was interrupting.

Chris Thollaug: No, you were clarifying.

Director Boyd: The LCP growth limit is based on the size of the housing on the entire unincorporated Mid-Coast. So, that limit is how that is distributed up and down the Coast is not limited by the boundaries of the individual Districts, only to the unincorporated. So, the maximum that could happen in our district would be if we took all 40 of them of development into our district.

Chris: Yeah.

Director Boyd: I believe that is what we are talking about in terms of where the 40 comes from.

Chris Thollaug: So, we pegged the absolute maximum. If we wanted to look at the scale, a continuum of what is reasonable, what's at the other end...?

District Water Engineer, Tanya Yurovsky: Not really.

General Manager Clemens Heldmaier: No, we do not.

Chris Thollaug: We have one data point. What were the connections from 2011 for that 5 year period? How many connections actually occurred?

General Manager Clemens Heldmaier: I think that is a question you asked before, right?

District Water Engineer, Tanya Yurovsky: Right.

General Manager Clemens Heldmaier: You have...

District Water Engineer Tanya Yurovsky: I believe that is right. Three per year.

Chris Thollaug: Pardon?

District Water Engineer Tanya Yurovsky: It's about 3 per year.

Chris Thollaug: Three per year. And what did we project in 2011?

District Water Engineer, Tanya Yurovsky: I think we are repeating this question. If I may Mr. Chair...

President Wilson: Go ahead. As long as you stay civil with one another.

District Water Engineer Tanya Yurovsky: The purpose of the prediction that we had before is the General Manager had already reported was to get the District out of the situation of being in the moratorium. We did a lot of work to prove to the Coastal Commission and the planning agencies that the District is indeed, capable. We showed serving growth; we have successfully shown the Planning agencies and the Resource agencies that the District can serve 621 connections from 5 years ago with the resources available. That is what that number was about. It wasn't a prediction. The point is eventually they won't come, maybe they won't. It's not the point of that calculation. It's...

Chris Thollaug: But it was the projection...Excuse me. I am trying to understand as I look forward at a similar process, materially different because we are not just coming out of a moratorium and we've got a public works plan. We put an enormous amount of effort into crafting that document, but it is a different situation but its context. So, when I look at this, I'm looking at 8 million dollars and change identified as capital projects that are solely to support new customers. And in the 2011 document we identified a similar number—8 million dollars of improvements. So, the question that I asked in the May 4th letter was "How many connections did we actually get?" and you've answered that. And the other question was, "of that 8 million dollars worth of identified projects that were 100% new connections, what did we actually do?"

District Water Engineer Tanya Yurovsky: Okay, I am prepared to answer that question.

President Wilson: So, let me make sure I understand the question. Of the 8 million dollars that was in the previous document, the question is "how much has been spent from today with that?"

District Water Engineer Tanya Yurovsky: That's right.

Chris Thollaug: The number was \$8,211,000 dollars and there were 8 projects, one of which was Big Wave. So, there were actually 7 projects and dollar figures for those. So, my question is, and some of those were water main upgrade programs, so what I would have expected at a working session is...What I want to understand is water main upgrades are done routinely. Sometimes you've got a problem you are correcting, i.e. a leak, an aforcement, right? But some of these mains have been fully depreciated for years. So the question I have is "When you list water main upgrades, how are you calculating what the value is to current users of taking a fully depreciated main and replacing it with a new one?" Now granted, at the same time, you may be increasing it from a 6" main to an 8" main, in anticipation of some level of future service. But to say there is no value to existing customers for doing that upgrade, I think is a mistake.

President Wilson: Chris, first of all, your first question was "How much was spent?" So, let's get that out first. And then the other discussion, so...

Chris Thollaug: Fair enough.

District Water Engineer Tanya Yurovsky: If I may, Mr. Chair, there is one lingering point I want to make regarding growth, if I may, before we go on to how much money was spent. In addition, you are correct. The LCP allows 1% growth. The LCP also assigns the district with priority connections that are set aside, that are outside of that 1%. And part of Big Wave potentially, is that...

Chris Thollaug: Of course, Big Wave is funded by Big Wave. These major projects have their own capital improvement program and they are directly funded from them.

District Water Engineer Tanya Yurovsky: That is correct.

President Wilson: Okay, you are right. But let's stay focused with the question if we could please. Let's stay focused with the question is "Of the 8 million dollars, how much has been spent today?"

District Water Engineer Tanya Yurovsky: So, we implemented a project of restoring the existing well capacity at \$150,000 dollars.

Chris Thollaug: Which one of these was that now, of the existing list? Which one of these would it be? This is the 2011 new customers.

District Water Engineer Tanya Yurovsky: This has nothing to do with this because you are asking me about the old program—which ones were implemented? They are not in this program.

Chris Thollaug: So, you are saying that none of the projects we listed for new customers was actually done?

District Water Engineer Tanya Yurovsky: No, I'm not saying that at all.

Chris Thollaug: Okay, what are you saying?

District Water Engineer, Tanya Yurovsky: I'm saying that your question—let me repeat your question, so that I understand it correctly. You are asking from the 2010-2011 Capital Improvements program, of some 8 million dollars, which projects were implemented. You are showing me the 2017 Capital Improvement program which is looking forward not backward.

Chris Thollaug: Sorry, I handed you the wrong sheet.

District Water Engineer Tanya Yurovsky: Okay.

President Wilson: Okay, just for clarification can we just come up with the number to the question?

District Water Engineer Tanya Yurovsky: Chris, I don't need this. I'm just going to answer your question, if I may, Mr. Chair. So, the District implemented 5 major projects.

Chris Thollaug: Excuse me, this isn't....

President Wilson: Chris, just let her answer the question.

District Water Engineer Tanya Yurovsky: The District implemented 5 major projects: first was the restoration of existing well capacity at \$150,000 dollars, second was skate improvements at \$50,000 dollars, the District built the Alta Vista tank two at 3.9 million dollars, the District installed valves and new valve stations at \$15,000 dollars and the District implemented water main upgrades, and those are specifically increases in sizes for new customers at \$398,000 dollars. This total comes out to 4.5 million dollars which includes 3.01 million dollars for new customers. So, this 3.1,4.5 million has been distributed 3 million to new customers, 1. 5 million to existing customers.

Chris Thollaug: So, are you saying we added 15 new customers, and we added 3 million dollars of improvements to serve new customers?

District Water Engineer Tanya Yurovsky: That's correct.

Chris Thollaug: Okay. And back to Larry's question, which was 15 times 15 thousand perhaps average what the connection charge would be for those 15 people over the last 5 years. It is a much smaller number than 3 million. I think Larry's question was okay the delta between that, which is almost 3 million is that being picked up by the current rate-payers?

District Financial Consultant Alex Handlers: That project was financed, I believe, by State Revolving fund loans, a very low interest loan. So, it will be paid back over 30 years. And the intent from my understanding is that as these capacity charges come in they are going to helping provide a source of revenue to pay for the new

customer share of that debt service. It might always be exact every year, but if the fee is sized appropriately over time it should balance out.

Chris Thollaug: So the question, again...I'm a layperson and I'm trying to understand this. So, if you are securing these improvements financed by debt and that debt both principle and interest is being picked up by rate-payers. It is the portion of the budget that is Debt Service. So, those 15 people who paid, maybe \$15,000 dollars paid for their share of that and they are also now paying for the debt service on the balance. So, they are paying debt service on the 3 million as are all the existing users right? But the difference is they paid their share up-front—they were required to pay their share up-front going into this. Now, they are being assessed for the debt service on a principle they already paid.

District Financial Consultant Alex Handlers: We avoided that in the new fee—we don't have any buy-in for the excess capacity under that very principle. If someone connects they are going to be paying some debt service like other rate-payers, so that's all left out of the new fee calculations as was brought up, to ensure that there was no double counting.

Chris Thollaug: But you can't take the debt service out of the budget, right? So, all the current rate-payers are paying that, just as they are paying the operating costs. And those 15 users aren't receiving a reduced fee schedule on their water bills because they paid their \$15,000 dollars up-front.

President Wilson: Okay, I think we get your point. The point is, I think your point is well taken. The District has to at some point make some assumptions of what the expected growth is going to be, correct? And so, therefore, the infrastructure that you are making improvements that you are making is based on the assumption that is over a period of time. If I am hearing you correctly, how we calculated previously it wasn't cleanly separated unlike you are doing going forward. Is that it, in so many words? And yet, even if we start developing infrastructure there is still a risk that if the anticipated growth addressed by the district is off, there is a risk that it will go to the rate-payers. Isn't that in so many words, correct?

District Financial Consultant, Alex Handlers: If you fund the facilities before you receive the revenue. It does sometimes happen. You are under a mandate that you have to provide water for growth so there are occasions where an agency does—the obvious example is when the agency has to build a waste water treatment plant to serve new growth. They have to build it before the growth can occur, they fund it with debt service, and it gets paid back. Some customers who have connected inevitably may be paying a connection fee, then they became a rate-payer early and they are chipping in for a small portion of the debt service. Other customers may connect later, maybe they missed some debt service payments and they are paying some at the end. So, none of this stuff is perfect. But we have tried to avoid any of those issues with the fees that we calculated going forward, by not having any buy-in component at this incremental cost approach. It doesn't include buy-in for this Alta Vista tank, for example, even though there are some benefits. We assume they will become a rate-payer and

start chipping in. So, looking forward this is not an issue. Looking backward, some of this stuff occurred, but there were agencies that does... It's never perfect.

Chris Thollaug: And, nobody has a crystal ball, right? So, we are stuck between a rock and a hard place. If there is a demand there and we don't provide it we get static right? If we build capacity and it is not needed you are going to get static. But, the thing that strikes me is this dichotomy that the 8 million dollars has real value to the system. Every piece of that has value to the system. Now, Clemens type management of this whole system is made easier when there are pieces that he identifies as being needed for replacement or expansion or more efficient monitoring of what is going on in the system, the telemetry or more storage. You can say those things are for new users. The concern I've got is that it really isn't that black and white. And what you seem to struggle with, and I don't mean you personally...

General Manager Clemens Heldmaier: Yeah.

Chris Thollaug: What you struggle with is that none of those methodologies are perfect. You are trying to implement one that is fair that we can possibly get it, right? And my concern is, in this situation, where we have over-projected what the connections were going to be, we built 3 million dollars worth of new infrastructure and only had 15 people show up. That wasn't a mistake—its capacity and functionality that is absorbed into the Mothership. So, what I am trying to understand is, when you put up these kinds of numbers and as you said you don't, or maybe it was Clemens who said, we're not doing this all at once. It's got a plan for five years and how we do this incrementally and obviously we are going to make adjustments if the connections don't pan out to be at the level we projected or we were expecting we would have to serve, right? Or, maybe Big Wave blows up, or maybe Big Wave accelerates. We respond to that stuff. But what I find particularly unsettling, is having this absolute idea that these projects are for the new people and these projects are for the existing people. The projects for the new people...you have multiple purposes, so say new capacity....

President Wilson: Chris, I'm going to have to ask you to summarize a little bit. I think what you are saying in so many words, you are just....

Chris Thollaug: Can I finish my sentence?

President Wilson: Consolidate it down a bit if you could, please.

Chris Thollaug: I haven't even got to my questions yet...

President Wilson: I know. That's why I want you to consolidate it down, please.

Chris Thollaug: That's why I asked you to delay it, so I would have more time. The additional storage, is it necessary to serve additional connections? Yes. Does it provide other value? You bet. It provides redundancy, additional fire protection. Those things can't just be discounted and say we wouldn't have done the project if

it weren't for the new customers because frankly, I think we would have. So, the question that I've got is can we be more flexible in looking at this so that it is more explainable and understandable and acceptable to the people in the audience.

District Water Engineer, Tanya Yurovsky: Who are those people, because I don't...

Chris Thollaug: How are they? I don't know, because we didn't notice this agenda...

The audience all began to talk at once.

Chris Thollaug: How many people got the agenda I got?

President Wilson: Wait a minute. A point of order. What I'm going to ask right now is do you have any other questions that you would like addressed?

Chris Thollaug: Yeah, I had my whole May 4th letter, none of which those questions were incorporated into this packet. And I have a comment which I sent to all the Board members...

President Wilson: You have one more minute in this discussion, then we are going to move on. Do you have the questions on paper that we can answer point by point?

Chris Thollaug: Yes, I sent you the letter.

President Wilson: Chris, will you please sit down? We will answer the questions on it. Thank you.

Chris Thollaug: So, forget the minute, huh? Okay, got it.

District Water Engineer, Tanya Yurovsky: I believe most of the questions have been answered through Alex's presentation. Question one, the report states that Bartle Wells is using incremental cost approach for calculating updated work capacity charges as has been used historically. What other methodologies are relevant and worth consideration? Alex just spent his whole presentation talking about that. Question two, he is talking about table 1 of the 2011 Bartle Wells Water Capacity Charge Report projects 270 connections, and so on so forth. We have just talked about this. The answer to this specific question, which of these projects were undertaken, and what were the expenditures? We just answered that question. Question three, what is the methodology and data sources used to generate the estimates of new connections being projected in 2017 draft? We answered that question, we have no estimate of new connections projected. These are just scenarios. Question four, it talks about project cost distribution, new customers, CIP and asks about how the allocation relate to one of the six scenarios. This references the CIP and we discussed this CIP at two Board meetings twice. Unless the Chair directs me to go over the CIP, this is a lengthy discussion.

President Wilson: We can defer that for now.

Chris Thollaug: To when might we defer that?

President Wilson: Chris...

District Water Engineer Tanya Yurovsky: Same questions for other projects. Questions 5 and 6 were answered first, at the May 4th meeting and second, at the June 1st meeting. So, we answered all the questions.

President Wilson: Now, remember this is not the final session on this issue, so we have an opportunity to review this and we may have to review the CIP at a later meeting. But I am not going to do that today. Bob, you had some Q & A, please.

Bob Ptacek: No, that's enough. I just want to get to the discussions.

President Wilson: Okay, anyone else? Okay, I'm going to bring it to the Board. I'll start with you Scott.

Director Boyd: I don't have anything right at the moment.

President Wilson: Jim?

Director Harvey: No. Go ahead Bill.

Director Huber: Alex, can we look at the Water Capacity Charge survey bar graph? Page 16, I believe. When you are formulating a proposal like this you basically have to start with certain assumptions. One of the assumptions is we are Water District just like other Water Districts—that seems simple. But, I would argue that we are not. There are a number of things that make us discernably different. One, is we had a moratorium, number two is we had a buy-out, we converting from a private utility company to a public enterprise, three that we have something that, correct me if I am wrong, I think is unique to this graph is, the only other one that I am aware of has any wells within their system—private domestic wells—within the water district would be Coastside County Water District.

District Financial Consultant, Alex Handlers: I think a number of them do, Santa Cruz, Soquel Water District, Scotts Valley, and Mid-Peninsula District that services Belmont. You are not the only one, but you did have a moratorium in which people had to put in wells in order to build and get service.

Director Huber: But we are also on a different scale than the others in terms of how many wells there are within the district as a percentage of the overall enterprise.

District Financial Consultant, Alex Handlers: Most likely.

Director Huber: Okay, so when I look at this, I look at it from an entirely different light. In the year 2003, there was a vote to take this over, people on wells voted on

it, customers of Citizens Utilities voted on it. And in the process of voting, they all had certain expectations. One of which was, we had this water moratorium, that if this was lifted anybody that was on a well, and I'm not going to get into the Urban rural and all that stuff, people that were on a well, some had deed restrictions other had permit obligations that said they would convert onto the system as soon as water was available. But, as part of that understanding, there was nothing in the year 2003 that eluded to that water capacity charge because the water capacity charge came into effect in April 2011 for the first time, from what I can tell. I may be wrong, but from what I can tell. So, therefore, I'm trying to make the case that in looking at this we have something that is discernably different than other districts and that these private domestic wells. How do we integrate them into the system in an equitable way given the fact that they did enable us to buy the system? By way of analogy, when you buy something it confers some link to that asset, some sense of ownership or some rights to that asset. So, therefore, you can say yes under the General Obligation Bond you can make the case that the system that was purchased was highly defective. I wouldn't argue with you a second about that. But, the fact is, it was part of purchasing the initial...you can't go any further until you have ownership of it. So, they participated in the ownership of it. And yet, they are not participating in any benefit from it. Okay, it's going to hold it for a second. And at the same time they paid in for the property taxes all the way through. So, they are different than new construction in that regard. Then you get into the whole argument is this really analogous to a school district in which my wife and I and our children are grown, we pay into the school district, we get no benefit out of it, except a societal benefit with more educated population. Now, if our granddaughter for some reason comes to live with us she can go to the school system, and because we are part of the existing system there is no calculation for the incremental costs that she would burden the system with—she would just be allowed to attend, right?

District Financial Consultant, Alex Handlers: Well, there is for new development. Often, there is a school connection fee capacity charge for schools, police, fire...

Director Huber: This is where I think it really gets tricky. We are lumping in well owners with the new development and I would argue because it is convenient, because that is what everybody else does.

President Wilson: So, Bill, let me ask you a question. So, obviously you are putting value into being here based on purchasing everything you've said. We have a set amount of dollars being spent to provide water and do new connections. So, I think the question you will have to think about as we go forward is its almost getting to the point...how do you allocate, what are you thinking about in the allocation formula based on what you are trying to say today. Have you thought about that?

Director Huber: The reciprocal of that is...new development...I haven't thought about that at all. I'm sorting of taking...Alex the way you have come with, doesn't strike me as something that I need to dig really deep to see if this really makes sense. But on the well-owner thing, I think it unique enough we need to make

some accommodation for the fact that they have a vested interest in the system and they have historically and participated in it historically.

President Wilson: So, let me ask a question to legal counsel first. Given the fees that we charge for any new connection fees is restricted to new use. Given from what Bill said, what flexibility—it looks like some districts are under charging for their connection fees, I can't imagine.

District Financial Consultant Alex Handlers: Some districts haven't updated in many years.

President Wilson: In Palo Alto the connection fee of \$5000 dollars, and clearly that covered connection fee cost I can't image that as being close. So, what do District do when they are purposely under estimating their connection fees? How do they do that legally in a way that gives you some flexibility here?

District Counsel, Dave Schricker: Well, the connection fee capacity charge must be related to identifiable facilities or its capital charge. And so the capacity charge must be in proportion to the facilities that charge will build. You don't have to build right away, but you must account for the use of the charge by identifying facilities that that charge is going to pay for. You don't have to build them right away, but you have to plan for them and there has to be a rational relationship between the charge and the cost of the facilities.

President Wilson: I get the fact that that money has to go into facilities, but does it forbid them to undercharge and then take what remains of the facility charge from the connections out of rate-payers. Can they do that?

District Counsel, Dave Schricker: No. The rate-payer fee, service charge, meter charge, and so forth goes to operational expenses and some capital improvements which have been paid back by that charge. Even so, that portion that goes well, whether it goes for operational expenses or capital allocation must be accounted for—it has to be in proportion of what the charge is, whether it is a service rate or connection charge. The Board has a little bit more flexibility from a legislative description standpoint on allocating charges for the service charge. But still it must be cost-related. Now, not directly related to finding some kind of basis for treating a well owner differently than another connection. There is now pending with ACWA the Association of California Water Agencies proposed constitutional amendment still in the drafting stage, I took a look at it today, the proposal is to provide for an amendment to the state constitution which would allow water agencies more flexibility than they currently have for setting rates and the underlying purpose for that is to allow social considerations to be taken made impacting the fee. In other words, providing lower fees for low cost income people. You do that now, but you do that indirectly by limiting the amount of quantity. Again, this is a service charge, not the capacity or connection charge and our focus tonight is really on the capacity charge which is a capital facility charge and I would be hard-pressed to find a legal distinction between a well-owners use of burden on the system from that and any other connection. The facilities are the same, the burden is the same,

and they are allocated the same. So, to make some kind of distinction on a well owner's status frankly from a legal standpoint you would have to look at the service charge. But if you do that, then you would have to take into consideration that someone else is paying for that portion which is not being paid for by the well owners. You have some discretion on that but on the service charge but then what we are looking at in this case we are looking at operational costs and there again you would have to make some distinctions of how a well owner's burden is less than a non-well-owner's burden. You might be able to make a finding, a factual finding based on the moratorium issue. But that would take some research and some empirical calculations by your engineers and rate advisors.

Director Huber: The basis of what I am saying is really in the form of a request to put our thinking hats on to be able to accommodate a vetted person, a well owner who has been in the system since the beginning in many cases and you can also, as part of that in looking at it, is one of the persons who spoke at Pillar Ridge was John McKeon and he said he went back and looked at how much he has paid through the General Obligation Bond and property tax, and his calculation, and I know John very well, he is a very precise person, he calculated an amount that was very similar to the \$17,000 dollar capacity charge. Now, he is in a different situation than most as far as how much he put in and so forth, but can you also address the concept that a well owner is in essence been pre-paying all along.

District Counsel, Dave Schrickler: There again we are getting into legislative discretion and what kind of factual findings you can make that would allow you to categorize a well owner differently than somebody else that uses the system. I might add, by the way, as far as the bonds are concerned, it's not a case of whether you are a rate-payer or a user of the system. It's a matter of that's based on property ownership so properties outside the service area are paying for it, too.

District Financial Consultant, Alex Handlers: You are right. Anyone paying G.O. Bonds has got some vesting in those facilities that they have been funding. It is the same with folks with vacant land and they voted for the water system as well and it helps everyone's property values in the whole... And some people may have owned properties for many years with the intent that they are eventually going to build a retirement house, and I've heard people say stuff like that at these meetings. If well owners get the break, how do you differentiate between those two folks? And the third thing is that they are getting the benefit from the G.O. Bond in that the capacity charge doesn't need to fund all those facilities in the buying of the system that was funded by the G.O. Bond. It's just the additional incremental facilities that the hydraulic model has identified are needed to serve those folks. You are right. It is not always perfectly fair, as different properties are assessed in different ways and someone may have bought their house 5 years ago, or when a well owner put in their home maybe their property value went up and they are paying more than a vacant land owner. You've got folks that have been here... It's not perfect when you get the G.O. Bond mixed in there, they are inherently imperfect because they are based on assessed values.

Director Huber: It's like a calculation on how many connections you are going to make in the future.

District Financial Consultant, Alex Handlers: But the point I'm making is, they are getting benefit in paying the G.O. bonds because none of that is included in the fee calculation number one, and number two how do you differentiate between the well conversions to the vacant property next door who has also voted for it, assume they were getting some vesting in the system and has been planning to build a house for a number of years. Shouldn't they be treated equally?

Director Huber: Alex, this is where it gets really tricky, because that person that owns property may not live in the District and may not have voted.

Director Boyd: That's true. It's only if they live in the District.

Director Huber: So, none of this we can do with absolute precision. So, at the end of the day, when you strip away everything else, this is the core of my concern. We are a community, and as a community we voted on this and to the extent that we can avoid having two classes of people--well owners and those that are paying rates and somehow one is entitled and one isn't or something like that. I would like to do everything possible to make it so that we are one community instead of being separated into two groups.

President Wilson: Anything else Bill?

Director Huber: No.

President Wilson: Jim?

Director Harvey: No, nothing.

President Wilson: Kathryn?

Director Slater-Carter: I find this situation very interesting. But I have trust in the methodology and the execution of what we have been looking at. Every single one of the people in the Urban Area who bought their house after it was built in their purchase paperwork there's a deed restriction saying that when water became available they would tie in, they would connect to the system. Every single builder, since 2000, it was before that in the 1990s, signed an agreement with the County saying that when public water became available they would connect. These were not surprises or they shouldn't have been. These were questions that should have been asked, and had we not bought the system and were we not improving it, we would have more wells going in. People's houses would be at risk, there is polluted water there, with nitrates and oils or insufficient supply. There were houses built with two wells to meet the minimum requirement for water production. This is something that has been going on and has been talked about for decades. And we make them accommodations for the folks who are on wells in the Urban Area and I think that is a critical thing to remember. And we have an Ordinance... maybe we

should consider adding for water that says if you are on a septic system and more than—I forgot the number of feet per inch sewer line—we will not make you connect. And then you pay a fee into the district every year to help buy in. Perhaps that something we should be thinking about for water. Again, this is something that has been discussed at the County level, and the Coastal Commission level, and at the MWSD level for decades. In fact, there are a great number of wells in Half Moon Bay in CCWD District and there are no water connections for those folks from the District. When they need a water connection they have to buy it from the black market or grey market—whatever they are calling it—and I have heard they are between \$40,000-\$50,000 dollars and that doesn't include the work to get it installed. And that's been in the paper, so these are not surprises. I think our consultants and staff have been doing a great job and I applaud them in trying to make this understandable to the simple laypeople. Thanks.

Director Boyd: There have been some interesting thoughts and I certainly understand that some of these have been badly developed, but I would like to bring this back to when we had Measure B on the ballot. The key things, and I am looking at the Smart Voter page from when Measure B was out there, we termed it an Own vs. Rent decision. And the key factors there were the skyrocketing rates from an absentee landlord that was scraping off the marginal revenue and taking it away from the system rather than re-investing in the system. So we were concerned about the usurious rates and the plans they already had approved in front of the CPUC. So, we were looking at a likely trickling in something like 7 years. At the time, our rates were probably some of the highest in the state. We were concerned about that and we said we wanted to bring it down to a rational rate increase. Nothing stays flat forever. Going down was something we never talked about. And I talked to I don't how many people here in Montara and Moss Beach but we did not talk about trying to lower the rates but we talked about trying to solve the problem which was to stop this crazy rate inflation and start putting money into the ground because we were concerned about the safety of our system. And while we were campaigning for that and that was the year where CalAm had to ask people to stop using water one day because our tank was down below 12 feet. It was getting dangerously low and if that thing sucked air into the pipes it would have been a big problem. So, that's the kind of thing that was on the minds of this Board when we put the Measure on the ballot. It's what we talked about, going door to door, standing by the post offices, and talking to neighbor after neighbor and people did ask if we were going to cut rates, or do anything for the moratorium and we offered no hope for that other than having it under local control lets us actually talk about those things. There was no expectation there. The reason we drawn from that is that rates were going to go down, and the moratorium would be lifted. We didn't know at the time if there was enough water to be had to take care of the moratorium. We didn't talk about it. We didn't want to write a check that we couldn't cash, right? That would have been a fool-hearty promise and we were very careful to avoid going into that. We all wanted to solve the moratorium and then we spent the next ten years working to get where we could. I want to address the question of the expectation that some might have had that there might not be a connection fee. I learned about water connection fees from reading the Half Moon Review. I'm sorry that our reporter friend is gone,

because I wanted to give her kudos to the review, because they covered what was going on at CCWD as they were contending with how they were going to pay with the Hetch Hetchy pipeline. What are they going to do with their connections and it came down to they went ahead and pre-sold a whole bunch of connections in that range and now if you want a connection you have to go to a grey market and buy it from someone who bought one years ago but at grey market prices which is more than \$50,000 dollars.

Director Huber: Yeah, it's called the Secondary Market.

Director Boyd: Sure. This Board has a policy that we are not going to do that. We talked about that. That's our policy. This community learned about those connection fees—North Coast has had fees, Coastside had fees, all the neighbors over the hill had fees. So, I'm really not too sympathetic about the notion that somebody came out here and made a very complex big financial decision that they were going to construct a home here and operate off of some notion that didn't conform to anything that was happening in the neighboring cities and have some basis and use that as a basis to say "now I want what is fair." What's fair? Look around and see how other people are doing it and say "I don't know why" Montara is going to be the one where the number is going to be a whole lot lower. People have had the benefit of the homes they built—they have been living in them. Some people have sold the houses. I know many people who have sold their houses, so the people that built them got that benefit. So we can talk about what's fair, but I don't know where some of these notions came from. I understand why that would be a favorable thing to imagine, but I don't see a basis for actually trying to stand on anything for this. So, the reason that we bought the system was about sky rocketing rates and safety of the system. And now that we have had all this time to manage the system and get to where all the work that we have done with the County and the Coastal Commission and all the work we've done to get the system to where we have been able to lift the moratorium and consider bringing people on, whether they be wells or new construction or even commercial construction. That's when I look at fair I'm thinking more along the lines of what is commensurate with what we can determine is needed to handle that additional capacity? That's the basis and State law. It's what our neighbors all up and down the Peninsula do, and I appreciate the very careful working us through it that Alex did in terms of the different kinds of finance models some of the pros and some of the cons. I'm okay with that approach. It's normal, it's thoughtful, it shows due diligence.

Director Huber: I don't have any problem with it as it relates to new construction and major remodels. There again, it is more of a request than anything else. Is there a way that this could be looked at in a different way with regards to well owners? There is also the issue that when they voted on it there was no water capacity charge and you put it on after the fact. So, how will that be thought of? The other thing, at the end of the day, I don't think this will amount to a hill of beans because I don't think any well owners are going to convert over to the system unless only one thing happens their well goes bad and there is no other recourse but to connect to the system.

President Wilson: Okay, one then Chris, and then we are going to wrap this up.

General Manager Heldmaier: I think you have some very valid points and I hope you understand that we have been looking at this from many different angles and came up with this solution.

Director Huber: I did not dispute that at all.

General Manager Clemens Heldmaier: Now, I do want to add one thing to the idea of not having to pay a connection charge. Every well owner paid a connection charge to the District, at least every well owner that receives sewer service from us. So any well owner who built during the moratorium paid a connection fee to this District signing the deed restrictions and Kathryn a correction, the County's deed restriction was put in place in 1989, not in 2000. So it goes way back when. After 2003 they also paid a water connection fee for the fire sprinkler service. These are simple facts.

President Wilson: We are taking no action tonight. Chris, how about a minute or two, please?

Chris Thollaug: That is all I need. So, this is an idea that I raised back in January but I think you leave the fee alone. I think you have a strong basis for why people need to pay the same fee. I think what you should be focusing on is the well abandonment. So, if there is a value to having fewer possible sources of contamination, problems that are prompting the County to require that they connect to the system when connections are available. That's not because they want to drive people to the system. There's a concern about private wells. So, I think what you should be thinking about is a credit if that well owner will abandon the well and remove it—not leave it for ag(riculture) use—get it out of our aquifer. And then think about what is the value of that to the system, to the district and if there really is no value, don't do it. But, I think there is value, and the question and the hard thing, and maybe Bartle Wells can help us with this, is to understand how can we peg that so it is fair. We say all new connections pay the same connection fee, but if you have a well and you abandon that well, there's value to the community and the District to do that. And we don't have to set it at the connection fee number, we don't have to set it at zero. We can have a conversation about what would be fair that would require the people that have deed restrictions to connect, but they won't feel like they are being completely screwed. And we can maintain the basis of having equal connection fees for everyone who connects because that is such a morass of inequity whether what the property valuation is—how long they owned the property, what they did with the property—we can't go there. It's like the G.O. bonds issue, right? Are you going to abandon a well—that's something that we can look at.

Director Boyd: If I could answer to clarify the question. The well abandonment policy is being driven by the County and I think probably from the County Health department.

Chris Thollaug: For a certain segment of wells, right?

Director Boyd: We are not driving that at all. That is a County department and I believe it comes out of County health right?

Chris Thollaug: Right. I agree.

Director Boyd: It is an interesting thought, and I would also like to consider if there is anything we can do. If it is an abandonment it will cost them money. So, anything we can do to help facilitate that, and I'm not saying pay, but anything we can do, we have got borrowing capacity at really great rates and other thing that we may help in terms of this being driven by County policy. Have you given any thought to where that financial burden might rest?

Chris Thollaug: I understand that the impetus for a lot of this and the responsibility for a lot of private wells issues lies with the County—you are absolutely right—but the question I've got is all the studies that have done over the years, Kathryn was just voicing, that in fact occurred. There have been decades of studies about the wells, decades of concern about those private wells. If there really is a value to removing them, let's think of what a basis would be and offer that. And my guess is it won't be all the well owner coming over but it certainly could be the ones that feel like they would be more comfortable on the system. And if the well failed, you can say the policy says no credit, this is a well that has gone bad and you have to connect.

President Wilson: So noted. Thank you very much.

Director Boyd: Since he referenced Kathryn. Kathryn, did you have any follow-up on that?

Director Slater-Carter: Yeah, that is an issue I was raising to the County in the 1990s about water pollution, and what they were going to do. And I will tell you what, the County has no concern neither does the Coastal Commission. So, once again, it comes back to the local Districts to figure out what to do about it and truly help. My thought is maybe we can look for a grant to help pay people to destroy their well and maybe we can use some of the connection fee money that comes in to pay for looking for the grant.

President Wilson: There is also Measure A money that is available too.

Director Slater-Carter: One of the comments that you are leaning to, is asking the current rate payers to pay for these new connection to get off the well. And to be real honest, in my discussion with folks, they are not real happy that we ended the moratorium. They are sorry we have all these houses going up. Then they are not willing to pay for the connection fees for new construction. And they understood the risks of what was going on. And they paid, I believe it was Scott said, they paid extraordinarily high fees just in order to have water flow. And I will tell you right now, looking at the water rates our rates are lower, much lower, than the

surrounding Districts. And there is a benefit to connecting. How many people on a well get their water tested for contaminants? Even once a year? Clemens, how often do we need to test our water for contaminants? We do our water quality every year, but we do our source testing very frequently.

General Manager Clemens Heldmaier: Up to daily, depending on the contaminants. But, we take daily water samples.

Director Slater-Carter: These are benefits that people are getting to be on our water system, and it's like anything else, you get what you pay for. So, if they want to stay on their wells and take the risks that they are taking...and they are making their choices. But doesn't mean we should be asking the rate payers to pay for their choices either. But anyway, maybe we can find a grant and we can use connection fees to pay for writing and try to get it so we can find a way for people to disconnect their wells, and actually destroy their wells. It is a couple thousand or more dollars to do that.

President; Okay, I'm going to close the work study on this and go to the next item on the agenda in Old Business and receive an update for the Montara Caltrans Right of Way Acquisition.

3. Receive Status Update – Montara Caltrans Right of Way Acquisition.

General Manager Heldmaier reported is a staff update about the Caltrans Right of Way Acquisition. We are bringing this up right now, because in the last two years, there have been some developments and we were notified by Caltrans Right of Way has been declared surplus. At this point, we contacted Caltrans with a request to meet and we are also in contact with the planning agencies, the California Coastal Commission and San Mateo County. There is an LCP policy 11.33 that requires an overlay trails plan. It is not entirely clear what this process is supposed to look like. Neither the County or Coastal Commission are 100% clear, so we are working with them looking forward to working with the planning agencies and Caltrans to establish a process that is the implementation of policy 11.33. We've also attached all prior communications with Caltrans, San Mateo County, as well as the Coastal Commission. Included are a number of supportive letters and resolutions from the relevant agencies. We have support from San Mateo County, the Coastal Conservancy. And Caltrans is looking very favorably at a new single owner of the property. We've presented this before and it has gone back about 20 months since we talked about this. The purpose for Montara Water and Sanitary District to acquire the property is watershed protection and water source exploration. There is a lot of open space. However, a lot of it is not assessable for this District. We depend 100% on local sources and we are the only agency on the Peninsula that depends 100% on local sources, which brings us to where every other Water agency in California wants to be. We control our rates, we control our sources, and that turns out to be...At one point during the moratorium it was clearly a disadvantage, but now it turns out to be our biggest asset. That concludes the presentation.

President Wilson: There are a couple of folks who wish to talk from the audience. I will start with you Larry.

Larry De Young: There's a few questions that I have about this. One is what would the watershed be protected from, and the other is what would this cost the rate-payers to acquire and maintain? Third one is why can't you just buy the water rights rather than the whole thing? And another question is it is not a pristine unspoiled property. There are at least three rental homes on it, there are at least two horse stables on it, and how are you going to treat those people in this acquisition? And again, I don't understand why the Water District needs to acquire open space.

President Wilson: Chris

Chris Thollaug: So, my first comment is the document I just handed you is some queries related to the attachments that Clemens provided. The only relevant attachment that has gone into the public domain since that point is a comment letter from Lennie Roberts from the Committee for Green Foothills and that letter is available at the Mid-Coast Community Counsel website as are all the other attached letters that Clemens added. My first question is what is the Board's intention with respect to operating this topic under closed session?

President Wilson: I'm going to collect all the questions from all of this and answer them at the end.

Chris Thollaug: Okay. The issue of whether or not it is handled in closed session was the topic of the Half Moon Bay Review letter which appeared yesterday that I wrote. I was very encouraged for the first time this is now on the open Agenda with the District. I'm very disappointed that this has gone to this point with it being in closed session. The basis that I was given as to why it was in closed session was that you were in a real property transaction to acquire the property from Caltrans. The section that Clemens referred to policy 11.33 is very clear that a specific plan needs to be approved before the property is transferred for any purposes other than passive open space. The first document that I'm listing here is the Permit-to-Enter from 2014 where it states in the preamble:

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...

So that plan has not been drafted, much less approved. I provided two quotes from a couple of the documents that are in here, one from Steve Monowitz that the required plan has not been prepared, and from the California Coastal Commission requesting that you forward any draft plans to them. So, I'm kind of befuddled. How can you be in a negotiation to acquire this property when the planning for it has not been completed? And how can you restrict the options that are being considered in a specific plan to only those for which the Montara Water and Sanitary District is the only recipient of the property. There was a document that was provided in the

packet MWSD Plan of Service Martini Bypass plans, March 2016. And it states "the District currently operates trails through its property that provide public recreation for the community and visitors alike." I would really like to know what those trails are. They are certainly not the California Coastal trail, because you won't permit that trail to go through your property here, and it's not the Alta Vista trail because as I've raised before you've got "No Trespassing" signs on both sides of the road leading up to the trailhead. I talked to people up on the mountain who say "I went over there and tried to find the trail, but there is a "No Trespassing" sign so I backed off." The document also states that the northern portion of the original Caltrans Right of Way was sold to the California State Parks system as a condition of building the Tunnel. No, that wasn't a condition of building the Tunnel and accepting the bypass land that ran through the State parks is pretty straightforward. But what they didn't want was the property that you are looking at now. And I go into some detail in my letter to the Half Moon Bay Review about why, but I don't see anything about what would the District have to do to return that property to a "pristine" state. You've got a resolution from the Board of Supervisors, dated May 24th, and that is a Resolution in support of Caltrans' donation of the property. I'd like to know if they would also support the sale of the property and also did they rely on the fact that you said the specific plans have been approved? When Steve Monowitz who wrote a letter that is in your packet as well, said that that plan has to be considered--It has to be done before the property is transferred. So, the fact that you got a resolution from the Board of Supervisors there was some miscommunication between them and their Planning department and certainly there is no agreement with the Coastal Commission that you can reverse the order of this—that you can acquire the property and then come up with a specific plan. And by the way, you guys taking on a specific plan...

President Wilson: One more minute, please.

Chris Thollaug: That sounds a lot like land use planning to me. I can't tell you how many times I was sitting on this Board and we were trying to defend ourselves from the accusation that what we were doing was land use policy. Now you are jumping into the deep end of the pool and want to take on that type of responsibility. Second page, question: Do you accept that MWSD park powers are inactive? And activation would require approval from LAFCO. I have a quote from Steve Monowitz "he believes that it is." I talked to Martha Poyatos at LAFCO and she believes it is. And why wouldn't it be, because there are active recreation opportunities that you are not trained, equipped or funded to engage in, particularly a community service center.

President Wilson: Nancy Humble?

Nancy Humble: Larry already addressed it. I manage one of those horse boarding places and I haven't heard anything from Caltrans. What are you guys going to do with us? The ranch has been there since 1947 and we are leasing it back. They took it as part of eminent domain since 1973. So, that's it.

President Wilson: Okay, thank you. Dave, I understand you want to say something?

District Counsel, Dave Schrick: Mr. President, let me apply some of these questions in their legal context. First of all, let's look at the Brown Act issue with respect to closed sessions on property negotiations. That is justified on the grounds that the Board is entitled to instruct its staff as to the perimeters of the negotiation, one of which is do you authorize an expression of some interest in the acquisition, and two if so what are the terms and conditions? And those you are entitled to discuss those in closed sessions and you have. One of the questions that was raised was whether or not a donation would qualify one of the terms of conditions of the acquisition and the answer is yes in the sense of price. The correspondence has been made available that you have in your packet as well. I recognize the legal overlay of a number of approvals that are required and certainly because it corresponds to its there between staff members it's not something that would necessarily be made public until there was a reason to do so. And there is a reason, because member of the public have asked for some open discussion regarding where the Board is and where the District is with respect to the acquisition if there is going to be an acquisition. The regulatory overlay is rather extensive but not insurmountable with respect to the acquisition. The LCP policy 11.33 is a basic guideline and it speaks in terms of the present zoning of the property and also the trail overlay. It should be noted that this was included in the staff correspondence that policy 11.33 is based on the premise that the property may be acquired privately or subdivided and sold in various parcels. Hence the requirement for a specific plan, and the specific plan in zoning law simply requires a detailed explanation of the uses and restrictions of the users of property within the specific plan. The trail overlay is on top of that but doesn't include all of the property in the bypass. So, with respect to Montara's interest, which had been made public, from the standpoint of using the property for open space, and perhaps recreational uses, and that is by no means made specific. It is one of the alternatives referenced in the correspondence. Before we get to that point, because the LCP requires first of all consultation between the Coastal Commission and the County, and Caltrans, the owner of the property. We are interested because it may be—the policy statement made by the County Board of Supervisors that at least at a political level in the policy statement there is interest in having Montara acquire the property. I am saying that because there is an impression that something is being done without knowledge of the public. I can understand that, but frankly, the communications have been done on the staff level restricted by in the context of the LCP overlay. And to accommodate and comply with that there will have to be public hearings—they might be combined—but they would be at the County level, a potential LCP amendment, zoning changes, and a specific plan. And the specific plan may also take into consideration the zoning changes. So there is a series of regulatory issues that would have to be addressed at a public hearing, perhaps a series of public hearings at the County level. And then the local Coastal Commission level also, but have its participation needs to meet Local Program amendments if there any to be made with respect to the property. And what the correspondence points out is there's hands between staff members, nothing crucial, rather setting forth factual circumstances and potential

interest based on your instructions to staff—potential interest and acquisition. To raise certain issues and those issue are very clearly, and Montara’s staff has made very clear, they are fully aware of the Local Coastal Program requirements but the first step is under the LCP a consultation between Caltrans, the County, and the Coastal Commission. And that hasn’t happened.

President Wilson: So, my other question is when did Caltrans formally deem it surplus property? It hasn’t been that long.

General Manager Clemens Heldmaier: This was declared to us in late May of this year. I want to add something to this notion of meeting in closed session. In the past two years this Board has met twice in closed session about this, one time at the last meeting for reasons that was just explained and the other I believe, and I have to look it up, was in December 2015. Before that there was Caltrans related closed sessions as well. So, this goes back quite some time, and Chris you know what happened, because you attended those.

Chris Thollaug: Acknowledged the above statement from General Manager Heldmaier.

President Wilson: Board. Any comments from the Board?

Director Huber: In preparation for this I did two things. One, I took a map of the Right of Way and walked and drove to just get a sense of what it is and so forth. I also spent some time talking to Chet Bardo. Chet Bardo is a former District Superintendent for the California State Parks system and is also a person I hold in very high esteem. On the basis of that I would like to make a statement.

The Right of Way is public land for the public good. Caltrans has agreed to re-purpose it by turning to over or selling it to another jurisdiction. In this process it is important to keep in mind that Caltrans has some very basic responsibilities before doing so. They are responsible for leaving the property decent, safe and sanitary. Regardless of the scenario it is important to make sure that they fulfill this obligation.

We run a Water, Sanitary, and Solid waste enterprise. As a Board we were elected to make sure that the public’s interests are protected and maintained in the operation of this enterprise. Our interest with regard to the Right of Way are:

Because it falls almost exclusively within our District we have an interest in securing the rights to be able to extract water from it for the public good. Because we are charged with providing safe, reliable water it is in our interests to protect the watersheds that feed our wells. To the extent that this property can help protect the watersheds, it is in our interest and is our responsibility.

We don't have the expertise or the experience to run or manage this property. The management of this is a major responsibility and is not to be taken lightly. We really need to partner with someone that does have the expertise, funding, and resources. If done properly it is a win for the interests of the public we serve. If we try to do this alone we are taking on a responsibility and financial burden that we are ill prepared to assume.

Here are some details that we must pay close attention to if we are to reflect the public's interests, which in this case is the enterprise to supply safe reliable water—LCP requirements. This is a public land for the common good and working both in the letter and the spirit of the LCP requirements both insure that the public good is maximized and that we in turn have our interests protected along with facilitating finding a viable partnership to make sure it is funded, managed, and maintained properly. This is not a go it alone exercise. Our major objective is to secure water rights and have access to extract it. It is not all that clear that this will be as straight forward as I originally thought. Park authority is latent and therefore not automatic. It is also not guaranteed that we will be able to extract water under park authority. Trying to simply purchase those parcels around the test bores may be an alternative worth pursuing even though it too is also fraught with obstacles.

There are existing homes, both occupied and abandoned that have to be dealt with. The management of these lands set up a landlord tenant situation. There are three that I am aware of a house on Drake, another on Elm, and the Morning Star stables.

There are at least two incidences that I know of in which property owners claim that they have some form of First Right of Refusal to purchase segments of the property. That's another complicating factor.

Whatever entity ends up with the title to the Right of Way property, that entity be it us or anybody else will become the new neighbors of households that abut the property. It is one thing to keep everyone in a small neighborhood happy, it is another to deal with a neighborhood of this size. There will be unrealized expectations on the part of those adjacent to the property that will surface and will have to be dealt with as good neighbors. There is the real potential that we will have to ask neighbors to stop doing something that they have done for a long period of time. We can assume that there has been some encroachment and that some households abutting the property have carved off space for private use. We can assume that they will not be happy with having to discontinue whatever they have been doing.

This is not a pristine property as has been alluded to. In addition to abutting houses, there are a lot of unattended underbrush, invasive trees, such as eucalyptus and other exotics, and natural debris that will have to be dealt with. I would also assume there are deferred defensive fire protection

measures that will require correcting. From what I can see Caltrans has done very little to actively maintain the property.

We want to be able to protect the watershed for our sources of water. Being long, thin and bordered by houses, many of which are on wells undermines this property as an effective water protection zone and in just walking this seems to be especially true when you get below Linda Vista Road. So, that's my comment.

President Wilson: Jim?

Director Harvey: No comment.

President Wilson: Scott?

Director Boyd: Thank you. I'm glad you are engaging and really thinking through these things and I am in agreement on almost all of those points and I think it is a really good starting point. I had a couple of comments. One, if our signage by the Alta Vista site is misleading and dissuading people from using the trail that passes through the property, then I would like us to fix that. It has long been our understanding that... I was there at one weeks' meeting when the Coastal Commission instructed us to keep that open for the people that had been using the trail and for future usages of the trail. So, that's my understanding. If its confusing signage, I'm all for fixing that. I know there are parts of the property where no trespassing is actually important. If it is just a matter of improving the signage, let's do that.

Director Huber: By the way, yesterday when I walked the area I did notice that there is a sign on either side of the path that goes up to the Golden Gate. So that is in fact, correct. Those signs are lead you to believe that you are not able to go beyond that point.

Director Boyd: Yeah. I've walked that a number of times too, and something must have changed since I last looked at that. I look at it specifically with the eye to the question of whether Coastal Commissioner, Sara Wan, when she brought this issue up as the very last comment before they approved our Publics Works plan which we had been working so hard and so long on with so many of the people around this table. It was like "I can't believe....no, wait. That's really a good idea." And we were all totally on board with that. There was no objection to it when asked. Of course, we want people to be able to use that. So, in answer to what trails do we currently support, we do support that one, and we also have the Coastal Trail that goes across the property outside our fence line. This is still done in collaboration with this agency and we had discussions about what would happen with this because we had been using this land for parking for agency for years for who knows how long. It's not exactly the same thing but we've done what we can with the property we have here to facilitate the Coastal Trail passing through. I think we are all supportive of that. I think ultimately, eventually, we love to see better access to the view shed here for that. But we do have active trails on the

property that this agency owns that was a clear direction and permit requirement for our Publics Work plan. So, that is my answer to that question.

Huber: Okay, and just a real quick aside, and then I'll shut up... It is also a very pleasant walk about Alta Vista space with the fact that the road surface being improved.

Director Boyd: It's fantastic. I totally agree. Even without the road improvements, it's a beautiful part of Montara and if people haven't seen it, go out there if you can—it's really nice. I'm really glad Nancy that you brought up the issue about the current tenants. I think it is something that we will have to talk about. I don't see anybody wanting to... I don't have any idea what is going to happen with that, but I do know we don't like making trouble with neighbors. If there is something to be accommodated... yeah... it seems sensible to me. So, I'm really glad you brought it up so we can start weighing that.

Nancy Humble: Thank you. And what Bill said is right, they won't do anything. Because I have asked them to remove tree that were going to fall down on somebody and I've put in days and days of tree work out of my own pocket, and they are like "too bad."

Director Huber: You are not the first person I've heard that from.

Director Boyd: In conversations that I have had with people in the County, they've thought about what it would take to come in and manage that property and it is going to take some work but we do have already some experience managing a property, not a big chunk of that scale, but in conversations with Clemens, he's got a pretty clear idea of what these responsibilities are and we've got a really able crew and this would be in many ways an incremental increase over what they are currently doing. We would have to budget for some of this but for actively protecting that watershed...

Nancy Humble: I just want to know if you are going to kick us out.

Director Boyd: I don't think that topic has been brought up until tonight. And so that's why....

Nancy Humble: There's Moon Valley Ranch as well. They have a couple of houses...

Director Boyd: It's a tremendous question and...

President Wilson: I think what is really here, is that there is a lot of public hearings and interactions in public entities. This is not going to be happening tomorrow. This is probably a several year process to go from point A to point B. So, there will be plenty of opportunity to get the needs down and I think Bill highlighted that this is a partnership with some type will have to be done to make this thing work. My

daughter loves horses and I am quite familiar how horse ranches work and I don't think we have any history of being nasty to people with us or around us.

Director Boyd: So, a couple things, then I will wrap up. If you look at the really constructive approach to how the road got resurfaced, members of the Board, Bill in particular, staff especially over the years, the home owners along Alta Vista road had problems with the road washing out and was eroding very badly, and they brought us a plan and we couldn't get on board with it because it didn't take into account the actual regulation code on how you do that kind of work. But, over a little amount of time we built a partnership, and from there we took the lead to start to drive the neighbors to organize and be able to have a discussion. Board members, staff started working and what we wound up with is something where I believe, based on the people who came to this meeting when we ratified all this stuff, is that people were very happy with the outcome. And I felt like everyone got a fair shake. You were very intimately involved in that, was that your recollection?

Director Huber: Yes.

