



**Montara Water
and Sanitary District**
Serving the Community of Montara and Moss Beach

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

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

AGENDA

District Board of Directors

8888 Cabrillo Highway
Montara, California 94037

December 5, 2019 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 November 5, 2019.](#)
2. [Approve Financial Statements for October 2019.](#)
3. Approve Warrants for December 1, 2019.
4. [SAM Flow Report for October 2019.](#)
5. [Monthly Review of Current Investment Portfolio.](#)
6. [Connection Permit Applications Received.](#)
7. [Monthly Water Production Report for October 2019.](#)
8. [Rain Report.](#)

9. [Solar Energy Report.](#)
10. [Monthly Public Agency Retirement Service Report for September 2019.](#)

OLD BUSINESS

1. [Review and Possible Action Concerning Water Rate Study.](#)

NEW BUSINESS

1. [Review and Possible Action Concerning Receipt of Fiscal Year 2018-2019 Audit.](#)
2. [Review and Possible Action Concerning UC Davis Bodega Marine Center Permit for Scientific Ocean Current Monitoring Project.](#)
3. [Review of MWSD's Receipt of Association of California Water Agencies Joint Powers Authority President's Special Recognition Award.](#)
4. [Review and Possible Action Concerning Cancellation of Regular Scheduled Meeting January 3, 2020.](#)

REPORTS

1. Sewer Authority Mid-Coastside Meetings (Slater-Carter).
2. MidCoast Community Council Meeting (Slater-Carter).
3. CSDA Report (Lohman).
4. LAFCo Report (Lohman).
5. Attorney's Report (Fitzgerald).
6. Directors' Reports.
7. [General Manager's Report \(Heldmaier\).](#)

FUTURE AGENDAS

CONVENE IN CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

(Government Code §54956.9(d)(4))

Initiation of Litigation

Number of cases: 1

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

(Government Code §54956.9(d)(1))

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

(Santa Clara County Super. Ct. No. 17CV316927)

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

(Government Code §54957(b)(1))

Title: General Manager

REPORT OF ACTION TAKEN IN CLOSED SESSION, IF ANY ADJOURNMENT

The District has a curfew of 10:30 p.m. for all meetings. The meeting may be extended for one hour by vote of the Board.

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



MONTARA WATER & SANITARY
DISTRICT

BOARD OF DIRECTORS MEETING
November 5, 2019

MINUTES

SPECIAL SESSION BEGAN AT 7:30 p.m.

CALL TO ORDER

ROLL CALL

Directors Present: Boyd, Harvey, Lohman, and Slater-Carter

Directors Absent: None

Staff Present: General Manager, Clemens Heldmaier

Others Present: District Counsel, Christine Fitzgerald

PRESIDENT'S STATEMENT – None

ORAL COMMENTS -

Lou Wall, Montara Resident described some of his experiences being on the Montara Water and Sanitary Board (MWSD) and the appointing new Board members.

PUBLIC HEARING – None

CONSENT AGENDA - None

OLD BUSINESS - None

NEW BUSINESS

1. Review and Possible Action Concerning Vacant Position for Board of Directors.

General Manager Heldmaier: We received notification from Eric Marshall that he would resign from the Board of Directors October 16, 2019, effective immediately. That creates a vacancy on the Board. Now, the Board needs to decide whether to fill the vacancy by appointment or call a special election, and this all has to happen within 60 days or December 16, 2019. We notified the County Elections office of the vacancy, as required within 15 days of the vacancy. If the Board should decide to fill the vacancy by appointment, the person appointed will hold the office until the next district election cycle. That is because the vacancy occurred at least 130 days before the next general district election. So, the person appointed will hold office until the next general district election. Once the person is elected to fill the vacancy in November 2020, that person shall hold the office for the unexpired balance of the term, which would be a 2-year unexpired term of Director Marshall. Should the Board decide to fill the vacancy by calling a special election, then the election is required to be held on the next established election date in November 2020, and the District must notify the County Elections office of its decision within 60 days. In short, if the Board chooses appointment, we need to put out a notification 15 days prior to making the appointment. That is why we are meeting today, so that we can utilize the meeting on November 21st. If the Board fails to make an appointment or call a special election in the time required, the County Board of Supervisors may make the appointment prior to 90 days after the vacancy occurred. Our recommendation is to decide how to fill the vacancy, either by appointment or calling a special election. If the Board decides to fill the vacancy by appointment, we would like authorization to immediately post the Notice of Vacancy, and we will then need to fill the vacancy before December 16, 2019. I would also like to point out that the notice in the packet is not correct. I have a corrected notice, indicating that if an appointment is made, that person would serve until the next general district election in 2020. And if the vacancy is filled by calling a special election, then we would like authorization to notify the San Mateo County Election office.

Director Lohman asked how much it would cost to hold a special election.

Director Boyd said it would be in the tens of thousands dollars.

Director Lohman made a motion to fill the vacancy by appointment and authorize the General Manager to post the notices as discussed. Director Harvey seconded the motion and the motion passes unanimously 4 – 0.

FUTURE AGENDAS

BRIEF RECESS

SPECIAL MEETING ENDED at 7:41 P.M.

CONVENE IN CLOSED SESSION

REPORT OF ACTION TAKEN IN CLOSED SESSION

ADJOURNMENT

The District has a curfew of 10:30 pm for all meetings. The meeting may be extending for one hour by vote of the Board.

Respectfully Submitted,

Signed _____
Secretary

Approved on the 5, December 2019

Signed _____
President

MONTARA WATER AND SANITARY DISTRICT
NOTICE OF VACANCY ON BOARD OF DIRECTORS

AND

**INVITATION TO APPLY FOR APPOINTMENT AS A MEMBER OF
THE BOARD**

NOTICE IS HEREBY GIVEN that a vacancy has occurred on the Montara Water and Sanitary District (MWSD) governing Board by resignation of a member effective October 16, 2019. The remaining members of the Board intend to fill the vacancy by appointment pursuant to Government Code Section 1780(d). The person appointed will serve until the next General District Election in November, 2020.

Persons interested in serving on the five (5) – member MWSD Board are invited to apply by mailing or delivering a letter of interest addressed to the President, Montara Water and Sanitary District Board, P.O. Box 370131, 8888 Cabrillo Highway, Montara, CA 94037-0131 on or before 5:00 p.m. November 21, 2019. Under the law, only electors who are registered voters residing within the District boundaries are eligible for appointment to the Board.

NOTICE IS FURTHER GIVEN that the MWSD governing Board will consider the appointment at a regular Board meeting to be held at 7:30 p.m. on November 21, 2019.

Dated: _____

Clemens Heldmaier
General Manager



MONTARA WATER AND SANITARY DISTRICT AGENDA

Prepared for the Meeting Of: December 5, 2019

TO: BOARD OF DIRECTORS

FROM: Clemens H. Heldmaier, General Manager *CH*

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

Budget vs. Actual – Sewer July thru October 2019 Variances over \$2,000:

- 4400 Fees, \$2,161 below Budget – Remodel & inspection fees are not keeping pace with expectations.
- 4710 Sewer Service Charges, \$1,002,908 below Budget – First County apportionment arrives in November or December.
- 4720 Sewer Service Refunds, customer, \$4,764 above Budget – Sewer service adjustments posted to various accounts.
- **Overall Total Operating Income for the period ending October 31, 2019 was \$945,963 below budget. Total income received to date is \$83,142.**
- 5400 Legal, \$113,258 below Budget – Expense line item expected to grow as on-going legal matters move forward.
- 5620 Audit, \$4,333 below Budget – Audit cost not billed until reports have been issued, currently scheduled to take place in December.
- 5630 Consulting, \$9,766 below Budget – Rate studies to take place later in fiscal year.
- 5640 Data Services, \$5,106 above Budget – Parcel management software for sewer service charges implemented and paid for in September.
- 5800 Labor, \$6,021 below Budget – Major decrease is due to timing in employee benefits payments. Management wages are also less than budgeted.
- 6170 Claims, Property Damage, \$6,667 below Budget – No claims paid in current fiscal year.
- 6200 Engineering, \$12,209 below Budget – Minimal activity in the current fiscal year, due to the timing of billing.
- 6400 Pumping, \$2,692 below Budget – PG&E cost has been lower than expected in current fiscal year. Large “catch-up” bill to arrive in the Spring.
- 6600 Collection/Transmission, \$3,333 below Budget – No activity to date.
- 6910 & 6920 – SAM Collections & Operations, \$155,890 below Budget – Difference due to timing in billing.
- 6940 SAM Maintenance, Collection Sys, \$13,333 below Budget – No activity to date.
- 6950 SAM Maintenance, Pumping, \$11,558 above Budget – Payment made to SAM for pump repairs.



MONTARA WATER AND SANITARY DISTRICT AGENDA

Prepared for the Meeting Of: December 5, 2019

TO: BOARD OF DIRECTORS

FROM: Clemens H. Heldmaier, General Manager

- **Overall Total Operating Expenses for the period ending October 31, 2019 were \$184,713 below Budget.**
- **Total overall Expenses for the period ending October 31, 2019 were \$326,007 below budget. For a net ordinary loss of \$619,957, budget vs. actual. Actual net ordinary loss is \$605,795.**
- 7100 Connection Fees, \$20,317 below Budget – 1 new construction connection issued, two remodel connections issued in October.
- 7200 Interest Income, LAIF, \$39,564 above budget – LAIF has been outperforming projections.
- 8000 CIP, \$327,905 below Budget – additional construction projects to begin during the fiscal year.
- 9200 I-Bank Loan, \$7,527 below budget – difference due to timing.



