



Montara Water and Sanitary District

Serving the Community of Montara and Moss Beach

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

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

AGENDA

Regular Meeting

District Board of Directors

8888 Cabrillo Highway
Montara, California 94037

November 16, 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 September 21, October 5, and October 19, 2017.](#)
2. [Approve Financial Statements for September 2017.](#)
3. Approve Warrants for November 1, 2017.
4. [SAM Flow Report for September 2017.](#)
5. [Monthly Review of Current Investment Portfolio.](#)
6. [Connection Permit Applications Received.](#)
7. [Monthly Water Production Report for September 2017.](#)
8. [Rain Report.](#)
9. [Solar Energy Report.](#)

10. [Monthly Public Agency Retirement Service Report for August 2017](#)

OLD BUSINESS NEW BUSINESS

1. [Reserve Designation for SRF Loan.](#)
2. [Review and Possible Action Concerning 4th Street Water Main Project Completion and Contract Release.](#)
3. [Review and Possible Action Concerning Authorization to Vote at General Session Membership Meeting at ACWA 2017 Fall Conference.](#)

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))

Case Names: *City of Half Moon Bay v. Granada Community Services District, et al.*
(San Mateo County Super, Crt. No. 17 CIV 03092)

Regional Water Quality Control Board v. Sewer Authority Mid-Coastside
(ACL Complaint No. R2-2017-1024)

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

(Government Code §54956.9(d)(2))

Significant Exposure to Litigation:

Number of cases:1

REPORT OF ACTION TAKEN IN CLOSED SESSION, IF ANY

ADJOURNMENT



MONTARA WATER & SANITARY
DISTRICT

BOARD OF DIRECTORS MEETING
September 21, 2017

MINUTES

REGULAR SESSION BEGAN AT 7:30 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
Mark Woysner of Balance Hydrologics
Gustavo Porras of Balance Hydrologics
General Manager of Recology, Christine Porter

PRESIDENT'S STATEMENT – None

ORAL COMMENTS - None

PUBLIC HEARING –

General Manager Heldmaier announced the San Mateo Resource Conservation District (RCD) is preparing for its annual First Flush program. This program asks residents to take water samples during the first rain event, which are evaluated for bacteria, metals, and pollutants, and helps the RCD to better understand where they are going and ending up. This usually happens between late September and late October, and volunteers are needed. RCD is asking for volunteers to do this. Interested participants should contact the Montara Water and Sanitary District (MWSD) or RCD directly. There is also a one day event on September 23, 2017 from 9:00am – 12:00pm, asking volunteers to pick up dog waste to prevent

bacterial pollution from being washed into our waterways. Anyone interested can contact RCD or MWSD directly.

Marcia Yates, Moss Beach resident: My name is Marcia Yates; I live in Moss Beach, and I am affiliated with Resist Density. I went to the Mid-Pen Pre-Ap meeting yesterday, and unfortunately the discussion has turned into two tracks—one is the critical housing shortage that Resist Density realizes is very important and that we need more housing. But what Resist Density emphasizes is infrastructure, environment, and traffic safety. I just want to let everyone know that we are not against affordable housing. If there is going to be affordable housing, we just want a better, stronger infrastructure—the sewage spillages, inadequate roads, and such. I also have flyers regarding the SSOs and our position statements. Thank you.

Director Slater-Carter commented that in light of all the hurricanes, it was a good idea to have all your emergency supplies and plans in place. This District has emergency generators to keep water and sewer operating.

CONSENT AGENDA

1. Approve Minutes for July 6, 2017 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

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

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

OLD BUSINESS – None

NEW BUSINESS -

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

General Manager Heldmaier reported that the initial term of the District's Franchise Agreement with Recology of the Coast (Recology) expires at the end of this calendar year. This will be the first contract with Recology as the last one was with

Seacoast Disposal, which was bought by Recology. So, it is actually the same entity, different name. As specified in the agreement, Recology informed the District of its intent to extend the agreement through the amendment.

In anticipation of the amendment, Recology sent out a customer survey to evaluate if a weekly composting program should be added. Recology currently has a bi-weekly green waste program in place, but due to customer requests for a composting program, they wanted to assess whether there was enough interest. A total of 36% of the customer base responded. There were 106 households or 16.2% were in favor of the addition of a composting program, 207 households or 31.7% indicated that they were happy with the current green waste program and already compost on their own, 301 households or 46.2% households are happy with the existing green waste program and 39 households or 5.9% households don't use the green waste program, relying on a gardener to remove green waste. Thus, many people are already composting, and the 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. Thus, customers will receive 126 gallons of green waste service. As per the existing agreement, anyone having difficulties handling the 96 gallon cart may contact Recology and their needs will be addressed on an individual basis. At the request of Pillar Ridge management, Pillar Ridge customers will retain the current service due to limited green waste and storage in the facility. However, Pillar Ridge customers may request a 96 gallon container if they want one. When the change is implemented, Recology will distribute information about this change by flyers and other means.

There is a rate stabilization clause which has recently changed from what was published. The Solid Waste Committee reviewed this, and changed the clause to the following: if the cost-based calculations results in an annual rate increase above 6%, the overage can be deferred to the following year. And this can go on, until the end of the contract. At the end of the contract, there would be a "catch-up" if not already caught up by the end of the ten years. This is designed to prevent a potential rate shock of substantial increases in a single year, as was seen in 2016.

Please note that the published Agenda has a different rate of 5% in the rate stabilization clause. However, a meeting with the Solid Waste Committee was held on Monday, September 18, 2017, and the terms were revised as noted above.

The term of the extended agreement begins on January 1, 2018 and expires December 31, 2027, a ten year extension, benefiting both the District and

Recology. If MWSD chooses to terminate the contract earlier, the District agrees to purchase the Recology issued carts at a depreciated value.

Recology also agrees to submit the required information for the annual rate increases one month earlier than specified in the original agreement, allowing more time for the District to review the documents and initiate the required Proposition 218 process for the rate increase.

Waste collection will start at 6:00am instead of 7:00am. Recology has requested this change for safety reasons. This benefits both our customers and Recology, getting the trucks out before the morning heavy traffic times.

General Manager Heldmaier recommended to adopt the Resolution, approving and authorizing execution of First Amendment to Franchise Agreement for solid waste and recycling services.

General Manager of Recology, Chris Porter introduced herself, mentioning that she had been working at Recology for 33 years. She conveyed how much she has enjoyed working within the District, and was proud to say that Recology provides services not offered in cities on the Coastside, and by doing this they have achieved a 72% diversion, which is one of the highest in Northern California. She feels it is due to the programs offered, such as four times a year bulky item pick-ups, bulky item drop-offs four times a year, shredding events, and compost giveaways. They have things that are unique to this area. They also work with the Pacifica Beach Coalition, to keep the beaches clean. They do this because they are part of the community, as well as servicing the community. Also, as the General Manager, Chris makes herself available to speak with the public, and their drivers have also worked at Recology for several years, and know their customers and understand their customers' needs.

Director Huber compared Half Moon Bay's renewed garbage contract to Recology's contract. Half Moon Bay has a fixed fee contract, their rates (for a similar size can) are approximately 24% higher, and their start time at residential homes begin at 6:00am, and 4:00am at commercial sites. Recology has a cost plus contract and the rate of the Recology contract will never go above 6%, except at the end. There may be some risk there—if inflation is great or fuel costs go up significantly—resulting in a balloon payment at the very end. He concluded that the risk is very low; and they have the advantage of the level of service being received and the rates being charged--this is a decent contract.

Director Slater-Carter advised that Half Moon Bay is only at 34% diversion, failing to meet the State bill passed in 2000 requiring that communities need to be at 50% diversion. Half Moon Bay does not pick up bulky items; do not have drop-offs for large items. She acknowledged that Recology provides superior service and works with the community. She described how Recology is currently working with Farallone School, putting in a greenhouse project.

Director Slater-Carter motioned to adopt the Resolution approving and authorizing execution of First Amendment to Franchise Agreement for solid waste and recycling services. Director Harvey seconded the motion.

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

2. Receipt of Alta Vista Well Update.

General Manager Heldmaier reported that when MWSD began taking over the water system in 2003, the Board authorized a well exploration program, and a number of bore holes and wells were drilled during that initial exploration phase. The Alta Vista well, drilled and completed in 2004, turned out to be very productive. At the time, General Manager Heldmaier was fascinated why a geologist would point to the top of the hill top of the ridge to drill. Balance Hydrologics looked at fractures, fracture directions and zones, and found that site where they intersected, and thought there was a good chance it would bear water.

Most of the other wells around are monitoring wells, and have been maintained, collecting data. They have a monitoring network set up. And that was useful, because when MWSD went to the Coastal Commission to get the well approved, the Coastal Commission required MWSD to establish a monitoring program that studied the riparian habitat down below in the flower fields, and how this well interacted with the shallow aquifer. Additionally, the Board wanted confirmation that the well was sustainable. The Coastal Commission had a hydrologist take a close look at this well, and allowed MWSD to pump it at a maximum rate of 150 gallons per minute over a 24 hour period. They are still studying this aquifer, because unlike most aquifers, this is an aquifer that is in solid rock—a big piece of granite, Montara Mountain. This aquifer is unique in that it is draws groundwater almost exclusively from high-yielding open joints and fractures in unweathered granitic bedrock near the bottom of the well. Most of their other wells (e.g. flower field wells or airport wells) are in non-consolidated sediments, alluvial fan deposits, or similar (i.e. sand gravel mixes). It is simple to understand, because it is a uniform pore space down below filled with water, and this is not the case in granite.

General Manager Heldmaier announced that they've prepared an informative presentation with Barry Hecht and Mark Woyshner of Balance Hydrologics about the stream monitoring, with the Coastside County Water District at the time when they considered increasing their water diversion from Denison and Santa Ynez Creek. They also looked at the information collected at the District for that purpose and confirmed that the creeks on Montara Mountain behaved differently than other streams in the area, retaining water much longer, and the flow volume being based on prior years' precipitation. Based on their experience from operating the plant, after the initial rains, in the summertime, they observed that there is an increase in the flow rate and sustained water production in the springs. After learning more about the geological structure and its vast formations, they drilled two bore holes that provided information about this aquifer, and found that in similar depth there was water, leading to the conclusion that there is some interconnection. The

Portola 3 well is also producing very well, and General Manager Heldmaier was pleased to share their findings spanning all these years, with the Board. This presentation coincides with a presentation of this information by Mr. Woysner at the Ground Waters Resource 2017 Conference in Sacramento. His power point is attached and will cover a summary of Alta Vista well, monitoring results, rainfall, stream flow gaging, pumping rates, groundwater level sampling for groundwater age, recharge estimates, and conclusions.

It was mentioned that Gustavo Porras, who has been doing all the field work for the last 20 years, was present, and Barry Hecht was unable to attend due to a prior commitment. Mr. Woysner talked about the Alta Vista well being drilled in 2004, along with 4 other wells. They have been collecting data from 2004 to date. He acknowledged former General Manager George Irving, who led the charge of this exploration.

Alta Vista Well Characteristics

The Alta Vista well, located on the ridge between Montara Creek and Daffodil Canyon. It is about 780 feet, and the upper parts are weathered granites (approximately 230 feet), then fractured bedrock. Completed in July 2004, it is a deep well, and its unique geological make-up, with unweathered, fractured granitic rock, draws groundwater primarily from deep open fractures or joints in bedrock at the bottom of the well below 700 feet. The open fractures (regional joints) range from several inches to over a foot open, and this is where most of the water comes from below 700 feet. In drilling the well, they encountered 235 feet of weathered granite—which is significant. Many of the domestic wells completed on Montara Mountain, draw from that perched aquifer (groundwater sitting in weathered granitics on top of the fractured bedrock). The Alta Vista well draws from much deeper than that, from unweathered fractured granite. Knowing this, they completed the well in a manner that isolates the Perched aquifer from the deep joints that this well draws from.

Montara Mountain is similar to the Sierras, but has been glaciated, making it deeply weathered. This deep weathering zone is ideal for capturing or infiltrating moisture—rainfall and fog drip. Additionally, the open joints at the bottom of the well are positioned in a north-south direction, dipping eastward into the mountain, capturing groundwater flow. The intersecting of these open joints, results in high-yields of water.

The upper portion of the bore hole was sealed off with a 12" steel casing, cemented in to a depth of 370 feet and the bottom left open. This isolated it from the shallower wells in the vicinity. The well then went through a number of pumping tests (8 hour pump test at 300 gallons per minute, 5 day pumping test 300 gallons per minute) and the results were quite favorable. In November 2007, a 60 day pumping test at 40 gallons per minute was conducted, and proved favorable.

It is difficult to know if the well has a sustainable yield. There has been a lot of discussion of what determines a sustainable yield. There is a lot of uncertainty. There are many methods in basins filled with sediment, but not bedrock. So, it was proposed that the long term success of pumping the well can best be evaluated by a cycle of recharge years (wet years) and drought cycles, and how the well performs—its limits, constraints, and boundaries.

Mr. Woysner explained that near the surface shallow groundwater shows regular recharge independent of pumping the well and independent of draw down in the bedrock. Their findings suggest that during the extreme drought years (2014-2015) it does potentially show a recharge boundary.

Groundwater age techniques are from a recharge perspective. Groundwater age techniques are used to support hydrology because there is a level of uncertainty. Each method has its own level of uncertainty and using the different methods help to support their findings. Based on the results of those findings, it helps to confirm conceptual understanding of how it works.

They did four samplings, and found the well has been calculated at a recharge of 24 years, which is drawing on modern water (basic groundwater that is recharged in recent decades). During the dry years, there was increased pumping. This resulted in the drawing of deeper pre-modern groundwater.

Recharge to the bedrock showed higher base flows in the creek in the wet years and lower base flows in the dry years. Also, the groundwater quality was very good, aged at 24 years, and classified as modern groundwater recharged during recent decades.

Summary

The principle pathway of groundwater that enters the Alta Vista well is through the high-yielding joints at 700 feet below the ground surface of 550 feet.

From the years 2007 to 2009 of drought the shallow groundwater showed regular recharge independent of pumping the well.

Recharge to the bedrock showed higher base flows in the creeks, higher based flows in the wet years, and lower base flows in the dry years.

The groundwater was aged at 24 years recharged during recent decades.

During the years 2012-2015 drought conditions were longer and more extreme, resulting in increased pumping at Alta Vista, and although stream flows persisted in Martini Creek and Daffodil Canyon, Montara Creek was quite dry (2014). Montara Creek flow curtailed and base flows during water year 2015 were the lowest on record across all stations in the region. During the drought there was less recharge to no recharge, and the wells were drawing older modern water and older pre-modern water.

Recharge is important, and the well is recharged by rainwater. In the year 2016, it recovered—a near normal year. And concurrently, the pumping from Alta Vista came back to pre-drought years. The base flows and streams have recovered, and the age of the water rebounded, and water intrusion continues to remain physically impossible.

Balance Hydrologics currently had their 2017 samples collected and the results pending. Pumping continues at normal rates.

Qualitative Check

If you calculated an area of recharge, given a 4" recharge per year, the result calculates out to 360 acres of watershed to recharge the well. This is a good quality of check- it is reasonable, comparable to other watersheds in the area, and water intrusion remains physically impossible.

Since the year 2007, during the wet cycle, through two droughts, one extreme drought, and back up to a wet cycle, the average pumping rate over the entire time span remained at 74 gallons per minute. This is similar to base flow of local water in streams. Because this well is one that intersects open fractures in a bedrock aquifer, it has a similar rate as base flow rate in a stream. If you calculate the recharge area, it is similar to watershed areas. Qualitatively, 74 gallons per minute appears to be a sustainable level.

It was concluded that Montara Sanitary District is successfully implementing the habitat responsible adaptive management approach to manage a complex fractured bedrock aquifer. This is a complicated fractured aquifer, a well that's quite unique on the Coast, has a lot of uncertainty in its understanding of how it is recharged conceptually. Through this habitat responsible adaptive management monitoring approach MWSD has focused in on a sustainable pumping rate that works, has worked, and should continue to work.

Director Huber asked if the drawing down of more water from Montara Creek during wet years has any effect on Alta Vista, and if it helps the recharge rate.

Mr. Woysner clarified that there really is no issue during wet years on Montara Creek. The shallow groundwater in Montara Creek, which is sediment in the valley, is easily recharged from stream flow and rainfall.

Director Huber inquired about the well on Ocean View Farms, and what were the characteristics.

Mr. Woysner said that there are two wells there. One well is by Highway One, a marine terrace, is used for monitoring, is productive, and drilled to the bottom, around 230 feet. The other well is at the mouth of Daffodil Canyon and that was drilled a little deeper into the bedrock. There is a fault that cuts into Daffodil Canyon right where the terrace starts. It is also productive, but the issue with that is

the piping into the distribution system is farther away, and more expensive. They are not high-yield wells, about 10 gallons per minute.

Directly Huber asked if the Portola 3 well, when it was re-done, is a separate aquifer from Alta Vista.

Mr. Woysner explained that it is also granitic--fractured granite, but is in a different place—further down Montara creek. All four Portola wells are granitic wells. Before the District drilled Portola # 3 deeper, all those other wells were at 7.5 gallons per minute. Initially, wells on granitic rock yields tens of gallons per minute, but depletes later--which is normal for granitic wells. This is why Alta Vista is so unique, with good recharge along with yield. Portola #3 went deeper depth into deeper fractures, and has more characteristics similar to Alta Vista well than Drake and Wagner.

3. Review and Possible Action Concerning District Wellness Program.

General Manager Heldmaier declared that Superintendent Julian Martinez was awarded a Wellness Grant of \$280 dollars for the District 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 of employees, increase work productivity, and reduce on-the-job accidents and injuries.

Using our neighboring Water Agency as a model, the District would like to contribute \$25 dollars per month toward a health or fitness facility of their choice, upon proper documentation by the employee, to be approved by their supervisor. MWSD would like to try this program over a one year trial period. With 7 full time employees, for 12 months, the total cost would be \$2,100 dollars for this first year.

MWSD would like to use the \$280 dollars for this program and ask the Board to authorize District funds, not to exceed \$1,820 dollars to contribute to this Wellness program. A report on the success of this program would be presented in a year and what should be done going forward.

Clyde Bradshaw: The reason I'm here is part of Julian's inspiration, and "A" he really liked the plan, and "B" I had a minor injury with my elbow, and I want to say thank you to the District for being so supportive. I got it checked out, and went to physical therapy. I got a reality check on my flexibility and health. After I was cleared for full duty, I got a great physical therapist that helped me get through my injury, and signed up at a gym in Pacifica. I got a physical this month and my blood pressure is down, I lost about 10 pounds and feel better than I ever have. It is something I am going to do regardless. I'm not here to ask you guys to do this program, I am here to thank you for considering it and thank Julian for putting in the work to bring this before the Board. I do think my co-workers would participate, and would give us something in common to talk about as far as taking care of our health and inspire each other --something to be positive about in the workplace-

which is always a good thing. Considering we do everything we can do to keep up, and being available to work and be in shape is important, living a healthy life will make it a lot easier. This is a good thing for the workers, if you do decide to do it. But once again, I'm not here to sway your opinion about it, just to thank you for considering it.

General Manager Heldmaier clarified that the money is not just for a gym membership. If an employee shows proof-of-payment for some sort of wellness program—it doesn't have to be a gym membership—it can be anything under the category wellness (It could be a yoga class, massages), the amount of \$25 dollars would be added to one of the employee's bi-monthly paychecks.

Director Dwight liked the incentive and Director Boyd concurred. He thanked Julian for his efforts, and supported it.

Director Slater-Carter motioned for the authorization of \$1,820 dollars of District funds to contribute to MWSD full-time employees' participation in wellness activities of \$25 per month per employee after proof-of-payment by that employee. Director Boyd seconded motion.

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

4. Review and Possible Action Concerning Adoption of Appropriations Limit for FY 2017-2018

General Manager Heldmaier said the California State Constitution Article called the Gann Initiative or Gann Appropriations Limit, adopted in 1980, places limits on the amount of proceeds of taxes that State and local agencies can appropriate and spend each year. Factoring the County's change in population at 0.56% and the increase in the California per capita personal income of 3.69% provides the appropriation limit for the new fiscal year. Based on these adjustments, the appropriation limit for Fiscal Year 2017-2018 is \$2.2 million dollars. This is the maximum amount of tax proceeds the District is able to spend in fiscal year 2017-2018, and MWSD receives much less taxes, around \$400,000 dollars—way below the Gann limit. MWSD is required annually to adopt an Appropriations limit for the upcoming fiscal year, and due to how the numbers are calculated, this can only be done after the beginning of the fiscal year. Thus, General Manager Heldmaier has recommended to adopt the resolution of the Montara Water and Sanitary District determining the 2017-2018 Appropriations Limit.

Director Boyd moved to adopt the resolution of the Montara Water and Sanitary District determining the 2016-2017 Appropriations Limit. Director Huber seconded the motion.

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

REPORTS

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

We didn't have a meeting—so nothing to report

Director Slater-Carter reported that they have a stipulated agreement for planning the budget this year, and she is asking the SAM Finance Committee to meet because SAM has additional expenses this year due to the lawsuit and additional meetings. If the Finance Committee can't work out the numbers, we might have to come back to the member agencies for additional funds.

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

Mid pen affordable housing project and the Midcoast Council has had some meetings on the development and it is suggested that everyone pay attention to these meetings, as it will make a difference in our communities. The proposed site has 74 units with up to 7 residents allowed per unit. So it may have a fairly substantial impact on the community. There is also a vacancy for Midcoast Counsel to replace Laura Stein, who has moved. The term is through 2020, and details on applying can be found at www.midcoastcommunitycouncil.org/. Applications are due by Friday, October 20th. Also, on October 3rd there is a Quarry Park Master plan community meeting and see the website for details.

3. CSDA Report (Slater-Carter) – Nothing to report, as there was no meeting—it has been moved to October

4. Attorney's Report (Schricker) – nothing to report

5. Directors Report – nothing to report

6. General Manager's Report (Heldmaier) – nothing to report

FUTURE AGENDAS-

REGULAR MEETING ENDED at 9:15 P.M.

The Board Convened in a Special Closed Session at 9:30 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)

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

Respectfully Submitted,

Signed _____
Secretary

Approved on the 16th, November 2017

Signed _____
President

Help Keep Water Clean

Join our Volunteer Team

Collect water samples
from coastal creeks
during the first rainstorm of
the year.

One time only.
No experience needed.
Training and equipment provided.

Training Date

Wed., Sept. 20 6:00 PM
RCD Office
625 Miramontes St. Suite 103
Half Moon Bay, CA

Contact

Julian Carroll
Julian@sanmateorcd.org
650-712-7765 x117



SAN MATEO
RESOURCE
CONSERVATION
DISTRICT



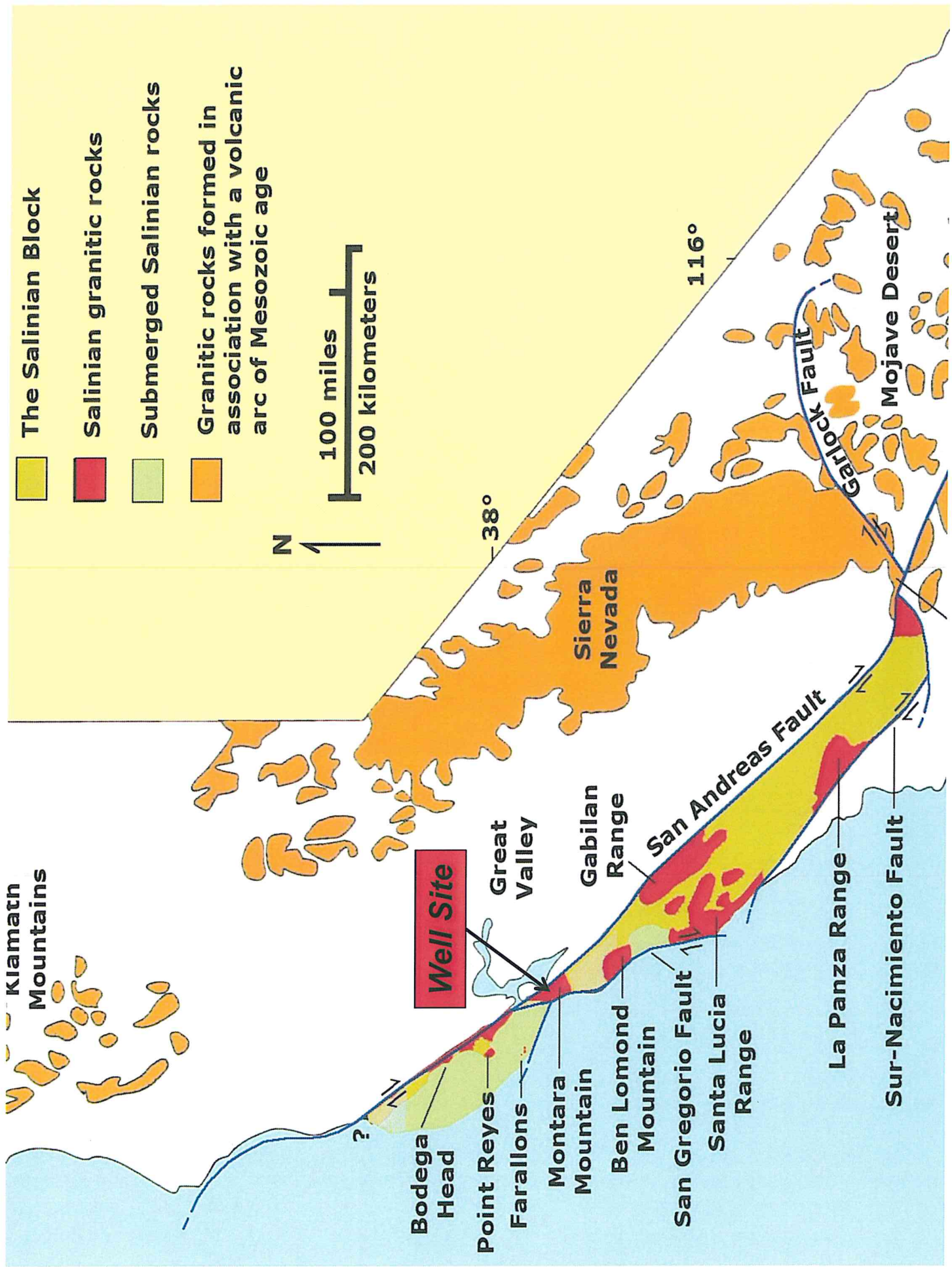
**Assessing natural recharge and managing
withdrawals from a fractured granitic
aquifer in coastal California during a
multi-year drought to wet-year cycle.**

Balancing Pumping with Recharge

**Mark Woyshner, Clemens Heldmaier,
Gustavo Porras and Barry Hecht**

**Montara Water
and Sanitary District**





GRA 2013 Posters

Deep weathering promotes recharge, provides storage, and sustains baseflows.

Deeply weathered granitics: Resilient storage for a changing climate.

Hecht, Woyshner, Brown, Donaldson, Richmond, Owens

Planning for increased climate extremes and strategies for managing groundwater withdrawals from high-yielding bedrock wells in Coastal California.

Woyshner, Heidmaier, Porras and Hecht

0 ft

235 ft

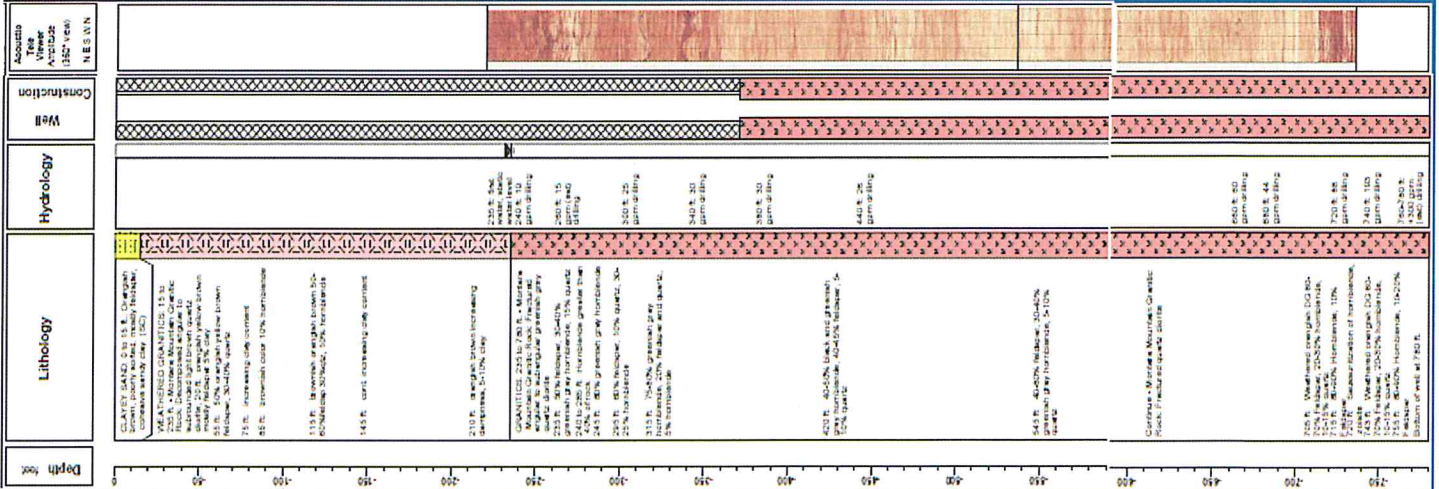
370 ft

724 ft

780 ft

Well Characteristics

- Completed July 2004 to a depth 780 feet below ground-surface elevation of 530 feet
- Draws groundwater primarily from deep, regional joints below a depth of 700 feet bgs in unweathered granitic rock of the Montara batholith.
- Weathered granitic rock was found to a depth of 235 ft. bgs, with primarily unweathered, fractured granitic rock below this depth.
- The well was completed in a manner that isolates the deep ground water source from shallow sources.



NESWN

715 ft

720 ft

725 ft

730 ft

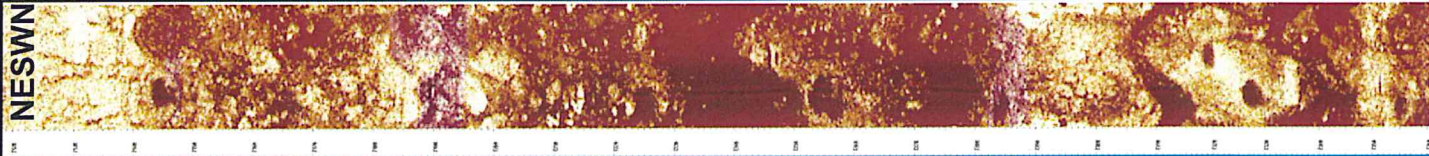
735 ft

Acoustic Televiewer
(360° view)

2 ft open joint
dip 58 deg N087E

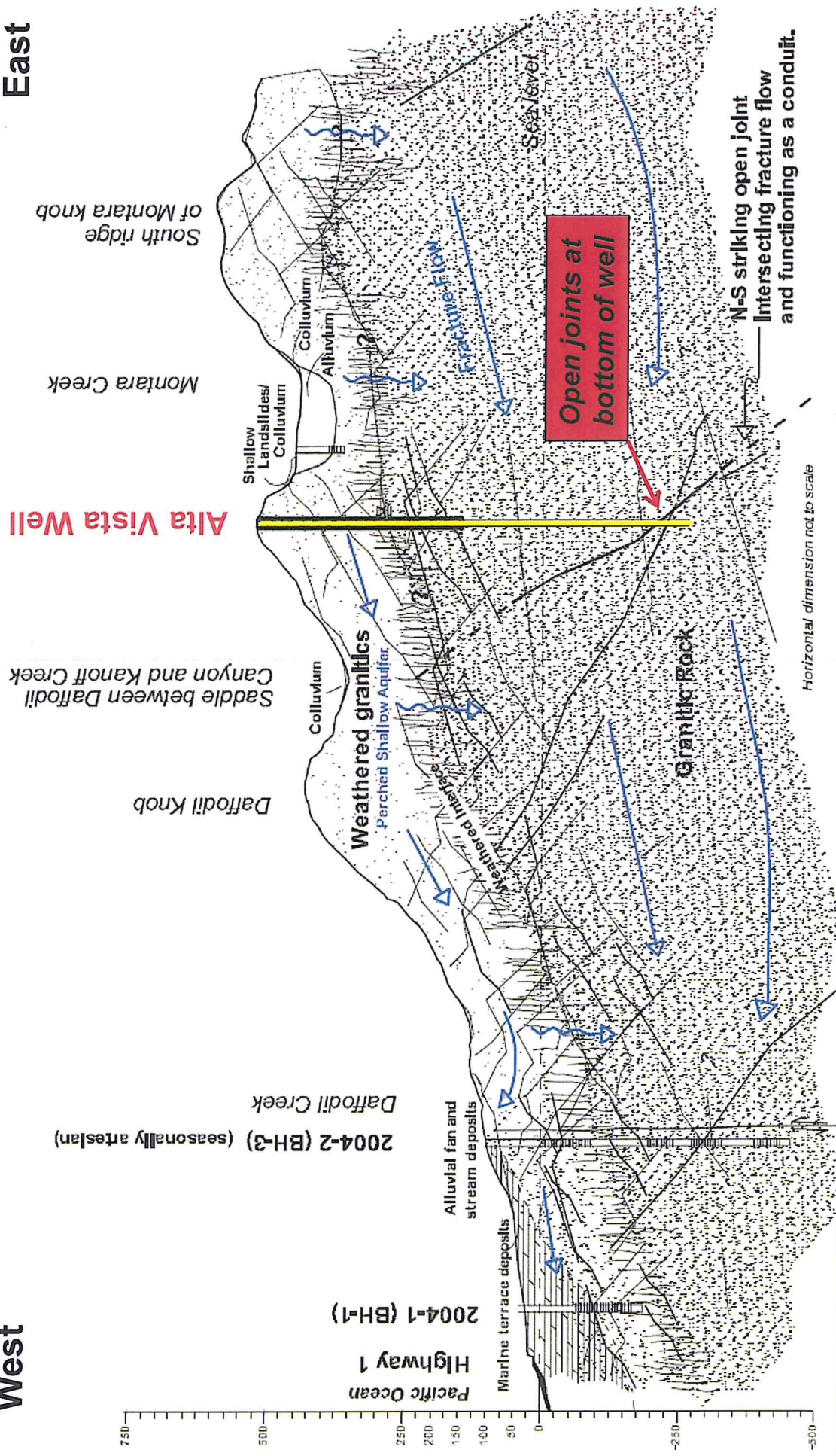
1 ft open joint
dip 40 deg N111E

Air-rotary hammer drilling
after intersecting open joints



West

East



Alta Vista Well

Open joints at bottom of well

N-S striking open joint intersecting fracture flow and functioning as a conduit.

Horizontal dimension not to scale

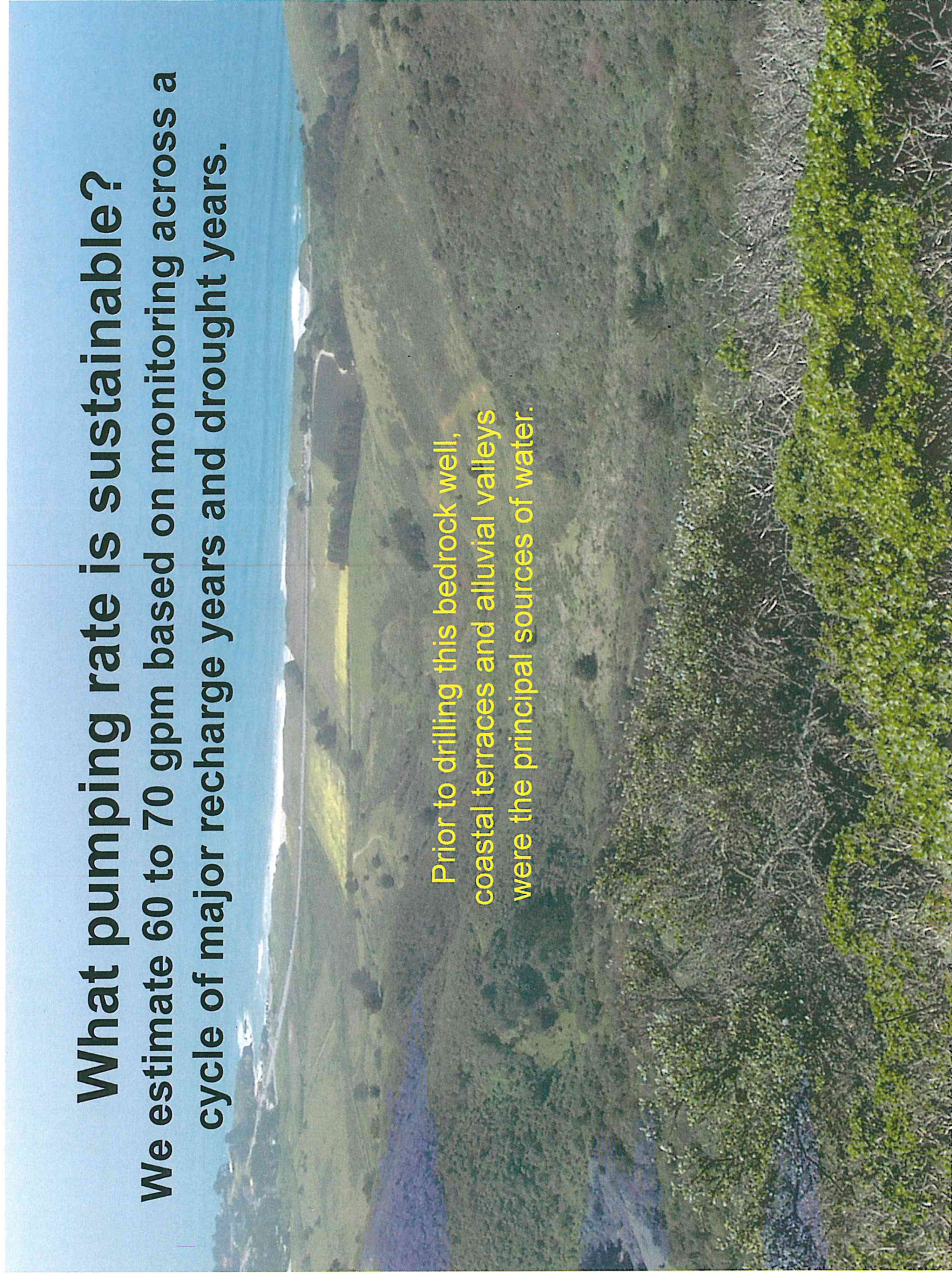
Pumping Tests

- Following well completion, an 8-hour test at 300 gpm.
- Then a 5-day yield test at 300 gpm
- Prior to source-water use, 60-day yield test at 40 gpm (from November 10, 2007 to January 10, 2008)
- Results showed drawdown in fractured bedrock aquifer but no discernible drawdown in the overlying weathered granitic aquifer and alluvial aquifers, and no effect on streamflow.

What pumping rate is sustainable?

We estimate 60 to 70 gpm based on monitoring across a cycle of major recharge years and drought years.

Prior to drilling this bedrock well, coastal terraces and alluvial valleys were the principal sources of water.

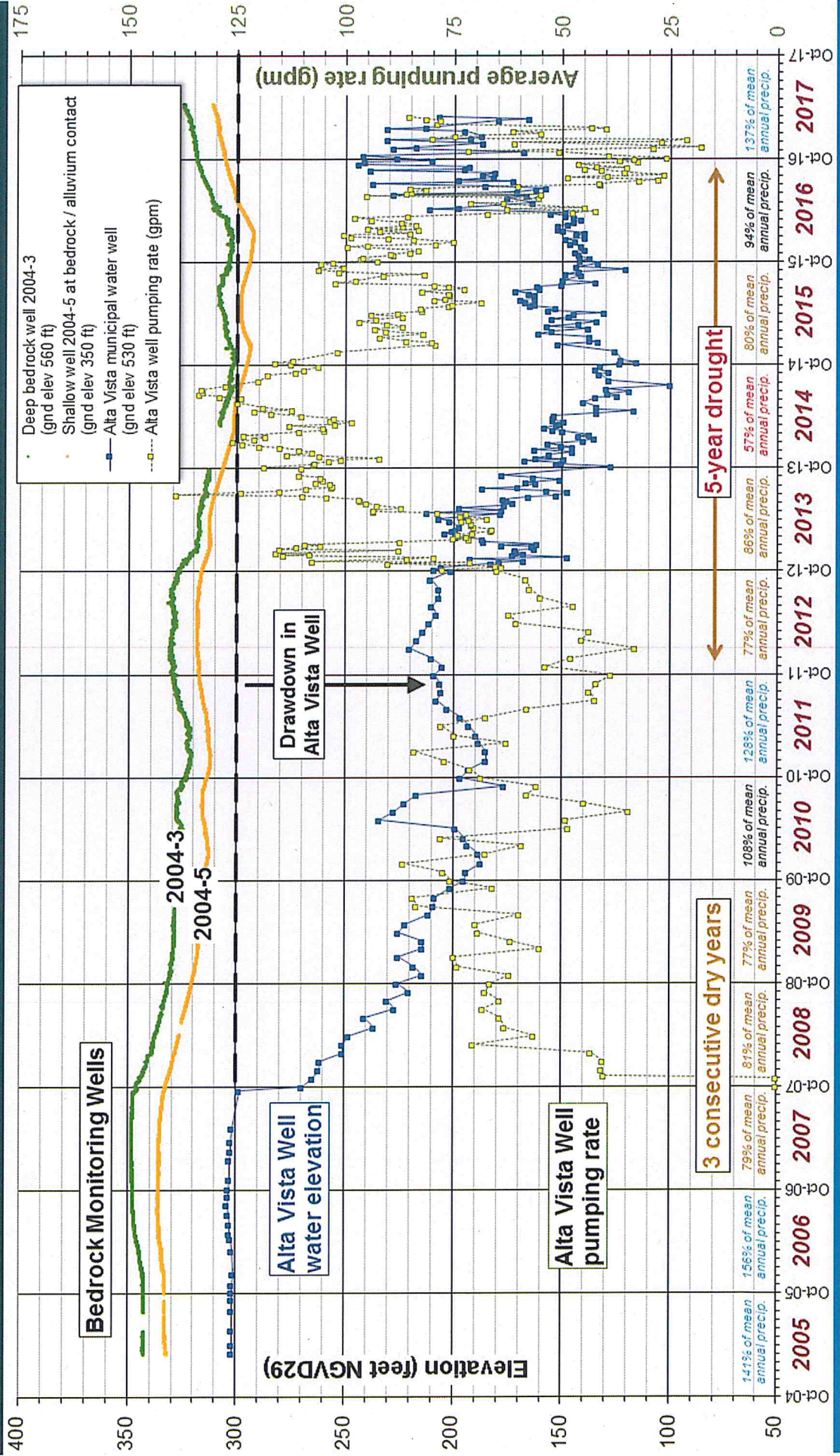


Rainfall and Well Pumping



Pumping increased in 2013, was highest during severe dry year 2014, then returned to earlier levels in 2016 corresponding with near normal rainfall.