President Wilson: I'm going to ask that you consolidate your time.

Director Boyd: Yeah, I had another one, but I will let it go.

President Wilson: Thank you. Kathryn?

Director Slater-Carter: Let me give you folks a little history on this. In about 1994 I got very concerned about the problem that well owners were going to be facing that they were just starting to go there and then I started looking at the maps and the ownership of the lands in Montara and Moss Beach, then we were looking at tunnels and the question was what happened to the land? And it seems to me that the people making the decisions about what happens to it are the people who live in Montara and Moss Beach. That's important, because the County has been making plans for us forever, but somehow they are always balancing our community interests against different interests. It is the County that gave us well problems that we are struggling with right now...that people are struggling with, to see how we are going to handle this financially. By discounting the number of lots that were in that Caltrans Right of Way, and there were about, even given the—at that point in time— 600 developable lots given the County philosophy. And that made me kind of nervous, given that we didn't have water, and they might be going in on wells, and we had a sewer moratorium and what was going to be happening and who was going to be paying for all of this. And it has stayed an issue. So when the Local Coast program was being updated, myself and others said "look we have got to change the use on this. We've got to change the designations on this from our lots. We've got to be able to get it so that it can be used by the community as it is currently being used." There are all kinds of trails through there, people can walk their dogs, ride their horses, and ride their bicycles. The Trails Plan has been somewhat developed, not formally, but by people walking them. And they walk in places, and it is too steep and they walk somewhere else, and actually by people hiking they are doing the best planning for going out. So, we got this changed. I've

been talking to the Board of Supervisors about this since 2000. And I've always been trying to say of course the community wants to work with the County and make this an asset for us to continue to use as it is. We lost our barbeque pit under the County at the Marine Reserve. We don't have a place where we can take our kids and have a party any more outdoors for birthday parties. The County is growing and growing but we don't have amenities of an urban area. The County doesn't have the money nor the will to do it, so it is up to us to do it. And in the Water Code there is a specific section that allows a Water District to use land for recreational purposes and there are Districts that do that and there are some wonderful programs we can look at in the future. This is a long time down the ways. But we can do it. I'm not talking about assuming parks powers, or becoming a community services district—although I can think of fun things we can do—but let's just use the powers we have and they are not parks powers, that's right...but they are in the Water Code. So, we are busy exploring and working on relationships. So, I want to tell you about a story about water

President Wilson: So, Kathryn it's really late so...

Director Slater-Carter: That really made me understand it. There was a house that was gone in with one of our wells and it was on a septic system. And the septic system was less than 200 feet from one of our major production wells. I asked Balance Hydrologics if there was a likelihood of pollution of our source of water, that everybody drinks, and we have to treat from this septic system. And Barry and Mark looked at it and they said yes, actually there is a serious concern here. Well, it turns out the one who is in charge of protecting wells from septic systems is the County. So, we went to the County and MWSD did and asked them to ask the developer to move the septic system to the back side of the lot instead on the side of the lot that is closest to our well. There is space for this to happen. And we were told no, they wouldn't do that. MWSD appealed this all the way to the Board of Supervisors and Dave Schricker came and testified, Mark Woyshner of Balance Hydrologics came to testify and the Board of Supervisors would not ask the people developing their house to move their septic system even 50 feet away from our production well. We have to protect our water quality. MWSD and the citizens of Montara and Moss Beach, we need to take care of it, because we can't trust the County. And we can develop something that will work for us. A lot of these arguments that I just heard about not knowing what we are doing and things were going to fail, we have presentations given to MWSD by our interim District Manager, telling us we shouldn't take over the water system because it was going to be an expensive failure. I know the people of Montara and Moss Beach. I know that by working together we can make this happen, and we can make this a place where we can have wonderful water for the community for a long time, as long as the community exists. And we can work with the County on this. There are lots of folks that are excited about this. I have been talking about this since 1994....

President Wilson: So Kathryn, we are running really late, 30 seconds please.

Director Slater-Carter: So I just want people to know about the background. This is not a new idea, it's not a new idea for the community, the County nor the Coastal

Commission. It's not a new idea for anybody. But we are getting to the point...we got the water system done, the sewer system done. Let's take care of the rest of our community needs and ensure that we have safe water and that's what this is about. I look forward to people coming and talking to us and to be able to have them at our meetings. But we have to do our homework first and that's what we are doing.

President Wilson: Okay, thank you. Chris you have one minute.

Chris: One minute. So, it sounds to me like you've got some question about whether or not the Government code trumps the Water Code in terms of how recreation powers are active or inactive or needed or not needed. I suggest you address that up-front now and understand where you stand so that if there's a determination that you need to deal with LAFCO that you are prepared to do something along the lines of consolidation. And if you find that the Water Code is adequate then you can go forward with the secure knowledge that your plans for the community will stand legal scrutiny.

President Wilson: okay, thank you.

NEW BUSINESS

1. Review and Possible Action Concerning Authorization to Advertise for Bids – 2017/2018 Sewer Improvements and Spot Repairs Improvement Project.

General Manager Heldmaier reported this item is Review and Possible Action Concerning Authorization to Advertise for Bids – 2017/2018 Sewer Improvements and Spot Repairs Improvement Project. I'm going to make this very short, we have a new sewer project that was designed by Nute Engineering. Pippin Cavagnaro takes care of this for us, and he is here to present the sewer improvement project and spot repairs which will be in the back side of Montara—the main focus. So, Pippin if you can just briefly lay out what this is and what we want to do. This Board approved the budget very recently, and this project contained the anticipated expenditures for this sewer improvement project. We are talking about mainline improvement and spot repairs. With this, General Manager Heldmaier turned over the meeting to District Sewer Engineer, Pippin Cavagnaro of Nute Engineering.

Mr. Cavagnaro reported in short, we proposed, Clemens and I work on actively maintaining a budgetary outlook over approximately a ten year period. We look ahead and see how the budget lay. As they adjust each year we try to balance our communication with SAM for new needs, look at our current concerns and weigh them against other factors, like rising construction costs and budgets at SAM which affect the overall costs of the District budget here. So, from our ten year plan I'd say that our annual capital project is slightly smaller than we would have like to have done, without external costs like SAM. We normally would say about \$875,000 dollars was our project a few years ago. We are keeping this less this

year, and we are proposing to structure the bid to help mitigate the risk both on rising construction costs and other District budget concerns which we talked about earlier tonight. to run three quarters of the project \$525,000-\$550,000 dollars estimate on a base bid, and then have an alternate bid item where we try to control the same unit prices but extend it out over additional footage for apportion more up to \$600,00-\$650,000 dollar range. We have seen an increase in construction costs a season, so there is some concerns there. We have also slightly adjusted our work areas, based on the high rains we had this year. One of your best areas, was the subject to a long discussion tonight, was the Caltrans property. That area receives a lot of water. We are actually going to be focusing our work in the that same neighborhood this year because the rainfall and the water absorption—too bad some of the people concerned about the watershed maintenance protection just left—the water absorption in this area is very high. We have one of the highest infiltrations probably per pipeline in the District than this this pump station back here at Date Harte. The maintenance crews have complained over the years the trouble with the rain, and this year was particularly difficult, keeping up with the rain water coming in. So we are going to target as much footage repair in that area where a lot of water is soaking into the ground and it's a very moist neighborhood to try to facilitate bringing down our infiltration. So, mainly the streets are Irving, Hawthorn, above Date Harte, up towards Ivy, and around the Sunshine area just adjacent to the property that was being discussed. I guess that is the over view of the project. Does anyone have any specific questions on it?

President Wilson: Anybody?

Director Boyd: I would just like to thank you for doing the additive alternative line segments for consideration. Because in the past we have had you guys come back and say hey things were great, we have a little spare room here, and we got a really good bid. Even if we can't afford doing it this year, we have a real clear view of what we would like to do. I just really appreciate that.

Director Harvey moved to adopt the next resolution, a Resolution of the Montara Water and Sanitary District Approving Contract Documents, and Authorizing Advertisement for Bids for Bids for the 2017-2018 Sewer Improvement Project and Spot Repairs and Authorize Filing Notice of Exemption under the California Environmental Quality Act (repair/replacement of existing facilities) and finding that the property is exempt from the requirements of the California Environmental Quality Act on the Ground that it is for Repair and Replacement of the Existing Facilities. Director Boyd seconded the motion.

A Roll Call vote was called for. All Directors were in favor and the motion passed unanimously 5 - 0.

2. 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 letter to AB 1479. The bill creates additional Records Act requirements.

Especially concerning are civil penalties that would provide financial incentive for serial litigants.

General Manager Clemens Heldmaier: I want to thank Kathryn for bringing this to our attention. AB 1479 would create additional California Public Records Act requirements. It sounded like a good idea at first, but that could have some significant financial impact and place some significant burdens on local agencies. What 1479 would mean each local agency would assign an individual or office custodian of records—which wouldn't necessarily be a problem in this small agency, since we do this anyway. The main concern we have with this measure establishes civil penalties ranging from \$1000-\$5000 dollars for violations of the Public Records Act providing a financial incentive for serial litigants from across the nation. So that is a real concern, tax dollars going to attorneys that find a good way to exploit this.

Director Boyd moved to authorize the General Manager to send an opposition letter on AB 1479. Director Slater-Carter seconded the motion.

A Roll Call vote was called for and all Directors were in favor.

3. Review and Possible Action Concerning California Special Districts Association 2017 Board Elections.

General Manager Heldmaier reported every year we receive the CSDA ballot which must be submitted by August 4th and there are two seats open, seat C and the remainder seat A which I think is a year in our Region three. The staff recommendation will be to recommend a suitable candidate, and authorize the General Manager to submit the ballot for Seat A and Seat C. I know we passed a resolution of support of you, Kathryn, I don't see your name on the ballot. The choices are Stanley Caldwell, with the Mountain View Sanitary District, John Carapiet, of the Sanitary District number 5 of Marin County, or Robert Silona, of the Menlo Park Fire Protection District, and we need to vote for two of these.

Director Slater-Carter: If I could comment, Stanley Caldwell has been on the board a very long time and has been doing an excellent job. I would highly recommend that we vote for him.

After a brief discussion, the Board decided to vote for John Carapiet, of the Sanitary District number 5 of Marin County.

4. Review and Possible Action Concerning Cancellation of Next Regular Scheduled Meeting on July 20, 2017.

General Manager Heldmaier reported we don't anticipate any important business, and we anticipate cancelling the meeting and letting everyone know. If we need another meeting we will hear about it early enough.

REPORTS

- 1. Sewer Authority Mid-Coastside Meeting (Boyd) –**
 - We approved the Collections Budget, and that was the most important thing we did.
 - We affirmed that the SAM General Manager reports to the SAM Board and is reviewed and evaluated by the SAM Board who receives direction from the SAM Board. That seems that should go without saying but it was important that we say that.
 - We agreed to keep two meetings a month. I protested vigorously, but we landed on, we will keep two on the calendar, but strive to get everything done in the first meeting.
 - We also approved drawing from the reserves and thanks to Jennifer for reminding me, who insisted we pay that back at first opportunity.
- 2. MidCoast Community Council Meeting (Slater-Carter) - None**
- 3. CSDA Report (Slater-Carter) – None**
- 4. Attorney's Report (Schricker) - None**
- 5. Directors Report – None**
- 6. General Manager's Report (Heldmaier) – Two items.**
 - The newest Consumer Confidence Report was published, and is available on the MWSD website. The link was also included with the billing statements sent via USPS mail.
 - A gentleman came to talk about an unrelated item, Richard Moss, who is still missing. General Manager Clemens Heldmaier agreed to announce a gathering for a search party on Sunday, July 9, 2017 and anyone willing to participate can contact the family listed on the flyer. Mr. Moss' AAA card was found on Montara Beach on June 29th, and it is assumed he is still in the area.

FUTURE AGENDAS-

REGULAR MEETING ENDED at 11:00 P.M.

**The Board Convened in Closed Session
Conference with Legal Counsel – Existing Litigation
(Government Code § 54956.9(d))
Name of Case: Claim of J. Cockrell**

Closed Session ended at 11:45 P.M.

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 Street, 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.

Respectfully Submitted,

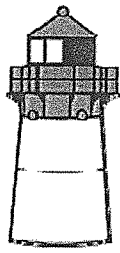
Signed _____

Secretary

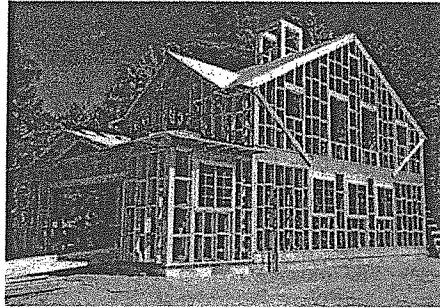
Approved on the 21st, September 2017

Signed _____

President

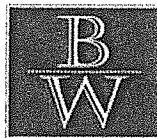


Montara Water and Sanitary District



Water Capacity Charge Update

Draft 04/28/17



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

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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

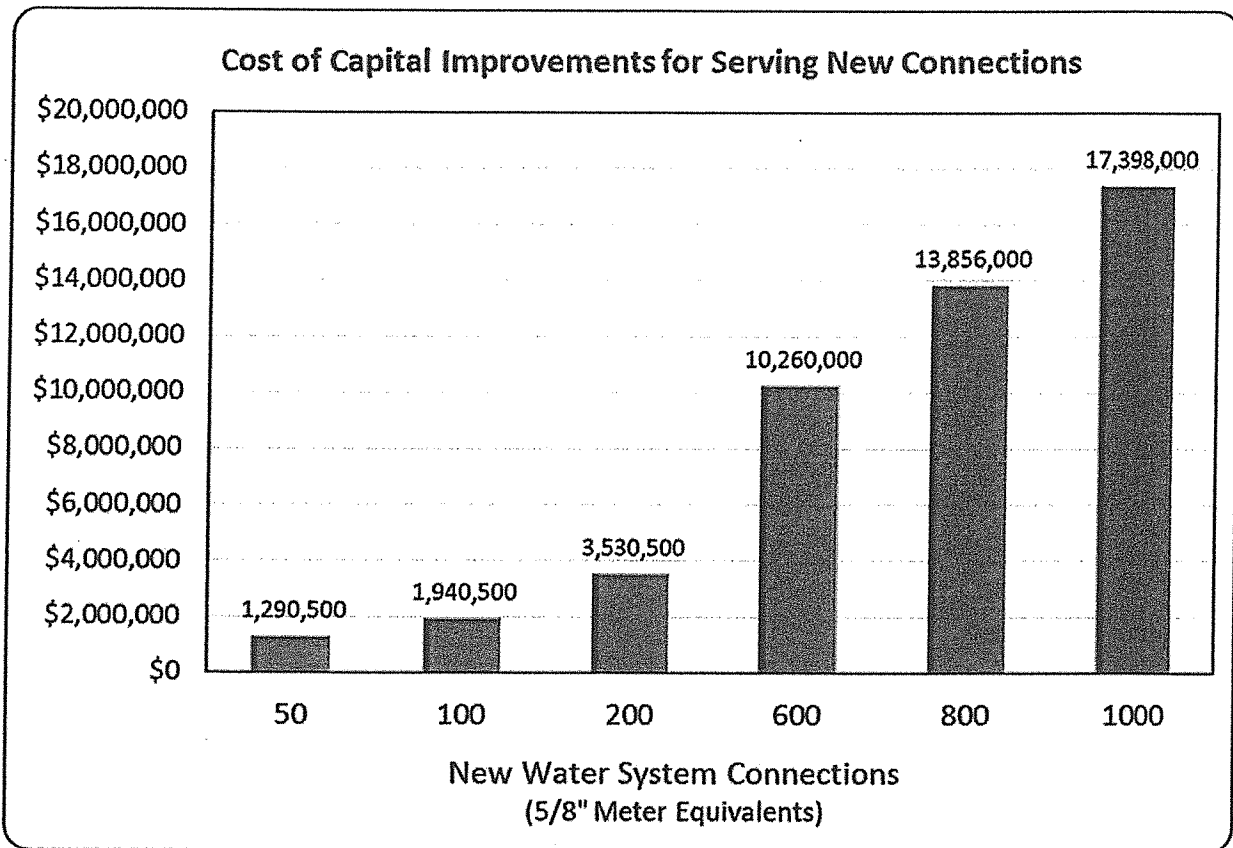
Table 1 shows the cost of capital improvements required exclusively for serving growth based on analysis provided by SRT. SRT ran a number of growth and associated water demand scenarios through a hydraulic model they developed for the District’s water system to identify water system capacity deficiencies 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.



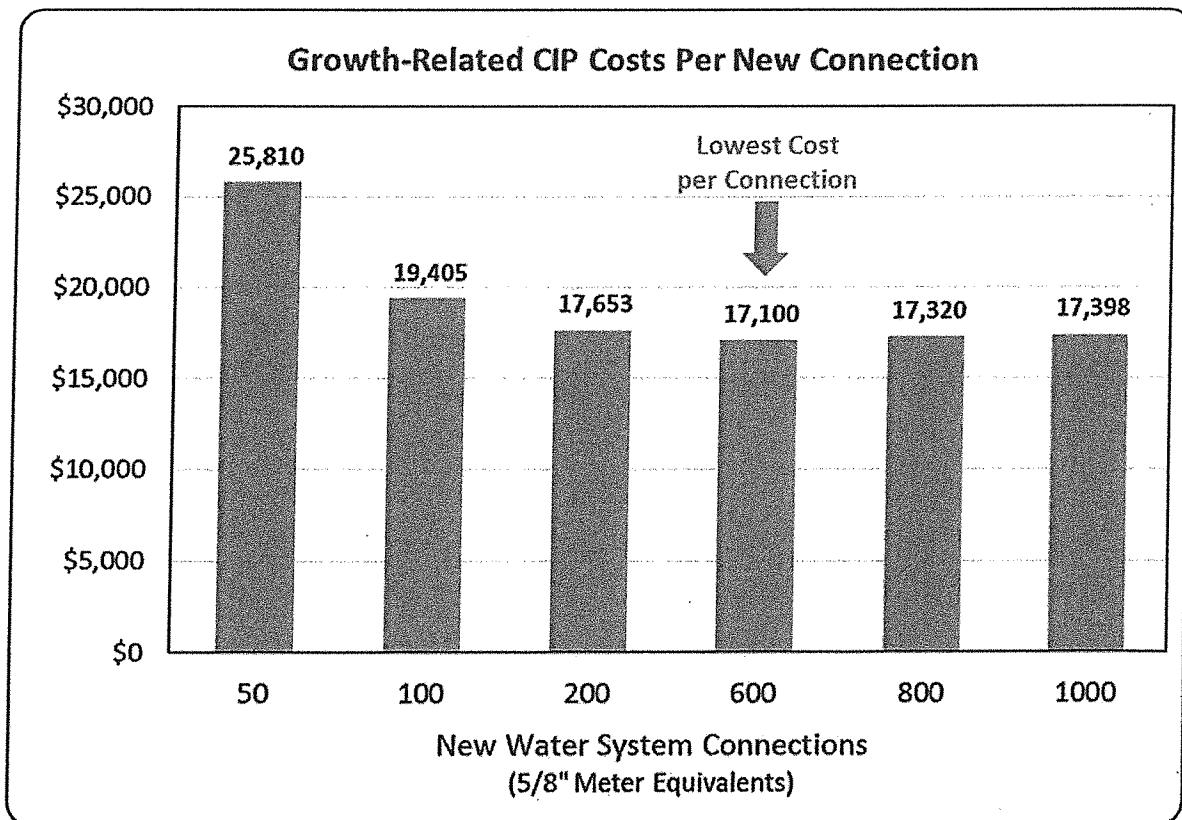
Water Capacity Charge Alternatives

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.

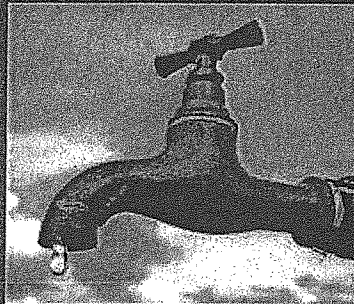
(b) Any action by a local agency or interested person under this section shall be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure.

(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.)

Revised Draft 6/30/17

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

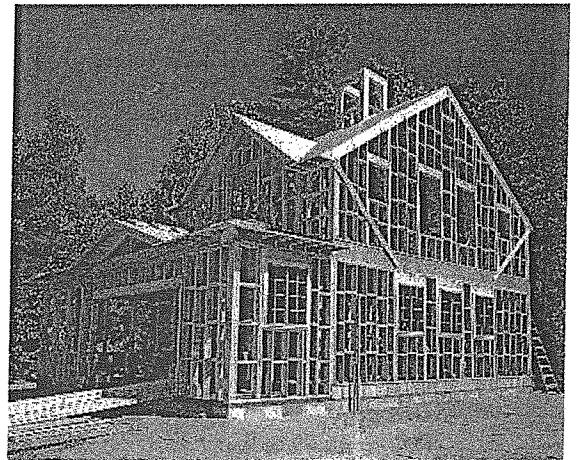
- **Water Capacity Charge Update**

- *Brief Review of Background and Draft Recommendations*

- **Principles & Issues**

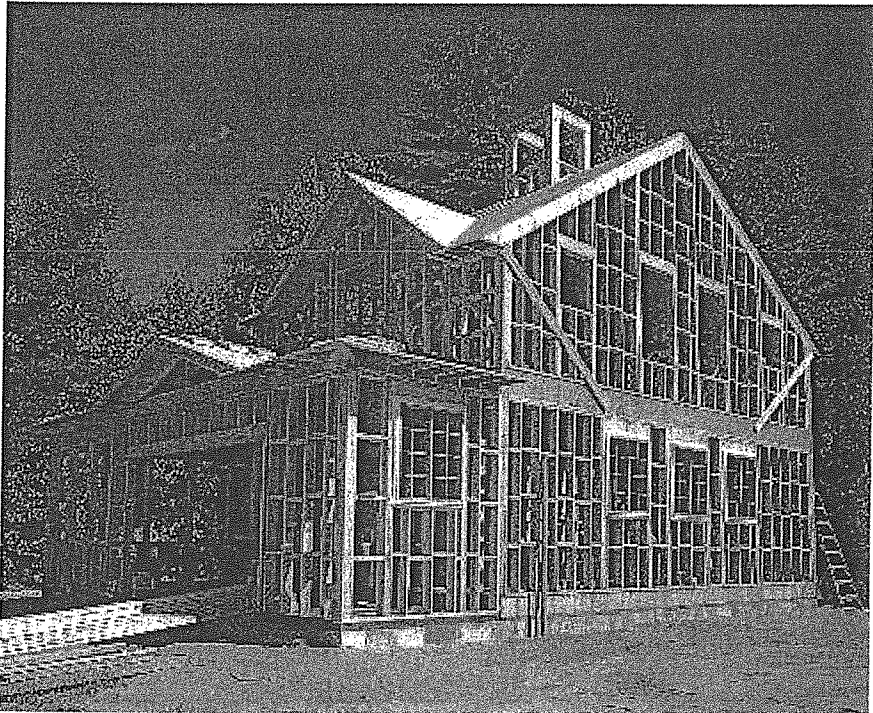
- **Questions & Concerns**

- **Alternative Approaches**



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

Water Capacity Charge Update



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**

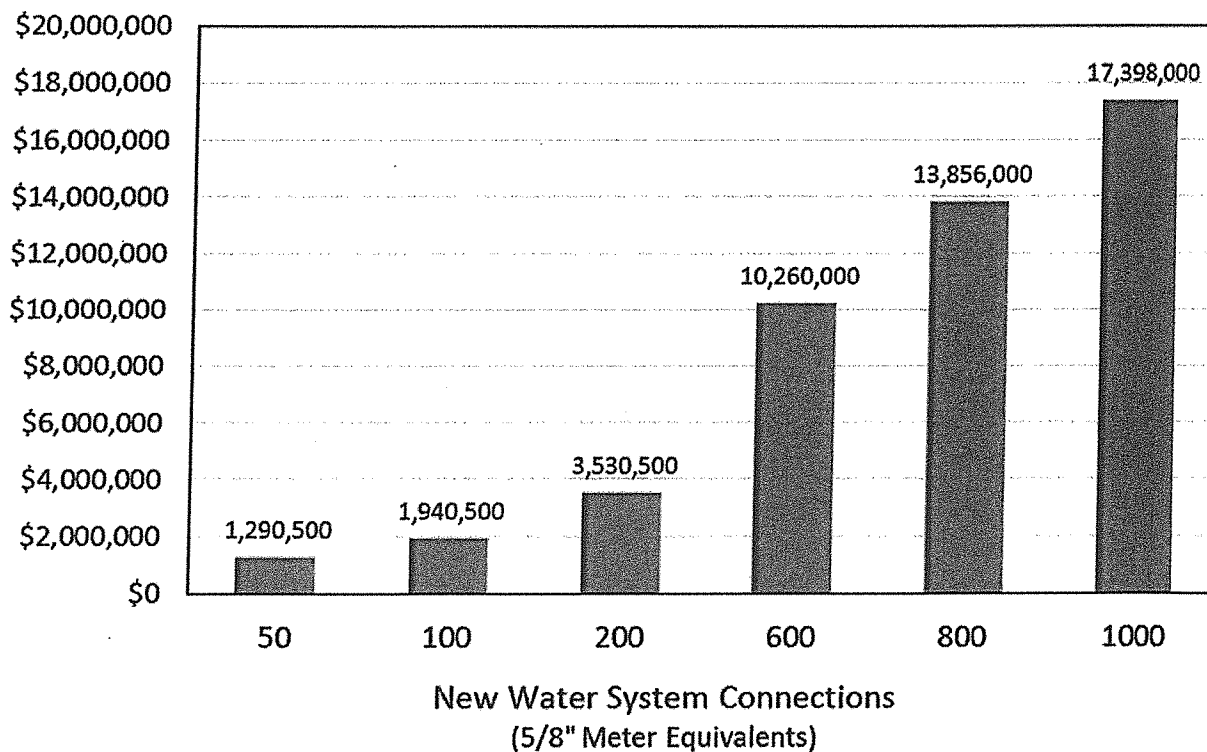
Capital Improvements for Growth

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

Cost of Capital Improvements for Serving New Connections



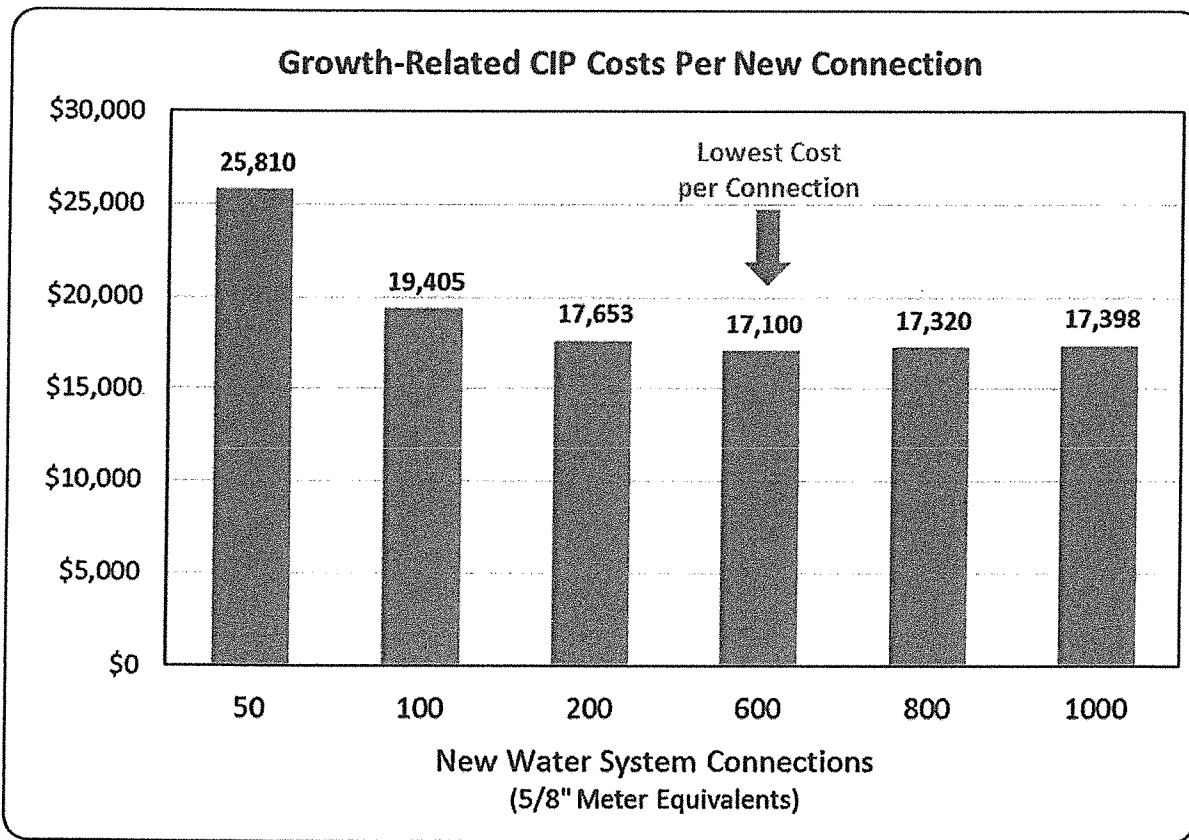
Capacity Charge Update

- ▶ **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

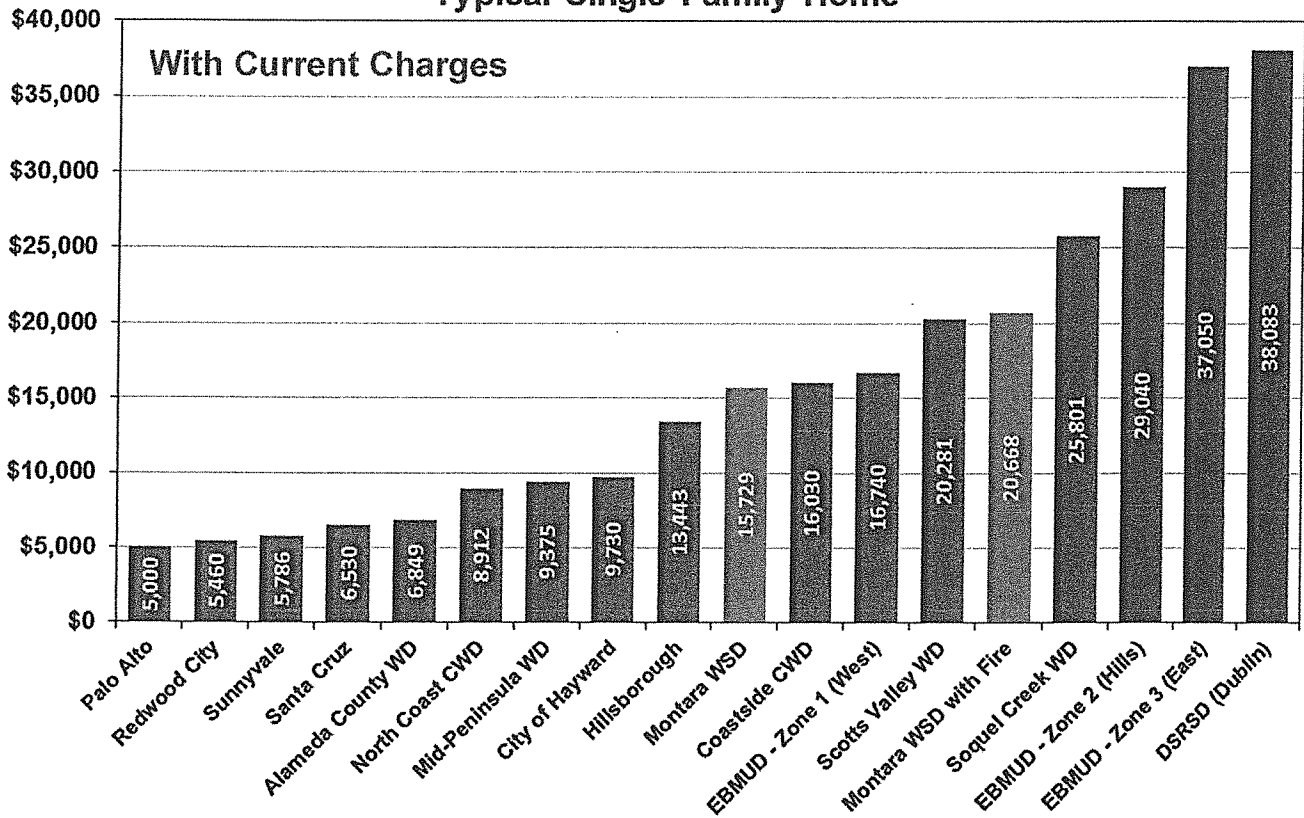
- ▶ **New customers can connect before the growth-related improvements are constructed**
 - This does not negate the need for the capacity charge
 - Improvements would still subsequently need to be completed to increase capacity and reliability to adequately serve new water demands

- ▶ **Current and updated charges are in upper-middle range compared to other Bay Area agencies**

Water Capacity Charge Survey

Typical Single Family Home

DRAFT



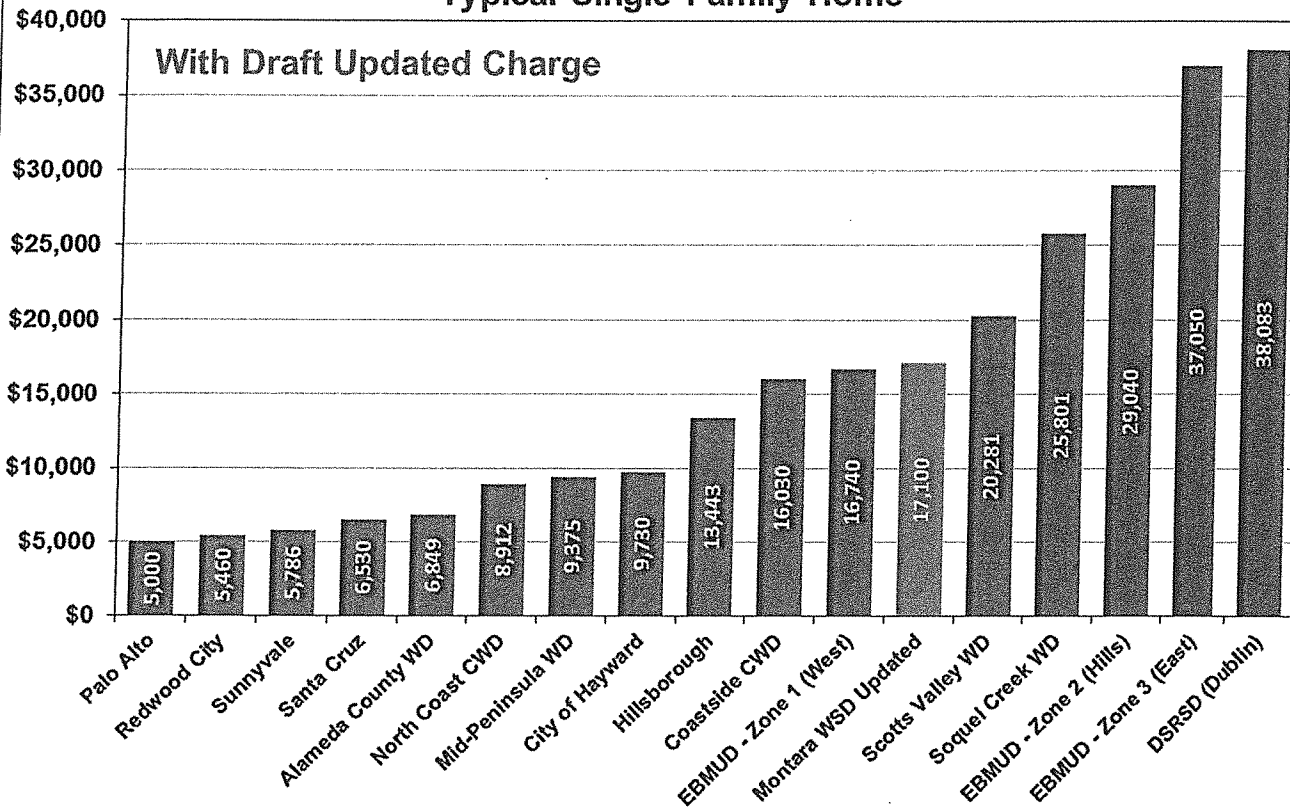
EBMUD Zone 1 includes: Oakland, Berkeley, Emeryville, Alameda, Richmond, El Cerrito, San Pablo, Pinole, Hercules, Rodeo, Crockett, San Leandro, & San Lorenzo.

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



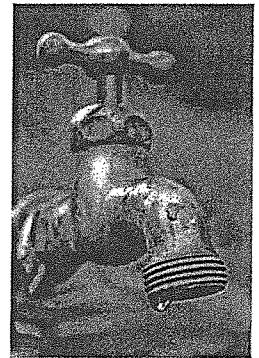
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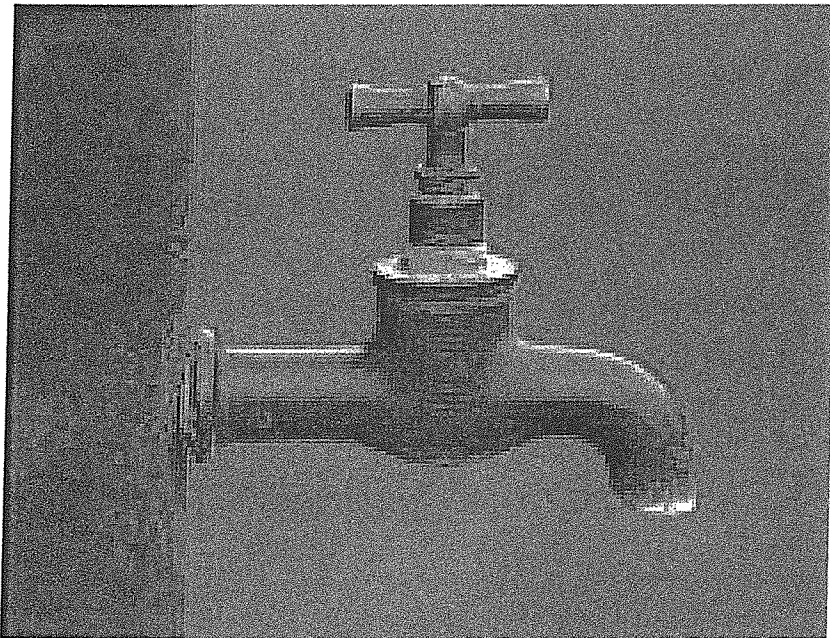
EBMUD Zone 3 includes: Walnut Creek, Lafayette, Moraga, Orinda, Pleasant Hill, Alamo, Danville, & San Ramon. Effective May 2017

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



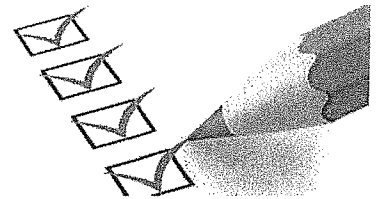
Principles & Issues

- ▶ **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



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: Draft Water Capacity Charge Report

Dear Directors,

After review of the Draft Water Capacity Charge Report I have the following questions:

1. The report states that BWA is using an incremental cost approach for calculating updated water capacity charges, as has been used historically. What other methodologies are relevant and worth consideration?
2. Table 1 of the 2011 BWA Water Capacity Charge Report projects 270 connections 2010/11 through 2015/16, and 600 cumulative connections by 2024/25. What was the number of actual new connections the district made to the water system 2010/11 through 2015/16? Table 4 of the 2011 BWA report identified \$8.8m in projects that were identified as 100% For Future New Water Customers. Which of these projects were undertaken, and what were the expenditures by project?
3. What is the methodology and data sources used to generate the estimates of new connections being projected in the 2017 BWA draft?
4. Instead of a year-by-year projection of new connections, the 2017 BWA draft provides six scenarios, ranging from 50 new connections to 1,000 new connections, and provides a Cost per New Connection for each scenario. A dollar figure of total estimated capital investment for each scenario is provided, but no breakdown as to specifically what capital improvements these costs are for, nor how they relate to the \$8.2m in project costs identified in the proposed New Customer Water System Capital Improvement Program. What's the cost breakdown of capital improvements, by project, for each scenario? For each project in each scenario, how is the allocation of cost to new customers calculated?
5. The Total Project Cost Distribution, Table 2 of the New Customer Water System Capital Improvement Program, shows a \$1.6m cost allocation to new connections for a main replacement project totaling \$7.5m. Does the \$1.6m allocation relate to one of the six scenarios provided in the draft 2017 BWA Water Capacity Charge Report? If not, what is the number of new connections used to calculate the allocation of the water main replacement project between current users and projected new users?
6. Same questions for the Existing Well Upgrade Program, Emergency Generator Upgrade Program, Schoolhouse Booster Pump Station Upgrade, Portola Tank Telemetry Upgrade, and the item identified as "Develop Additional Supply Reliability".

I believe a workgroup format that permits a dialogue between all participants is the appropriate forum for discussing these issues.

Best regards,

A handwritten signature in black ink that reads "Chris Thollaug". The signature is stylized and includes a large, sweeping flourish at the end.

Chris Thollaug

MWSD'S RESPONSES TO QUESTIONS FROM THE PUBLIC

Question #2

1. WHAT WAS THE NUMBER OF ACTUAL NEW CONNECTIONS THE DISTRICT MADE 2010/11 THROUGH 2015/16?
2. 2011 BWA REPORT IDENTIFIED \$8.8M IN PROJECTS FOR NEW CUSTOMERS. WHICH OF THESE PROJECTS WERE UNDERTAKEN AND WHAT WERE THE EXPENDITURES BY PROJECT?

RESPONSE to #2

1. 13 connections were added
2. Completed Projects:
 - o Restoration of Existing Well Capacity - \$150K
 - o SCADA improvements - \$50K
 - o Alta Vista Tank No. 2 - \$3.9M
 - o New Valve Installation - \$15K
 - o Water Main Upgrades - \$398K

TOTAL: \$4,513K, INCL. \$3,015K FOR NEW CUSTOMERS

Question #3

1. METHODOLOGY AND DATA SOURCES USED TO GENERATE THE ESTIMATES OF NEW CONNECTIONS PROJECTED IN THE 2017 BWA DRAFT?

RESPONSE to #3

No estimates of projected new connections were included in the 2017 BWA draft. No estimates of projected new connections by year were included in the 2017 BWA draft. Instead, the engineering analysis and related capacity charge analysis evaluated the infrastructure needs and associated capacity charges for a range of growth estimates -- from the next 50 to 1,000 connections -- regardless of the specific timing of growth.

Question #4

1. WHAT IS THE COST BY PROJECT FOR EACH SCENARIO?
2. HOW IS THE ALLOCATION OF COST TO NEW CUSTOMERS CALCULATED?

RESPONSE to #4

Please refer to the 2017/18 New Customer CIP

Questions #5 AND #6

1. DOES THE \$1.6M ALLOCATION RELATE TO ONE OF THE SIX SCENARIOS?
2. IF NOT, WHAT IS THE NUMBER OF NEW CONNECTIONS USED TO CALCULATE THE ALLOCATION BETWEEN CURRENT USERS AND NEW USERS?

RESPONSES to #5 and #6

1. No
2. Number of new connections is unrelated to the allocation between current and new users and was not used.

Comments on MWSD and the Caltrans Bypass Property

Chris Thollaug
July 6, 2017

Documents
Provided
Under
Public
Records Act
Requests

Permit to Enter
Caltrans & MWSD, June 3, 2014,
Section 1C, Preconditions and
Understandings, states, "*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...*"

The Specific Plan has not been drafted, much less approved. This language is a misrepresentation.

"...the required Specific Plan has not been prepared..."

February 23, 2017 letter, Steve Monowitz, San Mateo County Community Development Director to Kristin L. Schober, Caltrans

"...please forward any draft agreements to us as soon as possible..."

February 28, 2017 letter, Nancy Cave, California Coastal Commission District Manager, to Director to Kristin L. Schober, Caltrans

MWSD Plan of Service, Martini Creek Bypass Lands, March 2016

The document states, "*The district currently operates trails through its property that provide public recreation for the community and visitors alike*".

The document states, "*The northern portion of the original Caltrans ROW was sold to the California State Parks System as condition of building the tunnel*".

For what purpose was this two-page document titled prepared?

What trails? Not the California Coastal Trail (public not permitted to walk through 8888 Cabrillo Highway property, and access discouraged to the Alta Vista Trail (no trespassing signs).

No, this was not a condition. Accepting the bypass lands that ran through state park property was straightforward, however acceptance of the balance of the right-of-way was declined based on the condition of the property and unfunded obligations ownership would entail.

Resolution, Board of Supervisors, May 24th, 2016

This is a resolution of support for a *donation* of the bypass lands to MWSD. Is the transaction that is being considered by MWSD in closed session a donation, or a sale?

Letter, Clemens Heldmaier to Steve Monowitz, San Mateo County Community Development Director, March 27th, 2017

"...MWSD's sole ownership of the [bypass] property should lend itself to expeditious development of the Specific Plan..."

Confirms that the Specific Plan has not been prepared nor approved, and that the district favors development of a plan restricted to MWSD ownership alternatives.

Comments on MWSD and the Caltrans Bypass Property

Chris Thollaug
July 6, 2017

Parks & Recreation

Do you accept that MWSD's park powers are inactive, and activation would require approval from LAFCo?

"In 2008, San Mateo County 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".

February 23, 2017 letter, Steve Monowitz, San Mateo County Community Development Director to Kristin L. Schober, Caltrans

Several studies of the need for midcoast parks have stated the need for a recreation/community center.

What active recreation opportunities do you see MWSD providing in the bypass lands?

Planning references to community center:

- 1978 Montara-Moss Beach-El Granada Community Plan (page 3.17, section 6.3b)
- 2002 Mid-Coast Recreational Needs Assessment Plan (pages 14, 37, 53, 61).
- 2004 Midcoast Park and Recreation Task Force Report (pages 2,4, attachment B.
- 2007 Midcoast Action Plan Parks and Recreation (pages 4,5,11,16, 22. Cost estimate: \$5m capital, \$200k ongoing annual.)

How does MWSD intend to fund recreational uses of the bypass property?

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 ballots must be completed for all to be counted. Incumbent mapping to new location

SIGNATURE: <i>Stanley R. Caldwell</i>	DATE: 7/10
MEMBER DISTRICT: <i>Mountain View and Sanitary District</i>	

Must be received by 5pm, August 4, 2017. CSDA, 1112 I Street, Suite 200, Sacramento, CA 95814



MONTARA WATER & SANITARY
DISTRICT

BOARD OF DIRECTORS MEETING
August 3, 2017

MINUTES

REGULAR SESSION BEGAN AT 7:40 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, Tracy Beardsley
Others Present: District Counsel, Dave Schricker
District Counsel, Christine Fitzgerald

PRESIDENT'S STATEMENT – We were in closed session from 6:30pm to 7:30pm this evening and also last Wednesday (July 26, 2017) from 7:30pm to 9:00pm, the outcome being that direction was given to Counsel. We have also hired a new District Counsel, Christine Fitzgerald.

As most of you know, there is currently litigation pursued by the Half Moon Bay City Counsel related to SAM and everything around it. We are hopeful that, with time, they will be willing to negotiate, realizing it is in the best interest of the public, keeping legal costs down, and resolve an issue that should be resolvable.

ORAL COMMENTS

Bill Kehoe, Moss Beach resident: Hopefully, two quick items. I fully agree what the Churches' spoke about, and the reason I came here. I attended the emergency SAM Board meeting held at GCSD. I was quite disappointed that the

representatives from Half Moon Bay did not go. I saw a comment in the Half Moon Bay Review that upset me that they didn't want to come up here because it was such a long way, and yet we send our people down there at least once a month—sometimes more. I want to encourage my local District to not let Half Moon Bay get away with this. I have watched the SAM Board meetings off and on, but not as much as I watch you guys, and it is quite clear having gone back and read the JPA, the Intertie is part of that. For a number of years they have been dragging and not fixing it. I actually think they are more culpable in the most recent spillage for not updating the infrastructure. And those up here that have been representing us are trying to get some kind of maintenance program put in to avoid such spills. So, please send your best guys like Dave (District Counsel Dave Schricker) against them and get them to come to the table. They should have gone to arbitration first in going to the JPA and not going directly to the lawsuit—I don't get that.

The second reason I am here, is that I just got this note from Recology and I have a couple of problems with it. It's not clear what they are talking about when they are talking about adding the compost. It's going to be an extra \$3.00 dollars—not a big fee for most people, but those on fixed income like myself, I am being “nickel and dimed” to death. And now the County wants to add an extra percentage on transportation to do something else. I don't get that raise. It comes out of my savings, because Social Security doesn't keep up with that. I actually do my own composting in my backyard, and have been doing it for over 30 years. I think it's fine that we use the old barrels, and I drag them out front every two weeks. And as long as I am fit to do that, that is fine too. I don't need a new green barrel to do it. I'm also a little worried about the size of that barrel. I think it is bigger than the blue one that we have by half as much. The blue one is about 64-68 gallons, and the green one is 96 gallons. That can be quite heavy if it is full with chopped up green waste and trying to wheel it all the way around. The smaller ones are easier and I don't want to be paying for the compost. When I read this, the other thing that really bothered me, and that is why I came over here. And I am not saying they are dishonest people—I want to be up-front about that. But the fact that we mail this back to Recology, and they are going to tally it up, and tell you what the tally is—I don't think that's kosher. It would be like me running for office and counting the votes. Not a good thing. I would much prefer to have it come through the District and your staff takes a look at it and I think we would get a square deal on that. I'm not saying they are cheating on that but there will always be a doubt in my mind as to whether or not we got the real data, to tell you the truth. I've talked to a few of my neighbors, and have encouraged them to reject this, and I hope anybody out there who is listening will take a closer look at this and really try to.... I don't see why they need to keep raising the rates on this. I'm not even sure. If we don't do the composting, we don't pay the \$3.00 dollars—the wording on this is really bad too. If they are going to put down these lists, they should actually say how it is going to affect the price or not affect the price, and there should also be some other options but I'm not going to go through them all now. Thank you.

President Wilson questioned General Manager Heldmaier if he was aware of the survey being sent out.

General Manager Heldmaier: Yes, the purpose of this is so that Recology could find out if there is interest, for example, in composting. Bill, you are assuming there may be some sort of an agenda behind this?

Bill Kehoe: I'm trying not to assume that. I'm just saying...