MONTARA WATER AND SANITARY DISTRICT AGENDA

Prepared for the Meeting Of: December 5, 2019

TO: BOARD OF DIRECTORS

FROM: Clemens H. Heldmaier, General Manager

- **Budget vs. Actual – Water July thru October 2019 Variances over \$2,000:**
- 4740 Testing, Backflow, \$8,218 below Budget – Difference due to timing.
- 4810 Water Sales, Domestic, \$39,004 above budget – Fluctuations caused by usage and timing of bill payments.
- **Overall Total Operating Income for the period ending October 31, 2019 was \$166,200 above budget. Total revenue received to date is \$837,200.**
- 5240 CDPH fees, \$5,250 below Budget – No activity to date.
- 5400 Legal, \$66,363 below Budget – Mr. Schricker has been ill and not been able to attend Board meetings.
- 5530 Membership, \$7,652 below Budget – Membership dues typically paid at the beginning of the calendar year.
- 5620 Audit, \$4,333 below Budget – Audit cost not billed until reports have been issued, currently scheduled to take place in December.
- 5630 Consulting, \$31,433 below Budget – Rate studies to take place later in fiscal year.
- 5800 Labor, \$36,725 below Budget – The District budgeted to have a 4th water operator in the current fiscal year. This has not yet happened.
- 6170 Claims, Property Damage, \$3,333 – No claims paid in current fiscal year.
- 6180 Communications, \$4,333 below Budget – No activity in current fiscal year. SCADA maintenance costs expected later in fiscal year.
- 6200 Engineering, \$69,719 below Budget – Water Quality engineering expenses have been held in check.
- 6330 Facilities, \$16,530 below Budget – Maintenance projects have not yet taken place.
- 6370 Lab supplies & equipment, \$3,263 above Budget – Large bill paid in September.
- 6400 Pumping, \$74,816 above Budget – Payment made to Herc rentals for the use of an emergency generator.
- 6500 Supply, \$15,833 below Budget – No water purchases thus far in fiscal year.
- 6600 Collection/Transmission, \$18,943 below Budget – No activity in October.
- 6700 Treatment, \$7,084 below Budget – Minimal activity in October.
- 6800 Vehicles, \$3,400 above Budget – Several repairs made to damaged vehicles in October.



MONTARA WATER AND SANITARY DISTRICT AGENDA

Prepared for the Meeting Of: December 5, 2019

TO: BOARD OF DIRECTORS

FROM: Clemens H. Heldmaier, General Manager

- **Overall Total Operating Expenses for the period ending October 31, 2019 were \$52,261 below Budget.**
- **Total overall Expenses for the period ending October 31, 2019 were \$212,800 below budget. For a net ordinary income of \$379,001, budgeted vs. actual. Actual net ordinary income is \$314,497.**
- 7100 Connection Fees, \$49,841 below Budget – One new Construction connections, and one PFP new construction issued in October.
- 7600 Bond Revenues, GO Bond, \$380,032 below Budget – Difference due to timing.
- 8000 CIP, \$32,930 below Budget – \$40,798 in capital improvements paid for in October.
- 9100 Interest Expense – GO Bonds \$40,262 above Budget – Difference due to timing.
- 9150 SRF Loan, \$24,291 below Budget – Difference due to timing.

RECOMMENDATION:

This is for Board information only

Montara Water & Sanitary District
Revenue & Expenditures Budget vs. Actual - Sewer
 July through October 2019

	Jul - Oct 19	Sewer Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
4220 · Cell Tower Lease	12,613.04	12,333.32	279.72
4400 · Fees			
4410 · Administrative Fee (New Constr)	2,168.00	1,200.00	968.00
4420 · Administrative Fee (Remodel)	0.00	666.68	-666.68
4430 · Inspection Fee (New Constr)	2,048.00	1,166.68	881.32
4440 · Inspection Fee (Remodel)	0.00	1,333.32	-1,333.32
4460 · Remodel Fees	656.00	2,666.68	-2,010.68
Total 4400 · Fees	4,872.00	7,033.36	-2,161.36
4510 · Grants	112.00		
4610 · Property Tax Receipts	62,973.79		
4710 · Sewer Service Charges	496.20	1,003,404.00	-1,002,907.80
4720 · Sewer Service Refunds, Customer	-6,097.21	-1,333.32	-4,763.89
4760 · Waste Collection Revenues	8,154.20	7,666.68	487.52
4990 · Other Revenue	16.75		
Total Income	83,140.77	1,029,104.04	-945,963.27
Gross Profit	83,140.77	1,029,104.04	-945,963.27
Expense			
5000 · Administrative			
5190 · Bank Fees	1,661.08	2,500.00	-838.92
5200 · Board of Directors			
5210 · Board Meetings	1,457.76	1,000.00	457.76
5220 · Director Fees	900.00	1,333.32	-433.32
5230 · Election Expenses	0.00	1,666.68	-1,666.68
Total 5200 · Board of Directors	2,357.76	4,000.00	-1,642.24
5250 · Conference Attendance	0.00	1,666.68	-1,666.68
5270 · Information Systems	714.00	1,333.32	-619.32
5300 · Insurance			
5310 · Fidelity Bond	0.00	166.68	-166.68
5320 · Property & Liability Insurance	0.00	666.68	-666.68
Total 5300 · Insurance	0.00	833.36	-833.36
5350 · LAFCO Assessment	0.00	666.68	-666.68
5400 · Legal			
5430 · General Legal	5,882.50	137,500.00	-131,617.50
5440 · Litigation	18,358.95		
Total 5400 · Legal	24,241.45	137,500.00	-113,258.55
5510 · Maintenance, Office	704.23	2,666.68	-1,962.45
5520 · Meetings, Local	35.00		
5530 · Memberships	138.50		
5540 · Office Supplies	1,288.37	2,666.68	-1,378.31
5550 · Postage	232.88	883.32	-650.44
5560 · Printing & Publishing	128.80	1,666.68	-1,537.88

Montara Water & Sanitary District
Revenue & Expenditures Budget vs. Actual - Sewer
 July through October 2019

	Jul - Oct 19	Sewer Budget	\$ Over Budget
5600 · Professional Services			
5610 · Accounting	9,900.00	10,000.00	-100.00
5620 · Audit	0.00	4,333.32	-4,333.32
5630 · Consulting	1,900.34	11,666.68	-9,766.34
5640 · Data Services	7,173.05	2,066.68	5,106.37
5650 · Labor & HR Support	854.00	833.32	20.68
5660 · Payroll Services	306.76	333.32	-26.56
Total 5600 · Professional Services	20,134.15	29,233.32	-9,099.17
5710 · San Mateo Co. Tax Roll Charges	0.00	333.32	-333.32
5720 · Telephone & Internet	7,479.83	8,000.00	-520.17
5730 · Mileage Reimbursement	127.99	500.00	-372.01
5740 · Reference Materials	0.00	66.68	-66.68
5800 · Labor			
5810 · CalPERS 457 Deferred Plan	5,585.84	5,667.32	-81.48
5820 · Employee Benefits	11,724.90	16,102.32	-4,377.42
5830 · Disability Insurance	424.98	467.00	-42.02
5840 · Payroll Taxes	4,524.89	6,193.32	-1,668.43
5850 · PARS	5,409.68	5,495.68	-86.00
5900 · Wages			
5910 · Management	34,984.96	37,244.32	-2,259.36
5920 · Staff	45,707.47	42,175.32	3,532.15
5930 · Staff Certification	625.00	600.00	25.00
5940 · Staff Overtime	999.35	940.32	59.03
Total 5900 · Wages	82,316.78	80,959.96	1,356.82
5960 · Worker's Comp Insurance	701.92	1,824.32	-1,122.40
Total 5800 · Labor	110,688.99	116,709.92	-6,020.93
Total 5000 · Administrative	169,933.03	311,226.64	-141,293.61
6000 · Operations			
6170 · Claims, Property Damage	0.00	6,666.68	-6,666.68
6195 · Education & Training	0.00	333.32	-333.32
6200 · Engineering			
6210 · Meeting Attendance, Engineering	0.00	666.68	-666.68
6220 · General Engineering	8,457.50	20,000.00	-11,542.50
Total 6200 · Engineering	8,457.50	20,666.68	-12,209.18
6320 · Equipment & Tools, Expensed	0.00	333.32	-333.32
6330 · Facilities			
6335 · Alarm Services	1,746.72	1,900.00	-153.28
6337 · Landscaping	468.00	1,200.00	-732.00
Total 6330 · Facilities	2,214.72	3,100.00	-885.28
6400 · Pumping			
6410 · Pumping Fuel & Electricity	12,308.28	15,000.00	-2,691.72
Total 6400 · Pumping	12,308.28	15,000.00	-2,691.72
6600 · Collection/Transmission			
6660 · Maintenance, Collection System	0.00	3,333.32	-3,333.32
Total 6600 · Collection/Transmission	0.00	3,333.32	-3,333.32
6770 · Uniforms	125.80		

Montara Water & Sanitary District
Revenue & Expenditures Budget vs. Actual - Sewer
 July through October 2019

	Jul - Oct 19	Sewer Budget	\$ Over Budget
6800 · Vehicles			
6810 · Fuel	0.00	333.32	-333.32
6820 · Truck Equipment, Expensed	0.00	53.32	-53.32
6830 · Truck Repairs	0.00	333.32	-333.32
Total 6800 · Vehicles	0.00	719.96	-719.96
6900 · Sewer Authority Midcoastside			
6910 · SAM Collections	85,387.26	113,849.68	-28,462.42
6920 · SAM Operations	382,284.84	509,713.00	-127,428.16
6940 · SAM Maintenance, Collection Sys	0.00	13,333.32	-13,333.32
6950 · SAM Maintenance, Pumping	28,224.55	16,666.68	11,557.87
Total 6900 · Sewer Authority Midcoastside	495,896.65	653,562.68	-157,666.03
Total 6000 · Operations	519,002.95	703,715.96	-184,713.01
Total Expense	688,935.98	1,014,942.60	-326,006.62
Net Ordinary Income	-605,795.21	14,161.44	-619,956.65
Other Income/Expense			
Other Income			
7000 · Capital Account Revenues			
7100 · Connection Fees			
7110 · Connection Fees (New Constr)	27,342.00	50,000.00	-22,658.00
7120 · Connection Fees (Remodel)	19,007.86	16,666.68	2,341.18
Total 7100 · Connection Fees	46,349.86	66,666.68	-20,316.82
7200 · Interest Income - LAIF	56,231.05	16,666.68	39,564.37
Total 7000 · Capital Account Revenues	102,580.91	83,333.36	19,247.55
Total Other Income	102,580.91	83,333.36	19,247.55
Other Expense			
8000 · Capital Improvement Program			
8075 · Sewer	167,456.12	495,361.68	-327,905.56
Total 8000 · Capital Improvement Program	167,456.12	495,361.68	-327,905.56
9000 · Capital Account Expenses			
9125 · PNC Equipment Lease Interest	5,261.26	5,073.68	187.58
9200 · I-Bank Loan	0.00	7,527.32	-7,527.32
Total 9000 · Capital Account Expenses	5,261.26	12,601.00	-7,339.74
Total Other Expense	172,717.38	507,962.68	-335,245.30
Net Other Income	-70,136.47	-424,629.32	354,492.85
Net Income	-675,931.68	-410,467.88	-265,463.80