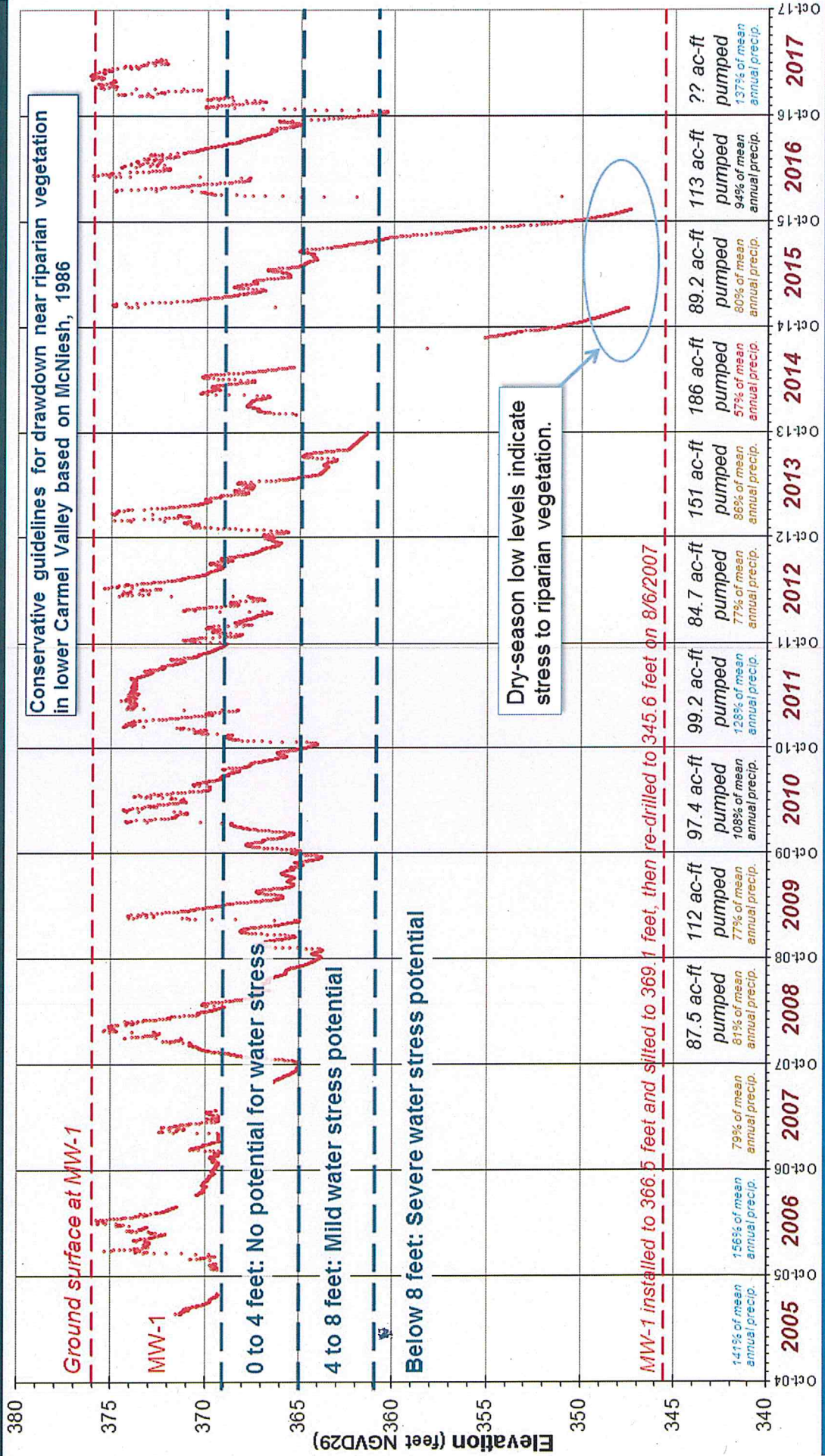
Groundwater Elevations in Bedrock



Rainfall and Streamflow

Water Year	Rainfall (inches)	Rainfall (% of mean)	Martini Cr (ac-ft)	Daffodil Cyn (ac-ft)	Montara Cr (includes diversion) (ac-ft)
2005	43.86	141%	678	--	--
2006	48.45	156%	1116	--	--
2007	24.45	79%	411	--	--
2008	24.99	80%	361	--	--
2009	23.75	76%	partial	15	1
2010	33.61	108%	408	37	138
2011	39.56	127%	partial	127	325
2012	23.96	77%	partial	27	71
2013	26.80	86%	356	50	40
2014	17.63	57%	226	30	0
2015	24.71	80%	213	27	23
2016	29.21	94%	410	57	151
2017	42.46	137%	na	na	na
Mean	31.07	--	488	46	93

Shallow Groundwater near North Fork Montara Creek



Groundwater Age Techniques

- **Modern water** (recharged over recent years and decades)
 - Tritium-helium
 - Chlorofluorocarbons (CFCs)
- **Pre-modern water** (hundreds to thousands of years old)
 - Radiogenic helium
 - Carbon-14
- **Paleoclimate indicators**
 - Stable isotopes of oxygen and hydrogen
 - Noble gases (recharge temperature)

Groundwater Age Results

Sample Date	Modern water		Pre-modern water	
	Recharge year	Method	Result	Method
3/28/2011	na	Tritium	absent	Carbon-14, Radiogenic helium
10/30/2014	1991	Tritium	absent	Radiogenic helium
10/27/2015	1969	CFC	present	Carbon-14
10/20/2016	1989	CFC	absent	Carbon-14

Qualitative Check

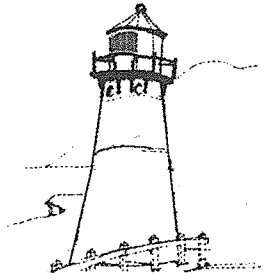
- Since 2007, the Alta Vista well has been pumped at an average (continuous) rate of 74 gpm, similar to local steam baseflows.
- Assuming a conservative estimate of an average of 4 inches/year recharge, approximately 360 acres ($\sim 1/2$ square mile) of open-space land on Montara Mountain can sustain this pattern of pumping observed since 2007.

Conclusions

- A strategy of monitoring hydrologic characteristics across a cycle major recharge years and of drought years was successful to evaluate a sustainable pumping rate at a high-yielding bedrock well. We monitored:
 - streamflow,
 - shallow groundwater levels near riparian vegetation,
 - bedrock groundwater elevations, and
 - groundwater age.
- We believe this is a successful habitat-responsible adaptive-management approach to managing a complex fractured bedrock aquifer.

Thank you!





MONTARA WATER & SANITARY
DISTRICT

BOARD OF DIRECTORS MEETING
October 5, 2017

MINUTES

REGULAR SESSION BEGAN AT 7:30 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 Accountant, Peter Medina
General Manager of Recology, Chris Porter

PRESIDENT'S STATEMENT – Our Counsel is ill tonight and because of that we will not be going into closed session because it has been agendized with legal counsel. We will re-agendize that for the next meeting in two weeks. If Dave is not available, we may re-schedule with Chris Fitzgerald.

ORAL COMMENTS -

Marcia Yates, Moss Beach resident: I'm Marcia Yates, and I am a member of Resist Density. I'm totally new at this. I was listening to the July 6th meeting about rate setting and then I was here a couple of weeks ago when they went over the Alta Vista well. One of the things that Resist Density is interested in is infrastructure—especially the sewage infrastructure. If the Cypress Point housing complex gets approved and moves forward, how is the sewage going to be dealt with? It's kind of the chicken before the egg or egg before the chicken with regard to the money in getting the sewage and water. That is something that we are very interested in. And I have some literature that I would like to hand out to the members. Thank you. (Literature was not handed out.)

Director Boyd: If I understand your concern, for both water and sewer there is adequate capacity to take on the additional development. And in terms of how a new participant pays for their participation out the water or sewer system both require permits with fees that account for what we call a “buy in” to the cost of the infrastructure that is already in place.

Marcia Yates: There’s been a lot of spillage from the sewer....

Director Boyd: That’s not about capacity, that’s about the maintenance of the system. And I will just put in an editorial comment that if we convince Half Moon Bay that it is in their best interest to participate in the Joint Powers Agreement in terms of maintaining the kinds of things that are leading to the spills, we are going to be in a whole lot better shape. But the underlying issue around capacity of the system to collect the wastewater, to transmit it to the plant, and deal with it at the plant—all of those components have adequate capacity for a certain amount of growth. That is as anticipated in the Local Coastal Program. When we build our system, it is in conformance with the LCP and designed to meet, but not exceed what the LCP allows.

Marcia Yates: If they do put in Cypress Point and put in 60 units instead of the projected 40 units because low income houses, they get a certain amount of extra houses. So it makes it a little...

Director Wilson: A couple of things that is really important. We are not the body that will be approving the project. And if the County goes ahead and approves the project, it will not be an issue of capacity; it will be an issue of exactly what was mentioned by Scott.

Director Slater-Carter: There is a difference between capacity and condition. And one of the problems that Montara and SAM are discussing is sewer laterals which are the pipes that connect the house to the sewer main. There are various ages of sewer laterals and conditions. Some of the older houses, have sewer laterals made out of Orangeburg pipe, which was wax-coated cardboard—this was in the 1930s or 1940s, when metal was at a premium because of World War II. Needless to say, they are kind of worn out. So when there is water in the ground it just goes to an open point and goes into our sewer mains. One of the other things that Montara and other agencies are looking at is whether we can put in a sewer lateral inspection program or not, and under what conditions. We were talking to a fellow from Lafayette, and he had seen laterals made out of wine bottles, cut off at both ends, taped together.

Director Boyd: It’s kind of a gravity feed; they were just trying to channel things to one place, but they weren’t concerned about keeping water out from heavy rains and such.

Director Slater-Carter: So, during the wet weather, when most of our spills occur, that is because of the lateral sewer conditions, and that is why Montara has been aggressive in replacing and fixing our mains. When construction costs were low and we were re-doing mains we actually did several streets way ahead of schedule because we could fit it into the budget. The sewer laterals are a whole different program...At one time, years ago, we were looking to see how we could reduce our wet weather flows, and we looked at our manholes. Many of them had holes in them, so that they can be removed easily because they were very heavy. But when it was raining and water was running down the street...so we replaced many of those with solid ones. So it's all these kinds of things. So there is a difference of capacity—which is what the pipes are sized for, and condition—which is whether there are holes in them. And, as was said, one of the issues is that Half Moon Bay, for almost the last ten years, maybe more, has taken the position that they are not responsible for the condition of a section of the SAM system that runs from Montara to the SAM plant.

Marcia Yates: So, how do we take care of the condition so that it is in better condition...?

Director Boyd: What we do, and what we have been doing, we have gotten them to do some limited participation and we have done some projects and there are more to do. Right now, we are in a situation this year, where we had some pretty big spills because a section of that line started to rot out and we had a pretty big spill—a very big, unacceptable spill. So where we are right now, we are very focused on repairing not just that section, but some adjacent sections that are in pretty bad shape. This year we are going to get some of that stuff done. We've put out for bids, the design work has already been done, so these kinds of things plus—over the last two or three years we have convinced them to help out and participate in certain projects so it's like getting "blood from a turnip or stone" or whatever that metaphor is, and we are still at it and they've got us in court right now saying that they don't need to do it. The court may clarify this for us. So, one way or another we will get some resolution on this. But we remain dedicated to the proposition that we all benefit from this, and we all have to take care of it, and I think if you look at our record, Montara has a pretty good record to stand on in terms of making sure that we do everything that we can. We teamed up with Granada at one point because Half Moon Bay refused, and put in 220,000 gallons of a kind of holding tank for when we get all the rain water. We have one here, this one Half Moon Bay, helped with, and the one that we did in Granada, Half Moon Bay didn't help with. Montara and Granada, put their heads together and we got it done. We came in under budget and under schedule. That thing is beautiful—it uses no power at all, it is completely passive.

Director Slater-Carter: And you can't see it.

Director Boyd: And if you talk to the team that operates the sewer infrastructures, especially during the big storms, they call it a god-send. It's given them what they

need to keep bad things from happening, where you get over-flows, because you just get so inundated. The leaks we had weren't bad, the leaks we had were because some of the pipes were rotted out. But that's a different problem.

Director Slater-Carter: Many of the spills you have in your document are lateral spills and things like that—so those are relatively small and not necessarily the cause of the big spills. The other is the Regional Water Quality Control Board has decided to look at all the spills for the last ten years and they may be fining us huge amounts of dollars—not us only—but the SAM members, to fix these things. So, it's going to be happening one way or another.

Director Boyd: Thank you for your thoughts and questions.

PUBLIC HEARING - None

CONSENT AGENDA

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

Director Slater-Carter moved to approve the Consent Agenda, and was seconded by Director Boyd.

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

OLD BUSINESS – None

NEW BUSINESS -

1. **Review and Possible Action Concerning Review of Recology Audits for 2018 Solid Waste Rate Increase.**

General Manager Heldmaier: At the last meeting, the Board adopted an amendment to the existing Recology contract, which means we are moving forward with Recology for another ten years. So every year around this time we receive a request from Recology according to the contract, on a rate increase. Last year we had a rate decrease, from 2016 to 2017, we reduced the rates by almost 4%. This year, Recology requests a 3.52% rate increase for the calendar year 2018. They provided the required financial information that is listed in the

agreement. We asked our accountant from Maze & Associates to look over the documents and apply procedures to identify any mistakes, and look at the document calculations. The calculation for the 32 gallon cart customer, which is the majority base of the rate payers in the District, is still \$0.05 less per month than they were paying in 2016. We are currently working on a Prop 218 notice to be sent to all property owners in the District and planning for a Public Hearing to consider the adoption of the rate increase at the December 7, 2017 meeting. The rate increase should be in place by January 1, 2018. Recology has offered to take care of the required mailing for the Prop 218 process. We are asking the Board to authorize the initiation of the required Prop 218 process.

General Manager Heldmaier introduced Peter Medina, of Maze & Associates.

General Manager Heldmaier also reminded the Board that General Manager of Recology Chris Porter was also present to answer any questions.

District Accountant Medina: We have been performing these tests for the last four years now and what we do is take the worksheet that is provided to us by Recology and work through all of the various tabs. And using their source documents that have been provided to me, the BLS increases from year to year, just apply a test to make sure that there are no major deviations in the logic of the formulas in place. We applied these procedures this year and did not find any deviations.

Director Slater-Carter: Do you do this for other agencies?

District Accountant Medina: Yes, we do similar... In terminology speaking, the staff and Board refers to this as an audit. This is not an audit. An audit would delve a little deeper and use sample based procedures to actually look into these source documents on a deeper level. We do not do that. We work through the worksheet and apply the factors that were provided and make sure that from a reasonable standpoint that it falls in line with our expectations from the past as well as what the agreement states is the way the methodology is to calculate the increase or decrease.

Director Slater-Carter: Did you see any changes that were out-of-line with other agencies?

District Accountant Medina: No.

Chris Porter reported that there was a discussion by one of the Board regarding an audit. Recology provides a certified public audit to the District on a yearly basis, and it is usually available at the end of the year. Recology's fiscal year ends September 30th, so it is in to the Board by the end of the calendar year.

Director Wilson: Who does your audit?

District Accountant Medina: Cropper.

General Manager Porter: When we provided the documents, Peter's company also requested additional documents to back up numbers and documents we have given. So there was a thorough vetting.

Director Huber motioned to authorize the initiation of the required Prop 218 process and Director Slater-Carter seconded the motion.

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

REPORTS

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

Director Boyd: The November 27th and December 25th SAM meetings have been canceled due to the proximity to holidays. We also authorized participation in the RCD First Flush. This is a really important program that just got started on a "shoe-string" a short time ago. During the first big rain, people go and collect water samples and measure contamination in the creeks. The first big rain washes out a bunch of junk. It is a good way to keep an eye on the health of our riparian and water course in areas. They do some really fine work, and SAM has been participating in it for some time. Individually, various members, Directors, staff, and members of the various agencies have helped out every year.

With the spill and the extra legal work in response to the Half Moon Bay filing, we've gone through most of what we have put in place for the legal budget not just for this year, but the coming two years. So we managed to work out an arrangement where Half Moon Bay agreed to go with us to increase that by the amount requested. We had to carve it out so that it would be sectioned out so that it wouldn't be in direct support of anything in terms of defense against Half Moon Bay's claims, but I think we got some general agreement that SAM has to do some things for carrying documents and anticipation for depositions and the other kinds of things that are going to have to happen even if SAM is not in an adversarial position. So we have an agreement and a budget now, and our attorney can keep doing the work to help make sure SAM is operating with good counsel.

Director Slater-Carter: Please watch the SAM Board meeting as I did. SAM is being sued, and has interests distinct from Montara and Granada, because it is a different agency with different interests, but because it is a Joint Powers Agency. And yet Half Moon Bay is not funding its defense of SAM. This is something that I am very concerned about...People have asked what can be done about it because as Marcia Yates was saying it is a major part of the infrastructure. But they have decided years ago they

don't have to fix it, even though their name is on the contract and they are continuing to try to bully and force their way through this lawsuit. I think Montara and Granada are taking the high road and at some point SAM is going to have to take care of its own interests because we have had five spills this last year, and a number of spills over the last ten years and fines are going to be up there and Half Moon Bay is doing what it can to wiggle out of its share of the fines. So we, Montara and Granada, will get stuck paying for SAM if Half Moon Bay has its way for an enormous amount of money for the fines, and the repair of the pipeline and all the associated costs for funding and staffing this. If anyone watching this has any other solutions I would love to hear them...Half Moon Bay's position on this is "we aren't going to pay for this, and you can't make us."

Director Boyd: I think we got a little ground with them in this agreement to increase the funding for the law firm. If you are not aware, when they filed the lawsuit, it happened right before we were to approve the sewer authority budget. So we were left in a situation where they weren't going to vote to approve, even though Montara and Granada had voted to approve—you have to have all three—and no one knew where the money was going to come from. The SAM staff was very concerned about this. So, what ended up happening was the SAM attorney got together with all the other attorneys and he put together a proposal that we did in fact execute on, a stipulation that they were to treat the budget as if it had been approved, so they could pay the bills so the SAM staff and all of us could stop worrying. Montara and Granada were already paying our parts anyway, but this attorney got all three agencies to pay. I don't think we would have arrived at this agreement without the initiative of the SAM attorney. And he isn't doing for free. Hey Half Moon Bay, we got that funding crisis dealt with in a really deliberate way and unemotional way and we are back to keeping the agency operating and the lawsuit can do what the lawsuit is going to do but we shouldn't be disrupting the operation of SAM. That was our attorney at SAM that initiated that and everybody participated, but that brought value to everybody. In some respects, he served as a peace-maker. And I want to acknowledge that it was money well spent because it got us through that crisis. We could be a point right now, had we not done that, where SAM had no operating capital. And going into the rainy season that would be a really stupid place to be. So Half Moon Bay had to concede that there was some advantage paying for the SAM attorney. Even though it was lawsuit related it wasn't the kind of thing they were worried about. They don't want him undermining their case, but we are going to try to feel our way through this thing. Their position is in opposition to 40 years of practice and participation and what their contract says. You never know what is going to happen when you get it in front of a judge, but we feel their positions is not very "team building."

Director Slater-Carter mentioned that Half Moon Bay asked for a change of venue, and the venue has been changed to Santa Clara County.

Director Boyd: We approved a clarification of the Bursting Policy and cleaned up a bit on the resolution on the order of business for regular Board meetings and the next meeting is Monday.

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

Midcoast Council had another meeting on the 71 unit Mid-pen affordable housing unit in Moss Beach. So folks can watch it on MCC. One way or another it is important to send your opinion to the County and the Coastal Commission so that there is a lot of public opinion on this. There is also a 50 space RV park proposed at the northwest corner of Capistrano and Highway one.

The question is whether it is being proposed by Keith Nerhan, who also runs the RV Park at the Harbor in the north end of Half Moon Bay by Sams Restaurant. There are a whole of people who live there permanently, and use that address. The question becomes are these 50 units going to be “affordable housing” and maybe that would be a better place for affordable housing than Moss Beach.

The existing RV Park is on Harbor District owned land, City of Half Moon Bay adjacent to the Beach House.

Director Huber: Are you saying that it is not permanent as the contract with Keith Nerhan and the Harbor District? Between Keith Nerhan and the Harbor District?

Director Wilson: It’s a little more complicated than that because it is actually in the City of Half Moon Bay.

Director Slater-Carter: So it is the Harbor, City of Half Moon Bay, Keith Nerhan and Coastal is involved as well.

Director Huber: What prevents him from doing long term rentals there?

Director Slater-Carter: Nothing. There may be some legal language, and people have brought it up, but nothing has been done.

Director Wilson: His biggest thing, is that he went in there without a permit and the City of Half Moon Bay did enforce their requirements for a permit within the Coastal zone. And to your point, it is probably not stipulated in the contract.

Director Slater-Carter: I haven’t read it, but I have been told that I should check source documents.

Director Huber: There is still time for open comments for the proposed RV Park?

Director Slater-Carter: Yes, you and everyone else, please send letters to both the Planning Department and the Coastal Commission.

Director Huber: Are they required to do a CEQA process on that?

Director Slater-Carter: I don't know what the zoning is. Probably. My guess is that it will require a Coastal development permit as well—and that is the equivalent to CEQA.

Director Wilson: If you have been watching Airport Road the last six months, there has been a proliferation of RVs along the road. I talked to a person in the homeless community, and was informed that people rent the RVs out, like slumlords. Now, there are a couple sitting on the east side of the highway, by the market, and I think we are going to have another issue on our hands with this housing issue. People are going to house forever, and we are seeing that on the Coastsides now... This housing crisis is really starting to inundate the Coastsides now, and Airport Boulevard is an example.

3. CSDA Report (Slater-Carter) –

There was a meeting on Tuesday night. The next one is in February. The first thing that happened, when Rick Lohman left the Granada Community Services District, he left a vacancy for the SAM alternate member. CSDA sent notifications to all the Districts asking for nominations, and Katie Martin was selected. She is on the Mosquito Abatement District, lives in Half Moon Bay, and is very interested in LAFCO and she will be a good alternate.

There is also a report on a growing trend through the Voting Rights Act, both California and Federal, to require not only county wide Districts, but the Board of Supervisors, and cities and special Districts to divide up into District elections. The fellow from the Sequoia Health Care District said "There is no fighting it." If you get the letters from the attorneys, you should hire a demographer and divide up into your Districts. CSDA is looking into this.

I attended the CSDA conference in Monterey last week. I was informed that Board members have to take the harassment workshops too. There was some very interesting information given on the one I attended, in particular, about social media. Social media policy for your District policy should be in writing available to everyone. I also met the Mayor from Compton who was also with Vector Control, and she mentioned that Compton City Council said they didn't want anything to do with Marijuana distribution or growing in their District. And a thoughtful business woman had circulated a petition. Now it

is going to be on the ballot. There were workshops on Marijuana in special Districts. They are unaware what demands their water would put on the sewer system, particularly treatment, and on water supply, since it is a high water use product. Someone had also mentioned that there is an issue with odor. So when they are cutting it, there may be problems in the surrounding area.

4. Attorney's Report (Schricker) – Nothing to report

5. Directors Report – Nothing to report

6. General Manager's Report (Heldmaier) –

General Manager Heldmaier: I spent this week at the Ground Water Association and as we heard at the last meeting, an update on the research we are doing on our aquifer accessed through the Alta Vista Well was presented and what we are doing there in terms of understanding the aquifer better, and ensuring it is replenished. One would think that this is standard practice in California and worldwide. However, in California, it is a new realization. Since the start of the statewide groundwater monitoring program five years ago in place, all 118 basins in California need to be monitored. We have a further step with Sigma where agencies can turn into Ground Management agencies. That is not necessarily here—because we are in a low priority basin but for the rest of California. Through these new developments, we are getting a lot of new information of well level data mainly, comparing what is pumped, and what we now know for sure is that California is pumping more water than being replenished. And the discrepancy is incredibly high. Thus, groundwater mining is happening on a large scale in California, which means that most agencies are not managing their supplies sustainably. Now the hydrologists are focusing on how to resolve this problem, and that problem can only be resolved by thousands of projects putting water back into the ground. So, now we are seeing a different trend in agriculture, for example, back to flood irrigation. They are being advised to remove their drip irrigation that we paid for through grants and other means, and go back to flood irrigation and allow standing water to seep into the ground.

Director Slater-Carter: So what you are saying is that the flood irrigation that was practiced for years and years helped to maintain the groundwater basin. And by going to drip irrigation, we discovered that the depletion rate is greater than it was expected. I have to tell you that I've heard for decades about falling ground levels in Silicon Valley because of groundwater.

General Manger Heldmaier: So, I saw interesting research on how the water penetrates the ground. Short rain events, less than 24 hours, don't really contribute to the groundwater. All the rain is captured in the top level, it

doesn't penetrate, and it is all evapotranspiration over the next days. One really needs a snowpack, standing water, or longer lasting rain events for groundwater to replenish.

Director Slater-Carter: Balance Hydrologics did a study of the groundwater characteristics in El Granada a long time ago. There was a fascinating map with a stock pond up high. And they mapped the area of influence of groundwater recharge for that stock pond. It was amazing how much influence it had on the individual wells, and if it were removed what a negative impact it would have. So the irrigation ponds up at the north end of the Brussel sprouts fields here are probably contributing to flush out the pollutants.

General Manager Heldmaier: Yes. We saw some good work that is being done that is relevant here, for example, flood irrigation. The next problem is that we are pushing all the nitrates into the groundwater. But, that is what we are looking at: How does it look like, how do you best dilute an aquifer, and how to prevent the nitrates from entering.

Director Slater-Carter: So all of that rice farming up in the Sacramento Valley that people were complaining about wasting water was really a major contributor?

General Manager Heldmaier: Yes, apparently.

Director Huber: How does it take into account evaporation? They flood it, it percolates in the ground, but the vast majority of it evaporates.

General Manager Heldmaier: Yes, but otherwise it would run down the river to the sea. And if we are flooding everything and prevent the water to continue down the river, then we would see impacts to the fisheries. There was also some interesting data, how there are some species of fish that are attracted to the fresh water entering the estuary for spawning—halibut for example. It will probably be a decade before we have to worry about depleting the groundwater to the extent that it affects the fisheries.

Director Wilson: Part of that has to do with the source of the water. If the water is coming off the river and you are flooding that is one thing. If you are pumping the groundwater and using five times as much to flood versus the spraying system--you have to determine where the water is coming from. If you are using flooding in Fresno and pulling it from the wells, I would assume that doesn't work.

General Manager Heldmaier: Yes, it has to be surface water from snow water.

Director Slater-Carter: But the giant dams up in the mountains may be recharging our groundwater basins.

General Manager Heldmaier: Well the giant dams happen to be in the granitic area cleaned through the glaciers; they are well sealed off on the bottom. They are not the infiltration ponds that we like to see in the lower elevations.

FUTURE AGENDAS-

The Directors agreed upon the following:

- Special Meetings on October 19, 2017
From 6:30pm – 8:30pm Closed Session
From 8:30pm – 10:30pm Open Session
- No meeting November 2, 2017
- Regular meeting on November 16, 2017
- Regular meeting on December 7, 2017
- Tentative meeting December 21, 2017

REGULAR MEETING ENDED at 8:27 P.M.

Special Closed Session was canceled due to Counsel Schricker's absence

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. 17CIV 03092)

(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

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 16th, November 2017

Signed _____
President



MONTARA WATER & SANITARY
DISTRICT

BOARD OF DIRECTORS MEETING
October 19, 2017

MINUTES

SPECIAL SESSION BEGAN AT 8:42 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, David Schricker
District Sewer Engineer, Pippin Cavagnaro

PRESIDENT'S STATEMENT – We were in closed session for two hours in another special meeting and took no action.

ORAL COMMENTS -

Lou Wall, Montara resident commented that he had been elected to this Board in 1987, served on it for 8 years, 5 of those years on SAM, and has been to most of the Board meetings since then. He had listened to people talk about and complain about grease and the problem of it getting trapped in the sewer. He said he never fully appreciated that until he watched a BBC documentary last week, featuring the problem of an enormous solid mass of grease which had accumulated in the sewers of London, estimated to be the weight equivalent to 20 elephants. He described how difficult and hazardous it was to remove it.

Director Slater-Carter added that the fibrous baby/personal wipes do not break down and should not be flushed as instructed on the packaging. She said she has been talking to SAM about implementing an education program for the Coastsides,

informing people that these wipes pose a problem for the sewer system and septic systems and should not be flushed down the sewer. She is also trying to get the CSDA to push for a bill to require that the manufacturers change the labeling from “flushable” to “dispose in the trash.”

Marcia Yates, Moss Beach resident asked the Board what happens when we go over the limit for sewage, if there is a penalty, and who pays for it. She also asked where she could find the flow reports and inquired about the information given at the July 6th meeting, asking if the sewer forecasts out to 20 years. Was there planning about the build-out projections that far when thinking about water supply?

General Manager Heldmaier explained that the July 6th meeting was about water connection fees, and the water rate increase occurred July 1, 2017 at a rate of 3%, based on the water rate study conducted 2-3 years ago that determined the rates for the next 5 years. On the sewer side, the Montara Water and Sanitary District (MWSD) is at the maximum Prop 218 level, meaning that rates cannot be raised without notifying the public further through the Prop 218 process. He went on to say that a rate study will be done to ensure the rates are set correctly, which will be done this year.

General Manager Heldmaier added that the Flow Report is usually published in the “Consent Agenda” portion of the Agenda, for the first Thursday meeting at the beginning of each month. However, if the first meeting is canceled, then the Flow Report is published for the second meeting (3rd Thursday of the month). The Flow Report is also available from the SAM meeting “Consent Agenda”, as MWSD uses the same report.

General Manager Heldmaier explained that the flow allocation limit at the treatment plant is approximately 400,000 gallons per day, and currently it is at 250,000 gallons per day. If MWSD were to reach its limit, then they have the ability to buy more capacity with the Sewer Authority Mid-Coastside. MWSD must also pay an extra agreed upon cost for the Sewer Treatment Plant Expansion plus interest when purchasing more capacity.

PUBLIC HEARING - None

CONSENT AGENDA - None

OLD BUSINESS – None

NEW BUSINESS -

- 1. Review and Possible Action Concerning Sewer Authority Mid-Coastside Request to Fund Alternate Bid for Intertie Pipeline Repairs.**

General Manager Heldmaier said that the Sewer Authority Mid-Coastside (SAM) currently has a bid that would cover the repair costs of segments 1 and 3 of the Intertie Pipeline needed right now. They also added an alternate bid for the replacement of segment 2. The SAM Board has authorized the bid with the alternate bid, thus requiring additional funding. In order to do this, SAM is requesting funding from all member agencies. Currently, approximately \$1.3 million dollars in the SAM budget is allocated for the project and the alternate bid is \$685,550 higher than what has been collected from the member agencies for the repair. MWSD's share of this cost is approximately \$161,790 dollars.

General Manager Heldmaier further explained the MWSD 2017-2018 budget for operations and capital needs exceeds the anticipated income by \$1.48 million dollars, and MWSD will be transferring this amount from the District's Sewer Capital Reserve of \$3.8 million dollars. The additional cost of the alternate bid would increase the transfer of funds from reserves from \$1.48 million dollars to \$1.64 million dollars.

General Manager Heldmaier recommends the adoption of the resolution of the Montara Water and Sanitary District approving Sewer Authority Mid-Coastside funding request for alternate bid of force main replacement project.

Director Boyd stressed that segment 2 needed work, and with construction costs going up every year, it would be best done altogether as a single project, proving to be a much more cost effective way to do work that is necessary. The conditions in the ground this year manifested its need, and Half Moon Bay is cooperating.

Director Huber inquired about the reasoning that the SAM staff did not recommend this (in SAM Staff Report).

Director Boyd said that they were being responsive to what they perceived as guidance received by one member agency to do this on the smallest bid possible. This changed when Half Moon Bay wanted to do more work, throwing the SAM staff off-guard. There was also talk about getting costs covered by grants, but the intricacies of writing the grants, timing, etc. was better in theory than practice. Staff decided this was a better alternative.

Director Slater-Carter added that Half Moon Bay has applied for a FEMA grant and if awarded, it can be used for other things that need to be fixed.

Director Huber wanted clarification that the MWSD staff recommends the repairs of segments 1, 2 and 3. This was confirmed by General Manager Heldmaier.

Director Slater-Carter reiterated that repairing segments 1, 2 and 3 together would be better and more cost effective while they have a bid before the costs go up.

General Manager Heldmaier concurred mentioning that the bid was reasonable, and that all 3 bids were about the same costs, and vitally needed.

Director Slater-Carter moved to adopt the resolution of the Montara Water and Sanitary District to approve the funding request for alternate bid of force main replacement project. This motion was seconded by Director Harvey.

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

2. Review and Possible Action Concerning Sanitary Sewer Management Plan Update.

General Manager Heldmaier stated that MWSD is required by the State to file a Sewer System Management plan (SSMP) and make it available to the public. It is a large set of documents containing important information which is updated regularly. Nute Engineering has updated this document for MWSD and will highlight new changes, what is an SSMP, and what it does.

District Sewer Engineer Cavagnaro explained that this document is a compilation of a number of factors and requirements that have been brought together from the State Water Control Board and Regional Control Board, over the last ten years. Starting around the year 2007, the State wanted the cities and Special District Agencies to replace reactionary spending—i.e. fix it after it breaks—to a more proactive approach in protecting the clean water; the goal being to keep our Coastal waters clean. Guidelines were established and periodically evaluated, with an internal audit done on how they were doing. The guidelines set forth by the State is that you have to meet some general criteria, and is designed so that you move forward from them and keep developing. It is a living document—constantly changing.

District Sewer Engineer Cavagnaro added that Montara has been proactive in developing a Global Information System (GIS) for both water and sewer systems, using it as a database for various things. For example, it is shared with SAM, who uses the information to understand where the system is, what and where to plan cleaning, etc. Another map indicates where critical pipes need special attention and more cleaning (than other pipes). Another map shows the pipe ages. In the legend “Null” means no data entered, meaning the ages are not known or assumed to be original to the District.

District Sewer Engineer Cavagnaro said the problem with Moss Beach is that during the subdivision when the sewer was put in, they laid a lot of pipes, and when houses were built, contractors cut the individual pipe connections (“Y”s). That neighborhood has a chronic problem with these pipe connections dropping relative to the rest of pipe. It has been a problem. And, even though the individual connections were owned by the home owners, the problem was system wide, and the District at that time just fixed it. And it has been an on-going problem over the

years. So, one of the advantages of the SSMP is that it encourages the District to evaluate how they are doing. In this case, Montara has SAM as the contractor, and they have meetings regularly and talk to the staff and hear where the problems are and get information more quickly about spot repairs and things needed.

District Sewer Engineer Cavagnaro explained that if you look above the maps, it shows the tabulation of spills. One of the things the State started on this was the spills—what’s happening in your system? Montara, in general, has a very good spill history—it is quite low. There have been a couple of individual events in 2008 and 2010. Most recently, the frequency of spills is going down in number and magnitude. One exception is that MWSD had a significant overflow at a pump station during a huge storm event. The power was out in the area, and the storm water contaminated the diesel fuel in the generator, preventing it from starting. This was due in part to some of the vent pipes that penetrated the building were galvanized steel, which had corroded and leaked in the heavy rain. That has been replaced with a stainless steel cap, highlighting the critical nature of having reliable components. This one part, costing less than \$500, caused a significant problem. The SSMP helps to identify problems, and the State uses this to evaluate how Districts respond to lift stations—does the staff know who to call, do you get help right away, do you have contractors lined up for emergency work, etc.

Director Slater-Carter asked how large SSMP was.

District Sewer Engineer Pippin said the SSMP is 325 pages and is also on-line. It is a guide for Districts and their contractors, and an opportunity to share with the public and Board to see how the District is performing.

Director Boyd moved to adopt the resolution of the Montara Water and Sanitary District to approving and adopting the updated Sewer System Management Plan and related maps including the Sewer System Maps. This was seconded by Director Slater-Carter.

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

3. Review and Possible Action Concerning Cancellation of Next Regular Scheduled Meeting November 2, 2017.

General Manager Heldmaier will be out-of-town on November 2, 2017 and recommending the cancellation of the meeting.

Director Wilson added that the next meeting on November 16, 2017 will occur.

REPORTS

1. **Sewer Authority Mid-Coastside Meeting (Boyd) –**
The first key item done was getting approval of the bids for the IPS work, and the second was authorizing and awarding the contract of the placement of the storage tank. There was also a Closed Session.
2. **MidCoast Community Council Meeting (Slater-Carter) – nothing to report**
3. **CSDA Report (Slater-Carter) – nothing to report**
4. **CCWD, NCCWD Committee Report (Harvey, Huber) – this item is not supposed to be here.**
5. **Attorney's Report (Schricker) – Nothing to report**
6. **Directors Report –**
Director Slater-Carter wanted to remind people to not flush the wipes.
7. **General Manager's Report (Heldmaier) – Nothing to report**

FUTURE AGENDAS-

SPECIAL MEETING ADJOURNED at 9:25 P.M.

Respectfully Submitted,

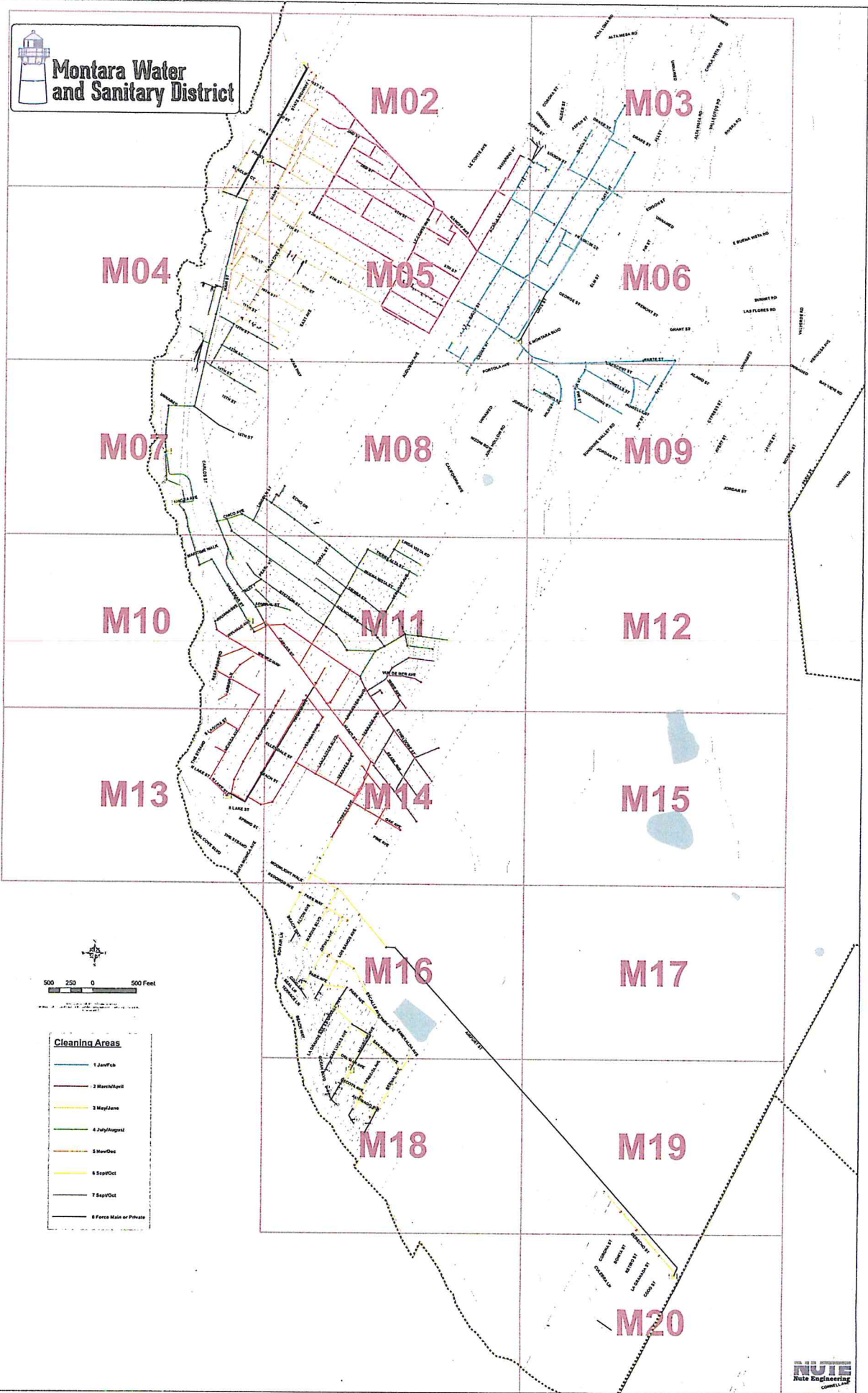
Signed _____
Secretary

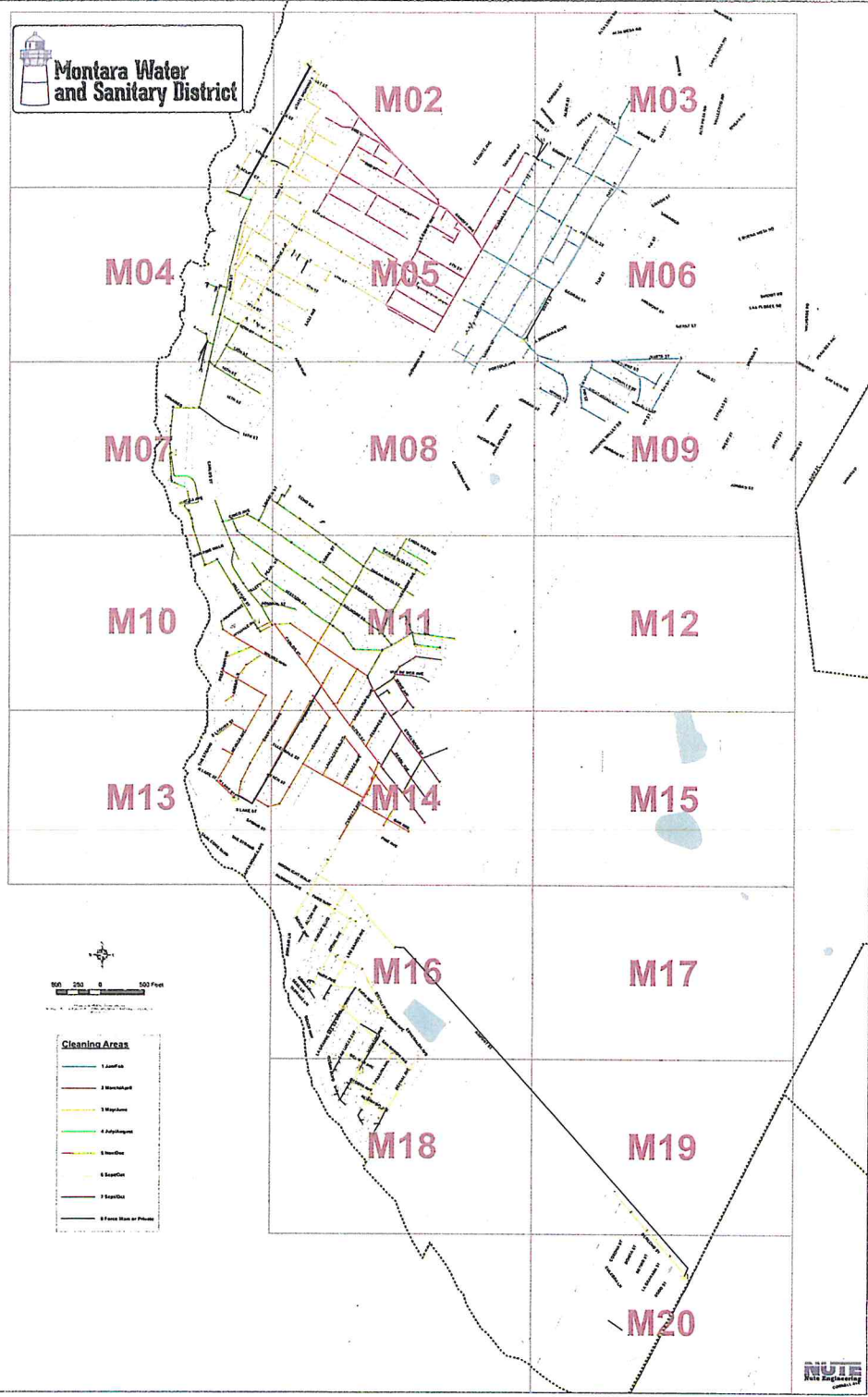
Approved on the 16th, November 2017

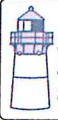
Signed _____
President



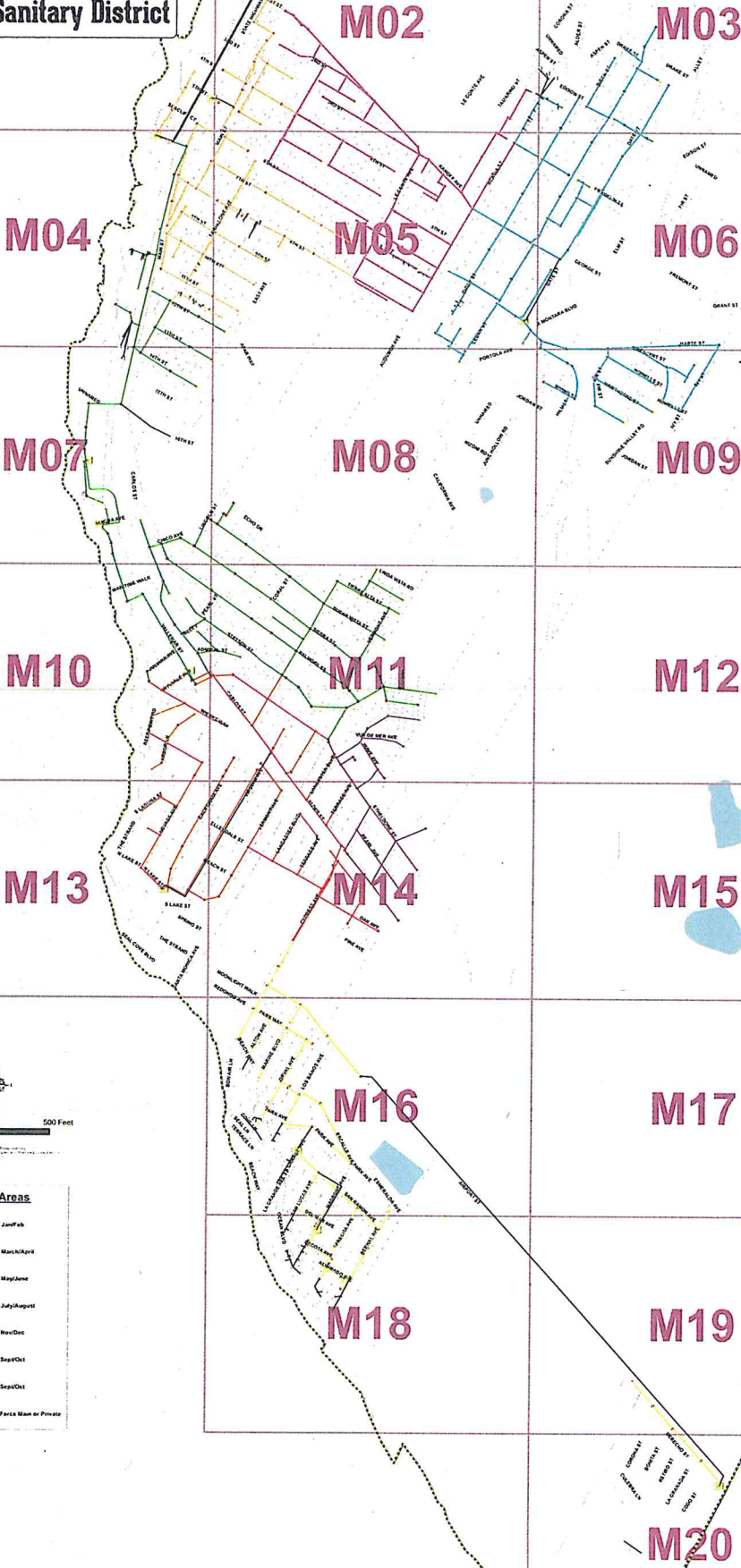
Montara Water and Sanitary District







Montara Water and Sanitary District



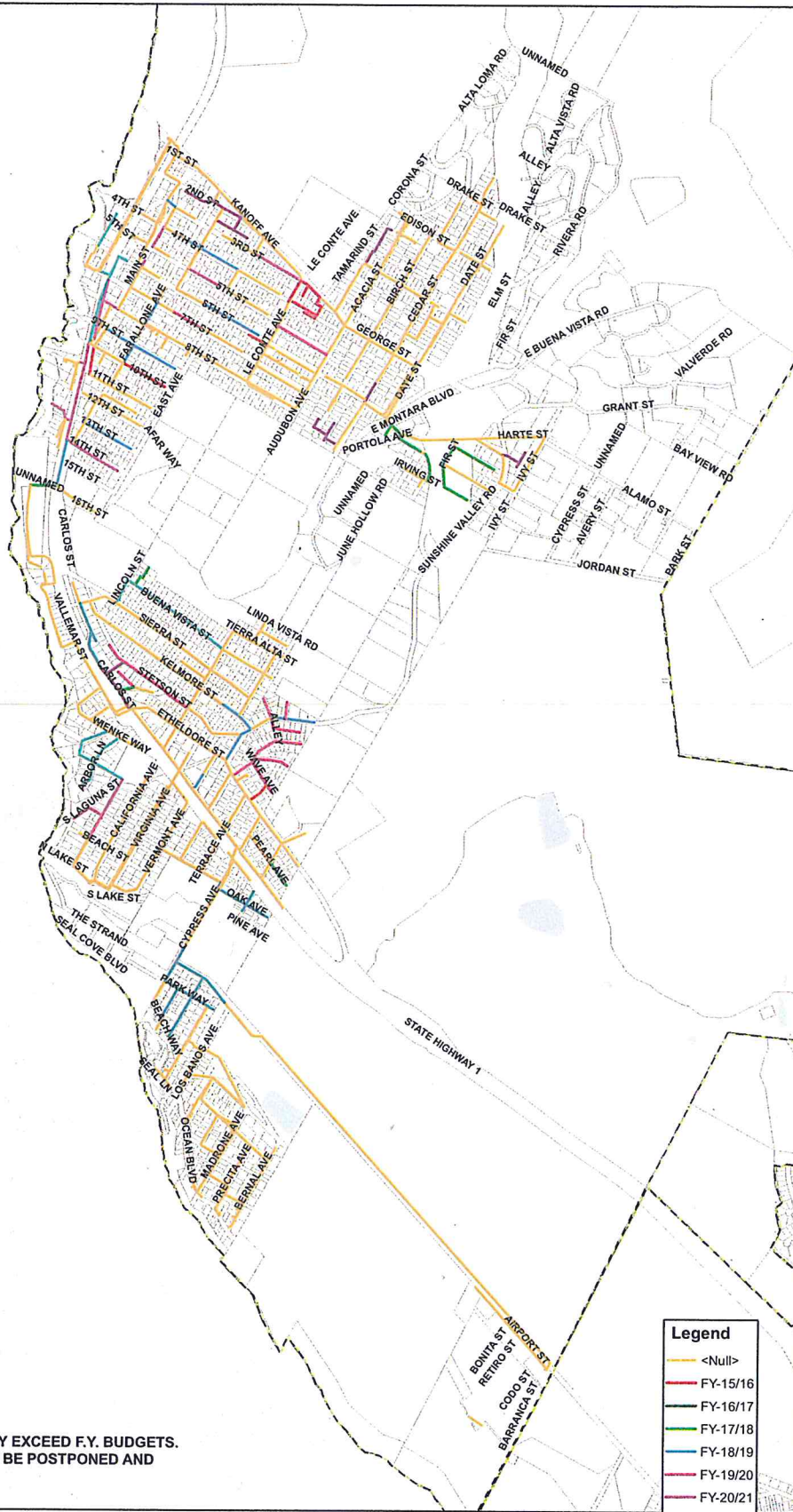
500 250 0 500 Feet

Cleaning Areas

1 Jan/Feb
2 March/April
3 May/June
4 July/August
5 Nov/Dec
6 Sept/Oct
7 Sept/Oct
8 Feb/Mar or Private



EXHIBIT : CIP



Legend	
—	<Null>
—	FY-15/16
—	FY-16/17
—	FY-17/18
—	FY-18/19
—	FY-19/20
—	FY-20/21
—	FY-21/22
—	FY-22/23
—	FY-23/24

NOTE:

PROPOSAL FOOTAGES MAY EXCEED F.Y. BUDGETS.
REPLACEMENT PIPES MAY BE POSTPONED AND
SPOT REPAIRS MADE.