General Manager Heldmaier replied that Recology is only trying to ascertain if there is interest in composting. He stressed that the contract would be structured fairly, with or without composting. This was proposed due to customer needs based on conversations with customers and complaints. He also explained the need for a larger 96 gallon green waste can was due to customer complaints about the non-standardized green waste procedure. Although the can is bigger, if four of the non-standardized cans were used, it would have the same footprint as the 96 gallon can, and is more cumbersome and heavy when empty. Since this can is to be utilized for green waste only, weight should not be an issue, unless prohibited material, such as dirt or sand, is deposited in the can. This change is also necessitated by a safety issue at Recology, as some of their workers sustained injuries with the non-standardized cans. General Manager Heldmaier stated that there were a number of reasons why this step is being considered, and encouraged the public to mark what they feel is appropriate and send the survey to Recology.

Director Slater-Carter said that she would like to see the 96 gallon can full of green waste, so they can see how much it weighs and people can see it. She also expressed concern about getting the large full green waste container up and down hills, and to and from the house or garage to the curb, as many residents in the community don't have flat and/or paved driveways.

General Manager Heldmaier explained that the large standardized cans have wheels, making the process much easier. He agreed to have a full 96 gallon green waste can at the Montara Water and Sanitary District site for evaluation.

Bill Kehoe interjected: If you need any green waste, feel free to come by house and pull some weeds. You know where it is. If you could help dig a path, then I will be happy.

Director Boyd: You were saving it for us?

Bill Kehoe: I do a little at a time. Unfortunately, the weeds are growing faster than me.

President Wilson and the other Directors agreed that a fully loaded can should be implemented.

Director Slater-Carter said the green waste can shouldn't weigh more than a 30 gallon can limit of 35 pounds.

General Manager Heldmaier assured the Directors that he would get back to them on this issue.

President Wilson mentioned the weight may be affected by rain, but General Manager Heldmaier pointed out that each standardized 96 gallon can has a lid, and rain shouldn't be a problem unlike the non-standardized cans that have no lids.

PUBLIC HEARING - None

CONSENT AGENDA

1. Approve Minutes for May 4, 2017 and June 1, 2017
2. Approve Financial Statements for June 2017
3. Approve Warrants for August 1, 2017
4. SAM flow Report for June 2017
5. Monthly Review of Current Investment Portfolio
6. Connection Permit Applications Received
7. Monthly Water Production Report for June 2017
8. Rain Report
9. Solar Energy Report
10. Monthly Public Agency Retirement Service Report for May 2017

Director Harvey 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 Enrollment in ECO100.

The District is currently enrolled in Peninsula Clean Energy's default electricity provider option, ECOplus. ECOplus uses at least 50% renewable energy and is 75% carbon-free. By choosing to opt-up to ECO100 100% of M.W.S.D's energy would come from clean, renewable sources and would be 100% carbon-free.

Fiscal analysis, based on historical information, suggests that the District's annual electricity costs, with ECO100 to be approximately \$74,406 dollars as opposed to \$72,846 dollars with PG&E OR \$71,169 dollars with ECOplus.

By opting for 100% clean, renewable energy the District is pro-actively reducing contaminants which ultimately end up in our Eco-System. This holds true with the District's Mission Statement:

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

General Manager Heldmaier said that with the Peninsula Clean Energy's default electricity provider, ECOplus, they are using 50% renewable energy, and is 75% carbon free. However, the Montara Water and Sanitary District would like to opt-up to ECO100, which would mean that Montara and Moss Beach customers' needs would be supplied by clean, renewable sources, 100% carbon free.

A fiscal analysis was done with the provider, based on MWSD's historical information, and this suggests electricity costs, water and sewer combined, would be approximately \$74,000 dollars under the ECO100, as opposed to approximately \$72,000 dollars. This is a relatively minor increase. With the Alta Vista tank, General Manager Heldmaier feels that the costs can be recouped, in part, by revisions in pumping a portion of water during off-peak hours, thus reducing energy costs. They are close to an operational stage, with expected implementation within the next two months. He also pointed out that this was initiated by General Manager Steve McGrath, of the Harbor District. General Manager McGrath provided material, guidance, and encouraged Coastside agencies to follow this direction.

General Manager Heldmaier requested the Board to allow the Montara Water and Sanitary District to enroll in the Peninsula Clean Energy ECO100 program.

Director Huber was hesitant about this program, and asked about the money involved and mentioned that the Montara Water and Sanitary District is already better than 75% carbon free, if they were to do nothing. He also cited the energy savings from the solar panels at the Alta Vista site.

President Wilson confirmed that it would be approximately \$3,000 dollars for the year.

General Manager Heldmaier replied that the Montara Water and Sanitary District is reducing carbon load using their two solar panels at the Alta Vista site, but it is a relatively minor percentage.

Director Slater-Carter motioned for the Montara Water and Sanitary District to enroll in the Peninsula Clean Energy ECO100 program. Director Huber seconded the motion.

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

2. Review and Possible Action Concerning Association of California Water Agencies Committee Appointment Nominations.

The Association of California Water Agencies (ACWA) asks for committee appointment nominations for the 2017-18 Term. In the past years Legal Counsel Schricker served on the Legal Affairs Committee and General Manager Heldmaier served on the Groundwater Committee. Director Boyd previously served on the Water Management Committee.

General Manager Heldmaier announced that the Association of California Water Agencies is asking for its annual committee appointment nominations for the 2017-2018 term. District Counsel Dave Schricker served on the Legal Affairs Committee in the past, and was interested in continuing.

Director Boyd previously served on the Water Management Committee, and was interested in continuing serving on the committee.

General Manager Heldmaier is interested in continuing to serve on the Groundwater Committee.

President Wilson confirmed that they have their three nominations then.

General Manager Heldmaier asked to be authorized to submit the recommendations to the Association of California Water Agencies.

Director Slater-Carter moved to approve the nominations of General Manager Heldmaier for the Groundwater Committee, Director Boyd for the Water Management Committee, and District Counsel Dave Schricker for the Legal Affairs Committee. Director Harvey seconded the motion.

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

3. Review and Possible Action Concerning Cancellation of Next Regular Scheduled Meeting, August 17, 2017.

General Manager Heldmaier recommended canceling the next meeting on August 17, 2017 as, at this time, there are no urgent items. He assured the Directors that if anything came up, the Board and public would be notified and a meeting or a special meeting would be scheduled.

All Board members were in agreement.

REPORTS

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

- Last Thursday a special meeting at SAM was held in an attempt to address the SAM budget. The City of Half Moon Bay representatives elected not to attend. The public attended and commented, and it was heartening to see

so many people expressing concern about the legal action Half Moon Bay initiated.

- A report from staff on the Regional Water Quality Control Board visit from the regulators was given at the SAM meeting and a special follow-up meeting to address the Agenda is scheduled Monday night. This will be at the Sewer Authority offices at 7:00pm. This meeting will be televised, and the other meetings are also available for viewing. People are also encouraged to attend the meeting.

2. MidCoast Community Council Meeting (Slater-Carter) –

- People may contact Lisa Ketcham regarding the story poles on Vallemar bluffs.
- The Council will be updating their Subdivision Regulations during the next meeting, and it was recommended that everybody read the regulations and go online to see if subdivisions are possible in the vicinity. Director Slater-Carter thinks this will have to be approved by the Coastal Commission, so it is very important for residents to put their feelings in writing and send them to the Council and the County.
- A progress update on the Cypress roundabout and Connect-the-Coast was given. Connect-the-Coast is a County effort to improve traffic flow. The roundabout at Cypress is supposed to be part of the Big Wave project, the options being a roundabout or a stoplight. The community (those attending the meeting) has been lobbying for the roundabout. Director Slater-Carter believes they are becoming more common throughout California, keeping the traffic moving, and are much safer.

3. CSDA Report (Slater-Carter) – None

4. Attorney's Report (Schricker) – None

5. Directors Report –

- Director Huber fell off his bike, resulting in a trip to the hospital. He is feeling better, and has been advised to take an extended leisurely vacation with no air travel.

6. General Manager's Report (Heldmaier) – None

FUTURE AGENDAS-

REGULAR MEETING ENDED at 8:05 P.M.

The Board Convened in a Special Closed Session at 6:30 p.m.

Conference with Legal Counsel – Existing Litigation (Government Code § 54956.9(d)(1))

Name of Case: City of Half Moon Bay v. Granada Community Services District, et al. (San Mateo County Super, Crt. No. 17CIV03092)

(Government Code § 54956.9(d))
Name of Case: Claim of J. Cockrel

Conference with Legal Counsel – Initiation of Litigation

(Government Code § 54956.9(d)(4))
Number of cases: 1

Closed Session ended at 7:30 P.M.

The Board reconvened in a second Special Closed Session at 8:15 p.m.

Conference with Legal Counsel – Existing Litigation

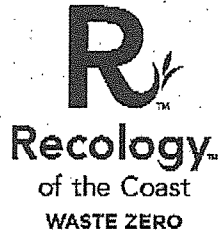
(Government Code § 54956.9(d))
Name of Case: Claim of J. Cockrel

Respectfully Submitted,

Signed _____
Secretary

Approved on the 21st, September 2017

Signed _____
President



Hello Customers,

We are reviewing our current programs and have decided to reach out to the customer base for your input. This Fall RECOLOGY will be providing each residence with a 96 gallon wheeled cart for your green waste materials. Many customers have requested this change because of the difficulty in bringing their individual cans curbside.

Some customers have asked for food waste to be included in the green waste carts (composting). To bring this program forward a number of changes would need to happen with the current program. The Composting carts would need to be picked up weekly which would increase driver and trucking costs. The disposal rate would also increase from currently \$30.03 a ton to \$91.00 a ton for the composting process. These changes would increase the current monthly customer rate by approximately \$3.00.

Please take a moment and fill in the following questionnaire and return either by mail (RECOLOGY, 2305 Palmetto Avenue, Pacifica, CA 94044), fax (650-359-9580) or e-mail (cporter@recology.com) by August 10, 2017.

The information received from this questionnaire will help determine how we move forward with our program(s) base.

Christine Porter, General Manager
Recology of the Coast

Cut here if mailing

Name: _____

Address: _____

_____ I would like to have the compost program and understand the additional costs

_____ I am happy with the current green waste program and compost in my yard

_____ I am happy with the current green waste program

_____ I do not use this program as I have a gardener who removes the green waste



COMMITTEE CONSIDERATION FORM

PLEASE PRINT LEGIBLY

Agency Name (DO NOT use acronyms or abbreviations) MONTARA WATER AND SANITARY DISTRICT	Phone 650-728-3545
Agency Address P.O. BOX 370131, 8888 CABRILLO HIGHWAY	City, State & Zip MONTARA, CA 94037

BELOW PLEASE LIST ALL THOSE INTERESTED IN BEING ON ACWA COMMITTEES FOR YOUR AGENCY. FOR ADDITIONAL RECOMMENDATIONS PLEASE FILL OUT ANOTHER FORM.

**If an individual is not an agency employee or director, please indicate company affiliation.*

Name CLEMENS HELDMAIER	Title/Company* GENERAL MANAGER	Email Address mwsd@coastside.net
Committee 1st Choice GROUNDWATER	Committee 2nd Choice	Committee 3rd Choice

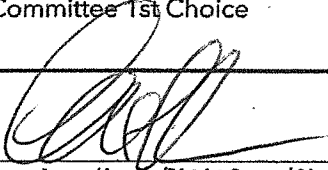
Name SCOTT BOYD	Title/Company* DIRECTOR	Email Address scott@montara.com
Committee 1st Choice WATER MANAGEMENT	Committee 2nd Choice	Committee 3rd Choice

Name DAVID SCHRICKER	Title/Company* LAW FIRM OF DAVID SCHRICKER	Email Address dschricker@schrickerlaw.com
Committee 1st Choice LEGAL AFFAIRS	Committee 2nd Choice	Committee 3rd Choice

Name	Title/Company*	Email Address
Committee 1st Choice	Committee 2nd Choice	Committee 3rd Choice

Name	Title/Company*	Email Address
Committee 1st Choice	Committee 2nd Choice	Committee 3rd Choice

Name	Title/Company*	Email Address
Committee 1st Choice	Committee 2nd Choice	Committee 3rd Choice


General Manager
8/15/17
 Signature (Agency/District General Manager or Board President signature required) Title Date

QUESTIONS?
 Contact Region and Member Services Specialist II
 Ana Javaid at anaj@acwa.com or (916) 441-4545

910 K Street, Suite 100
 Sacramento, CA 95814
www.acwa.com

2017 ACWA Committee Appointment Process Timeline 2018-2019 Term

- July 17: COMMITTEE CONSIDERATION FORMS EMAILED**
- Email packets sent to Agency General Managers and Board Presidents packets include:
 - List of agency staff and directors who currently serve on an ACWA Committee
 - Committee Composition
 - Committee Consideration Form
 - 2018-2019 Committee Timeline
- July 24: EMAIL NOTIFICATION TO CURRENT COMMITTEE MEMBERS**
- Current committee members notified that committee process has began
 - All current committee members **MUST** submit a Committee Consideration Form to be considered for reappointment
- September 29: COMPLETED CONSIDERATION FORM DEADLINE**
- All committee consideration forms **due by September 29**
 - Any consideration forms submitted after September 29 will be added to the waiting list and considered after ACWA President makes the initial committee appointments for the term
- October 27: ACWA REGION CHAIR AND VICE CHAIR CONFERENCE CALL**
- ACWA staff will hold a conference call with newly elected Region Chair and Vice Chairs to review 2018-2019 Committee recommendation process
 - Consideration forms compiled and submitted to incoming Region Chair and Vice Chair
- November 16: CHAIR AND VICE CHAIRS RECOMMENDATION DEADLINE**
- No Region recommendations will be accepted after November 16
- November 30: RECOMMENDATIONS GIVEN TO ACWA PRESIDENT**
- Incoming ACWA President will receive Region Chair and Vice Chairs recommendations along with all consideration forms at ACWA Fall Conference
- December 11: ACWA PRESIDENT APPOINTS MEMBERS OF COMMITTEES**
- Incoming ACWA President submits all appointments to ACWA Staff
- December 31: ACWA WILL NOTIFY COMMITTEE MEMBERS OF APPOINTMENTS**
- Letters emailed to members who have been appointed to serve on a committee for the 2018-2019 term
 - Letters emailed notifying those who were not appointed to a committee

Legal Affairs Committee – Standing/Limited (45 Maximum) Dave

Meetings: 2-3 times a year

The Legal Affairs Committee acts on requests for assistance on legal matters of significance to ACWA member agencies. The committee reviews proposed ACWA bylaw revisions and works with staff to produce publications to assist member agencies in complying with state and federal laws. The committee also files amicus curiae filings on important cases, comments on proposed regulations and guidelines of state agencies such as the Fair Political Practices Commission and monitors and engages in water rights waters of interest to member agencies.

**The committee shall be composed of attorneys, each of whom shall be, or act as, counsel for a member of the Association.*

Whitnie Wiley
Senior Legislative
Advocate
whitniew@acwa.com

Local Government Committee – Standing/Limited (3 Per Region)

Meetings: 4 times a year

The Local Government Committee develops and recommends to the Board of Directors and the State Legislative Committee policies regarding local government matters affecting water agencies, including planning issues, local government organization, and finance. The committee also gathers and disseminates information on the value of special districts, and shares information promoting excellence in local government service delivery.

Wendy Ridderbusch
Director of State
Legislative Relations
wendyr@acwa.com

Membership Committee – Standing/unlimited

Meetings: 2 times a year

The Membership Committee develops and recommends to the Board of Directors policies regarding membership, eligibility and applications for membership. The committee also assists staff in developing membership recruitment and retention programs and reviews and makes recommendations to the Finance Committee regarding an equitable dues structure.

Tiffany Giammona
Member Services
Group Manager
tiffanyg@acwa.com

State Legislative Committee – Standing/Limited (4 Per Region)

Meetings: 10-12 times a year

The State Legislative Committee sets official state legislative policy positions on behalf of the association. The committee reviews relevant legislation, develops advocacy strategies and makes recommendations to the Board of Directors on ballot measures and other major statewide policy issues. The committee also works with staff on legislative amendments and provides direction on legislative matters.

Wendy Ridderbusch
Director of State
Legislative Relations
wendyr@acwa.com

Water Management Committee – Standing/Limited (4 Per Region) Scott Boyd

Meetings: 4 times a year

The Water Management Committee develops and recommends to the Board of Directors policies and programs regarding water management. The committee reviews and recommends positions on legislation and regulations as requested by other committees. The committee also assists in gathering and disseminating information regarding agricultural and urban water management, water conservation and water use efficiency, development and use of water resources, wastewater treatment and water recycling and reuse.

Dave Bolland
Director of State
Regulatory Relations
daveb@acwa.com

Water Quality Committee – Standing/Unlimited

Meetings: 4 times a year

The Water Quality Committee develops and recommends to the Board of Directors, the State Legislative Committee and the Federal Affairs Committee policies and programs regarding water quality issues. The committee promotes cost-effective state and federal water quality regulations and provides a forum for members to work together to develop and present unified comments on water quality regulations. The committee also develops and recommends positions and testimony on water quality regulatory issues.

Rebecca Franklin
Senior Regulatory
Advocate
Rebeccaf@acwa.com

ACWA COMMITTEE COMPOSITION

COMMITTEE

STAFF LIAISONS

Business Development Committee – Standing/Unlimited

Meetings: 2 times a year

The Business Development Committee develops and recommends to the Board of Directors programs and activities to be provided or administered by the association that generate non-dues revenue and provide a service or benefit to association members.

Paula Currie

Director of Member Services and Events

paulac@acwa.com

Communications Committee – Standing/Limited (40 maximum)

Meetings: 4 times a year

The Communications Committee develops and recommends to the Board of Directors and staff best practices regarding communications and public affairs programs. The committee promotes sound public information and education programs and practices among member agencies. It also prepares and distributes materials for use by member agencies in their local outreach efforts and provides guidance to ACWA's Communications Department.

Lisa Lien-Mager

Director of Communications

lialm@acwa.com

Energy Committee – Standing/Unlimited

Meetings: 2 times a year

The Energy Committee develops and recommends to the Board of Directors, the State Legislative Committee and the Federal Affairs Committee policies and programs regarding the water-energy nexus.

Rebecca Franklin

Senior Regulatory Advocate

Rebeccaf@acwa.com

Federal Affairs Committee – Standing/Limited (5 Per Region)

Meetings: 2 times a year

The Federal Affairs Committee coordinates with other ACWA committees regarding input and recommendations on federal legislation and other issues before both Congress and the federal administrative branches.

David Reynolds

Director of Federal Affairs

direyns@ssoc.org

Finance Committee – Standing/Limited (2 Per Region – 1 Region Chair or Vice Chair; 1 with financial experience)

Meetings: 4-5 times a year

The Finance Committee develops and recommends to the Board of Directors policies and procedures related to annual budgets, investment strategies, annual audits and auditor selection, dues formula and schedule, and other financial matters.

Fili Gonzales

Director of Finance & Business Services

filig@acwa.com

Groundwater Committee – Standing/Unlimited

Meetings: 4 times a year

The Groundwater Committee develops and recommends to the Board of Directors policies and programs regarding groundwater issues. The committee monitors state and federal regulations and legislation affecting the quality and management of groundwater, conducts studies and gathers data on groundwater issues, develops policies regarding groundwater management and coordinates with other committees on groundwater issues.

Clemens

Dave Bolland

Director of State Regulatory Relations


daveb@acwa.com



MONTARA WATER AND SANITARY DISTRICT AGENDA

Prepared For the Meeting Of: **September 21, 2017**

TO: BOARD OF DIRECTORS

FROM: Clemens H. Heldmaier, General Manager 

SUBJECT: Unaudited Financial Statements – Executive Summary

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

- 4610 Property Tax Receipts, \$5,543 above Budget – The District received 3 payments in July from San Mateo Controller's office.
- 4710 Sewer Service Charges, \$123,370 below Budget – \$43,561 received in July.
- **Overall Total Operating Income for the period ending July 31, 2017 was \$117,619 below budget. Total revenue received to date is \$55,087.**
- 5190 Bank Fees, \$2,199 above Budget – Annual fee for US Bank Global Trust services, in relationship to the I-Bank Loan.
- 5400 Legal, \$2,875 below Budget- No activity to-date. Budget is spread evenly over twelve months.
- 5610 Accounting, \$2,500 below Budget - No activity to-date. Budget is spread evenly over twelve months.
- 5630 Consulting, \$2,333 below Budget – No activity to-date. Budget is spread evenly over twelve months.
- 5800 Labor, \$7,773 above Budget – Major line items to increase are due to the payment of an additional employee during the month of July.
- 6200 Engineering, \$4,333 below Budget – No activity to-date. Budget is spread evenly over twelve months.
- 6400 Pumping, \$2,667 below Budget – No activity to-date. Budget is spread evenly over twelve months.
- 6910 SAM Collections, \$2,973 above Budget – Payment for Mid-Coastside in July.
- 6920 SAM Operations, \$104,943 below Budget – No activity to date.
- 6940 SAM Maintenance, Collection Sys, \$3,333 below Budget – No activity to-date. Budget is spread evenly between twelve months.
- 6950 SAM Maintenance, Pumping, \$4,167 above Budget – No activity to-date. Budget is spread evenly between twelve months.
- **Overall Total Operating Expenses for the period ending July 31, 2017 were \$118,432 below Budget.**
- **Total overall Expenses for the period ending July 31, 2017 were \$123,132 below budget. For a net ordinary income of \$5,513, budgeted vs. actual. Actual net ordinary loss is (\$8,514.)**



MONTARA WATER AND SANITARY DISTRICT AGENDA

Prepared For the Meeting Of: September 21, 2017

TO: BOARD OF DIRECTORS

FROM: Clemens H. Heldmaier, General Manager

- 7100 Connection Fees, \$55,172 above Budget – Two new construction connection issued; four remodel connections issued in July.
- 8000 CIP, \$136,667 below Budget – No activity to-date. Budget is spread evenly over twelve months.

RECOMMENDATION:

This is for Board information only



MONTARA WATER AND SANITARY DISTRICT AGENDA

Prepared For the Meeting Of: **September 21, 2017**

TO: BOARD OF DIRECTORS

FROM: Clemens H. Heldmaier, General Manager

Budget vs. Actual – Water July, 2017 Variances over \$2,000:

- 4610 Property tax Receipts, \$5,544 above Budget – The District received 3 payments in July from San Mateo Controller's office.
- 4740 Testing, Backflow, \$4,239 above Budget – More activity than anticipated.
- 4810 Water Sales Domestic, \$6,771 above Budget – Increased water collections in July.
- **Overall Total Operating Income for the period ending July 31, 2017 was \$16,877 above budget. Total revenue received to date is \$181,198.**
- 5400 Legal, \$5,708 below Budget – No activity to-date. Budget is spread evenly over twelve months.
- 5610 Accounting, \$2,500 below Budget - No activity to-date. Budget is spread evenly over twelve months.
- 5630 Consulting, \$2,083 below Budget – No activity to-date. Budget is spread evenly over twelve months.
- 6200 Engineering, \$7,250 below Budget – No activity to-date. Budget is spread evenly over twelve months.
- 6400 Pumping, \$9,083 below Budget – No activity to-date. Budget is spread evenly over twelve months.
- 6500 Supply, \$4,333 below Budget – No activity to-date. Budget is spread evenly over twelve months.
- 6600 Collection/Transmission, \$7,875 below Budget – No activity to-date. Budget is spread evenly over twelve months.
- 6700 Treatment, \$5,333 below Budget – No activity to-date. Budget is spread evenly over twelve months.
- **Overall Total Operating Expenses for the period ending July 31, 2017 were \$40,275 below Budget.**
- **Total overall Expenses for the period ending July 31, 2017 were \$61,465 below budget. For a net ordinary income of \$78,342, budgeted vs. actual. Actual net ordinary income is \$117,676.**
- 7100 Connection Fees, \$3,788 below Budget – One new construction connections issued in July.
- 7600 Bond Revenues, G.O. \$60,441 below Budget – Variance due to timing.
- 8000 CIP, \$59,458 below Budget – No activity to-date. Budget is spread evenly over twelve months.



MONTARA WATER AND SANITARY DISTRICT AGENDA

Prepared For the Meeting Of: **September 21, 2017**

TO: BOARD OF DIRECTORS

FROM: Clemens H. Heldmaier, General Manager

- 9100 Interest Expense- Go Bonds, \$138,519 below Budget - No activity to-date. Budget is spread evenly over twelve months.
- 9150 SRF Loan, \$17,512 below Budget - No activity to-date. Budget is spread evenly over twelve months.

RECOMMENDATION:

This is for Board information only

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

	Jul 17	Sewer Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
4220 · Cell Tower Lease	2,954.35	2,858.33	96.02
4400 · Fees			
4410 · Administrative Fee (New Constr)	505.00	291.66	213.34
4420 · Administrative Fee (Remodel)	354.00	166.66	187.34
4430 · Inspection Fee (New Constr)	477.00	291.66	185.34
4440 · Inspection Fee (Remodel)	0.00	333.33	-333.33
4460 · Remodel Fees	708.00	333.33	374.67
Total 4400 · Fees	2,044.00	1,416.64	627.36
4610 · Property Tax Receipts	5,543.82		
4710 · Sewer Service Charges	43,560.55	166,930.91	-123,370.36
4720 · Sewer Service Refunds, Customer	0.00	-333.33	333.33
4760 · Waste Collection Revenues	984.47	1,833.33	-848.86
Total Income	55,087.19	172,705.88	-117,618.69
Gross Profit	55,087.19	172,705.88	-117,618.69
Expense			
5000 · Administrative			
5190 · Bank Fees	2,740.81	541.66	2,199.15
5200 · Board of Directors			
5210 · Board Meetings	0.00	333.33	-333.33
5220 · Director Fees	0.00	275.00	-275.00
Total 5200 · Board of Directors	0.00	608.33	-608.33
5250 · Conference Attendance	0.00	166.66	-166.66
5270 · Information Systems	0.00	500.00	-500.00
5300 · Insurance			
5310 · Fidelity Bond	0.00	41.66	-41.66
5320 · Property & Liability Insurance	0.00	166.66	-166.66
Total 5300 · Insurance	0.00	208.32	-208.32
5350 · LAFCO Assessment	0.00	166.66	-166.66
5400 · Legal			
5420 · Meeting Attendance, Legal	0.00	791.66	-791.66
5430 · General Legal	0.00	2,083.33	-2,083.33
Total 5400 · Legal	0.00	2,874.99	-2,874.99
5510 · Maintenance, Office	0.00	666.66	-666.66
5540 · Office Supplies	0.00	666.66	-666.66
5550 · Postage	0.00	208.33	-208.33
5560 · Printing & Publishing	0.00	250.00	-250.00

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

	Jul 17	Sewer Budget	\$ Over Budget
5600 · Professional Services			
5610 · Accounting	0.00	2,500.00	-2,500.00
5620 · Audit	0.00	1,083.33	-1,083.33
5630 · Consulting	0.00	2,333.33	-2,333.33
5640 · Data Services	0.00	500.00	-500.00
5650 · Labor & HR Support	0.00	208.33	-208.33
5660 · Payroll Services	74.02	79.16	-5.14
Total 5600 · Professional Services	74.02	6,704.15	-6,630.13
5710 · San Mateo Co. Tax Roll Charges	0.00	208.33	-208.33
5720 · Telephone & Internet	0.00	1,375.00	-1,375.00
5730 · Mileage Reimbursement	0.00	125.00	-125.00
5740 · Reference Materials	0.00	16.66	-16.66
5800 · Labor			
5810 · CalPERS 457 Deferred Plan	1,574.10	1,287.08	287.02
5820 · Employee Benefits	6,092.66	2,969.58	3,123.08
5830 · Disability Insurance	0.00	127.83	-127.83
5840 · Payroll Taxes	1,720.28	1,406.58	313.70
5850 · PARS	1,451.93	1,171.75	280.18
5900 · Wages			
5910 · Management	8,125.00	8,643.75	-518.75
5920 · Staff	14,212.21	9,383.25	4,828.96
5930 · Staff Certification	150.00	150.00	0.00
5940 · Staff Overtime	0.00	209.50	-209.50
Total 5900 · Wages	22,487.21	18,386.50	4,100.71
5960 · Worker's Comp Insurance	0.00	203.91	-203.91
Total 5800 · Labor	33,326.18	25,553.23	7,772.95
Total 5000 · Administrative	36,141.01	40,840.64	-4,699.63
6000 · Operations			
6170 · Claims, Property Damage	0.00	833.33	-833.33
6195 · Education & Training	0.00	83.33	-83.33
6200 · Engineering			
6210 · Meeting Attendance, Engineering	0.00	166.66	-166.66
6220 · General Engineering	0.00	4,166.66	-4,166.66
Total 6200 · Engineering	0.00	4,333.32	-4,333.32
6320 · Equipment & Tools, Expensed	0.00	83.33	-83.33
6330 · Facilities			
6335 · Alarm Services	659.70	475.00	184.70
6337 · Landscaping	0.00	200.00	-200.00
Total 6330 · Facilities	659.70	675.00	-15.30

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Accrual Basis

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

	Jul 17	Sewer Budget	\$ Over Budget
6400 · Pumping			
6410 · Pumping Fuel & Electricity	0.00	2,666.66	-2,666.66
Total 6400 · Pumping	0.00	2,666.66	-2,666.66
6600 · Collection/Transmission			
6660 · Maintenance, Collection System	0.00	833.33	-833.33
Total 6600 · Collection/Transmission	0.00	833.33	-833.33
6800 · Vehicles			
6810 · Fuel	0.00	66.66	-66.66
6820 · Truck Equipment, Expensed	0.00	13.33	-13.33
6830 · Truck Repairs	0.00	33.33	-33.33
Total 6800 · Vehicles	0.00	113.32	-113.32
6900 · Sewer Authority Midcoastside			
6910 · SAM Collections	26,800.67	23,827.83	2,972.84
6920 · SAM Operations	0.00	104,943.33	-104,943.33
6940 · SAM Maintenance, Collection Sys	0.00	3,333.33	-3,333.33
6950 · SAM Maintenance, Pumping	0.00	4,166.66	-4,166.66
Total 6900 · Sewer Authority Midcoastside	26,800.67	136,271.15	-109,470.48
Total 6000 · Operations	27,460.37	145,892.77	-118,432.40
Total Expense	63,601.38	186,733.41	-123,132.03
Net Ordinary Income	-8,514.19	-14,027.53	5,513.34
Other Income/Expense			
Other Income			
7000 · Capital Account Revenues			
7100 · Connection Fees			
7110 · Connection Fees (New Constr)	52,056.00	12,048.00	40,008.00
7120 · Connection Fees (Remodel)	19,330.50	4,166.66	15,163.84
Total 7100 · Connection Fees	71,386.50	16,214.66	55,171.84
Total 7000 · Capital Account Revenues	71,386.50	16,214.66	55,171.84
Total Other Income	71,386.50	16,214.66	55,171.84
Other Expense			
8000 · Capital Improvement Program			
8075 · Sewer	0.00	136,666.66	-136,666.66
Total 8000 · Capital Improvement Program	0.00	136,666.66	-136,666.66

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Accrual Basis

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

	Jul 17	Sewer Budget	\$ Over Budget
9000 - Capital Account Expenses			
9125 - PNC Equipment Lease Interest	1,575.71	1,523.33	52.38
9200 - I-Bank Loan	12,391.76	12,392.00	-0.24
Total 9000 - Capital Account Expenses	13,967.47	13,915.33	52.14
Total Other Expense	13,967.47	150,581.99	-136,614.52
Net Other Income	57,419.03	-134,367.33	191,786.36
Net Income	48,904.84	-148,394.86	197,299.70

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

	Jul 17	Water Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
4220 · Cell Tower Lease	2,954.36	2,858.33	96.03
4400 · Fees			
4410 · Administrative Fee (New Constr)	505.00	458.33	46.67
4420 · Administrative Fee (Remodel)	0.00	75.00	-75.00
4430 · Inspection Fee (New Constr)	477.00	416.66	60.34
4440 · Inspection Fee (Remodel)	0.00	54.16	-54.16
Total 4400 · Fees	982.00	1,004.15	-22.15
4610 · Property Tax Receipts	5,543.81		
4740 · Testing, Backflow	5,322.00	1,083.33	4,238.67
4810 · Water Sales, Domestic	166,395.47	159,624.66	6,770.81
4850 · Water Sales Refunds, Customer	0.00	-250.00	250.00
Total Income	181,197.64	164,320.47	16,877.17
Gross Profit	181,197.64	164,320.47	16,877.17
Expense			
5000 · Administrative			
5190 · Bank Fees	76.10	583.33	-507.23
5200 · Board of Directors			
5210 · Board Meetings	0.00	333.33	-333.33
5220 · Director Fees	0.00	275.00	-275.00
Total 5200 · Board of Directors	0.00	608.33	-608.33
5240 · CDPH Fees	0.00	1,291.66	-1,291.66
5250 · Conference Attendance	0.00	333.33	-333.33
5270 · Information Systems	0.00	250.00	-250.00
5300 · Insurance			
5310 · Fidelity Bond	0.00	41.66	-41.66
5320 · Property & Liability Insurance	0.00	225.00	-225.00
Total 5300 · Insurance	0.00	266.66	-266.66
5350 · LAFCO Assessment	0.00	208.33	-208.33
5400 · Legal			
5420 · Meeting Attendance, Legal	0.00	708.33	-708.33
5430 · General Legal	0.00	5,000.00	-5,000.00
Total 5400 · Legal	0.00	5,708.33	-5,708.33
5510 · Maintenance, Office	0.00	666.66	-666.66
5530 · Memberships	0.00	1,500.00	-1,500.00
5540 · Office Supplies	0.00	666.66	-666.66
5550 · Postage	0.00	625.00	-625.00
5560 · Printing & Publishing	0.00	166.66	-166.66

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

	<u>Jul 17</u>	<u>Water Budget</u>	<u>\$ Over Budget</u>
5600 · Professional Services			
5610 · Accounting	0.00	2,500.00	-2,500.00
5620 · Audit	0.00	1,083.33	-1,083.33
5630 · Consulting	0.00	2,083.33	-2,083.33
5650 · Labor & HR Support	0.00	187.50	-187.50
5660 · Payroll Services	74.00	79.16	-5.16
Total 5600 · Professional Services	74.00	5,933.32	-5,859.32
5720 · Telephone & Internet	0.00	1,865.00	-1,865.00
5730 · Mileage Reimbursement	0.00	166.66	-166.66
5740 · Reference Materials	0.00	66.66	-66.66
5800 · Labor			
5810 · CalPERS 457 Deferred Plan	2,732.09	2,959.41	-227.32
5820 · Employee Benefits	11,334.17	7,238.00	4,096.17
5830 · Disability Insurance	0.00	303.08	-303.08
5840 · Payroll Taxes	3,247.71	3,524.50	-276.79
5850 · PARS	2,196.04	2,346.00	-149.96
5900 · Wages			
5910 · Management	8,125.00	8,643.75	-518.75
5920 · Staff	29,178.80	29,563.08	-384.28
5930 · Staff Certification	800.00	750.00	50.00
5940 · Staff Overtime	3,512.23	4,652.58	-1,140.35
5950 · Staff Standby	2,245.21	2,162.25	82.96
Total 5900 · Wages	43,861.24	45,771.66	-1,910.42
5960 · Worker's Comp Insurance	0.00	1,662.33	-1,662.33
Total 5800 · Labor	63,371.25	63,804.98	-433.73
Total 5000 · Administrative	63,521.35	84,711.57	-21,190.22
6000 · Operations			
6160 · Backflow Prevention	0.00	83.33	-83.33
6170 · Claims, Property Damage	0.00	833.33	-833.33
6180 · Communications			
6185 · SCADA Maintenance	0.00	1,666.66	-1,666.66
Total 6180 · Communications	0.00	1,666.66	-1,666.66
6195 · Education & Training	0.00	583.33	-583.33
6200 · Engineering			
6210 · Meeting Attendance, Engineering	0.00	166.66	-166.66
6220 · General Engineering	0.00	1,666.66	-1,666.66
6230 · Water Quality Engineering	0.00	5,416.66	-5,416.66
Total 6200 · Engineering	0.00	7,249.98	-7,249.98
6320 · Equipment & Tools, Expensed	0.00	416.66	-416.66

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

	Jul 17	Water Budget	\$ Over Budget
6330 - Facilities			
6335 - Alarm Services	0.00	66.66	-66.66
6337 - Landscaping	0.00	500.00	-500.00
Total 6330 - Facilities	0.00	566.66	-566.66
6370 - Lab Supplies & Equipment	0.00	83.33	-83.33
6400 - Pumping			
6410 - Pumping Fuel & Electricity	0.00	7,500.00	-7,500.00
6420 - Pumping Maintenance, Generators	0.00	833.33	-833.33
6430 - Pumping Maintenance, General	0.00	583.33	-583.33
6440 - Pumping Equipment, Expensed	0.00	166.66	-166.66
Total 6400 - Pumping	0.00	9,083.32	-9,083.32
6500 - Supply			
6510 - Maintenance, Raw Water Mains	0.00	166.66	-166.66
6520 - Maintenance, Wells	0.00	833.33	-833.33
6530 - Water Purchases	0.00	3,333.33	-3,333.33
Total 6500 - Supply	0.00	4,333.32	-4,333.32
6600 - Collection/Transmission			
6610 - Hydrants	0.00	83.33	-83.33
6620 - Maintenance, Water Mains	0.00	4,583.33	-4,583.33
6630 - Maintenance, Water Svc Lines	0.00	2,083.33	-2,083.33
6640 - Maintenance, Tanks	0.00	83.33	-83.33
6650 - Maint., Distribution General	0.00	833.33	-833.33
6670 - Meters	0.00	208.33	-208.33
Total 6600 - Collection/Transmission	0.00	7,874.98	-7,874.98
6700 - Treatment			
6710 - Chemicals & Filtering	0.00	2,500.00	-2,500.00
6720 - Maintenance, Treatment Equip.	0.00	333.33	-333.33
6730 - Treatment Analysis	0.00	2,500.00	-2,500.00
Total 6700 - Treatment	0.00	5,333.33	-5,333.33
6770 - Uniforms	0.00	1,000.00	-1,000.00
6800 - Vehicles			
6810 - Fuel	0.00	666.66	-666.66
6820 - Truck Equipment, Expensed	0.00	83.33	-83.33
6830 - Truck Repairs	0.00	416.66	-416.66
Total 6800 - Vehicles	0.00	1,166.65	-1,166.65
Total 6000 - Operations	0.00	40,274.88	-40,274.88
Total Expense	63,521.35	124,986.45	-61,465.10
Net Ordinary Income	117,676.29	39,334.02	78,342.27

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 Accrual Basis

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

	Jul 17	Water Budget	\$ Over Budget
Other Income/Expense			
Other Income			
7000 · Capital Account Revenues			
7100 · Connection Fees			
7110 · Connection Fees (New Constr)	17,302.00	14,418.33	2,883.67
7130 · Conn. Fees, PFP (New Constr)	0.00	6,666.66	-6,666.66
Total 7100 · Connection Fees	17,302.00	21,084.99	-3,782.99
7600 · Bond Revenues, G.O.	35,428.30	95,869.66	-60,441.36
Total 7000 · Capital Account Revenues	52,730.30	116,954.65	-64,224.35
Total Other Income	52,730.30	116,954.65	-64,224.35
Other Expense			
8000 · Capital Improvement Program			
8100 · Water	0.00	59,458.33	-59,458.33
Total 8000 · Capital Improvement Program	0.00	59,458.33	-59,458.33
9000 · Capital Account Expenses			
9100 · Interest Expense - GO Bonds	0.00	138,519.00	-138,519.00
9125 · PNC Equipment Lease Interest	1,575.72	1,523.33	52.39
9150 · SRF Loan	0.00	17,512.00	-17,512.00
9210 · Conservation Program/Rebates	0.00	41.66	-41.66
Total 9000 · Capital Account Expenses	1,575.72	157,595.99	-156,020.27
Total Other Expense	1,575.72	217,054.32	-215,478.60
Net Other Income	51,154.58	-100,099.67	151,254.25
Net Income	168,830.87	-60,765.65	229,596.52

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

	Sewer	Water	TOTAL
ASSETS			
Current Assets			
Checking/Savings			
Sewer - Bank Accounts			
Wells Fargo Operating - Sewer	2,699,856.60	0.00	2,699,856.60
LAIIF Investment Fund			
Capital Reserve	3,886,001.12	0.00	3,886,001.12
Connection Fees Reserve	194,576.00	0.00	194,576.00
Operating Reserve	240,073.00	0.00	240,073.00
Total LAIF Investment Fund	<u>4,320,650.12</u>	<u>0.00</u>	<u>4,320,650.12</u>
Total Sewer - Bank Accounts	7,020,506.72	0.00	7,020,506.72
Water - Bank Accounts			
Wells Fargo Operating - Water	0.00	736,973.18	736,973.18
Capital Reserve	0.00	398,249.00	398,249.00
Operating Reserve	0.00	94,231.00	94,231.00
Restricted Cash			
Acq & Improv Fund	0.00	436.13	436.13
Connection Fees Reserve	0.00	253,020.00	253,020.00
Cost of Issuance	0.00	122.94	122.94
GO Bonds Fund	0.00	1,438,990.58	1,438,990.58
Total Restricted Cash	<u>0.00</u>	<u>1,692,569.65</u>	<u>1,692,569.65</u>
Total Water - Bank Accounts	0.00	2,922,022.83	2,922,022.83
Total Checking/Savings	7,020,506.72	2,922,022.83	9,942,529.55
Accounts Receivable			
Sewer - Accounts Receivable			
Accounts Receivable	41,489.23	0.00	41,489.23
Total Sewer - Accounts Receivable	41,489.23	0.00	41,489.23
Water - Accounts Receivable			
Accounts Receivable	0.00	-2,683.77	-2,683.77
Accounts Rec. - Backflow	0.00	16,347.59	16,347.59
Accounts Rec. - Water Residents	0.00	154,487.11	154,487.11
Unbilled Water Receivables	0.00	222,714.27	222,714.27
Total Water - Accounts Receivable	0.00	390,865.20	390,865.20
Total Accounts Receivable	41,489.23	390,865.20	432,354.43
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	7,062,228.26	3,355,926.66	10,418,154.92
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.	3,250,409.57	0.00	3,250,409.57
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>

Montara Water & Sanitary District
Funds Balance Sheet
As of July 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	4,776,817.72	0.00	4,776,817.72
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	0.00	19,134,770.88	19,134,770.88
Total Fixed Assets	4,776,817.72	19,134,770.88	23,911,588.60
Other Assets			
Sewer - Other Assets			
Def'd Amts Related to Pensions Joint Power Authority	13,495.00	0.00	13,495.00
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	2,687,547.08	0.00	2,687,547.08
Total Sewer - Other Assets	2,701,042.08	0.00	2,701,042.08
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	0.00	292,567.35	292,567.35
Total Other Assets	2,701,042.08	292,567.35	2,993,609.43
TOTAL ASSETS	<u>14,540,088.06</u>	<u>22,783,264.89</u>	<u>37,323,352.95</u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
Accounts Payable - Sewer	6,374.00	0.00	6,374.00
Total Accounts Payable	6,374.00	0.00	6,374.00
Other Current Liabilities			
Sewer - Current Liabilities			
Accrued Payables - Sewer	6,975.00	0.00	6,975.00
Accrued Vacations	6,911.83	0.00	6,911.83
Deposits Payable	23,628.00	0.00	23,628.00
I-Bank Loan - Current	-28,183.88	0.00	-28,183.88
PNC Equip. Loan - S/T	-3,639.28	0.00	-3,639.28
Total Sewer - Current Liabilities	5,691.67	0.00	5,691.67
Water - Current Liabilities			
Accrued Payables - Water	0.00	8,080.01	8,080.01
Accrued Vacations	0.00	10,719.62	10,719.62
Deposits Payable	0.00	30,986.18	30,986.18
PFP Water Deposits	0.00	4,302.50	4,302.50
PNC Equip. Loan - S/T	0.00	-3,639.29	-3,639.29
SRF Loan Payable X109 - Current	0.00	37,732.42	37,732.42
Total Water - Current Liabilities	0.00	88,181.44	88,181.44
Payroll Liabilities			
Employee Benefits Payable	12,530.72	0.00	12,530.72
Total Payroll Liabilities	12,530.72	0.00	12,530.72

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Accrual Basis

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

Total Other Current Liabilities	18,222.39	88,181.44	106,403.83
Total Current Liabilities	24,596.39	88,181.44	112,777.83
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	131,410.68	131,410.68
SRF Loan Payable - X109	0.00	3,541,174.66	3,541,174.66
Total Water - Long Term Liabilities	0.00	15,578,231.69	15,578,231.69
Total Long Term Liabilities	1,597,384.84	15,578,231.69	17,175,616.53
Total Liabilities	1,621,981.23	15,666,413.13	17,288,394.36
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	-313,227.93	0.00	-313,227.93
Total Sewer - Equity Accounts	11,741,317.14	0.00	11,741,317.14
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	313,227.93	313,227.93
Total Water - Equity Accounts	0.00	3,004,282.94	3,004,282.94
Equity Adjustment Account	1,127,884.85	3,943,737.95	5,071,622.80
Net Income	48,904.84	168,830.87	217,735.71
Total Equity	12,918,106.83	7,116,851.76	20,034,958.59
TOTAL LIABILITIES & EQUITY	<u>14,540,088.06</u>	<u>22,783,264.89</u>	<u>37,323,352.95</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	2,699,856.60														
Sewer - Reserve Accounts															
LAIF -															
Capital Reserve	3,886,001.12												2,679,500.00	1,206,501.12	145%
Connection Fees Reserve	194,576.00												194,576.00	-	100%
Operating Reserve	240,073.00												281,893.00	(41,820.00)	85%
Sub-total	4,320,650.12	-	-	-	-	-	-	-	-	-	-	-			
Water - Operations															
Wells Fargo Operating - Water	736,973.18														
Water - Reserve Accounts															
Wells Fargo Bank-															
Capital Reserve	398,249.00												1,049,567.00	(651,318.00)	38%
Connection Fees Reserve	253,020.00												253,020.00	-	100%
Operating Reserve	94,231.00												250,573.00	(156,342.00)	38%
Sub-total	745,500.00	-	-	-	-	-	-	-	-	-	-	-			
Water - Restricted accounts															
First Republic Bank - Water															
Acquisition & Improvement Fund	436.13														
Cost of issuance	122.94														
GO Bonds Fund	1,438,990.58														
Sub-total	1,439,549.65	-	-	-	-	-	-	-	-	-	-	-			
Total Cash and equivalents	9,942,529.55	-	-	-	-	-	-	-	-	-	-	-			

Montara Water & Sanitary District
Revenue & Expenditures Budget vs. Actual - Sewer
July 2017 through June 2018

													TOTAL				
	Jul 17	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18	Jul '17 - Jun 18	Budget	\$ Over Budget	% of Budget	
Ordinary Income/Expense																	
Income																	
4220 - Cell Tower Lease	2,954.35												2,954.35	34,300.00	-31,345.65	8.61%	
4400 - Fees																	
4410 - Administrative Fee (New Constr)	505.00												505.00	3,500.00	-2,995.00	14.43%	
4420 - Administrative Fee (Remodel)	354.00												354.00	2,000.00	-1,646.00	17.7%	
4430 - Inspection Fee (New Constr)	477.00												477.00	3,500.00	-3,023.00	13.63%	
4440 - Inspection Fee (Remodel)														4,000.00	-4,000.00		
4460 - Remodel Fees	708.00												708.00	4,000.00	-3,292.00	17.7%	
Total 4400 - Fees	2,044.00													2,044.00	17,000.00	-14,956.00	12.02%
4610 - Property Tax Receipts	5,543.82													5,543.82	235,000.00	-229,456.18	2.36%
4710 - Sewer Service Charges	43,560.55													43,560.55	2,003,171.00	-1,959,610.45	2.18%
4720 - Sewer Service Refunds, Customer																-4,000.00	4,000.00
4740 - Testing, Backflow																	
4760 - Waste Collection Revenues	984.47													984.47	22,000.00	-21,015.53	4.48%
4990 - Other Revenue																	
Total Income	55,087.19													55,087.19	2,307,471.00	-2,252,383.81	2.39%
Gross Profit	55,087.19													55,087.19	2,307,471.00	-2,252,383.81	2.39%
Expense																	
5000 - Administrative																	
5190 - Bank Fees	2,740.81													2,740.81	6,500.00	-3,759.19	42.17%
5200 - Board of Directors																	
5210 - Board Meetings															4,000.00	-4,000.00	
5220 - Director Fees															3,300.00	-3,300.00	
5230 - Election Expenses																	
Total 5200 - Board of Directors															7,300.00	-7,300.00	
5250 - Conference Attendance															2,000.00	-2,000.00	
5270 - Information Systems															6,000.00	-6,000.00	
5300 - Insurance																	
5310 - Fidelity Bond															500.00	-500.00	
5320 - Property & Liability Insurance															2,000.00	-2,000.00	
Total 5300 - Insurance															2,500.00	-2,500.00	
5350 - LAFCO Assessment															2,000.00	-2,000.00	
5400 - Legal																	
5420 - Meeting Attendance, Legal															9,500.00	-9,500.00	
5430 - General Legal															25,000.00	-25,000.00	
5440 - Litigation																	
Total 5400 - Legal															34,500.00	-34,500.00	
5510 - Maintenance, Office															8,000.00	-8,000.00	
5540 - Office Supplies															8,000.00	-8,000.00	
5550 - Postage															2,500.00	-2,500.00	
5560 - Printing & Publishing															3,000.00	-3,000.00	

Montara Water & Sanitary District
Revenue & Expenditures Budget vs. Actual - Sewer
July 2017 through June 2018