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

July through October 2019

	Jul - Oct 19	Water Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
4220 · Cell Tower Lease	12,613.04	12,333.32	279.72
4400 · Fees			
4410 · Administrative Fee (New Constr)	2,168.00	1,666.68	501.32
4430 · Inspection Fee (New Constr)	2,048.00	1,333.32	714.68
4450 · Mainline Extension Fees	0.00	1,000.00	-1,000.00
4460 · Remodel Fees	879.00	666.68	212.32
4470 · Other Fees	822.40		
Total 4400 · Fees	5,917.40	4,666.68	1,250.72
4510 · Grants	112.00		
4610 · Property Tax Receipts	62,973.77		
4740 · Testing, Backflow	14,218.00	6,000.00	8,218.00
4810 · Water Sales, Domestic	688,004.33	649,000.00	39,004.33
4850 · Water Sales Refunds, Customer	-1,061.41	-1,000.00	-61.41
4990 · Other Revenue	54,423.00		
Total Income	837,200.13	671,000.00	166,200.13
Gross Profit	837,200.13	671,000.00	166,200.13
Expense			
5000 · Administrative			
5190 · Bank Fees	44.53	1,250.00	-1,205.47
5200 · Board of Directors			
5210 · Board Meetings	1,457.76	1,333.32	124.44
5220 · Director Fees	900.00	1,100.00	-200.00
Total 5200 · Board of Directors	2,357.76	2,433.32	-75.56
5240 · CDPH Fees	0.00	5,250.00	-5,250.00
5250 · Conference Attendance	45.00	2,000.00	-1,955.00
5270 · Information Systems	714.00	1,000.00	-286.00
5300 · Insurance			
5310 · Fidelity Bond	0.00	166.68	-166.68
5320 · Property & Liability Insurance	1,173.00	833.32	339.68
Total 5300 · Insurance	1,173.00	1,000.00	173.00
5350 · LAFCO Assessment	0.00	916.68	-916.68
5400 · Legal			
5430 · General Legal	10,637.50	77,000.00	-66,362.50
Total 5400 · Legal	10,637.50	77,000.00	-66,362.50
5510 · Maintenance, Office	763.68	2,666.68	-1,903.00
5520 · Meetings, Local	175.01		
5530 · Memberships	138.50	8,000.00	-7,861.50
5540 · Office Supplies	1,288.29	2,666.68	-1,378.39
5550 · Postage	2,133.12	3,000.00	-866.88
5560 · Printing & Publishing	983.41	1,000.00	-16.59

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

July through October 2019

	Water Jul - Oct 19	Water Budget	\$ Over Budget
5600 · Professional Services			
5610 · Accounting	9,900.00	10,000.00	-100.00
5620 · Audit	0.00	4,333.32	-4,333.32
5630 · Consulting	1,900.34	33,333.32	-31,432.98
5640 · Data Services	899.50		
5650 · Labor & HR Support	854.00	833.32	20.68
5660 · Payroll Services	306.75	333.32	-26.57
Total 5600 · Professional Services	13,860.59	48,833.28	-34,972.69
5720 · Telephone & Internet	8,993.18	9,000.00	-6.82
5730 · Mileage Reimbursement	127.99	666.68	-538.69
5740 · Reference Materials	0.00	266.68	-266.68
5800 · Labor			
5810 · CalPERS 457 Deferred Plan	12,852.12	14,411.68	-1,559.56
5820 · Employee Benefits	18,970.68	29,370.00	-10,399.32
5830 · Disability Insurance	854.94	1,155.68	-300.74
5840 · Payroll Taxes	13,396.18	16,354.00	-2,957.82
5850 · PARS	10,915.11	12,545.32	-1,630.21
5900 · Wages			
5910 · Management	34,984.97	37,244.32	-2,259.35
5920 · Staff	133,464.12	148,946.68	-15,482.56
5930 · Staff Certification	3,486.25	3,800.00	-313.75
5940 · Staff Overtime	17,734.29	16,035.00	1,699.29
5950 · Staff Standby	8,553.40	7,749.68	803.72
Total 5900 · Wages	198,223.03	213,775.68	-15,552.65
5960 · Worker's Comp Insurance	3,450.24	7,774.68	-4,324.44
Total 5800 · Labor	258,662.30	295,387.04	-36,724.74
Total 5000 · Administrative	302,097.86	462,337.04	-160,239.18
6000 · Operations			
6160 · Backflow Prevention	0.00	333.32	-333.32
6170 · Claims, Property Damage	0.00	3,333.32	-3,333.32
6180 · Communications			
6185 · SCADA Maintenance	0.00	4,333.32	-4,333.32
Total 6180 · Communications	0.00	4,333.32	-4,333.32
6195 · Education & Training	2,761.24	3,000.00	-238.76
6200 · Engineering			
6210 · Meeting Attendance, Engineering	0.00	166.68	-166.68
6220 · General Engineering	12,389.54	10,000.00	2,389.54
6230 · Water Quality Engineering	44,724.42	116,666.68	-71,942.26
Total 6200 · Engineering	57,113.96	126,833.36	-69,719.40
6320 · Equipment & Tools, Expensed	3,320.19	2,666.68	653.51
6330 · Facilities			
6335 · Alarm Services	179.52	266.68	-87.16
6337 · Landscaping	2,224.28	18,666.68	-16,442.40
Total 6330 · Facilities	2,403.80	18,933.36	-16,529.56
6370 · Lab Supplies & Equipment	4,095.97	833.32	3,262.65

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

July through October 2019

	Water		
	Jul - Oct 19	Budget	\$ Over Budget
6400 · Pumping			
6410 · Pumping Fuel & Electricity	21,228.44	30,000.00	-8,771.56
6420 · Pumping Maintenance, Generators	88,820.89	3,333.32	85,487.57
6430 · Pumping Maintenance, General	0.00	1,666.68	-1,666.68
6440 · Pumping Equipment, Expensed	0.00	233.32	-233.32
Total 6400 · Pumping	110,049.33	35,233.32	74,816.01
6500 · Supply			
6510 · Maintenance, Raw Water Mains	0.00	833.32	-833.32
6520 · Maintenance, Wells	0.00	1,666.68	-1,666.68
6530 · Water Purchases	0.00	13,333.32	-13,333.32
Total 6500 · Supply	0.00	15,833.32	-15,833.32
6600 · Collection/Transmission			
6610 · Hydrants	0.00	333.32	-333.32
6620 · Maintenance, Water Mains	2,587.50	16,666.68	-14,079.18
6630 · Maintenance, Water Svc Lines	0.00	6,666.68	-6,666.68
6640 · Maintenance, Tanks	4,146.03	333.32	3,812.71
6650 · Maint., Distribution General	223.81	2,666.68	-2,442.87
6670 · Meters	1,599.42	833.32	766.10
Total 6600 · Collection/Transmission	8,556.76	27,500.00	-18,943.24
6700 · Treatment			
6710 · Chemicals & Filtering	11,649.35	6,666.68	4,982.67
6720 · Maintenance, Treatment Equip.	605.71	6,666.68	-6,060.97
6730 · Treatment Analysis	8,994.37	15,000.00	-6,005.63
Total 6700 · Treatment	21,249.43	28,333.36	-7,083.93
6770 · Uniforms	2,320.91	666.68	1,654.23
6800 · Vehicles			
6810 · Fuel	1,823.91	3,333.32	-1,509.41
6820 · Truck Equipment, Expensed	2,926.85	333.32	2,593.53
6830 · Truck Repairs	3,983.04	1,666.68	2,316.36
Total 6800 · Vehicles	8,733.80	5,333.32	3,400.48
Total 6000 · Operations	220,605.39	273,166.68	-52,561.29
Total Expense	522,703.25	735,503.72	-212,800.47
Net Ordinary Income	314,496.88	-64,503.72	379,000.60
Other Income/Expense			
Other Income			
7000 · Capital Account Revenues			
7100 · Connection Fees			
7110 · Connection Fees (New Constr)	22,177.72	50,000.00	-27,822.28
7130 · Conn. Fees, PFP (New Constr)	21,314.11	43,333.32	-22,019.21
Total 7100 · Connection Fees	43,491.83	93,333.32	-49,841.49
7600 · Bond Revenues, G.O.	3,446.29	383,478.68	-380,032.39
Total 7000 · Capital Account Revenues	46,938.12	476,812.00	-429,873.88
Total Other Income	46,938.12	476,812.00	-429,873.88

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Accrual Basis

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

July through October 2019

	Jul - Oct 19	Water Budget	\$ Over Budget
Other Expense			
8000 · Capital Improvement Program			
8100 · Water	150,236.42	183,166.68	-32,930.26
Total 8000 · Capital Improvement Program	150,236.42	183,166.68	-32,930.26
9000 · Capital Account Expenses			
9100 · Interest Expense - GO Bonds	117,108.56	76,846.32	40,262.24
9125 · PNC Equipment Lease Interest	5,261.26	5,073.68	187.58
9150 · SRF Loan	0.00	24,291.00	-24,291.00
9210 · Conservation Program/Rebates	350.00	1,000.00	-650.00
Total 9000 · Capital Account Expenses	122,719.82	107,211.00	15,508.82
Total Other Expense	272,956.24	290,377.68	-17,421.44
Net Other Income	-226,018.12	186,434.32	-412,452.44
Net Income	88,478.76	121,930.60	-33,451.84