NOTE
Pete Engineering

907 Mission Avenue
San Rafael, California
TEL: 415-453-4480
FAX: 415-453-0343

Montara Water and Sanitary District
CAPITAL IMPROVEMENT PLAN

Job No. :

SCALE: 1,100 550 0 1,100 Feet

Date: 8/15/2017

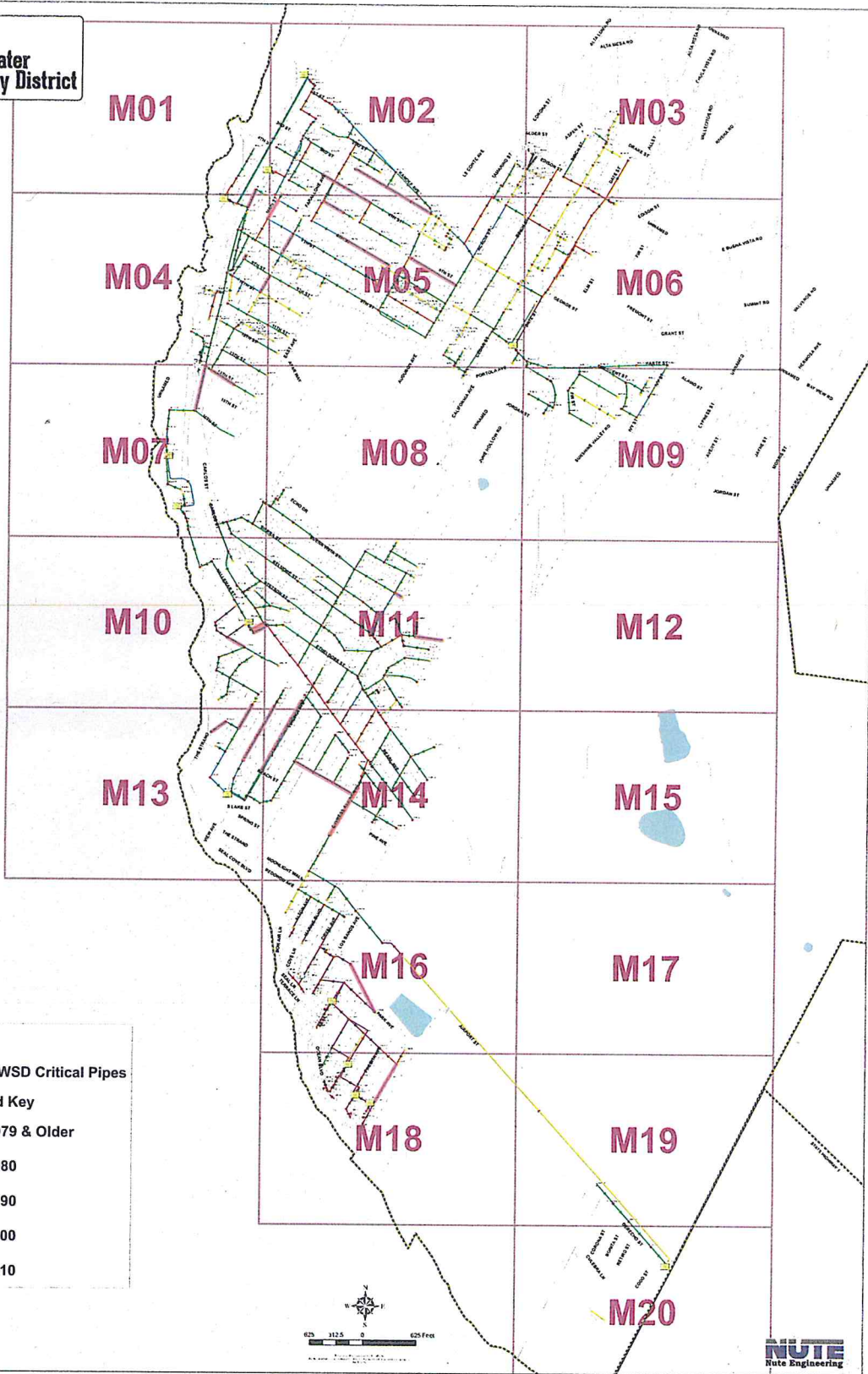
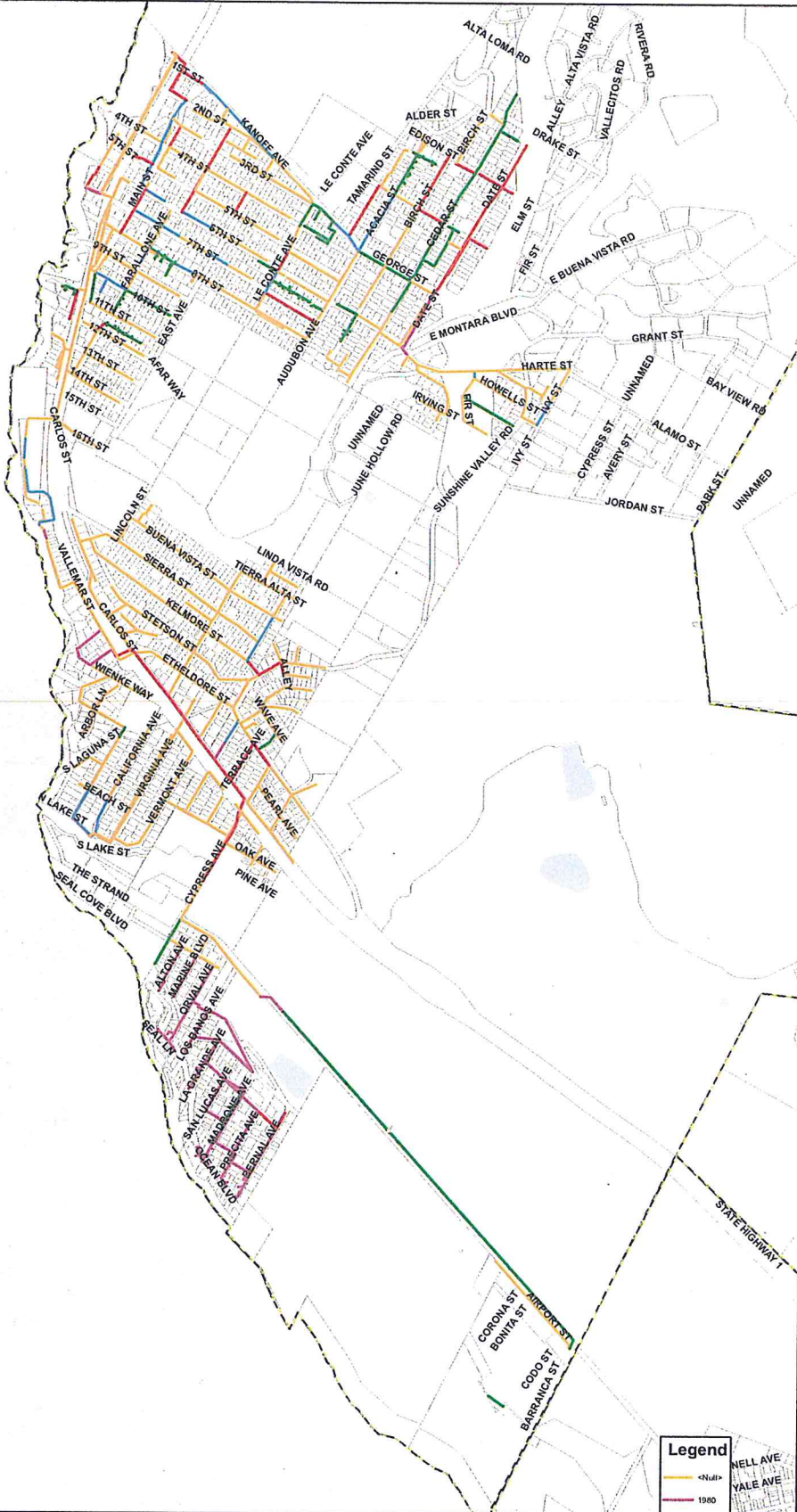


EXHIBIT : PIPE AGES



Legend

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- 1990
- 2000
- 2010

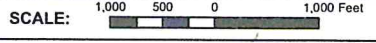
NUTE
 Water Engineering

907 Mission Avenue
 San Rafael, California
 TEL: 415-453-4480
 FAX: 415-453-0343

Montara Water and Sanitary District

PIPES AGES

Job No. :



Date: 8/14/2017



Kanoff

5TH ST

7TH ST

Date Haro

Montara SAM PS

Niagara

Vallemar

California

Sea Cove 4

Sea Cove 3

Sea Cove 2

Sea Cove 1

Airport

 **Montara Water and Sanitary District**



MONTARA WATER AND SANITARY DISTRICT AGENDA

Prepared For the Meeting Of: November 02, 2017

TO: BOARD OF DIRECTORS

FROM: Clemens H. Heldmaier, General Manager 

**SUBJECT: Unaudited Financial Statements – Executive
Summary**

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

- 4710 Sewer Service Charges, \$500,793 below Budget – First sewer collection charges arrive in late November or early December.
- **Overall Total Operating Income for the period ending September 30, 2017 was \$500,894 below budget. Total revenue received to date is \$17,224.**
- 5400 Legal, \$35,838 above Budget – Unanticipated activities.
- 5610 Accounting, \$2,800 below Budget – billing is a month behind production of financials.
- 5620 Audit, \$2,750 above Budget – 1st payment for annual financial statement audit paid in August.
- 5640 Data Services, \$5,250 above Budget – Parcel management software for sewer service charges implemented and paid for in September.
- 5800 Labor, \$20,035 above Budget – Major line items to increase are due to the payment of an additional employee during the month of July & August.
- 6170 Claims, Property Damage, \$2,500 below Budget – No reportable activity to date.
- 6200 Engineering, \$4,805 below Budget – Minimal activity to-date. Budget is spread evenly over twelve months.
- 6400 Pumping, \$2,596 below Budget – Minimal activity to-date. Budget is spread evenly over twelve months.
- 6600 Collection/Transmission, \$2,500 below Budget – No activity to-date. Budget is spread evenly over twelve months.
- 6920 SAM Operations, \$36,699 below Budget – Operations budget changed on the SAM side after MWSD budget was approved.
- 6940 SAM Maintenance, Collection Sys, \$10,000 below Budget – No activity to-date. Budget is spread evenly between twelve months.
- 6950 SAM Maintenance, Pumping, \$12,500 below Budget – No activity to-date. Budget is spread evenly between twelve months.
- **Overall Total Operating Expenses for the period ending September 30, 2017 were \$73,650 below Budget.**



MONTARA WATER AND SANITARY DISTRICT AGENDA

Prepared For the Meeting Of: November 02, 2017

TO: BOARD OF DIRECTORS

FROM: Clemens H. Heldmaier, General Manager

- **Total overall Expenses for the period ending September 30, 2017 were \$17,677 below budget. For a net ordinary loss of (\$483,216), budgeted vs. actual. Actual net ordinary loss is (\$525,299.)**
- 7100 Connection Fees, \$62,651 above Budget – Two new construction connection issued; One remodel connections issued in September.
- 8000 CIP, \$388,910 below Budget – Minimal activity to-date. Budget is spread evenly over twelve months.
- 9200 I-Bank Loan, \$10,327 below Budget – Difference due to timing.

RECOMMENDATION:

This is for Board information only



MONTARA WATER AND SANITARY DISTRICT AGENDA

Prepared For the Meeting Of: November 02, 2017

TO: BOARD OF DIRECTORS

FROM: Clemens H. Heldmaier, General Manager

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

- 4740 Testing, Backflow, \$5,152 above Budget – More activity than anticipated.
- 4810 Water Sales Domestic, \$168,003 above Budget – Increased water sales thus far throughout the fiscal year.
- **Overall Total Operating Income for the period ending September 30, 2017 was \$174,876 above budget. Total revenue received to date is \$667,837.**
- 5240 CDPH Fees, \$3,875 below Budget – No activity to date.
- 5400 Legal, \$12,665 below Budget – Minimal activity to-date. Budget is spread evenly over twelve months.
- 5530 Memberships, \$3,657 below Budget – Membership dues are typically paid on a calendar year basis.
- 5610 Accounting, \$2,800 below Budget - billing is a month behind production of financials.
- 5620 Audit, \$2,750 above Budget – 1st payment for annual financial statement audit paid in August
- 5630 Consulting, \$2,228 above Budget – Annual PARS actuarial payment.
- 5800 Labor, \$ 5,027 below Budget – Staff overtime amounts have been held in check and new employee benefit payments are lower than expected.
- 6170 Claims, Property Damage, \$2,500 below Budget – No reportable activity to date.
- 6180 Communications, \$3,235 below Budget – Minimal activity to-date.
- 6400 Pumping, \$15,951 below Budget – PG&E typically provides a true-up bill further on in the fiscal year.
- 6500 Supply, \$9,769 below Budget – No water purchases from County sites have been made thus far.
- 6600 Collection/Transmission, \$16,338 below Budget – Water Main Maintenance expenses have been held below budget.
- 6700 Treatment, \$2,376 below Budget – Chemical expenses have been below budget but analysis expenses have been higher than anticipated.
- **Overall Total Operating Expenses for the period ending September 30, 2017 were \$55,023 below Budget.**
- **Total overall Expenses for the period ending September 30, 2017 were \$85,641 below budget. For a net ordinary income of \$260,517, budgeted vs. actual. Actual net ordinary income is \$378,519.**



MONTARA WATER AND SANITARY DISTRICT AGENDA

Prepared For the Meeting Of: November 02, 2017

TO: BOARD OF DIRECTORS

FROM: Clemens H. Heldmaier, General Manager

- 7100 Connection Fees, \$45,953 below Budget – No new construction connections issued in September.
- 7600 Bond Revenues, G.O. \$286,860 below Budget – Variance due to timing, first remittance typically received in November or December.
- 8000 CIP, \$116,079 below Budget – Minimal activity to date.
- 9100 Interest Expense- Go Bonds, \$115,432 below Budget – Difference is due to timing.
- 9150 SRF Loan, \$17,512 below Budget - Difference is due to timing

RECOMMENDATION:

This is for Board information only

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

	Jul - Sep 17	Sewer Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
4220 · Cell Tower Lease	8,863.05	8,574.99	288.06
4330 · Engineering Review	-182.00		
4400 · Fees			
4410 · Administrative Fee (New Constr)	1,010.00	874.98	135.02
4420 · Administrative Fee (Remodel)	708.00	499.98	208.02
4430 · Inspection Fee (New Constr)	954.00	874.98	79.02
4440 · Inspection Fee (Remodel)	0.00	999.99	-999.99
4460 · Remodel Fees	1,062.00	999.99	62.01
Total 4400 · Fees	3,734.00	4,249.92	-515.92
4610 · Property Tax Receipts	155.06		
4710 · Sewer Service Charges	0.00	500,792.73	-500,792.73
4720 · Sewer Service Refunds, Customer	0.00	-999.99	999.99
4760 · Waste Collection Revenues	4,646.79	5,499.99	-853.20
4990 · Other Revenue	6.82		
Total Income	17,223.72	518,117.64	-500,893.92
Gross Profit	17,223.72	518,117.64	-500,893.92
Expense			
5000 · Administrative			
5190 · Bank Fees	3,396.00	1,624.98	1,771.02
5200 · Board of Directors			
5210 · Board Meetings	756.25	999.99	-243.74
5220 · Director Fees	187.50	825.00	-637.50
Total 5200 · Board of Directors	943.75	1,824.99	-881.24
5250 · Conference Attendance	1,097.50	499.98	597.52
5270 · Information Systems	240.00	1,500.00	-1,260.00
5300 · Insurance			
5310 · Fidelity Bond	0.00	124.98	-124.98
5320 · Property & Liability Insurance	0.00	499.98	-499.98
Total 5300 · Insurance	0.00	624.96	-624.96
5350 · LAFCO Assessment	0.00	499.98	-499.98
5400 · Legal			
5420 · Meeting Attendance, Legal	845.00	2,374.98	-1,529.98
5430 · General Legal	3,232.50	6,249.99	-3,017.49
5440 · Litigation	40,385.00		
Total 5400 · Legal	44,462.50	8,624.97	35,837.53
5510 · Maintenance, Office	586.20	1,999.98	-1,413.78
5540 · Office Supplies	1,181.32	1,999.98	-818.66
5550 · Postage	229.17	624.99	-395.82
5560 · Printing & Publishing	162.83	750.00	-587.17

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

	Jul - Sep 17	Sewer Budget	\$ Over Budget
5600 · Professional Services			
5610 · Accounting	4,700.00	7,500.00	-2,800.00
5620 · Audit	6,000.00	3,249.99	2,750.01
5630 · Consulting	6,789.76	6,999.99	-210.23
5640 · Data Services	6,750.34	1,500.00	5,250.34
5650 · Labor & HR Support	733.50	624.99	108.51
5660 · Payroll Services	217.82	237.48	-19.66
Total 5600 · Professional Services	25,191.42	20,112.45	5,078.97
5710 · San Mateo Co. Tax Roll Charges	0.00	624.99	-624.99
5720 · Telephone & Internet	3,992.87	4,125.00	-132.13
5730 · Mileage Reimbursement	0.00	375.00	-375.00
5740 · Reference Materials	0.00	49.98	-49.98
5790 · Other Administrative	316.19		
5800 · Labor			
5810 · CalPERS 457 Deferred Plan	4,891.70	3,861.24	1,030.46
5820 · Employee Benefits	12,870.67	8,908.74	3,961.93
5830 · Disability Insurance	226.72	383.49	-156.77
5840 · Payroll Taxes	4,331.99	4,219.74	112.25
5850 · PARS	4,491.49	3,515.25	976.24
5900 · Wages			
5910 · Management	30,937.50	25,931.25	5,006.25
5920 · Staff	38,190.63	28,149.75	10,040.88
5930 · Staff Certification	450.00	450.00	0.00
5940 · Staff Overtime	303.54	628.50	-324.96
Total 5900 · Wages	69,881.67	55,159.50	14,722.17
5960 · Worker's Comp Insurance	0.00	611.73	-611.73
Total 5800 · Labor	96,694.24	76,659.69	20,034.55
Total 5000 · Administrative	178,493.99	122,521.92	55,972.07
6000 · Operations			
6170 · Claims, Property Damage	0.00	2,499.99	-2,499.99
6195 · Education & Training	0.00	249.99	-249.99
6200 · Engineering			
6210 · Meeting Attendance, Engineering	0.00	499.98	-499.98
6220 · General Engineering	8,195.00	12,499.98	-4,304.98
Total 6200 · Engineering	8,195.00	12,999.96	-4,804.96
6320 · Equipment & Tools, Expensed	0.00	249.99	-249.99
6330 · Facilities			
6335 · Alarm Services	2,067.12	1,425.00	642.12
6337 · Landscaping	380.00	600.00	-220.00
Total 6330 · Facilities	2,447.12	2,025.00	422.12

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

	Jul - Sep 17	Sewer Budget	\$ Over Budget
6400 · Pumping			
6410 · Pumping Fuel & Electricity	5,403.93	7,999.98	-2,596.05
Total 6400 · Pumping	5,403.93	7,999.98	-2,596.05
6600 · Collection/Transmission			
6660 · Maintenance, Collection System	0.00	2,499.99	-2,499.99
Total 6600 · Collection/Transmission	0.00	2,499.99	-2,499.99
6800 · Vehicles			
6810 · Fuel	0.00	199.98	-199.98
6820 · Truck Equipment, Expensed	0.00	39.99	-39.99
6830 · Truck Repairs	0.00	99.99	-99.99
Total 6800 · Vehicles	0.00	339.96	-339.96
6900 · Sewer Authority Midcoastside			
6910 · SAM Collections	69,852.00	71,483.49	-1,631.49
6920 · SAM Operations	278,130.75	314,829.99	-36,699.24
6940 · SAM Maintenance, Collection Sys	0.00	9,999.99	-9,999.99
6950 · SAM Maintenance, Pumping	0.00	12,499.98	-12,499.98
Total 6900 · Sewer Authority Midcoastside	347,982.75	408,813.45	-60,830.70
Total 6000 · Operations	364,028.80	437,678.31	-73,649.51
Total Expense	542,522.79	560,200.23	-17,677.44
Net Ordinary Income	-525,299.07	-42,082.59	-483,216.48
Other Income/Expense			
Other Income			
7000 · Capital Account Revenues			
7100 · Connection Fees			
7110 · Connection Fees (New Constr)	101,069.00	36,144.00	64,925.00
7120 · Connection Fees (Remodel)	10,225.50	12,499.98	-2,274.48
Total 7100 · Connection Fees	111,294.50	48,643.98	62,650.52
Total 7000 · Capital Account Revenues	111,294.50	48,643.98	62,650.52
Total Other Income	111,294.50	48,643.98	62,650.52
Other Expense			
8000 · Capital Improvement Program			
8075 · Sewer	21,090.00	409,999.98	-388,909.98
Total 8000 · Capital Improvement Program	21,090.00	409,999.98	-388,909.98

12:45 PM

10/24/17

Accrual Basis

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

	Jul - Sep 17	Sewer Budget	\$ Over Budget
9000 - Capital Account Expenses			
9125 - PNC Equipment Lease Interest	3,911.81	4,569.99	-658.18
9200 - I-Bank Loan	2,065.29	12,392.00	-10,326.71
Total 9000 - Capital Account Expenses	5,977.10	16,961.99	-10,984.89
Total Other Expense	27,067.10	426,961.97	-399,894.87
Net Other Income	84,227.40	-378,317.99	462,545.39
Net Income	-441,071.67	-420,400.58	-20,671.09

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

	Jul - Sep 17	Water Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
4220 · Cell Tower Lease	8,863.08	8,574.99	288.09
4400 · Fees			
4410 · Administrative Fee (New Constr)	1,010.00	1,374.99	-364.99
4420 · Administrative Fee (Remodel)	505.00	225.00	280.00
4430 · Inspection Fee (New Constr)	954.00	1,249.98	-295.98
4440 · Inspection Fee (Remodel)	477.00	162.48	314.52
4460 · Remodel Fees	306.75		
Total 4400 · Fees	3,252.75	3,012.45	240.30
4610 · Property Tax Receipts	155.06		
4740 · Testing, Backflow	8,402.00	3,249.99	5,152.01
4810 · Water Sales, Domestic	646,877.35	478,873.98	168,003.37
4850 · Water Sales Refunds, Customer	0.00	-750.00	750.00
4990 · Other Revenue	286.81		
Total Income	667,837.05	492,961.41	174,875.64
Gross Profit	667,837.05	492,961.41	174,875.64
Expense			
5000 · Administrative			
5190 · Bank Fees	205.68	1,749.99	-1,544.31
5200 · Board of Directors			
5210 · Board Meetings	756.25	999.99	-243.74
5220 · Director Fees	187.50	825.00	-637.50
Total 5200 · Board of Directors	943.75	1,824.99	-881.24
5240 · CDPH Fees	0.00	3,874.98	-3,874.98
5250 · Conference Attendance	1,097.50	999.99	97.51
5270 · Information Systems	240.00	750.00	-510.00
5300 · Insurance			
5310 · Fidelity Bond	0.00	124.98	-124.98
5320 · Property & Liability Insurance	0.00	675.00	-675.00
Total 5300 · Insurance	0.00	799.98	-799.98
5350 · LAFCO Assessment	0.00	624.99	-624.99
5400 · Legal			
5420 · Meeting Attendance, Legal	842.50	2,124.99	-1,282.49
5430 · General Legal	3,617.50	15,000.00	-11,382.50
Total 5400 · Legal	4,460.00	17,124.99	-12,664.99
5510 · Maintenance, Office	586.19	1,999.98	-1,413.79
5530 · Memberships	842.70	4,500.00	-3,657.30
5540 · Office Supplies	1,181.29	1,999.98	-818.69
5550 · Postage	1,535.07	1,875.00	-339.93
5560 · Printing & Publishing	162.82	499.98	-337.16

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

	Jul - Sep 17	Water Budget	\$ Over Budget
5600 · Professional Services			
5610 · Accounting	4,700.00	7,500.00	-2,800.00
5620 · Audit	6,000.00	3,249.99	2,750.01
5630 · Consulting	8,478.40	6,249.99	2,228.41
5640 · Data Services	899.50		
5650 · Labor & HR Support	733.50	562.50	171.00
5660 · Payroll Services	217.79	237.48	-19.69
Total 5600 · Professional Services	21,029.19	17,799.96	3,229.23
5720 · Telephone & Internet	4,348.03	5,595.00	-1,246.97
5730 · Mileage Reimbursement	0.00	499.98	-499.98
5740 · Reference Materials	0.00	199.98	-199.98
5790 · Other Administrative	496.08		
5800 · Labor			
5810 · CalPERS 457 Deferred Plan	8,950.96	8,878.23	72.73
5820 · Employee Benefits	17,354.30	21,714.00	-4,359.70
5830 · Disability Insurance	561.02	909.24	-348.22
5840 · Payroll Taxes	9,778.08	10,573.50	-795.42
5850 · PARS	7,263.12	7,038.00	225.12
5900 · Wages			
5910 · Management	30,937.50	25,931.25	5,006.25
5920 · Staff	91,571.57	88,689.24	2,882.33
5930 · Staff Certification	2,475.00	2,250.00	225.00
5940 · Staff Overtime	11,120.86	13,957.74	-2,836.88
5950 · Staff Standby	6,375.84	6,486.75	-110.91
Total 5900 · Wages	142,480.77	137,314.98	5,165.79
5960 · Worker's Comp Insurance	0.00	4,986.99	-4,986.99
Total 5800 · Labor	186,388.25	191,414.94	-5,026.69
Total 5000 · Administrative	223,516.55	254,134.71	-30,618.16
6000 · Operations			
6160 · Backflow Prevention	0.00	249.99	-249.99
6170 · Claims, Property Damage	0.00	2,499.99	-2,499.99
6180 · Communications			
6185 · SCADA Maintenance	0.00	4,999.98	-4,999.98
6180 · Communications - Other	1,764.83		
Total 6180 · Communications	1,764.83	4,999.98	-3,235.15
6195 · Education & Training	2,067.50	1,749.99	317.51
6200 · Engineering			
6210 · Meeting Attendance, Engineering	0.00	499.98	-499.98
6220 · General Engineering	2,223.75	4,999.98	-2,776.23
6230 · Water Quality Engineering	18,167.50	16,249.98	1,917.52
Total 6200 · Engineering	20,391.25	21,749.94	-1,358.69

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

	Jul - Sep 17	Water Budget	\$ Over Budget
6320 · Equipment & Tools, Expensed	648.20	1,249.98	-601.78
6330 · Facilities			
6335 · Alarm Services	127.02	199.98	-72.96
6337 · Landscaping	863.47	1,500.00	-636.53
Total 6330 · Facilities	990.49	1,699.98	-709.49
6370 · Lab Supplies & Equipment	53.15	249.99	-196.84
6400 · Pumping			
6410 · Pumping Fuel & Electricity	11,299.23	22,500.00	-11,200.77
6420 · Pumping Maintenance, Generators	0.00	2,499.99	-2,499.99
6430 · Pumping Maintenance, General	0.00	1,749.99	-1,749.99
6440 · Pumping Equipment, Expensed	0.00	499.98	-499.98
Total 6400 · Pumping	11,299.23	27,249.96	-15,950.73
6500 · Supply			
6510 · Maintenance, Raw Water Mains	1,195.59	499.98	695.61
6520 · Maintenance, Wells	2,035.47	2,499.99	-464.52
6530 · Water Purchases	0.00	9,999.99	-9,999.99
Total 6500 · Supply	3,231.06	12,999.96	-9,768.90
6600 · Collection/Transmission			
6610 · Hydrants	375.29	249.99	125.30
6620 · Maintenance, Water Mains	3,068.48	13,749.99	-10,681.51
6630 · Maintenance, Water Svc Lines	2,776.91	6,249.99	-3,473.08
6640 · Maintenance, Tanks	0.00	249.99	-249.99
6650 · Maint., Distribution General	0.00	2,499.99	-2,499.99
6670 · Meters	1,066.27	624.99	441.28
Total 6600 · Collection/Transmission	7,286.95	23,624.94	-16,337.99
6700 · Treatment			
6710 · Chemicals & Filtering	1,687.17	7,500.00	-5,812.83
6720 · Maintenance, Treatment Equip.	1,371.03	999.99	371.04
6730 · Treatment Analysis	10,565.49	7,500.00	3,065.49
Total 6700 · Treatment	13,623.69	15,999.99	-2,376.30
6770 · Uniforms	1,506.36	3,000.00	-1,493.64
6800 · Vehicles			
6810 · Fuel	1,034.69	1,999.98	-965.29
6820 · Truck Equipment, Expensed	6.84	249.99	-243.15
6830 · Truck Repairs	988.88	1,249.98	-261.10
Total 6800 · Vehicles	2,030.41	3,499.95	-1,469.54

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Accrual Basis

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

	Jul - Sep 17	Water Budget	\$ Over Budget
6890 · Other Operations	908.21		
Total 6000 · Operations	65,801.33	120,824.64	-55,023.31
Total Expense	289,317.88	374,959.35	-85,641.47
Net Ordinary Income	378,519.17	118,002.06	260,517.11
Other Income/Expense			
Other Income			
7000 · Capital Account Revenues			
7100 · Connection Fees			
7110 · Connection Fees (New Constr)	17,302.00	43,254.99	-25,952.99
7130 · Conn. Fees, PFP (New Constr)	0.00	19,999.98	-19,999.98
Total 7100 · Connection Fees	17,302.00	63,254.97	-45,952.97
7600 · Bond Revenues, G.O.	748.85	287,608.98	-286,860.13
Total 7000 · Capital Account Revenues	18,050.85	350,863.95	-332,813.10
Total Other Income	18,050.85	350,863.95	-332,813.10
Other Expense			
8000 · Capital Improvement Program			
8100 · Water	62,296.00	178,374.99	-116,078.99
Total 8000 · Capital Improvement Program	62,296.00	178,374.99	-116,078.99
9000 · Capital Account Expenses			
9100 · Interest Expense - GO Bonds	23,086.56	138,519.00	-115,432.44
9125 · PNC Equipment Lease Interest	3,911.83	4,569.99	-658.16
9150 · SRF Loan	0.00	17,512.00	-17,512.00
9210 · Conservation Program/Rebates	400.00	124.98	275.02
Total 9000 · Capital Account Expenses	27,398.39	160,725.97	-133,327.58
Total Other Expense	89,694.39	339,100.96	-249,406.57
Net Other Income	-71,643.54	11,762.99	-83,406.53
Net Income	306,875.63	129,765.05	177,110.58

Montara Water & Sanitary District Funds Balance Sheet As of September 30, 2017

	Sewer	Water	TOTAL
ASSETS			
Current Assets			
Checking/Savings			
Sewer - Bank Accounts			
Wells Fargo Operating - Sewer	2,175,531.48	0.00	2,175,531.48
LAIF Investment Fund			
Capital Reserve	3,891,836.12	0.00	3,891,836.12
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	4,326,485.12	0.00	4,326,485.12
Total Sewer - Bank Accounts	6,502,016.60	0.00	6,502,016.60
Water - Bank Accounts			
Wells Fargo Operating - Water	0.00	762,530.73	762,530.73
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	899,949.69	899,949.69
Total Restricted Cash	0.00	1,153,528.76	1,153,528.76
Total Water - Bank Accounts	0.00	2,408,539.49	2,408,539.49
Total Checking/Savings	6,502,016.60	2,408,539.49	8,910,556.09
Accounts Receivable			
Sewer - Accounts Receivable			
Accounts Receivable	90,588.84	0.00	90,588.84
Total Sewer - Accounts Receivable	90,588.84	0.00	90,588.84
Water - Accounts Receivable			
Accounts Receivable	0.00	-2,719.65	-2,719.65
Accounts Rec. - Backflow	0.00	13,315.59	13,315.59
Accounts Rec. - Water Residents	0.00	309,683.31	309,683.31
Unbilled Water Receivables	0.00	240,244.44	240,244.44
Total Water - Accounts Receivable	0.00	560,523.69	560,523.69
Total Accounts Receivable	90,588.84	560,523.69	651,112.53
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	232.31	43,038.63	43,270.94
Total Current Assets	6,592,837.75	3,012,101.81	9,604,939.56
Fixed Assets			
Sewer - Fixed Assets			
General Plant	3,389,801.90	0.00	3,389,801.90
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	5,340,307.33	0.00	5,340,307.33

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Accrual Basis

Montara Water & Sanitary District
Funds Balance Sheet
As of September 30, 2017

Treatment Facility	244,539.84	0.00	244,539.84
Accumulated Depreciation	-7,907,749.00	0.00	-7,907,749.00
Total Sewer - Fixed Assets	5,317,814.64	0.00	5,317,814.64
Water - Fixed Assets			
General Plant	0.00	26,624,584.56	26,624,584.56
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	-9,846,359.00	-9,846,359.00
Total Water - Fixed Assets	0.00	18,919,882.34	18,919,882.34
Total Fixed Assets	5,317,814.64	18,919,882.34	24,237,696.98
Other Assets			
Sewer - Other Assets			
Def'd Amts Related to Pensions	13,495.00	0.00	13,495.00
Due from Water Fund	117,867.09	0.00	117,867.09
Joint Power Authority			
SAM - Orig Collection Facility	981,592.00	0.00	981,592.00
SAM - Expansion	1,705,955.08	0.00	1,705,955.08
Total Joint Power Authority	2,687,547.08	0.00	2,687,547.08
Total Sewer - Other Assets	2,818,909.17	0.00	2,818,909.17
Water - Other Assets			
Def'd Amts Related to Pensions	0.00	26,821.00	26,821.00
Bond Acquisition Cost OID	0.00	52,750.40	52,750.40
Bond Issue Cost	0.00	61,691.45	61,691.45
Total Water - Other Assets	0.00	141,262.85	141,262.85
Total Other Assets	2,818,909.17	141,262.85	2,960,172.02
TOTAL ASSETS	<u>14,729,561.56</u>	<u>22,073,247.00</u>	<u>36,802,808.56</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 Vacations	6,058.45	0.00	6,058.45
Deposits Payable	29,102.00	0.00	29,102.00
PNC Equip. Loan - S/T	35,559.82	0.00	35,559.82
Total Sewer - Current Liabilities	70,720.27	0.00	70,720.27
Water - Current Liabilities			
Accrued Payables - Water	0.00	51.11	51.11
Accrued Vacations	0.00	10,779.03	10,779.03
Deposits Payable	0.00	36,460.18	36,460.18
GO Bonds - S/T	0.00	439,759.64	439,759.64
PFP Water Deposits	0.00	4,302.50	4,302.50
PNC Equip. Loan - S/T	0.00	35,559.79	35,559.79
SRF Loan Payable X102 - Current	0.00	82,731.94	82,731.94
SRF Loan Payable X109 - Current	0.00	161,923.29	161,923.29
Total Water - Current Liabilities	0.00	771,567.48	771,567.48
Payroll Liabilities			
Employee Benefits Payable	19,855.93	0.00	19,855.93
Total Payroll Liabilities	19,855.93	0.00	19,855.93

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Accrual Basis

Montara Water & Sanitary District
Funds Balance Sheet
As of September 30, 2017

Total Other Current Liabilities	90,576.20	771,567.48	862,143.68
Total Current Liabilities	96,950.20	771,567.48	868,517.68
Long Term Liabilities			
Sewer - Long Term Liabilities			
Accrued Vacations	12,201.56	0.00	12,201.56
I-Bank Loan	784,390.61	0.00	784,390.61
PNC Equip. Loan - L/T	593,934.97	0.00	593,934.97
Total Sewer - Long Term Liabilities	1,390,527.14	0.00	1,390,527.14
Water - Long Term Liabilities			
Accrued Vacations	0.00	12,201.57	12,201.57
Deferred on Refunding	0.00	-206,234.00	-206,234.00
Due to Sewer Fund	0.00	117,867.09	117,867.09
GO Bonds - L/T	0.00	10,603,044.74	10,603,044.74
PNC Equip. Loan - L/T	0.00	593,935.01	593,935.01
SRF Loan Payable - X102	0.00	127,373.47	127,373.47
SRF Loan Payable - X109	0.00	3,380,299.53	3,380,299.53
Total Water - Long Term Liabilities	0.00	14,628,487.41	14,628,487.41
Total Long Term Liabilities	1,390,527.14	14,628,487.41	16,019,014.55
Total Liabilities	1,487,477.34	15,400,054.89	16,887,532.23
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	-77,467.56	0.00	-77,467.56
Total Sewer - Equity Accounts	11,977,077.51	0.00	11,977,077.51
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	77,467.56	77,467.56
Total Water - Equity Accounts	0.00	2,768,522.57	2,768,522.57
Equity Adjustment Account	1,706,078.38	3,597,793.91	5,303,872.29
Net Income	-441,071.67	306,875.63	-134,196.04
Total Equity	13,242,084.22	6,673,192.11	19,915,276.33
TOTAL LIABILITIES & EQUITY	<u>14,729,561.56</u>	<u>22,073,247.00</u>	<u>36,802,808.56</u>

Montara Water & Sanitary District
Restricted and Non Restricted Cash Assets
July 2017 through June 2018

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	2,395,438.17	2,175,531.48												
Sewer - Reserve Accounts															
LAIF -															
Capital Reserve	3,886,001.12	3,891,836.12	3,891,836.12										2,679,500.00	1,206,501.12	145%
Connection Fees Reserve	194,576.00	194,576.00	194,576.00										194,576.00	-	100%
Operating Reserve	240,073.00	240,073.00	240,073.00										281,893.00	(41,820.00)	85%
Sub-total	4,320,650.12	4,326,485.12	4,326,485.12	-	-	-	-	-	-	-	-	-			
Water - Operations															
Wells Fargo Operating - Water	736,973.18	748,608.06	762,530.73												
Water - Reserve Accounts															
Wells Fargo Bank-															
Capital Reserve	398,249.00	398,249.00	398,249.00										1,049,567.00	(651,318.00)	38%
Connection Fees Reserve	253,020.00	253,020.00	253,020.00										253,020.00	-	100%
Operating Reserve	94,231.00	94,231.00	94,231.00										250,573.00	(156,342.00)	38%
Sub-total	745,500.00	745,500.00	745,500.00	-	-	-	-	-	-	-	-	-			
Water - Restricted accounts															
First Republic Bank - Water															
Acquisition & Improvement Fund	436.13	436.13	436.13												
Cost of issuance	122.94	122.94	122.94												
GO Bonds Fund	1,438,990.58	899,200.84	899,949.69												
Sub-total	1,439,549.65	899,759.91	900,508.76	-	-	-	-	-	-	-	-	-			
Total Cash and equivalents	9,942,529.55	9,115,791.26	8,910,556.09	-	-	-	-	-	-	-	-	-			

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	TOTAL				
													Jul '17 - Jun 18	Budget	\$ Over Budget	% of Budget	
Ordinary Income/Expense																	
Income																	
4220 · Cell Tower Lease	2,954.35	2,954.35	2,954.35										8,863.05	34,300.00	-25,436.95	25.84%	
4330 · Engineering Review			-182.00										-182.00				
4400 · Fees																	
4410 · Administrative Fee (New Constr)	505.00		505.00										1,010.00	3,500.00	-2,490.00	28.86%	
4420 · Administrative Fee (Remodel)	354.00	354.00											708.00	2,000.00	-1,292.00	35.4%	
4430 · Inspection Fee (New Constr)	477.00		477.00										954.00	3,500.00	-2,546.00	27.26%	
4440 · Inspection Fee (Remodel)														4,000.00	-4,000.00		
4460 · Remodel Fees	708.00		354.00										1,062.00	4,000.00	-2,938.00	26.55%	
Total 4400 · Fees	2,044.00	354.00	1,336.00										3,734.00	17,000.00	-13,266.00	21.97%	
4610 · Property Tax Receipts		155.06											155.06	235,000.00	-234,844.94	0.07%	
4710 · Sewer Service Charges														2,003,171.00	-2,003,171.00		
4720 · Sewer Service Refunds, Customer														-4,000.00	4,000.00		
4760 · Waste Collection Revenues	984.47	2,604.03	1,058.29										4,646.79	22,000.00	-17,353.21	21.12%	
4990 · Other Revenue		6.82											6.82				
Total Income	5,982.82	6,074.26	5,166.64										17,223.72	2,307,471.00	-2,290,247.28	0.75%	
Gross Profit	5,982.82	6,074.26	5,166.64										17,223.72	2,307,471.00	-2,290,247.28	0.75%	
Expense																	
5000 · Administrative																	
5190 · Bank Fees	2,740.81	321.48	333.71										3,396.00	6,500.00	-3,104.00	52.25%	
5200 · Board of Directors																	
5210 · Board Meetings		125.00	631.25										756.25	4,000.00	-3,243.75	18.91%	
5220 · Director Fees		187.50											187.50	3,300.00	-3,112.50	5.68%	
5230 · Election Expenses																	
Total 5200 · Board of Directors		312.50	631.25										943.75	7,300.00	-6,356.25	12.93%	
5250 · Conference Attendance		100.00	997.50										1,097.50	2,000.00	-902.50	54.88%	
5270 · Information Systems		180.00	60.00										240.00	6,000.00	-5,760.00	4.0%	
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		