													TOTAL			
	Jul 17	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18	Jul '17 - Jun 18	Budget	\$ Over Budget	% of Budget
5600 · Professional Services																
5610 · Accounting														30,000.00	-30,000.00	
5620 · Audit														13,000.00	-13,000.00	
5630 · Consulting														28,000.00	-28,000.00	
5640 · Data Services														6,000.00	-6,000.00	
5650 · Labor & HR Support														2,500.00	-2,500.00	
5660 · Payroll Services	74.02												74.02	950.00	-875.98	7.79%
Total 5600 · Professional Services	74.02												74.02	80,450.00	-80,375.98	0.09%
5710 · San Mateo Co. Tax Roll Charges														2,500.00	-2,500.00	
5720 · Telephone & Internet														16,500.00	-16,500.00	
5730 · Mileage Reimbursement														1,500.00	-1,500.00	
5740 · Reference Materials														200.00	-200.00	
5800 · Labor																
5810 · CalPERS 457 Deferred Plan	1,574.10												1,574.10	15,445.00	-13,870.90	10.19%
5820 · Employee Benefits	6,092.66												6,092.66	35,635.00	-29,542.34	17.1%
5830 · Disability Insurance														1,534.00	-1,534.00	
5840 · Payroll Taxes	1,720.28												1,720.28	16,879.00	-15,158.72	10.19%
5850 · PARS	1,451.93												1,451.93	14,061.00	-12,609.07	10.33%
5900 · Wages																
5910 · Management	8,125.00												8,125.00	103,725.00	-95,600.00	7.83%
5920 · Staff	14,212.21												14,212.21	112,599.00	-98,386.79	12.62%
5930 · Staff Certification	150.00												150.00	1,800.00	-1,650.00	8.33%
5940 · Staff Overtime														2,514.00	-2,514.00	
Total 5900 · Wages	22,487.21												22,487.21	220,638.00	-198,150.79	10.19%
5960 · Worker's Comp Insurance														2,447.00	-2,447.00	
Total 5800 · Labor	33,326.18												33,326.18	306,639.00	-273,312.82	10.87%
Total 5000 · Administrative	36,141.01												36,141.01	490,089.00	-453,947.99	7.37%
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														50,000.00	-50,000.00	
Total 6200 · Engineering														52,000.00	-52,000.00	
6320 · Equipment & Tools, Expensed														1,000.00	-1,000.00	
6330 · Facilities																
6335 · Alarm Services	659.70												659.70	5,700.00	-5,040.30	11.57%
6337 · Landscaping														2,400.00	-2,400.00	
Total 6330 · Facilities	659.70												659.70	8,100.00	-7,440.30	8.14%
6400 · Pumping																
6410 · Pumping Fuel & Electricity														32,000.00	-32,000.00	
Total 6400 · Pumping														32,000.00	-32,000.00	

Montara Water & Sanitary District
Revenue & Expenditures Budget vs. Actual - Sewer
July 2017 through June 2018

													TOTAL			
	Jul 17	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18	Jul '17 - Jun 18	Budget	\$ Over Budget	% of Budget
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														800.00	-800.00	
6820 - Truck Equipment, Expensed														160.00	-160.00	
6830 - Truck Repairs														400.00	-400.00	
Total 6800 - Vehicles														1,360.00	-1,360.00	
6900 - Sewer Authority Midcoastside																
6910 - SAM Collections	26,800.67												26,800.67	285,934.00	-259,133.33	9.37%
6920 - SAM Operations														1,259,320.00	-1,259,320.00	
6940 - SAM Maintenance, Collection Sys														40,000.00	-40,000.00	
6950 - SAM Maintenance, Pumping														50,000.00	-50,000.00	
Total 6900 - Sewer Authority Midcoastside	26,800.67												26,800.67	1,635,254.00	-1,608,453.33	1.64%
Total 6000 - Operations	27,460.37												27,460.37	1,750,714.00	-1,723,253.63	1.57%
Total Expense	63,601.38												63,601.38	2,240,803.00	-2,177,201.62	2.84%
Net Ordinary Income	-8,514.19												-8,514.19	66,668.00	-75,182.19	-12.77%
Other Income/Expense																
Other Income																
7000 - Capital Account Revenues																
7100 - Connection Fees																
7110 - Connection Fees (New Constr)	52,056.00												52,056.00	144,576.00	-92,520.00	36.01%
7120 - Connection Fees (Remodel)	19,330.50												19,330.50	50,000.00	-30,669.50	38.66%
Total 7100 - Connection Fees	71,386.50												71,386.50	194,576.00	-123,189.50	36.69%
7200 - Interest Income - LAIF														15,000.00	-15,000.00	
Total 7000 - Capital Account Revenues	71,386.50												71,386.50	209,576.00	-138,189.50	34.06%
Total Other Income	71,386.50												71,386.50	209,576.00	-138,189.50	34.06%
Other Expense																
8000 - Capital Improvement Program																
8075 - Sewer														1,640,000.00	-1,640,000.00	
Total 8000 - Capital Improvement Program														1,640,000.00	-1,640,000.00	
9000 - Capital Account Expenses																
9125 - PNC Equipment Lease Interest	1,575.71												1,575.71	18,280.00	-16,704.29	8.62%
9175 - Capital Assessment - SAM																
9200 - I-Bank Loan	12,391.76												12,391.76	24,354.00	-11,962.24	50.88%
Total 9000 - Capital Account Expenses	13,967.47												13,967.47	42,634.00	-28,666.53	32.76%

Montara Water & Sanitary District
Revenue & Expenditures Budget vs. Actual - Sewer
 July 2017 through June 2018

	Jul 17	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18	Jul '17 - Jun 18	Budget	\$ Over Budget	% of Budget
Total Other Expense	13,967.47												13,967.47	1,682,634.00	-1,668,666.53	0.83%
Net Other Income	57,419.03												57,419.03	-1,473,058.00	1,530,477.03	-3.9%
Net Income	48,904.84												48,904.84	-1,406,390.00	1,455,294.84	-3.48%

Montara Water & Sanitary District
Revenue & Expenditures Budget vs. Actual - Water
July 2017 through June 2018

													TOTAL			
	Jul 17	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18	Jul '17 - Jun 18	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense																
Income																
4220 - Cell Tower Lease	2,954.36												2,954.36	31,441.67	-28,487.31	9.4%
4400 - Fees																
4410 - Administrative Fee (New Constr)	505.00												505.00	5,041.67	-4,536.67	10.02%
4420 - Administrative Fee (Remodel)														825.00	-825.00	
4430 - Inspection Fee (New Constr)	477.00												477.00	4,583.34	-4,106.34	10.41%
4440 - Inspection Fee (Remodel)														595.84	-595.84	
Total 4400 - Fees	982.00												982.00	11,045.85	-10,063.85	8.89%
4610 - Property Tax Receipts	5,543.81												5,543.81	235,000.00	-229,456.19	2.36%
4740 - Testing, Backflow	5,322.00												5,322.00	11,916.67	-6,594.67	44.66%
4810 - Water Sales, Domestic	166,395.47												166,395.47	1,755,871.34	-1,589,475.87	9.48%
4850 - Water Sales Refunds, Customer														-2,750.00	2,750.00	
4990 - Other Revenue																
Total Income	181,197.64												181,197.64	2,042,525.53	-1,861,327.89	8.87%
Gross Profit	181,197.64												181,197.64	2,042,525.53	-1,861,327.89	8.87%
Expense																
5000 - Administrative																
5190 - Bank Fees	76.10												76.10	6,416.67	-6,340.57	1.19%
5200 - Board of Directors																
5210 - Board Meetings														3,666.67	-3,666.67	
5220 - Director Fees														3,025.00	-3,025.00	
5230 - Election Expenses																
Total 5200 - Board of Directors														6,691.67	-6,691.67	
5240 - CDPH Fees														14,208.34	-14,208.34	
5250 - Conference Attendance														3,666.67	-3,666.67	
5270 - Information Systems														2,750.00	-2,750.00	
5300 - Insurance																
5310 - Fidelity Bond														458.34	-458.34	
5320 - Property & Liability Insurance														2,475.00	-2,475.00	
Total 5300 - Insurance														2,933.34	-2,933.34	
5350 - LAFCO Assessment														2,291.67	-2,291.67	
5400 - Legal																
5420 - Meeting Attendance, Legal														7,791.67	-7,791.67	
5430 - General Legal														55,000.00	-55,000.00	
Total 5400 - Legal														62,791.67	-62,791.67	
5510 - Maintenance, Office														7,333.34	-7,333.34	
5530 - Memberships														16,500.00	-16,500.00	
5540 - Office Supplies														7,333.34	-7,333.34	
5550 - Postage														6,875.00	-6,875.00	
5560 - Printing & Publishing														1,833.34	-1,833.34	
5600 - Professional Services																

Montara Water & Sanitary District
Revenue & Expenditures Budget vs. Actual - Water
July 2017 through June 2018

	Jul 17	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18	TOTAL			
													Jul '17 - Jun 18	Budget	\$ Over Budget	% of Budget
5610 · Accounting													27,500.00	-27,500.00		
5620 · Audit													11,916.67	-11,916.67		
5630 · Consulting													22,916.67	-22,916.67		
5640 · Data Services																
5650 · Labor & HR Support													2,062.50	-2,062.50		
5660 · Payroll Services	74.00												74.00	870.84	-796.84	8.5%
Total 5600 · Professional Services	74.00												74.00	65,266.68	-65,192.68	0.11%
5720 · Telephone & Internet													20,515.00	-20,515.00		
5730 · Mileage Reimbursement													1,833.34	-1,833.34		
5740 · Reference Materials													733.34	-733.34		
5800 · Labor																
5810 · CalPERS 457 Deferred Plan	2,732.09												2,732.09	32,553.59	-29,821.50	8.39%
5820 · Employee Benefits	11,334.17												11,334.17	79,618.00	-68,283.83	14.24%
5830 · Disability Insurance													3,333.92	-3,333.92		
5840 · Payroll Taxes	3,247.71												3,247.71	38,769.50	-35,521.79	8.38%
5850 · PARS	2,196.04												2,196.04	25,806.00	-23,609.96	8.51%
5900 · Wages																
5910 · Management	8,125.00												8,125.00	95,081.25	-86,956.25	8.55%
5920 · Staff	29,178.80												29,178.80	325,193.92	-296,015.12	8.97%
5930 · Staff Certification	800.00												800.00	8,250.00	-7,450.00	9.7%
5940 · Staff Overtime	3,512.23												3,512.23	51,178.42	-47,666.19	6.86%
5950 · Staff Standby	2,245.21												2,245.21	23,784.75	-21,539.54	9.44%
Total 5900 · Wages	43,861.24												43,861.24	503,488.34	-459,627.10	8.71%
5960 · Worker's Comp Insurance													18,285.67	-18,285.67		
Total 5800 · Labor	63,371.25												63,371.25	701,855.02	-638,483.77	9.03%
Total 5000 · Administrative	63,521.35												63,521.35	931,828.43	-868,307.08	6.82%
6000 · Operations																
6160 · Backflow Prevention													916.67	-916.67		
6170 · Claims, Property Damage													9,166.67	-9,166.67		
6180 · Communications																
6185 · SCADA Maintenance													18,333.34	-18,333.34		
6180 · Communications - Other																
Total 6180 · Communications													18,333.34	-18,333.34		
6195 · Education & Training													6,416.67	-6,416.67		
6200 · Engineering																
6210 · Meeting Attendance, Engineering													1,833.34	-1,833.34		
6220 · General Engineering													18,333.34	-18,333.34		
6230 · Water Quality Engineering													59,583.34	-59,583.34		
Total 6200 · Engineering													79,750.02	-79,750.02		
6320 · Equipment & Tools, Expensed													4,583.34	-4,583.34		
6330 · Facilities																
6335 · Alarm Services													733.34	-733.34		

Montara Water & Sanitary District
Revenue & Expenditures Budget vs. Actual - Water
July 2017 through June 2018

													TOTAL			
	Jul 17	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18	Jul '17 - Jun 18	Budget	\$ Over Budget	% of Budget
6337 · Landscaping														5,500.00	-5,500.00	
6330 · Facilities - Other																
Total 6330 · Facilities														6,233.34	-6,233.34	
6370 · Lab Supplies & Equipment														916.67	-916.67	
6400 · Pumping																
6410 · Pumping Fuel & Electricity														82,500.00	-82,500.00	
6420 · Pumping Maintenance, Generators														9,166.67	-9,166.67	
6430 · Pumping Maintenance, General														6,416.67	-6,416.67	
6440 · Pumping Equipment, Expensed														1,833.34	-1,833.34	
Total 6400 · Pumping														99,916.68	-99,916.68	
6500 · Supply																
6510 · Maintenance, Raw Water Mains														1,833.34	-1,833.34	
6520 · Maintenance, Wells														9,166.67	-9,166.67	
6530 · Water Purchases														36,666.67	-36,666.67	
6500 · Supply - Other																
Total 6500 · Supply														47,666.68	-47,666.68	
6600 · Collection/Transmission																
6610 · Hydrants														916.67	-916.67	
6620 · Maintenance, Water Mains														50,416.67	-50,416.67	
6630 · Maintenance, Water Svc Lines														22,916.67	-22,916.67	
6640 · Maintenance, Tanks														916.67	-916.67	
6650 · Maint., Distribution General														9,166.67	-9,166.67	
6670 · Meters														2,291.67	-2,291.67	
Total 6600 · Collection/Transmission														86,625.02	-86,625.02	
6700 · Treatment																
6710 · Chemicals & Filtering														27,500.00	-27,500.00	
6720 · Maintenance, Treatment Equip.														3,666.67	-3,666.67	
6730 · Treatment Analysis														27,500.00	-27,500.00	
Total 6700 · Treatment														58,666.67	-58,666.67	
6770 · Uniforms														11,000.00	-11,000.00	
6800 · Vehicles																
6810 · Fuel														7,333.34	-7,333.34	
6820 · Truck Equipment, Expensed														916.67	-916.67	
6830 · Truck Repairs														4,583.34	-4,583.34	
Total 6800 · Vehicles														12,833.35	-12,833.35	
Total 6000 · Operations														443,025.12	-443,025.12	
Total Expense	63,521.35												63,521.35	1,374,853.55	-1,311,332.20	4.62%
Net Ordinary Income	117,676.29												117,676.29	667,671.98	-549,995.69	17.63%
Other Income/Expense																

Montara Water & Sanitary District
Revenue & Expenditures Budget vs. Actual - Water
July 2017 through June 2018

	Jul 17	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18	TOTAL			
													Jul '17 - Jun 18	Budget	\$ Over Budget	% of Budget
Other Income																
7000 - Capital Account Revenues																
7100 - Connection Fees																
7110 - Connection Fees (New Constr)	17,302.00												17,302.00	158,601.67	-141,299.67	10.91%
7120 - Connection Fees (Remodel)														73,333.34	-73,333.34	
7130 - Conn. Fees, PFP (New Constr)																
Total 7100 - Connection Fees	17,302.00												17,302.00	231,935.01	-214,633.01	7.46%
7600 - Bond Revenues, G.O.	35,428.30												35,428.30	1,054,566.34	-1,019,138.04	3.36%
Total 7000 - Capital Account Revenues	52,730.30												52,730.30	1,286,501.35	-1,233,771.05	4.1%
Total Other Income	52,730.30												52,730.30	1,286,501.35	-1,233,771.05	4.1%
Other Expense																
8000 - Capital Improvement Program																
8100 - Water														654,041.67	-654,041.67	
Total 8000 - Capital Improvement Program														654,041.67	-654,041.67	
9000 - Capital Account Expenses																
9100 - Interest Expense - GO Bonds														273,978.00	-273,978.00	
9125 - PNC Equipment Lease Interest	1,575.72												1,575.72	16,756.67	-15,180.95	9.4%
9150 - SRF Loan														34,273.00	-34,273.00	
9210 - Conservation Program/Rebates														458.34	-458.34	
Total 9000 - Capital Account Expenses	1,575.72												1,575.72	325,466.01	-323,890.29	0.48%
Total Other Expense	1,575.72												1,575.72	979,507.68	-977,931.96	0.16%
Net Other Income	51,154.58												51,154.58	306,993.67	-255,839.09	16.66%
Net Income	168,830.87												168,830.87	974,665.65	-805,834.78	17.32%



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **September 21, 2017**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

SUBJECT: SAM Flow Report for July 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 July 2017.
- Collection System Monthly Overflow Report – July 2017.

The Average Daily Flow for Montara was 0.231 MGD in July 2017. There was no reportable overflow in July in the Montara System. SAM indicates there were 0.02 inches of rain in July 2017.

RECOMMENDATION:

Review and file.

Attachments

Sewer Authority Mid-Coastside

Monthly Collection System Activity/SSO Distribution Report, July 2017

July 2017

12 Month Rolling Total Sewer Cleaning Summary

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

12 Month Moving Total

	12 month rolling Number				
	Total	HMB	GCSD	MWSD	SAM
Roots	3	2	0	1	0
Grease	0	0	0	0	0
Mechanical	6	0	0	1	5
Wet Weather	2	2	0	0	0
Other	1	0	0	1	0
Total	12	4	0%	3	5
		33%		25%	42%

Reportable SSOs

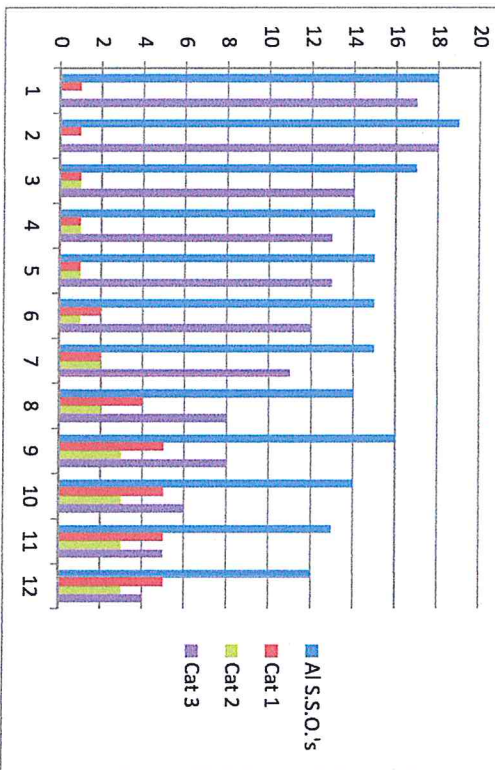
	Reportable Number of S.S.O.'s				
	Total	HMB	GCSD	MWSD	SAM
July 2017	0	0	0	0	0
12 Month Moving Total	12	4	0	3	5

SSOs / Year / 100 Miles

	Number of S.S.O.'s / Year/100 Miles				
	Total	HMB	GCSD	MWSD	SAM
July 2017	0.0	0.0	0.0	0.0	0.0
12 Month Moving Total	11.5	10.8	0.0	11.1	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	3.8	5.4	0.0	3.7	13.7
Miles of Sewers	104.5	37.0	33.2	27.0	7.3
		35.4%	31.8%	25.8%	7.0%

Month	HMB	GCSD	MWSD	Total Feet	Total Miles
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
June - 17	18,411	17,317	8,567	44,295	8.4
July - 17	28,276	20,290	6,368	54,934	10.4
Annual ft	247,032	195,814	133,409	576,255	
Annual Mi.	46.8	37.1	25.3		109.1

12 Month Moving SSO Totals Through July 2017



Attachment A

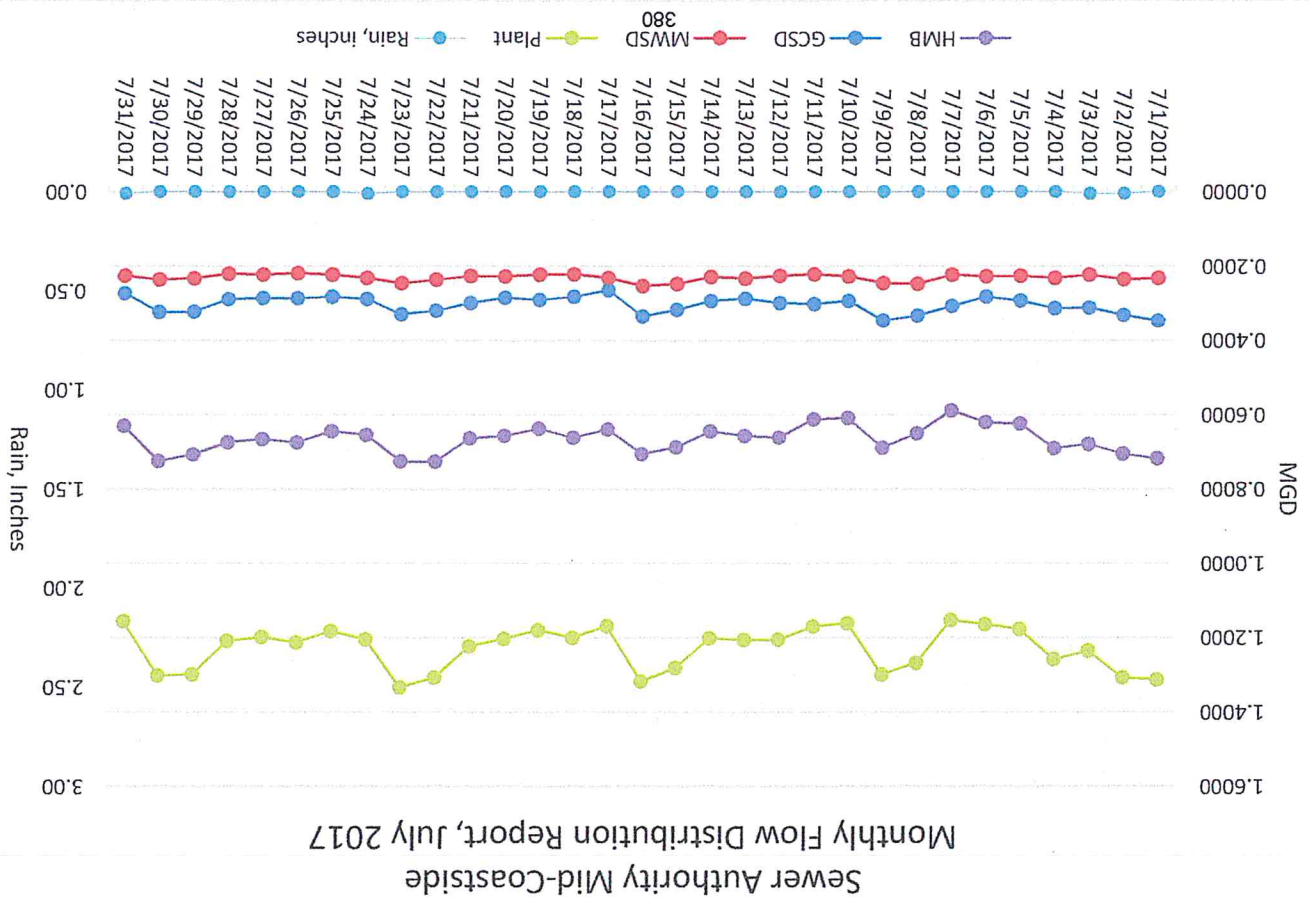
Flow Distribution Report Summary For July 2017

The daily flow report figures for the month of July 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:

Member Agency	MGD	%
The City of Half Moon Bay	0.666	55.4%
Granada Community Services District	0.304	25.3%
Monterey Water and Sanitary District	0.231	19.2%
Total	1.201	100.0%



Sewer Authority Mid-Coastside

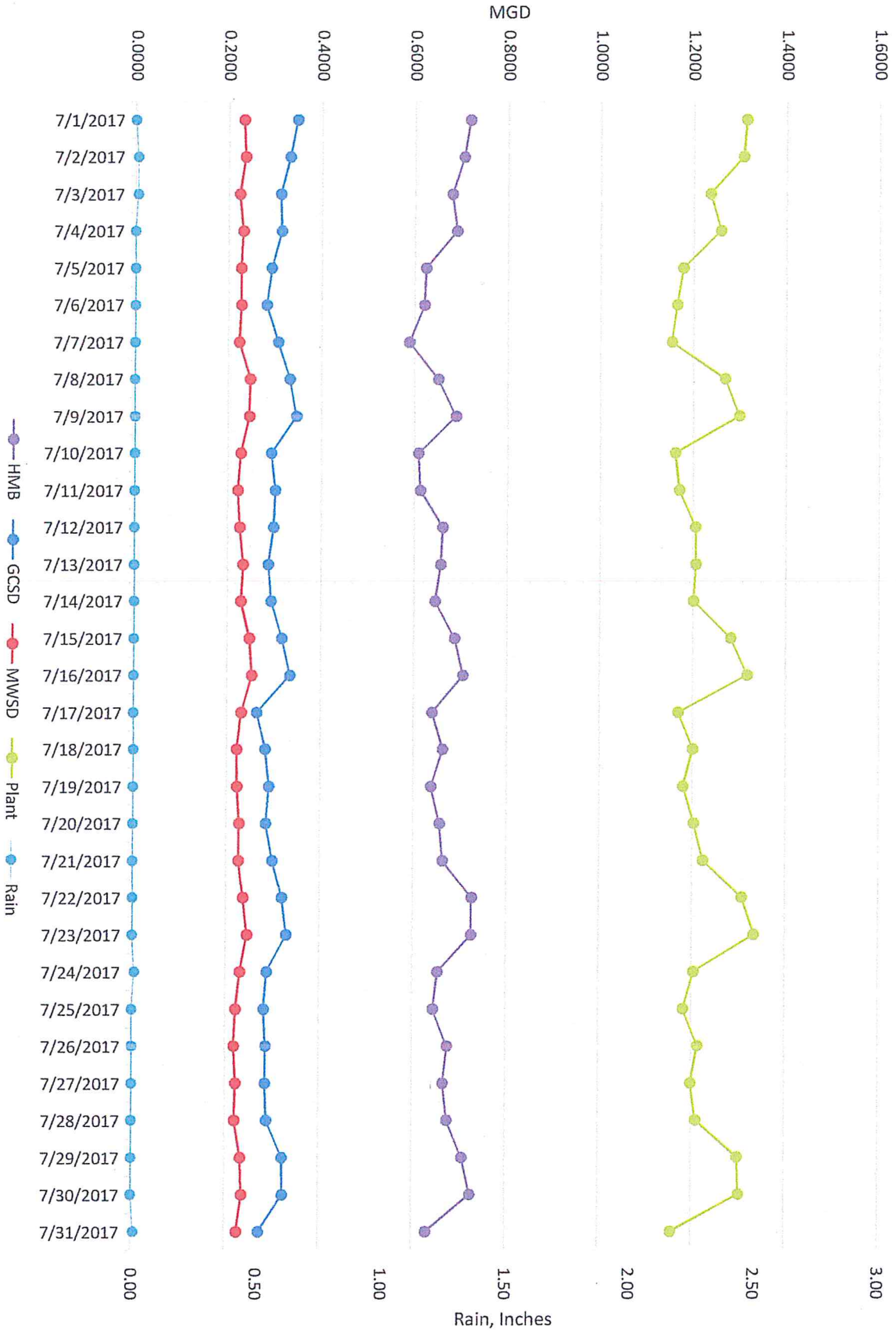
Monthly Flow Distribution Report for July 2017

Date	HMB	GCSD	MWSD	Plant	Plant	Rain	Portola	Rain	Montara
7/1/2017	0.7187	0.3477252	0.233	1.314	1.308	0.01	0.00	0.01	0.01
7/2/2017	0.7057	0.3323492	0.236	1.308	1.236	0.01	0.02	0.00	0.00
7/3/2017	0.6799	0.3121192	0.224	1.236	1.259	0.01	0.01	0.00	0.00
7/4/2017	0.6907	0.3143302	0.232	1.259	1.178	0.00	0.00	0.00	0.00
7/5/2017	0.6243	0.2931882	0.227	1.178	1.165	0.00	0.00	0.00	0.00
7/6/2017	0.6211	0.2826452	0.228	1.165	1.154	0.00	0.00	0.00	0.00
7/7/2017	0.5888	0.3075022	0.224	1.154	1.269	0.00	0.00	0.00	0.00
7/8/2017	0.6511	0.3333982	0.248	1.269	1.300	0.00	0.00	0.00	0.00
7/9/2017	0.6893	0.3473202	0.246	1.300	1.162	0.00	0.00	0.00	0.00
7/10/2017	0.6092	0.2936152	0.228	1.162	1.171	0.00	0.00	0.00	0.00
7/11/2017	0.6129	0.3025002	0.222	1.171	1.206	0.00	0.00	0.00	0.00
7/12/2017	0.6618	0.2993392	0.226	1.206	1.207	0.00	0.00	0.00	0.00
7/13/2017	0.6576	0.2880322	0.234	1.207	1.202	0.00	0.00	0.00	0.00
7/14/2017	0.6455	0.2938372	0.229	1.202	1.282	0.00	0.00	0.00	0.00
7/15/2017	0.6876	0.3175542	0.248	1.282	1.318	0.00	0.00	0.00	0.00
7/16/2017	0.7063	0.3353152	0.254	1.318	1.170	0.00	0.00	0.00	0.00
7/17/2017	0.6402	0.2649672	0.232	1.170	1.201	0.00	0.00	0.00	0.00
7/18/2017	0.6627	0.2828162	0.222	1.201	1.181	0.00	0.00	0.00	0.00
7/19/2017	0.6382	0.2912902	0.223	1.181	1.204	0.00	0.00	0.00	0.00
7/20/2017	0.6572	0.2849612	0.228	1.204	1.224	0.00	0.00	0.00	0.00
7/21/2017	0.6635	0.2995542	0.227	1.224	1.308	0.00	0.00	0.00	0.00
7/22/2017	0.7268	0.3202312	0.237	1.308	1.334	0.00	0.00	0.00	0.00
7/23/2017	0.7259	0.3298702	0.246	1.334	1.205	0.00	0.01	0.00	0.00
7/24/2017	0.6546	0.2888012	0.232	1.205	1.183	0.00	0.00	0.00	0.00
7/25/2017	0.6448	0.2829312	0.223	1.183	1.214	0.00	0.00	0.00	0.00
7/26/2017	0.6755	0.2869772	0.219	1.214	1.199	0.00	0.00	0.00	0.00
7/27/2017	0.6664	0.2863912	0.223	1.199	1.210	0.00	0.00	0.00	0.00
7/28/2017	0.6751	0.2891442	0.221	1.210	1.300	0.00	0.00	0.00	0.00
7/29/2017	0.7076	0.3233012	0.234	1.300	1.303	0.00	0.00	0.00	0.00
7/30/2017	0.7255	0.3244252	0.237	1.303	1.157	0.01	0.00	0.00	0.00
7/31/2017	0.6309	0.2733462	0.226	1.157					
Totals	20.645	9.430	7.169	38.124	0.04	0.04	0.02		

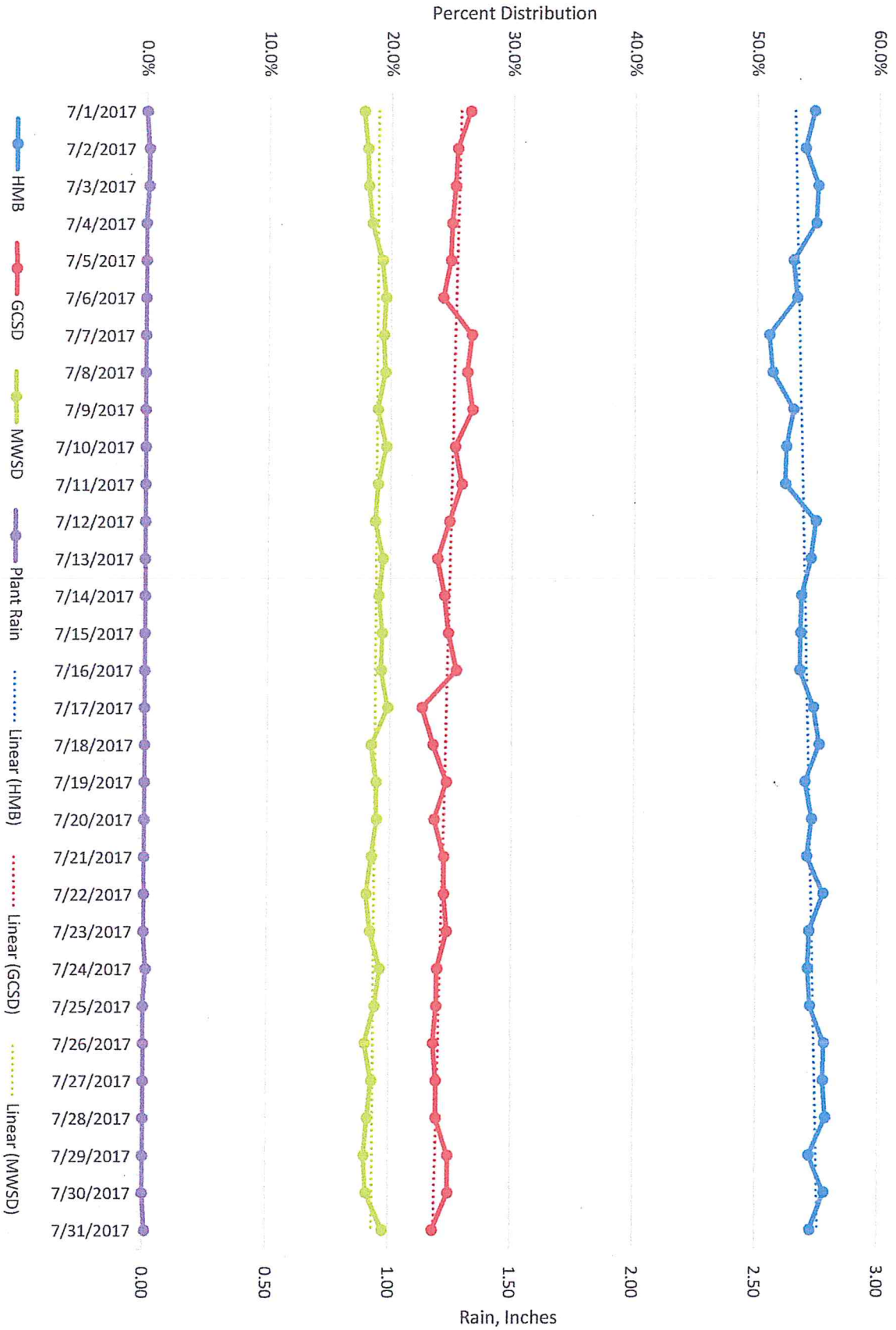
Summary

<u>HMB</u>	<u>GCSD</u>	<u>MWSD</u>	<u>Plant</u>
0.589	0.265	0.219	1.154
0.666	0.304	0.231	1.201
Maximum	0.727	0.348	1.334
Distribution	55.4%	25.3%	19.2%
			100.0%

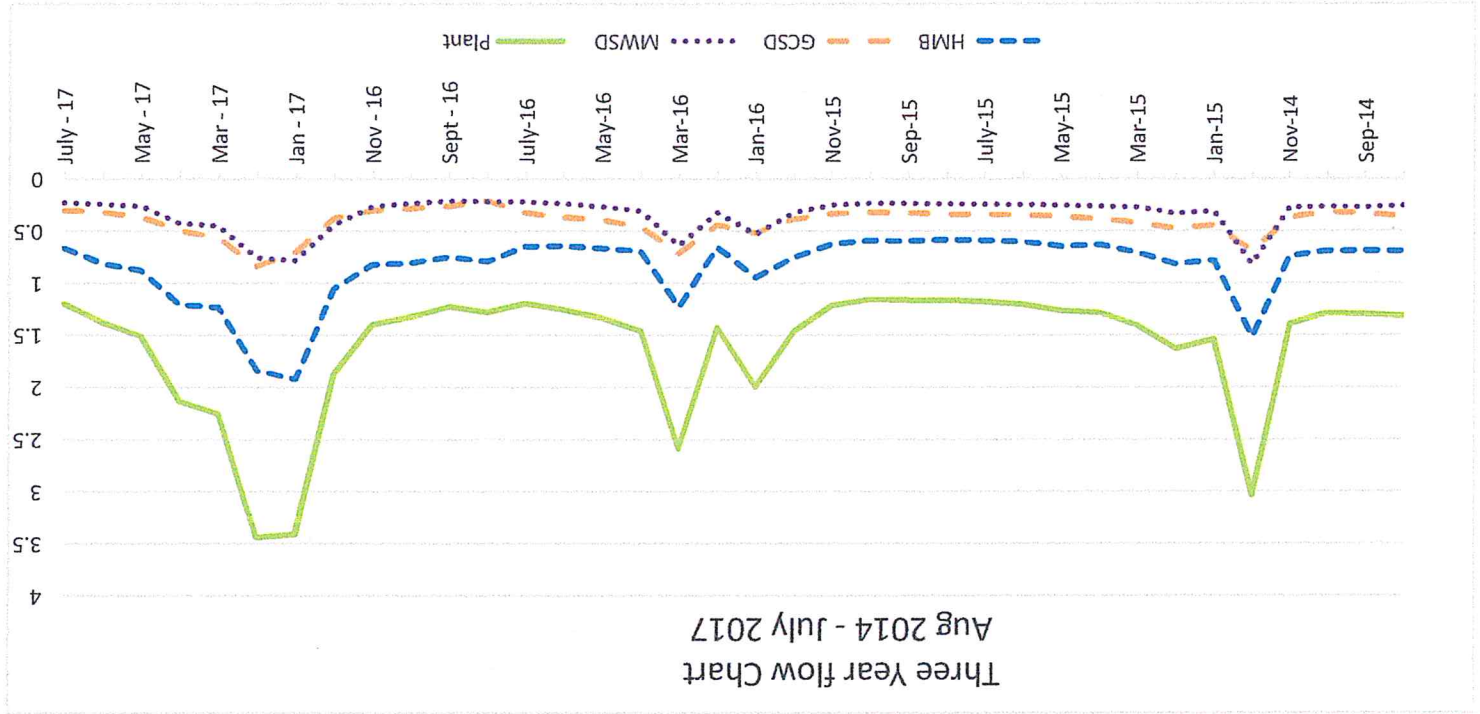
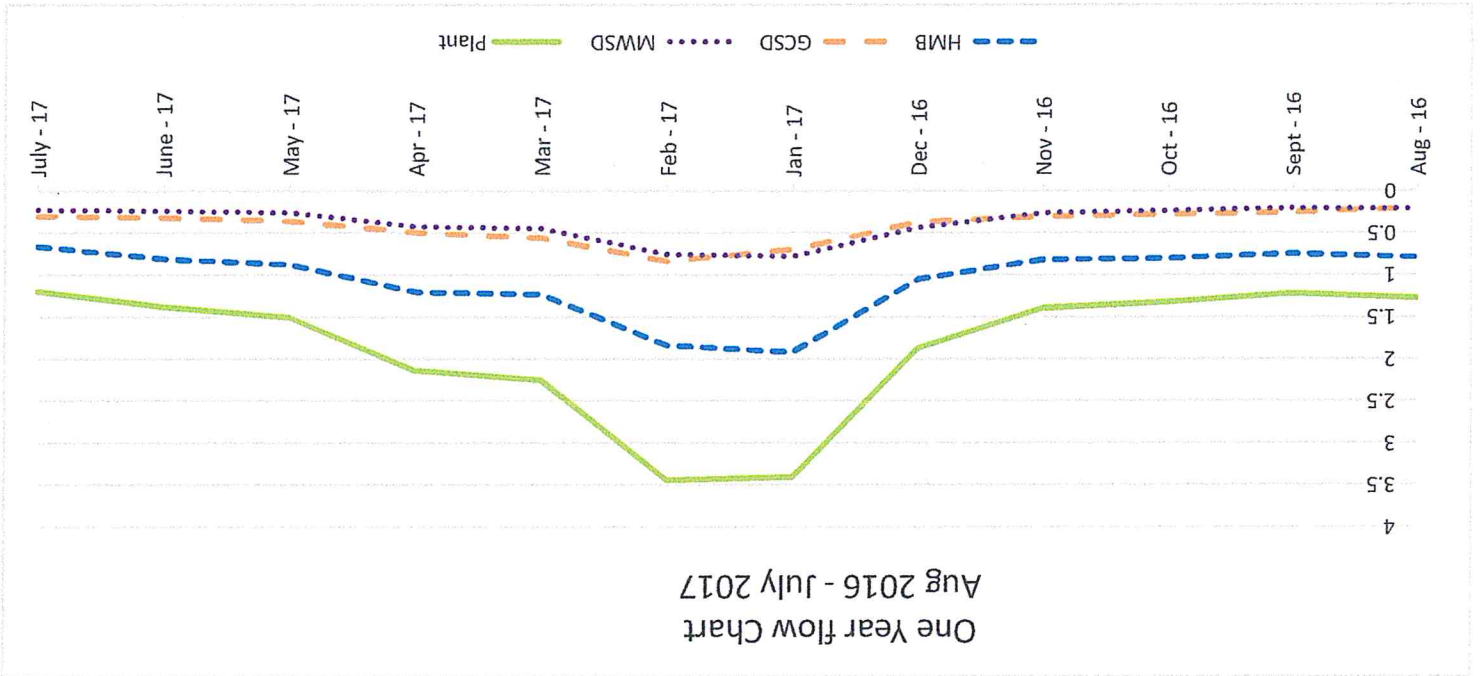
Sewer Authority Mid-Coastside Monthly Flow Distribution Report, July 2017



Percent Distribution July 2017



Most recent flow calibration December 2016 PS, November 2016 Plant





MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: September 21, 2017

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

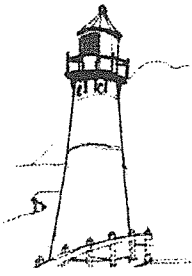
SUBJECT: Review of Current Investment Portfolio

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 July 2017 the rate was 1.051.
- 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: **September 21, 2017**
TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

SUBJECT: Connection Permit Applications Received

As of September 21, 2017 the following new Sewer Connection Permit application was received since the last report:

Date of Application	Property Owner	Site Address	Home Size
5/18/2017	Patrick Power	1928 Sunshine Valley	SFD

As of September 21, 2017 the following new Water (Private Fire Sprinkler) Connection Permit application was received since the last report:

Date of Application	Property Owner	Site Address	Home Size
5/18/2017	Patrick Power	1928 Sunshine Valley	SFD

As of September 21, 2017 the following new Water Connection Permit application was received since the last report:

Date of App.	Property Owner	Site Address	Home Size	Type of Connection
5/18/2017	Patrick Power	1928 Sunshine Valley	SFD	Domestic

RECOMMENDATION:

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



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: September 21st, 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.

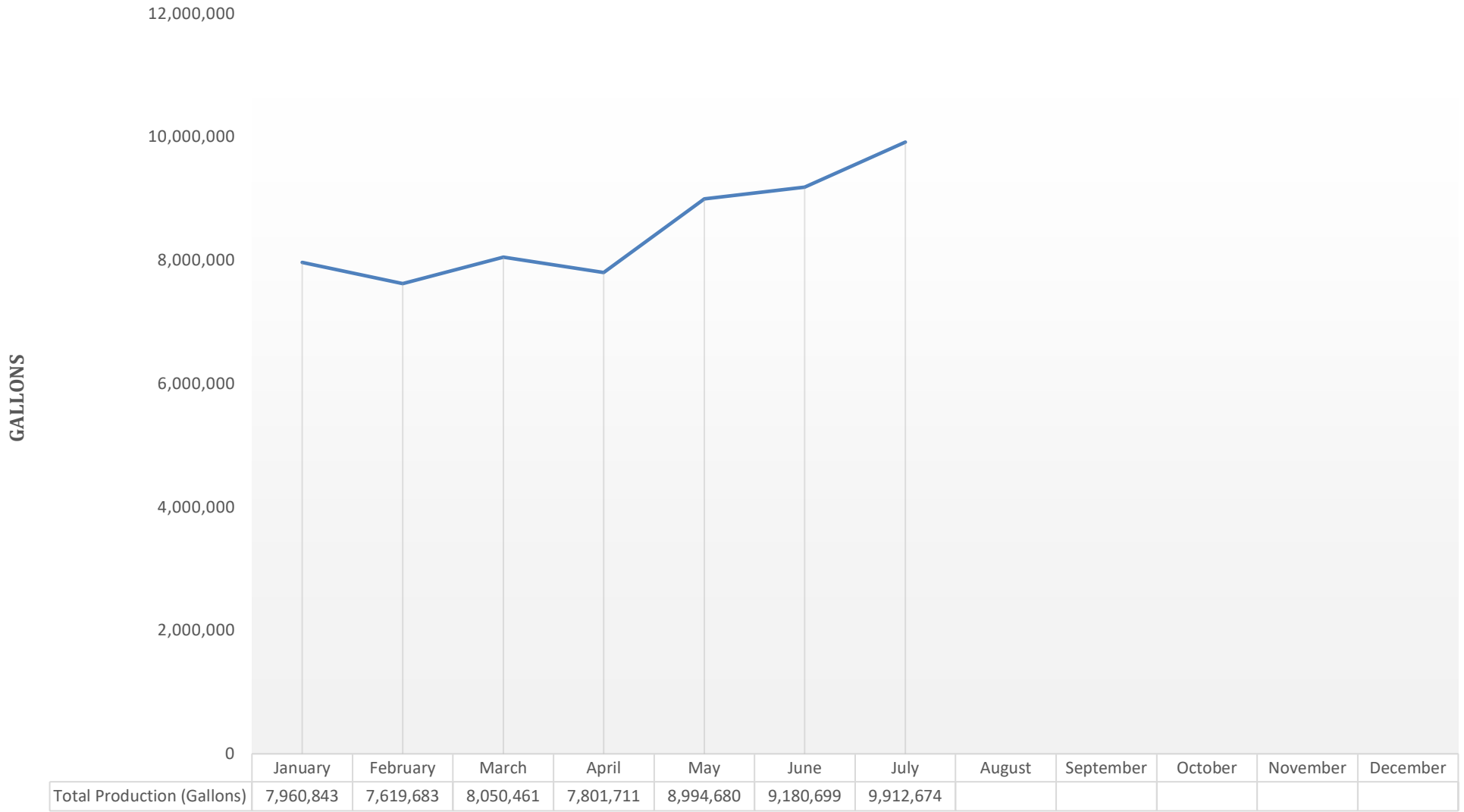
The first shows a consolidated from all sources by month. The second shows each water source the District uses, both wells and surface water. The production is shown in gallons of water produced.

RECOMMENDATION:

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

Attachments: 2

TOTAL PRODUCTION 2017(Gallons)



MONTH



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting of: September 21st, 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: Rain Report

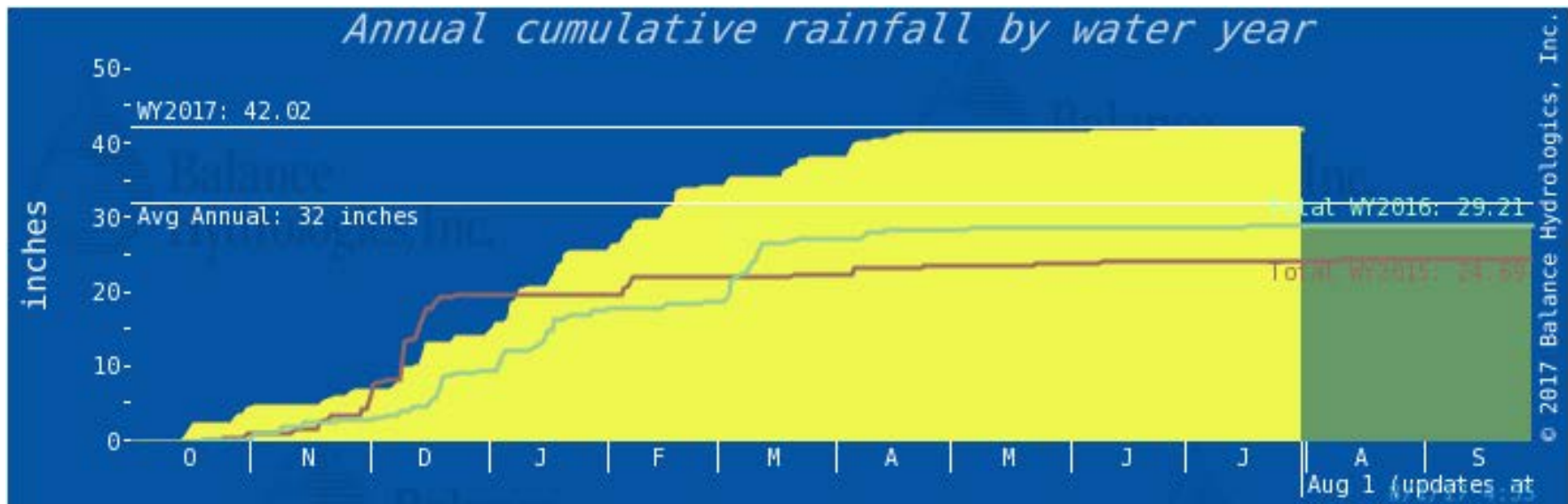
The attached chart shows the monthly rainfall at Alta Vista Treatment Plant for the current and prior water years along with seven-year average rain fall.

RECOMMENDATION:

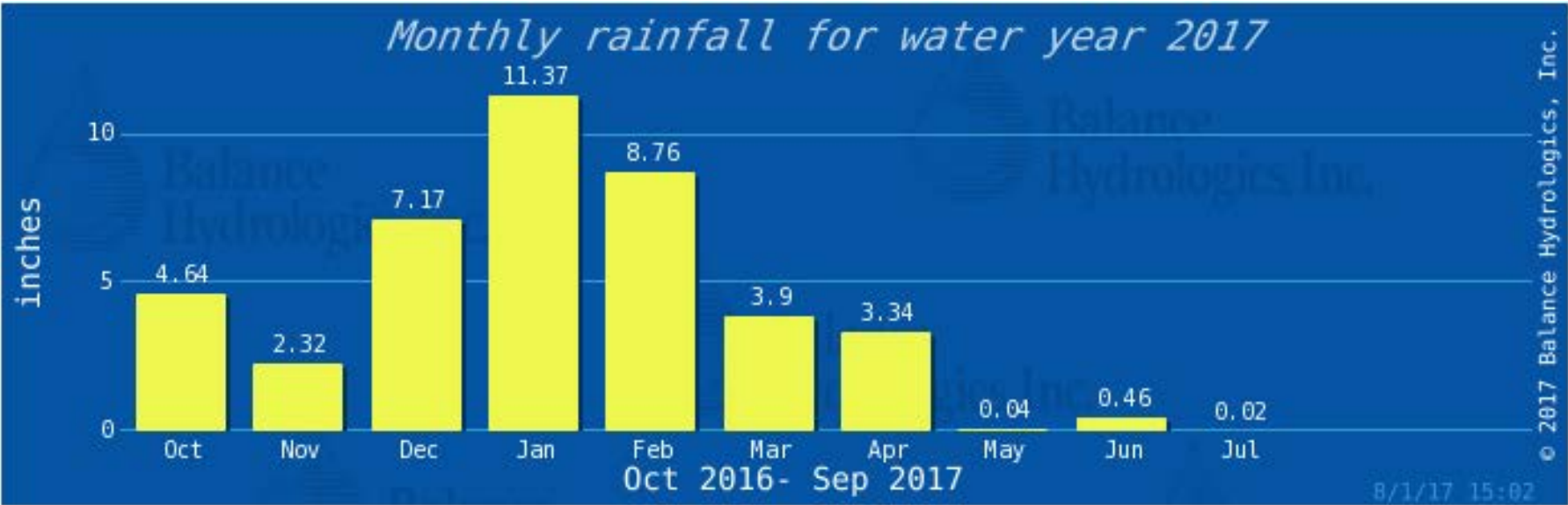
No action is required. These reports are provided for the Board's information only.

Attachments: 2

Annual Cumulative Rainfall



Monthly Cumulative Rainfall






MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: September 21st, 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 39631 kWh and saved 67372 lbs of CO₂.