Montara Water & Sanitary District
Balance Sheet
 As of October 31, 2019

	Oct 31, 19
ASSETS	
Current Assets	
Checking/Savings	
Sewer - Bank Accounts	
Wells Fargo Operating - Sewer	410,053.97
LAIF Investment Fund	
Capital Reserve	3,921,377.10
Connection Fees Reserve	194,600.00
Operating Reserve	406,882.00
Total LAIF Investment Fund	4,522,859.10
Total Sewer - Bank Accounts	4,932,913.07
Water - Bank Accounts	
Wells Fargo Operating - Water	1,097,201.83
Capital Reserve	398,249.00
Operating Reserve	46,009.00
SRF Reserve	48,222.00
Restricted Cash	
Connection Fees Reserve	253,020.00
GO Bonds Fund	874,341.24
Total Restricted Cash	1,127,361.24
Total Water - Bank Accounts	2,717,043.07
Total Checking/Savings	7,649,956.14
Accounts Receivable	
Sewer - Accounts Receivable	
Accounts Receivable	-1,738.64
Sewer - Accounts Receivable - Other	8,403.21
Total Sewer - Accounts Receivable	6,664.57
Water - Accounts Receivable	
Accounts Receivable	-2,772.63
Accounts Rec. - Backflow	27,761.11
Accounts Rec. - Water Residents	205,562.35
Unbilled Water Receivables	258,319.70
Total Water - Accounts Receivable	488,870.53
Total Accounts Receivable	495,535.10
Other Current Assets	
Due from Kathryn Slater-Carter	614.62
Maint/Parts Inventory	42,656.32
Total Other Current Assets	43,270.94
Total Current Assets	8,188,762.18
Fixed Assets	
Sewer - Fixed Assets	
General Plant	6,161,441.87
Land	5,000.00
Other Capital Improv.	
Sewer-Original Cost	685,599.18
Other Cap. Improv.	2,564,810.39
Total Other Capital Improv.	3,250,409.57
Seal Cove Collection System	995,505.00
Sewage Collection Facility	
Collection Facility - Org. Cost	1,349,064.00
Collection Facility - Other	3,991,243.33
Total Sewage Collection Facility	5,340,307.33

Montara Water & Sanitary District Balance Sheet As of October 31, 2019

	Oct 31, 19
Treatment Facility	244,539.84
Accumulated Depreciation	-8,871,583.00
Total Sewer - Fixed Assets	7,125,620.61
Water - Fixed Assets	
General Plant	27,314,280.48
Land & Easements	734,500.00
Surface Water Rights	300,000.00
Water Meters	1,058,985.00
Fixed Assets - Other	48,171.78
Accumulated Depreciation	-11,800,511.00
Total Water - Fixed Assets	17,655,426.26
Total Fixed Assets	24,781,046.87
Other Assets	
Sewer - Other Assets	
Def'd Amts Related to Pensions	92,939.00
Joint Power Authority	
SAM - Orig Collection Facility	981,592.00
SAM - Expansion	1,705,955.08
Total Joint Power Authority	2,687,547.08
Total Sewer - Other Assets	2,780,486.08
Water - Other Assets	
Def'd Amts Related to Pensions	174,114.00
Due from Sewer	290,312.00
Bond Acquisition Cost OID	42,978.40
Bond Issue Cost	46,268.60
Total Water - Other Assets	553,673.00
Total Other Assets	3,334,159.08
TOTAL ASSETS	36,303,968.13
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable - Sewer	97,629.34
Accounts Payable - Water	166,969.06
Total Accounts Payable	264,598.40
Other Current Liabilities	
Water - Net Pension Liability	-60,375.00
Sewer - Net Pension Liability	-32,045.00
Sewer - Current Liabilities	
Accrued Vacations	5,943.33
Deposits Payable	26,078.63
I-Bank Loan - Current	29,929.31
Interest Payable	10,265.32
PNC Equip. Loan - S/T	38,519.81
Total Sewer - Current Liabilities	110,736.40
Water - Current Liabilities	
Accrued Vacations	15,964.24
Deposits Payable	2,510.95
GO Bonds - S/T	461,787.93
Interest Payable	98,256.59
PFP Water Deposits	4,302.50
PNC Equip. Loan - S/T	38,519.80
SRF Loan Payable X102 - Current	42,901.29
SRF Loan Payable X109 - Current	168,622.04
Temporary Construction Meter	12,450.92
Total Water - Current Liabilities	845,316.26

Montara Water & Sanitary District
Balance Sheet
 As of October 31, 2019

	Oct 31, 19
Payroll Liabilities	
Employee Benefits Payable	10,926.93
Total Payroll Liabilities	10,926.93
Total Other Current Liabilities	874,559.59
Total Current Liabilities	1,139,157.99
Long Term Liabilities	
Sewer - Long Term Liabilities	
Due to Water Fund	290,312.00
Accrued Vacations	10,294.06
I-Bank Loan	725,417.82
PNC Equip. Loan - L/T	484,682.77
Total Sewer - Long Term Liabilities	1,510,706.65
Water - Long Term Liabilities	
Accrued Vacations	11,967.24
Deferred on Refunding	-169,190.00
GO Bonds - L/T	8,785,232.11
PNC Equip. Loan - L/T	484,682.83
SRF Loan Payable - X102	-0.66
SRF Loan Payable - X109	3,047,628.79
Total Water - Long Term Liabilities	12,160,320.31
Deferred Inflows (Pensions)	
Sewer	20,838.00
Water	39,012.00
Total Deferred Inflows (Pensions)	59,850.00
Total Long Term Liabilities	13,730,876.96
Total Liabilities	14,870,034.95
Equity	
Sewer - Equity Accounts	
Capital Assets Net	3,408,252.20
Fund Balance - Unrestricted	8,646,292.87
Retained Earnings	273,503.51
Total Sewer - Equity Accounts	12,328,048.58
Water - Equity Accounts	
Capital Assets Net	2,868,858.70
Restricted Debt Service	1,384,997.90
Unrestricted	-1,562,801.59
Retained Earnings	-273,503.51
Total Water - Equity Accounts	2,417,551.50
Equity Adjustment Account	7,275,786.02
Net Income	-587,452.92
Total Equity	21,433,933.18
TOTAL LIABILITIES & EQUITY	36,303,968.13



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **December 5, 2019**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager *CH*

SUBJECT: SAM Flow Report for December 5, 2019

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 October 2019.
- Collection System Monthly Overflow Report – October 2019.

The Average Daily Flow for Montara was 0.229 MGD in October 2019. There was no reportable overflow in October in the Montara System. SAM indicates there were 0.04 inches of rain in October 2019.

RECOMMENDATION:

Review and file.

Attachments

Sewer Authority Mid-Coastside

Monthly Collection System Activity/SSO Distribution Report, October 2019

October 2019

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

12 Month Moving Total

Total	12 month rolling Number			
	HMB	GCSD	MWSD	SAM
Roots	0	0	0	0
Grease	0	0	0	0
Mechanical	1	0	0	1
Wet Weather	0	0	0	0
Other	0	0	0	0
Total	1	0	0	1
	50%	0%	0%	50%

Reportable SSOs

Total	Reportable Number of S.S.O.'s			
	HMB	GCSD	MWSD	SAM
October 2019	0	0	0	0
12 Month Moving Total	1	0	0	1

SSOs / Year / 100 Miles

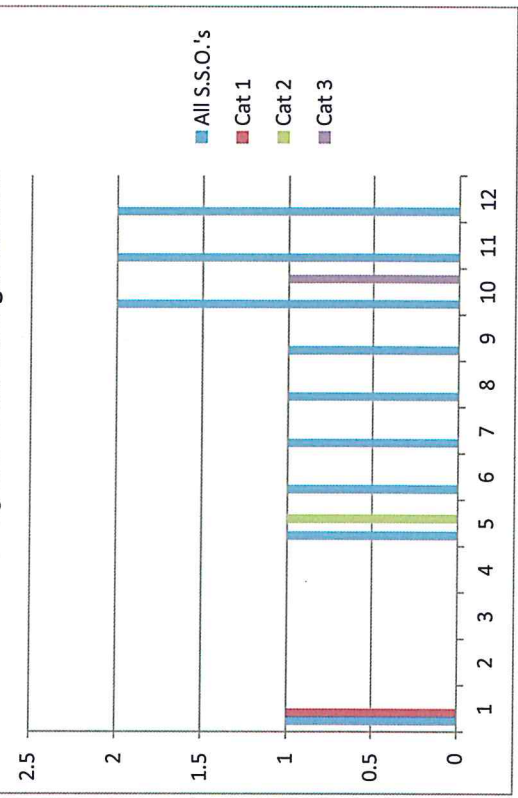
Total	Number of S.S.O.'s / Year/100 Miles			
	HMB	GCSD	MWSD	SAM
October 2019	0.0	0.0	0.0	0.0
12 Month Moving Total	1.9	0.0	0.0	13.7
Category 1	0.0	0.0	0.0	0.0
Category 2	1.0	0.0	0.0	13.7
Category 3	1.0	0.0	0.0	0.0
Miles of Sewers	104.5	33.2	27.0	7.3
	35.4%	31.8%	25.8%	7.0%

12 Month Rolling Total Sewer Cleaning Summary

Month	HMB	GCSD	MWSD	Total Feet	Total Miles
Nov - 18	19,571	27,546	10,338	57,455	10.9
Dec - 18	27,756	17,357	9,422	54,535	10.3
Jan - 19	17,682	11,504	11,240	40,426	7.7
Feb - 19	10,374	9,126	11,371	30,871	5.8
Mar - 19	11,777	10,890	10,020	32,687	6.2
Apr - 19	12,934	10,801	11,247	34,982	6.6
May - 19	11,193	12,786	10,094	34,073	6.5
June - 19	14,529	18,431	10,419	43,379	8.2
July - 19	8,754	18,560	9,511	36,825	7.0
Aug - 19	8,042	22,405	15,720	46,167	8.7
Sept - 19	7,292	18,063	11,618	36,973	7.0
Oct - 19	17,564	14,144	13,611	45,319	8.6
Annual ft	167,468	191,613	134,611	493,692	