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	TOTAL				
													Jul '17 - Jun 18	Budget	\$ Over Budget	% of Budget	
5350 - LAFCO Assessment														2,000.00	-2,000.00		
5400 - Legal																	
5420 - Meeting Attendance, Legal		845.00												845.00	9,500.00	-8,655.00	8.9%
5430 - General Legal		3,170.00	62.50											3,232.50	25,000.00	-21,767.50	12.93%
5440 - Litigation		8,275.00	32,110.00											40,385.00			
Total 5400 - Legal		12,290.00	32,172.50											44,462.50	34,500.00	9,962.50	128.88%
5510 - Maintenance, Office		193.50	392.70											586.20	8,000.00	-7,413.80	7.33%
5540 - Office Supplies		845.76	335.56											1,181.32	8,000.00	-6,818.68	14.77%
5550 - Postage			229.17											229.17	2,500.00	-2,270.83	9.17%
5560 - Printing & Publishing		131.33	31.50											162.83	3,000.00	-2,837.17	5.43%
5600 - Professional Services																	
5610 - Accounting			4,700.00											4,700.00	30,000.00	-25,300.00	15.67%
5620 - Audit		6,000.00												6,000.00	13,000.00	-7,000.00	46.15%
5630 - Consulting		5,224.09	1,565.67											6,789.76	28,000.00	-21,210.24	24.25%
5640 - Data Services		899.50	5,850.84											6,750.34	6,000.00	750.34	112.51%
5650 - Labor & HR Support		194.50	539.00											733.50	2,500.00	-1,766.50	29.34%
5660 - Payroll Services	74.02	72.96	70.84											217.82	950.00	-732.18	22.93%
Total 5600 - Professional Services	74.02	12,391.05	12,726.35											25,191.42	80,450.00	-55,258.58	31.31%
5710 - San Mateo Co. Tax Roll Charges															2,500.00	-2,500.00	
5720 - Telephone & Internet		1,878.29	2,114.58											3,992.87	16,500.00	-12,507.13	24.2%
5730 - Mileage Reimbursement															1,500.00	-1,500.00	
5740 - Reference Materials															200.00	-200.00	
5790 - Other Administrative			316.19											316.19			
5800 - Labor																	
5810 - CalPERS 457 Deferred Plan	1,574.10	1,628.46	1,689.14											4,891.70	15,445.00	-10,553.30	31.67%
5820 - Employee Benefits	6,092.66		6,778.01											12,870.67	35,635.00	-22,764.33	36.12%
5830 - Disability Insurance		113.36	113.36											226.72	1,534.00	-1,307.28	14.78%
5840 - Payroll Taxes	1,720.28	1,676.31	935.40											4,331.99	16,879.00	-12,547.01	25.67%
5850 - PARS	1,451.93	1,493.70	1,545.86											4,491.49	14,061.00	-9,569.51	31.94%
5900 - Wages																	
5910 - Management	8,125.00	8,125.00	14,687.50											30,937.50	103,725.00	-72,787.50	29.83%
5920 - Staff	14,212.21	14,854.60	9,123.82											38,190.63	112,599.00	-74,408.37	33.92%
5930 - Staff Certification	150.00	150.00	150.00											450.00	1,800.00	-1,350.00	25.0%

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	TOTAL			
													Jul '17 - Jun 18	Budget	\$ Over Budget	% of Budget
5940 - Staff Overtime		134.12	169.42										303.54	2,514.00	-2,210.46	12.07%
Total 5900 - Wages	22,487.21	23,263.72	24,130.74										69,881.67	220,638.00	-150,756.33	31.67%
5960 - Worker's Comp Insurance														2,447.00	-2,447.00	
Total 5800 - Labor	33,326.18	28,175.55	35,192.51										96,694.24	306,639.00	-209,944.76	31.53%
Total 5000 - Administrative	36,141.01	56,819.46	85,533.52										178,493.99	490,089.00	-311,595.01	36.42%
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		4,212.50	3,982.50										8,195.00	50,000.00	-41,805.00	16.39%
Total 6200 - Engineering		4,212.50	3,982.50										8,195.00	52,000.00	-43,805.00	15.76%
6320 - Equipment & Tools, Expensed														1,000.00	-1,000.00	
6330 - Facilities																
6335 - Alarm Services	659.70	518.82	888.60										2,067.12	5,700.00	-3,632.88	36.27%
6337 - Landscaping		190.00	190.00										380.00	2,400.00	-2,020.00	15.83%
Total 6330 - Facilities	659.70	708.82	1,078.60										2,447.12	8,100.00	-5,652.88	30.21%
6400 - Pumping																
6410 - Pumping Fuel & Electricity		2,528.80	2,875.13										5,403.93	32,000.00	-26,596.07	16.89%
Total 6400 - Pumping		2,528.80	2,875.13										5,403.93	32,000.00	-26,596.07	16.89%
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	

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	TOTAL				
													Jul '17 - Jun 18	Budget	\$ Over Budget	% of Budget	
6900 - Sewer Authority Midcoastside																	
6910 - SAM Collections	26,800.67	19,767.33	23,284.00										69,852.00	285,934.00	-216,082.00	24.43%	
6920 - SAM Operations		185,420.50	92,710.25										278,130.75	1,259,320.00	-981,189.25	22.09%	
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	205,187.83	115,994.25										347,982.75	1,635,254.00	-1,287,271.25	21.28%	
Total 6000 - Operations	27,460.37	212,637.95	123,930.48										364,028.80	1,750,714.00	-1,386,685.20	20.79%	
Total Expense	63,601.38	269,457.41	209,464.00										542,522.79	2,240,803.00	-1,698,280.21	24.21%	
Net Ordinary Income	-57,618.56	-263,383.15	-204,297.36										-525,299.07	66,668.00	-591,967.07	-787.93%	
Other Income/Expense																	
Other Income																	
7000 - Capital Account Revenues																	
7100 - Connection Fees																	
7110 - Connection Fees (New Constr)	52,056.00		49,013.00										101,069.00	144,576.00	-43,507.00	69.91%	
7120 - Connection Fees (Remodel)	6,237.50	498.50	3,489.50										10,225.50	50,000.00	-39,774.50	20.45%	
Total 7100 - Connection Fees	58,293.50	498.50	52,502.50										111,294.50	194,576.00	-83,281.50	57.2%	
7200 - Interest Income - LAIF														15,000.00	-15,000.00		
Total 7000 - Capital Account Revenues	58,293.50	498.50	52,502.50										111,294.50	209,576.00	-98,281.50	53.11%	
Total Other Income	58,293.50	498.50	52,502.50										111,294.50	209,576.00	-98,281.50	53.11%	
Other Expense																	
8000 - Capital Improvement Program																	
8075 - Sewer		3,275.00	17,815.00										21,090.00	1,640,000.00	-1,618,910.00	1.29%	
Total 8000 - Capital Improvement Program		3,275.00	17,815.00										21,090.00	1,640,000.00	-1,618,910.00	1.29%	
9000 - Capital Account Expenses																	
9125 - PNC Equipment Lease Interest	787.85	1,566.77	1,557.19										3,911.81	18,280.00	-14,368.19	21.4%	
9175 - Capital Assessment - SAM																	
9200 - I-Bank Loan	2,065.29												2,065.29	24,354.00	-22,288.71	8.48%	

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	TOTAL			
	Jul '17 - Jun 18	Budget	\$ Over Budget	% of Budget												
Total 9000 - Capital Account Expenses	2,853.14	1,566.77	1,557.19										5,977.10	42,634.00	-36,656.90	14.02%
Total Other Expense	2,853.14	4,841.77	19,372.19										27,067.10	1,682,634.00	-1,655,566.90	1.61%
Net Other Income	55,440.36	-4,343.27	33,130.31										84,227.40	-1,473,058.00	1,557,285.40	-5.72%
Net Income	-2,178.20	-267,726.42	-171,167.05										-441,071.67	-1,406,390.00	965,318.33	31.36%

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	2,954.36										8,863.08	34,300.00	-25,436.92	25.84%
4400 · Fees																
4410 · Administrative Fee (New Constr)	505.00		505.00										1,010.00	5,500.00	-4,490.00	18.36%
4420 · Administrative Fee (Remodel)			505.00										505.00	900.00	-395.00	56.11%
4430 · Inspection Fee (New Constr)	477.00		477.00										954.00	5,000.00	-4,046.00	19.08%
4440 · Inspection Fee (Remodel)			477.00										477.00	650.00	-173.00	73.39%
4460 · Remodel Fees			306.75										306.75			
4470 · Other Fees																
Total 4400 · Fees	982.00		2,270.75										3,252.75	12,050.00	-8,797.25	26.99%
4610 · Property Tax Receipts		155.06											155.06	235,000.00	-234,844.94	0.07%
4740 · Testing, Backflow	5,322.00	3,080.00											8,402.00	13,000.00	-4,598.00	64.63%
4760 · Waste Collection Revenues																
4810 · Water Sales, Domestic	172,926.20	269,602.18	204,348.97										646,877.35	1,915,496.00	-1,268,618.65	33.77%
4850 · Water Sales Refunds, Customer														-3,000.00	3,000.00	
4990 · Other Revenue		286.81											286.81			
Total Income	182,184.56	276,078.41	209,574.08										667,837.05	2,206,846.00	-1,539,008.95	30.26%
Gross Profit	182,184.56	276,078.41	209,574.08										667,837.05	2,206,846.00	-1,539,008.95	30.26%
Expense																
5000 · Administrative																
5190 · Bank Fees	76.10	126.15	3.43										205.68	7,000.00	-6,794.32	2.94%
5200 · Board of Directors																
5210 · Board Meetings		125.00	631.25										756.25	4,000.00	-3,243.75	18.91%
5220 · Director Fees		187.50											187.50	3,300.00	-3,112.50	5.68%
5230 · Election Expenses																
Total 5200 · Board of Directors		312.50	631.25										943.75	7,300.00	-6,356.25	12.93%
5240 · CDPH Fees																
5250 · Conference Attendance		100.00	997.50										1,097.50	4,000.00	-2,902.50	27.44%
5270 · Information Systems		180.00	60.00										240.00	3,000.00	-2,760.00	8.0%
5300 · Insurance																
5310 · Fidelity Bond																
														500.00	-500.00	

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
5320 · Property & Liability Insurance														2,700.00	-2,700.00	
Total 5300 · Insurance														3,200.00	-3,200.00	
5350 · LAFCO Assessment														2,500.00	-2,500.00	
5400 · Legal																
5420 · Meeting Attendance, Legal		842.50											842.50	8,500.00	-7,657.50	9.91%
5430 · General Legal		692.50	2,925.00										3,617.50	60,000.00	-56,382.50	6.03%
Total 5400 · Legal		1,535.00	2,925.00										4,460.00	68,500.00	-64,040.00	6.51%
5510 · Maintenance, Office		193.50	392.69										586.19	8,000.00	-7,413.81	7.33%
5530 · Memberships		842.70											842.70	18,000.00	-17,157.30	4.68%
5540 · Office Supplies		845.75	335.54										1,181.29	8,000.00	-6,818.71	14.77%
5550 · Postage		499.81	1,035.26										1,535.07	7,500.00	-5,964.93	20.47%
5560 · Printing & Publishing		131.32	31.50										162.82	2,000.00	-1,837.18	8.14%
5600 · Professional Services																
5610 · Accounting			4,700.00										4,700.00	30,000.00	-25,300.00	15.67%
5620 · Audit		6,000.00											6,000.00	13,000.00	-7,000.00	46.15%
5630 · Consulting		6,912.73	1,565.67										8,478.40	25,000.00	-16,521.60	33.91%
5640 · Data Services		899.50											899.50			
5650 · Labor & HR Support		194.50	539.00										733.50	2,250.00	-1,516.50	32.6%
5660 · Payroll Services	74.00	72.95	70.84										217.79	950.00	-732.21	22.93%
Total 5600 · Professional Services	74.00	14,079.68	6,875.51										21,029.19	71,200.00	-50,170.81	29.54%
5720 · Telephone & Internet		2,220.11	2,127.92										4,348.03	22,380.00	-18,031.97	19.43%
5730 · Mileage Reimbursement														2,000.00	-2,000.00	
5740 · Reference Materials														800.00	-800.00	
5790 · Other Administrative			496.08										496.08			
5800 · Labor																
5810 · CalPERS 457 Deferred Plan	2,732.09	2,911.11	3,307.76										8,950.96	35,513.00	-26,562.04	25.21%
5820 · Employee Benefits	11,334.17	-507.45	6,527.58										17,354.30	86,856.00	-69,501.70	19.98%
5830 · Disability Insurance		280.51	280.51										561.02	3,637.00	-3,075.98	15.43%
5840 · Payroll Taxes	3,247.71	3,485.55	3,044.82										9,778.08	42,294.00	-32,515.92	23.12%
5850 · PARS	2,196.04	2,401.72	2,665.36										7,263.12	28,152.00	-20,888.88	25.8%
5900 · Wages																
5910 · Management	8,125.00	8,125.00	14,687.50										30,937.50	103,725.00	-72,787.50	29.83%
5920 · Staff	29,178.80	32,918.68	29,474.09										91,571.57	354,757.00	-263,185.43	25.81%

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
5930 · Staff Certification	800.00	825.00	850.00										2,475.00	9,000.00	-6,525.00	27.5%
5940 · Staff Overtime	3,512.23	2,934.29	4,674.34										11,120.86	55,831.00	-44,710.14	19.92%
5950 · Staff Standby	2,245.21	2,110.96	2,019.67										6,375.84	25,947.00	-19,571.16	24.57%
Total 5900 · Wages	43,861.24	46,913.93	51,705.60										142,480.77	549,260.00	-406,779.23	25.94%
5960 · Worker's Comp Insurance														19,948.00	-19,948.00	
Total 5800 · Labor	63,371.25	55,485.37	67,531.63										186,388.25	765,660.00	-579,271.75	24.34%
Total 5000 · Administrative	63,521.35	76,551.89	83,443.31										223,516.55	1,016,540.00	-793,023.45	21.99%
6000 · Operations																
6160 · Backflow Prevention														1,000.00	-1,000.00	
6170 · Claims, Property Damage														10,000.00	-10,000.00	
6180 · Communications														20,000.00	-20,000.00	
6185 · SCADA Maintenance																
6180 · Communications - Other		1,764.83											1,764.83			
Total 6180 · Communications		1,764.83											1,764.83	20,000.00	-18,235.17	8.82%
6195 · Education & Training		1,420.00	647.50										2,067.50	7,000.00	-4,932.50	29.54%
6200 · Engineering																
6210 · Meeting Attendance, Engineering														2,000.00	-2,000.00	
6220 · General Engineering		2,223.75											2,223.75	20,000.00	-17,776.25	11.12%
6230 · Water Quality Engineering		10,722.50	7,445.00										18,167.50	65,000.00	-46,832.50	27.95%
Total 6200 · Engineering		12,946.25	7,445.00										20,391.25	87,000.00	-66,608.75	23.44%
6320 · Equipment & Tools, Expensed		278.74	369.46										648.20	5,000.00	-4,351.80	12.96%
6330 · Facilities																
6335 · Alarm Services		127.02											127.02	800.00	-672.98	15.88%
6337 · Landscaping		420.00	443.47										863.47	6,000.00	-5,136.53	14.39%
Total 6330 · Facilities		547.02	443.47										990.49	6,800.00	-5,809.51	14.57%
6370 · Lab Supplies & Equipment			53.15										53.15	1,000.00	-946.85	5.32%
6400 · Pumping																
6410 · Pumping Fuel & Electricity		5,549.52	5,749.71										11,299.23	90,000.00	-78,700.77	12.56%
6420 · Pumping Maintenance, Generators														10,000.00	-10,000.00	
6430 · Pumping Maintenance, General														7,000.00	-7,000.00	

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
6440 · Pumping Equipment, Expensed														2,000.00	-2,000.00	
Total 6400 · Pumping		5,549.52	5,749.71										11,299.23	109,000.00	-97,700.77	10.37%
6500 · Supply																
6510 · Maintenance, Raw Water Mains			1,195.59										1,195.59	2,000.00	-804.41	59.78%
6520 · Maintenance, Wells		72.12	1,963.35										2,035.47	10,000.00	-7,964.53	20.36%
6530 · Water Purchases														40,000.00	-40,000.00	
Total 6500 · Supply		72.12	3,158.94										3,231.06	52,000.00	-48,768.94	6.21%
6600 · Collection/Transmission																
6610 · Hydrants		375.29											375.29	1,000.00	-624.71	37.53%
6620 · Maintenance, Water Mains			3,068.48										3,068.48	55,000.00	-51,931.52	5.58%
6630 · Maintenance, Water Svc Lines			2,776.91										2,776.91	25,000.00	-22,223.09	11.11%
6640 · Maintenance, Tanks														1,000.00	-1,000.00	
6650 · Maint., Distribution General														10,000.00	-10,000.00	
6670 · Meters			1,066.27										1,066.27	2,500.00	-1,433.73	42.65%
Total 6600 · Collection/Transmission		375.29	6,911.66										7,286.95	94,500.00	-87,213.05	7.71%
6700 · Treatment																
6710 · Chemicals & Filtering		221.17	1,466.00										1,687.17	30,000.00	-28,312.83	5.62%
6720 · Maintenance, Treatment Equip.		61.89	1,309.14										1,371.03	4,000.00	-2,628.97	34.28%
6730 · Treatment Analysis		1,731.27	8,834.22										10,565.49	30,000.00	-19,434.51	35.22%
6700 · Treatment - Other																
Total 6700 · Treatment		2,014.33	11,609.36										13,623.69	64,000.00	-50,376.31	21.29%
6770 · Uniforms		791.31	715.05										1,506.36	12,000.00	-10,493.64	12.55%
6800 · Vehicles																
6810 · Fuel		580.23	454.46										1,034.69	8,000.00	-6,965.31	12.93%
6820 · Truck Equipment, Expensed		6.84											6.84	1,000.00	-993.16	0.68%
6830 · Truck Repairs			988.88										988.88	5,000.00	-4,011.12	19.78%
Total 6800 · Vehicles		587.07	1,443.34										2,030.41	14,000.00	-11,969.59	14.5%
6890 · Other Operations			908.21										908.21			
Total 6000 · Operations		26,346.48	39,454.85										65,801.33	483,300.00	-417,498.67	13.62%
Total Expense	63,521.35	102,898.37	122,898.16										289,317.88	1,499,840.00	-1,210,522.12	19.29%

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
Net Ordinary Income	118,663.21	173,180.04	86,675.92										378,519.17	707,006.00	-328,486.83	53.54%
Other Income/Expense																
Other Income																
7000 - Capital Account Revenues																
7100 - Connection Fees																
7110 - Connection Fees (New Constr)	17,302.00												17,302.00	173,020.00	-155,718.00	10.0%
7120 - Connection Fees (Remodel)																
7130 - Conn. Fees, PFP (New Constr)														80,000.00	-80,000.00	
Total 7100 - Connection Fees	17,302.00												17,302.00	253,020.00	-235,718.00	6.84%
7600 - Bond Revenues, G.O.		748.85											748.85	1,150,436.00	-1,149,687.15	0.07%
Total 7000 - Capital Account Revenues	17,302.00	748.85											18,050.85	1,403,456.00	-1,385,405.15	1.29%
Total Other Income	17,302.00	748.85											18,050.85	1,403,456.00	-1,385,405.15	1.29%
Other Expense																
8000 - Capital Improvement Program																
8100 - Water		46,398.00	15,898.00										62,296.00	713,500.00	-651,204.00	8.73%
Total 8000 - Capital Improvement Program		46,398.00	15,898.00										62,296.00	713,500.00	-651,204.00	8.73%
9000 - Capital Account Expenses																
9100 - Interest Expense - GO Bonds		23,086.56											23,086.56	273,978.00	-250,891.44	8.43%
9125 - PNC Equipment Lease Interest	787.86	1,566.77	1,557.20										3,911.83	18,280.00	-14,368.17	21.4%
9150 - SRF Loan														34,273.00	-34,273.00	
9210 - Conservation Program/Rebates		300.00	100.00										400.00	500.00	-100.00	80.0%
Total 9000 - Capital Account Expenses	787.86	24,953.33	1,657.20										27,398.39	327,031.00	-299,632.61	8.38%
Total Other Expense	787.86	71,351.33	17,555.20										89,694.39	1,040,531.00	-950,836.61	8.62%
Net Other Income	16,514.14	-70,602.48	-17,555.20										-71,643.54	362,925.00	-434,568.54	-19.74%
Net Income	135,177.35	102,577.56	69,120.72										306,875.63	1,069,931.00	-763,055.37	28.68%



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **November 16, 2017**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

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

The Average Daily Flow for Montara was 0.224 MGD in September 2017. There was one reportable overflow in September in the Montara System. SAM indicates there were 0.29 inches of rain in September 2017.

RECOMMENDATION:

Review and file.

Attachments

Attachment A

Flow Distribution Report Summary For September 2017

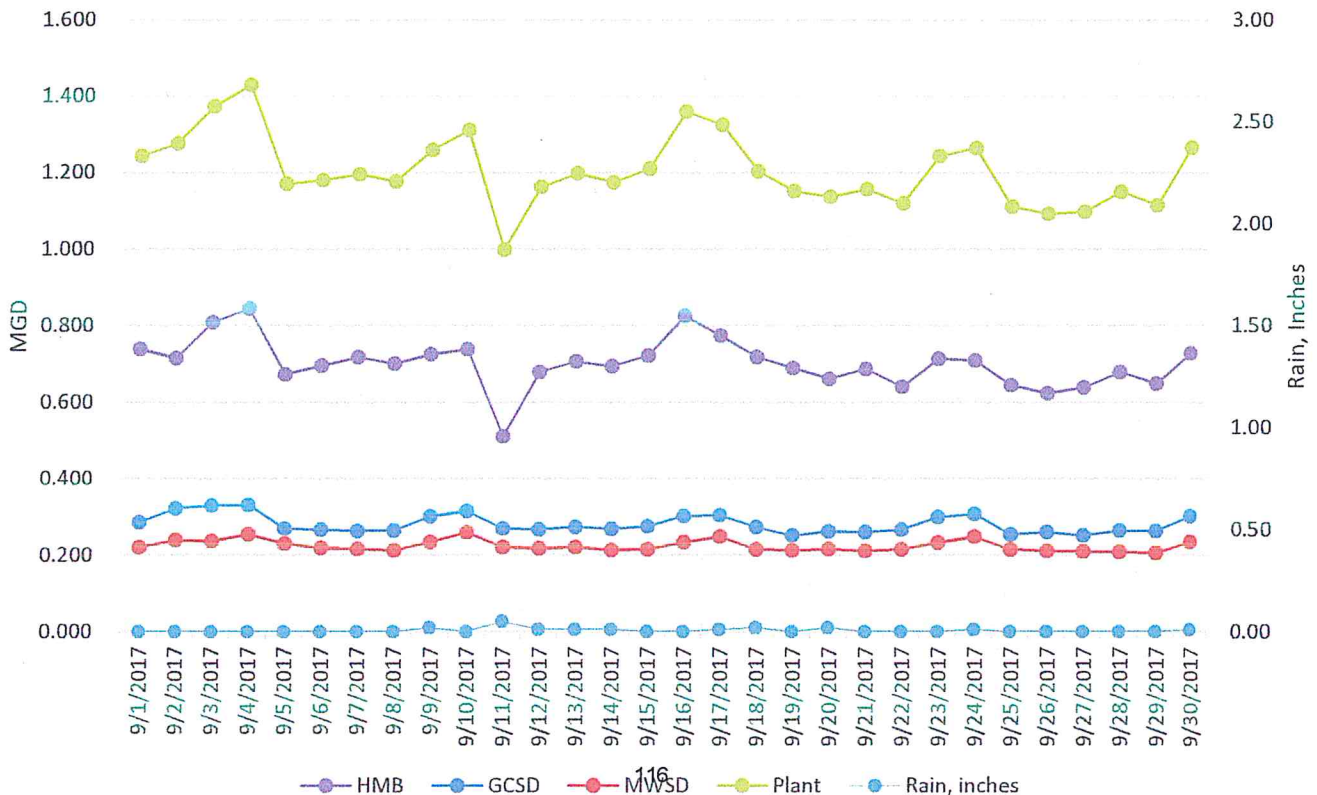
The daily flow report figures for the month of September 2017 have been converted to an Average

Daily Flow (ADF) for each Member Agency.
The results are attached for your review.

The summary of the ADF information is as follows:

	<u>MGD</u>	<u>%</u>
The City of Half Moon Bay	0.702	58.2%
Granada Community Services District	0.280	23.3%
Montara Water and Sanitary District	<u>0.224</u>	<u>18.5%</u>
Total	1.206	100.0%

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



Sewer Authority Mid-Coastside

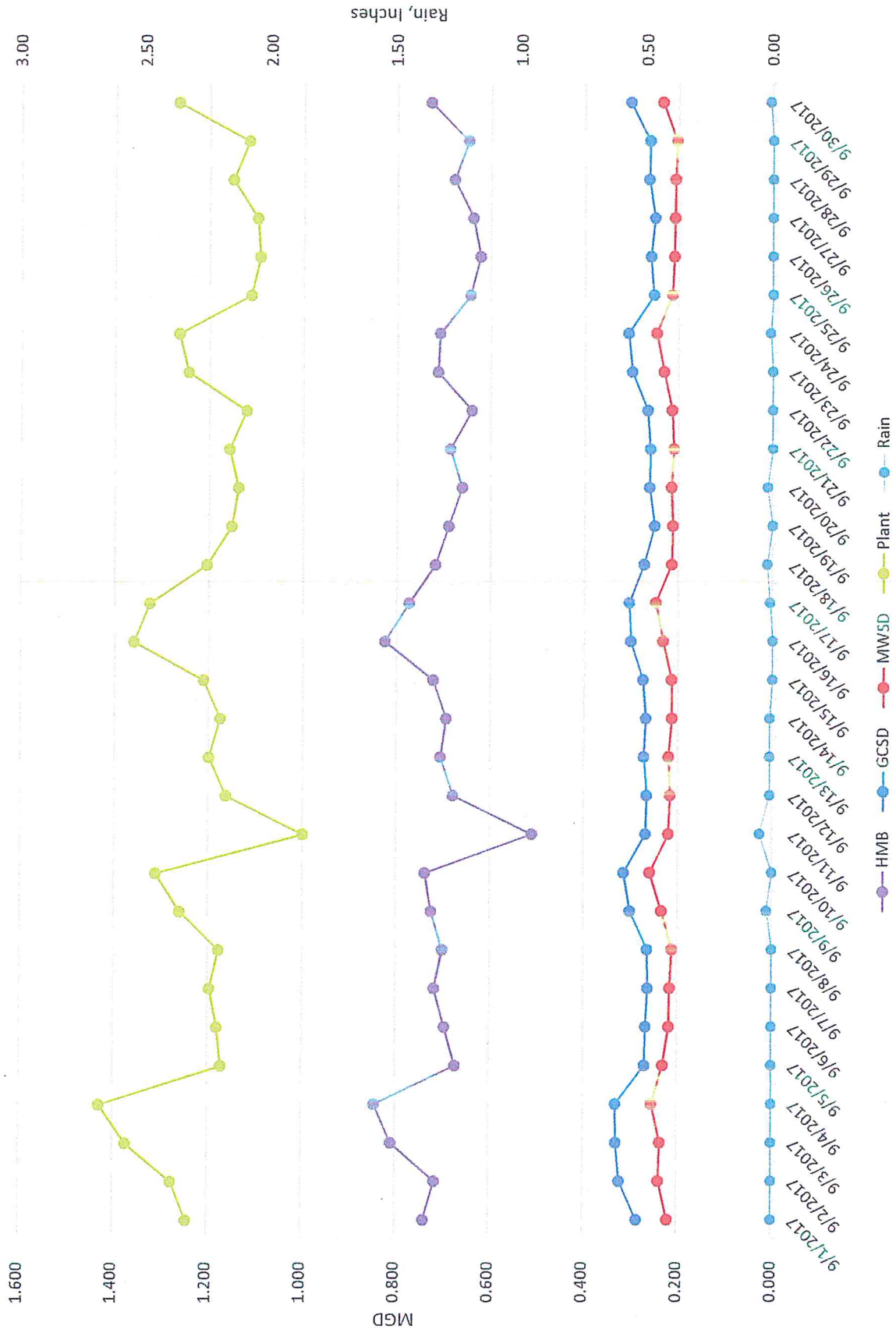
Monthly Flow Distribution Report for September 2017

<u>Date</u>	<u>HMB</u>	<u>GCSD</u>	<u>MWSD</u>	<u>Plant</u>	<u>Rain Plant</u>	<u>Rain Portola</u>	<u>Rain Montara</u>
9/1/2017	0.739	0.285	0.220	1.245	0.00	0.00	0.00
9/2/2017	0.716	0.322	0.239	1.277	0.00	0.00	0.00
9/3/2017	0.809	0.329	0.236	1.374	0.00	0.00	0.00
9/4/2017	0.845	0.331	0.254	1.430	0.00	0.00	0.00
9/5/2017	0.673	0.269	0.230	1.172	0.00	0.00	0.00
9/6/2017	0.696	0.267	0.218	1.180	0.00	0.00	0.00
9/7/2017	0.718	0.263	0.216	1.197	0.00	0.00	0.00
9/8/2017	0.701	0.264	0.212	1.177	0.00	0.00	0.01
9/9/2017	0.725	0.301	0.234	1.260	0.02	0.00	0.01
9/10/2017	0.738	0.315	0.259	1.312	0.00	0.00	0.00
9/11/2017	0.511	0.269	0.220	0.999	0.05	0.12	0.10
9/12/2017	0.679	0.267	0.217	1.163	0.01	0.00	0.00
9/13/2017	0.706	0.273	0.220	1.199	0.01	0.00	0.06
9/14/2017	0.694	0.268	0.213	1.175	0.01	0.00	0.01
9/15/2017	0.722	0.275	0.214	1.211	0.00	0.00	0.00
9/16/2017	0.825	0.301	0.233	1.360	0.00	0.00	0.00
9/17/2017	0.774	0.304	0.248	1.326	0.01	0.00	0.03
9/18/2017	0.718	0.273	0.214	1.204	0.02	0.00	0.04
9/19/2017	0.689	0.251	0.212	1.152	0.00	0.00	0.00
9/20/2017	0.661	0.262	0.215	1.138	0.02	0.02	0.03
9/21/2017	0.687	0.260	0.210	1.157	0.00	0.00	0.00
9/22/2017	0.641	0.266	0.214	1.121	0.00	0.00	0.00
9/23/2017	0.713	0.299	0.232	1.245	0.00	0.00	0.00
9/24/2017	0.709	0.308	0.248	1.264	0.01	0.00	0.00
9/25/2017	0.644	0.253	0.214	1.112	0.00	0.00	0.00
9/26/2017	0.623	0.260	0.210	1.093	0.00	0.00	0.00
9/27/2017	0.638	0.251	0.209	1.098	0.00	0.00	0.00
9/28/2017	0.679	0.264	0.208	1.151	0.00	0.00	0.00
9/29/2017	0.649	0.262	0.205	1.116	0.00	0.00	0.00
9/30/2017	0.729	0.302	0.235	1.266	0.01	0.00	0.00
Totals	21.049	8.411	6.709	36.169	0.17	0.14	0.29

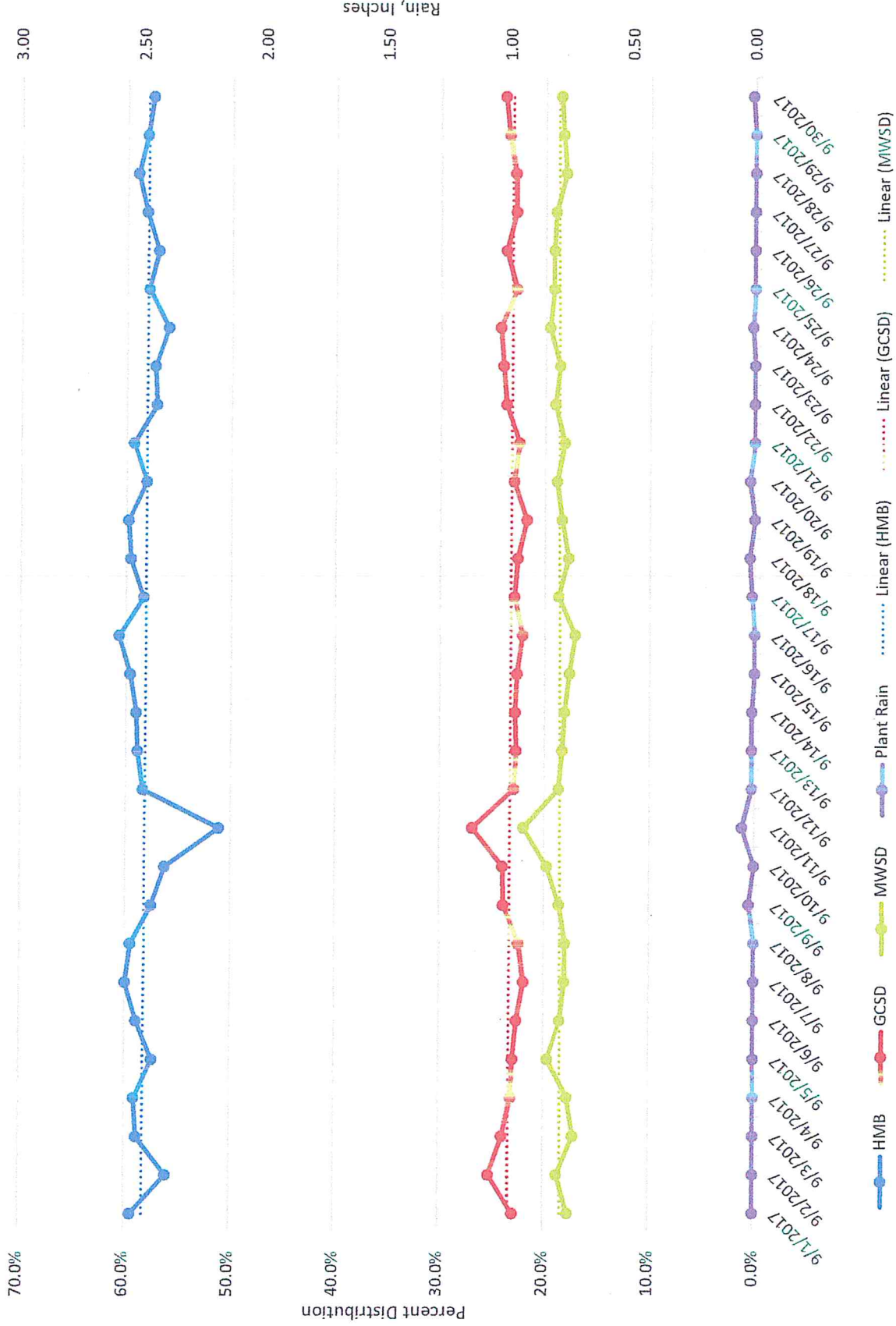
Summary

	<u>HMB</u>	<u>GCSD</u>	<u>MWSD</u>	<u>Plant</u>
Minimum	0.511	0.251	0.205	0.999
Average	0.702	0.280	0.224	1.206
Maximum	0.845	0.331	0.259	1.430
Distribution	58.2%	23.3%	18.5%	100.0%

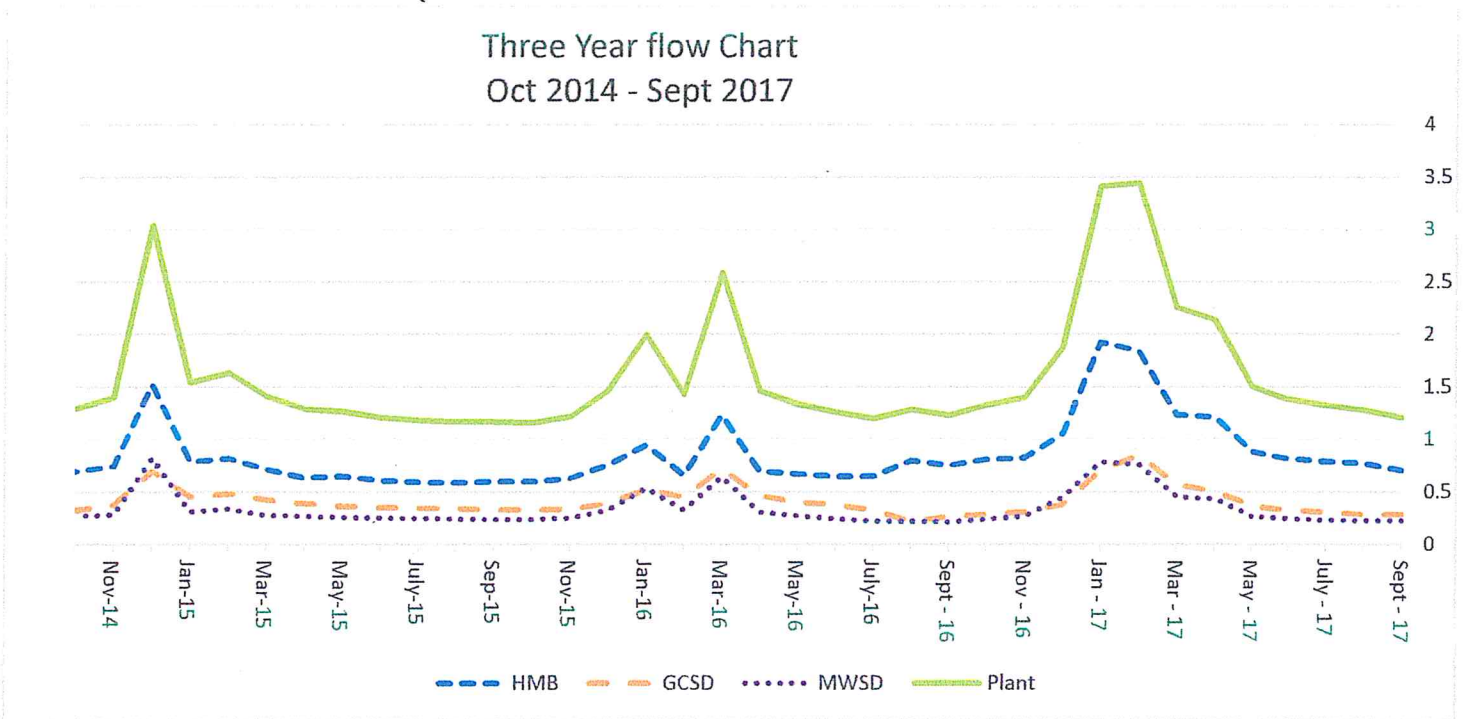
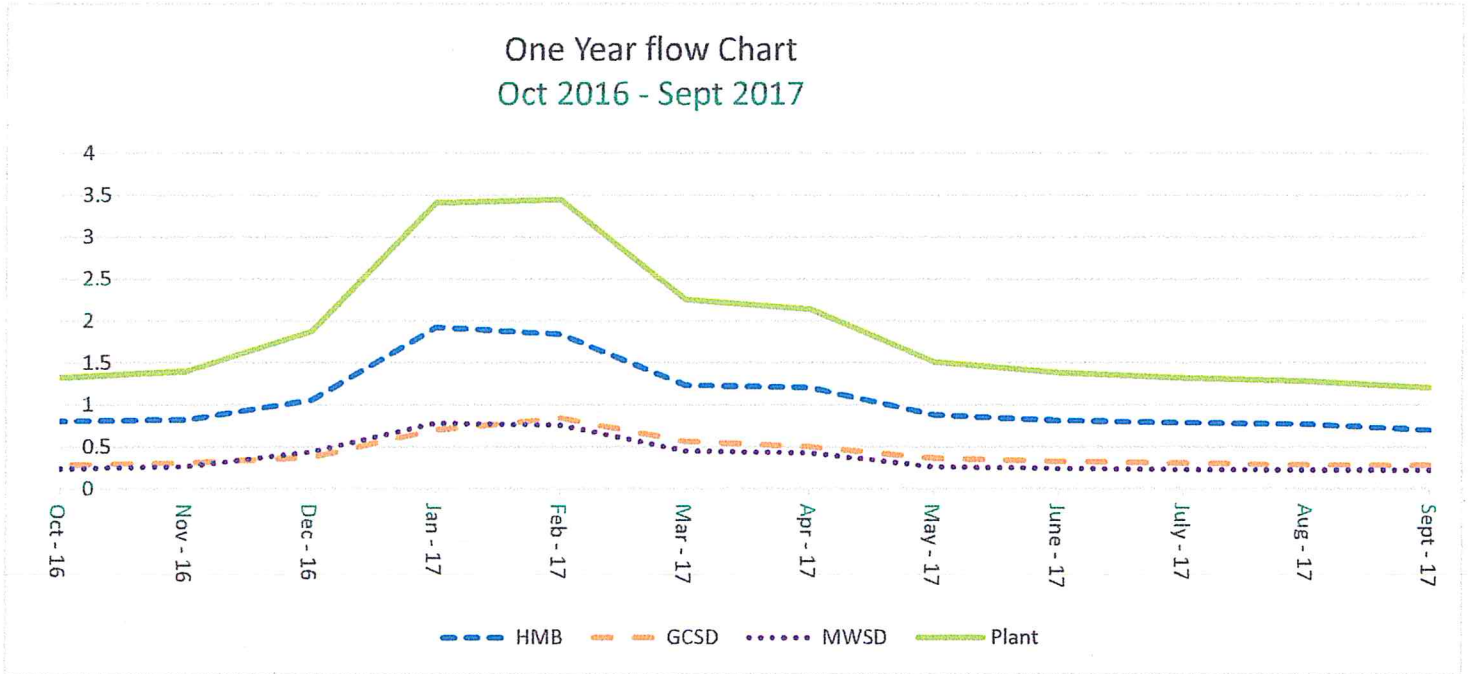
Sewer Authority Mid-Coastside Monthly Flow Distribution Report, September 2017



Percent Distribution September 2017



Most recent flow calibration December 2016 PS, November 2016 Plant





MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: November 16, 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 September 2017 the rate was 1.111.
- 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: **November 16, 2017**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

SUBJECT: Connection Permit Applications Received

As of November 16, 2017 the following new Sewer Connection Permit application was received since the last report:

Date of Application	Property Owner	Site Address	Home Size

As of November 16, 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

As of November 16, 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

RECOMMENDATION:

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



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: November 16th, 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.

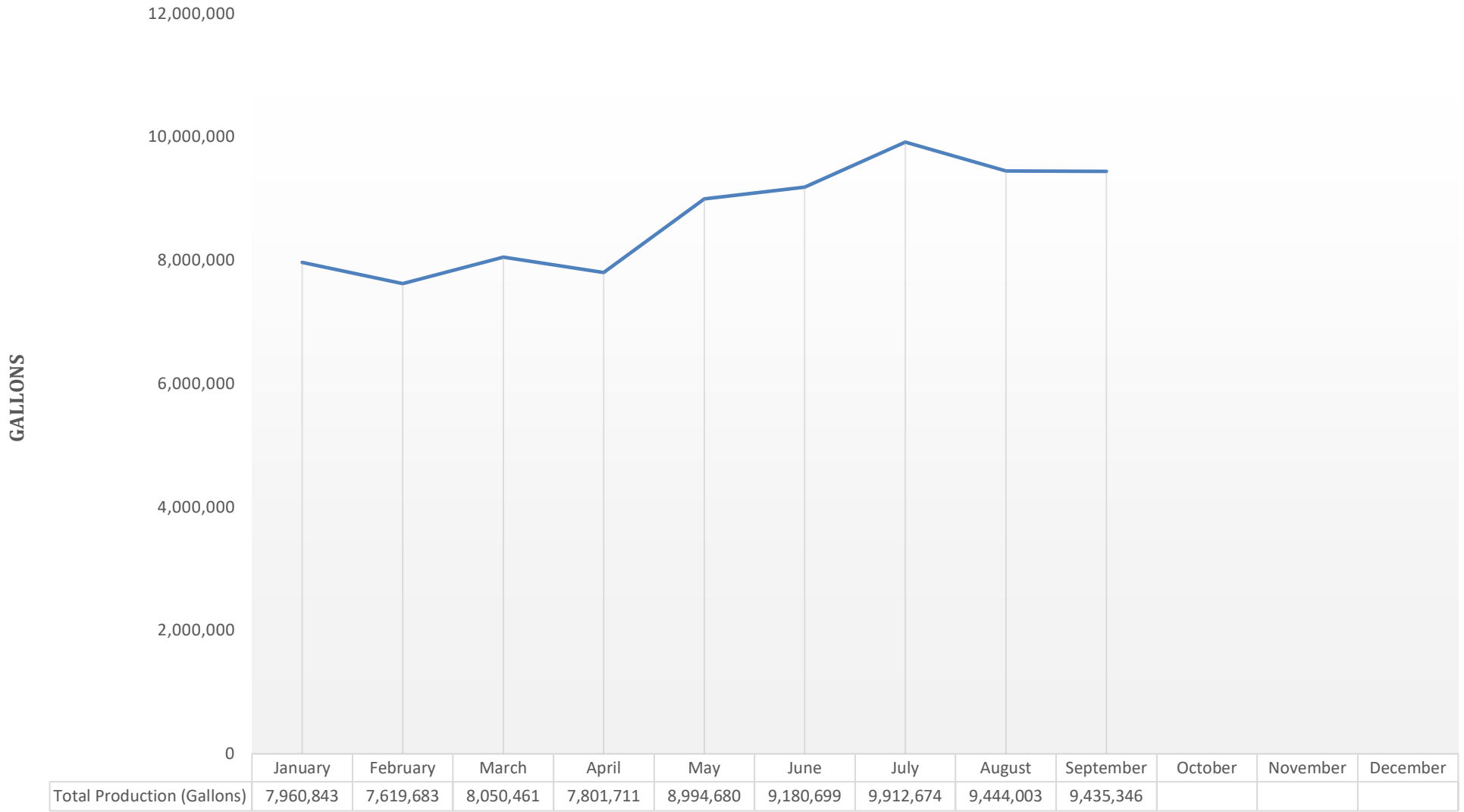
The first shows a consolidated from all sources by month. The second shows each water source the District uses, both wells and surface water. The production is shown in gallons of water produced.