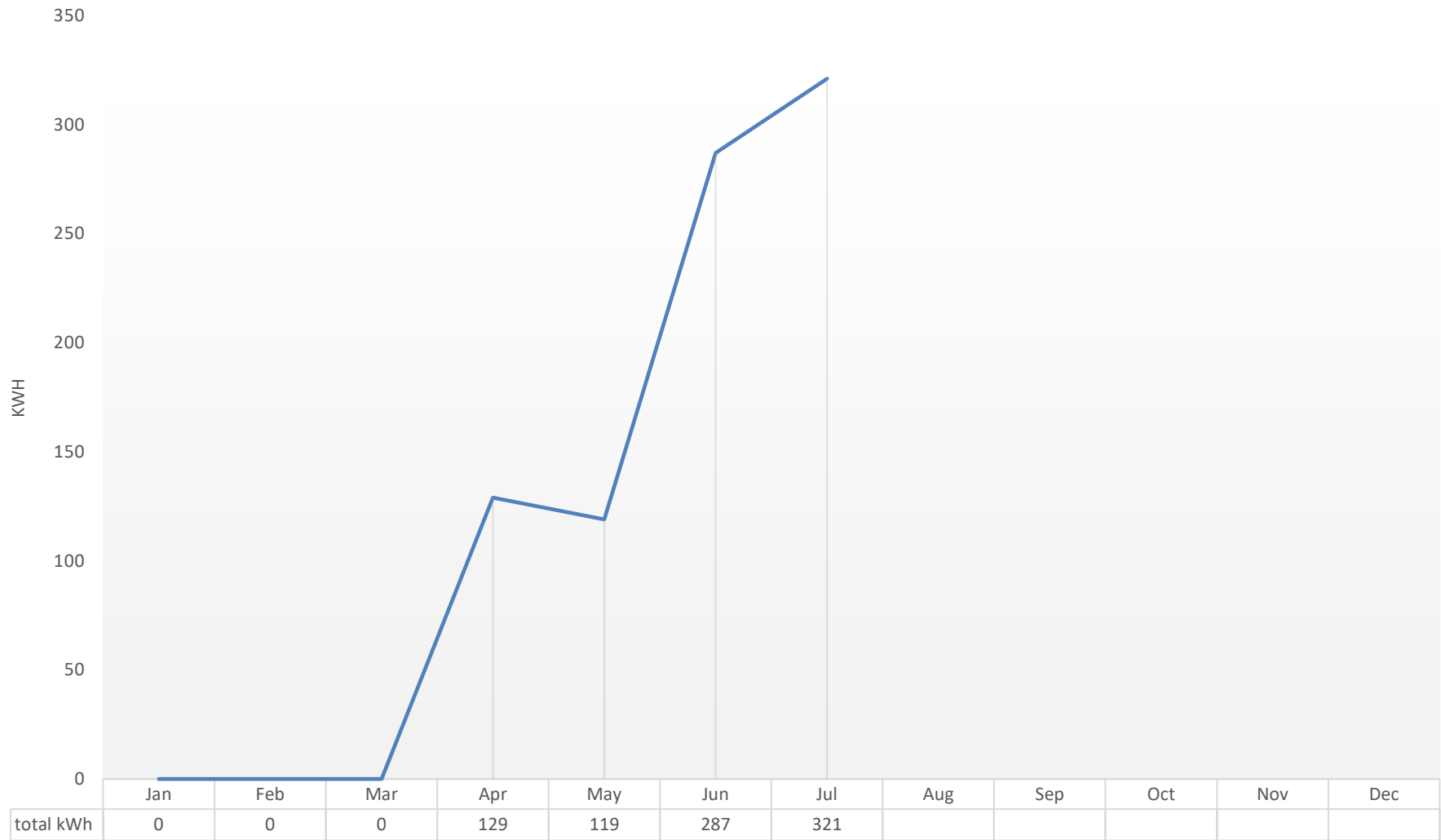
Please note - due to an electrical storm in December, the solar array equipment was damaged and has been disconnected. Array was reconnected April 15th , 2017

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: **September 21, 2017**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager 

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

The District has received the monthly PARS report for June 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:

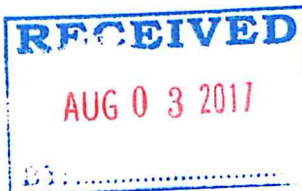
This is for Board information only.

Attachment

TRUSTED SOLUTIONS. LASTING RESULTS.

*Montara Water and San
Retirement Enhancement Plan*

Clemens H. Heldmaier
General Manager
Montara Water and San
P.O. Box 370131
Montara, CA 94037



Monthly Account Report for the Period
6/1/2017 to 6/30/2017

PlanID: P7-REP15A

Account Summary

Source	Beginning Balance as of 6/1/2017	Contributions	Earnings	Expenses	Distributions	Transfers	Ending Balance as of 6/30/2017
Contributions	\$517,422.00	\$7,301.07	\$3,931.52	\$249.37	\$508.86	\$0.00	\$527,896.36
TOTAL	\$517,422.00	\$7,301.07	\$3,931.52	\$249.37	\$508.86	\$0.00	\$527,896.36

Investment Selection

PARS 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

Source	1-Month	3-Months	1-Year	Annualized Return			Plan's Inception Date
				3-Years	5-Years	10-Years	
General	0.75%	2.96%	13.47%	-	-	-	03/08/16

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.

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

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.



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: September 21, 2017

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

**SUBJECT: Review and Possible Action Concerning
Amendment Extending Solid Waste Franchise
Agreement with Recology of the Coast.**

The initial term of the District's Franchise Agreement with Recology of the Coast (Recology) expires at the end of this calendar year. As required by the agreement Recology informed the District of its intent to extend the agreement through an amendment.

In advance of the amendment negotiations Recology sent out a customer survey to evaluate potential changes to the service level in the District, specifically the elevation of the existing bi-weekly green waste program to a weekly composting program. MWSD is in possession of 653 individual customer responses. A total of 36% of the customer base responded. In favor of the addition of the composting program were 106 customer, or 16.2% of responses. 207, or 31.7% of responses indicate that they are happy with the current green waste program and already compost on their own. 301, or 46.2% are happy with the existing green waste program. 39, or 5.9% of answers indicate that they don't use the green waste program and instead rely on a gardener to remove green waste. In summary, the overwhelming majority of customers would like to keep the service level as is.

Recology and District staff negotiated a minor amendment to extend the existing agreement with the following changes to the existing agreement:

- Customers will receive a 96 gallon green waste cart this fall and can continue to use one of their own 30 gallon carts, not to exceed 25 pounds. As per the existing agreement, anyone having difficulties handling the 96 gallon cart can contact Recology and will be addressed on an individual basis. This change is implemented due to past injuries and safety concerns for Recology workers. At the request of Pillar Ridge (PR) management customers located within PR will retain the current service due to limited green waste and storage in the facility. Regardless, any PR customer can request the 96 gallon container. Recology will distribute information about the increase in services to MWSD customers



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: September 21, 2017

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

- **Rate Stabilization Clause:** If the cost based rate calculation formula results in an annual rate increase above 5%, then the increase above 5% can be deferred to the following one or two years of index based increases. This prevents potential rate shock of substantial increases in a single year, as was seen in 2016.
- The term of the extended agreement begins on January 1, 2018 and expires December 31, 2027. District staff believes that a 10 year agreement benefits both, the District as well as Recology. If MWSD chooses to terminate the contract earlier, the District agrees to purchase the Recology issued carts at depreciated value.
- Recology agrees to submit the required information for the annual rate increases one month earlier than specified in the original agreement. This allows more time for the District to review the documents and initiate the required Prop 218 process. Recology will adjust their Fiscal Year accordingly.
- Waste Collection in the MWSD will commence at 6:00 am, instead of 7:00 am. Recology has long requested this change and already implements an earlier route start for safety reasons. We believe that avoiding heavy traffic benefits both Recology and District customers.

Recommendation:

Adopt Resolution No.____, Resolution Approving and Authorizing Execution of First Amendment to Franchise Agreement for Solid Waste and Recycling Services.



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: September 21, **2017**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

RESOLUTION NO. _____

**RESOLUTION APPROVING AND AUTHORIZING EXECUTION
OF FIRST AMENDMENT TO FRANCHISE AGREEMENT FOR
SOLID WASTE AND RECYCLING SERVICES
(Recology of the Coast)**

WHEREAS, the Montara Water and Sanitary District and Recology of the Coast entered into that certain agreement entitled, "Franchise Agreement between the Montara Water and Sanitary District and Recology of the Coast for Solid Waste and Recycling Services," effective October 1, 2013 ("Agreement"); and

WHEREAS, the term of the Agreement expires on December 31, 2017; and

WHEREAS, a proposed amendment to the Agreement which extends the term, makes corresponding changes to, and clarifies certain provisions of, the Agreement has been presented to and reviewed by this Board, and

WHEREAS, this Board hereby determines that said amendment is in the public interest and should be approved and executed on behalf of the District;

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:

That certain agreement by and between the Montara Water and Sanitary District, a public agency in the County of San Mateo, California, and Recology of the Coast, a California Corporation, entitled "First Amendment to Agreement for Solid Waste and Recycling Services" (form dated 09/14/17r), a copy of which is on file in the District Administrative Offices, to which reference is hereby made for the full particulars thereof, is hereby approved, and the President and Secretary of this Board are hereby authorized and directed to execute said agreement, and to attest thereto, respectively, for and on behalf of the District.

President, Montara Water and Sanitary District

COUNTERSIGNED:

Secretary, Montara Water and Sanitary District

* * * *

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 21st day of September 2017, by the following vote:

AYES, Directors:

NOES, Directors:

ABSENT, Directors:

Secretary, Montara Water and Sanitary District

FIRST AMENDMENT TO FRANCHISE AGREEMENT

This **FIRST AMENDMENT** to the Franchise Agreement hereinafter referenced is entered into and effective as of October 1, 2017 between the Montara Water and Sanitary District, a public agency ("District"), and Recology of the Coast, a California corporation ("Contractor").

WHEREAS, District and Contractor are parties to that certain Franchise Agreement for Solid Waste and Recycling Services effective October 1, 2013 ("Agreement"), and wish to amend the Agreement as set forth herein.

NOW, THEREFORE, the parties agree as follows:

1. Section 2.03 of the Agreement is hereby amended to read as follows:

"2.03. Term. The initial term of this Agreement shall commence upon the Effective Date and shall expire as of midnight December 31, 2017. The extended term shall commence January 1, 2018 and shall expire December 31, 2027. If this Agreement is terminated prior to the expiration of the extended term, District shall purchase from Contractor all Containers owned by Contractor or its Affiliate that are then in possession of Single Family Dwelling Service Recipients within District's Service Area. The purchase price for such Containers shall equal the depreciated value of their acquisition cost as of the date of termination, calculated as set forth in Section 2.8 of Exhibit E. Said sum shall be payable on or before the date that is 90 days after the date of termination. This provision shall survive the expiration or earlier termination of this Agreement."

2. Section 4.04.1 of the Agreement is hereby amended to read as follows:

"4.04.1 Collection. Contractor shall collect Yard Waste from Single Family Dwelling Residential Service Recipients once every two weeks on the regularly scheduled day of the week for such Collection as posted on Contractor's website. Contractor shall service one (1) 30 gallon capacity customer-provided Container provided that it weighs 25 pounds or less, and shall provide and service one (1) ninety-six gallon capacity wheeled cart for each Single Family Dwelling for Yard Waste Collection. Contractor shall include a description of Composting Programs in Contractor's Education and Public Awareness Program pursuant to Section 5.05."

3. Section 4.10.1 of the Agreement is hereby amended to read as follows:

"4.10.1 Residential. Solid Waste, Recyclable Material, and Yard Waste shall be Collected from Premises occupied by Residential Service Recipients only on weekdays between the hours of 6 a.m. and 6 p.m. Contractor shall notify District and such Service Recipients in writing at least two (2) weeks prior to instituting a change in their Collection days. No scheduled change shall cause a lapse of more than seven (7) consecutive days in Collection service to any Residential Service Recipient. Contractor shall notify Residential Service Recipients of designated alternative collection days when the regularly scheduled Collection days fall on holidays observed by Contractor."

4. Section 6.02.A of the Agreement is hereby amended by substituting the following table for the table included therein:

Rate Year Start Date	Method to Determine Rates for Such Rate Year	Application Submittal Date
January 1, 2015	Index-Based	October 1, 2014
January 1, 2016	Cost-Based	September 1, 2015
January 1, 2017	Index-Based	October 1, 2016
January 1, 2018	Index-Based	September 1, 2017
January 1, 2019	Cost-Based	September 1, 2018
January 1, 2020	Index-Based	September 1, 2019
January 1, 2021	Index-Based	September 1, 2020
January 1, 2022	Cost-Based	September 1, 2021
January 1, 2023	Index-Based	September 1, 2022
January 1, 2024	Index-Based	September 1, 2023
January 1, 2025	Cost-Based	September 1, 2024
January 1, 2026	Index-Based	September 1, 2025
January 1, 2027	Index-Based	September 1, 2026
* January 1, 2028	Cost-Based	September 1, 2027
* January 1, 2029	Index-Based	September 1, 2028
* January 1, 2030	Index-Based	September 1, 2029
* January 1, 2031	Cost-Based	September 1, 2030
* January 1, 2032	Index-Based	September 1, 2031
<i>* Applicable only if Term extended.</i>		

5. Section 6.04 is hereby added to Article 6 of the Agreement to read as follows:

“6.04. Deferral of Maximum Rate Adjustments in Cost-Based Years

A. If the maximum rate adjustment required by the cost-based methodology in Exhibit E (Cost-Based Adjustment”) exceeds five percent (5%) for any cost-based Rate Year, then District may elect to defer some or all of the increase above five percent (5%) to the next one or two index-based Rate Years, in accordance with this Section 6.04.

B. If District elects to make such a deferral, it shall notify Contractor of its election by November 1 preceding the start of the cost-based Rate Year in question. The notice shall specify the portion of the Cost-Based Adjustment that District wishes to defer and how that portion is to be allocated among the next one or two index-based Rate Years. The amount so deferred shall be subtracted from the maximum rate increase for the cost-based Rate Year, and added to the maximum rate adjustment that would otherwise apply for the subsequent Rate Years, as allocated by District.

C. The purpose of the deferral mechanism is to smooth maximum rate adjustments, not to reduce compensation to Contractor. The parties further intend that any amounts deferred be recovered within the same

three-year rate cycle (i.e. one cost-based year followed by two index-based years). If, notwithstanding the foregoing, District fails to adjust maximum rates to enable Contractor to recover all amounts deferred under this Section within any three-year rate cycle, and by the last year of the Term, then District shall pay the amount of the shortfall to Contractor within 180 days after the end of such three-year rate cycle or the end of the Term, as the case may be. Such remedy shall be cumulative to any other remedy Contractor may have under this Agreement or at law.

D. All calculations required to give effect to this Section shall be calculated by Contractor in good faith and shall be subject to administrative review by District. Deferrals under this Section shall be “below the line” and shall not affect the value of any Cost Components or of Total Calculated Costs.”

6. Exhibit D of the Agreement is hereby deleted and replaced in its entirety with Exhibit D attached to this First Amendment to the Agreement.

7. Except as expressly modified by this Amendment, all terms and conditions of the Agreement shall remain unchanged and in full force and effect. Capitalized terms used but not defined herein shall have the meanings given to them in the Agreement. All references in this Amendment to Articles, Sections and Exhibits refer to articles, sections and exhibits of the Agreement.

IN WITNESS WHEREOF, the duly authorized representatives of the parties have executed this First Amendment to Franchise Agreement as of the date first written above.

Montara Water and Sanitary District

Recology of the Coast

By: _____
Dwight Wilson
President Pro Tem

By: _____
Michael J. Sangiacomo
President & CEO

Countersigned: _____
Kathryn Slater-Carter
Secretary

FRANCHISE AGREEMENT
BETWEEN
THE MONTARA WATER AND SANITARY DISTRICT
AND
RECOLOGY OF THE COAST
FOR
SOLID WASTE AND RECYCLING SERVICES
Effective October 1, 2013

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**AGREEMENT
FOR
SOLID WASTE AND RECYCLING SERVICES**

This AGREEMENT is hereby made by and between the Montara Water & Sanitary District, a public agency ("District") and Recology of the Coast, a California corporation ("Contractor");

WITNESSETH:

Whereas, The California Integrated Waste Management Act of 1989 ("Act"; Public Resources Code Section 40000, et seq.) authorizes and requires local public agencies to make adequate provision for Solid Waste (words, phrases and terms, the first letters of which are capitalized herein are defined in Exhibit "A" hereof) services consistent with the policies, standards, and requirements of the Act and regulations adopted pursuant thereto, in furtherance of the public health, safety, and welfare; and

Whereas, pursuant to Section 40059(a) of the Act, District has determined that a franchise agreement shall be awarded to a qualified contractor for the Collection of Solid Waste, Recyclable Material and Yard Waste, and related services in pursuance of the diversion goals and other requirements of the Act; and

Whereas, District intends to maintain reasonable rates consistent with quality service for the Collection of Solid Waste, Recyclable Material and Yard Waste, and related services; and

Whereas, Contractor hereby agrees to provide for the Collection and Disposal of all Solid Waste within District's Service Area, and acknowledges that District does not, and shall not, hereby instruct Contractor how to Collect, process and dispose of Solid Waste, Recyclable Material and Yard Waste; and

Whereas, District and Contractor hereby define their respective roles, and agree that, by entering into this Agreement, District shall not become, and is not, a "generator" or "arranger" as those terms are used in the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. § 9601, et seq.), and that Contractor, not District, hereunder is "arranging for" the Collection, transportation and Disposal of Solid Waste; and

Whereas, District has selected Contractor based on Contractor's representations of its knowledge and experience, and its plans for the implementation of specific programs to meet District's diversion goals under the Act;

NOW, THEREFORE, the parties agree as follows:

ARTICLE 1 DEFINITIONS

1.01 Definitions Incorporated. Unless the context otherwise requires, words, terms, and phrases commencing with capitalized letters in this Agreement shall have the meanings respectively ascribed thereto in Exhibit A.

ARTICLE 2 GRANT AND ACCEPTANCE OF FRANCHISE

2.01 Grant and Acceptance of Franchise. District hereby grants to Contractor the exclusive right and privilege to Collect, transport, and Dispose of Solid Waste, and to Collect, transport, process, and market Recyclable Material and residential Yard Waste, accumulating in District's Service Area. Contractor hereby accepts the foregoing right and privilege, subject to the terms, covenants and conditions of this Agreement.

2.02 Effective Date. The effective date of this Agreement is October 1, 2013. The franchise agreement between Contractor and District dated July 1, 2001, as amended by Agreement dated April 5, 2007, is and shall be superseded upon the Effective Date hereof.

2.03 Term. The initial term of this Agreement ("Term") shall commence upon the Effective Date and shall expire as of midnight December 31, 2017; provided, that if Contractor has notified District in writing on or before November 1, 2017 of its desire to extend the Term, the parties shall confer and determine whether by mutual agreement this Franchise Agreement shall remain in effect for an additional five years, subject to the same terms and conditions. If the parties so agree, this Agreement shall be amended to extend the Term commencing January 1, 2018 and expiring December 31, 2022. If District rejects Contractor's proposal to extend the Term, District shall purchase from Contractor all Containers owned by Contractor or its Affiliate that are then in possession of Single Family Dwelling Service Recipients within District's Service Area. The purchase price for such containers shall equal the unamortized [depreciated] value of the acquisition cost as of December 31, 2017 of those containers purchased by Contractor or its Affiliate for use in providing Solid Waste or Recyclable Material Collection services to said Residential Service Recipients, calculated as set forth in Section 2.8 of Exhibit "E". Said sum shall be payable on or before December 31, 2017. This provision shall survive the expiration or earlier termination of this Agreement.

2.04 Scope. This franchise is exclusive except with regard to the following materials or circumstances:

A. Solid Waste, Recyclable Material or Yard Waste removed by the Owner or occupant of any Premises acting in the capacity of Waste Generator and transported personally by that Generator or by his or her employee(s) from the Premises for disposal;

B. Construction and/or Demolition Debris removed from any Premises by a contractor who or which provides construction and/or demolition services on the Premises, which removal is incidental to the primary construction and demolition service, is provided for no additional or separate fee, and is performed by the contractor using the contractor's own employees and vehicles;

C. Recyclable Material and/or Yard Waste Source Separated at any Premises by the Waste Generator and donated to youth, civic, educational or charitable organizations;

D. Yard Waste removed from Premises by a gardener, landscaper, arborist, or other Service Provider who or which prunes, trims, cuts, or removes shrubs, bushes, trees and other plants on the Premises, which removal is incidental to the primary service, is provided for no additional or separate fee and is performed by the service provider using the service provider's own employees and vehicles;

E. Animal waste and remains from slaughterhouses, restaurants, or butcher shops for use as tallow;

F. By-products of sewage treatment, including sludge, sludge ash, grit and screenings; and,

G. Hazardous Waste and Designated Waste, irrespective of the source thereof.

2.05 Interpretation. This Agreement shall be interpreted consistent with, and the parties' performance hereunder shall be governed by, the laws of the State of California except to the extent of preemption by federal law. In the event interpretation or enactment of future laws or regulations may limit District's or Contractor's authority to provide for the services described herein, or comply with the terms and conditions herein, Contractor acknowledges and agrees that District shall not be liable for any lost profits or other consequential losses or damages incurred by Contractor resulting therefrom, and Contractor shall solely be responsible for mitigating the financial effect of such interpretation or enactment to the extent reasonably practicable.

2.06 Additional Services and Modifications to Service.

2.06.1 General. District may direct Contractor to perform additional services or modify the manner by which Contractor performs existing services for the remaining term of this Agreement or a portion thereof. Such additional services or modifications may include, without limitation, the establishment of pilot programs and innovative services that entail new Collection methods, targeted routing, different markets or uses for Recyclable Material or Yard Waste, different kinds of services and/or new requirements for Waste Generators. Contractor shall be entitled to an adjustment to maximum rates in accordance with Article 6 for providing such additional or modified services.

2.06.2 New Diversion Programs. District may direct that Contractor propose, or Contractor, of its own volition may propose, new diversion programs. Any such proposal shall, include, as a minimum, a description of the following:

- A. Collection and processing methodology;
- B. Equipment to be used, including the number and types of vehicles, capacity of each, and the age and condition of each;
- C. Number of employees required, including the job description of each;
- D. Number and types of Containers required;
- E. Public education, publicity, and marketing projects to be undertaken for the program;
- F. The estimated tonnage to be diverted and the means by which such tonnage shall be measured; and
- G. A five-year projection of the financial aspects of the proposed program in a balance sheet and operating statement format, including documentation of key assumptions underlying the projections and describing the resultant financial effect upon existing services.

2.06.3 Future Projects/Programs. The parties acknowledge that future projects or programs which may be undertaken or proposed by Contractor (including, without limitation, a project or program for a Material Recovery Facility, Transfer Station, or a Yard Waste Processing Facility), may be economically dependent in whole or in part upon Contractor's revenues under this Agreement. Therefore, the parties agree that before Contractor initiates any such project or program they shall meet and negotiate in good faith any amendments or supplements hereto for such purpose; provided, that nothing herein contained shall be deemed an agreement by either party to enter into such amendment or supplement.

2.06.4 Alternative Providers. Contractor acknowledges and agrees that District may permit other Persons to provide additional Solid Waste services not within Contractor's exclusive franchise. Accordingly, if Contractor and District cannot agree on the terms and conditions for providing such services within one hundred twenty (120) days from the date of District's request for a proposal therefor, Contractor agrees that District may obtain such services from an alternative service provider.

2.07 Ownership of Solid Waste. Solid Waste, Recyclable Material, and Yard Waste placed in Containers for Collection shall be deemed owned by Contractor and Contractor shall have the right to possession thereof. Contractor's right of ownership includes the right to retain, Recycle, process, Dispose of, and otherwise use such Solid Waste, Recyclable Material and Yard Waste, or any part thereof, in any lawful fashion or for any lawful purpose. Notwithstanding the foregoing, Contractor's ownership and possession of Solid Waste, Recyclable Material and Yard Waste is subject to Contractor's and District's objectives to meet the diversion requirements of the Act and Contractor's obligation to

process said Waste and Materials at a licensed facility or to Dispose thereof at a licensed Disposal Site.

ARTICLE 3 FRANCHISE FEE

3.01 Franchise Fee.

3.01.1 Amount. In consideration of the exclusive franchise granted hereunder and subject to the provisions of Section 3.02, Contractor shall pay to District two percent (2%) of Gross Revenues per month. The Franchise Fee is a Pass-Through Cost.

3.01.2 Time and Method of Payment. From and after the Effective Date, Contractor shall remit to District the monthly installments of the Franchise Fee within thirty (30) days of the close of each month during the Term. If the Franchise Fee is not paid on or before the expiration of each such thirty (30) day period Contractor shall pay to District, as liquidated damages, an amount equal to two percent (2%) of the amount due and owing for each thirty (30) day period during which said amount remains unpaid. The parties agree that damages incurred by District for late payment of the Franchise Fee, or any portion thereof, is impracticable of calculation and, therefore, the foregoing amount so calculated is, and shall be deemed, liquidated damages.

Contractor shall retain copies of all Billings and Collection records upon which Gross Revenues are based for five (5) years following the date of billing for inspection and verification by District or its designee(s) at any reasonable time upon request. Said records may be retained in secure electronic form with a secure electronic back up.

ARTICLE 4 COLLECTION, RECYCLING, AND DISPOSAL SERVICES

4.01 General. Contractor shall furnish all labor, supervision, equipment, materials, supplies, and all other items necessary to perform the services required hereunder. Said services shall be accomplished in a thorough and professional manner to the end that residents and businesses within the Service Area are provided reliable, courteous, and high-quality service. The enumeration of, and specification of requirements for, particular aspects of service shall not relieve Contractor of the duty to perform all other aspects of service in the manner described in this Agreement.

4.02 Solid Waste Collection.

4.02.1 Residential. Prior to September 15, 2013, Contractor shall offer Single Family Dwelling Service Recipients a choice of twenty, thirty-two or sixty-four gallon cart Container size usage for Solid Waste Collection. If such a Service Recipient does not specify a Container size prior to that date, a Container having the size closest to his/her present service shall be provided by Contractor. Contractor shall Collect Solid Waste from Single Family Dwelling Residential Service Recipients at Curbside, or from an alternative

location approved by Contractor, on the regularly scheduled day for Collection as posted on Contractor's website. Single Family Dwelling Collection service shall be provided weekly.

Contractor shall offer Single Family Dwelling Residential Service Recipients for which all members of the Service Recipient's household are Disabled, the option of placing their Containers at a location other than Curbside, but visible from Curbside, as a Disability accommodation. For such purpose, the definition of "Disability" set forth in Exhibit A shall apply. Contractor shall inform all Single Family Dwelling Service Recipients of such option, the first notification of which shall be given within thirty (30) days of the Effective Date and annually thereafter. New Service Recipients shall be notified of the option upon requesting service.

4.02.2 Commercial, Industrial, Institutional and Multi-Family Dwelling Units Collection. Contractor shall Collect Solid Waste from Commercial, Industrial, Institutional and Multi-Family Dwelling Service Recipients utilizing Contractor-provided Containers and service recipient-provided compactors of a size and shape acceptable to Contractor not less than once per week unless in individual cases the compactor is used less frequently, as determined by Contractor. The location of Containers for Commercial, Industrial, Institutional, and Multi-Family Dwelling Service Recipients shall be determined with due regard to aesthetics, sanitary conditions, collection vehicle clearance, and avoidance of interference with pedestrian and vehicular traffic safety (including, but not limited to, line of sight). District, at District's option, may require relocation of such Containers based upon said criteria.

4.02.3 Collection From District's Premises. Contractor shall Collect all Solid Waste from District's Premises described in Exhibit "B", Mondays through Fridays. Collections from bins and debris boxes shall be scheduled at a time mutually agreed upon by Contractor and District. Contractor shall also Collect Recyclable Material and Yard Waste from District's Premises, likewise described in Exhibit B, at such frequency as District shall specify; provided that such Collections shall not be more frequently than weekly.

The foregoing services shall be provided at no charge to District. For purposes of this Section 4.02.3, "District's Premises" shall mean property owned or leased by District or otherwise occupied, or possessed by District, or the occupancy of which is otherwise controlled or regulated by District.

4.02.4 Debris Box Service. District hereby grants Contractor the exclusive right to provide debris box Containers for Solid Waste Collection to, and retrieve debris box Containers from, the location specified by the Service Recipient. Debris box Containers shall be made available to Service Recipients at their option for the following minimum periods: (i) Thursdays through the following Monday, (ii) Fridays through the following Tuesday, or (iii) Mondays through the following Friday. The rate for use thereof shall not exceed the maximum rate therefor specified in Exhibit "D".

Debris box Containers shall be maintained free of graffiti and in good repair and shall clearly identify Contractor as the owner thereof. Contractor shall give special

consideration to aesthetics and to avoiding traffic hazards and obstructions in the placement of debris boxes. Such Container location disputed by the Service Recipient, Contractor or District shall be resolved by District's decision.

District agrees to certify Contractor's exclusivity for debris box service and if District acquires actual knowledge of another person's or entity's attempt to provide debris box service within District's service area, District shall notify the County Sheriff's Department and provide further notice to the appropriate regulatory Department of the County of San Mateo that Contractor is the exclusive provider for debris box service within District's service area.

4.02.5 Curbside Bulky Goods Collections. Contractor shall Collect Bulky Goods on a request basis from each Residential Service Recipient on a regularly-scheduled day for Collection. Such service shall be provided at Curbside at no charge to Residential Service Recipients up to four (4) times each year at the Residential Services Recipient's request. The Service Recipient shall pay any environmental or other special Disposal fee that is payable by Contractor for Disposal of certain items, including, without limitation, refrigerators, freezers, and tires.

No single object Collected shall exceed 200 pounds in weight and each Collection may be limited to a total of three (3) Bulky Goods items such as furniture, household appliances, large plastic toys, rugs, carpet padding, and the like. Contractor shall endeavor to Recycle at least 50% of the aggregate amount of Bulky Goods Collected by Contractor per year.

4.02.6 Special In-District Bulky Goods Drop-Off Days and Drop-Off Center. Contractor shall provide four (4) Bulky Goods "drop-off" days per year for Residential Service Recipients only at a location selected by District within District's Service Area at no cost to the Service Recipient. Bulky Goods deposited for this service may include reusable or Recyclable Materials, Computer Parts, television and computer monitors, e-waste, tires, styrofoam plastic packaging, fluorescent tubes and white goods. Residential Service Recipients may dispose of Yard Waste at a drop-off location using conventionally-sized pick-up trucks; provided, that the Service Recipient shall be responsible for removing Yard Waste or other debris from areas in the vicinity of the designated disposal location. Commercial, Industrial and Institutional Service Recipients within District's Service Area may also deposit Bulky Goods at Contractor's Recycling Facility an unlimited number of times per year, likewise at no cost. Bulky Goods deposited for this service may include reusable or Recyclable Materials, but no Solid Waste items that are required to be disposed of in a Disposal Site. The service shall be provided at no charge to the Service Recipient; provided, that the Service Recipient shall pay any environmental or other special Disposal fee that is payable by Contractor for Disposal of certain items including, without limitation, refrigerators, freezers, and tires.

In addition to the above-described free deposits and subject to payment of any environmental or other special Disposal fee that is payable by Contractor, Contractor shall accept at Contractor's Recycling Facility Recyclable and certain non-Recyclable Bulky

Goods, including the following items: tires, car batteries, styrofoam plastic packaging, used motor oil and latex paint (limited to 5 gallons per household per month).

Contractor shall make the aforesaid location for Residential Service Recipient Drop-offs available continuously throughout the year and said Recycling Facility shall be made available Mondays through Saturdays each week, excluding holidays. Contractor shall process and market Recyclable Materials received pursuant to this Section. Notwithstanding any other provision of this Agreement, Contractor's obligations in this Agreement relating to Contractor's Recycling Facility shall terminate if and when Contractor ceases to operate a facility in the City of Pacifica, California and no alternative facility is provided by Contractor.

4.03 Recyclable Material Collection.

4.03.1 Residential. By October 1, 2013, Contractor shall have provided each Single Family Dwelling Residential Service Recipient with one 64-gallon Container for Recyclable Materials (as set forth in Section 4.12.3) for the Collection of commingled Recyclable Materials of the types designated in this Section. Single Family Dwelling Recyclable Materials Collection service shall be provided at Curbside, or (for an additional charge not exceeding the maximum rate therefor set forth in Exhibit "D") from an alternative location approved by Contractor. Contractor shall cooperate with Residential Service Recipients to determine mutually acceptable alternative Collection locations for difficult Collection areas; provided, that in instances where a mutually acceptable alternative location cannot be agreed upon, District shall make such determination. Recyclable Material Collection from Residential Waste Generators shall be weekly, on the same day as Solid Waste Collection service.

Recyclable Material Collected by Contractor shall include, as a minimum, aluminum cans, glass bottles and jars, bi-metal and tin cans, plastic food containers (plastic Nos. 1 through 7), newspapers, mixed paper (including, but not limited to magazines, discarded mail, brown paper bags [including brown paper bags with shredded paper], telephone books without covers, white and colored paper and corrugated cardboard. All such materials shall be commingled in Containers for Recyclable Material (as provided in Section 4.12.3) except that household batteries in a plastic bag must be placed on the top of the Containers for Recyclable Material Collection. Plastic bags do not qualify as Recyclable Material. Containers for Recyclable Material are to be placed on Curbside for pick-up by 6 a.m. on the scheduled day of collection. District reserves the right, pursuant to Section 2.06 to direct Contractor to specify additional Recyclable Material for Collection to achieve diversion requirements under the Act.

4.03.2 Commercial, Industrial, and Institutional. Contractor shall offer all Commercial, Industrial and Institutional Service Recipients Collection from one Container of all paper, cardboard, aluminum cans, glass bottles, metal cans, narrow neck plastic food containers (plastic No. 1 through 7) and small metal objects.

Contractor shall, upon a Service Recipient's request, provide annual waste audits to all Commercial, Industrial and Institutional Service Recipients. Contractor shall promote

this service in its billing materials and through other public education activities. Contractor shall also encourage all Commercial, Industrial and Institutional Service Recipients to return products and packaging from their customers, patrons and clients for reuse, recycling, or composting by Contractor. Contractor shall Collect Recyclable Material from schools at least once per week.

Maximum rates for Commercial, Industrial, and Institutional Recycling Collection services shall not exceed fifty (50) percent of the maximum rates for Solid Waste Collection provided to such Service Recipients. Commercial, Industrial and Institutional Recycling Collection shall be performed at a time mutually agreed upon by Contractor and the Service Recipient.

4.04 Yard Waste.

4.04.1 Collection. Contractor shall Collect Yard Waste from Single Family Dwelling Residential Service Recipients bi-weekly on the regularly scheduled day of the week for Collection as posted on Contractor's website. Containers for Yard Waste shall be provided by the Residential Service Recipients; provided, that a maximum of four (4) thirty-gallon Containers shall be made available for each Single Family Dwelling by Contractor for such Collection. Contractor shall include a description of Composting Programs in Contractor's Education and Public Awareness Program pursuant to Section 5.05.

4.04.2 End Uses for Yard Waste. Contractor shall endeavor to develop new markets for all Yard Waste that Contractor Collects in order to achieve District's diversion requirements under the Act. Contractor shall provide end uses for Yard Waste that maximize diversion credits according to regulations established by the California Integrated Waste Management Board.

4.05 Diversion Program Goal. Contractor shall achieve the diversion requirements set forth in accordance with State law.

4.06 Collection Locations.

4.06.1 Residential. Notwithstanding any other provision of this Agreement, Collection of Solid Waste, Yard Waste, and Recyclable Materials for Single Family Dwellings, and for Multi-Family Dwellings comprised of two (2) units, shall be from Curbside, or (for an additional charge not exceeding the maximum rate therefor set forth in Exhibit D) from an alternative location approved by Contractor. Collection from Multi-Family Dwellings consisting of three (3) or more units shall be at Curbside, or from a location or locations on the Multi-Family Dwelling Premises specified by the Service Recipient subject to Contractor's overriding specifications with regard to sanitation, Collection vehicle clearance, aesthetics, Contractor's cost considerations, and similar criteria.

Notwithstanding the foregoing, Collection Services provided to Disabled Persons (defined in Exhibit A) may be provided at a location on the Premises occupied by said Persons approved by Contractor, giving due regard to sanitation, Collection vehicle clearance, aesthetics, Contractor's cost considerations, and similar criteria.

4.06.2 Commercial, Industrial, and Institutional. Collection of Solid Waste and Recyclable Material from Premises occupied by Commercial, Industrial, and Institutional Service Recipients shall be made on the Premises at a location or locations specified or approved by Contractor, giving due regard to sanitation, Collection vehicle clearance, aesthetics, Contractor's cost considerations, and similar criteria.

4.06.3 Unusual Circumstances. Collection of Solid Waste, Yard Waste, and Recyclable Material from Residential Service Recipients whose Premises present unusual, extraordinary, or difficult circumstances for such Collection may be made at an alternative location or locations for an additional charge corresponding to the cost incurred by Contractor in providing such specialized service. By way of example, only, collection from Premises with long driveways may constitute an usual circumstance.

4.07 Special Provisions.

4.07.1 Christmas Trees. Contractor shall provide an annual Christmas Tree Collection for all Residential Service Recipients only, except for flocked trees or trees containing tinsel or other decorations. Christmas Tree Collections shall be provided on the same day as Yard Waste Collections occurring in the month of January.

4.07.2 Household Battery, Oil, and Paint Recycling. Contractor shall provide weekly Collection of household batteries in conjunction with Contractor's Recycling Collection Services to Residential Service Recipients. Contractor's Recycling Facility shall be made available to District's Service Recipients for receipt of other household Hazardous Wastes.

Contractor shall accept at Contractor's Recycling Facility Recyclable and certain non-Recyclable Bulky Goods and Yard Waste, including the following items: tires, car batteries, Styrofoam plastic packaging, used motor oil, and latex paint (limited to 5 gallons per household per month).

Subject to the approval of the County of San Mateo Department having regulatory jurisdiction, Contractor shall schedule two Collections per year for the Collection of Non-Recyclable items (including, but not limited to, motor oil, aerosols, caustics, gasoline, pesticides and paint) within District's service area.

4.08 Nonconforming Solid Waste, Recyclable Material, Yard Waste. Contractor may elect not to Collect Solid Waste, Recyclable Material or Yard Waste that does not conform to the respective definitions thereof or otherwise conform to pertinent federal, state or local laws or regulations. Contractor shall notify the Waste Generator of the reason for such rejection by means of a "tag" attached to the Solid Waste, Recyclable Material or Yard Waste or the Container therefor, or by other written means. Contractor shall report monthly to District any such notices issued. Contractor may refuse to Collect Solid Waste, Recyclable Material or Yard Waste from, and shall not be obligated to continue to provide such service to, any Waste Generator who, after a third written warning in a given twelve (12) month period, fails to sort Recyclable Material or Yard Waste from Solid Waste or who

otherwise fails properly to cause his or her Solid Waste, Recyclable Material or Yard Waste to conform to pertinent requirements therefor or who fails properly to place the Container(s) therefor for Collection. Notwithstanding the foregoing, District shall have the authority to render the final decision to terminate or reinstate service.

4.09 Processing and Marketing. Contractor shall process, market, and sell, donate, or reuse all Recyclable Material and Yard Waste Collected pursuant to this Agreement. Contractor shall provide a list to District, updated annually, of its primary material processing facilities or reuse recipients for Recyclable Material and for Yard Waste.

4.10 Hours of Operation/Schedules.

4.10.1 Residential. Solid Waste, Recyclable Material, and/or Yard Waste shall be Collected from Premises occupied by Residential Service Recipients only on weekdays between the hours of 7 a.m. and 6 p.m. Contractor shall notify District and such Service Recipients in writing at least two (2) weeks prior to instituting a change in their Collection day. No schedule change shall cause a lapse of more than seven (7) consecutive days in Collection service to any Residential Service Recipient. Contractor shall notify Residential Service Recipients of designated alternative Collection days when their regularly scheduled Collection days fall on holidays observed by Contractor.

4.10.2 Commercial, Industrial, and Institutional Collections. Solid Waste, Recyclable Material, and/or Yard Waste shall be collected from Premises occupied by Commercial, Industrial, and Institutional Service Recipients on such days (excluding weekends) and at such times as may be scheduled by Contractor with such Service Recipients; provided, that no such Collection shall be made from any Commercial, Industrial or Institutional Premises located within two hundred feet of residential Premises prior to 6 a.m. or after 6 p.m. on any day; provided, further, that, in addition to regularly scheduled Collection days for schools, Contractor shall Collect Recyclable Material from schools following "garage sales" or other fund-raising events, upon notification by the schools.

4.10.3 Operations Plan. Contractor shall submit to District, within 120 days of the Effective Date, a written operations plan describing Collection routes, frequency of Collections, and times of Collections of Solid Waste, Recyclable Material, and Yard Waste. District shall review said plan and request such reasonable revisions thereto as District shall propose within thirty (30) days of receipt thereof. In the event the parties are unable to agree upon any such revisions to the plan, either party may invoke the dispute resolution provisions of this Agreement. Any proposed revisions to the plan shall likewise be made subject to District's review.

4.10.04 Missed Collections. Upon notification by a Service Recipient that Contractor has neglected to make a scheduled Collection, Contractor shall endeavor to Collect the uncollected materials as soon as reasonably practicable, but in no event more than twenty-four hours after receipt of such notice.

4.10.05 Collection Not Made. In any circumstances when Solid Waste is not collected from a Service Recipient, Contractor shall notify the Service Recipient of the reason for such non-collection by means of a "tag" attached to the Solid Waste or the Solid Waste Container or by other written means.

4.11 Vehicles.

4.11.1 Specifications. All vehicles used by Contractor for Collection of Solid Waste, Recyclable Material, and Yard Waste shall be designed to prevent leakage and spillage and shall meet sanitary standards conforming to highest industry practices. Contractor's name, local telephone number, and a Contractor-assigned vehicle identification number shall be prominently displayed on all vehicles, in letters and numbers not less than two and one-half inches (2 1/2") high. Contractor shall not place District's name, logo, or any other identification associated with District on Contractor's vehicles.

4.11.2 Cleaning and Maintenance. Contractor shall maintain all of its properties, vehicles, Facilities, and equipment used in providing service under this Agreement in a good, safe, neat, clean and operable condition at all times.

Notwithstanding the foregoing general requirements, the following provisions shall govern maintenance of Contractor's vehicles:

A. Vehicles shall be painted as necessary. Vehicles shall be thoroughly washed, and steam cleaned at least once per week so as to present a clean appearance. District may inspect Contractor's vehicles at any time to determine compliance herewith. Contractor shall also make vehicles available to the San Mateo County Health Department for inspection upon request.

B. Contractor shall inspect each vehicle daily to ensure that all equipment is operable. Vehicles that are not operating properly shall be removed from service until fully restored to operation. Contractor shall perform all scheduled maintenance functions in accordance with the manufacturer's specifications and schedule. Contractor shall keep accurate records of all vehicle maintenance, recorded according to date and mileage, and shall submit such records to District upon request.

C. Contractor shall repair, or arrange for the repair of, any vehicle and equipment rendered less than fully operable, so as to maintain all equipment in a safe and operable condition. If an item of repair is covered by a warranty, Contractor shall obtain warranty performance. Contractor shall maintain accurate repair records, which shall include the date and mileage, description of the repair and a signed verification by a maintenance supervisor that the repair has been properly performed.

D. Contractor shall furnish sufficient equipment to provide all services required under this Agreement, including availability of back-up Collection vehicles. Contractor shall furnish within thirty (30) days of request from District, a written inventory of all equipment and vehicles used in providing service, and shall submit an updated inventory to District

annually. The inventory shall list all equipment and vehicles by manufacturer, identification number, date of acquisition, type, and capacity.

E. Contractor shall arrange to store all vehicles and other equipment in safe and secure location(s) in accordance with all applicable zoning regulations.

4.11.3 Operation. Vehicles and equipment shall be registered and operated in compliance with all applicable federal, state and local laws and regulations, including, without limitation, licensing requirements, weight restrictions, U.S. Environmental Protection Agency noise emission regulations (40 CFR Part 205) and other applicable noise control regulations. Noise control features shall be effective for all operations of equipment and vehicles. Contractor shall notify District of any accidents involving Contractor's vehicles within District's service area and the issuance of any notice of violation (citation) or service of a criminal complaint for Vehicle Code violations or other violation of law involving the operation of Contractor's vehicles within District's service area within twenty-four (24) hours of the occurrence of the foregoing incidents.

4.12 Containers.

4.12.1 Residential Solid Waste. Containers for Single Family Dwelling Service Recipients for Solid Waste and Yard Waste Collection shall be provided in accordance with section 4.02.1. Multi-Family Dwelling Service Recipients shall be provided with appropriately-sized Containers (carts or bins) by Contractor for Solid Waste Collection, Recyclable Material and Yard Waste only.

4.12.2 Non-Residential Solid Waste. Contractor shall provide Commercial, Industrial, and Institutional Service Recipients with appropriately-sized Containers for Solid Waste. Containers with a capacity of one cubic yard or greater shall be available in sizes set forth in Exhibit D. The size, type, and number of Containers furnished to such Service Recipients shall be determined by agreement of Contractor and the Service Recipient. All Containers having a capacity of one cubic yard or greater shall conform to applicable regulations for Solid Waste bin safety and shall be supplied with reflectorized markings. All Containers shall be maintained in good condition with neatly and uniformly painted surfaces.

4.12.3 Residential Recyclable Material. Contractor shall provide Containers for Recyclable Material for Residential Service Recipients. Such Containers shall be aerated, secure, animal-resistant, and (if carts) shall have a capacity of sixty-four (64) gallons. Said Containers (if carts) shall be constructed of heavy gauge recycled plastic and installed with wheels and lids and shall be subject to approval by District.

4.12.4 Commercial, Industrial, and Institutional Recyclable Material. Contractor shall provide Commercial, Industrial, and Institutional Service Recipients with Containers for the Collection of Recyclable Material and Yard Waste of a size determined by Contractor and the Service Recipient. Said Containers shall conform to the standards described in Section 4.12.3.

4.12.5 Delivery. A 64-gallon Container for Recyclable Materials provided by Contractor shall be delivered to each Single Family Dwelling Residential Service Recipient on or before October 1, 2013, or, in the case of new service, within seven (7) business days of the request for new service. Contractor shall notify District if Contractor fails to deliver Containers within said time period.

4.12.6 Repair or Replacement. Upon notification by a Service Recipient that a Contractor-provided Container is missing or damaged so as to be inoperable, Contractor shall repair or replace the Container at no charge to the Service Recipient not more than one (1) time within any twelve (12) month period. Any additional replacements for a particular Service Recipient within said twelve (12) month period shall be at the cost of the Service Recipient, which cost shall not exceed the cost incurred by Contractor for the purchase thereof; provided, that Contractor shall not charge a Service Recipient for such cost until District's and Contractor's Managers (or their delegates) shall have conferred and agreed upon the appropriateness of such charge; provided, further, that Contractor's General Manager's decision shall be final.

4.13 Minimization of Spills. Contractor shall use due care to prevent Solid Waste, Recyclable Material and Yard Waste or fluids from leaking, spilling or otherwise being dispersed during the Collection or transportation thereof. Such materials shall promptly be recovered by Contractor. Each Collection vehicle shall be supplied with a broom, absorbent, and shovel or other appropriate instruments for such purpose. All Solid Waste, Recyclable Material and Yard Waste shall be securely enclosed and covered in Contractor's vehicles during transport. Solid Waste, Recyclable Material, and Yard Waste, or any of them, shall not be transferred from one vehicle to another in any public place except when necessary due to mechanical failure or accident, or otherwise upon approval of District.

4.14 Personnel.

4.14.1 Qualifications. Contractor shall furnish such qualified drivers, mechanical, supervisory, clerical, management and other personnel necessary to provide the services required by this Agreement in a satisfactory, safe, economical and efficient manner in accordance with all applicable federal, state and local laws and regulations. All drivers and equipment operators shall be trained and qualified in the operation of the vehicles and equipment that they operate. Drivers shall possess a valid license for the appropriate class, issued by the California Department of Motor Vehicles and shall be required to participate in periodic driver safety training.

4.14.2 Training. Contractor shall establish and enforce a training program for Contractor's employees to identify Hazardous Waste. Contractor shall ensure that Contractor's personnel shall not knowingly place Hazardous Waste in Collection vehicles, nor knowingly dispose of such Waste at other than duly authorized Hazardous Waste Disposal Sites.

Contractor shall train its employees in courtesy, shall prohibit the use of loud or profane language, and shall instruct Collection crews to perform their work quietly.

Contractor shall use its best efforts to assure that all employees present a neat appearance and conduct themselves in a courteous manner. If any employee is found to be discourteous or not to be performing services in the manner required by this Agreement, Contractor shall take all necessary corrective measures including, but not limited to, transfer, discipline or termination. If District notifies Contractor of a Complaint related to discourteous or improper behavior, Contractor shall consider reassigning the employee to duties not entailing contact with the public while Contractor investigates and undertakes any requisite corrective action. Contractor shall provide effective operational, health and safety training for all of its employees who use or operate vehicles and equipment or who are otherwise directly involved in Collection or related activities.

4.14.3 Identification. Contractor shall provide its employees and subcontractors who, in the course of their duties may come in contact with the public (including Service Recipients) with visible identification, identifying them with Contractor. Upon District's request, Contractor shall notify Contractor's Service Recipients of the form of said identification. Contractor shall provide a list of current employees and subcontractors to District upon request.

4.14.4 Fees and Gratuities. Contractor shall not permit any officer, employee, agent, or subcontractor employed by Contractor, to request, solicit, demand, or accept, either directly or indirectly, any compensation or gratuity from Service Recipients or members of the public for the Collection, transporting, Recycling, processing, and Disposal of Solid Waste, Recyclable Material and Yard Waste.

4.14.5 Non-Discrimination. Contractor shall not discriminate in the provision of services hereunder, or in the employment of Persons engaged in performance of said services on account of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex, age, or sexual orientation in violation of any applicable federal or state law.

4.15 Report of Accumulated Solid Waste; Unauthorized Dumping. Contractor shall direct its personnel to record the address or other location of (i) accumulated Solid Waste that has not been delivered for Collection and (ii) Solid Waste, Recyclable Material, or Yard Waste that has been deposited and abandoned in an apparent unauthorized manner. Contractor shall endeavor to identify the Person or Persons who exercise control over such location and shall notify District thereof within five (5) days of observing such accumulation or deposit.