Annual Mi.	31.7	36.3	25.5	93.5
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12 Month Moving SSO Totals Through Oct 2019



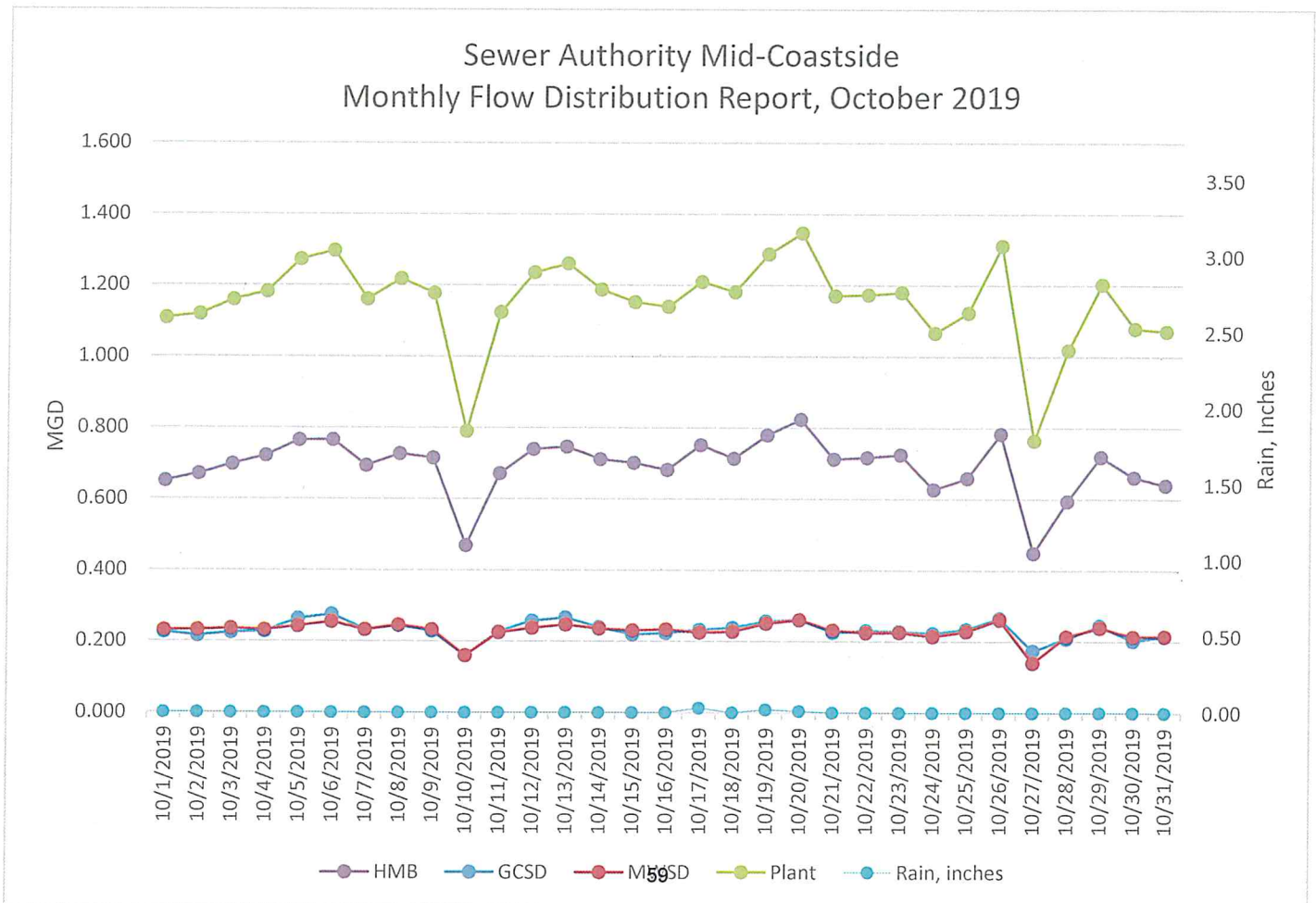
Flow Distribution Report Summary for October 2019

The daily flow report figures for the month of October 2019 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	0.693	60.1%
Granada Community Services District	0.231	20.0%
Montara Water and Sanitary District	<u>0.229</u>	<u>19.8%</u>
Total	1.153	100.0%



Sewer Authority Mid-Coastside

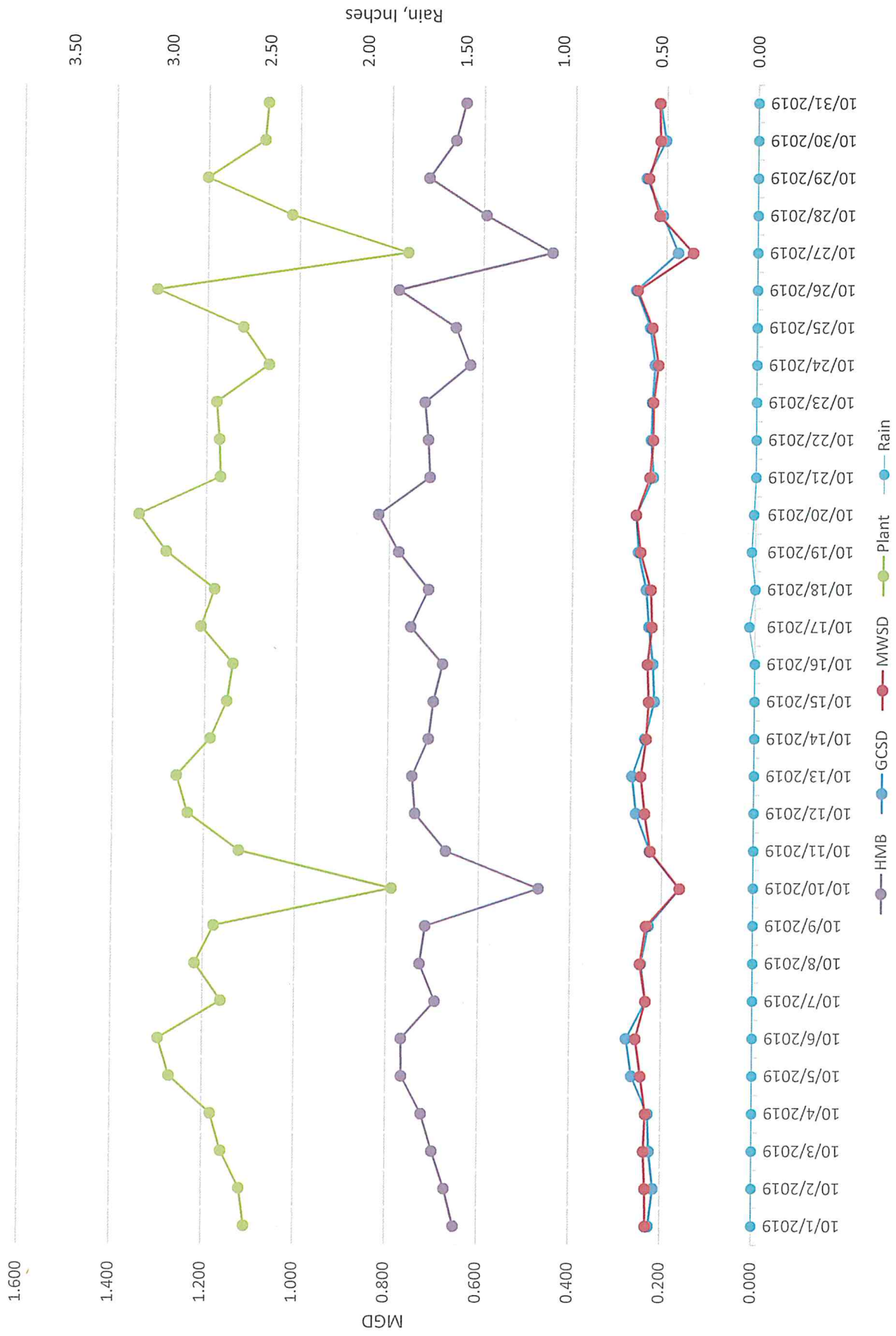
Monthly Flow Distribution Report for October 2019

<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>
10/1/2019	0.651	0.225	0.231	1.107	0.00	0.00	0.00
10/2/2019	0.671	0.215	0.232	1.118	0.00	0.00	0.00
10/3/2019	0.698	0.224	0.236	1.158	0.00	0.00	0.00
10/4/2019	0.722	0.227	0.232	1.181	0.00	0.00	0.00
10/5/2019	0.765	0.263	0.243	1.272	0.00	0.00	0.00
10/6/2019	0.766	0.275	0.255	1.296	0.00	0.00	0.00
10/7/2019	0.694	0.233	0.233	1.160	0.00	0.00	0.00
10/8/2019	0.727	0.244	0.246	1.217	0.00	0.00	0.00
10/9/2019	0.716	0.228	0.233	1.177	0.00	0.00	0.00
10/10/2019	0.469	0.160	0.160	0.790	0.00	0.00	0.00
10/11/2019	0.672	0.226	0.225	1.123	0.00	0.00	0.00
10/12/2019	0.740	0.257	0.238	1.235	0.00	0.00	0.00
10/13/2019	0.747	0.266	0.247	1.260	0.00	0.00	0.00
10/14/2019	0.712	0.239	0.236	1.187	0.00	0.00	0.00
10/15/2019	0.702	0.219	0.231	1.152	0.00	0.00	0.00
10/16/2019	0.682	0.223	0.234	1.139	0.00	0.00	0.00
10/17/2019	0.752	0.232	0.225	1.209	0.03	0.02	0.04
10/18/2019	0.714	0.238	0.228	1.180	0.00	0.00	0.00
10/19/2019	0.780	0.256	0.251	1.287	0.02	0.01	0.00
10/20/2019	0.824	0.261	0.261	1.346	0.01	0.00	0.00
10/21/2019	0.713	0.225	0.232	1.170	0.00	0.00	0.00
10/22/2019	0.717	0.230	0.225	1.172	0.00	0.00	0.00
10/23/2019	0.725	0.228	0.226	1.179	0.00	0.00	0.00
10/24/2019	0.627	0.223	0.215	1.066	0.00	0.00	0.00
10/25/2019	0.659	0.234	0.229	1.122	0.00	0.00	0.00
10/26/2019	0.783	0.265	0.262	1.311	0.00	0.00	0.00
10/27/2019	0.449	0.174	0.141	0.764	0.00	0.00	0.00
10/28/2019	0.594	0.208	0.215	1.018	0.00	0.00	0.00
10/29/2019	0.719	0.244	0.239	1.202	0.00	0.00	0.00
10/30/2019	0.662	0.202	0.214	1.078	0.00	0.00	0.00
10/31/2019	0.640	0.215	0.216	1.071	0.00	0.00	0.00
Totals	21.491	7.167	7.091	35.749	0.06	0.03	0.04