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: November 16th, 2017

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager 

SUBJECT: Rain Report

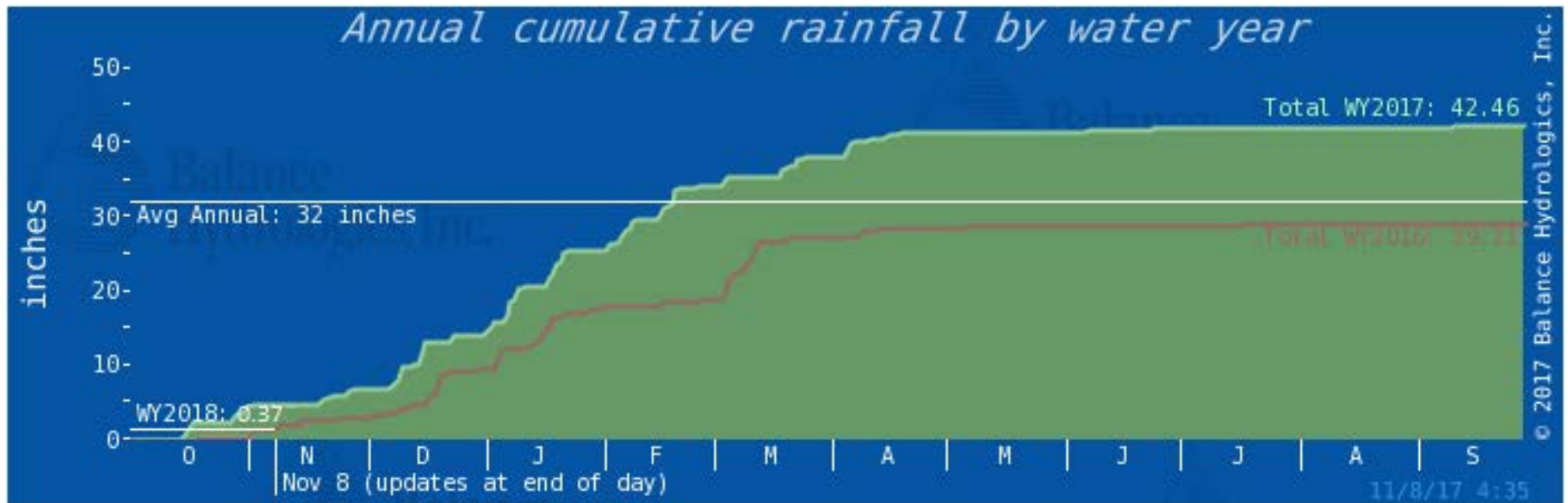
The attached chart shows the monthly rainfall at Alta Vista Treatment Plant for the current and prior water years along with seven-year average rain fall.

RECOMMENDATION:

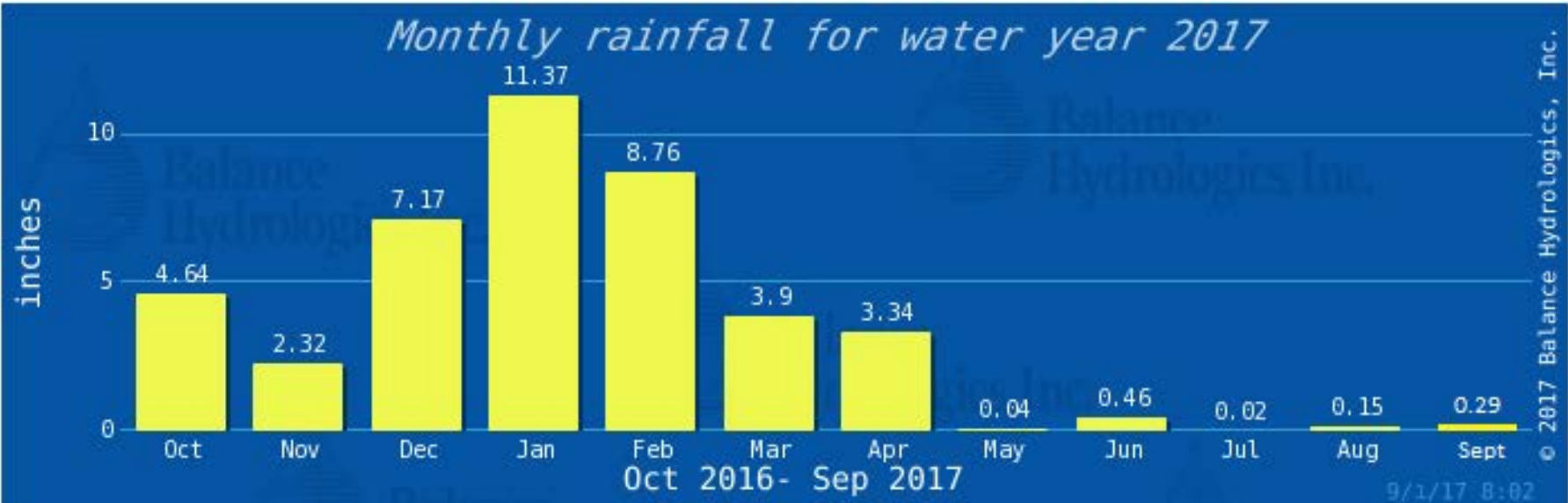
No action is required. These reports are provided for the Board's information only.

Attachments: 2

Annual Cumulative Rainfall



Monthly Cumulative Rainfall





MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: November 16th, 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 39949 kWh and saved 67914 lbs of CO₂.

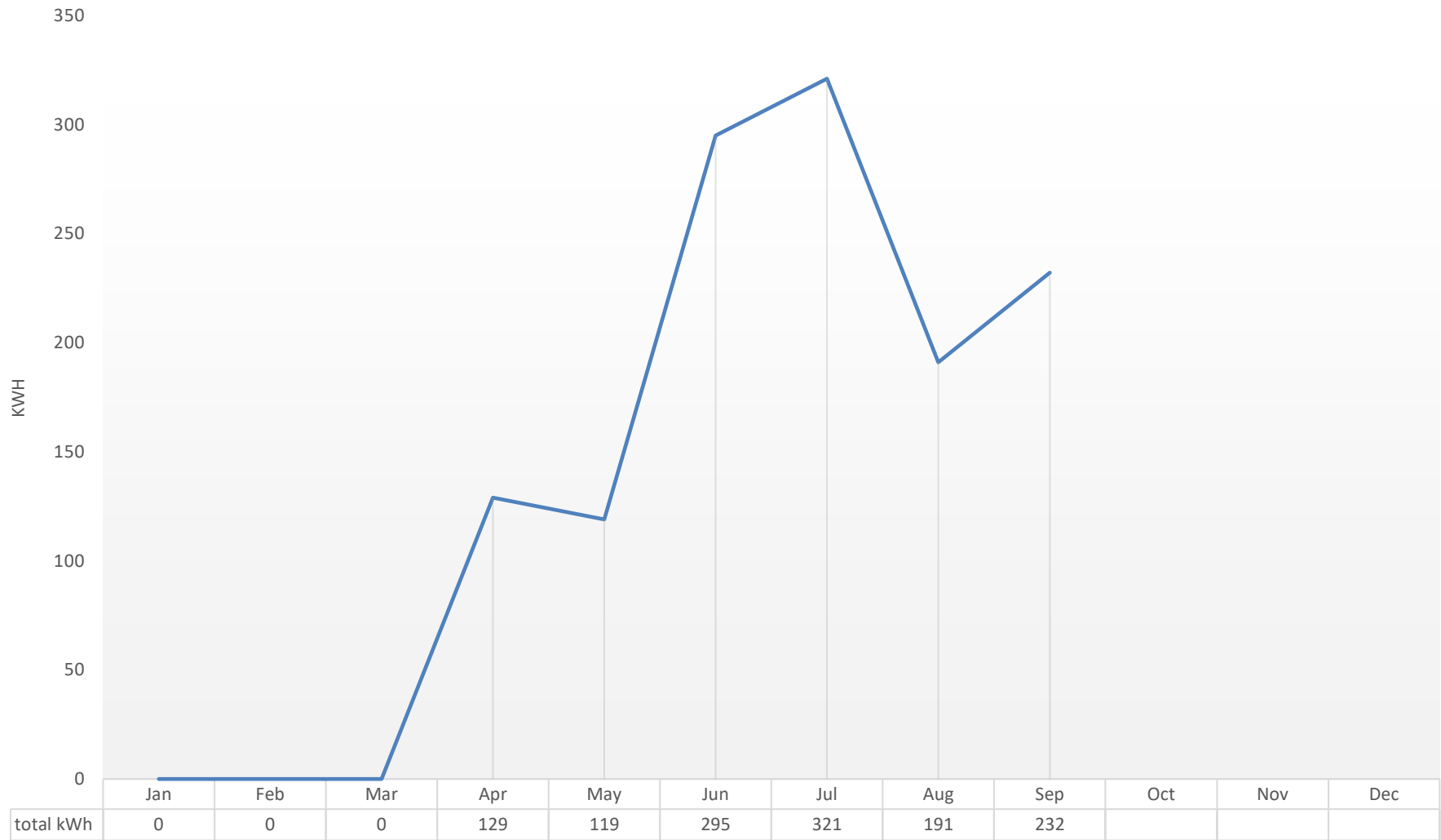
Please note - due to an electrical storm in December, the solar array equipment was damaged and has been disconnected. Array was reconnected April 15th , 2017

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: **November 16, 2017**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

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

The District has received the monthly PARS report for August 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*

Monthly Account Report for the Period
8/1/2017 to 8/31/2017

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

PlanID: P7-REP15A

Account Summary

Source	Beginning Balance as of 8/1/2017	Contributions	Earnings	Expenses	Distributions	Transfers	Ending Balance as of 8/31/2017
Contributions	\$544,040.73	\$8,278.07	\$1,280.08	\$259.79	\$508.86	\$0.00	\$552,830.23
TOTAL	\$544,040.73	\$8,278.07	\$1,280.08	\$259.79	\$508.86	\$0.00	\$552,830.23

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	0.23%	2.68%	11.89%	-	-	-	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.

**August 2017 PARS Statement
Detail Information**

PARS Beginning Balance as of August 1, 2017 \$ 544,040.73

Contributions:

July 15, 2017 Calculation

Wages	\$ 26,738.44	
Employer - 6.5%	\$ 1,738.00	
Employee - 8.25%	\$ 2,205.92	
Contributions Subtotal		\$ 3,943.92

Fund Impact - PARS Wages		
Sewer	Water	Total
\$ 10,801.31	\$ 15,937.13	\$ 26,738.44
\$ 702.09	\$ 1,035.91	\$ 1,738.00

Sewer	Water	Total
\$ 11,535.90	\$ 17,848.14	\$ 29,384.04
\$ 749.83	\$ 1,160.13	\$ 1,909.96

July 31, 2017 Calculation

Wages	\$ 29,384.04	
Employer - 6.5%	\$ 1,909.96	
Employee - 8.25%	\$ 2,424.18	
Contributions Subtotal		\$ 4,334.15
Rounding		\$ -
Total Contributions thru July		\$ 8,278.07

Earnings \$1,280.08

Expenses \$ (259.79)

Distributions \$ (508.86)

PARS Ending Balance as of August 31 \$ 552,830.23



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **November 16, 2017**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager 

SUBJECT: Reserve designation for SRF Loan

As a part of the SRF12CX109 funding agreement Article B-4, the District is required to set up a reserve fund with US bank and deposit at a minimum, a reserve of two semiannual payments or \$241,112. SRF allows the money to be set aside and accumulated over a period of 10 years (10% annual deposit).

The District is in year two of the agreement which constitutes a total amount of \$48,222 to be set aside as a reserve. Each subsequent year an additional \$24,111 will be included in the overall reserve.

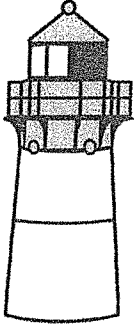
District staff was successful in requesting SRF to amend the requirement to deposit the funds in a US bank account. Alternatively, SRF is allowing the District to create a new reserve account within the Water enterprise fund.

Beginning with the month end of October 2017, the new reserve will be created, funded, and displayed in the monthly financial statement packet. On-going the reserve requirement will need to be reviewed each year in conjunction with the budget process to determine adequate cash flow while still satisfying reserve requirements.

Recommendation:

This is for Board information only.

Attachments.



Montara Water & Sanitary District

Serving the Communities of Montara and Moss Beach

P.O. Box 370131

Tel: (650) 728-3545

8888 Cabrillo Highway

Fax: (650) 728-8556

Montara, CA 94037-0131

E-mail: mwsd@coastside.net

Visit Our Web Site: <http://www.mwsd.montara.com>

August 25, 2017

Ms. Leslie Laudon, Deputy Director
State Water Resources Control Board
Division of Financial Assistance
1001 I Street, 16th Floor
Sacramento, CA 95814

Ms. Leslie Laudon,

We have recently been reminded of the clause within the District's Safe Drinking Water State Revolving Fund (SDWSRF) funding agreement no. SRF12CX109, Montara Water and Sanitary District, Project No. 4110010-022C which requires the District to set aside 10% of one year's debt service into a reserve account; up to a total of \$241,112.

We are writing to request the ability to set up a separate reserve fund within the District's general ledger Water Enterprise Fund instead of going through the process of wiring funds to our fiscal agent, US Bank. In my research and conversations with the Water Board staff district's with Water Board grants I have noted that the Reserve Fund requirement has gone away since the DWSRF left the Department of Public Health and changed to Water Boards.

The District's water enterprise is continually improving both from the standpoint of infrastructure as well as financially. The District has smoothed out rate increases to 5% each year beginning in fiscal year 2014-15 through 2018-19. This has allowed the District to compete with rising costs in labor and relevant services. The District, along with its engineers, have also done an excellent job of prioritizing capital projects and using funds from new connections as well as operations to ensure the necessary projects are identified, budgeted for, and completed.

I am including a copy of our 2017-2018 operations budget as well as the District's audited FY 15-16 financial statements in hopes of providing solid exhibits of the District's financial health.

Kind Regards,

Clemens Heldmaier, MWSD

A handwritten signature in black ink, appearing to read 'Clemens Heldmaier'. The signature is fluid and cursive, with a long horizontal stroke at the end.

Fiscal Year 2017-2018

Budget Executive Summary

General Manager

Clemens Heldmaier

Staff

Julian Martinez
Judy Gromm
Nicholas Carrington
Reeson Blevins
Clyde Bradshaw

Board of Directors

Dwight Wilson, *President*
Scott Boyd, *President Pro Tem*
Kathryn Slater-Carter, *Secretary*
Bill Huber, *Treasurer*
Jim Harvey, *Director*

The Mission of Montara Water and Sanitary District

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.

District Overview

The Montara Water & Sanitary District, formed in 1958 as a public agency, is responsible for maintaining approximately twenty-five miles of sewer line and thirteen pump stations. The District is a member of the JPA, Sewer Authority-Mid Coastside (SAM), which operates the sewage treatment plant and inter-tie pipeline connecting the member agencies.

In addition, the District manages a solid waste franchise with Recology of the Coast which collects all trash and disposes of it properly, as well as recycles the material placed in the recycling bins by each household.

Through special State legislation, was granted the powers of a county water district. This was done in an effort to improve the water supply and service provided by the private water company serving the area. On August 5, 2003, the district acquired, and began operating, the water system to serve the unincorporated areas of Montara and Moss Beach. Since then the District has successfully improved water quality and source reliability.

Fiscal Year 2017-2018

Budget Executive Summary

Fiscal year 2016-17 Accomplishments

1. Zero Water Operator turnover
2. Increase in Connections sold in both the Water and Sewer enterprise
3. Successful Financial Audit and Single Audit
 - a. No note of material weaknesses or significant deficiencies in the Financial Statement Audit

Fiscal Year 2017-18 Budget Overview

This budget continues the District's tradition of meeting all regulatory requirements in planning, designing, operating, and maintaining its facilities. We also continue a tradition of fiscal responsibility, recognizing the cost of the District services impacts the community, balanced with the need to maintain prudent reserves to sustain our capital assets. With the resources provided in this budget, the District can continue to focus on customers, work in an environmentally friendly manner, establish and maintain partnerships with other organizations, and foster a positive environment for employees.

Projections used in this budget are the result of multi-levels of review by management, staff, finance committee and the Board of Directors. Cost increases have been limited as much as possible to essential projects or services. As shown in the following Budgeted Cash Flow for both Sewer and Water, the budget presents a projection of revenues by funding source, operating expenses, debt service costs and capital expenditures planned for fiscal year 2017-18. Capital project cost estimates are based on the Capital Improvement Program (CIP) and related water master plan.

Sewer Enterprise:

Sewer service charge:

The budget model has been set using a dollar value growth factor of 2.88%. The actual dollar percentage increased by 1.70% due to slightly un-favorable flow distribution in the prior wet weather period. Due to this decrease in flow of 1.57%, the District is expecting to take in \$30,445 more revenue than prior fiscal year. The current residential occupancy rate charge is \$41.73 per hundred cubic feet (HCF). The District is proposing a rate of \$42.93 HCF, which is the maximum prop 218 limit. The District will be going out for a rate study in fiscal year 2017-18, this expense has been budgeted for.

Sewer Authority Mid-Coastside:

The major factors impacting the Sewer enterprise are the overall costs of being a part of the SAM JPA. The SAM budget is comprised of two separate assessments:

1. Operations & Maintenance, which includes a capital infrastructure component
2. Collection Services

Fiscal Year 2017-2018

Budget Executive Summary

Current year differences as compared to last fiscal year are as follows:

	FY 2016-17	FY 2017-18	\$ (Decrease)	% (Decrease)
	Adopted Budget	Proposed Budget		
Operations & Maintenance	\$ 694,531	\$ 1,259,320	\$ 564,789	81.32%
Collection Services	\$ 321,608	\$ 285,934	\$ (35,674)	-11.09%
Infrastructure	\$ 153,710	\$ -	\$ (153,710)	-100.00%
	<u>\$ 1,169,849</u>	<u>\$ 1,545,254</u>		

Labor:

The District has the equivalent of two full time equivalents that are paid through Sewer operations. Overall, benefits and labor in comparison to fiscal year 2016-17 are budgeted to increase \$5,768 or 1.92%. This fiscal year includes a 3.79% cost of living increase as well as a 2.5% merit increase. The District will welcome a new District Clerk at the beginning of the new fiscal year, taking over for Judy Gromm who is planning on leaving in the Summer of 2017.

Connection Fees:

Revenue from new residential construction has been budgeted to increase slightly by \$4,320 or 3.08%. For fiscal year 2016-17 the District has issued four new connections. Based on the unexpected nature of new connection issuances, the District is remaining conservative and budgeting for a total of six new connections issued for fiscal year 2017-18. The revenue from these connections is used for MWSD capital expenditures and the SAM assessment for capital infrastructure improvements

Capital Improvement:

Fiscal year 2016-17 Sewer CIP budget was set at \$1,745,750. The planned high priority projects included the Cabrillo Highway Phase 1 A & B sewer main replacement as well as other mechanical system repairs & replacements that were deemed to be high priority. A number of issues have plagued the ability to proceed on a number of these planned projects. Through April 2017, Sewer CIP is 49.07% through its total budget for a total of \$856,689 in capital costs.

Fiscal year 2017-2018 budget model currently includes the majority of these high priority projects as well as others. For this reason, the budget set for fiscal year 2016-17 is \$1,640,000. The District expects to have to use a good portion of reserves to fund these projects which have been in the works for many years.

Water Enterprise:

Water Sales:

In fiscal year 2014-2015 the District's Water enterprise went through a comprehensive Rate Study prepared by Bartle Wells. The rate study was the culmination of many months of work. Bartle Wells

Fiscal Year 2017-2018

Budget Executive Summary

drafted various financial models in order to decide the long term rate structure for the District. The specific assumptions made included the *cost escalation factor*, *Interest earnings rate*, *growth in customer base*, and *price elasticity*. These assumptions are used in order to account for the known cost drivers. The largest portion being the Water enterprise's debt service responsibilities for the next 10-15 years and the District's long term capital improvement program set forth by the District's master plan. After careful consideration of three proposed financial models put in place by Bartle Wells, the decision of a 3% water rate increase and 10 new connections per year was deemed appropriate.

Whereas the Bartle Wells model is used as a guide for the District's budget, it is not followed to the dollar. For fiscal year 2017-18, water rates have been budgeted for a 3% rate increase, which compared to our projected revenues for the fiscal year would translate to an additional \$54,000 of revenue. An additional \$50,000 is expected from increased consumption. This brings the District's overall expectation of revenue from water sales to be \$1,915,496; an increase of \$115,496 or 6.42%.

Labor:

The District has the equivalent of 5 full time equivalents that are paid through Water operations. Overall, benefits and labor in comparison to fiscal year 2016-17 are budgeted to increase \$45,738 or 6.32%. This fiscal year includes a 3.79% cost of living increase as well as a 2.5% merit increase. The District will welcome a new billing specialist at the beginning of the fiscal year, taking over for Joanne Andreotti, who left in March 2017.

Connection Fees:

Connection fees revenue for new construction has been set to increase by \$47,020 with the estimate that 10 connections will be issued in fiscal year 2017-18. Thus far through April the District has issued seven new connections. The District is aware that the possibility of many more connections being issued related to the Big Wave project. However, with the current uncertainty regarding the project, it would not be prudent to include the additional revenue for fiscal year 2017-18.

Fiscal Year 2017-2018

Budget Executive Summary

Capital Improvement:

The current year CIP budget of \$713,500 is an increase of \$94,500 or 15.27%. This increase was to be expected as the District is back to continually maintaining and improving the current system through the traditional sense of replacing water main, laterals, and meters. The Pillar Ridge Rehab project is currently on-going and is expected to continue for the next five years.

Conclusion:

The District strives to keep its rate increases and overall costs as low as possible while meeting or exceeding regulatory standards and maintaining a focus on environmental stewardship. Rate increases for services remain below the average in the region, while the District has been recognized for excellence at the local and state levels.



Montara Water & Sanitary

Budgeted Cash Flow - Sewer

Fiscal year 2017-2018

Cash flow summary

Operating cash flow

Operating income		
Sewer Service Charges	\$	1,999,171
Cell Tower Lease	\$	34,300
Fees & Other	\$	17,000
Property Tax	\$	235,000
Waste Collection Revenues	\$	22,000
Total operating income	\$	2,307,471
Operating expenses		
Personnel	\$	(306,639)
Professional Services	\$	(114,950)
Facilities & Administration	\$	(46,100)
Engineering	\$	(52,000)
Pumping	\$	(32,000)
Sewer Authority Mid-Coastside	\$	(1,635,254)
All other Accounts	\$	(53,860)
Total operating expenses	\$	(2,240,803)
Net Cash Flow Provided by Operations	\$	66,668

Investment cash flow

Investment income		
Interest Revenue	\$	15,000
Total investment income	\$	15,000
Investment expenses		
Capital Improvement Program	\$	(1,640,000)
SAM Capital Assessment	\$	-
Total investment expenses	\$	(1,640,000)
Net Cash Flow Used by Investments	\$	(1,625,000)

Financing cash flow

Financing income		
Connection Fees	\$	194,576
Total financing income	\$	194,576
Financing expenses		
Loan Interest Expense	\$	(42,634)
Loan Principal Payment	\$	(75,179)
Total financing expenses	\$	(117,813)
Net Cash Flow Provided by Financing Activities	\$	76,763
Overall projected cash flow	\$	(1,481,568)
Transfer from Sewer Reserves	\$	1,481,568
Net cash flow	\$	-



Montara Water & Sanitary

Budgeted Cash Flow - Water

Fiscal year 2017-2018

Cash flow summary

Operating cash flow

Operating income		
Water Sales	\$	1,912,496
Cell Tower Lease	\$	34,300
Fees & Other	\$	12,050
Property Tax	\$	235,000
Backflow Testing & Other	\$	13,000
Total operating income	\$	2,206,846
Operating expenses		
Personnel	\$	(769,260)
Professional Services	\$	(139,700)
Facilities & Administration	\$	(57,380)
Engineering	\$	(87,000)
Pumping	\$	(109,000)
Supply	\$	(52,000)
Collection/Transmission	\$	(94,500)
Treatment	\$	(64,000)
All Other Accounts	\$	(130,600)
Total operating expenses	\$	(1,503,440)
Net Cash Flow Provided by Operations	\$	703,406

Investment cash flow

Investment income		
GO Bonds, Assessment Receipts	\$	1,150,436
Total investment income	\$	1,150,436
Investment expenses		
Capital Improvement Program	\$	(713,500)
Total investment expenses	\$	(713,500)
Net Cash Flow Used by Investments	\$	436,936

Financing cash flow

Financing income		
Connection Fees	\$	253,020
Total financing income	\$	253,020
Financing expenses		
Long Term Debt - Interest Expense	\$	(326,530)
Long Term Debt - Principal Payment	\$	(1,062,675)
Total financing expenses	\$	(1,389,205)
Net Cash Flow Provided by Financing Activities	\$	(1,136,185)
Overall projected cash flow	\$	4,157
Transfer to Water Reserves	\$	4,157
Net cash flow	\$	-



MWSD — Fiscal Year 2017-18 Operations Budget - SEWER ENTERPRISE

GL Codes	2014-15		2015-16 Actual		Approved Budget 2016-17		Income/Expenditure s as of April 30,		% To date	Projected % of Budget	Projected as Budgeted amounts		Increase/(Decrease) Increase/(decrease) %
	Actual						2017-18	from 2016-2017 \$			%		
Operating Revenue													
4220 Cell Tower Lease:	32,422	33,500	28,573	85.29%	34,288	102.35%	34,300	800	2.39%				
Administrative Fees (New Construction):	1,852	3,318	3,409	113.63%	4,091	136.36%	3,500	500	16.67%				
Administrative Fees (Remodel):	3,241	1,422	1,448	96.53%	1,738	115.84%	2,000	500	33.33%				
Inspection Fees (New Construction):	1,748	3,136	3,220	128.80%	3,864	154.56%	3,500	1,000	40.00%				
Inspection Fees (Remodel):	4,969	3,219	3,748	107.09%	4,498	128.50%	4,000	500	14.29%				
Remodel Fees:	19,777	2,222	3,396	48.51%	4,075	58.22%	4,000	(3,000)	-42.86%				
Property Tax Receipts:	214,220	325,976	312,876	133.14%	327,000	139.15%	235,000	33,445	1.70%				
Sewer Service Charges:	2,203,383	2,063,335	1,802,159	91.49%	1,969,726	100.00%	2,003,171	33,445	1.70%				
Sewer Service Refunds, Customer:	(6,915)	(8,386)	(10,530)	263.25%	(12,636)	315.90%	(4,000)						
Waste Collection Revenues:	17,844	19,350	19,208	91.47%	23,050	109.76%	22,000	1,000	4.76%				
Other Revenue:		154	280	100.00%	336	100.00%							
Total Operating Revenue:	2,492,171	2,447,496	2,167,787	95.38%	2,360,029	103.84%	2,307,471	34,745	1.53%				
Operating Expenses													
5190 Bank Fees:	6,709	3,363	5,732	104.22%	6,400	116.36%	6,500	1,000	18.18%				
Board Meetings:	4,850	3,282	2,986	99.53%	3,583	119.44%	4,000	1,000	33.33%				
Director Fees:	1,269	2,363	2,290	69.39%	3,053	92.53%	3,300						
Election Expenses:			4,860	121.50%	4,860	121.50%		(4,000)					
Conference Attendance:	5,250	2,000	147	7.33%	1,000	50.00%	2,000						
Information Systems:	3,069	3,888	1,057	17.63%	1,409	23.49%	6,000						
Fidelity Bond:	438	500					500						
Property & Liability Insurance:	1,667	1,688	1,918	112.85%	1,918	112.82%	2,000	300	17.65%				
LAFCO Assessment:	1,754	1,718	1,526	76.30%	1,526	76.30%	2,000						
Meeting Attendance, Legal:	6,770	7,139	5,670	59.68%	7,560	79.58%	9,500						
General Legal:	9,375	31,865	24,235	121.18%	32,313	161.57%	25,000	5,000	25.00%				
Maintenance, Office:	5,337	7,619	6,363	79.54%	8,484	106.05%	8,000						
Meetings, Local:													
Memberships:			708	100.00%									
Office Supplies:	9,319	7,366	5,950	74.38%	7,933	99.17%	8,000						
Postage:	1,214	2,668	1,034	41.36%	1,379	55.15%	2,500						
Printing & Publishing:	2,786	3,478	577	19.23%	769	25.64%	3,000						
Accounting:	24,483	38,555	16,550	55.17%	22,067	73.56%	30,000						
Audit:	10,950	12,050	13,000	100.00%	13,000	100.00%	13,000						
Consulting:	18,979	16,886	11,947	42.67%	15,929	56.89%	28,000						
Data Services:	5,640	5,504	2,125	35.42%	2,833	47.22%	6,000						
Labor & HR Support:	4,286	1,875	1,875	83.33%	2,500	111.11%	2,500						
Payroll Services:	753	839	803	100.38%	1,071	133.83%	950	150	18.75%				
Other Professional Services:	5890	375	102	100.00%	135	100.00%							
San Mateo County Tax Roll Charges:	5710	116	119	4.76%	159	6.35%	2,500						
Telephone & Internet:	9,812	13,742	12,317	111.97%	16,423	149.30%	16,500	5,500	50.00%				
Mileage Reimbursement:	1,137	682	617	41.13%	823	54.84%	1,500						
Reference Materials:			23	11.50%	31	15.33%	200						
Other Administrative:													
CalPERS 457 Deferred Plan:	13,303	13,954	12,899	85.33%	15,479	102.39%	15,445	328	2.17%				
Employee Benefits:	34,993	47,890	26,511	77.11%	31,813	92.53%	35,635	1,253	3.64%				
Disability Insurance:	1,206	1,937	1,479	68.97%	1,224	82.76%	55						
Payroll Taxes:	5840	12,920	11,559	69.97%	13,871	83.96%	16,879	358	2.17%				
Worker's Compensation Insurance:	5960	2,558	491	31.12%	1,363	37.35%	2,447	(1,202)	-32.93%				
Management:	5910	71,501	92,434	89.22%	99,973	107.07%	103,725	10,352	11.09%				
Staff :	5920	100,302	112,648	81.96%	116,485	98.35%	112,599	(5,845)	-4.93%				
Staff Certification:	5930	1,800	1,800	83.33%	1,800	100.00%	1,800						
Staff Overtime:	5940	3,480	2,888	151.04%	4,240	181.25%	2,514	175	7.49%				
Staff Standby:	5950	928	29										
PARS:	5850	13,495	11,724	85.15%	14,069	14.061	293						
Claims, Property Damage:	6170	2,139					10,000						
Education & Training:	6195						1,000						
Meeting Attendance, Engineering:	6210						2,000						
General Engineering:	6220	61,309	34,522	69.04%	46,029	92.06%	50,000						
Equipment & Tools, Expensed:	6320						1,000						

MWSD — Fiscal Year 2017-18 Operations Budget - SEWER ENTERPRISE

Operating Revenue	2014-15		2015-16		Approved Budget 2016-17		Income/Expenditure as of April 30,		% To date		Projected % of Budget	Budgeted amounts 2017-18	Increase/(Decrease) from 2016-2017 \$	Increase/(decrease) %
	Actual	GL Codes	Actual	Budget	Budget	Actual	Budget	Actual	Budget					
Alarm Services:	6335	4,701	5,896	5,340	4,267	79.91%	5,689	106.54%	5,700	360	6.74%			
Landscaping:	6337	2,280	3,512	2,400	3,510	146.25%	4,080	170.00%	2,400					
Pumping Fuel & Electricity:	6410	26,888	25,454	27,000	23,486	86.99%	31,315	115.98%	32,000	5,000	18.52%			
Pumping Maintenance, General:	6430		3,525	10,000										
Maintenance, Collection System:	6660													
Fuel:	6810	511	792	800	584	72.98%	778	97.31%	10,000					
Truck Equipment, Expensed:	6820	87	89	160	34	21.29%	45	28.38%	800					
Truck Repairs:	6830	51	153	400	143	35.81%	191	47.75%	160					
Total Other Operations:	6890	119							400					
SAM Collections:	6910	305,856	360,504	321,608	550	100.00%	733	100.00%						
SAM Operations:	6920	624,024	707,892	694,551	268,007	83.33%	321,608	100.00%	285,934	(35,674)	-11.09%			
SAM Prior-Year Adjustment:	6930	(3,190)			562,149	80.94%	674,579	97.13%	1,259,330	564,789	81.32%			
SAM Maintenance, Collection System:	6940	19,950	27,649	40,000	55,257	138.14%	55,257	138.14%	40,000					
SAM Maintenance, Pumping:	6950	46,632		50,000	19,180	38.36%	19,180	38.36%	50,000					
Total Operations Expense:		1,399,540	1,636,054	1,691,366	1,346,483	79.61%	1,616,961	95.60%	2,240,803	549,443	32.49%			
Net change in position from Operations:		1,092,630	811,142	581,366	821,305	141.27%	743,068	127.81%	66,668	(514,698)	-88.53%			



MWSD — Fiscal Year 2017-2018 Non-Operating Budget - SEWER ENTERPRISE

GL Codes	2014-15		2015-16 Actual		Approved Budget 2016-17		Income/Expenditure \$ as of April 30,		% To date		Projected % of Budget	Budgeted amounts, Increase/(Decrease), Increase/(decrease) from 2016-17 \$		%
	Actual											2017-18		
Non Operating Revenue														
Connection Fees, Residential New Const:	7110	142,923	53,363	140,256	109,242	77.89%	131,091	93.47%	144,576	4,320	3.08%			
Connection Fees, Residential Remodel:	7120	23,432	47,234	50,000	29,851	59.70%	35,821	71.64%	50,000	5,000	50.00%			
LAP, Interest:	7200	11,938	18,184	10,000	13,851	138.51%	16,621	166.21%	15,000	5,000	50.00%			
Total Non Operating Revenue:		182,362	119,676	200,256	152,944	76.37%	183,533	91.65%	209,576	9,320	4.65%			
Non Operating Expense														
PNC Equipment Lease:	9125	21,819	20,743	19,598	15,579	79.49%	18,695	95.39%	18,280	(1,318)	-6.73%			
Capital Assessment, SAM:	9175	63,360	160,668	153,710	87,814	57.13%	105,377	68.56%	(153,710)	(153,710)	-100.00%			
I-Bank Loan:	9200	26,493	28,484	25,201	2,135	8.47%	2,562	10.17%	24,354	(847)	-3.36%			
Total Non Operating Expense:		111,671	209,895	198,508	105,528	53.16%	126,633	63.79%	42,634	(155,875)	-78.59%			
Net Change in position from Non Operating		70,691	(90,219)	1,748	47,416		56,900		166,942	165,195				



MWSD — Fiscal Year 2017-2018 Operations Budget - WATER ENTERPRISE

GL Codes	2014-15		2015-16		Approved Budget		Income/Expenditures	as of April 30, 2017	% To date	Projected	Projected as % of Budget	Budgeted amounts		Increase/(Decrease)	Increase/(decrease)
	Actual	Actual	Actual	2016-17	2016-17	2017-18						from 2016-17 \$	%		
Operating Revenue															
Cell Tower Lease:	4220	32,422	33,500	28,573	85.29%	34,288	34,300	102.35%	800	2.39%					
Administrative Fees (New Construction):	4410	5,067	6,349	6,805	151.22%	8,166	5,500	181.47%	1,000	22.22%					
Administrative Fees (Remodel):	4420	985	0	0	0.00%	0	900	0.00%	0	0.00%					
Inspection Fees (New Construction):	4430	4,833	5,813	6,428	151.25%	7,714	5,000	181.50%	750	17.65%					
Inspection Fees (Remodel):	4440	929	0	460	57.50%	552	650	69.00%	(150)	-18.75%					
Mainline Extension Fees:	4450	10,290	46,459	0	0.00%	0	0	0.00%	0	0.00%					
Remodel Fees:	4460	324	0	106	100.00%	127	0	100.00%	0	0.00%					
Property Tax Receipts:	4610	424,451	325,926	312,876	133.14%	327,000	235,000	139.15%	0	0.00%					
Testing, Backflow:	4740	9,589	16,377	12,166	93.59%	14,599	13,000	112.30%	0	0.00%					
Water Sales:	4810	1,667,369	1,739,389	1,509,301	83.85%	1,811,161	1,915,496	100.62%	115,496	6.42%					
Water Sales Refunds, Customer:	4850	(395)	(1,488)	(2,333)	77.7%	(2,800)	(3,000)	93.32%	0	0.00%					
Other Revenue:	4990	2,855	8,793	9,221	100.00%	11,065	100,000%	100.00%	0	0.00%					
Total Operating Revenue:		2,158,720	2,181,118	1,883,603	90.17%	2,211,872	2,206,846	105.88%	117,896	5.64%					
Operating Expenses															
Bank Fees:	5190	5,874	9,607	5,534	55.34%	7,379	7,000	73.79%	(3,000)	-30.00%					
Board Meetings:	5210	2,931	3,282	2,986	99.53%	3,981	4,000	132.71%	1,000	33.33%					
Director Fees:	5220	3,188	2,363	2,290	69.39%	3,053	3,300	92.53%	0	0.00%					
Election Expenses:	5230	0	0	4,860	121.50%	6,480	0	162.00%	(4,000)	0.00%					
CDPH Fees:	5240	14,535	18,086	0	0.00%	0	15,500	0.00%	0	0.00%					
Conference Attendance:	5250	3,442	5,267	850	21.25%	1,133	4,000	28.34%	0	0.00%					
Information Systems:	5270	3,069	3,888	1,500	48.57%	2,363	3,000	157.53%	1,500	100.00%					
Fidelity Bond:	5310	438	0	0	0.00%	0	500	0.00%	0	0.00%					
Property & Liability Insurance:	5320	1,667	1,688	1,918	71.05%	2,558	2,700	94.74%	0	0.00%					
LAFCO Assessment:	5330	2,376	2,328	2,048	81.92%	2,731	2,500	109.23%	0	0.00%					
Meeting Attendance, Legal:	5420	6,768	7,700	5,668	66.68%	7,557	8,500	88.91%	0	0.00%					
General Legal:	5430	58,623	43,625	40,578	67.63%	54,104	60,000	90.17%	0	0.00%					
Maintenance, Office:	5510	5,337	8,122	8,108	101.35%	10,811	60,000	135.13%	0	0.00%					
Meetings, Local:	5520	298	0	0	0.00%	0	8,000	0.00%	0	0.00%					
Memberships:	5530	16,945	17,225	17,679	98.22%	17,679	18,000	98.22%	0	0.00%					
Office Supplies:	5540	9,319	7,366	5,949	74.36%	7,932	8,000	98.15%	0	0.00%					
Postages:	5550	9,909	7,578	5,889	93.15%	7,452	7,500	124.20%	1,500	25.00%					
Printing & Publishing:	5560	2,681	1,650	797	39.85%	1,063	2,000	53.13%	0	0.00%					
Accounting:	5610	24,483	38,555	16,550	55.17%	22,067	30,000	73.56%	0	0.00%					
Audit:	5620	10,050	20,950	13,000	63.42%	17,333	13,000	84.55%	(7,500)	-36.59%					
Consulting:	5630	50,273	28,650	20,987	83.95%	27,983	25,000	111.93%	0	0.00%					
Data Services:	5640	9,044	18,773	2,125	100.00%	0	2,500	0.00%	0	0.00%					
Labor & HR Support:	5650	4,661	2,651	1,875	93.75%	2,500	2,250	125.00%	250	12.50%					
Payroll Services:	5660	1,017	839	803	94.47%	1,071	950	125.96%	100	11.76%					
Other Professional Services:	5690	19,425	227	2,974	100.00%	3,965	100,000%	100.00%	0	0.00%					
San Mateo County Tax Roll Changes:	5710	0	122	119	100.00%	159	100,000%	100.00%	0	0.00%					
Telephone & Internet:	5720	13,491	19,391	16,811	96.89%	22,415	22,380	131.85%	5,380	31.65%					
Mileage Reimbursement:	5730	2,326	2,157	1,202	60.10%	1,603	2,000	80.13%	0	0.00%					
Reference Materials:	5740	0	0	23	2.88%	31	800	3.83%	0	0.00%					
Other Administrative:	5790	248	1,27	1,452	100.00%	1,936	1,000%	100.00%	0	0.00%					
CalPERS 457 Deferred Plan:	5810	29,503	31,571	28,043	82.55%	33,652	35,513	99.06%	0	0.00%					
Employee Benefits:	5820	55,586	75,196	52,579	75.80%	63,095	86,856	90.96%	17,488	4.54%					
Disability Insurance:	5830	2,605	3,329	2,525	86.44%	3,030	3,637	103.73%	716	25.21%					
Payroll Taxes:	5840	32,426	36,932	31,391	77.37%	37,669	42,294	92.84%	1,720	4.24%					
Worker's Compensation Insurance:	5960	12,461	4,788	10,174	52.68%	12,208	19,948	63.22%	636	3.30%					
Management:	5910	93,691	92,434	83,313	89.23%	99,976	103,725	107.07%	10,352	11.09%					
Staff:	5920	286,814	329,764	290,033	87.68%	348,040	358,357	99.22%	7,566	2.16%					
Staff Certification:	5930	9,000	9,440	7,525	83.61%	9,030	9,000	100.33%	0	0.00%					
Staff Overtime:	5940	47,530	48,214	44,017	84.08%	52,820	55,831	100.89%	3,478	6.64%					
Staff Standby:	5950	17,742	22,621	19,796	79.64%	23,755	25,947	95.57%	1,091	4.39%					
PARS:	5850	0	0	22,282	62.51%	26,738	28,152	118.97%	1,417	5.04%					
Backflow Prevention:	6160	4,682	800	892	89.23%	1,190	1,000	118.97%	0.1	0.00%					



MWSD — Fiscal Year 2017-2018 Operations Budget - WATER ENTERPRISE

Operating Revenue	2014-15 Actual		2015-16 Actual		Approved Budget Income/Expenditures as of April 30, 2017		% To date	Projected	Projected as % of Budget	Budgeted amounts		Increase/(Decrease) from 2016-17 \$	Increase/(decrease) %
	GL Codes				2016-17	2017-18				2016-17 \$	2017-18		
Operating Revenue													
Claims, Property Damage:	6170	0	0	10,000	1,75%	175	1.75%	233	2.33%	10,000	0	0	0.00%
SCADA Maintenance:	6185	11,177	28,817	15,000	129.71%	19,456	129.71%	25,941	172.94%	20,000	5,000	5,000	33.33%
Internet & Telephone, Communications:	6187	0	0	0	0.00%	0	0.00%	0	0.00%	0	0	0	0.00%
Education & Training:	6195	4,278	2,574	6,000	97.05%	5,877	97.05%	7,836	130.60%	7,000	1,000	1,000	16.67%
Meeting Attendance, Engineering:	6210	0	0	2,000	0.00%	0	0.00%	0	0.00%	2,000	0	0	0.00%
General Engineering:	6220	3,780	15,406	20,000	30.61%	6,121	30.61%	8,161	40.81%	20,000	0	0	0.00%
Water Quality Engineering:	6230	77,001	82,864	65,000	109.40%	94,816	145.87%	94,816	145.87%	65,000	0	0	0.00%
Equipment & Tools, Expensed:	6320	5,186	4,008	5,000	43.28%	2,164	43.28%	2,885	57.71%	5,000	0	0	0.00%
Alarm Services:	6335	715	640	750	79.60%	597	79.60%	796	106.13%	800	50	50	6.67%
Landscaping:	6337	3,746	6,226	6,000	94.40%	5,664	94.40%	7,552	125.87%	6,000	0	0	0.00%
Lab Supplies & Equipment:	6370	39	818	1,000	17.80%	178	17.80%	237	23.73%	1,000	0	0	0.00%
Meter Reading:	6380	0	0	0	100.00%	119	100.00%	159	100.00%	0	0	0	0.00%
Pumping Fuel & Electricity:	6410	72,500	89,652	100,000	62.83%	62,830	62.83%	83,773	83.77%	90,000	(10,000)	(10,000)	-10.00%
Pumping Maintenance, Generators:	6420	9,581	4,771	8,000	93.76%	7,501	93.76%	10,001	125.01%	10,000	2,000	2,000	25.00%
Pumping Maintenance, General:	6430	4,297	6,284	2,500	198.05%	4,951	198.05%	6,602	264.07%	7,000	4,500	4,500	64.29%
Pumping Equipment, Expensed:	6440	0	1,786	2,000	0.00%	0	0.00%	0	0.00%	2,000	0	0	0.00%
Maintenance, Raw Water Mains:	6510	0	2,478	10,000	100.00%	1,363	100.00%	1,817	100.00%	2,000	2,000	2,000	100.00%
Maintenance, Wells:	6520	4,853	20,657	10,000	14.21%	1,421	14.21%	1,894	18.94%	10,000	0	0	0.00%
Water Purchases:	6530	35,443	38,009	40,000	35.21%	14,083	35.21%	18,777	46.94%	40,000	0	0	0.00%
Hydrants:	6610	0	0	1,000	381.90%	3,819	381.90%	5,092	509.19%	1,000	0	0	0.00%
Maintenance, Water Mains:	6620	68,976	71,575	55,000	186.02%	102,313	186.02%	136,417	248.03%	55,000	0	0	0.00%
Maintenance, Water Service Lines:	6630	16,458	33,705	25,000	16.66%	4,166	16.66%	5,555	22.22%	25,000	0	0	0.00%
Maintenance, Tanks:	6640	690	8,741	1,000	7.05%	71	7.05%	94	9.41%	1,000	0	0	0.00%
Maintenance, Distribution General:	6650	10,556	2,406	10,000	11.75%	1,175	11.75%	1,567	15.67%	10,000	0	0	0.00%
Maintenance, Collection Systems:	6660	0	0	0	100.00%	24	100.00%	32	100.00%	0	0	0	0.00%
Meters:	6670	4,805	5,382	2,500	397.22%	9,930	397.22%	13,241	529.62%	2,500	0	0	0.00%
Chemicals & Filtering:	6710	27,289	40,896	30,000	34.53%	10,360	34.53%	13,813	46.04%	30,000	0	0	0.00%
Maintenance, Treatment Equipment:	6720	2,949	11,965	4,000	94.95%	3,798	94.95%	5,064	126.60%	4,000	0	0	0.00%
Treatment Analysis:	6730	22,355	28,890	30,000	68.41%	20,524	68.41%	27,365	91.22%	30,000	0	0	0.00%
Uniforms:	6770	10,435	14,530	9,000	95.31%	8,578	95.31%	11,437	127.08%	12,000	3,000	3,000	33.33%
Fuel:	6810	7,129	6,117	8,000	59.13%	4,730	59.13%	6,307	78.83%	8,000	0	0	0.00%
Truck Equipment, Expensed:	6820	1,098	651	1,000	32.80%	328	32.80%	437	43.73%	1,000	0	0	0.00%
Truck Repairs:	6830	5,732	1,074	5,000	20.66%	1,033	20.66%	1,377	27.55%	5,000	0	0	0.00%
Other Operations:	6890	2,702	2,811	10,058	100.00%	10,058	100.00%	13,411	100.00%	10,000	0	0	0.00%
Total Operations Expense:		1,288,342	1,461,040	1,454,922	79.88%	1,162,227	79.88%	1,461,232	100.43%	1,503,440	48,518	48,518	3.33%
Net Change in position from Operations:		870,377	720,078	634,028	113.78%	721,376	113.78%	750,640	118.39%	703,406	69,378	69,378	10.94%