4.16 Contingency Plan. Contractor shall submit to District within 90 days of the Effective Date a written contingency plan describing the method and means by which Contractor shall provide uninterrupted service in the event of vehicular or other equipment breakdowns, and, particularly, upon occurrences of force majeure described in Section 10.02.1 as "Emergency Condition."

4.17 Routes. Contractor shall select routes for Contractor's vehicles to Collect and transport Solid Waste, Recyclable Material, and Yard Waste so as to minimize damage

to public and private streets, and to avoid or minimize disturbing or inconveniencing the public or Service Recipients.

4.18 Designated Solid Waste Disposal Site. Contractor shall dispose of all Solid Waste collected under this Agreement at the designated Disposal Site, which shall initially be Ox Mountain, located in the City of Half Moon Bay, California. Contractor may change the designated Disposal Site at any time without any increase in District's enacted maximum rates for Service Recipients or other charge to Service Recipients, but shall advise District in writing of any such change at least 90 days prior to making such change.

4.19 Hazardous Waste.

4.19.1 Inspection, Notification. Contractor shall conduct spot checks of Solid Waste, Recyclable Material and Yard Waste upon Collection thereof for the presence of Hazardous Waste or contamination by Hazardous Waste, and shall decline to Collect any Waste known to be so contaminated, or if Collection is otherwise prohibited under pertinent laws or regulations. Contractor shall notify all applicable agencies, including the California Department of Toxic Substances Control, Local Emergency Response Providers and the National Response Center of Hazardous Waste detected by Contractor in any Materials Collected by Contractor, or placed for Collection within District's Service Area in amounts required to be reported. In addition to other required notifications, if Contractor observes within District's Service Area any substances which Contractor or Contractor's employees reasonably believe or suspect to contain Hazardous Wastes unlawfully disposed of, or released on any public property, including sewers, storm drains, streets or other public rights of way, Contractor shall immediately notify District or such other public agency which owns or otherwise exercises jurisdiction over such property.

4.19.2 Hazardous Waste Diversion Records. Contractor shall maintain records describing the types and quantities, if any, of Hazardous Waste observed in Solid Waste, Recyclable Material, and Yard Waste which were inadvertently Collected from Service Recipients within District's Service Area, but which were diverted from landfill.

ARTICLE 5 CUSTOMER RELATIONS AND PUBLIC INFORMATION

5.01 Customer Relations.

5.01.1 Service Information. Contractor shall prepare and distribute annually a notice to each Service Recipient, and to new Service Recipients upon commencing service, a list of all rates for Contractor's services, Contractor's Collection schedule, and a general summary of services, both required and optional, provided hereunder. Said notice shall be in a form subject to District's approval and may be included for distribution with Billings.

5.01.2 Billings. Contractor shall bill Residential Service Recipients for services rendered hereunder bi-monthly, or at such other frequency as Contractor shall determine. Contractor shall bill Commercial, Industrial, and Institutional Service Recipients monthly.

Contractor shall provide the option for payment for services at the time of performance or upon receipt of a written bill. Bills may be paid by check, money order, credit card, electronic fund transfer (EFT), or cash; provided, that payment may be made by credit card for advance payment of annual service and for debris box service. In the event of payment by cash or money order, Contractor shall issue a written receipt and retain a copy thereof. District may require reasonable revisions to Contractor's billing format (as to size, font, itemization of certain charges, etc.) and frequency of issuance.

Contractor shall maintain for inspection by District or its designees, copies of said Billings and receipts, in chronological order, for a period of five (5) years after the date of service. Contractor may, at its option, maintain such records in computer form, on microfiche, or in any other manner that allows for convenient retrieval, inspection and verification of the records.

5.01.3 Mailers. District may require Contractor to provide mailers relating to service hereunder with Contractor's billings. Mailers shall be of such size and weight as not to increase postage costs customarily incurred for billings. Contractor shall mail a yearly brochure to Service Recipients listing all pertinent Collection dates, office hours and Recycling schedules.

District may also require Contractor to include mailers prepared by District (at District's cost) with Billings. District shall provide such mailers not less than thirty (30) days prior to Contractor's designated mailing date. Any increased costs incurred by Contractor through District mailers with Billings shall be borne by District.

5.01.4 Delinquencies. District shall collect delinquent payments in accordance with the provisions of Health and Safety Code Section 5473, et seq. Contractor shall provide District all information pertaining to delinquent accounts in accordance with District's scheduling requirements for conducting proceedings necessary for the collection thereof on the tax roll. District shall remit to Contractor the amount of delinquent payments received from collection on the tax roll from the Tax Collector of the County of San Mateo at the end of the fiscal year. District assumes no responsibility hereunder for the payment of any account, delinquent or otherwise, and Contractor shall make no attempt to report any delinquent accounts to collection agencies or credit bureaus.

5.02 Customer Service.

5.02.1 Standard. Contractor shall perform its services hereunder consistent with the highest standards of the Solid Waste, Recyclable Material, and Yard Waste Collection industry. Contractor shall respond promptly and professionally to all concerns communicated by Service Recipients and District. Such response to verbal communications shall be within 24 hours and to written communications within 72 hours of receipt thereof, excluding weekends and holidays. More than three occurrences of failure to meet the foregoing standard within a one-week period, based upon verified complaints of five percent (5%) or more of the Service Recipients within District's Service Area (determined with reference to Billings), shall be deemed an event of default for purposes of Article 11.

5.02.2 Local Office. Contractor's office hours, as a minimum, shall be from 7:30 a.m. to 4 p.m., Mondays through Fridays, excluding holidays. A responsible and qualified representative of Contractor shall be available during office hours for communication with the public, Service Recipients and District. Telephone contact with Contractor's office shall be provided by local or toll-free calls. Contractor shall also provide a local or toll-free telephone number for use during other than normal business hours by which either personal or voice mail contact may be made with Contractor. Contractor shall furnish District with a telephone number for emergency contact with a person having managerial operational authority, who shall be available twenty-four (24) hours per day, seven (7) days per week.

5.03 Complaints.

5.03.1 Documentation. All Complaints shall be directed to Contractor. Daily logs of Complaints concerning Collections shall be retained for a minimum of five (5) years and shall be available to District for inspection at all times upon twenty-four hours' notice, upon District's request. Except for Complaints resolved within twenty four hours, Contractor shall log all Complaints received by telephone, including the date and time the Complaint was received, name, address, and telephone number of the complainant, a description of the Complaint, the name of the employee recording the Complaint, and the action taken by Contractor in response to the Complaint. All written Complaints and inquiries shall be date-stamped upon receipt and initial written response to such Complaint shall be made within one (1) business day of receipt. Contractor shall retain the record of the action taken by Contractor in response to such Complaints.

All service records and logs maintained by Contractor shall be available to District for inspection upon request at no cost to District. District shall have access to such records and shall be provided the opportunity to communicate with Contractor's personnel at any time during Contractor's regular business hours for purposes of monitoring the quality of Contractor's services or researching or reviewing Complaints. Contractor shall include a summary of Complaints and disposition thereof in Contractor's annual report submitted pursuant to Section 8.05.

5.03.2 Complaint Resolution. The following provisions govern resolution of Complaints; provided, that said provisions are not exclusive and shall be in addition to any and all other rights or remedies which may accrue to District as a result of Contractor's performance or failure to perform its duties and obligations, express or implied, hereunder; provided, further, that the following provisions do not apply to annual reports under Section 8.05:

A. Contractor shall provide the first response to Complaints. Complaints not resolved by Contractor shall be referred to District, and District and Contractor shall discuss and endeavor to agree upon a resolution of the Complaint. Examples of such Complaints include, but are not limited to, questions regarding placement of Containers, size of Containers, type of Materials, and quantities placed in Containers, failure to provide service as required hereunder, applicability of a particular rate, and all other Complaints as District

deems appropriate under the circumstances. Complaints regarding rates or maximum rates are not subject to this Dispute Resolution procedure.

B. All Complaints which cannot timely be resolved under A., above, shall be reviewed by District's Manager, who shall provide a written report thereof to Contractor. District's Manager shall review such Complaint to determine whether the Complaint can be resolved informally, or whether formal action is appropriate. If District's Manager determines that formal action is appropriate, he or she shall give written notice to Contractor and all interested parties of an administrative hearing to be held by him/her on the Complaint not less than ten (10) days from the date of said notice.

At the Manager's hearing, Contractor may present its response to the Complaint including, but not necessarily limited to, a written response with supporting documents. Within ten (10) days following the hearing, the Manager shall make a determination upon the Complaint. The hearing conducted by the Manager shall be informal, and rules of evidence shall not apply, but he/she may hear and consider such relevant statements, receive documents, or other materials, as he/she shall determine appropriate under the circumstances.

If the Manager determines that Contractor has violated, or is continuing to violate any of its duties or obligations under this Agreement, or otherwise is in violation of any of the provisions hereof, the Manager may issue a Compliance Order to Contractor or may order that the Complaint shall be heard by the Board. In all cases in which the Manager determines that the appropriate remedy should be Termination or payment of compensatory damages, the Complaint shall be heard by the Board. If the Manager orders that the Complaint shall be heard by the Board, he/she shall prepare a written report to the Board which shall state his/her findings, the basis therefor, and a recommended action.

C. Contractor may appeal to the Board a Compliance Order issued by the Manager by filing a notice of appeal with the Clerk of the District within ten (10) days of the date of the Manager's Compliance Order. The Clerk shall set the matter for hearing by the Board within thirty (30) days of receipt of the notice of appeal unless Contractor consents to an extension of time.

If the Manager orders a Complaint to be heard in the first instance by the Board pursuant to this Section, the Clerk shall set the matter for hearing within sixty (60) days of the date of such order, unless the time for hearing is extended by consent of Contractor.

At its hearing the Board shall consider the Complaint *de novo*, irrespective of whether the hearing is on appeal by Contractor or by order of the Manager. If a Complaint is based upon the manner or quality of Contractor's service, the hearing shall be at a duly noticed public meeting of the Board. If a Complaint is based upon a violation of the standards and procedures implemented under this Agreement, the hearing may, but shall not necessarily be a public hearing, as the Manager shall determine, but shall be at a public meeting of the Board. The parties shall have a right to present evidence at the hearing before the Board.

The Manager or Contractor may request that the Complaint be referred to a fact-finding panel pursuant to D., below, prior to hearing and final determination by the Board. Upon such request, or on its own motion, the Board may order the matter to be heard by such panel. The findings of fact made by the panel shall be advisory only, and shall not be binding on the Board.

If the Board determines that Contractor has violated, or is continuing to violate, any of its duties and obligations, either express or implied, under this Agreement, the Board may issue a Compliance Order, Termination Order for violations described in Section 11.01, or Order for Payment of Compensatory Damages, as it deems appropriate. The Board's decision shall be the final administrative determination, and shall be supported by written findings.

D. A fact-finding panel shall be comprised of one member, each, appointed by Contractor and District, respectively. Those appointees shall, in turn, appoint a third panel member who shall be the panel Chairperson.

The fact-finding panel shall review the controversy between the parties pursuant to the provisions of Part 3, Title 9 ("Arbitration") commencing with Section 1280 of the California Code of Civil Procedure, as said provisions exist upon the date hereof or from time to time may be amended, revised, or superseded, except to the extent that any provisions of this Agreement conflict with the provisions of said Title 9 in which case this Agreement shall take precedence. Notwithstanding the foregoing, the fact-finding panel shall have authority only to receive evidence relating to the controversy and to make advisory findings of fact. The panel's findings of fact shall be written and shall identify the evidence upon which each finding, respectively, is based.

All costs for the fact-finding panel's services shall be borne solely by Contractor, except that District shall bear the costs and fees of its own attorney or attorneys and its witnesses.

E. Remedies available to District pursuant to this Article include issuance of a Compliance Order, Termination Order, or Order for Payment of Compensatory Damages. Such Orders may be issued subject to such terms and conditions as the Manager (in the case of Compliance Orders) and the District Board (in the case of all such Orders issued by it) shall deem appropriate.

The Manager or the Board, as applicable, may issue a Compliance Order upon a determination that Contractor has violated, or is in continuing violation of, any of its duties or obligations, either express or implied, under this Agreement. The Order shall direct Contractor forthwith to cease such violation, and may specify, if appropriate, the time within which such violation shall be remedied, and otherwise establish terms and conditions governing compliance.

"Termination Order" means the Board's order for termination of this Agreement upon a determination that Contractor has violated, or is in continuing violation of, any of the provisions of Section 11.01. Such Termination Order shall be effective not less than sixty

(60) days from the date thereof. Contractor shall not be entitled to any revenues from Collection operations performed pursuant to this Agreement from and after the effective date of termination.

“Order for Payment of Compensatory Damages” means the Board’s order for Contractor to pay compensatory damages upon a determination that Contractor has violated, or is in continuing violation of, any of its duties or obligations, either express or implied, under this Agreement, which has caused loss of revenues to District, or has caused District to incur costs or expenses, including, without limitation, attorneys fees, or has caused losses or damages to any Person. The Order shall direct payment of such damages in such amount, and subject to such terms and conditions, as the Board shall determine, and shall further direct Contractor forthwith to cease such violation, and may specify, if appropriate, the time within which such violation shall be remedied, and otherwise establish terms and conditions governing compliance.

5.04 Contractor’s Liaison. Contractor designates the following officer or other management person of Contractor as Contractor’s liaison to District with respect to resolving Service Recipient Complaints: the person designated to receive notice on behalf of Contractor in Section 13.13 or Contractor’s Manager.

5.05 Education and Public Awareness.

5.05.1 General. Contractor acknowledges and agrees that education and public awareness are essential elements of any efforts to achieve Solid Waste diversion from Disposal. Accordingly, Contractor agrees to educate the public and Service Recipients concerning needs and methods to reduce, reuse, and recycle Solid Waste, and to cooperate fully with District in this regard. Contractor’s public education plan is incorporated herein by reference as Exhibit “C”. Contractor shall instruct Service Recipients as to any necessary preparation of Recyclable Material and Yard Waste (such as reducing the size thereof), and the appropriate use and placement of Containers.

5.05.2 District Review. Contractor shall make available to District, and District shall review prior to distribution, all public educational materials prepared by Contractor. As a minimum, such materials shall describe the specific types of Recyclable Material and Yard Waste acceptable for Collection, requirements for preparation of such materials for Collection, appropriate placement of Containers and Collection Schedules. Contractor shall revise such educational and informational materials in accordance with District’s reasonable requests regarding content and style.

5.05.3 Community Events. Contractor shall participate in community events and local activities for the promotion of diversion techniques. Such participation shall include providing, without cost, educational and informational materials regarding District’s Solid Waste reduction and Recycling programs.

5.05.4 Notification to New Service Recipients. Contractor shall notify new Service Recipients of Contractor’s Solid Waste, Recyclable Material, and/or Yard Waste Collection programs and services.

5.05.5 Waste Generation/Characterization Studies. Contractor acknowledges that District or the County of San Mateo may perform Solid Waste generation and characterization studies from time to time. Contractor agrees to participate and cooperate in accomplishing such studies and shall provide data and prepare reports, as needed, to determine weights and volumes of Solid Waste and characteristics thereof generated, disposed, transformed, diverted or otherwise processed to comply with the Act.

5.05.6 Compilation of Information for State Law Purposes. Contractor shall compile information on amounts of Solid Waste delivered to Contractor's Facilities, the Disposal Site(s), and such other information, which District may reasonably request for purposes of determining compliance with the Act or for any other public purpose.

5.06 Damage to Property. Contractor shall endeavor to resolve all claims made by Owners or occupants of Premises served by Contractor for damages to property including, but not limited to, Containers, as soon as reasonably practicable. In the event such damage shall have been caused by the negligence or intentional acts of Contractor, its officers, agents, or employees, Contractor shall promptly repair or replace the damaged property. The provisions of this Section 5.06 shall not be deemed a limitation upon any other provisions of this Agreement, or upon any rights or remedies that may accrue to District by reason of Contractor's acts or omissions to act hereunder; provided, that claims for damages to property shall not be subject to the Complaint resolution procedure under Section 5.03.2.

ARTICLE 6 MAXIMUM RATES

6.01 General. The compensation provided to Contractor for the services provided hereunder shall be in the form of revenues received from Billings made to Service Recipients. Contractor may set its rates for such services at any level so long as the rate for a particular service does not exceed the then-applicable maximum rate for such service set forth in Exhibit D. The ability of Contractor to set its rates as provided in the previous sentence is a condition to Contractor's performance of this Agreement. Contractor's revenues from Billings shall be the full and complete compensation due Contractor under this Agreement for all labor, equipment, materials and supplies, taxes, insurance, bonds, overhead, profit, and all other things necessary to perform all services required hereunder in the manner and times specified. If Contractor's ability to set its rates is impaired for any reason beyond Contractor's control (including without limitation a court ruling or a protest by a majority of property owners), District and Contractor shall negotiate in good faith to take mutually agreed upon actions (including but not limited to complying with court-mandated procedures, revising rate increase proposals, and/or reducing Contractor's services or other obligations) with the goal of achieving a fair and equitable result for the Parties. Nothing in this Agreement shall be deemed an admission by District or Contractor that Article 13.C or 13.D of the California Constitution applies to maximum rates or the rates charged by Contractor under this Agreement.

6.02 Maximum Rates. The initial maximum rates as of the Effective Date through and including December 31, 2014 shall be in accordance with the Schedule of Rates as set forth in Exhibit D. Notwithstanding the foregoing:

A. Effective as of January 1, 2015, and each January 1 thereafter, Contractor shall be entitled to consideration of an annual adjustment in maximum rates calculated using the methodologies set forth in Exhibit “E”. The methodology used each year shall be either index-based or cost-based, as indicated in Table 1 below. On or before the application submittal date listed in Table 1, Contractor shall submit to District an application (“Application”) containing Contractor’s reasonable good faith calculation of the Rate Adjustment Factor in accordance with Exhibit E and the proposed maximum rates for the ensuing Rate Year based on that Adjustment Factor. The Application shall be accompanied by appropriate supporting documentation, including, without limitation, any report (if publicly available) prepared by the City of Pacifica’s rate consultant regarding maximum rates in the City of Pacifica for such Rate Year; provided, that said report shall serve only as an informative document relating to the City of Pacifica, and shall not necessarily be deemed relevant to determination of rates within District’s service area.

District shall undertake an administrative review of Contractor’s application for accuracy and consistency with the methodology set forth in Exhibit “E”. Within thirty (30) days after Contractor’s submittal, District shall notify Contractor in writing of any factual or calculation discrepancies in the Application that District has identified, and Contractor shall have the opportunity to revise the Application based thereon within thirty (30) days of receipt by Contractor of District’s description of the discrepancies. District shall use its best efforts, subject to the requirements of law, to enact the proposed maximum rates to take effect as of January 1 of the Rate Year following the year in which the Application was submitted.

Rate Year Start Date	Method To Determine Rates for Such Rate Year	Application Submittal Date
January 1, 2015	Index-Based	October 1, 2014
January 1, 2016	Cost-Based	September 1, 2015
January 1, 2017	Index-Based	October 1, 2016
* = January 1, 2018	Index-Based	October 1, 2017
* = January 1, 2019	Cost-Based	September 1, 2018
* = January 1, 2020	Index-Based	October 1, 2019
* = January 1, 2021	Index-Based	October 1, 2020
* = January 1, 2022	Index-Based	October 1, 2021

* Applicable only if contract extended.

B. In addition to the above, District may direct Contractor to perform additional services or modify the manner by which Contractor performs existing services during the remaining term of this Agreement. Such additional services or modifications include,

without limitation, the establishment of pilot programs and innovative services that entail new Collection methods, targeted routing, different markets or uses for Recyclable Material or Yard Waste, different kinds of services and/or new requirements for Waste Generators. Prior to and as a condition of commencement of additional or modified services, District and Contractor shall agree upon an adjustment to maximum rates, or such adjustment to maximum rates shall be established pursuant to the dispute resolution procedure in Section 13.22. District may at any time withdraw its direction to perform additional or modified services.

C. In addition to the above, and excepting fines and penalties resulting from Contractor's noncompliance with laws, Contractor shall be entitled to consideration of an adjustment to maximum rates sufficient to cover Contractor's reasonable increased costs (after application of the Operating Ratio to non-Pass-Through-Costs) arising from changes in law, increased regulatory fees, increased 3rd party processing costs, changes in disposal or processing facilities not within Contractor's control, and emergency services.

6.03 Cost Savings Program. Contractor is encouraged to achieve cost savings in its operations that will provide extraordinary maximum rate reductions to Service Recipients. Therefore, Contractor may, concurrently with its submittal of requests for adjustment to maximum rates, submit a written proposal for any extraordinary operating cost savings ("Cost Savings Program"). District shall either approve or disapprove the proposed Cost Savings Program. If Contractor and District fail to agree on such Program, Contractor shall not be required to initiate the Program, nor incur further significant additional capital investment beyond that required for normal operations.

ARTICLE 7 PERFORMANCE REVIEW

7.01 Performance Review. District may review, or cause to be reviewed, Contractor's operations hereunder in conjunction with Rate Year maximum rate reviews. Such reviews may include, but shall not be limited to, analyses of both financial aspects and qualitative performance of Contractor's operations. Contractor shall cooperate with District in conducting such reviews.

7.02 Scope. The performance review may include, but not be limited to, quality of services then currently being provided, proposed new or substituted services, application of new technologies, Service Recipient Complaints, changes in applicable laws and regulations, new proposals for meeting or exceeding waste reduction and recycling goals, regulatory constraints, and the economic effect of said services.

7.03 Report. Unless otherwise agreed upon, within thirty (30) days of notice from District of a performance review, Contractor shall submit a report to District which shall, as a minimum, include: (i) recommended changes in existing services and/or new services to enable District to meet the waste reduction Recycling goals of District and the Act, (ii) financial aspects of such changes or new services, including costs, and corresponding maximum rate changes; (iii) review of Service Recipient complaints received during the

prior Rate Year and the Rate Year in which the review is to be conducted, including Contractor's responses to such Complaints; and (iv) such other information as Contractor may deem pertinent to the review.

7.04 Public Review. Upon completion of the review conducted by or for District, District may prepare or cause to be prepared a report which shall be considered at a public meeting of the Board; provided, that at District's discretion, District may hold a public hearing for review of the report. Notice of such hearing shall be posted or published (or both) not less than one (1) week prior to the date set for the hearing.

7.05 Action. Following review of the performance report, including Contractor's and the public's comments or responses regarding the report, District may require Contractor to provide revised or new services, or substitute services, within a reasonable time; provided that such services shall be economically feasible, taking into consideration both costs and corresponding maximum rate adjustments therefor. District may also require Contractor to implement corrective action or procedures as a result of the review.

ARTICLE 8 RECORDS, REPORTS, AND INFORMATION

8.01 General. Contractor shall prepare and maintain such accounting, statistical and other records related to its performance under this Agreement as shall be necessary to prepare the financial statements and other reports required by this Agreement. Contractor shall collect data and information, and maintain records and reports necessary to comply with this Agreement and maintain Full Regulatory Compliance.

This Article is intended only to describe the general nature of records and reports, and the minimum content thereof, and does not define comprehensively what records and reports are required to be made and maintained. Upon written direction or approval of District, records and reports to be prepared and maintained pursuant hereto may be changed in number, format, or frequency. Where appropriate, all such records and reports may be maintained electronically, and transmitted both by electronic mail and United States Postal Service to District concurrently.

8.02 Scope. Contractor's records shall include, but not be limited to; (i) accurate and complete accounting records containing underlying financial and operating data relating to, and showing the basis for, computation of all costs associated with providing services under this Agreement; (ii) customer services and billing; (iii) Disposal Site(s) and costs associated therewith; (iv) disposition of Recyclable Material and Yard Waste; (v) sales value of Recyclable Material; (vi) markets for Recyclable Material; and (vii) such other records as are customarily prepared and maintained under industry-wide practices including, without limitation, corporate income tax records.

8.03 Inspection. Contractor shall make available to District, its auditors, officers, employees, and agents all records pertaining to Contractor's performance and operations under this Agreement during regular business hours at Contractor's offices or at a mutually

agreed upon location. Inspection of said records by District shall be made with due regard to avoiding interference with Contractor's day-to-day operations; provided, that in no event shall District be precluded from inspecting said records. Contractor may designate which records, if any, contain proprietary information which Contractor desires to remain confidential.

8.04 Retention. Unless otherwise provided herein, Contractor shall retain all records and data related to Contractor's performance and operations under this Agreement for not less than five (5) years.

8.05 Annual Reports. Within one hundred twenty (120) days following the close of Contractor's fiscal year, Contractor shall deliver to District four (4) copies of its audited consolidated financial statements and profit and loss statements for such fiscal year. The statements shall have been audited by a certified public accountant (CPA) in accordance with Generally Accepted Auditing Standards (GAAS) and shall be accompanied by the CPA's unqualified opinion on such financial statements. Contractor shall provide to District an audited figure for Contractor's Gross Revenues under this Agreement for the fiscal year in question to enable District to determine the Franchise Fee contemplated by this Agreement.

ARTICLE 9 INDEMNIFICATION, INSURANCE AND PERFORMANCE BOND

9.01 Indemnification.

9.01.1 General. Contractor shall defend, indemnify and hold harmless, at Contractor's sole cost and expense, District, District's Board, District's officers, employees, and agents (collectively, "Indemnitees") from and against any and all claims, demands, actions, suits or proceedings (whether judicial, quasi-judicial or administrative in nature) losses, liabilities, penalties and forfeitures of any and every kind and description (including, without limitation, attorneys fees and costs of suit) for damages (collectively, "Claims") including, but not limited to, personal injury, bodily injury, injury to, and death of, any Person and/or damage to property, including loss of use thereof, or for contribution or indemnity claimed by third parties arising out of, or occasioned in any way, directly or indirectly, by Contractor's performance of, or its failure to perform, its agreements, duties, obligations, rights and privileges under this Agreement, including, but not limited to, Contractor's failure to attain and maintain Full Regulatory Compliance or otherwise to comply with applicable laws, or Contractor's breach of its representations and warranties. The foregoing shall apply to all Claims except Claims caused by the sole negligence or intentional misconduct or intentional omission of Indemnitees.

9.01.2 Hazardous Substance Indemnification. Without limitation upon the provisions of Section 9.01.1, Contractor shall defend (with counsel reasonably acceptable to District), indemnify and hold harmless Indemnitees from and against all Claims of any kind whatsoever (including, but not limited to, Claims for special, consequential and punitive damages, and any and all response, remediation and removal costs) asserted against,

paid, incurred or suffered, by Indemnitees arising from, or attributable to, the acts or omissions of Contractor, irrespective of Contractor's negligence or culpability, arising from, or attributable to, any repair, clean-up or detoxification, or preparation and implementation of any removal, remedial, response, closure, post-closure or other plan (irrespective of whether undertaken due to governmental action) concerning any Hazardous Substance, or Hazardous Waste Collected, transported, or Disposed under this Agreement. The indemnity afforded Indemnitees shall only be limited to exclude coverage for intentional wrongful acts and grossly negligent delivery of such Wastes to Contractor by Indemnitees. The forgoing indemnity is intended to operate as an agreement not barred under Section 107(e) of CERCLA (42 USC §9607(e)) and California Health and Safety Code Section 25364. The provisions of this Section 9.01.2 shall survive the expiration or termination of this Agreement. Nothing in this Section shall prevent Contractor from seeking indemnification or contribution from Persons or entities other than Indemnitees, for any liabilities incurred by Contractor or by the Indemnitees.

9.01.3 Indemnification Under the Act. In addition to all other relief provided District under this Agreement, Contractor agrees to defend, indemnify and hold harmless Indemnitees from and against any and all fines and penalties imposed against District pursuant to the Act in the event the source reduction and Recycling requirements, or any other requirements of the Act, are not met as a result of Contractor's failure to meet its obligations hereunder including, without limitation, delays in providing information that prevents District from submitting any reports or information required under the Act in a timely manner.

9.02 Insurance. Contractor shall acquire and maintain Workers' Compensation, employer's liability, commercial general liability, owned and non-owned and hired vehicle liability insurance coverage relating to Contractor's services to be performed hereunder covering Contractor and District's risks on an occurrence (rather than a "claims made") basis and in form subject to the approval of District's counsel. The minimum amounts of coverage corresponding to the aforesaid categories of insurance per insurable event, shall be as follows:

<u>Insurance Category</u>	<u>Minimum Limits</u>
Workers' Compensation	statutory minimum
Employer's Liability	\$5,000,000 per accident for bodily injury or disease
Commercial General Liability	\$5,000,000 per occurrence and \$10,000,000 aggregate for bodily injury, personal injury and property damage
Vehicle Liability	\$5,000,000 per accident for bodily injury and property damage (coverage

required to the extent
applicable to Contractor's
performance hereunder)

Concurrently with the execution of this Agreement, Contractor shall furnish District with certificates and copies of information or declaration pages of the insurance required hereunder and, with respect to evidence of commercial general liability and vehicle liability insurance coverage, original endorsements:

- (a) Precluding cancellation or reduction in coverage before the expiration of thirty (30) days after District shall have received written notification of cancellation or reduction in coverage by first class mail;
- (b) Providing that Contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability (cross liability endorsement);
- (c) Naming District, its Board of Directors (and each of them), officers, boards, commissions, employees, and agents as additional insureds, utilizing form # CG 20-101185 or its equivalent;
- (d) Providing that Contractor's insurance coverage shall be primary insurance with respect to District, its Board of Directors (and each of them), officers, boards, commissions, employees, and agents, and any insurance or self-insurance maintained by District for itself, its Board of Directors (and each of them), officers, boards, commissions, employees, or agents shall be in excess of Contractor's insurance and not contributory with it.

9.03 Faithful Performance Bond. Contractor shall take out and maintain during the term hereof a bond securing Contractor's faithful performance of its obligations under this Agreement, in conformance with the attached Exhibit "G". The principal sum of the bond shall be not less than the sum of the annual Billings of Contractor within District's Service Area. Said bond shall be issued by a surety or sureties authorized and admitted as such in the State of California with a rating in the most recent edition of Best's Insurance Reports of size category VII or larger and a rating classification of A or better. The form of the bond shall be subject to the approval of District's counsel.

ARTICLE 10 EMERGENCY OPERATIONS

10.01 Purpose. The purpose of this Article is to provide a procedure for Collecting Solid Waste from District's Service Area upon the occurrence of an emergency condition resulting from the causes described in Section 10.02.1 that endanger the public health, safety, and welfare. The parties acknowledge that either temporary cessation or cessation of indeterminate duration of the services hereunder may result in conditions detrimental to the public health, safety, and welfare, and that, in order to protect the public, invoking the extraordinary provisions of this Article may be necessary.

10.02 Emergency Condition.

10.02.1 Emergency Condition. "Emergency Condition" as used in this Article means the existence of a condition or conditions which threaten or threatens the public health, safety, and welfare resulting from Contractor's failure or inability to perform its duties and obligations hereunder due to fire, flood, storm, earthquake, or other natural calamity, riot, insurrection, public disobedience, labor controversy, labor strike, insolvency of Contractor, or similar condition. "Emergency Condition" does not include the results of failure of Contractor to comply with standards and procedures implemented pursuant to this Agreement or other substandard performance by Contractor.

10.02.2 Hearing; Determination. District may hold a hearing on the question of the existence of an emergency condition upon giving not less than forty-eight (48) hours prior written notice thereof by certified mail to Contractor. At the hearing, Contractor and any and all interested Persons shall be given the opportunity to be heard on the question. Upon conclusion of the hearing, District shall determine if an emergency condition exists in District's Service Area. If it is determined that an emergency condition does exist, District shall, by resolution, declare the existence of the emergency condition, and transmit a certified copy of the resolution to Contractor by certified mail or hand delivery.

10.03 Emergency Operations. From and after the declaration of an emergency condition pursuant to Section 10.02, District may assume and carry out, or appoint any qualified Person to assume and carry out, as the "Emergency Operator," the Solid Waste Collection operations of Contractor hereunder. Except as provided in Section 10.04, during the period the emergency condition exists, all revenues which, but for the emergency condition would accrue hereunder to Contractor, shall instead accrue and be payable to the Emergency Operator.

10.04 Use of Contractor's Facilities. Upon the declaration of an emergency condition pursuant to Section 10.02, Contractor shall make available and relinquish to the Emergency Operator all of Contractor's Facilities necessary or convenient for Collecting Solid Waste from District's Service Area. Further, Contractor shall provide the Emergency Operator access, and rights of access (to the extent necessary) to the Disposal Site(s) or other Facilities available to, or under the control of, Contractor for the transferring, processing and Disposal of Solid Waste, and Contractor shall, to the extent it possesses rights to use such Facilities, assign such rights to the Emergency Operator for use during the existence of the emergency condition. Notwithstanding the foregoing provisions of this Section 10.04, the use of Contractor's Facilities, and the assignment of rights by Contractor shall, in the case of Contractor's insolvency, bankruptcy, or other adverse financial condition, be subject to the provisions of the United States Bankruptcy Act (11 USC §101 et seq.) to the extent applicable.

During the existence of an emergency condition the Emergency Operator shall operate, maintain, and repair, without cost to Contractor, Contractor's Facilities used by it. Upon the cessation of the emergency condition, the right to use such Facilities shall expire, and the Emergency Operator shall return said Facilities to Contractor in a condition

substantially the same as that which existed upon acquiring said Facilities, ordinary wear and tear excepted.

10.05 Indemnification. In the event that an Emergency Operator utilizes any Facilities of Contractor, District shall defend, indemnify, and hold harmless Contractor and its Affiliates from and against any and all losses, expenses, liens, claims, demands, and causes of action of every kind and nature (excluding those based upon the sole negligence or willful misconduct of Contractor, its officers, employees and agents) for death, bodily injury, personal injury, property damage, or other liability for damages (including costs of suit and attorneys' fees) arising out of the use of Contractor's Facilities by the Emergency Operator.

10.06 Cessation of Emergency.

10.06.1 Hearing; Determination. At any time after the Emergency Operator has commenced the Collection of Solid Waste, District may hold a hearing on the question of the cessation of the emergency condition upon giving not less than forty-eight (48) hours prior written notice thereof by certified mail to Contractor. At the hearing, Contractor, the Emergency Operator, and any and all interested Persons shall be given the opportunity to be heard on the question. Upon conclusion of the hearing, District shall determine if the emergency condition has ceased. If it is determined that the emergency condition has ceased, District shall, by resolution, declare the cessation of the emergency condition, and transmit a certified copy of the resolution to Contractor by certified mail.

10.06.2 Resumption of Service. Upon the declaration of cessation of the emergency condition, the Emergency Operator shall return to Contractor its Facilities acquired and used by it under Section 10.04. Further, upon the declaration of cessation of the emergency condition, and unless District has terminated this Agreement pursuant to Section 10.07, Contractor shall recommence its operations hereunder and shall perform all of its duties and obligations in accordance with the provisions hereof, and shall be entitled to all of its rights hereunder, including accrual of revenues for its benefit, from and after the date upon which the emergency condition shall be deemed to have ceased.

10.06.3 Limitation. Notwithstanding anything herein contained to the contrary, no emergency condition shall exist for more than 180 consecutive days. Upon the expiration of said 180 days, and unless the emergency condition has ceased prior thereto, this Agreement shall terminate. In the event of such termination, no rights shall accrue to Contractor under this Agreement from and after the date of termination.

10.07 District's Termination of Agreement. Notwithstanding the provisions of Section 10.06.2, if, upon the cessation of the emergency condition, District determines Contractor is not substantially able to perform its duties and obligations hereunder due to the effects of the emergency condition, District's Board may declare this Agreement terminated effective upon the date of the cessation of the emergency condition. In the event of such termination, no rights shall accrue to Contractor under this Agreement from and after the date of termination.

**ARTICLE 11
DEFAULT, REMEDIES AND LIQUIDATED DAMAGES**

11.01 Events of Default. All provisions of this Agreement to be performed by Contractor are considered material. Each of the following shall constitute an "Event of Default:"

A. Any material fraud or deceit practiced, or attempted to be practiced, upon District;

B. Contractor's insolvency, inability, or unwillingness to pay its debts, or upon issuance of an order for relief in favor of Contractor in a bankruptcy proceeding;

C. Contractor's failure to provide or maintain in full force and effect the requisite insurance and bonds under this Agreement;

D. The violation of any orders or regulations by Contractor or the filing of any action or initiation of any administrative proceedings by any regulatory body having jurisdiction over District or Contractor related in any way to the services being performed under this Agreement alleging Contractor's violation of any orders or regulations, in each case, which violation District reasonably determines to adversely affect Contractor's ability to perform its obligations hereunder or increases District's liabilities; provided that Contractor may contest any such order, regulation, action or proceeding in good faith, in which case no breach of this Agreement shall be deemed to have occurred, unless and until such regulatory body makes a final determination that Contractor has violated an order or regulation;

E. Contractor's failure to provide Collection, transporting, Disposal and Recycling Services required hereunder for any reason within the control of Contractor, including labor disputes, for a period of two (2) consecutive days or more to five percent (5%) or more of the Service Recipients within District's Service Area (determined with reference to Billings) or failure to meet such requirements three (3) times in one (1) week with respect to a particular violation or omission pursuant to Section 5.02.01;

F. Contractor's failure to make any payments required under this Agreement or failure to provide District with required information, reports, or records in a timely manner;

G. Any other act or omission by Contractor which violates the terms, conditions, or requirements of this Agreement, the Act, or any other law, statute, ordinance, order, directive, rule, or regulation implemented thereof which is not corrected or remedied within the time duly established for such correction or remedy;

H. Any representation or statement made to District by Contractor in connection with, or as an inducement to, entering into this Agreement, or any amendment to this Agreement, which is known by Contractor to be false or misleading in any material respect at the time such representation or statement is made;

I. Attachment of, or levy upon, Contractor's Facilities, or any part or portion thereof;

J. Termination or suspension of Contractor's business including, without limitation, cessation of services due to labor unrest including strike, work stoppage or slowdown, sick-out, picketing, or other concerted job action lasting more than two (2) consecutive days; provided, that timely resumption of services shall be without cost to District or Service Recipients;

K. Contractor's failure to provide the reasonable assurances of performance as required under Section 11.07;

L. Contractor's failure to comply with the Records, Reports and Information requirements of Article 8, including, but not limited to, the Inspection, Retention and Annual Reporting Requirements of Sections 8.03, 8.04, and 8.05, respectively.

11.02 Right to Cure. Upon the occurrence of any Event of Default, District shall give Contractor written notice thereof and of District's intention to exercise its remedies hereunder, including termination. Contractor shall have the right to cure any default arising under subdivisions C, D, E, F, G, I, K, and L of Section 11.01, as provided in Section 11.03.

11.03 Right to Terminate Upon Default. Subject to Contractor's right to cure, if a default for any cause arising under subdivisions C, D, E, F, G, I, K, and L of Section 11.01 is not cured within ten (10) days after receipt of written notice of default from District if the public health, welfare or safety is threatened, or otherwise within thirty (30) days after receipt of said notice, then District may, at its option, terminate this Agreement. In such event, District shall give Contractor written notice of its intention to terminate not less than twenty (20) days prior to the effective date of termination stated in the notice; provided, that if the date is not specified in the notice, termination shall be effective twenty (20) days from the date of receipt of the notice by Contractor.

If District's Board determines that termination of this Agreement may cause an imminent threat to the public health, welfare and safety, the Board shall invoke the provisions of Article 10, and declare the existence of an emergency condition thereunder. In all other circumstances, District shall give Contractor notice of its intent to terminate this Agreement and that District's Board shall consider the question of termination at a meeting of the Board held not less than ten (10) days following such notice. Contractor shall be provided the opportunity to respond to the notice of intent at said meeting.

District's right to terminate under this Article 11 is cumulative and in addition to any and all other rights of District which may accrue to it upon a failure of Contractor to perform its duties, obligations and agreements under this Agreement. Without limitation upon the foregoing, in addition to damages, District may seek equitable relief or enforcement for any material default or other breach of the provisions of this Agreement.

11.04 Excuse from Performance. The parties shall be excused from performing their respective obligations hereunder in the event they are prevented from doing so by reason of floods, earthquakes, other natural disaster, war, civil insurrection, riots, acts of

any government (including judicial action, but excluding orders or notices of violation resulting from actions of Contractor), and other similar catastrophic events which are beyond the control of and not the fault, of the party claiming excuse from performance. Labor unrest, including, but not limited to, strike, work stoppage or slowdown, sick-out, picketing, or other concerted job action conducted by Contractor's employees or directed at Contractor is not an excuse from performance and Contractor shall be obligated to continue to provide service notwithstanding the occurrence of any or all of such events. The party claiming excuse from performance shall, within two (2) days after such party has notice of such cause, give the other party notice of the facts constituting such cause and asserting its claim to excuse under this Section.

The interruption or discontinuance of Contractor's services caused by one or more of the excused events shall not constitute a default by Contractor under this Agreement. Notwithstanding the foregoing, if Contractor is excused from performing its obligations to Collect, transfer, transport, process and Dispose of Solid Waste hereunder for any of the causes listed in this Section for a period of ten (10) days or more, District shall nevertheless have the right, in its sole discretion, to terminate this Agreement by giving ten (10) days' written notice, in which case the provisions of Article 10 and this Article 11 shall be applicable.

11.05 Notice, Hearing and Appeal of District Breach. If Contractor contends that District is in breach of this Agreement, Contractor shall file a written request with District for an administrative hearing before the Manager or his/her delegate. The request shall be made within ninety (90) days of the event or incident which allegedly gave rise to the breach. District shall notify Contractor of the time and date of the hearing, which shall be held within thirty (30) days of receipt of Contractor's request. Contractor shall present its position and all relevant facts first and then District staff shall make its presentation. Contractor shall be notified of the Manager's administrative decision in writing within fourteen (14) days of the administrative hearing.

Contractor may appeal the Manager's decision to the Board. Notice of the appeal shall be given in writing to District no later than fourteen (14) days after the date of issuance of the Manager's decision. District shall notify Contractor of the place, time and date the District Board shall consider Contractor's appeal. On the appeal, Contractor shall present its position and all relevant facts first; provided, that Contractor shall not present any facts or documents, or raise any issues not presented by Contractor at the administrative hearing before the Manager. District staff shall respond to the matters presented by Contractor, and Contractor may present a closing argument. Contractor shall be notified in writing within thirty (30) days of the District Board's decision.

11.06 Assurance of Performance. Each party may, at its option and in addition to all other remedies it may have, demand from the other Party reasonable assurances of timely and proper performance of this Agreement, in such form and substance as the Party may require. If the other Party fails or refuses to provide satisfactory assurances of timely and proper performance in the form and by the date required by the Party, such failure or refusal shall be an event of default.

and proper performance in the form and by the date required by the Party, such failure or refusal shall be an event of default.

11.07 Service Performance Standards; Liquidated Damages

11.07.1 Service Performance Standards; Liquidated Damages for Failure to Meet Standards. District and Contractor further acknowledge that consistent, reliable Solid Waste, Recyclable Materials, and Yard Waste Collection and Disposal service is of utmost importance to District and that District has considered and relied on Contractor's representations regarding Contractor's achievement of the requisite standards of performance in entering into this Agreement. The parties further recognize that some quantified standards of performance are necessary and appropriate to ensure consistent and reliable service. The parties agree that if Contractor fails to achieve the performance standards, or otherwise fails to perform its obligations hereunder, District and its residents will suffer damages and that it is and will be impracticable and extremely difficult to ascertain and determine the exact amount of damages that District will suffer. Therefore, without prejudice to District's right to treat such non-performance as an Event of Default under this Article 11, the parties agree that the following liquidated damages correspond to a reasonable estimate of the damages incurred from the default listed respectively therefor. By initialing at the places provided, each party confirms the foregoing and acknowledges that each party has had ample opportunity to consult with legal counsel and obtain an explanation of the liquidated damages provisions upon entering into this Agreement.

Contractor
Initial Here MS

District
Initial Here KSA

Contractor agrees to pay (as liquidated damages and not as a penalty) the amounts set forth below:

A. Collection Reliability.

1) For each failure to commence service to a new Service Recipient account within seven (7) days after receipt of the order for service, in excess of (10) such failures annually: \$150.00

2) For each failure to Collect Solid Waste that has been properly set out for Collection, from an established Service Recipient account on the scheduled Collection day and not Collected within the period described in this Agreement in excess of fifteen (15) such failures annually: \$150.00

3) For each failure to Collect Solid Waste which has been properly set out for Collection, from the same Service Recipient on two (2) consecutive scheduled pickup days: \$150.00

4) For each failure to prepare for, or properly conduct, special Collections as described in Section 4.07, including advertising and press releases: \$250.00

5) For each failure to perform and submit Billing reviews: \$250.00

11.07 Service Performance Standards; Liquidated Damages

11.07.1 Service Performance Standards; Liquidated Damages for Failure to Meet Standards. District and Contractor further acknowledge that consistent, reliable Solid Waste, Recyclable Materials, and Yard Waste Collection and Disposal service is of utmost importance to District and that District has considered and relied on Contractor's representations regarding Contractor's achievement of the requisite standards of performance in entering into this Agreement. The parties further recognize that some quantified standards of performance are necessary and appropriate to ensure consistent and reliable service. The parties agree that if Contractor fails to achieve the performance standards, or otherwise fails to perform its obligations hereunder, District and its residents will suffer damages and that it is and will be impracticable and extremely difficult to ascertain and determine the exact amount of damages that District will suffer. Therefore, without prejudice to District's right to treat such non-performance as an Event of Default under this Article 11, the parties agree that the following liquidated damages correspond to a reasonable estimate of the damages incurred from the default listed respectively therefor. By initialing at the places provided, each party confirms the foregoing and acknowledges that each party has had ample opportunity to consult with legal counsel and obtain an explanation of the liquidated damages provisions upon entering into this Agreement.

Contractor
Initial Here _____

District
Initial Here KAC

Contractor agrees to pay (as liquidated damages and not as a penalty) the amounts set forth below:

A. Collection Reliability.

1) For each failure to commence service to a new Service Recipient account within seven (7) days after receipt of the order for service, in excess of (10) such failures annually: \$150.00

2) For each failure to Collect Solid Waste that has been properly set out for Collection, from an established Service Recipient account on the scheduled Collection day and not Collected within the period described in this Agreement in excess of fifteen (15) such failures annually: \$150.00

3) For each failure to Collect Solid Waste which has been properly set out for Collection, from the same Service Recipient on two (2) consecutive scheduled pickup days: \$150.00

4) For each failure to prepare for, or properly conduct, special Collections as described in Section 4.07, including advertising and press releases: \$250.00

5) For each failure to perform and submit Billing reviews: \$250.00

B. Collection Quality.

1) For each occurrence of damage to private property that exceeds seven (7) such occurrences annually: \$250.00

2) For each failure in excess of ten (10) occurrences annually (in the aggregate for each infraction) of the following infractions: (i) failure to return empty Containers to the proper place; (ii) failure to place Containers so as to avoid pedestrian or vehicular traffic impediments and (iii) failure to place Containers upright with lids or other security devices fastened: \$150.00

3) For each occurrence of excessive noise or discourteous behavior: \$250.00

4) For each failure over fifteen (15) occurrences annually (in the aggregate for each infraction) of the following infractions: failure to clean up spills by Contractor from (i) Solid Waste, (ii) Recyclable Materials and (iii) Yard Waste Containers: \$150.00

5) For each Collection in excess of ten (10) occurrences annually (in the aggregate for each infraction) of the following infractions: Collection during unauthorized hours of (i) Solid Waste, (ii) Recyclable Materials and (iii) Yard Waste: \$250.00

6) For each year that Contractor fails to meet the annual diversion goals described in Section 4.05: one (1) percent of gross receipts.

C. Service Recipient Responsiveness.

1) For each failure initially to respond to a service recipient Complaint within one (1) business day: \$100.00

2) For each failure to process service recipient Complaints to District as required by Article 5: \$100.

D. Timeliness of Submissions to District. For each calendar day a report is overdue, the daily liquidated damage amount shall be \$10. For purposes hereof, a report, or any revision or amendment thereto, shall be deemed overdue if it has not been submitted to District by mail or personal delivery within seven (7) days of its due date.

11.07.2 Procedure. Liquidated damages shall only be assessed after Contractor has been given the opportunity, but failed, to rectify in a timely manner, the corresponding default. District may determine the occurrence of a default giving rise to liquidated damages through the observation of its own employees or representative or upon investigation of Complaints.

Prior to assessing liquidated damages, District shall give Contractor notice of its intention to do so. The notice shall include a brief description of the alleged default. Contractor may review (and make copies at its own expense) all information in the possession of District relating thereto. Contractor may, within ten (10) days after receiving the notice, request a meeting with District. Contractor may present evidence in

writing and through testimony of its employees and others relevant to the alleged default. District shall provide Contractor with a written explanation of its determination on each alleged default prior to authorizing the assessment of liquidated damages. The decision of District shall be final.

11.07.3 Amount. District may assess liquidated damages for each calendar day or event, as appropriate, that Contractor is determined to be in default in accordance with this Agreement.

11.07.4 Payment. Contractor shall pay liquidated damages within ten (10) days after they are assessed. Upon non-payment within the ten (10) day period, District may proceed against the performance bond required hereunder or give notice of intent to terminate this Agreement pursuant to Section 11.03.

11.08 District's Remedies Cumulative; Specific Performance. Notwithstanding the provisions of Section 11.03, all rights and remedies of District contained in this Article 11 and in this Agreement are cumulative, such that the exercise of any such right or pursuit of any such remedy, or the failure to exercise such right or pursue such remedy, shall not be deemed a limitation upon District to exercise or pursue any other right or remedy. The parties expressly agree that, in addition to consequential damages arising from any breach of any provision of this Agreement, District may seek specific performance or other equitable remedy in furtherance of District's rights and remedies.

ARTICLE 12 REPRESENTATIONS AND WARRANTIES OF CONTRACTOR

12.01 Representations. Contractor's representations and warranties to District are set forth herein below.

12.02 Corporate Status. Contractor is a corporation duly organized, validly existing and in good standing under the laws of the State of California authorized to do business in California. Contractor has the corporate power to own its properties and to carry on its business as now owned and operated and as required by this Agreement.

12.03 Corporate Authorization. Contractor has the authority to enter into and perform its obligations under this Agreement. The Board of Directors of Contractor (or its shareholders, if necessary) have taken all actions required by law, its articles of incorporation, its bylaws, or otherwise, to authorize the execution of this Agreement. The Person signing this Agreement on behalf of Contractor has authority to do so.