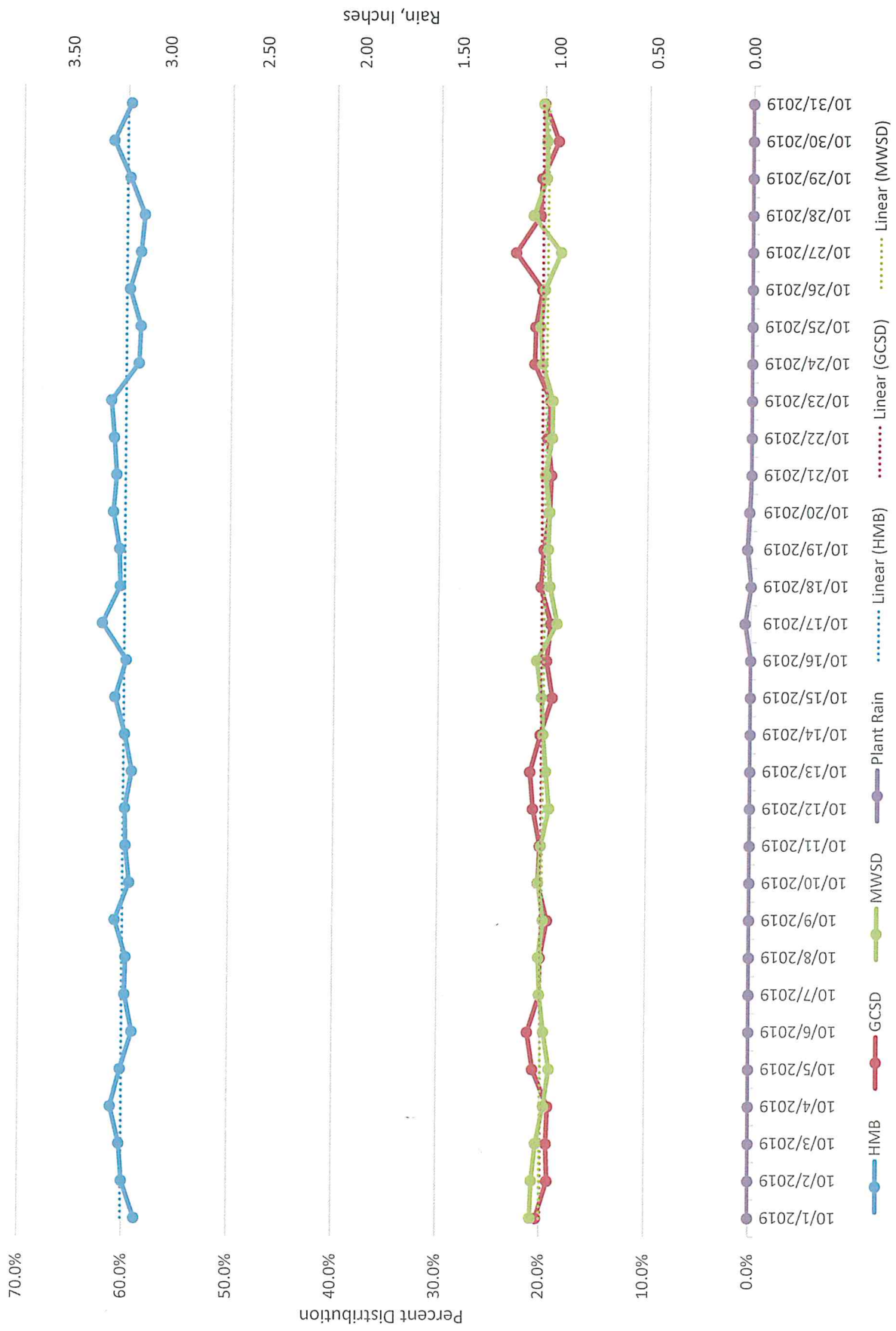
Summary

	<u>HMB</u>	<u>GCSD</u>	<u>MWSD</u>	<u>Plant</u>
Minimum	0.449	0.160	0.141	0.764
Average	0.693	0.231	0.229	1.153
Maximum	0.824	0.275	0.262	1.346
Distribution	60.1%	20.0%	19.8%	100.0%

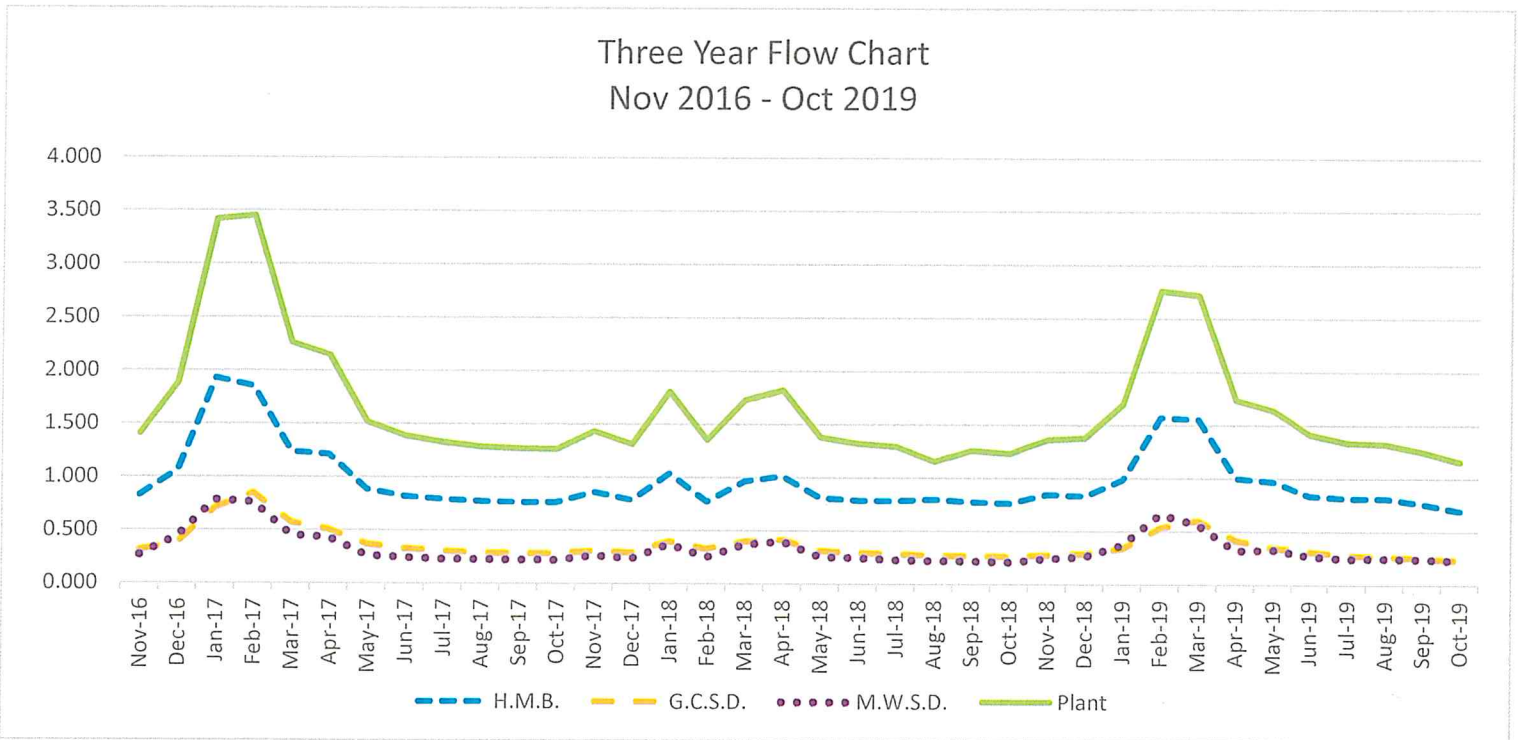
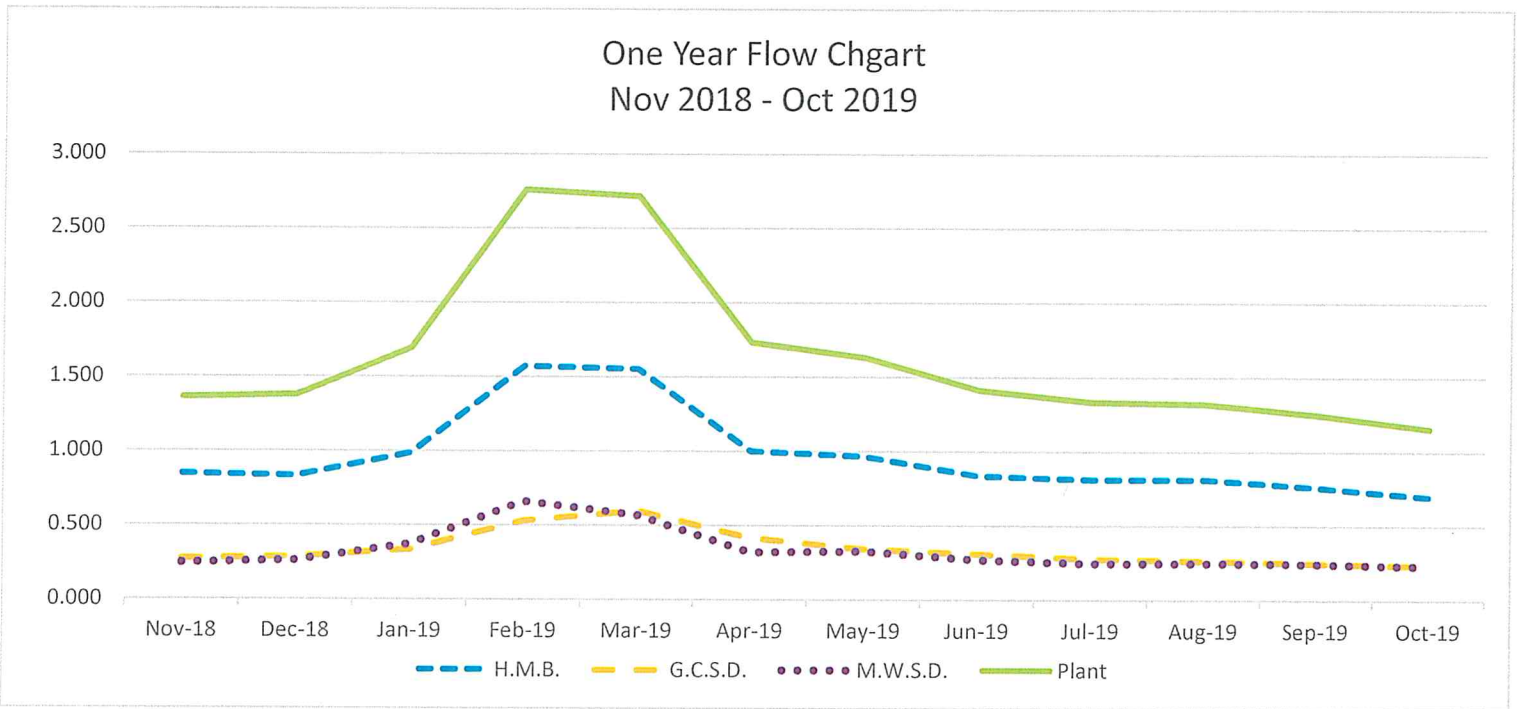
Sewer Authority Mid-Coastside Monthly Flow Distribution Report, October 2019