MWSD — Fiscal Year 2017-2018 Non-Operating Budget - WATER ENTERPRISE

GL Codes	2014-15 Actual	2015-16 Actual	Approved Budget 2016-17	Income/Expenditures as of April 30, 2017	% To date	Projected	Projected as % of Budget	Budgeted amounts 2017-18	Increase/(Decrease) from 2015-2016 \$	Increase/(decrease) %
Non Operating Revenue										
Connection Fees, Residential New Const:	104,344	77,695	128,000	130,171	101.70%	155,205	122.04%	173,020	45,020	35.17%
Connection Fees, Residential Remodel:	2,757	0	3,000	106	3.53%	127	4.24%	(3,000)	(3,000)	-100.00%
Connection Fees, Residential Fire:	65,392	61,724	65,000	78,508	120.78%	94,210	144.94%	80,000	15,000	23.08%
Connection Fees, Residential Remodel Fire:	0	0	0	0	0.00%	0	0.00%	0	0	0.00%
Connection Fees, Well Conversion:	1,265,893	1,215,941	1,150,436	1,115,611	96.97%	1,338,733	116.37%	1,150,436	0	0.00%
General Obligation Bonds, Assessment Receipts:	1,438,385	1,355,360	1,346,436	1,324,396	98.36%	1,589,275	118.04%	1,403,456	57,020	4.23%
Total Non Operating Revenue:										
Non Operating Expense										
General Obligation Bonds:	327,105	307,634	295,734	171,022	57.83%	205,226	69.40%	273,978	(21,757)	-7.36%
PNC Equipment Lease:	21,819	20,743	19,598	15,579	79.49%	18,695	95.39%	18,280	(1,318)	-6.73%
State Revolving Fund Loan:	7,469	60,239	37,247	46,180	123.98%	55,416	148.78%	34,273	(2,975)	-7.99%
Water Rebates:	356,393	394,634	0	700	100.00%	840	100.00%	500	500	100.00%
Total Non Operating Expense:										
Net change in position from Non Operating activities:	1,081,992	960,726	1,346,436	1,090,915		1,309,098		1,076,426	83,069	6.17%

Montara Water and Sanitary District

Revenue By Grouping - Sewer Enterprise

Grouped Categories	FY 2016-17		% To date	FY 2016-17		FY 2016-17 Projected Revenues	Difference between Budgeted vs. Projected	Budgeted amounts		Increase/(Decrease) from 2016-2017 \$	Increase/(decrease) %
	Actual FY 2016-17	Budgeted Revenues		Revenues as of March 31, 2017	2017-18			2017-18			
Sewer Service Charges	2,054,949	1,965,726	91.14%	1,791,629	1,957,090	(8,636)	1,999,171	33,445	1.70%		
Cell Tower Lease	33,500	33,500	85.29%	28,573	34,288	788	34,300	800	2.39%		
Fees & Other	13,471	17,500	88.58%	15,501	18,601	1,101	17,000	(500)	-2.86%		
Property Tax	325,926	235,000	133.14%	312,876	327,000	92,000	235,000	0	0.00%		
Waste Collection Revenues	19,350	21,000	91.47%	19,208	23,050	2,050	22,000	1,000	4.76%		
Total	2,447,196	2,272,726	95.38%	2,167,787	2,360,029	87,303	2,307,471	34,745	1.53%		

Expenditures by Grouping

General Operating Budget - Cost Center Roll-up

Grouped Categories	FY 2016-17		% To date	FY 2016-17		FY 2016-17 Projected Expenditures	Difference between Budgeted vs. Projected	Budgeted amounts		Increase/(Decrease) from 2016-2017 \$	Increase/(decrease) %
	Actual FY 2016-17	Budgeted Expenditures		Revenues as of March 31, 2017	2017-18			2017-18			
Personnel	301,602	300,871	83.18%	250,263	300,316	(555)	306,639	5,768	1.92%		
Professional Services	115,087	109,550	69.65%	76,307	97,409	(12,141)	114,950	5,400	4.93%		
Facilities & Administration	44,281	40,240	84.54%	34,018	44,757	4,517	46,100	5,860	14.56%		
Engineering	31,924	52,000	66.39%	34,522	46,029	(5,971)	52,000	0	0.00%		
Pumping	28,979	27,000	86.99%	23,486	31,315	4,315	32,000	5,000	18.52%		
Sewer Authority Mid-Coastside	1,096,045	1,106,139	81.78%	904,592	1,070,624	(35,515)	1,635,254	529,115	47.83%		
All other Accounts	18,135	55,560	41.93%	23,294	26,510	(29,050)	53,860	(1,700)	-3.06%		
Total	1,636,054	1,691,360	79.61%	1,346,483	1,616,961	(74,399)	2,240,803	549,443	32.49%		

Montara Water and Sanitary District

Revenue By Grouping - Water Enterprise

Grouped Categories	FY 2016-17		FY 2016-17 Projected		Difference between Budgeted vs. Projected	Budgeted amounts		Increase/(Decrease) from 2016-2017 \$	Increase/(decrease) %
	Actual FY 2016-17	Budgeted Revenues	Revenues	% To date		2017-18	2017-18		
Water Sales	1,737,901	1,797,000	1,808,362	83.86%	11,362	1,912,496	115,496	6.43%	
Cell Tower Lease	33,500	33,500	34,288	85.29%	788	34,300	800	2.39%	
Fees & Other	58,621	10,450	16,559	132.05%	6,109	12,050	1,600	15.31%	
Property Tax	325,926	235,000	327,000	133.14%	92,000	235,000	0	0.00%	
Backflow Testing & Other	25,170	13,000	25,664	164.52%	12,664	13,000	0	0.00%	
Total	2,181,118	2,088,950	2,211,872	90.17%	122,922	2,206,846	117,896	5.64%	

Expenditures by Grouping

General Operating Budget - Cost Center Roll-up

Grouped Categories	FY 2016-17		FY 2016-17 Projected		Difference between Budgeted vs. Projected	Budgeted amounts		Increase/(Decrease) from 2016-2017 \$	Increase/(decrease) %
	Actual FY 2016-17	Budgeted Expenditures	Expenditures	% To date		2017-18	2017-18		
Personnel	654,290	723,522	710,013	81.78%	(13,509)	769,260	45,738	6.32%	
Professional Services	162,091	146,850	136,580	71.20%	(10,270)	139,700	(7,150)	-4.87%	
Facilities & Administration	52,788	50,450	62,514	92.94%	12,064	57,380	6,930	13.74%	
Engineering	98,270	87,000	102,977	88.77%	15,977	87,000	0	0.00%	
Pumping	102,493	112,500	100,376	66.92%	(12,124)	109,000	(3,500)	-3.11%	
Supply	61,144	50,000	22,489	33.73%	(27,511)	52,000	2,000	4.00%	
Collection/Transmission	121,810	94,500	161,997	128.57%	67,497	94,500	0	0.00%	
Treatment	81,751	64,000	46,243	54.19%	(17,757)	64,000	0	0.00%	
All other Accounts	126,403	126,100	118,043	74.18%	(8,057)	130,600	4,500	3.57%	
Total	1,461,040	1,454,922	1,461,232	79.88%	6,310	1,503,440	48,518	3.33%	

Payroll	Water	Overtime	Doubletime	On Call	Cert Pay	Total	Health	Disability	WC	CalPERS	PARS	Medicare	SS	F/Y Total Water
GM	\$ 103,725.13					\$ 103,725.13	\$ 12,453.00	\$ 731.00	\$ 1,224.00	\$ 7,260.76	\$ 6,742.13	\$ 1,504.01	\$ 6,430.96	\$ 140,071.00
Superintendent	\$ 58,726.51	\$ 1,524.63	\$ 677.61		\$ 1,800.00	\$ 62,728.75	\$ 6,483.00	\$ 541.00	\$ 4,423.00	\$ 4,391.01	\$ 3,817.22	\$ 909.57	\$ 3,889.18	\$ 87,182.74
Account Specialist	\$ 53,872.66					\$ 53,872.66	\$ 24,906.00	\$ 384.00	\$ 521.00	\$ 3,771.09	\$ 3,501.72	\$ 781.15	\$ 3,340.11	\$ 91,077.73
Water Operator	\$ 75,261.89	\$ 7,815.66	\$ 8,684.06	\$ 4,454.93	\$ 2,400.00	\$ 98,616.54	\$ 9,054.00	\$ 676.00	\$ 4,260.00	\$ 6,903.16	\$ 4,892.02	\$ 1,429.94	\$ 6,114.23	\$ 131,945.88
Water Operator	\$ 71,635.24	\$ 9,298.80	\$ 7,439.04	\$ 4,946.96	\$ 2,400.00	\$ 95,720.05	\$ 9,054.00	\$ 654.00	\$ 4,180.00	\$ 6,700.40	\$ 4,656.29	\$ 1,387.94	\$ 5,934.84	\$ 128,287.32
Water Operator	\$ 69,887.33	\$ 8,487.12	\$ 6,854.33	\$ 5,056.08	\$ 2,400.00	\$ 92,664.87	\$ 24,908.00	\$ 651.00	\$ 4,132.00	\$ 6,486.54	\$ 4,542.68	\$ 1,343.64	\$ 5,745.22	\$ 140,471.95
Temp. Operator	\$ 5,163.66	\$ 1,936.37	\$ 1,290.92	\$ 5,886.57		\$ 14,277.52			\$ 379.00			\$ 207.02	\$ 885.21	\$ 15,748.75
Temp. Operator	\$ 5,528.77	\$ 1,842.92		\$ 5,602.49		\$ 12,974.19			\$ 300.00			\$ 188.13	\$ 804.40	\$ 14,266.71
Operator in training	\$ 14,706.63					\$ 14,706.63			\$ 463.00			\$ 213.25	\$ 911.81	\$ 16,294.68
Part Time Admin	\$ 2,584.00					\$ 2,584.00			\$ 47.00			\$ 37.47	\$ 160.21	\$ 2,828.68
Part Time Admin	\$ 990.00					\$ 990.00			\$ 19.00			\$ 14.36	\$ 61.38	\$ 1,084.74
Totals	\$ 462,081.82	\$ 30,885.51	\$ 24,945.97	\$ 25,947.03	\$ 9,000.00	\$ 552,860.34	\$ 86,856.00	\$ 3,637.00	\$ 19,948.00	\$ 35,512.96	\$ 28,152.07	\$ 8,016.47	\$ 34,277.34	\$ 769,260.18
Payroll	Sewer	Overtime	Doubletime	On Call	Cert Pay	Total	Health	Disability	WC	CalPERS	PARS	Medicare	SS	F/Y Total Sewer
GM	\$ 103,725.13					\$ 103,725.13	\$ 12,453.00	\$ 731.00	\$ 1,224.00	\$ 7,260.76	\$ 6,742.13	\$ 1,504.01	\$ 6,430.96	\$ 140,071.00
Superintendent	\$ 58,726.51	\$ 1,836.65	\$ 677.61		\$ 1,800.00	\$ 63,040.77	\$ 6,483.00	\$ 419.00	\$ 702.00	\$ 4,412.85	\$ 3,817.22	\$ 914.09	\$ 3,908.53	\$ 83,697.47
District Clerk	\$ 53,872.66					\$ 53,872.66	\$ 16,698.60	\$ 384.00	\$ 521.00	\$ 3,771.09	\$ 3,501.72	\$ 781.15	\$ 3,340.11	\$ 82,870.33
Totals	\$ 216,324.30	\$ 1,836.65	\$ 677.61	\$ -	\$ 1,800.00	\$ 220,638.57	\$ 35,634.60	\$ 1,534.00	\$ 2,447.00	\$ 15,444.70	\$ 14,061.08	\$ 3,199.26	\$ 13,679.59	\$ 306,638.79

SALARY RANGE
MONTARA WATER AND SANITARY DISTRICT
 July 1, 2016

Position	Salary Range	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10
Operations Manager	\$141,796										
	\$96,000	\$113,540	\$116,379	\$119,288	\$122,270	\$125,327	\$128,460	\$131,672	\$134,963	\$138,337	\$141,796
		\$54.59	\$55.95	\$57.35	\$58.78	\$60.25	\$61.76	\$63.30	\$64.89	\$66.51	\$68.17
Superintendent	\$132,888										
	\$106,407	\$106,407	\$109,067	\$111,794	\$114,589	\$117,453	\$120,390	\$123,399	\$126,484	\$129,646	\$132,888
		\$51.16	\$52.44	\$53.75	\$55.09	\$56.47	\$57.88	\$59.33	\$60.81	\$62.33	\$63.89
Water System Operator	\$81,048										
	\$64,898	\$64,898	\$66,520	\$68,183	\$69,888	\$71,635	\$73,426	\$75,262	\$77,143	\$79,072	\$81,048
		\$31.20	\$31.98	\$32.78	\$33.60	\$34.44	\$35.30	\$36.18	\$37.09	\$38.02	\$38.97
Maintenance Worker I	\$70,369										
	\$56,347	\$56,347	\$57,755	\$59,199	\$60,679	\$62,196	\$63,751	\$65,345	\$66,978	\$68,653	\$70,369
		\$27.09	\$27.77	\$28.46	\$29.17	\$29.90	\$30.65	\$31.42	\$32.20	\$33.01	\$33.83
Account Specialist	\$67,280										
	\$53,873	\$53,873	\$55,219	\$56,600	\$58,015	\$59,465	\$60,952	\$62,476	\$64,038	\$65,639	\$67,280
		\$25.90	\$26.55	\$27.21	\$27.89	\$28.59	\$29.30	\$30.04	\$30.79	\$31.56	\$32.35
District Clerk	\$67,280										
	\$53,873	\$53,873	\$55,219	\$56,600	\$58,015	\$59,465	\$60,952	\$62,476	\$64,038	\$65,639	\$67,280
		\$25.90	\$26.55	\$27.21	\$27.89	\$28.59	\$29.30	\$30.04	\$30.79	\$31.56	\$32.35
2.5 % step increases											
		Increase 2.50%	1-Jul-14	Increase 8.25%	1-Jul-15	Increase 2.70%	1-Jul-16	Increase 3.79%	1-Jul-17		
Operations Manager		1.025	\$98,400	1.0825	\$106,518	1.027	\$109,394	1.0379	\$113,540		
Superintendent		1.025	\$92,218	1.0825	\$99,826	1.027	\$102,521	1.0379	\$106,407		
Water System Operator		1.025	\$56,244	1.0825	\$60,884	1.027	\$62,528	1.0379	\$64,898		
Maintenance Worker		1.025	\$46,833	1.0825	\$52,862	1.027	\$54,289	1.0379	\$56,347		
Account Specialist		1.025	\$46,689	1.0825	\$50,541	1.027	\$51,905	1.0379	\$53,873		
District Clerk		1.025	\$46,689	1.0825	\$50,541	1.027	\$51,905	1.0379	\$53,873		
Operator in Training	\$18 per hour										
Temporary Worker	\$18 per hour										

Fiscal year 2017-2018 Budget Impact Area Sewer Service Charges

Actual Amount As Of: April 30, 2017	\$	1,802,159	
PROJECTED ACTIVITY to END of FY:	\$	167,567	
Projected YEAR END TOTAL - Fiscal Year 2016-17	\$	1,969,726	(A)
PROPOSED budget for fiscal year 2017-2018:	\$	2,003,171	
\$ value increase from prior fiscal year	\$	33,445	
%'age increase from prior fiscal year		1.70%	

(A) - Sewer Service charges are calculated by an outside consultant. The calculation is based on flow distribution in the prior wet weather period. This amount is then communicated to the County and placed on the District rate payers property tax roll.

The current data from the District shows a flow distribution reduction of approximately 1.57% during the wet weather months causing a slight increase in sewer service revenue, taking into account the 2.88% increase in service charge.

The District is apart of the County's teeter plan and will collect all of the amounts bill, but not yet collected.

Occupancy Use Rate Category

	<u>Current Rate</u>		<u>Proposed change</u>		<u>Proposed Increase</u>	
Residential	\$41.73	per HCF	\$42.93	per HCF	2.88%	(B)

**HCF = Hundred Cubic Feet

Actual rate to be determined annually within the Prop 218 limits.

(B) - The District's prop 218 limit set in 2010 is currently 42.93 which has been reached for fiscal year 2017-18.

Fiscal year 2017-2018 Budget Impact Area Water Service Charges

Actual Amount As Of: April 30, 2017	\$ 1,509,301
PROJECTED ACTIVITY to END of FY:	\$ 301,860
Projected YEAR END TOTAL - Fiscal Year 2016-2017	\$ 1,811,161
Fiscal year 2016-2017 Budget	\$ 1,800,000
Expected Budget over-run	\$ 11,161
PROPOSED budget for fiscal year 2017-2018:	\$ 1,915,496
\$ value increase from prior fiscal year	\$ 115,496
%'age increase from prior fiscal year	6.42%

	<u>Current</u> <u>Rate</u>	<u>Proposed</u> <u>Maximum</u> <u>Rate</u>	<u>Percentage</u> <u>Increase</u>
Tier 1 0 TO 6 HCF	\$ 7.88	\$ 8.12	3%
Tier 2 7 - 13 HCF	\$ 10.51	\$ 10.83	3%
Tier 3 14-27 HCF	\$ 13.14	\$ 13.54	3%
Tier 4 OVER 27 HCF	\$ 18.41	\$ 18.96	3%
Meter Charge - 5/8' Standard Residential Size	\$ 27.15	\$ 27.96	3%

Water revenues have been budgeted for fiscal year 2017-18 using the District's projected fiscal year end revenue amount of \$1.8 million. Added to this figure was a \$54,000 (3% rate increase) as well as an assumption of an additional \$50,000 in increased water consumption.

MWSD SEWER Capital Improvement Program
2017-18
SEWER SYSTEM

PROJECT	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22
MWSD CAPITAL PROJECTS					
Mechanical System Repairs & Replacements	\$ 30,000	\$ 75,000	\$ 50,000	\$ 50,000	\$ 25,000
Inflow & Infiltration Testing / Televising	\$ 10,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Seal Cove Area Repair and Maint. Project	\$ 35,000	\$ 20,000	\$ 15,000	\$ 15,000	\$ 15,000
Replace Pump Station Pumps	\$ 20,000	\$ 20,000	\$ 150,000	\$ 50,000	\$ 20,000
Replace Medium High Priority Sewer Mains	\$ 575,000	\$ 450,000	\$ 1,300,000	\$ 1,300,000	\$ 1,500,000
Spot Repairs Program	\$ 25,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Replace Distillery Pump Station		\$ 5,000	\$ 15,000	\$ 120,000	\$ 80,000
Cabrillo Hwy Express Sewer	\$ 945,000	\$ 900,000		\$ 400,000	\$ 500,000
Pump Station Communication Upgrades		\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
MWSD CAPITAL PROJECTS TOTAL:	\$ 1,640,000	\$ 1,502,500	\$ 1,562,500	1,967,500	2,172,500
TOTAL ANNUAL COST	1,640,000	1,502,500	1,562,500	1,967,500	2,172,500

MWSD
Five Year Capital Improvement Program
WATER SYSTEM

Existing Customer CIP - WATER	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	5-Year CIP Total
Distribution System Renewal and Replacement Program	\$ 180,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 980,000
Water Conservation Program	\$ 8,500	\$ 8,755	\$ 9,018	\$ 9,288	\$ 9,567	\$ 45,128
Storage Tank Rehabilitation Program	\$ 150,000	\$ 100,000		\$ -	\$ -	\$ 250,000
Emergency Generator Replacement Program	\$ 75,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 235,000
Vehicle Replacement Fund	\$ -	\$ 25,000	\$ 27,000	\$ 29,000	\$ -	\$ 81,000
Pillar Ridge Rehabilitation Program	\$ 20,000	\$ 50,000	\$ 300,000	\$ 25,000	\$ 50,000	\$ 445,000
EXISTING CUSTOMER CIP TOTAL	\$ 433,500	\$ 423,755	\$ 576,018	\$ 303,288	\$ 299,567	\$ 2,036,128
New Customer CIP - WATER	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	5-Year CIP Total
Water Main Upgrade Program	\$ 180,000	\$ 309,000	\$ 318,270	\$ 327,818	\$ 337,653	\$ 1,472,741
Existing Well Upgrade Program	\$ 100,000		\$ 280,000	\$ 288,400	\$ 297,052	\$ 965,452
New and Upgraded PRV Stations' Program	\$ -	\$ 250,000	\$ 257,500	\$ 265,225	\$ 273,182	\$ 1,045,907
Emergency Generator Upgrade Program	\$ -	\$ 150,000	\$ 154,500	\$ 159,135	\$ 163,909	\$ 627,544
Schoolhouse Booster Pump Station Upgrade	\$ -	\$ -	\$ -	\$ -	\$ 350,000	\$ 350,000
Portola Tank Telemetry Upgrade	\$ -	\$ 150,000	\$ 100,000	\$ -	\$ -	\$ 250,000
Develop Additional Supply Reliability	\$ -	\$ -	\$ -	\$ 450,000	\$ 1,000,000	\$ 1,450,000
Big Wave NPA Water Main Extension		\$ 2,030,000	\$ -	\$ -	\$ -	\$ 2,030,000
NEW CUSTOMER CIP TOTAL	\$ 280,000	\$ 2,889,000	\$ 1,110,270	\$ 1,490,578	\$ 2,421,795	\$ 8,191,644
Total Annual Capital Cost	\$ 713,500	\$ 3,312,755	\$ 1,686,288	\$ 1,793,866	\$ 2,721,362	\$ 10,227,772

Fiscal year 2017-2018 Budget Debt Service

	Original Issue Amount	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018	Interest Expense
Sewer						
CIEDB Loan (I Bank)	\$ 1,010,000	\$ 812,574		\$ 28,184	\$ 784,390	\$ 24,354
PNCEF Lease Obligation	\$ 927,222	\$ 640,930		\$ 46,995	\$ 593,935	\$ 18,280
Subtotal - Sewer		<u>\$ 1,523,581</u>	<u>\$ -</u>	<u>\$ 75,179</u>	<u>\$ 1,378,325</u>	<u>\$ 42,634</u>
Water						
General Obligation Bonds	\$ 15,635,000	\$ 11,479,501		\$ 876,458	\$ 10,603,043	\$ 273,978
PNCEF Lease Obligation	\$ 927,222	\$ 640,930		\$ 46,995	\$ 593,935	\$ 18,280
SRF Loan	\$ 2,920,000	\$ 1,723,622		\$ 139,222	\$ 1,584,401	\$ 34,273
Subtotal - Water		<u>14,877,729</u>	<u>-</u>	<u>1,062,675</u>	<u>12,781,378</u>	<u>326,530</u>
Total Debt Service		<u>\$ 16,401,310</u>	<u>\$ -</u>	<u>\$ 1,137,854</u>	<u>\$ 14,159,704</u>	<u>\$ 369,164</u>

PNCEF lease obligation is split evenly between Sewer and Water.

The District entered into an agreement with the State of California Department of health under the Safe Drinking Water State Revolving Fund Law of 1947. This agreement constitutes funding in the form of a loan and a grant made by the State to the District to assist in financing the cost of studies, planning and other preliminary activities for a project which will enable the district to meet safe drinking water standards.

Per the repayment terms, the principal and interest payments will start one year from the project completion date at an interest rate of 2.09%. The Alta Vista Tank Project is expected to be completed by the winter of 2015.

Fiscal year 2017-2018 Budget Impact Area Operating Reserves

WATER

Water Operating Account as of April 30, 2017

Wells Fargo Checking: \$ 705,053

Current Operating Reserves as of April 30, 2017

Operating: \$ 190,251

Operating Reserve:

The District's Water Operating Reserve target is two months of operating expenses.
Based on fiscal year 2016-17 budget the amount of operating reserves is as follows:

Target calculation

\$	1,503,440	Budgeted FY 2017-18 expenditures
	12	Months
<hr/>		
\$	125,287	Monthly budgeted operating expenses
	x 2	Two months expenditures
<hr/>		
\$	250,573	Target Reserve

Conclusion:

Currently, the District has sufficient Operating Water Reserves for Fiscal Year 2017-18.

Fiscal year 2017-2018 Budget Impact Area Operating Reserves

SEWER

Sewer Operating Account as of April 30, 2017

Wells Fargo Checking \$ 3,517,496

Current Reserves as of April 30, 2017

Operating: \$ 281,893

Operating Reserve:

For the District's Sewer Operating Reserve, the maximum target amount shall equal ten months' of operating expenses and the minimum target amount shall equal two months' of operating expenses.

Based on fiscal year 2015-16 budget the amount of operating reserves is as follows:

Minimum Target		
\$	2,240,803 <hr style="width: 100%; border: 0.5px solid black;"/> 12	Budgeted fiscal year 2017-18 Months
\$	186,734 <hr style="width: 100%; border: 0.5px solid black;"/> x 2	Monthly budgeted operating expenses Monthly budgeted operating expenses
\$	<hr style="width: 100%; border: 0.5px solid black;"/> <u>373,467</u>	Minimum Target Reserve

Maximum Target		
\$	2,240,803 <hr style="width: 100%; border: 0.5px solid black;"/> 12	Budgeted fiscal year 2017-18 Months
\$	186,734 <hr style="width: 100%; border: 0.5px solid black;"/> x 10	Monthly budgeted operating expenses Monthly budgeted operating expenses
\$	<hr style="width: 100%; border: 0.5px solid black;"/> <u>1,867,336</u>	Maximum Target Reserve

Conclusion: Year

Currently, the District has insufficient dedicated operating Sewer Reserves for Fiscal Year 2017-18

Beginning in Fiscal Year 2017-18 the minimum target reserve amount will be set aside in the District's LAIF account and displayed on the balance sheet.

Fiscal year 2017-2018 Budget Impact Area Capital and Connection Reserves

CAPITAL RESERVE

Capital Reserve:

For the Water and Sewer capital reserves, the target amounts are based on district engineers' estimates of the annual costs to replace water and sewer facilities and the five year capital improvement plans (CIP). Each Utility enterprise shall have a separate capital reserve. The maximum target amount shall equal the highest total annual amount shown in the CIP applicable to existing customers plus the district engineer's estimate of annual replacement capital project costs. The minimum target amount shall equal the lowest total annual amount shown in the CIP applicable to existing customers plus the district engineers' estimate of annual replacement capital project costs.

WATER

Current Capital Reserves as of April 30, 2017

Capital: \$ 398,249

Minimum Target

\$ 299,567 Lowest year CIP existing customers (fiscal year 2021-22)

\$ 750,000 Engineer estimate

\$ 1,049,567 Minimum target

Maximum Target

\$ 576,018 Highest year CIP existing customers (fiscal year 2019-20)

\$ 750,000 Engineer estimate

\$ 1,326,018 Maximum target

Conclusion:

Based on the above, the District is \$651,318 short of the current minimum Capital reserve target.

Staff is recommending adhering to the rate study performed and through continued stewardship, fully fund the District's capital reserves.

Fiscal year 2017-2018 Budget Impact Area Capital and Connection Reserves

SEWER

Current Capital Reserves as of April 30, 2017

Capital: \$ 3,867,818

Minimum Target

\$ 1,502,500	Lowest year CIP existing customers (fiscal year 2018-19)
\$ 1,177,000	Engineer estimate
<u>\$ 2,679,500</u>	Minimum target

Maximum Target

\$ 2,172,500	Highest year CIP existing customers (fiscal year 2021-22)
\$ 1,177,000	Engineer estimate
<u>\$ 3,349,500</u>	Maximum target

Conclusion:

Based on the above, the District is \$1,188,318 in excess of the current minimum reserve and is \$518,318 in excess of the current maximum reserve needs.

CONNECTION FEE RESERVE

Connection Fees:

Provides funds for expansion-related capital projects caused by increases in new water and sewer customers. The connection fee reserves are restricted pursuant to Government Code Section 66013.

The water and sewer connection fee reserves shall equal one year's revenue.

WATER

At the beginning of the fiscal year, the budgeted amounts will be set aside as a reserve.
Fiscal year 2017-18 amount to be reserved is \$253,020.

SEWER

At the beginning of the fiscal year, the budgeted amounts will be set aside as a reserve.
Fiscal year 2017-18 amount to be reserved is \$194,576.

**MONTARA WATER AND
SANITARY DISTRICT**

ANNUAL FINANCIAL REPORT

JUNE 30, 2016

WITH

INDEPENDENT AUDITORS' REPORT

MONTARA WATER AND SANITARY DISTRICT

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MONTARA WATER AND SANITARY DISTRICT

**ELECTED OFFICIALS AND
ADMINISTRATIVE PERSONNEL**

JUNE 30, 2016

BOARD OF DIRECTORS

Scott Boyd
Jim Harvey
Kathryn Slater-Carter
Dwight Wilson
Bill Huber

GENERAL MANAGER

Clemens Heldmaier



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Montara Water and Sanitary District
Montara, California

Report on the Financial Statements

We have audited the accompanying financial statements of the sewer and water enterprise funds of the Montara Water and Sanitary District (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the sewer and water enterprise funds of the Montara Water and Sanitary District as of June 30, 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, and GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective July 1, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of pension plan contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Varrinet, Trine, Day & Co., LLP.

Pleasanton, California

October 27, 2016

MONTARA WATER AND SANITARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

Our discussion and analysis of the Montara Water and Sanitary District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the District financial statements and accompanying notes, which follow this section.

HIGHLIGHTS

District Financial Highlights

- District-wide revenues decreased \$168,664 from the prior year going from \$6,272,011 to \$6,103,347.
- District-wide expenses increased \$590,245 over the prior year going from \$4,485,901 to \$5,076,146.
- The effect of the decrease in revenues and increase in expenses caused the District-wide change in net position to decrease \$758,909 from the prior year. In other words, the District-wide increase in net position for the year ended June 30, 2016 was \$1,027,201.

USING THIS ANNUAL REPORT

This annual report consists of two parts: Management's Discussion and Analysis, and Financial Statements. The Financial Statements also include notes that explain in more detail the information contained in those statements.

Required Financial Statements

District financial statements report information about the District using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all District assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). It also provides the basis for computing rate of return; evaluating the capital structure of the District; and assessing the liquidity and financial flexibility of the District. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the District operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about District cash receipts, cash disbursements and changes in cash resulting from operations, investing, and capital and non-capital financing activities. It provides answers to such questions as, "Where did the cash come from?", "For what was the cash used?", and "What was the change in cash balance during the reporting period?"

MONTARA WATER AND SANITARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about District finances is whether or not the District's overall financial position has improved or deteriorated. The Statement of Net Position and the Statement of Revenues and Expenses and Changes in Net Position report information about District activities in a way that will help answer this question. These two statements report the net position of the District and changes. You can think of District net position, the difference between assets and liabilities, as one way to measure financial health or financial position. Over time, increases or decreases in District net position are one indicator of whether its financial health is improving or deteriorating. Other factors to consider include changes in economic conditions, population growth, and new or changed legislation.

Net Position Statement and Analysis

The District's total net position increased from \$17,871,344 to \$18,898,545 or \$1,027,201.

The following is the District's condensed statement of net position:

	Sewer		Water		Total	
	2016	2015	2016	2015	2016	2015
Current assets	\$ 7,766,177	\$ 6,299,335	\$ 1,651,481	\$ 1,485,320	\$ 9,417,658	\$ 7,784,655
Capital assets net of accumulated depreciation	4,776,817	5,041,217	19,134,771	18,427,785	23,911,588	23,469,002
Other long term assets	2,687,547	3,564,011	1,696,419	1,451,830	4,383,966	5,015,841
Total assets	15,230,541	14,904,563	22,482,671	21,364,935	37,713,212	36,269,498
Deferred outflows of resources	13,495	-	251,577	243,278	265,072	243,278
Total deferred outflow of resources	13,495	-	251,577	243,278	265,072	243,278
Current liabilities	210,305	214,934	1,405,504	1,410,810	1,615,809	1,625,744
Long-term liabilities	1,620,099	1,530,008	15,843,831	15,485,680	17,463,930	17,015,688
Total liabilities	1,830,404	1,744,942	17,249,335	16,896,490	19,079,739	18,641,432
Net position						
Net investment in capital assets	3,253,238	3,452,611	2,408,708	3,084,367	5,661,946	6,536,978
Restricted for debt service	-	-	1,488,309	1,384,998	1,488,309	1,384,998
Unrestricted	10,160,394	9,707,010	1,587,896	242,358	11,748,290	9,949,368
Total net position	\$ 13,413,632	\$ 13,159,621	\$ 5,484,913	\$ 4,711,723	\$ 18,898,545	\$ 17,871,344

Revenues, Expenses and Changes in Net Position

For the fiscal year ended June 30, 2016 the sewer system generated operating revenue of \$2,087,771 and operating expenses of \$2,263,835 for a net operating loss of \$176,064. This is a decrease from prior year's net operating income of \$316,798 by \$492,862. Whereas operating revenue decreased 7.0%, system maintenance and repairs expense increased by \$212,465 or 20.0%. This increase in expense is mainly due to the approximately \$334,000 increase in operating costs associated with running the Sewer Authority Mid Coastside (SAM) system.

The Sewer Funds non-operating activities revenues, consisting of property taxes, investment income, connection fees, and revenue from the lease of the cell phone tower, experienced an increase of \$50,097.

MONTARA WATER AND SANITARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

For the fiscal year ended June 30, 2016 the water system generated operating revenue of \$1,821,688 and operating expenses of \$2,368,650 for a net operating loss of \$546,962. This is an increase from prior year's net operating loss of \$453,106 by \$93,856. For the fiscal year ended June 30, 2016 operating revenue increased 7.2% and system maintenance and repairs expense increased by \$115,965. This increase in expense is due to increases in pumping, collections, and treatment line items.

The Water Funds non-operating activities revenues, consisting of property taxes, investment income, connection fees and revenue from the lease of the cell phone tower, experienced a decrease of \$183,331. The District receives property tax revenue which was imposed specifically for the payment of the General Obligation Bonds approved by the District rate payers.

Connection fees for the Sewer Fund decreased from \$166,355 to \$100,597 or approximately 39.5% whereas the connection fees for the Water Fund decreased from \$172,492 to \$139,419 or approximately 19.2%. These funds are used to off-set capital needs for existing customers. This amount is expected to rise in the upcoming years as the moratorium on connections for residents within the District's service area has been repealed.

The following is the District's condensed statement of revenues, expenses, and changes in net position:

	Sewer		Water		Total	
	2016	2015	2016	2015	2016	2015
Operating revenues	\$ 2,087,771	\$ 2,245,898	\$ 1,821,688	\$ 1,698,991	\$ 3,909,459	\$ 3,944,889
Tax revenues	325,926	213,850	1,541,867	1,689,974	1,867,793	1,903,824
Interest and investment income	19,079	16,008	-	-	19,079	16,008
Connection fees and other non operating revenues	134,097	199,147	172,919	208,143	307,016	407,290
Total revenues	<u>2,566,873</u>	<u>2,674,903</u>	<u>3,536,474</u>	<u>3,597,108</u>	<u>6,103,347</u>	<u>6,272,011</u>
Operating expenses	2,263,835	1,929,100	2,368,650	2,152,097	4,632,485	4,081,197
Non-operating expenses	49,027	48,312	394,634	356,392	443,661	404,704
Total expenses	<u>2,312,862</u>	<u>1,977,412</u>	<u>2,763,284</u>	<u>2,508,489</u>	<u>5,076,146</u>	<u>4,485,901</u>
Change in fund net position	254,011	697,491	773,190	1,088,619	1,027,201	1,786,110
Fund net position - beginning of year	<u>13,159,621</u>	<u>12,462,130</u>	<u>4,711,723</u>	<u>3,623,104</u>	<u>17,871,344</u>	<u>16,085,234</u>
Fund net position - end of year	<u>\$ 13,413,632</u>	<u>\$ 13,159,621</u>	<u>\$ 5,484,913</u>	<u>\$ 4,711,723</u>	<u>\$ 18,898,545</u>	<u>\$ 17,871,344</u>

MONTARA WATER AND SANITARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2016, the District had \$23,911,588 (net of accumulated depreciation) invested in a variety of capital assets.

The assets include: land; sanitary sewer collection system subsurface lines and pump stations; water supply wells; surface water diversion and storage tank; water treatment plant; treated water storage tanks; water distribution system subsurface lines, valves, hydrants, and pumps; administration building; and vehicles. The District's capital assets balance as of June 30, 2016, increased by \$442,586 or 1.9 percent over the prior year. This is due to capitalized expenses in regards to the District's Water facilities plant and other capital improvements reduced by current year depreciation expense.

Major capital assets events during the fiscal year included the following:

- Capital improvements to the water system
- Sewer pipeline replacement

The following summarizes District capital assets for fiscal year ended June 30, 2016:

Category	Audited	Additions	Deletions	Transfers	Audited
	Balance				Balance
	June 30, 2015				June 30, 2016
Land & easement	\$ 739,500	\$ -	\$ -	\$ -	\$ 739,500
Sewage collection facilities	5,341,536	-	-	-	5,341,536
Sewage treatment facilities	244,540	-	-	-	244,540
General plant & administration facilities	2,090,558	243,666	-	-	2,334,224
Seal Cove collection system	995,505	-	-	-	995,505
Other capital improvements	4,357,566	-	-	-	4,357,566
Water facilities plant	24,126,549	1,588,835	-	-	25,715,384
Water general plant	174,309	-	-	-	174,309
Surface water rights	300,000	-	-	-	300,000
Total	<u>38,370,063</u>	<u>1,832,501</u>	<u>-</u>	<u>-</u>	<u>40,202,564</u>
Accumulated depreciation	<u>14,901,061</u>	<u>1,389,915</u>	<u>-</u>	<u>-</u>	<u>16,290,976</u>
Property, plant & equipment, net	<u>\$ 23,469,002</u>	<u>\$ 442,586</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,911,588</u>

Additional information on capital assets can be found in notes #1F and #4 to the financial statements of this report.

Long Term Obligations

On April 18, 2012, the District issued General Obligation Bonds Series 2012 in the amount of \$15,635,000. The bonds were issued to fully refund the General Obligation Bonds Series 2003 and to finance improvements to the District's water system.

MONTARA WATER AND SANITARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

The District entered into a capital lease for approximately \$1.8 million in October of 2006, to finance the acquisition of capital assets for the water operations. The financing was originally provided by Citibank at a rate of 4.56 percent for a 20 year term and is now held by PNC Equipment Finance (PNCEF). Effective March 15, 2013, the District refinanced the capital lease with PNCEF at a rate of 2.95 percent.

On July 10, 2012, the District entered into an agreement with the State of California Department of Health under the Safe Drinking Water State Revolving Fund Law of 1947. This agreement constitutes funding in the form of a loan and a grant made by the State to the District. The purpose of the funding is to assist in financing the cost of studies, planning and other preliminary activities for a project which will enable the District to meet safe drinking water standards.

The following is a summary of long term obligations activity for the year:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>	<u>Long Term Portion</u>
General Obligation Bonds, 2012 Series	\$13,169,293	\$ -	\$ 835,090	\$12,334,203	\$ 854,702	\$11,479,501
2012 GO Bonds Discount	(62,520)	-	(4,886)	(57,634)	(4,886)	(52,748)
PNCEF Lease Obligation	1,444,284	-	76,972	1,367,312	85,454	1,281,858
CIEDB loan	866,464	-	26,543	839,921	27,350	812,571
SRF Loan	1,757,781	2,451,510	218,695	3,990,596	239,315	3,751,281
Totals	<u>\$17,175,302</u>	<u>\$ 2,451,510</u>	<u>\$ 1,152,414</u>	<u>\$18,474,398</u>	<u>\$ 1,201,935</u>	<u>\$17,272,463</u>

Additional information on the long term obligations can be found in Note #6 of the notes to the financial statements of this report.

ECONOMIC FACTORS, RATES, AND BUDGETARY CONTROL

The District is a California Special District including a sewer and water enterprise fund. As a Special District, charges to customers are made only to those who receive services. The District is not typically subject to general economic conditions such as increases or declines in property tax values or other types of revenues that vary with economic conditions such as sales taxes. However, it does receive property tax which is dependent on property tax valuations. Accordingly, the District sets its rates to its users to cover the costs of operation, maintenance and recurring capital replacement and debt financed capital improvements, plus any increments for known or anticipated changes in program costs.

The District and its Board adopt an annual budget to serve as its approved financial plan. The Board sets all fees and charges required to fund the District's operations and capital programs. The budget is used as a key control device (1) to ensure Board approval for amounts set for operations and capital projects, (2) to monitor expenses and project progress and (3) as compliance that approved spending levels have not been exceeded. All operating activities and capital activities of the District are included within the approved budget. The budget and capital expenditures are within the Gann limits established by State law.

MONTARA WATER AND SANITARY DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

REQUEST FOR INFORMATION

This financial report is designed to provide our customers and creditors with a general over view of District finances, and demonstrate District accountability for the money it receives. If you have any questions about this report, or need additional financial information, contact the General Manager at 8888 Cabrillo Highway, Montara, CA 94037 or (650) 728-3545.

MONTARA WATER AND SANITARY DISTRICT

STATEMENT OF NET POSITION AS OF JUNE 30, 2016

	Sewer	Water	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 7,675,320	\$ 1,185,118	\$ 8,860,438
Accounts receivable	90,857	423,707	514,564
Inventory	-	42,656	42,656
Total current assets	<u>7,766,177</u>	<u>1,651,481</u>	<u>9,417,658</u>
Non-current assets:			
Capital assets:			
Property, plant and equipment	12,170,972	28,031,592	40,202,564
Less accumulated depreciation	<u>7,394,155</u>	<u>8,896,821</u>	<u>16,290,976</u>
Total capital assets	<u>4,776,817</u>	<u>19,134,771</u>	<u>23,911,588</u>
Other assets:			
Prepaid expenses	-	61,691	61,691
Restricted cash and cash equivalents	-	1,488,309	1,488,309
Interfund advances - Due from sewer fund	-	146,419	146,419
Investment in joint powers authorities - capacity rights	<u>2,687,547</u>	<u>-</u>	<u>2,687,547</u>
Total other assets	<u>2,687,547</u>	<u>1,696,419</u>	<u>4,383,966</u>
Total non-current assets	<u>7,464,364</u>	<u>20,831,190</u>	<u>28,295,554</u>
Total assets	<u>15,230,541</u>	<u>22,482,671</u>	<u>37,713,212</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	224,756	224,756
Deferred amounts related to pensions	<u>13,495</u>	<u>26,821</u>	<u>40,316</u>
Total deferred outflows of resources	<u>13,495</u>	<u>251,577</u>	<u>265,072</u>

(Continued)

The accompanying notes are an integral part of these financial statements.

MONTARA WATER AND SANITARY DISTRICT

STATEMENT OF NET POSITION (CONTINUED)
AS OF JUNE 30, 2016

	Sewer	Water	Total
LIABILITIES			
Current liabilities:			
Accounts payable	120,325	132,462	252,787
Accrued expenses	1,477	4,911	6,388
Interest payable	11,514	125,553	137,067
Accrued compensated absences	6,912	10,720	17,632
Current portion of long-term obligations	70,077	1,131,858	1,201,935
Total current liabilities	210,305	1,405,504	1,615,809
Long term liabilities:			
Accrued compensated absences	9,854	9,969	19,823
General obligation bonds, less current portion	-	11,426,755	11,426,755
Other long term obligations, less current portion	1,453,502	4,392,206	5,845,708
Interfund advances - Due to water fund	146,419	-	146,419
Deposits	10,324	14,901	25,225
Total long term liabilities	1,620,099	15,843,831	17,463,930
Total liabilities	1,830,404	17,249,335	19,079,739
NET POSITION			
Net investments in capital assets	3,253,238	2,408,708	5,661,946
Restricted for debt service	-	1,488,309	1,488,309
Unrestricted	10,160,394	1,587,896	11,748,290
Total net position	\$ 13,413,632	\$ 5,484,913	\$ 18,898,545

The accompanying notes are an integral part of these financial statements.