12.04 Agreement Will Not Cause Breach. To the best of Contractor's knowledge, after reasonable investigation, neither the execution or delivery of this Agreement nor the performance of this Agreement by Contractor: (i) conflicts with, violates, or results in a breach of any applicable law; or (ii) conflicts with, violates or results in a breach of any term or condition of any judgment, order or decree of any court, administrative agency or other governmental authority, or any agreement or instrument to which Contractor is a party or by

which Contractor or any of its properties or assets are bound, or constitutes a default thereunder.

12.05 No Litigation. To the best of Contractor's knowledge, after reasonable investigation, there is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental authority, commission, board, agency or instrumentality decided, pending or threatened against Contractor wherein an unfavorable decision, ruling or finding, in any single case or in the aggregate, would materially adversely affect the performance by Contractor of its obligations hereunder or which, in any way, would adversely affect the validity or enforceability of this Agreement or which would have a material adverse effect on the financial condition of Contractor or any surety guaranteeing Contractor's performance under this Agreement, which has not been waived by the District in writing.

12.06 No Adverse Judicial Decisions. To the best of Contractor's knowledge, after reasonable investigation, there is no judicial decision that affects the validity of this Agreement and may subject this Agreement to legal challenge.

12.07 Ability to Perform. Contractor possesses the business, professional, and technical expertise to manage, handle, treat, store and dispose of the Solid Waste, and possesses the equipment, plant, and employee resources required to perform this Agreement.

ARTICLE 13 GENERAL PROVISIONS

13.01 Relationship of Parties. Contractor shall perform the services required by this Agreement as an independent Contractor engaged by District and not as an officer or employee of District or as a partner of or joint venturer with District. No officer, employee or agent of Contractor shall be or shall be deemed to be an officer, employee or agent of District. Except as expressly provided herein, Contractor shall have the exclusive control over the manner and means of conducting the services performed under this Agreement, and all Persons performing such services. Contractor shall be solely responsible for the acts and omissions of its officers, employees, subcontractors and agents. Neither Contractor nor its officers, employees, subcontractors and agents shall obtain any rights to retirement benefits, workers' compensation benefits, or any other benefits that accrue to District's employees by virtue of their employment with District.

13.02 Compliance with Law. In providing services under this Agreement, Contractor shall at all times comply with the Act, the Environmental Laws, the Ordinance and all other applicable laws, regulations and directives including all amendments, revisions and reenactments thereto and thereof (Collectively, the "Laws"). In the event of any conflict between this Agreement and the Laws, the requirements of the Laws shall govern, and Contractor shall not be in breach of this Agreement if Contractor complies with the Laws in contravention of this Agreement; provided, that nothing in this Section is intended to limit or enlarge Contractor's obligations under this Agreement.

13.03 Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California.

13.04 Jurisdiction. Any lawsuits between the parties arising out of this Agreement shall be brought and maintained in the courts of the State of California. With respect to venue, the parties agree that this Agreement is made in and will be performed in San Mateo County, California.

13.05 Assignment by Contractor.

13.05.1 Assignment Defined. For the purpose of this Section, "assignment" shall include, but not be limited to (i) a sale, exchange or other transfer (not including return of leased Facilities to their owner) of at least twenty-five percent (25%) of Contractor's Facilities to a third party; (ii) a sale, exchange or other transfer of outstanding common stock of Contractor to a third party provided said sale, exchange or transfer may result in a change of control of Contractor or control over Contractor's Facilities; (iii) any dissolution, organization, consolidation, merger, re-capitalization, stock issuance or re-issuance, voting trust, pooling agreement, escrow arrangement, liquidation or other transaction to which results in a change of control of Contractor or control over Contractor's Facilities; (iv) any assignment by operation of law, including insolvency or bankruptcy, an assignment for the benefit of creditors, an attachment or a levy against this Agreement, the appointment of a receiver taking possession of Contractor's Facilities, or a probate transfer; and (v) any combination of the foregoing (whether or not in related or contemporaneous transactions) which effectively changes control of Contractor or divests Contractor of control of Contractor's Facilities.

Contractor acknowledges that this Agreement involves rendering a vital service to District's residents and business, and that District has selected Contractor to perform the services specified herein based on (i) Contractor's experience, skill and reputation for conducting its operations in a safe, effective and responsible fashion, at all times in keeping with applicable Environmental Laws, regulations, and best management practices, (ii) Contractor's financial resources to maintain the required equipment and services to District under this Agreement, (iii) Contractor's Schedule of Rates, (iv) Contractor's quality of service and (v) Contractor's obligations to District under this Agreement. District has relied on each of these factors, among others, in entering into this Agreement.

Contractor shall promptly notify District's Manager in writing of any proposed assignment. No interest in this Agreement may be assigned, sold, hypothecated, mortgaged, subcontracted or otherwise transferred, either in whole or in part, without the prior written consent of District, which consent shall not unreasonably be withheld. Contractor shall notify District's Manager by certified mail not less than one hundred twenty (120) days in advance of any proposed assignment, sale, hypothecation, mortgage, subcontract or transfer. Failure by District to respond to any such notice within sixty (60) days of receipt thereof shall be deemed consent. Any assignment, sale, hypothecation, mortgage, subcontract or transfer made without the consent of District shall constitute a material breach of this Agreement. Under no circumstances shall District be obligated to

consider any proposed assignment if Contractor is in default of its performance under this Agreement.

Contractor agrees that it shall require as a condition of any assignment that the assignee shall be responsible for and comply with all terms and provisions contained in this Agreement (including, but not limited to, maximum rates) for the remaining Term of this Agreement.

In the event that District's Board approves an assignment, sale, hypothecation, mortgage, subcontract or transfer, said approval shall not relieve Contractor of any of its obligations or duties under this Agreement unless otherwise provided in writing executed by District.

13.05.2 No request by Contractor for consent to any assignment shall be considered by District unless and until Contractor has met the following requirements:

A. Contractor shall deposit with District District's estimated expenses (not to exceed Ten Thousand Dollars (\$10,000) for attorneys fees and investigation costs required for review of the capability of any proposed assignee to perform the duties and obligations of Contractor hereunder or otherwise to comply with the provisions of this Agreement, and for the preparation of any documents pertaining to the assignment;

B. Contractor shall furnish District with audited financial statements of the proposed assignee's operations for the immediately preceding five (5) operating years;

C. Contractor shall furnish District satisfactory proof that: (i) the proposed assignee has at least ten (10) years of Solid Waste management experience on a scale equal to, or exceeding, the scale of operations conducted by Contractor under this Agreement; (ii) in the last five (5) years, the proposed assignee has not been issued any significant citations or other censure from any federal, state or local agency having jurisdiction over its Solid Waste management operations for any significant failure to comply with the Act, the Environmental Laws or any other law or regulation relating to the public health, welfare and safety; provided that the assignee shall furnish District with a complete list of such citations and censures; (iii) the proposed assignee has at all times conducted its operations in an environmentally safe and conscientious fashion; (iv) the proposed assignee conducts its Solid Waste business practices in full compliance with all federal, state and local laws regulating the Collection and Disposal of Solid Waste, including Hazardous Substances; (v) the proposed assignee can meet the guaranty and performance bond requirements of Contractor hereunder; and (vi) any other information required by District to ensure that the proposed assignee can fulfill the terms of this Agreement has been submitted to District.

D. Contractor shall furnish District with an executed addendum to this Agreement indicating that the Agreement has been assigned to Assignee and that the Assignee shall be responsible for, and comply with, all terms and provisions contained within this Agreement (including but not limited to the maximum rates) for the remaining Term of this Agreement.

13.06 Binding on Assigns. Except as expressly otherwise provided in this Agreement, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the successors and permitted assigns of the parties.

13.07 Affiliated Companies. If Contractor enters into any financial transactions with a Related Party Entity or Affiliate for the provision of labor, equipment, supplies, services, capital, or any other necessary items, related to the furnishing of service under this Agreement, that relationship shall be disclosed to District, and in the financial reports submitted to District. In such event, District's rights to inspect records, and obtain financial data, shall extend to such Related Party Entity or entities to the extent necessary to evaluate such transactions, assess the financial wherewithal of the Related Party Entity, and determine on the basis of audited financial information the Franchise Fee contemplated by this Agreement.

13.08 Subcontracting. Contractor shall not engage any subcontractors for Collection or Disposal of Solid Waste without the prior written consent of District.

13.09 Transition to Next Contractor. Upon expiration of the Term, or earlier termination of this Agreement, Contractor shall cooperate with District and the successor contractor(s) to assist in an orderly transition. Contractor shall provide route lists and Billing information electronically in a format specified by District prior to expiration of the Term or earlier termination of this Agreement. Contractor shall not be obliged to sell its vehicles, equipment, Containers or other property to its successor; provided that, nothing herein contained shall be deemed to prohibit such sale.

13.10 Parties in Interest. Nothing in this Agreement, whether express or implied, is intended to confer any rights on any Persons other than the parties to it and their representatives, successors and permitted assigns.

13.11 Waiver. The waiver by either party of any breach, failure to perform, or violation of any provision of this Agreement shall not be deemed to be a waiver of any breach, failure to perform or violation of any other provision nor of any subsequent breach, failure, or violation of the same or any other provision. The acceptance by either party of any monies that become due hereunder shall not be deemed to be a waiver of any pre-existing or concurrent breach, failure to perform or violation by the other party of any provision of this Agreement.

13.12 Contractor's Investigation. Contractor has made an independent investigation (satisfactory to it) of the conditions and circumstances surrounding the Agreement and the work to be performed by Contractor.

13.13 Notice. All notices, demands, requests, proposals, approvals, consents and other communications which this Agreement requires, authorizes or contemplates shall be in writing and shall either be personally delivered to a representative of the parties at the address below or be deposited in the United States mail, first class postage prepaid, addressed as follows:

If to District: General Manager
Montara Water and Sanitary District
P.O. Box 3701351
8888 Cabrillo Highway
Montara, CA 94037-01831

If to Contractor: Ms. Christine Porter, Manager
Recology of the Coast
2305 Palmetto Avenue
Pacifica, CA 94044

The above addresses may be changed from time to time by a notice given in accordance with this Section. A notice shall be deemed given on the day it is personally delivered or, if mailed, three days from the date it is deposited with the U.S. Postal Service.

13.14 Representatives.

13.14.1 District's Representatives. Except as expressly provided to the contrary, all actions to be taken by District shall be taken by the Manager who may delegate this responsibility in writing to another District employee or officer. Contractor may rely upon actions taken by such delegates if they are within the scope of the delegated authority.

13.14.2 Contractor's Representatives. Contractor shall, on or before the Effective Date, designate in writing a responsible officer who shall serve as the representative of Contractor in all matters related to the Agreement and shall inform District in writing of such designation and of any limitations upon his or her authority to bind Contractor. District may rely upon action taken by such designated representative as actions of Contractor unless they are outside the scope of the responsibility delegated to him/her by Contractor as communicated to District.

13.15 District Free to Negotiate with Third Parties. District may investigate all options for the Collection and processing of Solid Waste after the expiration of the Term. Without limiting the generality of the foregoing, District may solicit proposals from Contractor and other parties for the provision of Collection services, and any combination thereof, and may negotiate and execute agreements for such services that will take effect upon the expiration or earlier termination of this Agreement.

13.16 Compliance with District's Code. Contractor shall comply with those provisions of District's Code, its Ordinances, resolutions and directives of District applicable to Contractor's duties, obligations and agreements hereunder; provided, that if a revision or amendment to the Code, Ordinances, resolution or directives, or a new enactment by District's Board materially affects Contractor's annual cost of operations, Contractor shall be entitled to consideration of a maximum rate adjustment pursuant to Section 6.02. Moreover, no such change may revoke or override the exclusive right of Contractor contained in Section 2.1 or revoke or override Contractor's designation of a Disposal Site pursuant to this Agreement.

13.17 Privacy. Contractor shall strictly observe and protect the rights of privacy of Service Recipients. Information identifying individual Service Recipients or the composition or contents of a Service Recipient's Solid Waste, Recyclable Material or Yard Waste shall not be revealed to any Person, governmental unit, private agency, or Contractor, unless required by a court of competent jurisdiction, statute, or upon written authorization of the Service Recipient. This provision shall not be construed to preclude Contractor from preparing, participating in, or assisting in the preparation of Solid Waste characterization studies or analyses required by the Act.

13.18 Integrated Contract. This Agreement represents the full and complete understanding of every kind or nature pertaining to the subject matter hereof between the parties hereto, and all preliminary negotiations and agreements are merged herein. No verbal agreement or implied covenant shall be held to vary the provisions hereof. Any modification, amendment or revision of this Agreement shall be effective only by written agreement or supplement approved and executed in the same manner as this Agreement.

13.19 Included Provisions. Each provision and clause required by law to be included in this Agreement shall be deemed to be included herein, and this Agreement shall be interpreted and enforced as though each were included herein. If through mistake or otherwise, any such provision is not included or is not correctly included, this Agreement shall be amended to make such inclusion on application by either party.

13.20 Execution. This Agreement shall be executed in original duplicates, and may be executed in original counterparts by the parties.

13.21 Non-Discrimination. Consistent with District's policy that harassment and discrimination are unacceptable employer-employee conduct, Contractor agrees that harassment or discrimination directed toward a job applicant, Contractor's employees, officers, or agents, District, or a citizen by Contractor on the basis of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex, age, or sexual orientation is prohibited. Contractor agrees that any and all violations of this provision shall constitute a material breach of this Agreement.

13.22 Dispute Resolution. Except to the contrary hereinafter provided, disputes regarding the interpretation of this Agreement or the performance of the parties hereunder shall be resolved in accordance with this Section. The parties shall first attempt to resolve disputes by informal conference. If a dispute cannot thereby be resolved, the parties shall attempt to resolve the dispute by mediation.

If a dispute cannot be resolved by mediation, the dispute shall be resolved by a panel of arbitrators appointed in accordance with this paragraph. Each party shall appoint an arbitrator to a three (3) member panel. Two panel members, one appointed by each party, shall appoint the third, neutral arbitrator; provided, that if they cannot agree upon the neutral arbitrator, either party may apply to a Judge of the San Mateo County Superior Court for appointment of the neutral arbitrator.

The Rules of Procedure of the American Arbitration Association for commercial arbitration shall govern the arbitration hereunder to the extent applicable. Within 60 days from conclusion of the hearing on the dispute, the panel of arbitrators shall render their written decision; provided, that a majority and minority decision may be rendered. The prevailing party in any such Arbitration may recover its reasonable costs and attorneys fees from the other party. The decision of the arbitrators shall be final and binding upon the parties.

13.23 Entire Agreement. This Agreement, including the Exhibits, represents the full and entire Agreement between the parties with respect to the matters covered herein.

13.24 Headings. The article headings and section headings in this Agreement are for convenience of reference only and are not intended to be used in the interpretation of this Agreement nor to alter or affect any of its provisions.

13.25 Interpretation. This Agreement, including the Exhibits attached hereto shall be interpreted and construed reasonably and neither for nor against either party, regardless of the degree to which either party participated in its drafting.

13.26 Amendments. This Agreement may not be modified or amended in any respect except by a writing approved in the same manner as this Agreement and signed by the parties.

13.27 Severability. If any non-material provision of this Agreement is for any reason deemed to be invalid and unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions, which shall be enforced as if such invalid or unenforceable provision had not been contained herein.

13.28 Exhibits. Exhibits "A" through "F," inclusive, attached hereto are incorporated herein and made a part hereof by this reference.

13.29 Attorneys Fees. The prevailing party in any action brought to enforce the terms of this Agreement or arising out of this Agreement may recover its reasonable costs and attorneys fees from the other party.

IN WITNESS WHEREOF, District and Contractor have executed this Agreement as of the day and year first above written.

(signatures on following page)

13.27 Severability. If any non-material provision of this Agreement is for any reason deemed to be invalid and unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions, which shall be enforced as if such invalid or unenforceable provision had not been contained herein.

13.28 Exhibits. Exhibits "A" through "E," inclusive, attached hereto are incorporated herein and made a part hereof by this reference.

13.29 Attorneys Fees. The prevailing party in any action brought to enforce the terms of this Agreement or arising out of this Agreement may recover its reasonable costs and attorneys fees from the other party.

IN WITNESS WHEREOF, District and Contractor have executed this Agreement as of the day and year first above written.

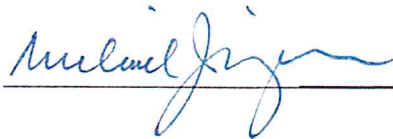
Montara Water and Sanitary District ("District")


Kathryn Slater-Carter, President

Countersigned:


Scott Boyd, Secretary

Recology of the Coast ("Contractor")

By: 

Title: _____

Montara Water and Sanitary District ("District")


Kathryn Slater-Carter, President

Countersigned: 
Scott Boyd, Secretary

Recology of the Coast ("Contractor")

By: _____

Title: _____

Exhibit A

Definitions

The following words and terms and their variants as used in this Agreement have the meanings respectively ascribed thereto.

“Act” means the Integrated Waste Management Act of 1989 (AB939) Public Resources Code, Section 40000 et seq., as it may be amended from time to time.

“Affiliate” means all businesses (including corporations, limited and general partnerships and sole proprietorships) which are directly or indirectly related to Contractor by ownership interest or management. An Affiliate includes a business in which Contractor owns a direct or indirect interest, a business that has a direct or indirect ownership interest in Contractor and/or a business that is also owned, controlled or managed by any business or individual which has a direct or indirect ownership interest in Contractor. For purposes of determining whether an indirect ownership interest exists, the constructive ownership provisions of Section 318(a) of the Internal Revenue Code of 1986 in effect on the date of this Agreement shall apply; provided, however, that (i) "ten percent (10%)" shall be substituted for "fifty percent (50%)" in Section 318(a)(2)(C) and in Section 318(a)(3)(C) thereof; and (ii) Section 318(a)(5)(C) shall be disregarded. For purposes of determining ownership under this paragraph and constructive or indirect ownership under Section 318(a), ownership interest of less than ten percent (10%) shall be disregarded and percentage interests shall be determined on the basis of the percentage of voting interest or value which the ownership interest represents, whichever is greater.

“Agreement” means this Agreement, including any amendments and supplements thereto.

“Annual Change” in an index means the annual percentage change in the index calculated by dividing the difference between the most recent annual index value and the prior annual index value, by the prior annual index value. For example, if the most recent annual index value = 316.30, and the prior annual index value = 295.50, the Annual Change = $(316.30 - 295.50) / 295.50 = 0.0703$ or a 7.03% increase.

“Board” or **“District Board”** means the Board of Directors of District, its governing body.

“Billings” means statements of charges for services rendered by Contractor hereunder.

“Bulky Goods” means objects larger than ordinarily may be accommodated by residential Solid Waste Containers including, but not limited to, objects not heavier than 200 pounds. Bulky Goods includes, but is not limited to: used furniture, mattresses, box springs, large appliances, bicycles, lawn mowers, unpainted lumber, large tree limbs and stumps, used building materials, used fixtures, and used bricks.

“Collect” or **“Collection”** means to take physical possession of, transport, and remove Solid Waste, Recyclable Material or Yard Waste within and from District’s Service Area.

“Commercial, Industrial and Institutional Service Recipient” means the Person to whom Contractor submits billing invoices for services rendered by Contractor hereunder to Persons whose businesses or institutional activities include, but are not limited to, retail sales, services, wholesale sales, research and development, governmental operations, public and private education, non-profit charitable activities, hospital and health care activities, manufacturing and industrial operations, but excluding businesses lawfully conducted upon Residential Premises and not constituting the primary use of the Premises.

“Complaint” means a written statement made by members of the public, Service Recipients, or Owners of Premises served by Contractor, or (as to District’s facilities) officers, employees or agents of District, or a written statement prepared and submitted to Contractor by District based on oral statements made by such complainants to District, alleging non-performance or deficiencies in performance of Contractor’s duties and obligations under this Agreement, or otherwise alleging a violation by Contractor of the provisions of this Agreement, in each case with respect to services provided to (or failed to be provided to) such complainants.

“Construction Debris” means used or discarded construction materials generated during the construction or renovation of a structure.

“Containers” means any and all types of Solid Waste, Recyclable Material, and/or Yard Waste receptacles including, but not limited to, metal or plastic cans, carts, bins, tubs, dumpsters, “roll-off” boxes, debris boxes, or boxes for Construction or Demolition Debris.

“Contractor” means Recology of the Coast, a California corporation.

“CPI-U” means the Consumer Price Index, All Urban Consumers, all items, not seasonally adjusted San Francisco-Oakland-San Jose Metropolitan Area (Series Id: cuura422sa0) compiled and published by the U.S. Department of Labor, Bureau of Labor Statistics.

“Curbside” means the location of a Container placed for Collection, not more than fifteen (15) feet from the street curb. Where no street curb exists, the location shall be within five (5) feet from the outside edge of the street nearest the property’s entrance.

“Demolition Debris” means used or discarded construction materials generated during the razing or renovation of a structure.

“Designated Waste” means auto fluff, and petroleum-contaminated soils.

“Disability” means any mental or physical disability as defined in Section 12926 of the Government Code.

“Disposal” means the ultimate disposition of Solid Waste Collected by Contractor at a Disposal Site in Full Regulatory Compliance.

“Disposal Site(s)” or “Designated Disposal Facility(ies)” means the Solid Waste facility or facilities selected by Contractor for landfill Disposal of Solid Waste Collected by Contractor hereunder. Ox Mountain, Half Moon Bay, California, is the designated Disposal Site of Contractor as of the Effective Date of this Agreement.

“District” means the Montara Water and Sanitary District, a public agency located in the County of San Mateo, California.

“District Code” or “District’s Code” means the Montara Water and Sanitary District Code, established pursuant to Ordinance No. 109 of the Montara Water and Sanitary District, including all amendments, revisions and reenactments thereto and thereof.

“Environmental Laws” means all federal and state statutes, county, local and District ordinances and resolutions concerning public health, safety and the environment including, by way of example and not limitation, the Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 USC §9601 et seq.); the Resource Conservation and Recovery Act (42 USC §6902 et seq.); the Federal Clean Water Act (33 USC §1251 et seq.); the Toxic Substances Control Act (15 USC §2601 et seq.); the Occupational Safety and Health Act (29 USC §651 et seq.); the California Hazardous Waste Control Act (California Health and Safety Code §25100 et seq.); the Carpenter-Presley-Tanner Hazardous Substance Account Act (California Health and Safety Code §25300 et seq.); the Porter-Cologne Water Quality Control Act (California Water Code §13000 et seq.); the Safe Drinking Water and Toxic Enforcement Act (California Health and Safety Code §25249.5 et seq.); and all rules, regulations and directives enacted or promulgated pursuant thereto, and including all amendments, revisions and reenactments thereto and thereof.

“Facility” or “Facilities” means any plant, site, equipment, vehicles, machinery or other tangible property owned, leased or otherwise under the control of Contractor, and maintained, operated or used by Contractor for the performance of its duties and obligations under this Agreement.

“Fiscal Year” means the period commencing July 1 of one year and ending June 30 of the following year.

“Full Regulatory Compliance” means compliance with all applicable permits and regulations for a Facility such that Contractor shall at all times maintain the ability fully to comply with its duties and obligations under this Agreement.

“Franchise Fee” means the fee paid by Contractor to District for the rights and privileges granted by this Agreement.

“Gross Revenues” means any and all revenue derived from billing of Service Recipients for services performed hereunder, determined in accordance with Generally Accepted Accounting Principles, without subtracting costs of doing business.

“Hazardous Substance” means any of the following: (a) any substance defined, regulated or listed (directly or by reference) as "Hazardous Substances", "hazardous materials", "Hazardous Wastes", "toxic waste", "pollutant" or "toxic substances" or similarly identified as hazardous to human health or the environment, in or pursuant to (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 USC §9601 et seq.); (ii) the Hazardous Materials Transportation Act, 49 USC §5101, et seq.; (iii) the Resource Conservation and Recovery Act (42 USC §6901 et seq.); (iv) the Clean Water Act (33 USC §1251 et seq.); (v) California Health and Safety Code §§25115-25117, 25249.8, 25281, and 25316; (vi) the Clean Air Act (42 USC §7401 et seq.); and (vii) California Water Code Section 13050; (b) all rules, regulations and directives enacted or promulgated pursuant thereto, and including all amendments, revisions and reenactments thereto and thereof, and (c) any other hazardous or toxic substance, material, chemical, waste or pollutant identified as hazardous or toxic or regulated under any other applicable federal, state or local Environmental Laws currently existing or hereinafter enacted, including, without limitation, friable asbestos, polychlorinated biphenyl's ("PCBs"), petroleum, natural gas and synthetic fuel products, and by-products.

“Hazardous Waste” means all substances defined as Hazardous Waste, acutely Hazardous Waste, or extremely Hazardous Waste by the State of California in Health and Safety Code Sections 25110.02, 25115, and 25117, and all substances listed as Hazardous Waste by the United States Environmental Protection Agency (EPA), pursuant to the Federal Resource Conservation and Recovery Act (42 USC §6901 et seq.), including all amendments, revisions and reenactments to and of said laws, and all rules, regulations and directives promulgated thereunder.

“Manager” means District’s chief executive officer, howsoever designated by District, or his or her designee.

“Materials Recovery Facility” or **“MRF”** means a permitted Facility where Solid Waste, Recyclable Material or Yard Waste are sorted or separated for the purpose of recovering reusable or Recyclable Material.

“Multi-Family Dwelling” means any residential dwelling building structure, other than a Single Family Dwelling, used for residential purposes. Such dwellings normally have centralized Solid Waste and Recyclable Material Collection service for all units in a building and are billed as one address.

“Owner” means the Person having fee title to the Premises with respect to which Solid Waste, Recyclable Material and/or Yard Waste Collection services are, or shall be, provided under this Agreement.

“Operating Cost” means those costs reasonably necessary and actually incurred by Contractor to perform under this Agreement, excluding only those costs specifically excluded in this Agreement.

“Operating Ratio” means a factor used to calculate Contractor’s profit, and shall equal 90.0% (0.90). For example, if Contractor’s costs are 90, then Contractor’s calculated profit on those costs is 10, calculated thusly: $(90/.90) - 90 = 100 - 90 = 10$.

“Ordinance” or **“District’s Ordinance”** means District’s regulations governing the Collection of Solid Waste, Recyclable Material and Yard Waste contained in District’s Code, including all amendments, revisions and reenactments thereto and thereof.

“Pass-Through Cost” means a particular cost to which no element of overhead, administrative expense, profit, or other cost is added nor with respect to which any other amount is credited, such that the specific amount of such cost is included without modification in the calculations or reports to which such costs pertain. As of the Effective Date of this Agreement, the Franchise Fee comprises the only Pass-Through Cost.

“Person” means any individual, firm, association, organization, partnership, corporation, business trust, joint venture, the United States, the State of California, the County of San Mateo, towns, cities, or special purpose districts or any agency, subsidiary, or department thereof.

“PPI - Fuel Pricing Index” means the Producer Price Index – Commodities, Item No. 2 Diesel Fuel (Series Id: wpu057303), compiled and published by the U.S. Department of Labor, Bureau of Labor Statistics.

“Premises” means any land, lot, parcel of real property or building, structure or improvements thereon in District’s Service Area where Solid Waste, Recyclable Material and/or Yard Waste is generated or accumulated.

“Rate” or **“Maximum Rate”** means the maximum amount that Contractor may charge a Service Recipient for a given service hereunder.

“Rate Year” means the twelve (12) month period commencing January 1 of one year and concluding December 31 of the same year.

“Recycling” means the process of Collecting, sorting, cleansing, treating and reconstituting discarded materials which meet the quality standards necessary to be reused, remanufactured or processed. The Collection, transportation or Disposal of Solid Waste not intended for, or not capable of, reuse is not Recycling.

“Recycling Facility” means Contractor’s recycling facility in the City of Pacifica, California.

“Recyclable Material” means Source Separated discarded material that is capable of being reused, remanufactured or processed, other than Yard Waste.

“Related Party Entity” means any Affiliate that has financial transactions with Contractor pertaining to this Agreement.

“Residential Service Recipient” means the Person to whom Contractor submits billing invoices for services rendered by Contractor hereunder to Persons occupying Single Family Dwellings or Multi-Family Dwellings.

“Service Area” or **“District’s Service Area”** means that territory within, and, if applicable, outside District’s boundaries with respect to which District exercises franchising authority for the Collection of Solid Waste, Recyclable Material and Yard Waste, which territory is shown on a map on file in District’s Administrative Offices, to which reference is hereby made for the description thereof.

“Service Recipient” means, depending upon the context, Residential Service Recipient or Commercial, Industrial and Institutional Service Recipient, or both.

“Single Family Dwelling” means each Premises used for, or designated as, a single family residential dwelling, including a second unit (also known as "granny unit"), and each unit of a duplex, triplex or townhouse condominium for which separate or individual Collection of Solid Waste, Recyclable Material and/or Yard Waste Collection is provided.

“Solid Waste” means all putrescible and nonputrescible solid, semisolid, and liquid wastes, including Construction and Demolition Debris, as defined in California Public Resources Code Section 40191, as that Section may be amended from time to time. Notwithstanding any other provision of this Agreement, Solid Waste, Recyclable Material and Yard Waste do not include abandoned vehicles and parts thereof, Hazardous Substances, Hazardous Waste, low-level radioactive waste, medical waste, or Designated Waste. In addition, Solid Waste does not include Recyclable Material or Yard Waste.

“Source Separate” or **“Source Separated”** means the act of separating Recyclable Material from Solid Waste and Yard Waste, or Yard Waste from Solid Waste and Recyclable Material, or the condition of Recyclable Material and/or Yard Waste having been so separated, for which, in each case, the separation is performed by the Waste Generator of said material.

“Ton” or **“Tonnage”** means a unit of weight equivalent to 2,000 pounds where each pound contains 16 ounces.

“Unacceptable Spillage” means any Solid Waste spilled or left at established Collection sites by Contractor after Collection, excluding small particles of grass clippings and leaves indistinguishable from normal amounts of street debris.

“Waste Generator” means any Person whose acts or activities produce Solid Waste, Recyclable Materials and/or Yard Waste in the first instance.

“Yard Waste” or **“Organic Materials”** means Source Separated grass cuttings, weeds, leaves, prunings, branches, dead plants, brush, tree trimmings, dead trees (not more than six (6) inches in diameter and four (4) feet in length), and similar materials. Yard Waste does not include diseased plant life, large quantities of dirt, sod and materials not normally

produced from farms, gardens or landscapes, such as, but not limited to, brick, rock, gravel, concrete, non-organic wastes, oil, and painted or treated wood or wood products.

“Yard Waste Processing Facility” or **“Designated Composting Facility”** means a facility where Yard Waste is sorted, ground and chipped, mulched or separated for the purposes of reuse or composting, so long as that material is diverted from landfill disposal.

EXHIBIT B

District's Facilities

District's facilities from which Solid Waste, Recyclable Material and/or Yard Waste shall be collected without charge to District include:

District's Administrative Offices and environs currently located at 8888 Cabrillo Highway, Montara, California, and/or other premises that the District may possess, lease or own.

EXHIBIT C

Public Education Plan

Contractor shall provide the following;

- Annual newsletters to all ratepayers served by Contractor within the District which shall include the following statement: If you have a complaint concerning your garbage service, please call Recology of the Coast for resolution. If the problem is not resolved in a timely fashion, please call the Montara Water and Sanitary District at (650) 728-3545.
- Notification at least once per year of the free Bulky Goods clean-up days, with additional information on the Contractor's website.
- Notices on the top of the billing statements.
- Contribute to the Montara Water and Sanitary District newsletter if requested.
- Continue working with all businesses to maximize recycling efforts.
- Continue working with the schools and donating monies for recycling programs.

EXHIBIT D

SCHEDULE OF MAXIMUM REFUSE COLLECTION AND RECYCLING FEES AND CHARGES

DESCRIPTION OF FEES/CHARGES

RESIDENTIAL

1. Weekly collection, single container placed in front of premises, wet and dry garbage ("first can service") in wheeled carts:	
a. Container limits: volume - 20 gals. (3/10 cu yd), weight 40 lbs, per mo charge	\$15.87
b. Container limits: volume - 32 gals (1/4 cu yd), weight 60 lbs, per mo charge	\$19.57
c. Container limits: volume - 64 gals (1/2 cu yd), weight 100 lbs, per mo charge	\$64.12
2. Special Services (charges added to above, basic changes):	
a. Container placed at side or rear of dwelling - per container	\$4.88
b. Container not placed at specified collection point and return call required- per container	\$9.95
c. Extra 30 gallon bag with collection (excludes 20 gallon cart service), per bag	\$5.27
d. Special collections combined with regular service, including collections for brush, yard clippings, boxes, etc.	estimate
3. Bulky goods dropoff service four times a year within Montara District limits including greenwaste and motor oil in Recology-provided bottles only	inc. w/service
4. Weekly commingled recyclable materials collection (64 gallon wheeled cart)	inc. w/service
5. Every other week greenwaste (yard trimmings, etc.) collection, limited to four (4) thirty gallon containers - customers own containers	inc. w/service
6. Bulky goods curbside collection service, limited to four (4) times a year One item up to 200 lbs or 5-30 gallon bags	inc. w/service
8. Christmas trees free of charge thru January 31st of each year	inc. w/service
a. After January 31st charge is \$20 per tree for removal	\$20.00

MULTIFAMILY, COMMERCIAL AND INDUSTRIAL SERVICE

1. Service to restaurants, hotels, cafes, apartment houses, stores and similar places of business, factories, schools and institutions, wet and dry garbage-

container limits: volume - 30 gal. cans (1/4 cu. Yd), weight - 75 lbs

a. Regular collections:

1-64 gallon collection once per week	\$77.00
1-96 gallon collection once per week	\$126.00

b. Additional 64 or 96 gallon commercial carts picked up more than once a week will be original charge times the number of pickups Will vary by size

2. Commercial Container Rental:

a. 1 cubic yard box - per mo.	\$35.03
b. 2 cubic yard box - per mo.	\$45.42

3. Commercial Container Collections:

a. 1 cubic yard box - per collection	\$30.12
b. 2 cubic yard box - per collection	\$59.93

4. Compacted Commercial Container Service:

a. 1 cubic yard box - per collection	\$57.78
b. 2 cubic yard box - per collection	\$116.72

5. Recyclable material collection up to five times a week inc. w/service

DEBRIS BOX SERVICE

7, 14, 20 and 30 yard containers

a. Container rental and delivery and pickup charge	\$285.00
b. \$67 per ton confirmed by disposal site weight slip	Will vary

SPECIAL PROVISIONS

1. Financial hardship rate for weekly collection for single container placed in front of premises, wet and dry garbage 30 gallon can (PGE CARE PROGRAM) 15% reduction \$16.63

EXHIBIT E

RATE ADJUSTMENT METHODOLOGY

1. DEFINITIONS

In addition to the terms defined in Exhibit "A" of this Agreement, the following terms are defined as follows:

1.1 "CPI-U" means the Consumer Price Index, All Urban Consumers, All Items, Not Seasonally Adjusted, San Francisco-Oakland-San Jose Metropolitan Area (Series Id: cuura422sa0), compiled and published by the U.S. Department of Labor, Bureau of Labor Statistics.

1.2 "CPI-W" means the Consumer Price Index, Urban Wage Earners and Clerical Workers, All Items, Not Seasonally Adjusted, San Francisco-Oakland-San Jose Metropolitan Area (Series Id: cwura422sa0), compiled and published by the U.S. Department of Labor, Bureau of Labor Statistics.

1.3 "California Gasoline and Diesel Prices Index" means the U.S. Energy Information Administration (EIA), Petroleum and Other Liquids, U.S. On-Highway Diesel Fuel Prices (dollars per gallon) Weekly Retail Gasoline and Diesel Prices, California Diesel Ultra Low Sulfur (0 — 15 ppm) Dollars per Gallon, Period equals Monthly

1.4 "Motor Vehicle Maintenance and Repair Index" means the Consumer Price Index, All Urban Consumers, Motor Vehicle Maintenance and Repair, Not Seasonally Adjusted, U.S. City Average (Series Id: cuur0000setd), compiled and published by the U.S. Department of Labor, Bureau of Labor Statistics.

1.5 "Annual Percentage Change" is calculated as the Average Index Value for the 12-month period ending April 30 of the then-current Rate Year, minus the Average Index Value for the 12-month period ending April 30 of the prior year, and dividing the result by the Average Index Value for the 12-month period ending April 30 of such prior year. The Annual Percentage Change shall be rounded to the nearest hundredth of one percent (e.g., a calculated value of 0.02636 (2.636%) would be rounded to 0.0264 (2.64%)).

1.6 "Average Index Value" for a twelve (12) month period means the sum of the published monthly index values for such period divided by 12 (in the case of indices published monthly) or the sum of the bi-monthly index values for such period divided by 6 (in the case of indices published bi-monthly).

1.7 "Yard Waste Processing Fee" for a given period means the highest per-ton fee payable by Contractor during such period for the processing of source separated Yard Waste Materials at the Yard Waste Processing Facility.

1.8 "Disposal Fee" for a given period means the highest per-ton fee payable by Contractor during such period for the Disposal of Solid Waste (including the Regulatory Fee Component).

1.9 "Recyclables Transfer Station (Load-Out) Fee" or "Recyclables Transfer Station Fee" for a given period means the highest per-ton fee payable by Contractor during such period for the transfer of Recyclable Materials at the Designated Transfer Facility to cover costs related to receipt of materials in Collection vehicles and loading

such materials into long-haul transfer vehicles. So long as the Designated Transfer Facility is owned by an Affiliate of Contractor, the Recyclables Transfer Station Fee shall equal \$6.64 per ton until December 31, 2014, and shall thereafter increase by the Annual Percentage Change in the CPI-U and changes in regulatory fees pursuant to Sections 3.6.1 and 4.6.1.

1.10 "Recyclables Transport Fee" for a given period means the highest per-ton fee payable by Contractor during such period for the transportation of Recyclable Materials from the Designated Transfer Facility to the Designated Processing Facility. So long as the Designated Transfer Facility is owned by an Affiliate of Contractor, the Recyclables Transport Fee shall equal \$22.66 per ton until December 31, 2014, and shall thereafter increase by the Annual Percentage Change in the CPI-U and changes in regulatory fees pursuant to Sections 3.6.2 and 4.6.2.

1.11 "Base Component" means, with respect to a given fee, the portion of such fee that represents Contractor's charge for transfer station, transport, processing, composting, or disposal and includes all Contractor's expenses, but excludes the Regulatory Fee Component.

1.12 "Regulatory Fee Component" means, with respect to a given fee, that portion of such fee that represents amounts payable by Contractor for all federal, State, and local fees applied to transfer, transport, processing, composting, or disposal.

If an index is discontinued, the successor index with which it is replaced will be used for subsequent calculations. If no successor index is identified by the Bureau of Labor Statistics, the index published by the Bureau which, in the reasonable opinion of District after conferring with Contractor, is most comparable will be used.

2. COST COMPONENTS

Both index-based and cost-based Rate adjustments are effected by applying various adjustment factors as described herein to the following categories of costs and other amounts, which are referred to herein as "Cost Components" or "Components":

2.1 "CBA Labor Costs" for a given period means the direct and indirect costs incurred by Contractor during such period for Contractor's employees, who are governed by a collective bargaining agreement, including without limitation: (1) wage costs including costs for regular, overtime, holiday, vacation, and sick wages; (2) health and welfare costs; and (3) pension/retirement benefit costs, but excluding Workers Compensation and Payroll Taxes.

2.2 "Non-CBA Labor Costs" for a given period means the direct and indirect costs incurred by Contractor during such period for Contractor's employees, including supervisory personnel, who are not governed by a collective bargaining agreement, including without limitation: (1) wage and salary costs including costs for regular, overtime, holiday, vacation, and sick wages; (2) health and welfare costs; and (3) pension/retirement benefit costs, but excluding Workers Compensation and Payroll Taxes.

2.3 "Workers Compensation" for a given period means the costs incurred by Contractor during such period for workers compensation insurance premiums.

2.4 "Payroll Taxes" for a given period means the costs incurred by Contractor during such period for payroll taxes.

2.5 "Vehicle-Related Costs" for a given period means direct and indirect costs incurred by Contractor during such period associated with maintenance, repair, licensing and

registration of Contractor's vehicles and equipment, but excluding Fuel Costs and Lease Costs.

2.6 "Fuel Costs" for a given period means the costs incurred by Contractor during such period for fuel.

2.7 "Yard Waste Processing Costs" for a given period means the total dollar amount (e.g., number of Tons multiplied by the per-Ton Yard Waste Processing Fee) of fees incurred by Contractor during such period for the processing of Yard Waste at the Designated Composting Facility.

2.8 "Lease Costs" for a given period means the costs incurred by Contractor during such period for leases of facilities, vehicles and equipment (including Containers) leased from Affiliates of Contractor.

Leases for new vehicles and equipment (including Containers) shall fully amortize Contractor's acquisition cost over a 7-year period, and leases for used vehicles and equipment (including Containers) shall fully amortize Contractor's acquisition cost over a 5-year period, in each case based on the date the vehicles or equipment are put into service, and assuming equal monthly payments over the life of the lease. After the 5- or 7-year amortization period, the lease costs shall not be included in subsequent Rate Years. Lease rates shall be calculated at a rate equal to 1.9% plus the rate (as of the date the asset is put into service by Contractor) for Treasury bonds of constant maturity having the same term as the lease term (e.g., 7-year bonds for a 7-year lease term), as such rate appears on the web site of the Federal Reserve Board (<http://www.federalreserve.gov/releases/H15/data.htm>).

2.9 "Other Costs" for a given period means all costs reasonably incurred by Contractor during such period in connection with or arising from Contractor's performance of its obligations under this Agreement, other than (i) costs attributable to the Cost Components set forth in Sections 2.1 through 2.8 above, (ii) Pass-Through Costs, (iv) Calculated Profit, and (v) Non-Allowable Costs.

2.10 "Total Annual Cost of Operations" means the sum of the Cost Components set forth in Sections 2.1 through 2.9 above. Total Annual Cost of Operations is used as a basis for determining Calculated Profit.

2.11 "Calculated Profit" means an estimate of Contractor's profit based on the Operating Ratio of 0.90. Contractor's profit margin with respect to a given amount (e.g., the Total Annual Cost of Operations) is calculated by dividing the given amount by the Operating Ratio, and subtracting from the result the given amount.

2.12 "Other District Fees" means an estimate of the amount of the fees other than the Franchise Fee (if any) payable by Contractor to District pursuant to this Agreement, used for purposes of determining Total Calculated Costs. Other District shall be Pass-Through Costs.

2.13 "Calculated Franchise Fee" means the amount of the Franchise Fee payable by Contractor to District pursuant to Section 3.01.1 of this Agreement, used for purposes of determining the Total Calculated Costs. The Franchise Fee shall be a Pass-Through Cost.

2.14 "Recyclables Transfer Station (Load-Out) Costs" or "Recyclables Transfer Station Costs" for a given period means the total dollar amount (e.g., number of Tons multiplied by the per-Ton Recyclables Transfer Station Fee) of costs incurred by Contractor during such period for the transfer of Recyclable Materials at the Designated Processing Facility. Recyclables

Transfer Station Costs shall be Pass-Through Costs.

2.15 "Recyclables Transport Costs" for a given period means the total dollar amount (e.g., number of Tons multiplied by the per-Ton Recyclables Transport Fee) of costs incurred by Contractor during such period for the transport of Recyclable Materials from the Designated Transfer Station to the Designated Processing Facility. Recyclables Transport Costs shall be Pass-Through Costs.

2.16 "Disposal Costs" for a given period means the total dollar amount (e.g., number of Tons multiplied by the per-Ton Disposal Fee) of fees incurred by Contractor during such period for the disposal of Solid Waste at the Designated Disposal Facility. Disposal Costs shall be Pass-Through Costs.

2.17 "Total Calculated Costs" means the sum of the Cost Components set forth in Sections 2.10 through 2.16 above. Total Calculated Costs is used as a basis for determining the Rate Adjustment Factor under the index-based and cost-based Rate adjustment methodologies. Total Calculated Costs does not reflect or in any way guarantee the Gross Receipts that are to be generated by Rates or retained by Contractor.

2.18 "Pass-Through Costs" means the Franchise Fee, Other District Fees, Disposal Costs, Recyclables Transfer Station Costs, Recyclables Transport Costs and Other Pass-Through Adjustments.

3. INDEX-BASED RATE ADJUSTMENT METHODOLOGY

3.1 Summary. The index-based Rate adjustment methodology involves the application of the Annual Percentage Change in various price indices to certain categories of Contractor's Total Annual Cost of Operations for the current Rate Year; the calculation of profit; and the calculation of Other District Fees and Franchise Fees. The difference (measured as a will take effect on January 1, 2015, the Cost Components that make up Total Annual Cost of Operations will be as set forth on Exhibit "F" which components shall be adjusted to the extent any of the circumstances described in Section 6.02.B or Section 6.02.0 occur and such circumstances reasonably increase Contractor's costs of operation.

3.3 Calculation of Adjustments to Cost Components. Each of the Cost Components will be adjusted as follows: percentage) between Total Calculated Costs for the coming Rate Year and Total Calculated Costs for the current Rate Year is the Rate Adjustment Factor. The Rate Adjustment Factor is applied to the current Rates to determine the Rates for the coming Rate Year.

3.2 Determination of Contractor's Costs. With respect to the Cost Components that comprise Total Annual Cost of Operations, the starting point for the adjustment calculations referred to in Section 3.1 is the value of each Cost Component for the Rate Year in which Contractor's Application is submitted (i.e., the current year), as determined in the previous Rate adjustment process. For purposes of Contractor's Application submitted in 2014 to determine the Rates that

3.3.1 CBA Labor Costs. CBA Labor Costs for the coming Rate Year shall be determined by adjusting CBA Labor Costs for the current Rate Year in accordance with the procedures described in the then-current collective bargaining agreement.

3.3.2 Non-CBA Labor Costs. Non-CBA Labor Costs for the coming

Rate Year shall equal Non-CBA Labor Costs for the current Rate Year multiplied by one (1) plus the Annual Percentage Change in the CPI-W.

3.3.3 Workers Compensation. Workers Compensation for the coming Rate Year shall equal Workers Compensation for the current Rate Year multiplied by one (1) plus the Annual Percentage Change in the CPI-U.

3.3.4 Payroll Taxes. Payroll Taxes for the coming Rate Year shall equal (i) Payroll Taxes for the current Rate Year multiplied by (ii) the sum of CBA Labor Costs and Non-CBA Labor Costs for the coming Rate Year, determined in accordance with Sections 3.3.1 and 3.3.2, respectively, and divided by (iii) the sum of CBA Labor Costs and Non-CBA Labor Costs for the current Rate Year.

3.3.5 Vehicle-Related Costs. Vehicle-Related Costs for the coming Rate Year shall equal Vehicle-Related Costs for the current Rate Year multiplied by one (1) plus the Annual Percentage Change in the Motor Vehicle Maintenance and Repair Index.

3.3.6 Fuel Costs. Fuel Costs for the coming Rate Year shall equal Fuel Costs for the current Rate Year multiplied by one (1) plus the Annual Percentage Change in the California Gasoline and Diesel Prices Index.

3.3.7 Yard Waste Processing Costs. Yard Waste Processing Costs for the coming Rate Year shall equal (i) the Base Component of the Yard Waste Processing Fee for the current Rate Year multiplied by one (1) plus the Annual Percentage Change in the CPI-U plus the sum of the then-current (or known future) Regulatory Fees, multiplied by (ii) the total Tons of Yard Waste Materials Collected by Contractor for the most-recently completed 12-month period ending April 30.

3.3.8 Lease Costs. Lease Costs for the coming Rate Year shall be determined in accordance with Section 2.8 above.

3.3.9 Other Costs. Other Costs for the coming Rate Year shall equal Other Costs for the current Rate Year multiplied by one (1) plus the Annual Percentage Change in the CPI-U.

3.3.10 Total Annual Cost of Operations. Total Annual Cost of Operations for the coming Rate Year shall equal the sum of the amounts calculated in Sections 3.3.1 through 3.3.9 above.

3.4 Calculated Profit. Calculated Profit for the coming Rate Year will be calculated by dividing the Total Annual Cost of Operations for the coming Rate Year (the value calculated in Section 3.3.10 above) by an operating ratio (0.90) and subtracting from the result the Total Annual Cost of Operations for the coming Rate Year.

3.5 Total District Fees. The Total District Fees for the coming Rate Year shall equal the sum of the Franchise Fee and Other District Fees for the coming Rate Year.

3.6 Other Pass-Through Adjustments. Other Pass-Through Adjustments for the coming Rate Year shall equal (i) the sum of the costs calculated in items 3.6.1 through 3.6.3 below, plus (ii) any amounts (actual or reasonably estimated) not included in Total Annual Cost of Operations for which Contractor is entitled to reimbursement through the Rate adjustment mechanism, plus (iii) any other amounts mutually agreed by District and Contractor to be "Other Pass-Through Adjustments" hereunder.

3.6.1 Recyclables Transfer Station (Load-Out) Costs. Recyclables Transfer Station Costs for the coming Rate Year shall equal (i) the Base Component of the Recyclables Transfer Station Fee for the current Rate Year multiplied by one (1) plus the Annual Percentage Change in the CPI-U plus the sum of the then-current (or known future) Regulatory Fees of the Regulatory Fee Component of the Recyclables Transfer Station Fee, multiplied by (ii) the total Tons of Recyclable Materials Collected by Contractor for the most-recently completed 12-month period ending April 30.

3.6.2 Recyclables Transport Costs. Recyclables Transport Costs for the coming Rate Year shall equal (i) the Base Component of the Recyclables Transport Fee for the current Rate Year multiplied by one (1) plus the Annual Percentage Change in the CPI-U plus the sum of the then-current (or known future) Regulatory Fees of the Regulatory Fee Component of the Recyclables Transport Fee, multiplied by (ii) the total Tons of Recyclable Materials Collected by Contractor for the most-recently completed 12-month period ending April 30.

3.6.3 Disposal Costs. Disposal Costs for the coming Rate Year shall equal the per-Ton Disposal Fee at the Designated Disposal Facility for the coming Rate Year multiplied by the total Tons of Solid Waste Collected by Contractor for the most-recently completed 12-month period ending April 30.

3.7 Total Calculated Costs. The Total Calculated Costs for the coming Rate Year shall equal the sum of the Total Annual Cost of Operations for the coming Rate Year (as calculated in Section 3.3.10 above), Calculated Profit for the coming Rate Year (as calculated in Section 3.4 above), Total District Fees for the coming Rate Year (as calculated in Section 3.5 above), and Other Pass-Through Adjustments for the coming Rate Year (as calculated in Section 3.6 above).