Percent Distribution October 2019



Most recent flow calibration September 2019 PS, September 2019 Plant



Flow based percent distribution based for past year





MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: December 5, 2019

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager *CH*

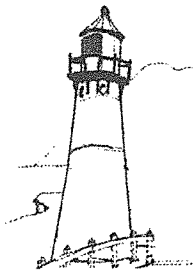
SUBJECT: Review of Current Investment Portfolio

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 October 2019 the rate was 2.190.
- 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: **December 5, 2019**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager *CH*

SUBJECT: Connection Permit Applications Received

As of December 5, 2019 the following new Sewer Connection Permit application was received since the last report:

Date of Application	Property Owner	Site Address	Home Size

As of December 5, 2019 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 December 5, 2019 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: December 5th, 2019

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager *CH*

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.

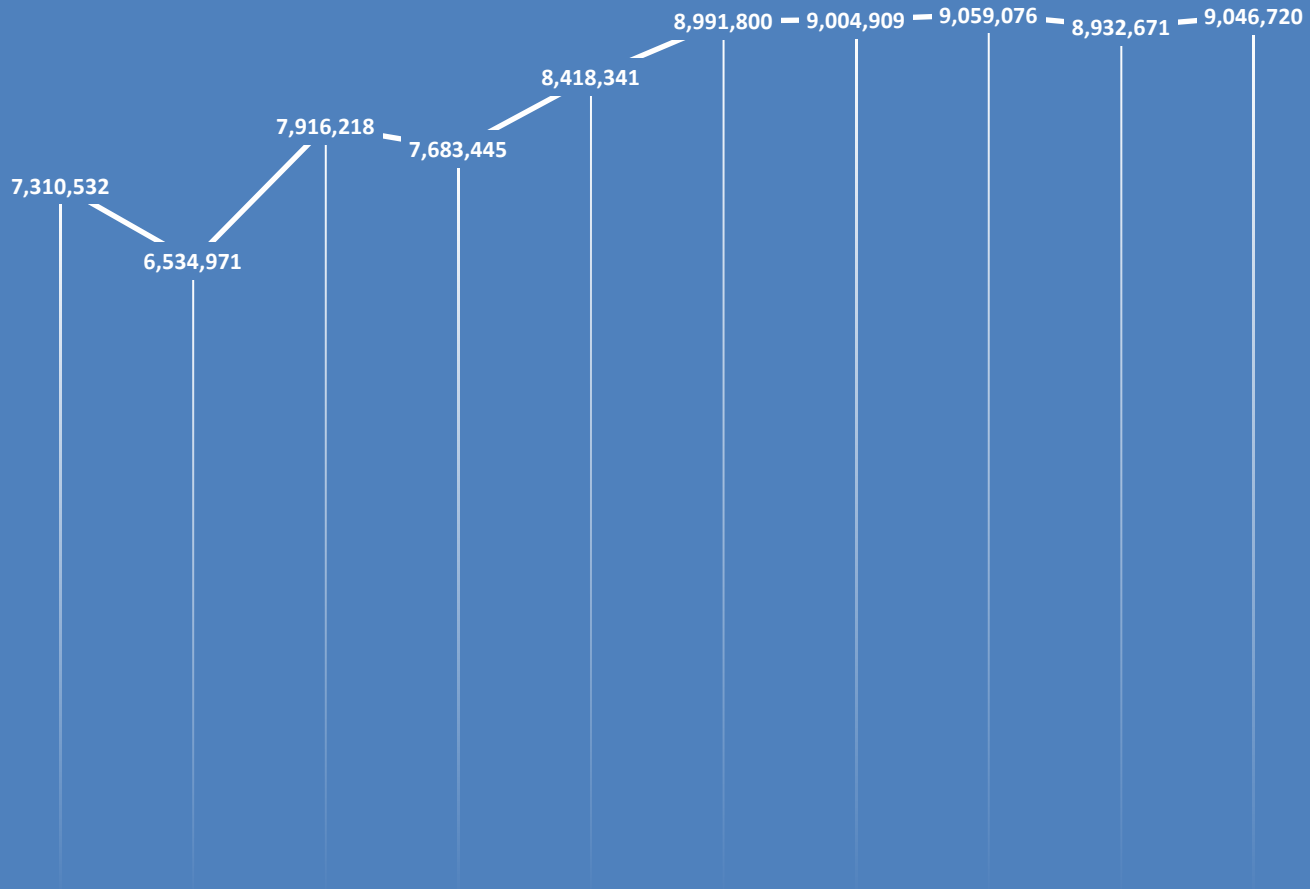
RECOMMENDATION:

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

Attachments: 2

TOTAL PRODUCTION 2019 (GALLONS)

GALLONS



	January	February	March	April	May	June	July	August	September	October	November	December
Total Production (Gallons)	7,310,532	6,534,971	7,916,218	7,683,445	8,418,341	8,991,800	9,004,909	9,059,076	8,932,671	9,046,720		

MONTH



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting of: December 5th, 2019

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

CH

SUBJECT: Rain Report

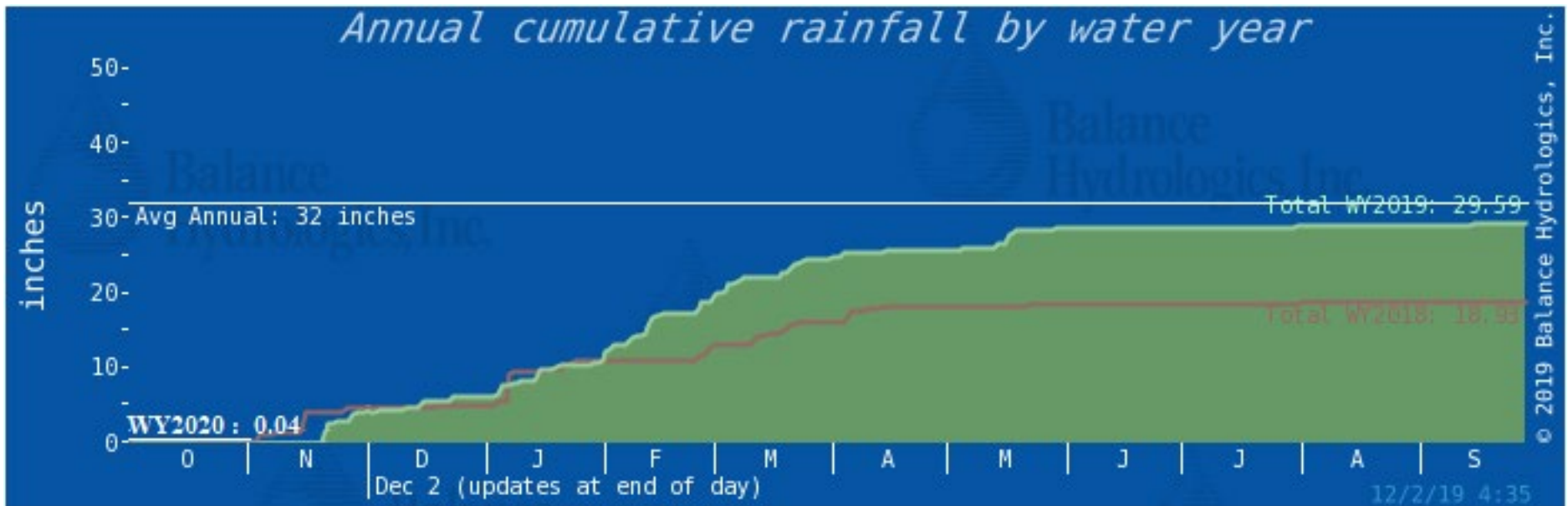
The attached chart shows the monthly rainfall at Alta Vista Treatment Plant for the current and prior water years along with seven-year average rain fall.