MONTARA WATER AND SANITARY DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2016

	Sewer	Water	Total
OPERATING REVENUES			
Sales and service charges	\$ 2,087,771	\$ 1,821,688	\$ 3,909,459
OPERATING EXPENSES			
General and administrative	455,168	952,267	1,407,435
System maintenance and repairs	1,300,600	534,535	1,835,135
Depreciation	508,067	881,848	1,389,915
Total operating expenses	2,263,835	2,368,650	4,632,485
OPERATING INCOME (LOSS)	(176,064)	(546,962)	(723,026)
NONOPERATING REVENUES (EXPENSE)			
Taxes - District share of one percent	325,926	325,926	651,852
Taxes - Ad valorem for general obligation bonds	-	1,215,941	1,215,941
Investment income	19,079	-	19,079
Interest expense	(49,027)	(388,616)	(437,643)
Other revenues	33,500	33,500	67,000
Other expenses	-	(6,018)	(6,018)
Total non-operating revenues (expenses)	329,478	1,180,733	1,510,211
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS			
	153,414	633,771	787,185
Capital contributions - connection fees	100,597	139,419	240,016
Changes in net position	254,011	773,190	1,027,201
NET POSITION, BEGINNING OF YEAR	13,159,621	4,711,723	17,871,344
TOTAL NET POSITION, END OF YEAR	\$ 13,413,632	\$ 5,484,913	\$ 18,898,545

The accompanying notes are an integral part of these financial statements.

MONTARA WATER AND SANITARY DISTRICT

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2016

	Sewer	Water	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 2,092,707	\$ 1,748,235	\$ 3,840,942
Payments to suppliers - other	(1,312,917)	(721,648)	(2,034,565)
Payments to employees	(456,146)	(987,237)	(1,443,383)
Net cash provided by operating activities	<u>323,644</u>	<u>39,350</u>	<u>362,994</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Property taxes collected	325,926	325,928	651,854
Principal paid on long term debt	(65,027)	(1,092,273)	(1,157,300)
Proceeds from long term debt	-	2,451,510	2,451,510
Payments on loans receivable	93,771	-	93,771
Interest paid on long term debt	(49,412)	(372,967)	(422,379)
Acquisition and construction of capital assets	(243,667)	(1,588,836)	(1,832,503)
Interfund advances	949,804	(949,804)	-
Connection fees and other non operating revenue collected	134,097	1,382,842	1,516,939
Net cash provided (used) by capital and related financing activities	<u>1,145,492</u>	<u>156,400</u>	<u>1,301,892</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income	19,079	-	19,079
Net cash provided by investing activities	<u>19,079</u>	<u>-</u>	<u>19,079</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	1,488,215	195,750	1,683,965
Cash and investments, July 1	<u>6,187,105</u>	<u>2,477,677</u>	<u>8,664,782</u>
Cash and investments, June 30	<u>\$ 7,675,320</u>	<u>\$ 2,673,427</u>	<u>\$ 10,348,747</u>
AMOUNTS AS THEY APPEAR ON THE STATEMENT OF NET POSITION:			
Cash and cash equivalents	\$ 7,675,320	\$ 1,185,118	\$ 8,860,438
Restricted cash and cash equivalents	-	1,488,309	1,488,309
	<u>\$ 7,675,320</u>	<u>\$ 2,673,427</u>	<u>\$ 10,348,747</u>

(Continued)

The accompanying notes are an integral part of these financial statements.

MONTARA WATER AND SANITARY DISTRICT

STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2016

	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (176,064)	\$ (546,962)	\$ (723,026)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	508,067	881,848	1,389,915
Accounts and notes receivable	681	(73,722)	(73,041)
Accounts payable	(12,317)	(192,254)	(204,571)
Deposits and prepaid expenses	4,255	5,410	9,665
Pension related amounts	(13,495)	(26,821)	(40,316)
Compensated absences	12,517	(8,149)	4,368
Total adjustments	<u>499,708</u>	<u>586,312</u>	<u>1,086,020</u>
Net cash provided by operating activities	<u>\$ 323,644</u>	<u>\$ 39,350</u>	<u>\$ 362,994</u>

The accompanying notes are an integral part of these financial statements.

MONTARA WATER AND SANITARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

Montara Water and Sanitary District (the District), a governmental entity legally constituted as a special district under California law, is located on the coast in northwestern San Mateo County. The District was formed in 1958 to provide sanitary sewer services and franchise solid waste collection for the unincorporated areas known as Montara and Moss Beach. On May 2003 an agreement to acquire Cal-Am Montara Water District was reached with operations beginning as of August 1, 2003.

B. Basis of Accounting

The District is a proprietary entity; it uses an enterprise fund format to report its activities for financial statement purposes. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprise, where the intent of the governing body is that the costs and expenses, including depreciation, and providing goods or services to the general public on a continuing basis, be financed or recovered primarily through user charges.

An enterprise fund is used to account for activities similar to those in the private sector, where the proper matching of revenues and costs is important and the full accrual basis of accounting is required. With this measurement focus, all assets and all liabilities of the enterprise are recorded on its statement of net position, and under the full accrual basis of accounting, all revenues are recognized when earned and all expenses, including depreciation, are recognized when incurred.

A major fund is a fund whose revenues, expenditures/expenses, assets or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all funds, or that management deems significant.

The District reports the following major Proprietary Funds:

Water Enterprise – This enterprise accounts for the operation, maintenance and capital improvement projects of the water system which is funded by user charges and other fees.

Sewer Enterprise – This enterprise accounts for the operation, maintenance and capital improvement projects of the sewer system. These activities are funded by user charges and other fees.

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

C. Measurement Focus

Enterprise funds are accounted for on a cost of services or *economic resources* measurement focus, which means that all assets and all liabilities associated with their activities are included on their statement of net position. Enterprise fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

MONTARA WATER AND SANITARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for services. Operating expenses for the District include the cost of goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Investment in the State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California government code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in the Pool is reported in the accompanying financial statement at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis.

E. Inventory

Inventory is held for consumption and is recorded at cost using the first-in-first-out (FIFO) basis.

F. Capital Assets

Capital assets, which include property, plant, and equipment are recorded at historical costs or estimated historical cost, if actual cost is not available. Contributed assets are recorded at estimated fair value on the date of contribution.

The District defines capital assets as assets with an initial, individual cost of \$2,500 and an estimated useful life in excess of one year.

Depreciation is computed by the straight-line method based on the estimated useful lives of related asset classifications of 3 to 50 years of assets.

G. Cash Flows Defined

For purpose of the statement of cash flows the District defines cash and cash equivalents to include all cash in deposit accounts, highly liquid investments, and cash on hand.

H. Accounts Receivable

The District bills its water consumption and sewer usage on a cycle billing method. Cycle billing results in an amount of services rendered but not yet billed at year-end. The District has recorded this revenue by estimating the unbilled amount. The estimate was calculated by using the billing subsequent to the balance sheet date (June 30) and calculating the amount of service provided prior to June 30. This calculated amount is included in accounts receivable.

MONTARA WATER AND SANITARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The delinquent water and sewer charges for services and facilities furnished by the District's water and sewage system, and all the penalties or delinquent charges accrued thereon shall constitute a lien upon the real property served. The District is allowed to place such charges and fees on the property tax rolls annually as of July 1.

I. Accrued Compensated Absences

The liability for vested vacation pay is calculated and accrued on an annual basis. The amount is computed using current employee accumulated vacation hours at current pay rates.

J. Budgets and Budgetary Accounting

Budgets are prepared on a basis consistent with generally accepted accounting principles. A general budget is adopted annually by the Board of Directors which includes operations, maintenance, and administration.

K. Property Taxes

Secured property taxes attach an enforceable lien on property as of March 1. Taxes are payable in two installments due November 15 and March 15. Unsecured property taxes, if any, are payable in one installment on or before August 15. The County of San Mateo bills and collects the taxes for the District. Tax revenues are recognized by the District when received. The sewer service charges are included in secured property tax bills.

L. Contract Services

The District contracted out the operation and maintenance of its sewer facilities to the Sewer Authority Mid-Coastside (SAM).

M. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

N. Deferred Outflows and Inflows of Resources

Deferred outflows of resources are a consumption of net position that is applicable to a future reporting period and deferred inflows of resources are in acquisition of net position that is applicable to a future reporting period. A deferred outflows of resources has a positive effect on net position, similar to assets, and a deferred inflows of resources has a negative effect on net position, similar to liabilities. The District has two items that qualify for reporting in as deferred outflows of resources: the deferred outflows on pension contributions and the deferred charges on debt refunding.

MONTARA WATER AND SANITARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Public Agency Retirement Services (PARS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. Subsequent Events

Management has considered subsequent events through October 27, 2016, the date which the financial statements were available to be issued.

Q. New Accounting Pronouncements

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. These disclosures should be organized by type of asset or liability reported at fair value. It also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent). The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. This statement was implemented by the District as of July 1, 2015.

GASB Statement No. 76 – In June 2015, GASB issues Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). This statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement is effective for reporting periods beginning after June 15, 2015. This statement was implemented by the District as of July 1, 2015.

R. Future Accounting Pronouncements

GASB Statement No. 73 – In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The provisions in statement 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. The District has not determined its effect on the financial statements.

MONTARA WATER AND SANITARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 74 – In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement No. 74 replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, statement 43, and statement No. 50, *Pension Disclosures*. The provisions in statement 74 are effective for fiscal years beginning after June 15, 2016. The District has not determined its effect on the financial statements.

GASB Statement No. 75 - In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. The District has not determined its effect on the financial statements.

GASB Statement No. 77 - In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients,
- The gross dollar amount of taxes abated during the period,
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. The District has not determined its effect on the financial statements.

MONTARA WATER AND SANITARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 78 - In December 2015, the GASB issued Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. Prior to the issuance of this Statement, the requirements of Statement No. 68 applied to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of that Statement.

This Statement amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. The District has not determined its effect on the financial statements.

GASB Statement No. 79 - In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended. If an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. If an external investment pool does not meet the criteria in this Statement, the pool's participants should measure their investments in that pool at fair value, as provided in paragraph 11 of Statement No. 31, as amended.

MONTARA WATER AND SANITARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The District has not determined its effect on the financial statements.

GASB Statement No. 80 - In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units - amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The District has not determined its effect on the financial statements.

GASB Statement No. 81 - In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. The District has not determined its effect on the financial statements.

GASB Statement No. 82 - In March 2016, the GASB issued Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

MONTARA WATER AND SANITARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The District has not determined its effect on the financial statements.

NOTE #2 - CASH AND INVESTMENTS

A. Cash and Investment Summary

The following is a summary of the cash and investments as of June 30, 2016:

Cash Deposits	\$ 6,060,131
Investments (Local Agency Investment Fund)	4,288,616
	<u>\$ 10,348,747</u>
Restricted cash and cash equivalents	\$ 1,488,309
Unrestricted cash and cash equivalents	8,860,438
	<u>\$ 10,348,747</u>

B. General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
U.S. Agency Obligations	5 years	None	None
U.S. Treasury Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Certificate of Deposit	N/A	30%	None

C. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by depositing the majority of its funds with the State Local Agency Investment Fund, which is short term investment.

MONTARA WATER AND SANITARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016

NOTE #2 - CASH AND INVESTMENTS (Continued)

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Average Maturity</u>
LAIF	<u>\$ 4,288,616</u>	167 days

D. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measure by the assignment of a rating by a nationally recognized statistical rating organization. LAIF doesn't have a credit rating.

E. Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. It is the District's policy that all securities are evidenced by specific identifiable pieces of paper called *securities instruments*, or by electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to maximize security, the District employs the Trust Department of a bank as the custodian of its investments with the U.S. Government or its agencies, regardless of their form.

Investment in the State Investment Pool – the District is a voluntary participant in the LAIF that is regulated by California government code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in the Pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis.

NOTE 3 - FAIR VALUE MEASUREMENTS

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

MONTARA WATER AND SANITARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Local Agency Investment Funds/State Investment Pools are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The District's fair value measurements are as follows at June 30, 2016:

Investment Type	Fair Value	Fair Value Measurement Using			Uncategorized
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
State Investment Pool	\$ 4,288,616	\$ -	\$ -	\$ -	\$ 4,288,616

All assets have been valued using a market approach, with quoted market prices.

NOTE #4 - CAPITAL ASSETS

Changes in capital assets accounts are summarized below:

Category	Audited Balance June 30, 2015	Additions	Deletions	Transfers	Audited Balance June 30, 2016
Land & easement	\$ 739,500	\$ -	\$ -	\$ -	\$ 739,500
Sewage collection facilities	5,341,536	-	-	-	5,341,536
Sewage treatment facilities	244,540	-	-	-	244,540
General plant & administration facilities	2,090,558	243,666	-	-	2,334,224
Seal Cove collection system	995,505	-	-	-	995,505
Other capital improvements	4,357,566	-	-	-	4,357,566
Water facilities plant	24,126,549	1,588,835	-	-	25,715,384
Water general plant	174,309	-	-	-	174,309
Surface water rights	300,000	-	-	-	300,000
Total	38,370,063	1,832,501	-	-	40,202,564
Accumulated depreciation	14,901,061	1,389,915	-	-	16,290,976
Property, plant & equipment, net	\$ 23,469,002	\$ 442,586	\$ -	\$ -	\$ 23,911,588

MONTARA WATER AND SANITARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016

NOTE #5 – INVESTMENT IN JOINT POWER AUTHORITY - CAPACITY RIGHTS

Investment in Sewer Authority Mid-Coastside

The District has capacity rights in the Sewer Authority Mid-Coastside (SAM), a public entity created February 3, 1976 by a Joint Exercise of Powers Agreement pursuant to the provisions of Title 1, Division 7, and Chapter 5 of the Government code of the State of California. Other joint power members include the City of Half Moon Bay and the Granada Sanitary District. The District reports these capacity rights in SAM on cost basis.

Under this agreement, SAM is granted the power of the member agencies to construct, maintain, and operate facilities for the collection, transmission, treatment and disposal of wastewater for the benefit of the lands and inhabitants within their respective boundaries.

Each member agency has the power to appoint two representatives of their own governing body to SAM's Board of Directors. Budgets prepared by SAM are subject to approval by the member agencies and expenditures in excess of the budgeted amounts require unanimous consent and approval of SAM's Board of Directors.

SAM provides sewage collection and treatment services, for which the District pays a monthly fee. The District paid \$1,229,064 for these collection and treatment services for the year.

Summary details of SAM's financial position and results of operation from the most recent audited financial statement available for the year ended June 30, 2015 are as follows:

Total assets	\$	15,702,816
Deferred outflows of resources		173,021
Total liabilities		2,484,258
Deferred inflows of resources		<u>543,470</u>
Net position	\$	<u>12,848,109</u>
Total revenues	\$	4,233,005
Total expenses		<u>5,025,858</u>
Decrease in net position	\$	<u>(792,853)</u>

MONTARA WATER AND SANITARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016

NOTE #6 - LONG TERM OBLIGATIONS

Following is a summary of the changes in long term obligations for the year:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long Term Portion
General Obligation Bonds, 2012 Series	\$13,169,293	\$ -	\$ 835,090	\$12,334,203	\$ 854,702	\$11,479,501
2012 GO Bonds Discount	(62,520)	-	(4,886)	(57,634)	(4,886)	(52,748)
PNCEF Lease Obligation	1,444,284	-	76,972	1,367,312	85,454	1,281,858
CIEDB loan	866,464	-	26,543	839,921	27,350	812,571
SRF Loan	1,757,781	2,451,510	218,695	3,990,596	239,315	3,751,281
Totals	<u>\$17,175,302</u>	<u>\$ 2,451,510</u>	<u>\$ 1,152,414</u>	<u>\$18,474,398</u>	<u>\$ 1,201,935</u>	<u>\$17,272,463</u>

A. General Obligation Bonds, Series 2012

On April 18, 2012, the District issued General Obligation Bonds Series 2012 in the amount of \$15,635,000. The bonds were issued to fully refund the General Obligation Bonds Series 2003, which the District issued for the acquisition and improvements of a domestic water supply, treatment, and fire protection system serving the entire District service area, and to finance improvements to the District's water system. These bonds are payable from the levy of ad valorem taxes on all property within the District. Interest on the bonds is 2.4 percent and is payable on February 1 and August 1 of each year, commencing August 1, 2012.

Principal is due bi-annually beginning on August 1, 2012, in amounts ranging from \$389,142 to \$568,322, with a final payment on August 1, 2028 of \$568,322. The bonds maturing on or before August 1, 2017 are not subject to redemption prior to their respective stated maturity dates. Bonds maturing on or after August 1, 2017 are subject to redemption prior to their respective stated maturity dates at the option of the District at the principal amount of the bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

Repayment Schedule

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 854,702	\$ 295,734	\$ 1,150,436
2018	876,458	273,978	1,150,436
2019	897,915	252,521	1,150,436
2020	919,897	230,539	1,150,436
2021	941,825	208,611	1,150,436
2022-2026	5,069,256	682,924	5,752,180
2027-2028	2,774,150	101,939	2,876,089
Total	<u>\$ 12,334,203</u>	<u>\$ 2,046,246</u>	<u>\$ 14,380,449</u>

MONTARA WATER AND SANITARY DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE #6 - LONG TERM OBLIGATIONS (Continued)

B. Capital Lease

On November 7, 2006, the District entered into a lease/purchase agreement with a financial institution in the amount of \$1,854,443 at a fixed interest rate of 4.56 percent annually. The agreement matures on October 7, 2026. The agreement was to finance the acquisition, construction and installation of energy conservation capital facilities for the District’s water system with the expectation that the cost thereof will be offset through reductions in future energy costs created by the facilities. As security for its obligation under this lease the District has pledged to the Lessor a security interest in the net revenue of both the water and sewer enterprises.

The financing was originally provided by Citibank at a rate of 4.56 percent for a 20-year term and is now held by PNC Equipment Finance (PNCEF). Effective March 15, 2013, the District refinanced the capital lease with PNCEF at a rate of 2.95 percent.

Repayment Schedule

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 85,454	\$ 39,196	\$ 124,650
2018	93,990	36,560	130,550
2019	104,097	33,653	137,750
2020	114,407	30,443	144,850
2021	125,339	26,921	152,260
2022-2026	785,392	70,333	855,725
2027-2031	58,635	361	58,996
Total	<u>\$ 1,367,314</u>	<u>\$ 237,467</u>	<u>\$ 1,604,781</u>

C. CIEDB Loan

On October 1, 2008, the District entered into an enterprise fund installment sale agreement with California Infrastructure and Economic Development Bank (CIEDB) in the amount of \$1,010,000. The agreement was to purchase a facility in order to renovate and upgrade two sewer pump stations. The agreement matures on December 3, 2037 with principal amounts due August 1, and interest payments due on February 1 and August 1 of each year. The interest rate is 3.05 percent per annum.

MONTARA WATER AND SANITARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE #6 - LONG TERM OBLIGATIONS (Continued)

Repayment Schedule:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 27,350	\$ 25,201	\$ 52,551
2018	28,184	24,354	52,538
2019	29,043	23,481	52,524
2020	29,929	22,582	52,511
2021	30,842	21,655	52,497
2022-2026	168,908	93,353	262,261
2027-2031	196,287	65,557	261,844
2032-2036	228,103	33,256	261,359
2037-2038	101,278	3,112	104,390
Total	<u>\$ 839,924</u>	<u>\$ 312,551</u>	<u>\$ 1,152,475</u>

D. State Revolving Fund Loan

On July 10, 2012, the District entered into an agreement with the State of California Department of Health under the Safe Drinking Water State Revolving Fund Law of 1947. This agreement constitutes funding in the form of a loan and a grant made by the State to the District to assist in financing the cost of studies, planning and other preliminary activities for a project which will enable the District to meet safe drinking water standards. Under this agreement, the State will lend the District an amount not to exceed \$500,000, payable in five years from the first principal and interest invoice. On November 14, 2012, the District entered into an additional agreement with the State of California Department of Health under the Safe Drinking Water Revolving Fund Law of 1947. This agreement constitutes funding in the form of a loan made by the State to the District to assist in financing the construction of the preliminary activities noted above. Under this agreement, the State will lend the District an amount not to exceed \$2,920,000. The District will make semiannual payments for the principal and any interest amounts due January 1 and July 1 of each year until the loan is repaid in full at an interest rate of 2.09 percent and 2.28 percent, respectively, per annum. The District expects the project to be completed in 2016. During current fiscal year ended June 30, 2016, the District received \$2,451,510 in reimbursements under this loan agreement.

MONTARA WATER AND SANITARY DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE #6 - LONG TERM OBLIGATIONS (Continued)

Repayment Schedule:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 239,315	\$ 89,255	\$ 328,570
2018	244,655	83,915	328,570
2019	250,115	78,455	328,570
2020	212,347	72,873	285,220
2021	173,338	68,533	241,871
2022-2026	928,264	281,088	1,209,352
2027-2031	1,039,868	169,484	1,209,352
2032-2036	902,694	46,268	948,962
Total	<u>\$ 3,990,596</u>	<u>\$ 889,871</u>	<u>\$ 4,880,467</u>

NOTE #7 - DEFERRED COMPENSATION PLAN

The District's defined contribution, IRS code section 457 pension plan, provides deferred compensation retirement benefits to plan members and beneficiaries. Under this plan participants may defer a portion of their compensation and are not taxed on the deferred portion until it is distributed to them. Distribution may be made only at termination, retirement, death, or in an emergency as defined by the plan. The District has contracted with a third party to provide administration and management of the plan's assets which are to be held for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under this plan are not the District's property and are not subject to claims by general creditors of the District, they have been excluded from these financial statements.

NOTE #8 - DEFINED BENEFIT PLAN

A. Plan Description

The District has adopted, through the Public Agency Retirement Services ("PARS"), a tax qualified governmental defined benefit plan for the benefit of eligible District employees to provide retirement benefits. PARS is a private company specializing in retirement services. The plan conforms to the requirements of Internal Revenue Code Section 401(a) tax-qualified multiple employer retirement system and therefore is entitled to favorable tax treatment.

MONTARA WATER AND SANITARY DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE #8 – DEFINED BENEFIT PLAN (Continued)

Members are eligible to receive benefits under the PARS plan if they:

- a) Were a full-time employee of the District on or after July 1, 2015;
- b) Are at least sixty-two years of age;
- c) Have completed at least five or more years of full-time service with the District;
- d) Have applied for benefits under the Plan; and
- e) Have terminated employment with the District.

B. Benefits Provided

Members are paid benefits equal to an amount equal to one-twelfth (1/12) of the number of full and partial years of full-time continuous employment with the District completed as of the member's retirement times the member's final pay times 2%. Upon death of a member, the member's monthly allowance will automatically continue to an eligible survivor. No preretirement disability benefits are provided. Pre-retirement death benefits are provided for employees who have at least five years of full-time employment with the District.

Employees who terminate employment or are terminated whether voluntarily, involuntarily, by death, disability or in any other manner prior to completing five (5) years of full-time service with the Employer, will receive one hundred percent (100%) of their Employee contributions made to the Plan plus three percent (3%) interest per annum.

The Plan's provisions and benefits in effect at June 30, 2015, are summarized as follows:

Hire Date	On or after July 1, 2015
Formula	2% @ 62
Benefit vesting schedule	5 years of service
Benefit payments	monthly for life
Retirement age	62
Required employee contribution rates	8.25%
Required employer contribution rates	6.50%

C. Employees Covered by Benefit Terms

At June 30, 2016, the following employees were covered by the benefit terms for the Plan:

Active employees*	<u>PARS Plan</u> <u>7</u>
-------------------	------------------------------

* Plan is closed to new entrants

MONTARA WATER AND SANITARY DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE #8 – DEFINED BENEFIT PLAN (Continued)

D. Contributions

The District contributed the actuarially determined contribution to the PARS plan. For the year ended June 30, 2016, the contributions were:

	<u>PARS Plan</u>
Contributions - Employer	\$ 40,316
Contributions - Employee	51,170

E. Net Pension Liability

The District's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2015. At June 30, 2016, the District has no pension liability as the benefit plan started at July 1, 2015.

F. Actuarial Assumptions

The 2015 actuarial valuations used the following actuarial assumptions:

	<u>PARS Plan</u>
Valuation Date	June 30, 2015
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount rate	6.5%
Projected payroll increases	3.5% ⁽¹⁾
Mortality	Varies by gender and age

(1) Depending on age, service and type of employment

MONTARA WATER AND SANITARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016

NOTE #8 – DEFINED BENEFIT PLAN (Continued)

G. Discount Rate

The best estimate for the long-term rate of return of 6.50% is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The table below reflects discount rate development. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

PARS Fund:	<u>Capital Appreciation</u>	
Confidence level ¹	50%	55%
Expected Return	7.69%	7.35%
Investment Expenses ²	0.80%	0.80%
Net Return after Expenses	6.89%	<u>6.55%</u>
Recommended Discount Rate		<u><u>6.50%</u></u>

1 Based on 5000-trial stochastic modeling, the long-term average return is expected to be equal or higher than the amount shown 50% or 55% of the time.

2 Assumes passive investment strategy.

H. Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued PARS financial report.

I. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pension

For the year ended June 30, 2016, the District recognized zero pension expense for the PARS Plan. At June 30, 2016, the District reported deferred outflows resources of \$40,316 for pension contributions subsequent to measurement date that will be recognized as a reduction of net pension liability (if any) in the year ended June 30, 2017.

MONTARA WATER AND SANITARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016

NOTE #9 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts: theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disaster. The District joined together with other entities to form the California Sanitation Risk Management Authority (CSRMA), a public entity risk pool currently operating as a common risk management and insurance program for 54-member entities. The purpose of CSRMA is to spread the adverse effects of losses among the member entities and to purchase excess insurance as a group, thereby reducing its cost. The District pays annual premiums to CSRMA for its general, liability, property damage and monthly premiums to State Fund for its workers compensation insurance.

CSRMA is governed by a Board composed of one representative from each member agency. The Board controls the operations of CSRMA including selection of management and approval of operating budgets, independent of any influence by member entities.

Settled claims for CSRMA or commercial fidelity bonds have not exceeded coverage in any of the past three fiscal years.

The following is a summary of the insurance policies carried by the District as of June 30, 2016:

Type of Coverage	Coverage Limits
General Liability	\$ 15,500,000
Workers' Compensation	2,000,000
Boiler & Machinery	100,000,000
Public Officials	100,000
Property	7,583,313

Audited condensed financial information for CSRMA is presented below from the most recent statements available for the year ended June 30, 2015:

Total assets	\$ 27,418,098
Total liabilities	<u>16,714,638</u>
Net position	<u>\$ 10,703,460</u>
Total revenues	\$ 10,895,632
Total expenses	<u>11,157,866</u>
Decrease in net position	<u>\$ (262,234)</u>

Claims and judgments, including provision for claims incurred but not reported, are recorded when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable. As discussed above, the District has coverage for such claims, but it had retained the risk for the deductible or uninsured portion of these claims.

The District has not exceeded its insurance coverage limits in any of the last three years. Any District liability is included in accrued expenses on the financial statements.

MONTARA WATER AND SANITARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016

NOTE #10 – COMMITMENTS AND CONTINGENT LIABILITIES

The District has an agreement with Sewer Authority Mid-Coastside (SAM), Granada Sanitary District, and City of Half Moon Bay for the purchase of additional plant sewer capacity on an as needed basis. The District may purchase additional capacity in the SAM plant, if such additional capacity is available, at a cost per Equivalent Residential Unit (ERU) in effect. The future price would be an average current cost per ERU charged a property in the City of Half Moon Bay and Granada Sanitary District plus accrued interest as stipulated in the agreement. At this time the District needs no additional capacity.

The District is a plaintiff or defendant in a number of lawsuits, which have arisen in the normal course of business. In the opinion of the District, these actions when finally adjudicated will not have a material adverse effect on the financial position of the District.

REQUIRED SUPPLEMENTARY INFORMATION

**MONTARA WATER AND SANITARY DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2016**

**PARS Plan
 As of June 30, 2016
 Last 10 Years *
 Schedule of Plan Contributions**

	<u>2016</u>
Actuarially Determined Contribution	\$ 40,316
Contribution in relation to the Actuarially Determined Contribution	(40,316)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-employee payroll	\$ 620,243
Contributions as a percentage of covered-employee payroll	6.50%
Notes to Schedule	
Valuation date	6/30/2015
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Investments	Highmark's passively managed Capital Appreciation portfolio
Discount rate	6.5%
Payroll increases	Aggregate payroll increase – 3.25%
Retirement	The probabilities of retirement and mortality are based on the 1997-2011 CalPERS Experience Study - Mortality projected fully generational with Scale MP2014

* Fiscal year 2016 was the 1st year of implementation, therefore only one year is shown.



EDMUND G. BROWN JR.
GOVERNOR

MATTHEW RODRIGUEZ
SECRETARY FOR
ENVIRONMENTAL PROTECTION

State Water Resources Control Board

OCT 13 2017

Mr. Clemens Heldmaier, General Manager
Montara Water & Sanitary District
P.O. Box 370131
Montara, CA 94037-0131

MONTARA WATER AND SANITARY DISTRICT (MWSD) REQUEST TO ELIMINATE THE NEED FOR A FISCAL AGENT; DRINKING WATER STATE REVOLVING FUND (DWSRF) FUNDING AGREEMENT NO. SRF12CX109, PROJECT NO. 41100100-22C

Dear Mr. Heldmaier:

This letter is in response to your letter dated August 25, 2017, in which you requested the State Water Resources Control Board (State Water Board) allow MWSD the ability to set up a separate fund within the District's general ledger Water Enterprise Fund for the purposes of establishing and funding the required reserve fund and remittance of debt service payments directly to the State Water Board, rather than depositing reserve funds and facilitating debt service payments through a fiscal agent.

As you are aware, per Section 13 of the Funding Agreement, MWSD was required to establish a separate deposit account with a fiscal agent, in which MWSD is to maintain funds, including the Reserve Fund (as defined in Article B-4), sufficient to service the loan. We have record of MWSD establishing a separate deposit account with US Bank, for the purposes of servicing the loan and generating a reserve fund (per Article B-4). However, it has come to our attention that MWSD has not fulfilled its obligation to generate and deposit reserve funds per Section 13 or Article B-4 of the agreement, placing MWSD in breach of agreement. To date, MSWD should have a balance of \$48,222 on deposit in the Reserve Fund; however, MWSD has a current reserve balance on deposit of \$0.

In your letter, you mention that MWSD has the current understanding that since the DWSRF program had transferred to the State Water Board, the reserve fund requirement is no longer being implemented. To the contrary, per Section XI, subsection A (4) (ii) (a), of the current "Policy for Implementing the Drinking Water State Revolving Fund,"

The recipient will normally be expected to establish and maintain, until the financing agreement is repaid, a restricted reserve equal to two semiannual debt service payments that may be accumulated during the first (10) years of the loan repayment term, unless the Division determines that the credit considerations support a different result. The recipient shall make deposits into the restricted reserve account in an amount and as frequently as instructed by the Division.

FELICIA MARCUS, CHAIR | EILEEN SOBECK, EXECUTIVE DIRECTOR

Mr. Heldmaier
Montara Water & Sanitary District

- 2 -

In considering MWSD's request, and after a thorough review of MWSD's fiscal year 2015-16 audited financials provided, the State Water Board agrees that MWSD is generating sufficient revenue to support its operation and maintenance costs as well as its debt service as required. Although MWSD is currently in breach of agreement with regard to the reserve requirement, the State Water Board is willing to amend the Funding Agreement language of both Section 13 and Article B-4, eliminating the need for a fiscal agent and allowing MWSD to create separate reserve fund within MWSD's general ledger. Given that MWSD has not generated reserve funds as required, the amendment will address corrective action(s) necessary to ensure such funds are adequately generated and maintained.

We look forward to working with MWSD to reasonably accommodate its request and rectify the issue of breach. In the interim, if you have any questions, please contact Lance Reese within the State Water Board's Division of Financial Assistance Loans and Grants Administration Section at lance.reese@waterboards.ca.gov or (916) 449-5625.

Sincerely,



Leslie S. Laudon, Deputy Director
Division of Financial Assistance

Cc: Lance Reese
Division of Financial Assistance

Anne Hartridge
Office of Chief Counsel



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: November 16, 2017

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

A handwritten signature in blue ink, appearing to be 'Clemens Heldmaier'.

**SUBJECT: Review and Possible Action Concerning 4th
Street Water Main Project Completion and
Contract Release**

The contractor, Stoloski & Gonzalez Inc., has completed all work on the 4th Street Water Main Project (Project) construction. The District Water System Engineer and staff found the work satisfactory (see attached memorandum from the District Engineer) and recommend the Board to accept the project. A five-percent retention payment in the amount of \$21,556.83 is due to the contractor upon the District's acceptance of the contract and receipt of the signed and notarized Release of Contact form by the District from Stoloski & Gonzalez.

RECOMMENDATION: Accept the 4th Street Water Main Project and Authorize the General Manager to File the Notice of Completion.



MEMORANDUM

TO: Clemens Heldmaier, General Manager
Montara Water and Sanitary District

FROM: Timothy Monahan, P.E.
Project Manager

DATE: November 2, 2017

SUBJECT: 4th Street Water Main Replacement Project Completion



Stoloski and Gonzalez, Inc., the general contractor for the 4th Street Water Main Replacement Project, has completed all work and the punch list items. The work has been completed in satisfactory manner and all facilities are functioning properly.

We recommend that the District release the 5-percent retention and final payment in the amount of \$21,556.83 and file the Notice of Completion with the County of San Mateo. Once the retention is released and Stoloski and Gonzalez signs and delivers to the District a notarized Release of Contract form, the project will be considered closed.

OWNER: MONTARA WATER AND SANITARY DISTRICT					STOLOSKI & GONZALEZ, INC					
PROJECT: 4TH STREET WATER MAIN REPLACEMENT					727 Main Street					
					Half Moon Bay, CA 94019					
					PROGRESS PAYMENT REQUEST 733-04				JOB #733-RET	
In accordance with the contract, claim for progress payment # 4 is hereby made for the work itemized below for retention payment								DATE: 12/27/2016		
B.I No	Description	Qty	Unit	Unit Price	Total Item Price	Qty for This Estimate	Qty for Previous Estimates	Total Quantity To Date # Qty	Value of Work Completed %this Estimate	Total Value of Work Completed To Date
BASE BID										
1	Mobilization	1	LS	17,500.00	17,500.00		100%	100%	\$ -	\$ 17,500.00
2	Sheeting, shoring and bracing	1	LS	500.00	500.00		100%	100%	\$ -	\$ 500.00
3	Installation fo 6-inch diameter C900 PVC water main from STA 0+39 to STA 13+05	1266	LF	198.00	250,668.00		1273	1273	\$ -	\$ 252,054.00
4	Relocation of approx. 41 water services from existing to new water main	1	LS	70,000.00	70,000.00		103%	103%		\$ 71,750.00
5	Installation of one (1) 6 inch gate valve with valve box at STA 7+35	1	LS	2,500.00	2,500.00		100%	100%	\$ -	\$ 2,500.00
6	Installation of one (1) fire hydrant and 6 inch gate valve at STA 13+05	1	LS	9,000.00	9,000.00		100%	100%	\$ -	\$ 9,000.00
7	Testing, flushing and disinfecting new 6 inch water main	1	LS	4,500.00	4,500.00		100%	100%		\$ 4,500.00
8	Potholing and field investigation	1	LS	4,000.00	4,000.00		100%	100%		\$ 4,000.00
9	Installation of ane eight inch insertion valve on Drake Street	1	LS	14,000.00	14,000.00		100%	100%	\$ -	\$ 14,000.00
10	Installation of one (1) 4-inch electronic control valve at Alta Vista Tank 1	1	LS	24,000.00	24,000.00		100%	100%	\$ -	\$ 24,000.00
11	Demobilization and contract closeout	1	LS	1,000.00	1,000.00	100%		100%	\$ 1,000.00	\$ 1,000.00
BASE BID ITEMS TOTAL					397,668.00					
	CCO #1 Extra Work Invoice 733-EW, Abandon Water Main, Pour V-Ditch	1	LS	3,439.91	3,439.91		100%	100%	\$ -	\$ 3,439.91
	CCO #2 Emergency Repair - Distillery	1	LS	6,800.00	6,800.00		100%	100%	\$ -	\$ 6,800.00
	CCO #3 Control Valve	1	LS	1,092.68	1,092.68		100%	100%	\$ -	\$ 1,092.68
					409,000.59					
BASE BID ITEMS & CHANGE ORDERS TOTAL									\$ 1,000.00	\$ 412,136.59
TOTAL WORK TO DATE										\$ 412,136.59
DEDUCT 5% RETENTION										\$ (20,606.83)
DEDUCT PREVIOUS PAYMENTS										\$ (390,579.76)
AMOUNT DUE THIS PAYMENT										\$ 950.00
RETENTION OWED										\$ 20,606.83
										\$ 21,556.83
Submitted 12/27/2016										



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: November 16, 2017

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

Q

**SUBJECT: Review and Possible Action Concerning
Authorization to Vote at General Session
Membership Meeting at ACWA 2017 Fall
Conference.**

The ACWA President and Vice President will be elected at the General Session Membership Meeting of the Association of California Water Agency (ACWA) in Anaheim. Additionally a set of revised ACWA bylaws will be voted on.

Both MWSD President as well as General Manager will be attending the ACWA Fall Conference.

RECOMMENDATION:

Authorize the Board President to cast votes at the ACWA General Session Meeting on behalf of District.

TO: ACWA Members: General Managers and Board Presidents

CC: ACWA Board of Directors

FROM: Timothy Quinn, ACWA Executive Director

DATE: October 11, 2017

SUBJECT: General Session Membership Meeting at ACWA 2017 Fall Conference

There will be a General Session Membership Meeting at the 2017 Fall Conference in Anaheim, California, on Wednesday, November 29. The meeting will be held in the Platinum Ballroom 1-6, Marriott Anaheim, at 1:20 p.m. The purpose of the meeting is to formally nominate and elect ACWA's President and Vice President for the 2018-2019 term and to conduct a vote by the membership on proposed amendments to ACWA's Bylaws as recommended by the Board of Directors at its meeting on September 29, 2017.

Election of President/Vice President

The ACWA Nominating Committee has announced a 2018-2019 slate that recommends current **Vice President Brent Hastey for ACWA President** and current **Federal Affairs Committee Chair Steven LaMar for ACWA Vice President**. As provided by ACWA's Bylaws (Article 9, Section 9) nominations from the floor will be accepted prior to the vote. Such nominations and seconds must be supported by a resolution of the governing body of the member agency making and seconding such nomination. **(See attached for General Session/Election Procedures.)**

Proposed Amendments to ACWA's Bylaws

As part of the ongoing efforts to ensure ACWA's Bylaws are current and reflect consistency with other governance documents and daily operations, the Board of Directors is recommending several amendments to the bylaws for consideration by the membership. A Legal Affairs Committee (LAC) Workgroup reviewed the proposed amendments and provided an analysis pursuant to ACWA's Bylaws (Article 9, Section 8).

Following is a list of the proposed amendments to the bylaws along with the rationale for the change and the LAC Workgroup's analysis.

Article 7 – Standing Committees

1. **Section 4. Committee Composition.** Each limited standing committee shall have a membership composition that is comprised of members in the quantity and with qualifications as defined by the provisions of these bylaws. The committee chair position shall not be included in the maximum count for determining the committee composition total of any given limited committee. The committee chair shall, however, be a voting member of their respective committee subject to the rules and procedures of each committee.

Rationale: Staff is recommending this amendment to the bylaws to allow the President flexibility in appointing members to limited standing committees and to provide an odd number committee composition total.

LAC Workgroup Analysis: The proposed revision is clear and meets its intended purpose.

2. **Committee Composition Terms in Sections 5 through 17.**

Rationale. Staff noted that the use of the term “individual” versus “representative” (and one instance of “member”) was inconsistent throughout the committee composition description for each of the standing committees in Article 7. Staff asked the LAC Workgroup to review Section 1, Qualifications, as well as each of the committee descriptions to make a determination as to which term best applies for all of the committees for purposes of consistency throughout Article 7.

LAC Workgroup Analysis: Reading of the various ACWA committee sections suggests that “Member” would be the most appropriate word for consistency throughout the bylaws. However, the use of a single term, may require some minor revisions to surrounding text for clarity (for an example see Section 15 (State Legislative Committee) where “member” is separately used to denote a “member agency” and so would need to state “member-agency” consistently to accommodate the more general use of “member” throughout the bylaws).

Staff Response: Staff revised the terms in the committee section descriptions (Sections 5 through 17) to “member” for consistency and the surrounding language where needed in response to the LAC Workgroup’s analysis. **(See attached bylaws for proposed amendments to these sections.)**

3. **Section 5. Agriculture Committee.** There shall be an Agriculture Committee whose duty it shall be to recommend Association policy, positions and programs to the Board of Directors, State Legislative Committee, Federal Affairs Committee or other committees, as appropriate, regarding agricultural issues affecting the interests of ACWA and its members. The committee shall consist of at least one member from each region.

Rationale: The 2016-2017 Business and Strategic Plan initiative to increase involvement and engagement from ACWA's agricultural members has successfully generated momentum amongst ACWA's agricultural members and a renewed attention to and involvement in key policy issues that uniquely affect agricultural water suppliers. Amidst this success, a concern has arisen that the momentum could be lost once the Board of Directors finishes its current term and the initiative sunsets. This concern has sparked the suggestion that ACWA should consider creating an Agriculture Committee as the thirteenth standing committee of the Association to continue the objectives of the Ag Initiative long-term.

LAC Workgroup Analysis: The proposed revision is clean and meets its intended purpose.

4. **Section 12. Legal Affairs Committee.** There shall be a Legal Affairs Committee whose duty it shall be to support the mission of the Association, and more particularly to deal with requests for assistance involving legal matters of significance to members of the Association agencies, including but not limited to state and federal court litigation, water rights matters, selected regulatory and resources agency matters, proposed bylaw revisions, review of legislation as requested by the State Legislative Committee, etc. The committee shall consider matters and issues submitted to it in order to determine which ones are of major significance to the members of the Association agencies and, assuming a finding of major significance, recommend to the Board of Directors the position(s) which the committee believes the Association should take with respect thereto. The committee shall be composed of between ~~35~~ 34 and ~~45~~ 44 attorneys, each of whom shall be a member of the California Bar and shall be, or act as, counsel for a member of the Association agency, representing diverse interests within the Association, including but not limited to, different geographical areas throughout the state, large and small agencies, agricultural and urban agencies, agencies created under the various enabling statutes, etc. ~~Further, there shall be at least one representative from each region on the committee.~~ The committee shall consist of a least one member from each region.

Rationale: Change the committee composition range so there is a resulting odd number total when the chair is added.

LAC Workgroup Analysis: Considered together with the general change in Section 4, Committee Composition, above, this change accomplishes its purposes and maintains the current overall LAC membership numbers.

Article 9 – Meeting of Members

5. **Section 8. Amendments, Revisions, and Resolutions.** Before any amendments or revisions to the bylaws, or resolutions, may be considered at any meeting of the Association, any such amendment, revision, or resolution shall be submitted to the executive director/secretary at least ~~30~~ 90 days prior to the first day of such meeting. The executive director/secretary shall promptly distribute any



proposed amendments or revisions to the Legal Affairs Committee for the Legal Affairs Committee to develop an unbiased analysis of the amendments or revisions. Following development of an analysis for the proposed amendments or revisions, the executive director/secretary shall distribute copies of any resolutions, amendments or revisions, including any applicable analyses, to all members of the Association ~~at least five~~ not less than 10 days or more than 90 days prior to presentation at such meeting. The written notice of the membership meeting shall be given to each voting member of the Association consistent with the provisions defined in Section 3. The ~~30~~ 90-day rule may be suspended at any meeting of the Association by consent of three-fourths of the members present. Voting on resolutions, amendments, or revisions shall proceed as provided by Sections ~~3~~ 5 and 4 ~~6~~ of this Article.

Rationale: Staff recommended that the deadline for submitting requests for amendments, revisions, and resolutions be changed from 30 to 120 days prior to any membership meeting to provide the Legal Affairs Committee sufficient time to review and develop the required analysis and for staff to provide adequate notice to the members as set forth in Article 9, Sections 3 and 4 of the bylaws. **Note: Staff typically notifies ACWA members at least 45 days prior to a given membership meeting to allow the member agency boards adequate time to designate their authorized voting representative.**

LAC Workgroup Analysis: This proposed revision is clear and meets its intended purpose. However, workgroup members did express some concern that the 120-day submission requirement may unduly limit the Association's ability to quickly respond to state or federal legislative or administrative acts appropriately. A supermajority of the Association may vote to suspend the requirement, however, it may be advisable to require only 90-days for submission while retaining the general Association distribution timing of no later than 10-days and no earlier than 90-days prior to presentation at an Association meeting.

Staff Response: Staff revised the proposed amendment to state 90 days instead of 120 days in response to the LAC Workgroup's analysis.

The Board of Directors recommends adoption of the proposed amendments to ACWA's Bylaws through a vote of the membership.

Webinar on Proposed Amendments to Bylaws

ACWA staff is hosting a webinar on **Tuesday, November 7, at 10:00 a.m.** in advance of the membership meeting to answer any questions members may have pertaining to the proposed amendments to the bylaws. Please register for the webinar at the link listed below:

Please register for Bylaws Webinar on Nov 07, 2017 10:00 AM PST at:

<https://attendee.gotowebinar.com/register/18153322847132675>

After registering, you will receive a confirmation email containing information about joining the webinar.



Membership Voting Process

ACWA will issue each member agency **present** one proxy card for voting purposes based on the designated voting representative identified by the member agency on the proxy designation form. The designated voting representative is required to register and sign as the proxy holder to receive the proxy card. Proxy cards will **only** be available for pick-up on **Wednesday, November 29**, between **9:00 a.m. and 12:00 p.m.** at the **ACWA General Session Desk** in the main foyer outside of the **Marquis Ballroom Center, Marriott Anaheim**. The luncheon and General Session Membership Meeting will be held in the Platinum Ballroom 1-6.