3.8 Adjustment of Rates. The Rate Adjustment Factor for the coming Rate Year shall equal Total Calculated Costs for the coming Rate Year (as calculated in Section 3.7 above) divided by Total Calculated Costs for the current Rate Year, which shall be rounded to the nearest thousandth. Each then-effective Rate, as set forth on Exhibit "D", shall be multiplied by the Rate Adjustment Factor to calculate the effective Rate for the coming Rate Year. The adjustment to each Rate shall be rounded to the nearest cent.

4. COST-BASED RATE ADJUSTMENT METHODOLOGY

4.1 Summary. The cost-based Rate adjustment methodology involves: review of Contractor's actual, allowable and allocated Total Calculated Costs from Contractor's most recently completed Fiscal Year; allocation of those costs to the Cost Components that comprise Total Annual Cost of Operations; the application of the Annual Percentage Change in various price indices to those Cost Components to reflect a 2-year increase (i.e., the period from the most recently completed Fiscal Year to the coming Rate Year); the calculation of Calculated Profit for the coming Rate Year based on Total Annual Cost of Operations; the calculation of the Calculated Franchise Fee for the coming Rate Year based on Total Annual Cost of Operations plus Calculated Profit plus Other District Fees and Other Pass-Through Adjustments; and the pass-through of Other District Fees and other actual or reasonably expected changes in costs, if any, to determine Total Calculated Costs for the coming Rate Year. The difference (measured as a percentage) between Total Calculated Costs for the coming Rate Year and total Billings for the most-recently completed twelve (12) month period ending April 30 (adjusted to reflect the most recent Rate adjustment) is the Rate Adjustment Factor. The Rate Adjustment Factor is applied to the current Rates to determine the Rates for the coming Rate Year.

4.2 Determination of Contractor's Costs. Contractor's actual, allowable and allocated Total Calculated Costs from Contractor's most recently completed Fiscal Year shall be derived from Contractor's audited financial statements for such Fiscal Year, in accordance with the following steps:

4.2.1 Allocation Across Franchises. First, Contractor shall allocate its costs as set forth in such financial statements among the different jurisdictions to which Contractor provided services during the Fiscal Year. The amount of costs allocated to this Agreement shall be determined for each cost component described in Section 2 using one of the following allocation factors:

(a) Route allocation factor - Percentage of routes attributable to the District compared to total routes operated by Contractor, which shall be calculated as the number of routes Contractor operates to serve the District divided by the total routes Contractor operates to serve all jurisdictions, multiplied by 100.

(b) Single-Family Customer allocation factor - Percentage of Single-Family Customers in the District compared to the total Single-Family Customers served by the Contractor, which shall be calculated as the total number of Single-Family Customers served by Contractor under this Agreement, divided by the total number of Single-Family Customers served by Contractor in all jurisdictions, multiplied by 100. If Contractor expands its services to other areas in addition to Pacifica, Montara, and Granada, the District reserves the right to request that the Single-Family Customer allocation factor be modified to an allocation factor based on the total Customers including residential and commercial Customers.

(c) Tonnage allocation factor — Percentage of Tonnage of Solid Waste, Recyclable Materials and Yard Waste Collected by Contractor from District, compared to total Tonnage of Solid Waste, Recyclable Materials and Yard Waste, respectively, Collected by Contractor, which shall be calculated as the total number of Tons of the applicable materials type Collected by Contractor from District, divided by the total number of Tons of such materials type collected by Contractor from all jurisdictions, multiplied by 100.

(d) Drop box hauls allocation factor — Percentage of drop box hauls from District, compared to total hauls, which shall be calculated as the total number of hauls by Contractor from District, divided by the total number of hauls by Contractor from all jurisdictions, multiplied by 100.

The route allocation factor will be applied to all costs with the exception of (i) Other Costs, which shall be allocated using the Single-Family Customer allocation factor, (ii) Disposal Costs, which shall be allocated using the Solid Waste Tonnage allocation factor, (iii) Recyclables Transfer Station Costs and Recyclables Transport Costs, which shall be allocated using the Recyclables Tonnage allocation factor, and (iv) Yard Waste Processing Costs, which shall be allocated using the Yard Waste Tonnage allocation factor.

The allocation factors shall be calculated using the then-current route information, Customer account data and tonnage information. Based on such allocations, Contractor shall prepare a pro forma financial statement which reflects Contractor's costs of performing its obligations under this Agreement for such Fiscal Year.

4.2.2 Removal of Non-Allowable Costs. Second, Contractor shall adjust such pro forma financial statement by excluding therefrom all Non-Allowable Costs. "Non-Allowable Costs" means the following:

(a) Labor costs attributable to Contractor's employees who are governed by a collective

bargaining agreement resulting from adjustments to wages, health and welfare, and pension/retirement costs that are in excess of the adjustment made in accordance with the procedures described in the then-current collective bargaining agreement.

(b) Payments to directors and/or owners of Contractor, unless paid as reasonable compensation for services actually rendered.

(c) Travel expenses and entertainment expenses (above \$5,000 annually in total), unless authorized in advance by District.

(d) Payments, not covered by insurance, to repair damage to property of third parties or District for which Contractor is legally liable.

(e) Fines for penalties of any nature.

(f) Liquidated damages assessed under this Agreement.

(g) Federal or State income taxes.

(h) Charitable or political donations.

(i) Lease costs in excess of those determined in accordance with the preapproved methods described in Section 2.8.

(j) Attorney's fees and other expenses incurred by Contractor in any court proceeding in which District and Contractor are adverse Parties, unless Contractor is the prevailing Party in such proceeding.

(k) Attorney's fees and other expenses incurred by Contractor arising from any act or omission of Contractor in violation of this Agreement.

(l) Attorneys' fees and other expenses incurred by Contractor in any court proceeding in which Contractor's own negligence, violation of law or regulation, or willful misconduct are in issue and occasion, in whole or in part, the attorneys' fees and expenses claimed.

(m) Attorneys' fees and other expenses incurred by Contractor in any court proceeding in which the legal theory or statute providing a basis of liability against Contractor also provides for separate potential liability for District derived from the action of its citizens or ratepayers (such as in a CERCLA lawsuit) unless Contractor is found not liable in such claims.

(n) Payments to Related Party Entities for products or services in excess of (1) in the case of transactions other than Permitted Related Party Transactions, the cost to the Related Party Entity for those products or services, or (2) in the case of Permitted Related Party Transactions, the applicable amounts set forth in this Agreement for such transactions (such as the Recyclables Transfer Station Fee, the Recyclables Transport Fee, and Lease Costs).

(o) Goodwill.

(p) Costs of the Contractor's Employee Stock Ownership Plan.

(q) Depreciation and interest expenses because Contractor plans to lease equipment rather than purchase.

(r) Corporate and regional overhead costs greater than five and seven tenths percent (5.7%) of Total Annual Cost of Operations for the most-recently completed twelve (12) month period ending April 30. This cap on costs applies to the sum total of the following line item expenses: regional accounting fees, regional management fees, corporate accounting, IT fee, environmental compliance, human resources fee, corporate management, and public relations.

(s) Bad debt write-offs in excess of three percent (3.0%) of Gross Receipts for the most-recently completed twelve (12) month period ending April 30.

(t) Incremental costs (i.e., labor, fuel and other truck costs) attributed to delivering Solid Waste or Yard Waste to a disposal, processing or transfer facility other than the Ox Mountain Sanitary Landfill for any period when such other facility is used for Solid Waste or Yard Waste for any reason other than the unavailability of the Ox Mountain Sanitary Landfill (it being understood that if the Ox Mountain Sanitary Landfill is unavailable, such

costs and any associated Rate adjustment shall be determined pursuant to Section 6.02.C).

4.2.3 Allocation to Cost Components. Third, Contractor shall allocate the costs set forth in the adjusted pro forma financial statement prepared pursuant to Section 4.2.2 to each of the 12 Cost Components that make up Contractor's Total Annual Costs of Operations (taking into account the fact that Lease Costs are determined as set forth in Section 2.8).

4.3 Calculation of Adjustments to Cost Components. Calculated Total Cost for the coming Rate Year shall be derived from the Cost Components that make up Contractor's Total Annual Cost of Operations for the Fiscal Year as determined in Section 4.2.3, in the manner set forth below:

4.3.1 CBA Labor Costs. CBA Labor Costs for the coming Rate Year shall be determined by adjusting Allowable CBA Labor Costs for the previous Fiscal Year determined in accordance with Section 4.2 above adjusted in accordance with the procedures described in the then-current collective bargaining agreement, for the two (2) year period from the previous Fiscal Year to the coming Rate Year.

4.3.2 Non-CBA Labor Costs. Non-CBA Labor Costs for the coming Rate Year shall equal Allowable Non-CBA Labor Costs for the previous Fiscal Year determined in accordance with Section 4.2 above multiplied by (i) one (1) plus the Annual Percentage Change in the CPI-W, and multiplying the result by (ii) the same number used in clause (i).

4.3.3 Workers Compensation. Workers Compensation for the coming Rate Year shall equal Allowable Workers Compensation for previous Fiscal Year determined in accordance with Section 4.2 above multiplied by (i) one (1) plus the Annual Percentage Change in the CPI-U, and multiplying the result by (ii) the same number used in clause (i).

4.3.4 Payroll Taxes. Payroll Taxes for the coming Rate Year shall equal (i) Allowable Payroll Taxes for the previous Fiscal Year determined in accordance with Section 4.2 above, multiplied by (ii) the sum of CBA Labor Costs and Non-CBA Labor Costs for the coming Rate Year, determined in accordance with Sections 4.3.1 and 4.3.2, respectively, and divided by (iii) the sum of CBA Labor Costs and Non-CBA Labor Costs for the previous Fiscal Year.

4.3.5 Vehicle-Related Costs. Vehicle-Related Costs for the coming Rate Year shall equal Allowable Vehicle-Related Costs for the previous Fiscal Year determined in accordance with Section 4.2 above multiplied by (i) one (1) plus the Annual Percentage Change in the Motor Vehicle Maintenance and Repair Index, and multiplying the result by (ii) the same number used in clause (i).

4.3.6 Fuel Costs. Fuel Costs for the coming Rate Year shall equal Allowable Fuel Costs for the previous Fiscal Year determined in accordance with Section 4.2 above multiplied by (i) one (1) plus the Annual Percentage Change in the California Gasoline and Diesel Prices Index, and multiplying the result by (ii) the same number used in clause (i).

4.3.7 Yard Waste Processing Costs. Yard Waste Processing Costs for the coming Rate Year shall equal (i) the Base Component of the Yard Waste Processing Fee for the current Rate Year multiplied by one (1) plus the Annual Percentage Change in the CPI-U plus the sum of the then-current (or known future) Regulatory Fees, multiplied by (ii) the total Tons of Yard Waste Collected by Contractor for the most-recently completed 12-month period ending April 30.

4.3.8 Lease Costs. Lease Costs for the coming Rate Year shall be determined in accordance with Section 2.8 above.

4.3.9 Other Costs. Other Costs for the coming Rate Year shall equal Allowable Other Costs for the previous Fiscal Year determined in accordance with Section 4.2 above multiplied by (i) one (1) plus the Annual Percentage Change in the CPI-U, and multiplying the result by (ii) the same number used in clause (i).

4.3.10 Total Annual Cost of Operations. Total Annual Cost of Operations for the coming Rate Year shall equal the sum of the amounts calculated in Sections 4.3.1 through 4.3.9 above.

4.4 Calculated Profit. Calculated Profit for the coming Rate Year shall equal Total Annual Cost of Operations for the coming Rate Year (as calculated in Section 4.3.10 above) divided by the Operating Ratio, and subtracting from the result Total Annual Cost of Operations for the coming Rate Year.

4.5 Total District Fees. The Total District Fees for the coming Rate Year shall equal the sum of the Franchise Fee and Other District Fees for the coming Rate Year.

4.6 Other Pass-Through Adjustments. Other Pass-Through Adjustments for the coming Rate Year shall equal (i) the sum of the costs calculated in items 4.6.1 through 4.6.3 below, plus (ii) any amounts (actual or reasonably estimated) not included in Total Annual Cost of Operations for which Contractor is entitled to reimbursement through the Rate adjustment mechanism, plus (iii) any other amounts mutually agreed by District and Contractor to be "Other Pass-Through Adjustments" hereunder.

4.6.1 Recyclables Transfer Station (Load-Out) Costs. Recyclables Transfer Station Costs for the coming Rate Year shall equal (i) the Base Component of the Recyclables Transfer Station Fee for the current Rate Year multiplied by one (1) plus the Annual Percentage Change in the CPI-U plus the sum of the then-current (or known future) Regulatory Fees of the Regulatory Fee Component of the Recyclables Transfer Station Fee, multiplied by (ii) the total Tons of Recyclable Materials Collected by Contractor for the most-recently completed 12-month period ending April 30.

4.6.2 Recyclables Transport Costs. Recyclables Transport Costs for the coming Rate Year shall equal (i) the Base Component of the Recyclables Transport Fee for the current Rate Year multiplied by one (1) plus the Annual Percentage Change in the CPI-U plus the sum of the then-current (or known future) Regulatory Fees of the Regulatory Fee Component of the Recyclables Transport Fee, multiplied by (ii) the total Tons of Recyclable Materials Collected by Contractor for the most-recently completed 12-month period ending April 30.

4.6.3 Disposal Costs. Disposal Costs for the coming Rate Year shall equal the per-Ton Disposal Fee at the Designated Disposal Facility for the coming Rate Year multiplied by the total Tons of Solid Waste Collected by Contractor for the most-recently completed 12-month period ending April 30.

4.7 Total Calculated Costs. Total Calculated Costs for the coming Rate Year shall equal the sum of Total Annual Cost of Operations for the coming Rate Year (as calculated in Section 4.3.10 above), Calculated Profit for the coming Rate Year (as calculated in Section 4.4 above), Total District Fees for the coming Rate Year (as calculated in Section 4.5 above), and Other Pass-Through Adjustments for the coming Rate

Year (as calculated in Section 4.6 above).

4.8 Adjustment of Rates. The Rate Adjustment Factor for the coming Rate Year shall equal Total Calculated Costs for the coming Rate Year (as calculated in Section 4.7 above) divided by total Billings for the most-recently completed twelve (12) month period ending April 30, which shall be rounded to the nearest thousandth. Each then-effective Rate, as set forth on Exhibit "D", shall be multiplied by the Rate Adjustment Factor to calculate the effective Rate for the coming Rate Year. The adjustment to each Rate shall be rounded to the nearest cent.

The following outlines the calculations for determining total cost of operation per year:

Total Cost of Operation per year = sum of A + B + C + D

A) (LC.Y-1 + LC.A)/O.R.

- LC.Y-1 Labor cost last year
 - A.1 Wages /Salary
 - A.2 Benefit included -- Vacation, Holiday, Insurance (health, dental, Life). Union Agreement calls for full benefit for entire family
- LC.A Labor cost are then adjusted by then current collective bargaining agreement Both wages & benefits included in union agreement
- O.R Divided by Operating Ratio

B) (TFC + FPI)/O.R.

- TFC Contractors Total Fuel cost – Fuel cost is for truck’s diesel only
- FPI Increased by annual change in PPI –Fuel Price Index (PPI = Producer Price Index)
Producer Price Index (PPI) program measures the average change over time in the selling prices received by domestic producers for their output. The prices included in the PPI are from the first commercial transaction for many products and some services (BLS)

Diesel fuel - pcu324110324110AY2 <http://data.bls.gov/cgi-bin/srgate>
Series Id: PCU324110324110AY2 **Industry:** Petroleum refineries **Product:** Diesel fuel
 Bureau of Labor Statistics (BLS)

Year	Jan	Feb	Mar	Apr	May	Jun	Ju l	Au g	Se p	Oct	No v	De c	Annua l
2012	19.3	13.8	7.0	-0.1	-0.8	-11.5	8.8	5.5	7.7	13.0	-4.0	2.1	3.1
2013	-0.9	4.0	6.7(P)	6.0(P)	5.4(P)	3.6(P)							

P: Preliminary. All indexes are subject to revision four months after original publication.

- O.R Divided by Operating Ratio

C) (TOC + CPI-U)/O.R.

- TOC Contractors Total Other Cost (not labor, fuel or pass-through cost)
- CPI0-U Increased by annual change in CPI – U
- O.R Divided by Operating Ratio

D) (TPTC + CPI-U)/O.R.

- TPTC Contractors good faith estimate of Total Pass Through Cost (pass through costs generally

included disposal fees, franchise fees and other District fees)

O.R Operating Ratio - 90% is Recology operating ratio to get guaranteed return of 10% on allowable expenses which do not include any pass through expenses. (DowJones 2011-2013 9.7% non guranteed)

Type of possible expense/revenue category breakdown

Costs	Revenue
Service Delivery Labor	Residential Solid Waste
Vehicle Related	Non-Residential Solid Waste
Vehicle Depreciation	Recycling
Non Vehicle Maintenance	Debris Boxes
Non Vehicle Depreciation	
Disposal / Recycling fees	
Franchise Fee	
Administrative Support Labor	
Lease	
Administrative	

EXHIBIT F

CONTRACTOR'S FAITHFUL PERFORMANCE BOND

KNOW ALL PEOPLE BY THESE PRESENTS:

That _____, a California _____, as PRINCIPAL, and _____, a Corporation organized and doing business by virtue of the laws of the State of California, and duly licensed for the purpose of making, guaranteeing, or becoming sole surety upon bonds or undertakings required or authorized by the laws of the State of California, as SURETY, are held and firmly bound to the hereinafter called OBLIGEE, in the penal sum of _____ and No/100 Dollars (\$) _____) lawful money of the United States, for the payment of which, well and truly to be made, we and each of us hereby bind ourselves, and our and each of our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH THAT:

WHEREAS, the above bounden PRINCIPAL has entered into a contract, entitled "SOLID WASTE, RECYCLABLE MATERIAL, AND/OR YARD WASTE COLLECTION SERVICES" with the District, to do and perform the following work, to wit: Collect Recyclable Material generated within the Montara Water and Sanitary District, in accordance with the contract.

NOW, THEREFORE, if the above bounden PRINCIPAL shall well and truly perform, or cause to be performed each and all of the requirements and obligations of said contract to be performed by said PRINCIPAL, as in said contract set forth, then this BOND shall become null and void; otherwise it shall remain in full force and effect.

And the said Surety, for value received hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the contract or to the work to be performed thereunder or the specifications accompanying the same shall in any wise affect its obligations on this BOND, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the contract or to the work or to the specifications.

PROVIDED FURTHER, the original term of this bond is _____ to _____. Renewal of this bond for any additional periods shall be at the sole option of the Surety. Non-renewal of the bond by the Surety shall not constitute any right or claim against the bond by the Obligee.

Name/Title: _____

IN WITNESS WHEREOF, said PRINCIPAL and said SURETY have caused these presents to be duly signed and sealed this _____ DAY OF ____, 201__.

a California Corporation

SURETY

By: _____
(PRINCIPAL)
(SEAL)

By: _____
(ATTORNEY IN FACT)
(SEAL)

The bond in all terms, conditions and limitations is acknowledged and accepted

By: _____


By: _____



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: September 21, 2017

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager 

SUBJECT: Receipt of Alta Vista Well Update.

After submitting an abstract summarizing their work on the Montara Mountain fractured bedrock aquifer, Mark Woysner, Clemens Heldmaier, Barry Hecht, and Gustavo Porras were invited to provide an oral presentation at the Groundwater Resources Association (GRA) of California 2017 Conference and 26th Annual Meeting, which will take place October 3-4, 2017 at the Hilton Sacramento Arden West located at 2200 Harvard Street, Sacramento CA 95815. The presentation will explain Montara Water and Sanitary District's novel approach to managing withdrawals of groundwater from Montara Mountain during the recent multi-year drought to wet-year cycle using stream gaging, groundwater monitoring, and sampling for isotopic tracers, general mineral and co-containment constituents. GRA advocates resource management that protects and improves groundwater supply and quality, so the presentation is a form of peer review by other groundwater scientists and engineers attending this conference. Mark Woysner will present the background, methods, and current results of the monitoring at the September 21, 2017 MWSD meeting.

Several MWSD source wells draw on Montara Mountain groundwater. The monitoring results presented focus on the vicinity surrounding the Alta Vista source well, which was drilled and completed in 2004 and uniquely draws groundwater almost exclusively from high-yielding open joints and fractures in unweathered granitic bedrock near the bottom of the well. Understanding recharge to a fractured bedrock aquifer inherently has significantly more uncertainty than analyses of an alluvial aquifer. Collaborating with local farmers, the National Park Service and previously Peninsula Open Space Trust (POST), MWSD implemented an ongoing monitoring program designed to track hydrologic responses to pumping the well, so as to understand how this well is sustained and in what effects pumping the well may have on adjoining aquatic and riparian habitats. Monitoring included three stream gages, six monitoring wells, and groundwater age-dating methods (tritium-helium, chlorofluorocarbons, radiogenic helium, carbon-14, stable isotopes of oxygen and hydrogen, and noble gases). Long-term success of pumping the Alta Vista well is best evaluated across a cycle of years of major recharge and of drought years – for example, from years of peak recharge, through drought years, and then completing the cycle with a return to a peak recharge. The monitoring encompassed wet years 2005 and 2006, dry years 2007 through 2009, wet years 2010 and 2011, dry years 2012 through 2016, and wet year 2017.



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: September 21, **2017**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

Over the time scale of this monitoring study, the shallow aquifer system (the alluvium and associated shallow weathered granitics) responded independently from the deep fractured granitic bedrock to recharge. During dry years 2014 and 2015, however, flow in the stream nearest the well was notably abbreviated and shallow groundwater elevations receded to potential stress levels for riparian habitat during the late dry-season, as defined by the McNiesh criteria used along the Carmel River – logically a cumulative effect of the extreme, prolonged drought and increased pumping from the deep bedrock well. These results indicated a recharge limit (a boundary) to pumping the well. Streamflows and shallow groundwater levels recovered to pre-2014 conditions during water year 2016 with near normal rainfall, observed groundwater recharge, and decreased pumping from the deep bedrock well. These conditions further recovered during wet-year 2017.

Results of age-dating analyses of samples collected from the deep bedrock well in 2011, 2014, 2015, and 2016 suggest that increased reliance on pre-modern groundwater (potentially thousands of years old) and on older modern groundwater (recharged over recent years and decades) while pumping at higher rates during consecutive dry years was moderated during a year with near normal rainfall by reducing pumping rates and durations. It is reasonable to assume that proportion of the young or modern groundwater component would further increase following groundwater recharge during a wet year, such as during water year 2017. Results from recently collected samples are currently pending from the lab.

These results along with conventional estimates of recharge area, indicate that MWSD is successfully implementing a habitat-responsible adaptive-management approach to managing a complex fractured bedrock aquifer, from which a significant portion of their source water is drawn. In addition, after ten years of pumping the Alta Vista well, seawater intrusion remains physically impossible, given a strong westward hydraulic gradient from the Alta Vista well to the ocean observed throughout the drought. At current water levels and pumping rates, intrusion is not a concern.

Recommendation:

Receive presentation by Mark Woysner



**Groundwater
Resources
Association**
of California

EST. 1992

26th Groundwater Resources Association Annual Meeting

2017: Time for

**Collaboration
and Innovation**

**Toward Sustainable Management of
Groundwater for Quality and Supply**

PRELIMINARY AGENDA

OCTOBER 3-4, 2017

Hilton Arden West
2220 Harvard Street, Sacramento, CA

PRELIMINARY AGENDA

TUESDAY, OCTOBER 3, 2017

7:00 a.m. Registration/Continental Breakfast (Atrium-Solarium)

Plenary Session (Eagle/Berryessa/Tahoe/Shasta Ballroom)

8:00 a.m. Welcome – Chris Peterson, GRA President & Jim Strandberg, Conference Chair

8:15 a.m. – 9:30 a.m. Panel Session – Call to Action to Recharge California’s Depleted Aquifers

9:30 a.m. Student Flash Poster Presentations

9:45 a.m. Meet the Sponsors and Exhibitors

10:00 a.m. – 10:30 a.m. Break (Atrium-Solarium)

Concurrent Sessions:

Track A - Eagle/Berryessa **Track B** - Tahoe/Shasta **Track C** - Brandywine

10:35 a.m. – 10:55 a.m.

Track 1A **SGMA Data #1**
GSP Data Gap Management for Small and Large Data Sets
- Claire Kouba, Dudek

Track 1B **SGMA Modeling and other Tools #1**
Assessment of Interconnected Subbasins for SGMA Water Budgets – Regional Collaboration and Model Selection Process
- Christina Buck, Butte County Water and Resource Conservation

Track 1C **Contaminant Trends**
A More Relevant Metric for Groundwater Cleanup
- Murray Einarson, Haley & Aldrich

10:55 a.m. – 11:15 a.m.

Track 1A **SGMA Data #1**
Benefits and Experiences with Centralized Databases in Groundwater Sustainability and Vulnerability Assessments
- Paul Thorn, Ramboll

Track 1B **SGMA Modeling and other Tools #1**
Assessment of Interconnected Subbasins for SGMA Water Budgets – Appropriate Use of Available Models
- Reza Namvar, Woodard & Curran

Track 1C **Contaminant Trends**
Re-Assessment of Ecological Risk at a Mature Near-Bay Petroleum Site Due to Emerging Polar Degradation Metabolite Contaminants
- Arnab Chakrabarti, Terraphase Engineering

11:15 a.m. – 11:35 a.m.

Track 1A **SGMA Data #1**
DWR’s SGMA Technical Assistance - Building Capacity to Achieve Sustainability
- Steven Springhorn, Department of Water Resources

Track 1B **SGMA Modeling and other Tools #1**
Sustainable Groundwater Management Act (SGMA) Technical Assistance: Climate Change Datasets for use in GSP Development
- Tyler Hatch, Department of Water Resources

Track 1C **Contaminant Trends**
1,4-Dioxane in California’s Drinking Water – Source Assessment and Total Exposure Estimation
- Thomas K.G. Mohr, Santa Clara Valley Water District

11:35 a.m. – 11:55 a.m.

Track 1A **SGMA Data #1**
Groundwater Monitoring Protocols for Seawater Intrusion - Examples of Challenges and Experiences in a Coastal Groundwater Basin
- Kathleen Kuepper, United Water Conservation District

Track 1B **SGMA Modeling and other Tools #1**
Recalculation of the Sustainable Yield for the Chino Basin
- *Mark Wildermuth, Wildermuth Environmental, Inc.

Track 1C **Contaminant Trends**
TCE in Sanitary Sewers: Characterizing Spatial and Temporal Variability and Extent and Risk Assessment Strategies
- Anthony E. Miller, Entanglement Technologies, Inc.

12:00 p.m. – 1:30 p.m. GRA 2017 Annual Meeting & Awards Luncheon (Atrium-Solarium)

1:30 p.m. – 1:50 p.m. Break (Atrium-Solarium)

1:50 p.m. – 2:10 p.m.

Track 2A **SGMA Planning #1**
New Draft BMP: Developing Sustainable Management Criteria
- Trevor Joseph, Department of Water Resources

Track 2B **SGMA Modeling and Other Tools #2**
Data Management Strategies for Integrated Model Development
- Dirk Kassenaar, Earthfx Inc.

Track 2C **Collegiate Colloquium**
Stochastic Management of Non-Point Source Contamination: Joint Impact of Aquifer Heterogeneity and Well Characteristics
- Christopher Vincent Henri, UC Davis

2:10 p.m. – 2:30 p.m.

Track 2A **SGMA Planning #1**
Will Water Rights Conflicts Rupture SGMA Collaboration?
- Gina Nicholls, Nossaman LLP

Track 2B **SGMA Modeling and Other Tools #2**
Addressing Inconsistency of MODFLOW and IWFM Water Budgets for SGMA Modeling
- Reza Namvar, Woodard & Curran

Track 2C **Collegiate Colloquium**
Linking Field and Laboratory Studies to Investigate Enhanced Nitrate Removal Using Permeable Reactive Barrier Technology
- Galen Gorski, UC Santa Cruz



2:30 p.m. – 2:50 p.m.

Track 2A **SGMA Planning #1**
Mutual Benefits of GSA and Remediator Cooperation on Groundwater Basin Health and Sustainability
- Jason House, Woodard & Curran

Track 2B **SGMA Modeling and Other Tools #2**
Drought Stress Tests for Water Supply: Residential Well Impacts and Economic Externalities
- Rob Gailey, UC Davis

Track 2C **Collegiate Colloquium**
Re-evaluating Tracer Results in a Low Effective Porosity, High Anisotropy Aquifer
- Menso de Jong, UC Santa Barbara

2:50 p.m. – 3:10 p.m.

Track 2A **SGMA Planning #1**
Adapting to Climate Change and Drought for California's Communities
- Ruth Langridge, UC Santa Cruz

Track 2B **SGMA Modeling and Other Tools #2**
Development and Application of the Stanislaus County Hydrologic Model
- Robert Abrams, Jacobson James & Associates, Inc.

Track 2C **Collegiate Colloquium**
A Long-term Percolation Monitoring Program Utilizing Fiber Optic Distributed Temperature Sensing
- Patrick O'Connell, CSU Long Beach

3:10 p.m. – 3:35 p.m.

Break (Atrium-Solarium)

3:40 p.m. – 4:00 p.m.

Track 3A **Land Use Planning and Groundwater Resources Management Under SGMA Panel**
- Pete Parkinson, American Planning Association California Chapter

Track 3B **Groundwater Replenishment #1**
Capturing Lost Stormwater for Additional Long-Term Sustainable Water Supply – an Active Recharge Project for the Tributaries of the Santa Ana River
- Brian Villalobos, Geoscience

Track 3C **Innovative Site Characterization**
Evolution of the Conceptual Site Model under Regulatory Changes and Technological Advances
- Amy Wilson, TRC Solutions

4:00 p.m. – 4:20 p.m.

Track 3A **Land Use Planning and Groundwater Resources Management Under SGMA Panel**
- Jack Rice, California Farm Bureau Federation

Track 3B **Groundwater Replenishment #1**
Coupling Distributed Stormwater Collection and Managed Aquifer Recharge: Field Application, Modeling, and Implications
- Sarah Beganskas, UC Santa Cruz

Track 3C **Innovative Site Characterization**
SF Bay Water Board's Approach to Evaluating Contaminated Groundwater Discharges to Surface Water
- Ross Steenson, San Francisco Bay Regional Water Quality Control Board

4:20 p.m. – 4:40 p.m.

Track 3A **Land Use Planning and Groundwater Resources Management Under SGMA Panel**
- Iris Priestaf, Todd Groundwater

Track 3B **Groundwater Replenishment #1**
Strategic Siting of Managed Aquifer Recharge & Maximizing Recharge Potential by Leveraging Geologic Heterogeneity in the South American Groundwater Sub-Basin, CA
- Stephen Maples, UC Davis

Track 3C **Innovative Site Characterization**
Data from Online Chromium-6 Analyzer Helps Monitor Performance of Chromium Remediation in Real-Time
- Tom Williams, Aqua Metrology Systems

4:40 p.m. – 5:00 p.m.

Track 3A **Land Use Planning and Groundwater Resources Management Under SGMA Panel**
- Paul Gosselin, Butte County Department of Water and Resource Conservation

Track 3B **Groundwater Replenishment #1**
Implementation of Agricultural Managed Aquifer Recharge in the Central Valley: Large Scale Long-Term Success?
- Thomas Harter, UC Davis

Track 3C **Innovative Site Characterization**
Perfluorinated Compounds Monitoring in Response to the U.S. EPA Health Advisories
- Kevin Calcagno, Eurofins Eaton Analytical

5:00 p.m. - 7:00 p.m.

President's Reception and Poster Session (Atrium-Solarium)



WEDNESDAY, OCTOBER 4, 2017

7:15 a.m. Registration/Continental Breakfast (Atrium-Solarium)

Concurrent Sessions:

Track A - Eagle/Berryessa **Track B** - Tahoe/Shasta **Track C** - Brandywine

8:20 a.m. – 8:40 a.m.

Track 4A **Danish Office of Public Affairs-Water Technology Alliance Perspective**
Airborne Geophysics to Map Groundwater - Case Studies from Around the World
- *Bill Brown, SkyTEM*

Track 4B **Groundwater Replenishment #2**
On-Farm Flood Capture and Recharge at an Organic Almond Orchard in the Central Valley:
Recharge Rates, Soil Water and Salt Profiles, Chowchilla, California
- *Philip Bachand, Bachand & Associates, Inc.*

Track 4C **Advances in Site Remediation**
Controlled Release Environmental Reactants – In Situ Soil and Groundwater Remediation of
Recalcitrant Compounds and Emerging Contaminants of Concern
- *Lindsay Swearingen, Specialty Earth Sciences LLC*

8:40 a.m. – 9:00 a.m.

Track 4A **Danish Office of Public Affairs-Water Technology Alliance Perspective**
Data Acquisition and Data Management in the Danish Groundwater Mapping Program (SGMA)
- *Max Halkjaer, Ramboll*

Track 4B **Groundwater Replenishment #2**
Assessing Natural Recharge and Managing Withdrawals from a Fractured Granitic Aquifer in
Coastal California During a Multi-Year Drought to Wet-Year Cycle
- *Mark Woysner, Balance Hydrologics, Inc.*

Track 4C **Advances in Site Remediation**
Optimizing the Performance of Zero Valent Iron for the In-Situ Chemical Reduction of Chlorinated
Ethenes
- *John Freim, OnMaterials*

9:00 a.m. – 9:20 a.m.

Track 4A **Danish Office of Public Affairs-Water Technology Alliance Perspective**
3D Hydrogeological Conceptual Model Building in Denmark
- *Torben Bach, I-GIS*

Track 4B **Groundwater Replenishment #2**
90 Years of Groundwater Replenishment on the Oxnard Coastal Plain: Past Successes and
Concerns for the Future
- *John Lindquist, United Water Conservation District*

Track 4C **Advances in Site Remediation**
Sustained Remediation of Chlorinated Solvents Using In-Situ Formation and Regeneration of Ferrous
Sulfide
- *Jessica Barros, TRC Solutions*

9:20 a.m. – 9:40 a.m.

Track 4A **Danish Office of Public Affairs-Water Technology Alliance Perspective**
Modeling and Planning Applications for Groundwater Management with Real Time and Distributed
Web-based Resources
- *Steve Blake, DHI*

Track 4B **Groundwater Replenishment #2**
Increasing Groundwater Recharge Capacity in the Southern San Joaquin Valley, Shafter Wasco
Irrigation District: Construction of Kimberlina Recharge Project
- *Sam Schaefer and Dana Munn, GEI*

Track 4C **Advances in Site Remediation**
Successful Bioremediation of 1,4-Dioxane and 1,2-DCA in a Dilute Plume
- *Jacob Chu, Haley & Aldrich*

Break (Atrium-Solarium)

9:40 a.m. – 10:10 a.m.

10:15 a.m. - 10:35 a.m.

Track 5A **Surface Water/Groundwater**
Monitoring for Impact of Chino Basin Management Plans on Santa Ana River Riparian Habitat
- *Andrew Malone, Wildermuth Environmental, Inc.*

Track 5B **Tools for Visualization and Analysis**
Groundwater Recharge Assessment Tool (GRAT): Integrating geo-spatial data to determine GSA
recharge potential
- *Daniel Mountjoy, Sustainable Conservation*

Track 5C **Regional Groundwater Quality**
Managing Freshwater Resources: Insights from New Zealand's Changing Management Regimes for
Managing the Nation's Freshwater Resources
- *Suzie Greenhalgh, Landcare Research*

10:35 a.m. - 10:55 a.m.

Track 5A **Surface Water/Groundwater**
Using Data to Set Minimum Thresholds and Measurable Objectives that Can Avoid Undesirable
Results to GDEs
- *Melissa Rohde, The Nature Conservancy*

Track 5B **Tools for Visualization and Analysis**
Identifying New Sites and Sources of Contamination Impacting Public Water Supply Wells – the
Spatial Prioritization Geographical Information Tool (SPGIT)
- *Rick Fears, Dept. of Toxic Substance Control*

Track 5C **Regional Groundwater Quality**
Measuring and Modelling Soil Water Balance and Nitrate Leaching of Perennial Crops in New
Zealand
- *Karin Muller, Plant & Food Research*

10:55 a.m. – 11:15 a.m.

Track 5A **Surface Water/Groundwater**
Data Collection for Assessing Surface Water-Groundwater Interaction
- *Rodney Fricke, GEI*

Track 5B **Tools for Visualization and Analysis**
A Hybrid Machine-learning Model to Predict and Visualize Nitrate Concentration Throughout the
Central Valley Aquifer, California
- *Katherine Ransom, UC Davis*

Track 5C **Regional Groundwater Quality**
Identifying Areas of Degrading and Improving Groundwater-quality Conditions in the State of
California
- *Bryant Jurgens, USGS*



11:15 a.m. – 11:35 a.m.

Track 5A

Surface Water/Groundwater

Quantifying the Relationship Between Stream Flow and Groundwater Elevations to Assess Stream Depletion and the Effects on Groundwater-Dependent Ecosystems
- *Andrew Kopania, EMKO Environmental, Inc.*

Track 5B

Tools for Visualization and Analysis

Developing a Basin-wide 3D Hydrogeologic Model to Support a Numerical Flow Model
- *Gary Vanderslice, Lytle Water Solutions*

Track 5C

Regional Groundwater Quality

Occurrence, Fate, and Remediation of the Emerging Contaminant 1,2,3-Trichloropropane
- *Eric Suchomel, Geosyntec Consultants*

11:40 a.m. – 11:50 a.m.

Presentation of Student Oral and Poster Awards (Atrium-Solarium)

12:00 p.m. – 1:00 p.m.

Lunch (Atrium-Solarium)

General Session (Eagle/Berryessa/Tahoe/Shasta Ballroom)

1:10 p.m. – 1:25 p.m.

Announcement of 2018 David Keith Todd Lecturers

1:25 p.m. – 2:25 p.m.

Water Availability and Sustainability in California's Central Valley: Past, Present, and Future
- *Dr. Claudia Faunt, United States Geological Survey*

2:25 p.m. – 3:25 p.m.

The Use of Geophysical Methods for Groundwater Evaluation and Management
- *Dr. Rosemary Knight, Stanford University*

3:25 p.m. – 3:30 p.m.

Closing Remarks
- *Jim Strandberg, Conference Chair*



**Groundwater
Resources
Association**
of California

EST. 1992



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: September 21, 2017

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

SUBJECT: Employee Wellness Program

Thanks to District Superintendent Julian Martinez' efforts, the District was awarded a Wellness Grant over \$280 in July from the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA). Voluntary Wellness programs of formal and informal activities are designed to improve the health and well-being employees and reduce or eliminate personal problems affecting employee health and work productivity. Wellness programs have the potential to decrease absenteeism, improve productivity, improve employee retention, leads to a more energetic, positive and productive workplace, lower overall health care costs, and reduce on-the-job accidents and injuries.

Our neighboring Water Agency CCWD's wellness program is well established and simple:

Section 1.01 - Employee Wellness Program

The District has developed a Wellness Program for its employees whereby the District will contribute twenty-five dollars (\$25.00) monthly towards a health or fitness facility of their choice, upon proper documentation by the employee of the expenditure.

We'd like to take advantage of the ACWA JPIA grant to test over a one year trial period how such a program would be received at MWSD. Staff suggests to offer a similar benefit for all full time employees for a 12 month period utilizing a combination of grant and District funds. If all current full time employees participate, the annual cost would amount to a total of \$2,100.

Recommendation:

Authorize \$1,820 of District funds for contributions to MWSD full time employee's participation in wellness activities of \$25 per month per employee after proof of payment by the employee.



July 12, 2017

Montara Water & Sanitary District
Julian Martinez
julian@coastside.net

RE: ACWA JPIA 2017 Wellness Grant

Dear Julian,

Congratulations! The 2017 Wellness Grant Application for Montara Water & Sanitary District has been approved in the amount of \$280.00. Thank you for helping your employees and their families lead healthier, happier, and more productive lives. ACWA JPIA is excited to partner with your district in this endeavor.

We will send a check directly to Montara Water & Sanitary District for the amount of the grant within the next 30 days. Please save your receipts for your purchases and submit them to the JPIA at sofferman@acwajpia.com once you have used all of the funds. All funds must be used by 6/1/2018. We are providing the funds in advance for your convenience, but it is important that we obtain this documentation for our records.

If your wellness program includes having a speaker arranged through Anthem Blue Cross, the amount for the speaker will be withheld from the check issued to your agency. Anthem must pay for these speakers directly.

If you have any questions regarding your grant please contact me at (916) 774-7050 ext. 3170.

Thank you for your participation.

A handwritten signature in black ink that reads 'Susan Offerman'. The signature is written in a cursive style with a large, looped 'S' and 'O'.

Susan Offerman
Benefits Analyst II

EMPLOYEE WELLNESS PROGRAM PROPOSAL

In an effort to minimize employee injury and maximize overall wellbeing, Montara Water & Sanitary District is hoping to implement an Employee Wellness Program. Ideas we are considering for it currently are the following;

Offer discounts to a local gym. Many gyms will offer a discount if you sign-up enough employees. Reach out to some local gyms in the area and ask for discounted group rates.

Allocate 15 minutes a day for guided meditation.

The 8 Glasses of Water Challenge. For 30 days, employees track how many days they drank at least 8 glasses (8 ounces) of water. The winner at the end of the month gets a prize.

Bring in a guest speaker to talk wellness. Hire a speaker to come in and discuss a wellness initiative like meditation, nutrition, exercise, or personal development. People are much more likely to buy-in when the advice comes from a professional.

Hire a masseuse for a day. Create a sign-up sheet with 15-30 minute blocks per massage.

On-site yoga classes to relieve stress. Invite a yoga instructor into your office every couple of weeks to guide the team through a yoga class.

Aside from these ideas, we will be purchasing a bike rack and picnic table.



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **September 21, 2017**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager 

**SUBJECT: Review and Possible Action Concerning
Adoption of Appropriations Limit for FY 2017-
2018**

Article XIII B of the California State Constitution, commonly referred to as the Gann Initiative or Gann Appropriations Limit, was adopted by California voters in 1980 and placed limits on the amount of proceeds of taxes that State and local agencies can appropriate and spend each year.

The limit is different for every agency and changes each year. The annual limit is based on the amount of tax proceeds that were authorized to be spent in fiscal year 1978-79, modified for changes in inflation and population. Inflationary adjustments are based on increases in the California per capita income and changes in County population.

The appropriation limit for the prior fiscal year was \$2,110,093. Factoring in the County's change in population (0.56%), and the change in the California per capita personal income (3.69%) provides the appropriation limit for the new fiscal year. This information is found in the State Department of Finance report received in May 2017. Based on these adjustments the appropriation limit for Fiscal Year 2017-2018 is \$2,200,208. This is the maximum amount of tax proceeds the District is able to spend in fiscal year 2017-2018. As the attached worksheet shows, the District is \$2,121,746 below its Gann Limit.

Section 7910 of the State Government Code requires a governing body to annually adopt, by resolution, an Appropriations Limit for the upcoming fiscal year.

RECOMMENDATION:

Adopt Resolution No. _____, Resolution of the Montara Water and Sanitary District Determining the 2016-2017 Appropriation Limit.

Attachment

RESOLUTION NO. _____

**RESOLUTION OF THE MONTARA WATER AND
SANITARY DISTRICT DETERMINING THE 2017-2018
APPROPRIATION LIMIT**

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 District, on the basis of appropriations limit calculations, which have been on file and available for public review in the office of the Secretary of the District, has calculated the maximum limit applicable to the appropriations of tax proceeds for the Fiscal Year 2017-2018 to be the sum of Two Million Two Hundred Thousand and Two Hundred and Eight Dollars (\$2,200,208).
2. The basis for said calculations are available and on file in the office of the Secretary of said District.
3. The Secretary shall post this Resolution at the official places of posting.

COUNTERSIGNED:

President, Montara Water and Sanitary District

Secretary, Montara Water and Sanitary District

* * *

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 meeting thereof on the 21th day of September 2017, by the following vote:

AYES, Directors:

NOES, Directors:

ABSENT, Directors:

Secretary, Montara Water and Sanitary District

MONTARA WATER AND SANITARY DISTRICT

Appropriation Limit FY 2017/2018

USER FEES	SUB-TOTAL	TOTAL	
SEWER			ASSUMPTIONS: FY 16/17 Appropriations Limit: \$2,110,093 May 2017 State Department of Finance Report: Per Capita Personal Income Increase: 3.69% San Mateo County Population Change = 0.56% Unincorporated Population change = 0.27% <u>Calculations:</u> 1.0369 X 1.0056=1.04270664 1.04270664 X \$2,110,093 = 2,200,208 \$2,200,208 APPROPRIATIONS LIMIT FOR FY 17/18 \$2,200,208 -\$78,462 → \$2,121,746 BELOW GANN LIMIT
Sewer Service Charges	\$ 2,003,171.00		
Sewer Connection Fees	\$ 194,576.00		
Application and Inspection Fees	\$ 17,000.00		
WATER			
Water Sales and Charges	\$ 1,915,496.00		
Water Connection Fees	\$ 253,020.00		
Water Application Fees	\$ 12,050.00		
TOTAL		\$ 4,395,313.00	
LESS:			
Total Operating Expenses-Sewer	\$ 2,240,803.00		
Total Operating Expenses-Water	\$ 1,503,440.00		
Debt Instruments:			
Water Loan Costs	\$ 238,769.08		
Sewer Loan Costs	\$ 117,812.60		
TOTAL		\$ 4,100,824.68	
USER FEES IN EXCESS OF COSTS:		\$ 294,488.32	
ADD:			
User Fees in Excess of Costs:	\$ 294,488.32		
Taxes	\$ 470,000.00		
Franchise Fee	\$ 22,000.00		
Interest Income	\$ 15,000.00		
Operating Income or loss (From Audit)	\$ (723,026.00)		
TOTAL		\$ 78,462.32	
TOTAL APPROPRIATIONS SUBJECT TO LIMIT FOR FY 2017/18:		\$ 78,462.32	



May 2017

Dear Fiscal Officer:

Subject: Price Factor and Population Information

Appropriations Limit

The California Revenue and Taxation Code, section 2227, requires the Department of Finance (Finance) to transmit an estimate of the percentage change in population to local governments. Each local jurisdiction must use their percentage change in population factor for January 1, 2017, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2017-18. Attachment A provides the change in California's per capita personal income and an example for utilizing the price factor and population percentage change factor to calculate the 2017-18 appropriations limit. Attachment B provides the city and unincorporated county population percentage change. Attachment C provides the population percentage change for counties and their summed incorporated areas. The population percentage change data excludes federal and state institutionalized populations and military populations.

Population Percent Change for Special Districts

Some special districts must establish an annual appropriations limit. The Revenue and Taxation Code, section 2228 provides additional information regarding the appropriations limit. Article XIII B, section 9(C) of the California Constitution exempts certain special districts from the appropriations limit calculation mandate. The Code and the California Constitution can be accessed at the following website: <http://leginfo.legislature.ca.gov/faces/codes.xhtml>.

Special districts required by law to calculate their appropriations limit must present the calculation as part of their annual audit. Any questions special districts have on this requirement should be directed to their county, district legal counsel, or the law itself. No state agency reviews the local appropriations limits.

Population Certification

The population certification program applies only to cities and counties. Revenue and Taxation Code section 11005.6 mandates Finance to automatically certify any population estimate that exceeds the current certified population with the State Controller's Office. **Finance will certify the higher estimate to the State Controller by June 1, 2017.**

Please Note: Prior year's city population estimates may be revised.

If you have any questions regarding this data, please contact the Demographic Research Unit at (916) 323-4086.

MICHAEL COHEN
Director
By:

AMY M. COSTA
Chief Deputy Director

Attachment

- A. **Price Factor:** Article XIII B specifies that local jurisdictions select their cost of living factor to compute their appropriation limit by a vote of their governing body. The cost of living factor provided here is per capita personal income. If the percentage change in per capita personal income is selected, the percentage change to be used in setting the fiscal year 2017-18 appropriation limit is:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
2017-18	3.69

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2017-18 appropriation limit.

2017-18:

Per Capita Cost of Living Change = 3.69 percent
Population Change = 0.85 percent

Per Capita Cost of Living converted to a ratio: $\frac{3.69 + 100}{100} = 1.0369$

Population converted to a ratio: $\frac{0.85 + 100}{100} = 1.0085$

Calculation of factor for FY 2017-18: $1.0369 \times 1.0085 = 1.0457$

Fiscal Year 2017-18

Attachment B
Annual Percent Change in Population Minus Exclusions*
January 1, 2016 to January 1, 2017 and Total Population, January 1, 2017

County City	Percent Change 2016-2017	--- Population Minus Exclusions ---		Total Population
		1-1-16	1-1-17	1-1-2017
San Mateo				
Atherton	0.58	7,107	7,148	7,148
Belmont	-0.05	27,608	27,594	27,594
Brisbane	0.68	4,690	4,722	4,722
Burlingame	0.78	29,916	30,148	30,148
Colma	0.07	1,505	1,506	1,506
Daly City	0.69	108,538	109,287	109,287
East Palo Alto	0.38	30,225	30,340	30,340
Foster City	0.47	33,068	33,225	33,225
Half Moon Bay	0.49	12,530	12,591	12,591
Hillsborough	0.77	11,663	11,753	11,753
Menlo Park	5.53	33,667	35,530	35,670
Millbrae	0.09	23,148	23,168	23,168
Pacifica	-0.18	38,192	38,124	38,124
Portola Valley	0.09	4,703	4,707	4,707
Redwood City	0.23	85,402	85,601	85,601
San Bruno	0.14	45,230	45,295	45,295
San Carlos	0.17	29,262	29,311	29,311
San Mateo	0.44	102,977	103,426	103,426
South San Francisco	0.11	65,378	65,451	65,451
Woodside	0.25	5,652	5,666	5,666
Unincorporated	0.27	65,294	65,470	65,470
County Total	0.56	765,755	770,063	770,203

*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

MONTARA WATER AND SANITARY DISTRICT

NOTICE OF INTENTION TO ADOPT APPROPRIATIONS LIMIT FOR FISCAL YEAR 2017-2018

NOTICE IS HEREBY GIVEN that the Board of the Montara Water and Sanitary District proposes to adopt a resolution establishing the District's appropriations limit for the fiscal year July 1, 2017 - June 30, 2018, pursuant to the provisions of California Constitution Article XIIB upon the date, and at the time and place, hereinafter specified. Documentation used in the necessary determinations is available in the District Administrative office at the address hereinafter specified.

The Board shall consider adoption of the foregoing resolution at a meeting of the Board as follows:

DATE: September 21, 2017

TIME: 7:30 p.m., or as soon thereafter as the matter may be considered.

PLACE: District Board Chambers
8888 Cabrillo Highway
Montara, CA 94037
(www.mwsd.montara.org)