To expedite the sign-in process at the **ACWA General Session Desk**, please indicate your voting delegate on the enclosed proxy designation form and return it by email (**donnap@acwa.com**) or fax (**916-325-4857**) at your earliest convenience prior to conference. If there is a last minute change of delegate, please let us know before the meeting date by contacting ACWA's Clerk of the Board, Donna Pangborn, at 916-441-4545 or donnap@acwa.com.

If you have any questions regarding this process, please contact Clerk of the Board Donna Pangborn at the ACWA office at 916-441-4545 or donnap@acwa.com.

dgp

Enclosures:

1. General Session/Election Procedures
2. Proposed ACWA Bylaws Amendments – Redline Version
3. Proxy Designation Form



PROXY DESIGNATION FORM

ASSOCIATION OF CALIFORNIA WATER AGENCIES GENERAL SESSION MEMBERSHIP MEETING(S)

WEDNESDAY, NOVEMBER 29, 2017 AT 1:20PM
THURSDAY, NOVEMBER 30, 2017 AT 1:20PM (IF NEEDED)

TO: Donna Pangborn, Clerk of the Board

EMAIL: donnap@acwa.com

FAX: 916-325-4857

The person designated below will be attending the ACWA General Session Membership Meeting(s) on **Wednesday, November 29, 2017 (and November 30, 2017 if necessary)** as our voting delegate.

<i>MEMBER AGENCY'S NAME</i>	<i>AGENCY'S TELEPHONE No.</i>
<i>MEMBER AGENCY'S AUTHORIZING REPRESENTATIVE</i>	<i>SIGNATURE</i>
<i>DELEGATE'S NAME</i>	<i>SIGNATURE</i>
<i>DELEGATE'S EMAIL</i>	<i>DELEGATE'S TELEPHONE No.</i>
<i>DELEGATE'S AFFILIATION (if different from assigning agency)¹</i>	<i>DATE</i>

¹ If your agency designates a delegate from another entity to serve as its authorized voting representative, please indicate the delegate's entity in the appropriate space above. Note: Delegates need to sign the proxy form indicating they have accepted the responsibility of carrying the proxy.

REMINDER: Proxy cards will be available for pick up on **Wednesday, November 29**, between **9:00 a.m.** and **12:00 p.m.** at the **ACWA General Session Desk** in the main foyer outside of the **Marquis Ballroom Center, Marriott Anaheim**. The luncheon and General Session Membership Meeting will be held in the Platinum Ballroom 1-6.

GENERAL SESSION/ELECTION PROCEDURES FOR ACWA 2017 FALL CONFERENCE

The following information is provided to inform the ACWA member agency delegates attending the 2017 Fall Conference of the procedures to be used pertaining to the nomination and election of ACWA officers and the vote by the membership on proposed amendments to the bylaws during the General Session Membership Meeting.

PROXY CARDS – (REQUIRED FOR VOTING)

ACWA will issue each member agency **present** one proxy card for voting purposes based on the designated voting representative identified by the member agency. In order to vote during the General Session Membership Meeting, the designated voting representative is required to register and sign as the proxy holder by 12:00 p.m. on Wednesday, November 29. Upon registration and sign-in, the voting delegate will receive the required proxy cards. Proxy cards will be available for pick-up on **Wednesday, November 29, between 9:00 a.m. and 12:00 p.m.** at the ACWA General Session Desk in the main foyer outside of the **Marquis Ballroom Center, Marriott Anaheim**. The luncheon and General Session Membership Meeting will be held in the Platinum Ballroom 1-6.

GENERAL SESSION MEMBERSHIP MEETING, WEDNESDAY, NOV. 29 (DOORS OPEN AT 1:05 P.M.)

1. The General Session Membership Meeting will be called to order at 1:20 p.m. and a quorum will be determined. The presence of 50 authorized voting representatives is required to establish a quorum for transacting business.
2. Legal Affairs Committee Chair Jeni Buckman will provide an overview of the agenda and election procedures.
3. Nominating Committee Chair John Coleman will present the committee's report and announce the candidate for ACWA President.
4. President Kathy Tieggs will call for floor nominations for ACWA President.
5. If there are no floor nominations for President, the election will proceed. President Tieggs will close the nominations and delegates will vote by holding up their "Yes" or "No" proxy voting cards.
6. If there are floor nominations for President, the nomination will follow the procedures established by Article 9 of ACWA's Bylaws, stating floor nominations and seconds must be supported by a resolution of the governing body of the member agency making and seconding such nomination. **Note: If there are floor nominations, the election of officers will proceed during Wednesday's General Session as outlined below and the proposed bylaws amendments will move to the Thursday General Session Membership Meeting as outlined in item 12 below.**
 - a. Ballots will be distributed to the voting delegates.
 - b. Delegates will complete their ballots and place them in the ballot box, which will be centrally located in the Platinum Ballroom 1-6 meeting room.
 - c. Tellers' Committee will count the ballots. President Tieggs has appointed the following staff members to serve as the Tellers' Committee: Clerk of the Board Donna Pangborn; Director, Business Development & Events Paula Currie; and Executive Assistant Lili Vogelsang.
 - d. Legal Affairs Committee Chair Jeni Buckman will serve as the proctor to oversee the ballot counting process.
 - e. Candidates are welcome to designate an observer to be present during the ballot counting process.
 - f. Results of the ballot count will be announced. Election of ACWA's officers will be determined by a majority of the members present and voting. If any one candidate does not receive a majority of the vote, successive ballot counts will be conducted until a candidate is elected, consistent with Robert's Rules of Order.

7. Nominating Committee Chair John Coleman will announce the candidate for ACWA Vice President.
8. President Kathy Tiegs will call for floor nominations for ACWA Vice President.
9. If there are no floor nominations for Vice President, the election will proceed. President Tiegs will close the nominations and delegates will vote by holding up their “Yes” or “No” proxy voting cards.
10. If there are floor nominations for Vice President, the nominations will follow the procedures described in item 6 above, and the election will proceed according to the steps outlined in 6.a. through 6.f.

IF THERE ARE NO FLOOR NOMINATIONS FOR THE ELECTION OF OFFICERS, THE WEDNESDAY GENERAL SESSION MEMBERSHIP MEETING WILL PROCEED WITH A VOTE ON THE PROPOSED AMENDMENTS TO THE BYLAWS.

11. Legal Affairs Committee Chair Jeni Buckman will provide an overview of the proposed amendments to the bylaws.
 - a. Consideration of amendments to the bylaws.
 - b. Request for motion / second from the floor to approve the proposed amendments to the bylaws.
 - c. Discussion of proposed amendments.
 - d. Opportunity for members to offer changes to proposed amendments to the bylaws. Any proposed changes to the bylaw amendments as currently proposed require **a majority vote of the voting members present**.
 - e. Call for the question. A two-thirds vote of the members present and voting is required to amend the ACWA Bylaws.

IF THERE ARE FLOOR NOMINATIONS FOR THE ELECTION OF OFFICERS, THE OVERVIEW AND VOTE ON THE PROPOSED AMENDMENTS TO THE BYLAWS WILL BE TAKEN UP AT THE GENERAL SESSION MEMBERSHIP MEETING ON THURSDAY AS FOLLOWS.

12. The vote by the membership on the proposed amendments to the bylaws will occur at the Thursday, General Session Membership Meeting, at the Platinum Ballroom 1-6, Anaheim Marriott, at 1:20 p.m.
 - a. The General Session Membership Meeting will be called to order at 1:20 p.m. and a quorum will be determined. The presence of 50 formally designated voting representatives is required to establish a quorum for transacting business.
 - b. Legal Affairs Committee Chair Jeni Buckman will provide an overview of the proposed bylaws amendments.
 - c. The meeting will proceed according to the steps outlined 11.a. through 11.e. above.



BYLAWS of the Association of California Water Agencies

Proposed Amendments – redline version: September 29, 2017

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(As amended by the Members on December 2, 2015)

ARTICLE 1 – GENERAL

Section 1. Name. The name of this California nonprofit corporation shall be the Association of California Water Agencies (hereinafter referred to as the Association).

Section 2. Principal Office. The principal office for the transaction of business of the Association is located at 910 K Street, Suite 100, Sacramento, California; provided, however, that the Board of Directors may change the location of the principal office by resolution and without amendment of these bylaws.

Section 3. Purposes. The purposes of the Association shall be to work together with its members and others for the best interests of California and its citizens and landowners who use, need and depend upon water; to encourage the orderly development of the waters of the state; to seek means of obtaining and making available to all of California a dependable water supply of the best possible quality at the lowest possible cost, giving due consideration to environmental factors involved therein; to provide inspiration and leadership in meeting and solving the water supply problems of this state; to propose and advocate such policies and measures—local, state and federal—that serve the best interests of the Association, opposing those of contrary nature; to assist in promoting the health, safety and welfare of the employees of its members; and to do all other things that are in the best interests of its members.

ARTICLE 2 – MEMBERSHIP AND DUES

Section 1. Membership.

- A. **Members.** Only a public district, public agency, or public organization created and operated for the purpose of controlling, treating, developing, acquiring, using or supplying water for any purpose for inhabitants or lands within the state of California, or for the protection, drainage or reclamation of lands within the state of California, may become a member of the Association. Such an entity will become a member upon written application, approval by the Board of Directors, and the payment of the required dues. Acceptance to membership shall authorize full participation in Association activities. Except as otherwise provided in subsection (B) below, in no case may an organization other than a state, a political subdivision (as defined in § 1.103-1(b) of the Income Tax Regulations) of a state or an entity the income of which is excluded from gross income under § 115 of the Internal Revenue Code be a member of the Association.
- B. **Honorary Life Members.** Any person who has rendered conspicuous service in furthering the purposes of the Association may, by vote of the Board of Directors, be granted an honorary life membership in the Association without payment of dues or assessments. All past presidents of the Association shall automatically be honorary life members without vote of the Board of Directors. Honorary life members shall not be entitled to a vote or to hold office automatically because of their status as honorary life members.
- C. **Termination of Members.** Membership shall cease upon the failure of any member to pay the dues provided for in Section 2 of this Article. The membership of any member may be terminated at any time by such member sending written notification of its intention to withdraw to the Association's principal office. The Board of Directors may terminate the membership of any member upon 30 days' written notice by first-class mail when it is determined at any regular Board meeting or at any special Board meeting called for that purpose that continuance of such membership would not be in the best interests of the Association. Withdrawal or termination of membership ends any participation in Association activities and shall terminate a member's interest in the Association's assets.

Section 2. Dues. The annual dues of each member of the Association shall be established by the Board of Directors; provided, however, that any member may apply for a change in its dues because of conditions that differentiate such applicant from other members.

Section 3. Liability of Members. No member shall be liable for any obligation incurred by the Association with the following exception: (1) the payment of the annual dues while it remains a member; and (2) the payment of emergency assessments, which shall not exceed 10 percent of current annual dues for each member in any calendar year while it remains a member. No emergency assessment may be levied against any member during its first two years of membership in the Association.

ARTICLE 3 – OFFICERS

Section 1. President and Vice President.

- A. **General.** The president and vice president of the Association shall be the elected officers of the Association. At the time of their election the president and vice president shall each be an elected or appointed member of the governing body or commission (as appropriate) of a member agency of the Association. The president and vice president shall be elected by the members of the Association at its fall conference in each odd-numbered year, shall take office on January 1 of the calendar year following election, and shall hold office until such time as their successors take office or are appointed. An elected president shall not be permitted to succeed himself/herself to that office. Except as provided in this Article, should vacancies occur in either office of the president or vice president, the Board of Directors shall appoint persons to fill such offices for the unexpired terms thereof.
- B. **President.** The president shall preside at all meetings of the Board of Directors, the Executive Committee, and the general membership; shall appoint members of all committees, including the chair and vice chair of each, upon recommendation from members and regions (as communicated by the region chairs), with each such committee chair and vice chair ratified by the Board of Directors; and shall perform all other duties necessary to carry out the functions of the office. The president shall be a non-voting *ex officio* member of each committee, but shall not be an *ex officio* member of the Nominating Committee or the region boards.

The president may be expelled from office with or without cause, upon the satisfaction of the following two events: (1) a two-thirds vote of the Board of Directors; and (2) a subsequent simple majority vote of the members of the Association during a meeting of the membership.

- C. **Vice President.** The vice president shall, in the absence of the president, assume all of the duties of that office and, if a vacancy occurs, succeed thereto for the unexpired term. The vice president shall sit as a member of the Executive Committee of the ACWA Joint Powers Insurance Authority and shall perform such other duties as assigned by the president.

Section 2. Executive Director/Secretary and Controller/Treasurer.

- A. **General.** The executive director/secretary and controller/treasurer of the Association shall also be officers of the Association. The executive director/secretary shall be appointed by and hold office at the pleasure of the Board of Directors of the Association.
- B. **Executive Director/Secretary.** The executive director/secretary shall: (1) advise and assist the Board of Directors, all committees, the boards of each region, and the workgroups of each region; (2) be responsible for administering the total operations of the Association; (3) employ, direct, and release all employed staff in accordance with the policies adopted by the Board of Directors and consistent with the budget adopted by the Board of Directors; (4) provide relevant

information to the Board of Directors needed by the Board to take actions; (5) give members notice and record minutes of all meetings of the membership, Board of Directors, and Executive Committee; and (6) have such other powers and perform such other duties as may be provided and assigned by the Board of Directors directly or through the president of the Board or the Executive Committee. The executive director/secretary, with the assistance of the controller/treasurer, shall render a report to the Board of Directors at the first meeting following the close of each calendar year showing the membership of the Association, the receipts and expenditures during the year, and the work accomplished during the previous year.

- C. **Controller/Treasurer.** The controller/treasurer shall report to and act under the direction of the executive director/secretary. The controller/treasurer shall be a signatory on all accounts held by the Association and shall act as a fiduciary for all assets of the Association.

ARTICLE 4 – BOARD OF DIRECTORS

Section 1. Membership. The Board of Directors shall consist of:

- A. The Association president and vice president.
- B. The chair and vice chair of each region.
- C. The chair of each standing committee.
- D. The most immediate active past president.
- E. The vice president of the ACWA/Joint Powers Insurance Authority.

Section 2. Term of Office. The term of office of all members of the Board of Directors shall commence on January 1 of the calendar year following election of the president and vice president, except for those persons who serve on the Board of Directors by nature of their position as chairs of standing committees, whose terms shall instead commence upon their ratification by the Board of Directors. Except as provided in Article 4, Section 11, the term of office for all members of the Board of Directors shall terminate on December 31 of the following odd-numbered year two years later, or until their successors take office.

Section 3. Attendance Requirement. Any member of the Board of Directors who misses two consecutive regular Board meetings without being excused by the Board will no longer be a member of the Board of Directors.

Section 4. Regular Meetings. Regular meetings of the Board of Directors shall be held bimonthly at such times and places as the Board may determine.

Section 5. Special Meetings. Special meetings may be called by the president upon the president's own volition or shall be called by the president when requested in writing by five directors. Prior to conducting such a special meeting, the president shall consult with the Executive Committee to ensure

that adequate information is available to the Board of Directors for any necessary decisions; and where such meeting is called upon the president's own volition, the president shall also consult with the Executive Committee as to the necessity of the special meeting. Notice for special meetings shall be provided in the following manner: (1) upon 10 days' written notice sent by mail to each director and addressed to each at the address as shown upon the records of the Association; or (2) upon 48 hours' notice with notice provided by electronic means. When the meeting is called upon the president's own volition, the president shall choose the form of notice; when the meeting is called by a request of five directors, the five directors shall choose the form of notice and the president shall promptly call the meeting. No business except those items described in the notice shall be transacted at any special meeting, except by consent of three-fourths of the members of the Board of Directors present.

Section 6. Meeting Requirements and Quorums. Any meeting, regular or special, may be held in person or by telephone conference, web video conference, or other electronic video screen communication or electronic transmission. At any meeting of the Board of Directors, the attendance of 50 percent of the voting members of the Board of Directors, or their permitted alternates as specified in these bylaws, shall constitute a quorum for the transaction of any business. The Board may hold a closed session for discussion of personnel matters or enforcement of violations of the code of conduct.

Section 7. Alternates. Each region shall designate an alternate for each chair and vice chair, who shall meet the qualification requirements for chair and vice chair, to act at meetings of the Board of Directors when the chair or vice chair is unable to attend. The vice chair of each standing committee will be the alternate to act at meetings of the Board of Directors when the chair is unable to attend. An alternate may not act or vote on behalf of more than one member of the Board of Directors. A member of the Board of Directors may not act as an alternate for any other member.

Section 8. Vacancies for Standing Committee Chairs and Vice Chairs. Should a vacancy occur in the office of any standing committee chair or vice chair before the end of the term, the president shall appoint a new committee chair or vice chair to fulfill the unexpired term of such committee chair or vice chair subject to ratification by the Board of Directors. A vacancy in the office of any such standing committee chair or vice chair as described in the previous sentence shall be deemed to exist when the chair or vice chair: (1) resigns the office; (2) no longer is an officer, employee, or member of the governing body of a member agency of the Association, or other representative duly designated by a member agency of the Association to represent that member; or (3) is otherwise removed by a member agency of the Association.

Section 9. Duties, Authorities, and Delegation. Subject to the provisions and limitations of California Nonprofit Corporation Law, other applicable laws, and the provisions of these bylaws, the Association's activities and affairs are to be exercised by or under the direction of the Association's Board of Directors. The Board of Directors is responsible for the overall supervision, control, and direction of the Association. The Board of Directors shall: (1) employ and release the executive director/secretary; (2) set performance expectations for the executive director/secretary; (3) receive, review, and consider approval of executive director/secretary recommended compensation, other terms and conditions of

employment, and annual evaluations as prepared by the Executive Committee; (4) annually adopt a budget; and (5) set the level of dues for the Association. Except as to the duties listed in the previous sentence, and subject to Article 3, Section 2, the Board of Directors may delegate the supervision, control, and direction of the Association's affairs to any person or group, including a committee, provided the Association Board retains ultimate responsibility for the actions of such person or group. Where such powers are delegated, the delegation shall be documented in writing.

Section 10. Immediate Past President. The immediate past president automatically assumes this position after serving as the Association's elected president and is a voting member of the Board of Directors and Executive Committee. The term of office for the immediate past president shall commence on January 1 of the calendar year following election of the president and vice president and shall terminate on December 31 of the following odd-numbered year two years later. In the event the most immediate active past president is unavailable to serve, the most recent and available active past president in succession shall serve in this capacity.

Section 11. Code of Conduct of Board Members.

- A. **Code of Conduct: Purpose and Adoption.** The Board of Directors shall establish, and update as appropriate, a code of conduct for its Directors that recognizes the Association's commitment of integrity, respect, and fair representation to its members and the public they serve and establishes minimum ethical standards for the performance of the duties of office. The code shall be consistent with the procedural processes contained in this section. The code shall be distributed to all new Directors and shall be distributed annually to all members of the Association.
- B. **Violations and Enforcement Process.** A violation of the code of conduct may result in removal, public censure, or private reprimand of a Director, or such other action as contained in the code of conduct. However, removal and public censure shall be reserved only for serious violations. A Director may not be removed or publically censured absent an affirmative vote of two-thirds of the voting members of the Board of Directors. A Director may be privately reprimanded for a violation of the code of conduct upon the majority vote of the quorum. Complaints of violation of the code of conduct may be filed with the president, or the vice-president if the allegations are made against the president. The president may refer a complaint of violation to the executive director/secretary for investigation. The executive director/secretary may retain a special investigator or special counsel to conduct or assist the investigation. A Director accused of a violation shall be provided a copy of the complaint. A Director that takes any hostile or retaliatory action, directly or indirectly, against a complainant is subject to removal from the Board in conformance with the process identified above. Prior to scheduling a Board action on a complaint, the president shall consult with the Executive Committee and the chair of the Legal Affairs Committee. A Director accused of a violation of the code of conduct shall be provided at least 15 days' written notice of any meeting of the Board at which a determination of enforcement will be considered. A determination of enforcement may be made only at a regular

meeting of the Board and shall be made in closed session. The determinations of the Board under this section shall not be admissible in any criminal or civil proceeding brought against the Director for conduct that violates any other law.

ARTICLE 5 – REGIONS

Section 1. Boundaries of Each Region.

- A. There shall be a maximum of 10 regions within the state. The Board of Directors shall determine the regional boundaries. Insofar as is practicable, the regions shall have a numerical balance in members of the Association; make geographic sense; and promote regional problem solving.
- B. A member of the Association may file a written petition to the Board of Directors requesting a change in regions. Such petition shall set forth the reasons for such requested change. The Board shall, within a reasonable time, act upon such petition and set forth the reasons for its action. Such action by the Board shall be based on factors in (A) above, as well as others deemed by the Board of Directors to be relevant to the decision.

Section 2. Officers.

- A. The officers of each region shall be a chair and vice chair and three to five region board members who shall be elected by the region by September 30, or the preceding Friday if September 30 falls on a weekend, of odd-numbered years. A region may maintain a board of fewer than five but not less than three members as provided in the region's rules and regulations. The officers of the region board shall take office on January 1 of the calendar year following election and shall hold office for two years, or until their successors take office. Regions shall hold elections by electronic ballot. ACWA staff shall verify the legitimacy of the ballots.
- B. The officers of each region shall: (1) exercise the powers and perform duties of the region during the interim between region meetings; and (2) make recommendations to the president regarding appointments to committees. The chair and vice chair shall be the region's representatives to the ACWA Board of Directors.
- C. Each officer of a region shall be an officer, employee, or member of the governing body of a member agency of the Association, or other representative duly designated by a member agency of the Association to represent that member at the time of the appointment. Where an individual ceases to meet these criteria during the term of the office, the individual may not serve during the remaining term of that office unless that individual can again meet the criteria for the office and is appointed to complete the term. The region board may adopt more stringent criteria for board member qualifications as part of the region's rules and regulations.
- D. Should a vacancy occur in any of the region board positions before the end of the term, the remaining members of the region board shall appoint a new member. A vacancy in the office of

any region board position shall be deemed to exist when a region board member: (1) resigns the office; (2) no longer is an officer, employee, or member of the governing body of a member agency of the Association, or other representative duly designated by a member of the Association to represent that member; or (3) is otherwise removed by a member agency of the Association.

Section 3. Nominating Committees. There shall be a nominating committee for each region consisting of three or more designees, each representing a member of the Association located within the region, appointed by the chair of the region and approved by the region board. Nominating committees shall be formed by February 28 of each odd-numbered year. The nominating committee shall announce its nominations for chair, vice chair, and region board members by August 1 of an election year. All regions must complete the election process by September 30 of the election year, or the preceding Friday if the September 30 falls on a weekend.

Section 4. Meetings. The meetings of each region shall be held at both the spring and fall conferences and at such other times and places as may be determined by the region chair. Representatives of five or more members of the Association from the region present at any region meeting shall constitute a quorum for purposes of conducting the business of the region. Any meeting, regular or special, may be held in person or by telephone conference, web video conference, or other electronic video screen communication or electronic transmission.

Section 5. Workgroups. Workgroups may be appointed by the region chair as needed.

Section 6. Rules. Each region shall organize and adopt rules and regulations for the conduct of its meetings and affairs not inconsistent with the Articles of Incorporation or bylaws of the Association. Each region shall abide by the code of conduct adopted by the Board of Directors of the Association.

ARTICLE 6 – EXECUTIVE COMMITTEE

Section 1. Membership. There shall be an Executive Committee consisting of the following: the president of the Association, who shall be the chair thereof; the vice president; the most immediate active past president; the chair of the Finance Committee; and three at-large representatives selected from and by the members of the Board of Directors. The election of the three at-large representatives to the Executive Committee shall occur at the first Board of Directors meeting held in each even-numbered year and the elected representatives shall serve immediately following their election and until such time as their successors take office. To the extent practical, the Executive Committee should be constituted so as to reflect the geographic extent of the Association and the functions of the members of the Association.

Section 2. Powers. The Executive Committee shall have the following authority:

- A. **Personnel.** Subject to the budget adopted by the Board of Directors, the Executive Committee shall perform the following personnel actions: (1) recommend compensation for the executive

director/secretary to the Board of Directors for approval; (2) perform annual reviews of the executive director/secretary and submit that review to the Board of Directors; (3) review and approve the classification and compensation plan and publicly posted salary schedule for Association employees submitted by the executive director/secretary, which shall be reviewable by the Board of Directors, in closed session, upon request of the Board of Directors; (4) establish personnel policies for the conduct and behavior of employees, which shall be reviewable by the Board of Directors; and (5) undertake such other personnel actions as may be requested by the executive director/secretary in support of his or her oversight of all other personnel matters, which shall be reviewable by the Board of Directors, in closed session, upon request of the Board of Directors.

- B. **Delegation.** The Executive Committee may act pursuant to any authority specifically delegated to it by the Board of Directors. The delegation shall indicate whether the authority is still subject to the ultimate authority of the Board.
- C. **Authority to Act Between Meetings.** The Executive Committee may act for the Board of Directors between Board meetings when calling a special meeting of the Board of Directors is impracticable, provided that no such action of the Executive Committee shall be binding on the Board of Directors until authorized or approved by the Board. The Executive Committee has the authority to authorize actions recommended by the Legal Affairs Committee (such as the filing of letter briefs and amicus curiae briefs) by electronic means without the need for an in-person or telephonic meeting, but such actions shall be ratified by the Board of Directors at its next meeting.

Section 3. Reporting. The president, or any person designated by the president, shall report to the Board of Directors, at each regular Board meeting, any action taken by the Executive Committee since the last preceding regular Board meeting. The minutes of Executive Committee meetings, which at that time may still be in draft form, shall be mailed (using the U.S. Postal Service, express delivery, electronic means, or otherwise) to each member of the Board of Directors at least five days prior to Board meetings, except in cases in which the Executive Committee meets during or immediately prior to a conference of the Association or immediately prior to a Board meeting, in which case the minutes, which may still be in draft form, shall be mailed to each director promptly thereafter.

Section 4. Meetings. The Executive Committee shall hold regularly scheduled meetings as set by the president. Special meetings of the Executive Committee may be called by the president upon notice to the members of that committee or upon written request of three Executive Committee members. Notice for special Executive Committee meetings shall be provided to the entire Board: (1) upon five days' written notice sent by mail, or (2) upon 24 hours' notice with notice provided by electronic means; and all such meetings shall be open to the Board of Directors. Any meeting, regular or special, may be held in person or by telephone conference, web video conference or other electronic video screen communication or electronic transmission. All members of the Board of Directors may attend any meeting of the Executive Committee. Meetings of the Executive Committee may be closed to others at

the discretion of the President or committee. Only members of the Executive Committee are allowed to vote on matters at a meeting of the committee.

Section 5. Minutes. The minutes of the Executive Committee meetings shall be kept by the executive director/secretary at the Association's principal office. Actions of the Executive Committee shall be reported to the Board of Directors as provided in Section 3 of this Article and shall be available to any member of the Board of Directors upon request to the executive director/secretary.

ARTICLE 7 – STANDING COMMITTEES

Section 1. Qualification. In order to serve on any ACWA standing committee, an individual must be an officer, employee, or member of the governing body of a member agency of the Association, or other representative duly designated by a member agency of the Association to represent that member at the time of the appointment. Where an individual ceases to meet these criteria during the term of the appointment, the individual may not serve during the remaining term of that appointment unless that individual can again meet the criteria for appointment and is appointed to complete the term.

Section 2. Term of Office. The term of office of standing committee members shall be two years commencing on January 1 of each even-numbered year. The term of office of standing committee chairs and vice chairs shall be approximately two years and shall commence as soon after January 1 of the even-numbered year as they may be appointed by the president and ratified by the then-seated Board of Directors, and shall terminate on December 31 of the odd-numbered year approximately two years later or until their successors are appointed and ratified.

Section 3. Meetings. Meetings of standing committees may be called at such times and places designated by the respective chair thereof except where provided otherwise by these bylaws. Subject to the provisions of these bylaws and any actions that may be taken by the Board of Directors, the chairs of each standing committee may establish their own rules for the efficient operation of the committee they each chair. The chairs of each standing committee are authorized to create subcommittees and workgroups in order to complete the work of the committee.

Section 4. Committee Composition. Each limited standing committee shall have a membership composition that is comprised of members in the quantity and with qualifications as defined by the provisions of these bylaws. The committee chair position shall not be included in the maximum count for determining the committee composition total of any given limited committee. The committee chair shall, however, be a voting member of their respective committees subject to the rules and procedures of each committee.

Rationale: Staff is recommending this amendment to the Bylaws to allow the President flexibility in appointing members to limited standing committees and to provide an odd number committee composition total.

LAC Workgroup Analysis: The proposed revision is clear and meets its intended purpose.

Committee Composition Terms in Sections 5 through 17.

Rationale: Review of Committee Composition Terms: Staff noted that the use of the term “individual” versus “representative” (and one instance of “member”) was inconsistent throughout the committee composition description for each of the standing committees in Article 7. Staff asked the LAC Workgroup to review Section 1, Qualifications, as well as each of the committee descriptions to make a determination as to which term would best apply for all of the committees for purposes of consistency throughout Article 7.

LAC Workgroup Analysis: Reading of the various ACWA committee sections suggests that “Member” would be the most appropriate word for consistency throughout the By-Laws. However, the use of a single term, may require some minor revisions to surrounding text for clarity (for an example see Section 15 (State Legislative Committee) where “member” is separately used to denote a “member agency” and so would need to state “member-agency” consistently to accommodate the more general use of “member” throughout the By-Laws).

Staff Response: Staff revised the terms in the committee sections to “member” for consistency and the surrounding language where needed in response to the LAC Workgroup’s analysis.

Section 5. Agriculture Committee. There shall be an Agriculture Committee whose duty it shall be to recommend Association policy, positions and programs to the Board of Directors, State Legislative Committee, Federal Affairs Committee or other committees, as appropriate, regarding agricultural issues affecting the interests of ACWA and its members. The committee shall consist of at least one member from each region.

Rationale: The 2016-2017 Business and Strategic Plan initiative to increase involvement and engagement from ACWA’s agricultural members has successfully generated momentum amongst ACWA’s agricultural members and a renewed attention to and involvement in key policy issues that uniquely affect agricultural water suppliers. Amidst this success, a concern has arisen that the momentum could be lost once the Board of Directors finishes its current term and the initiative sunsets. This concern has sparked the suggestion that ACWA should consider creating an Agriculture Committee as the thirteenth standing committee of the Association to continue the objectives of the Ag Initiative long-term.

LAC Workgroup Analysis: The proposed revision is clean and meets its intended purpose.

Section ~~4~~ 6. Business Development Committee. There shall be a Business Development Committee whose duty it is to develop and recommend 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~~member agencies. The committee shall consist of at least one ~~representative member~~ from each region and ~~one representative~~may include members from ~~the any of the~~ other standing committees.

Section ~~5~~ 7. Communications Committee. There shall be a Communications Committee whose duty it shall be to develop and make recommendations to the Board of Directors regarding a comprehensive internal and external communications program for the Association and to promote development of sound public information and education programs and practices among members ~~of the Association agencies~~. The committee shall consist of no more than 40 ~~individuals~~ members. ~~Of that number, The committee shall consist of~~ at least one ~~individual member shall be~~ from each region.

Section ~~6~~ 8. Energy Committee. There shall be an Energy Committee whose duty it shall be to recommend policies and programs to the Board of Directors and to the State Legislative Committee and/or Federal Affairs Committee as appropriate. The committee shall consist of at least one ~~representative member~~ from each region.

Section ~~7~~ 9. Federal Affairs Committee. There shall be a Federal Affairs Committee whose duty it shall be to review all federal legislative proposals and regulatory proposals affecting ~~members of the Association member agencies~~, after consulting with other appropriate committees, and to develop Association positions consistent with existing policy, where it has been established; recommend sponsorship of bills that will resolve problems or improve conditions for members ~~of the Association agencies~~; and assist in the establishment of the Association's federal legislative program. The committee shall consist of at least one ~~and, but~~ no more than five ~~individuals~~ members from each region.

Section ~~8~~ 10. Finance Committee. There shall be a Finance Committee whose duty it shall be to make recommendations to the Board of Directors regarding annual budgets, dues formula and schedules and other revenue-producing income, annual audit and selection of an auditor, and investment strategies. The committee shall consist of the president and vice president of the Association as *ex officio* members, ~~the Finance Committee chair, one member~~ either the chair or vice chair from each of the Association's ~~of the region board from each of the Association's~~ 10 regions ~~boards (either chair or vice chair)~~, and one additional representative member from each region with experience in financial matters.

Section ~~9~~ 11. Groundwater Committee. There shall be a Groundwater Committee whose duty it shall be to recommend policies and programs to the Board of Directors and to the State Legislative Committee and/or Federal Affairs Committee as appropriate. The committee shall consist of at least one representative member from each region.

Section ~~10~~ 12. Legal Affairs Committee. There shall be a Legal Affairs Committee whose duty it shall be to support the mission of the Association, and more particularly to deal with requests for assistance involving legal matters of significance to members ~~of the Association agencies~~, including but not limited to state and federal court litigation, water rights matters, selected regulatory and resources agency matters, proposed bylaw revisions, review of legislation as requested by the State Legislative Committee, etc. The committee shall consider matters and issues submitted to it in order to determine which ones are of major significance to the members ~~of the Association agencies~~ and, assuming a finding of major significance, recommend to the Board of Directors the position(s) which the committee believes the Association should take with respect thereto. The committee shall be composed of between ~~35~~ 34 and ~~45~~ 44 attorneys, each of whom shall be a member of the California Bar and shall be,

or act as, counsel for a member ~~of the Association~~agency, representing diverse interests within the Association, including but not limited to, different geographical areas throughout the state, large and small agencies, agricultural and urban agencies, agencies created under the various enabling statutes, etc. ~~Further, there shall be at least one representative from each region on the committee~~The committee shall consist of at least one member from each region.

Rationale: Change the committee composition range so there is a resulting odd number total when the chair is added.

LAC Workgroup Analysis: Considered together with the general change in Section 4, Committee Composition above, this change accomplishes its purposes and maintains the current overall LAC membership numbers.

Section-~~11~~ 13. Local Government Committee. There shall be a Local Government Committee whose duty it shall be to recommend policies to the State Legislative Committee, as appropriate, and Board of Directors on matters affecting water agencies as a segment of local government in California. The committee shall consist of at least one, ~~and but~~ no more than three ~~individuals~~members from each region.

Section-~~12~~ 14. Membership Committee. There shall be a Membership Committee whose duty it shall be to assist staff in developing membership recruitment and retention programs, make recommendations to the Board of Directors regarding membership policies, eligibility, and applications for membership and review and make recommendations to the Finance Committee regarding an equitable dues structure. The committee shall consist of at least one member from each region.

Section-~~13~~ 15. State Legislative Committee. There shall be a State Legislative Committee whose duty it shall be to review all state legislative proposals affecting members ~~of the Association~~agencies and to establish Association positions, consistent with existing policy, where it has been established; sponsor bills that will resolve problems or improve conditions for member ~~s of the Association~~agencies; and assist in the establishment of the Association's legislative program. The committee shall consist of ~~individuals~~members representing a variety of types of ~~members~~member agencies and at least one ~~and,~~ but no more than four ~~individuals~~members from each region.

Section-~~14~~ 16. Water Management Committee. There shall be a Water Management Committee whose duty it shall be to recommend policy and programs to the Board of Directors on any area of concern in water management. The committee shall consist of at least one, ~~but and~~ no more than four ~~individuals~~members from each region.

Section-~~15~~ 17. Water Quality Committee. There shall be a Water Quality Committee whose duty it shall be to develop and recommend Association policy, positions, and programs to the Board of Directors, to promote cost-effective state and federal water quality regulations that protect the public health, to enable interested members ~~of the Association~~agencies to join together to develop and coordinate with

other organizations, and to present unified comments regarding agricultural and domestic water quality regulations. The committee shall consist of at least one [individual member](#) from each region.

ARTICLE 8 – SPECIAL COUNCILS, COMMITTEES, AND TASK FORCES

Section 1. Council of Past Presidents. There shall be a Council of Past Presidents composed of all past presidents of the Association who serve on the council until each is no longer able to or wishes to serve. The council shall provide a mechanism for past presidents to continue to make valuable contributions to the Association. With approval of the Board of Directors, the president and/or executive director/secretary may assign specific responsibilities to the council from time to time. Members of the Council of Past Presidents are invited to attend and participate in the Association’s Board meetings.

Section 2. Nominating Committee. There shall be a Nominating Committee consisting of five or more persons appointed by the president prior to the Association’s fall conference in each odd-numbered year, whose purpose shall be to nominate qualified individuals for the offices of president and vice president of the Association. The Nominating Committee shall publish its nominations for the offices of president and vice president of the Association not less than 10 or more than 90 days before the membership meeting is held at fall conference. Additional nominations may be made by any member of the Association for candidates for the office of president and vice president. Additional nominations shall be made from the floor during the election of president and vice president at the membership meeting scheduled for said purposes.

Section 3. Other Committees and Task Forces. Other committees and task forces may be appointed by the president from time to time as needed, consistent with and supportive of the mission of the Association.

ARTICLE 9 – MEETINGS OF MEMBERS

Section 1. Meetings. Meetings of the members of the Association shall be held at the Association’s conferences at such times as may be determined by the Board of Directors to conduct necessary business and to elect the president and vice president, which occurs at the fall conference in each odd-numbered year.

Section 2. Special Meetings. Special meetings of the members of the Association may be called by the Board of Directors, the president of the Board of Directors, or by 5 percent or more of the members of the Association. Except when called by the Board, a request for a special meeting must be in writing and must be delivered in person or mailed by first-class mail addressed to the president of the Board at the principal office of the Association, with a copy to the executive director/secretary. The request must state the general nature of the business proposed to be transacted at the meeting.

A special meeting that has been called by written request of 5 percent of the member agencies of the Association to the Board of Directors shall be set by the Board of Directors on a date that is not less than 35 or more than 90 days after receipt of the request.

Section 3. Notice Requirements for Membership Meetings. Written notice of any membership meeting shall be given to each voting member of the Association. The notice shall state the date, time, and place of the meeting; the means by which members may participate; and the general nature of the business to be transacted. The notice of any meeting at which Board officers are to be formally nominated and elected shall include the names of the recommended slate of candidates for the offices of president and vice president in addition to the election procedures. The member notification information shall also be posted on the Association's website.

Except as otherwise provided in these bylaws or California law, a written notice of regular membership meetings shall be given not less than 10 or more than 90 days before the date of the meeting to each member who, on the record date for notice of the meeting, is entitled to vote; provided, however, that if notice is given by mail, and the notice is not mailed by first-class, registered, or certified mail, that notice shall be given not less than 20 days before the meeting.

Section 4. Notice Requirements for Special Meetings. The executive director/secretary shall cause notice to be given to all members of the Association of the date, time, and place of the meeting and the general nature of the business to be transacted at the meeting. No business except that specified in the request and notice may be transacted at said special meeting. If notice of the requested special meeting is not given within 20 days after receipt of the request, the person or persons requesting the meeting may give the notice.

Section 5. Voting. Each member of the Association shall be entitled to one vote that shall be cast by its authorized representative. All questions, except amendments or revisions of these bylaws, shall be determined by a majority of the members present and voting. A roll call may be requested by any representative.

Section 6. Amendment of Bylaws. These bylaws may be amended or revised by two-thirds of the member agencies of the Association present and voting at any meeting.

Section 7. Quorums. The presence of the authorized representative of 50 members of the Association at any meeting of the members shall constitute a quorum for transacting business.

Section 8. Amendments, Revisions, and Resolutions. Before any amendments or revisions to the bylaws, or resolutions, may be considered at any meeting of the Association, any such amendment, revision, or resolution shall be submitted to the executive director/secretary at least ~~30~~ 90 days prior to the first day of such meeting. The executive director/secretary shall promptly distribute any proposed amendments or revisions to the Legal Affairs Committee for the Legal Affairs Committee to develop an unbiased analysis of the amendments or revisions. Following development of an analysis for the proposed amendments or revisions, the executive director/secretary shall distribute copies of any resolutions, amendments or revisions, including any applicable analyses, to all members of the Association ~~at least five~~ not less than 10 days ~~or more than 90 days~~ prior to presentation at such meeting. The written notice of the membership meeting shall be given to each voting member of the Association consistent with the provisions defined in Section 3. The ~~30~~ 90-day rule may be suspended at

any meeting of the Association by consent of three-fourths of the members present. Voting on resolutions, amendments, or revisions shall proceed as provided by Sections 3 5 and 4 6 of this Article.

Staff Rationale: Staff is recommended that the deadline for submitting requests for amendments, revisions, and resolutions be changed from 30 to 120 days prior to any membership meeting to provide Legal Affairs Committee sufficient time to review and develop the required analysis and for staff to provide adequate notice to the members as set forth in Article 9, Sections 3 and 4 of the Bylaws. Note: Staff typically notifies ACWA members at least 45 prior to a given membership meeting to allow the agency boards to designate their authorized representative.

LAC Workgroup Analysis: This proposed revision is clear and meets its intended purpose. However, subcommittee members did express some concern that the 120-day submission requirement may unduly limit the Association's ability to quickly respond to state or federal legislative or administrative acts appropriately. A supermajority of the Association may vote to suspend the requirement, however, it may be advisable to require only 90-days for submission while retaining the general Association distribution timing of no later than 10-days and no earlier than 90-days prior to presentation at an Association meeting.

Staff Response: Staff revised the proposed amendment to state 90 days instead of 120 days in response to the LAC Workgroup's analysis.

Section 9. Nomination of President and Vice President.

- A. **Qualification.** At the time of their election, the president and vice president of the Association shall each be an elected or appointed member of the governing body or commission (as appropriate) of a member agency of the Association.
- B. **Nominating Committee Process.** All nominations for the positions of president and vice president shall be accompanied by an official resolution from the Association member agency on whose board the nominee serves. Said resolution shall be signed by an authorized signatory of the member agency's Board of Directors.
- C. **Nominations from the Floor.** Additional nominations may be made by any member of the Association for the office of president and vice president. Said nominations and seconds shall be made from the floor during the election of the offices of president and vice president at the membership meeting scheduled for said purposes (as provided for in the penultimate sentence of Article 8, Section 2). Such nominations and seconds shall be made by a member of the Association and must be supported by a resolution of the governing body of the member making and seconding such nomination. The member agency on whose board the nominee serves shall submit a resolution of support if they are not the agency making the floor nomination or second.

Section 10. Additional Procedures for Election of Officers. The Board shall have the authority to develop additional procedures for elections of president and vice president when not otherwise covered by these bylaws.

ARTICLE 10 – INDEMNIFICATION OF DIRECTORS, OFFICERS, AND OTHER AGENTS

Section 1. Right of Indemnity. To the fullest extent permitted by law, this Corporation shall indemnify its Directors, Officers, employees, and other persons described in Section 7237(a) of the California Corporations Code, including persons formerly occupying any such position, against all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred by them in connection with any “proceeding,” as that term is used in that Section, and including an action by or in the right of the Corporation, by reason of the fact that the person is or was a person described in that section. “Expenses,” as used in this bylaw, shall have the same meaning as in Section 7237(a) of the California Corporations Code.

Section 2. Approval of Indemnity. On written request to the Board by any person seeking indemnification under Section 7237(b) or Section 7237(c) of the California Corporations Code, the Board shall promptly determine under Section 7237(e) of the California Corporations Code whether the applicable standard of conduct set forth in Section 7237(b) or Section 7237(c) has been met and, if so, the Board shall authorize indemnification.

Section 3. Advancement of Expenses. To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification under these bylaws in defending any proceeding covered by those Sections shall be advanced by the Corporation before final disposition of the proceeding, on receipt by the Corporation of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by the Corporation for those expenses.

Section 4. Insurance. The Corporation shall have the right to purchase and maintain insurance to the full extent permitted by law on behalf of its Officers, Directors, employees, and other agents, against any liability asserted against or incurred by any officer, director, employee, or agent in such capacity or arising out of the officer’s, director’s, employee’s or agent’s status as such.

ARTICLE 11 – MISCELLANEOUS

Section 1. Conduct of Meetings. All meetings of the Association shall be conducted in accord with the code of conduct and in substantial accordance with the latest edition of Robert’s Rules of Order Newly Revised unless the Board adopts alternate rules of conduct for itself and/or its committees, region boards, and region workgroups.

Section 2. Funds. The funds of the Association shall be used to further the aims and purposes of this Association. They shall be kept by the controller/treasurer and paid out by checks or other electronic means, which shall only be valid with two authorized signatures. The Board of Directors shall designate

by resolution which persons, other than the controller/treasurer, may sign for expenditures. The Finance Committee shall implement procedures to ensure necessary internal controls over the receipt and expenditures of Association funds and arrange for an external audit. Audit reports shall be presented to the Board of Directors.

Section 3. Disposition of Assets upon Dissolution. The Association's properties and assets are irrevocably dedicated to the fulfillment of the Association's purposes as described in Article 2 of the Articles of Incorporation. No part of the Association's net earnings, properties and assets, on dissolution or otherwise, may inure to the benefit of any private person. Upon the dissolution of the Association, all debts thereof shall be paid and its affairs settled, and all remaining assets shall be distributed to the Association's member political subdivisions for a public purpose, consistent with the provisions of the California Nonprofit Corporation Law relating to public benefit corporations then in effect and with the Articles of Incorporation.

Section 3. Definitions. As used in these bylaws, the term "notice provided by electronic means" shall refer to notice given by fax or e-mail.

Amended comprehensively December 1, 2010

Amended May 9, 2012

Amended May 7, 2014

Amended December 2, 2015