RECOMMENDATION:

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

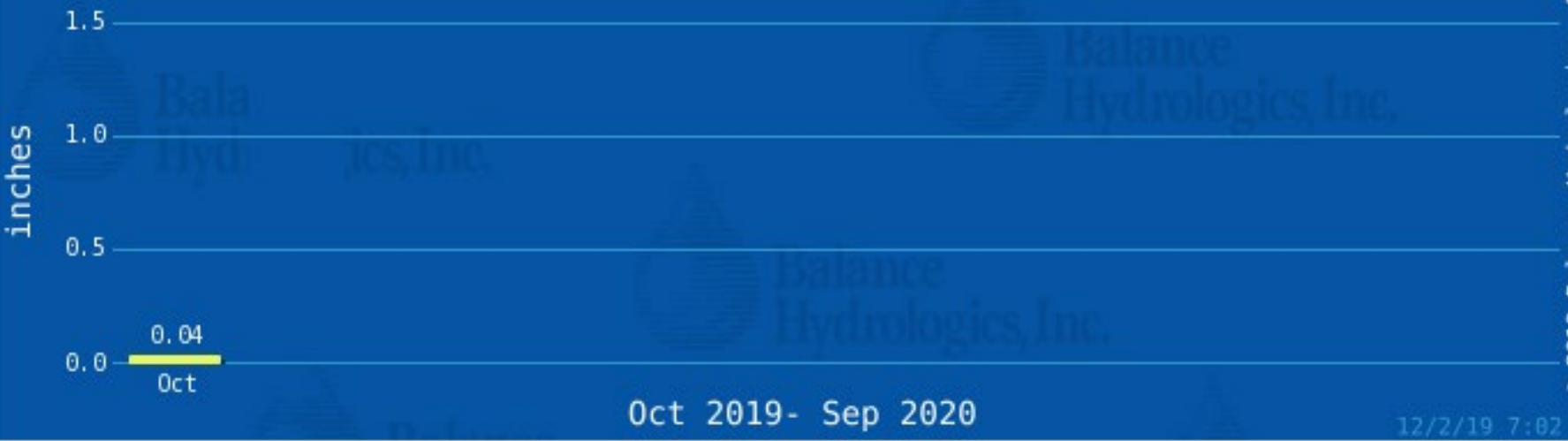
Attachments: 2

Annual Cumulative Rainfall



Monthly Cumulative Rainfall

Monthly rainfall for water year 2020



Oct 2019- Sep 2020

12/2/19 7:02

© 2019 Balance Hydrologics, Inc.



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: December 5th, 2019

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager *CH*

SUBJECT: Monthly Solar Energy Report

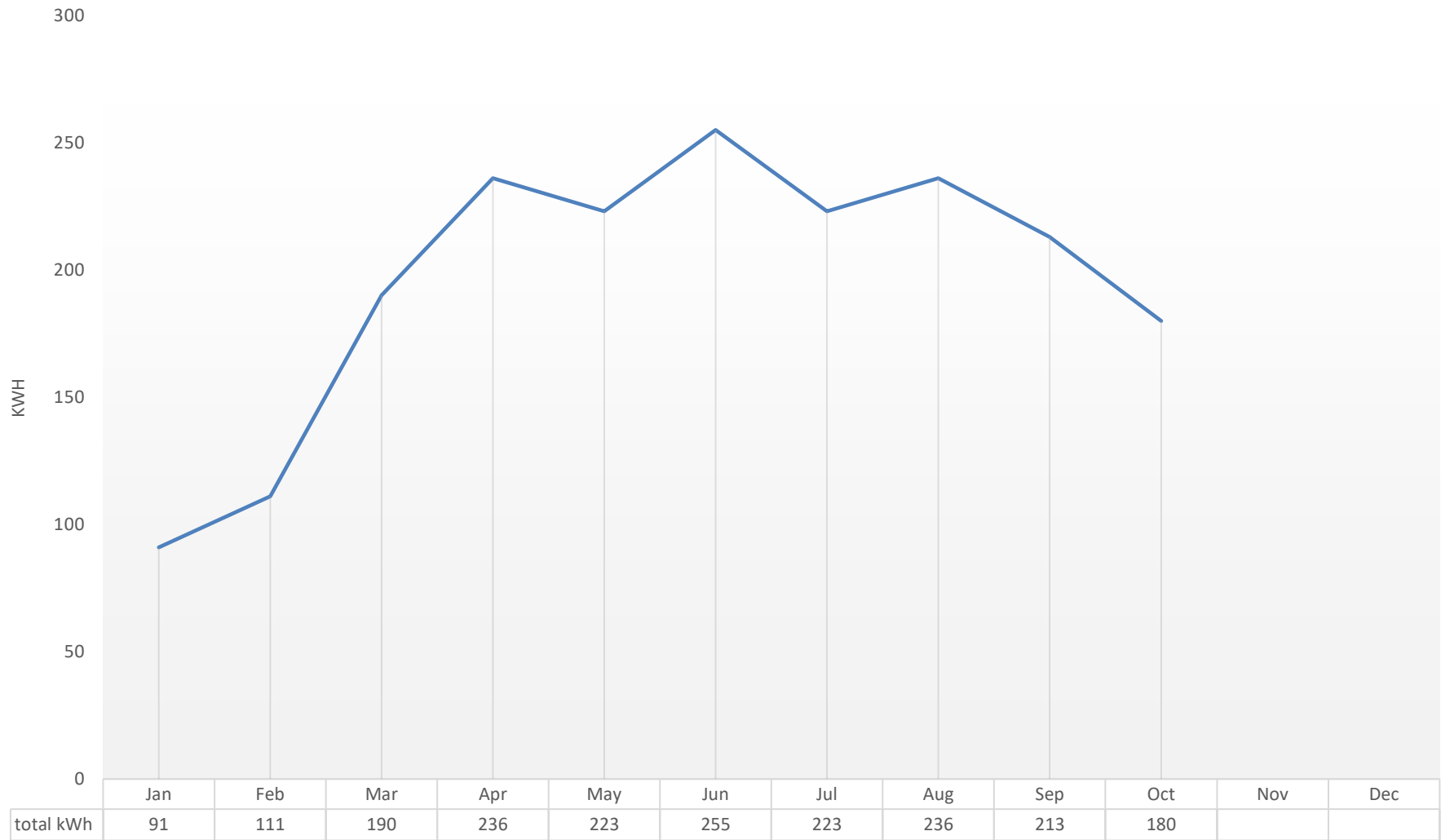
The attached chart summarizes the monthly solar production at the Alta Vista Array. Since the installation of the solar panels the District produced 43,800 kWh and saved 74,461 lbs of CO₂.

RECOMMENDATION:

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

Attachments: 1

SOLAR ENERGY PRODUCED IN 2019 (kWh)





MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **December 5, 2019**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

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

**SUBJECT: Monthly Public Agency Retirement Service
Report for September 2019.**

The District has received the monthly PARS report for September 2019.

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

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

RECOMMENDATION:

This is for Board information only.

Attachment



**Montara Water and San
Retirement Enhancement Plan**

**Monthly Account Report for the Period
9/1/2019 to 9/30/2019**

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

Plan ID: P7-REP15A

Account Summary

Source	Beginning Balance as of 9/1/2019	Contributions	Earnings	Expenses	Distributions	Transfers	Ending Balance as of 9/30/2019
Contributions	\$768,046.42	\$7,234.70	\$11,032.97	\$355.98	\$1,084.63	\$0.00	\$784,873.48
TOTAL	\$768,046.42	\$7,234.70	\$11,032.97	\$355.98	\$1,084.63	\$0.00	\$784,873.48

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	1.38%	0.88%	5.85%	9.37%	-	-	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.

September 2019 PARS Statement Detail Information

PARS Beginning Balance as of September 1, 2019 \$ 768,046.42

Contributions:

August 15, 2019 Calculation

Wages	\$	29,272.08
Employer - 6.92%	\$	2,025.63
Employee - 7.75%	\$	1,591.72
Contributions Subtotal		\$ 3,617.35

August 31, 2019 Calculation

Wages	\$	29,272.06
Employer - 6.92%	\$	2,025.63
Employee - 7.75%	\$	1,591.72
Contributions Subtotal		\$ 3,617.35
Rounding		\$ 0.01
Total Contributions thru August		\$ 7,234.71
Rounding		<u>\$ 7,234.71</u>

Fund Impact - PARS Wages			
Sewer	Water	Total	
\$ 9,719.48	\$ 19,552.60	\$ 29,272.08	
\$ 672.59	\$ 1,353.04	\$ 2,025.63	

Earnings \$11,032.97

Expenses \$ (355.98)

Distributions \$ (1,084.63)

PARS Ending Balance as of September \$ 784,873.48



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **December 5, 2019**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager *CH*

**SUBJECT: Review and Possible Action Concerning Water
Rate Study.**

In conjunction with this year's budget approval staff was authorized to initiate a water rate study. The District's current water rates are not providing sufficient income to cover next year's financial needs. A \$500,000 loan from sewer to water was implemented to temporarily cover a portion of the costs.

The District's financial consultant Alex Handlers with Bartle Wells presented initial findings and ideas at the July 18 meeting. Since the increases are due to capital needs the Board indicated the desire to adopt a separate Water System Reliability Charge. The Finance Committee Reviewed the suggestions at a meeting on October 9. The latest Board discussion on November 7 raised questions about details on MWSD's future capital replacement needs that are being addressed in tonight's presentation.

The District's water engineer SRT as well as Bartle Wells will be present.

RECOMMENDATION:

Review the suggestions in Bartle Wells presentation and direct staff.



Asset Replacement Assessment

Montara Water & Sanitary District Capital Improvement Program

December 5, 2019

Board Meeting



Categories of Assets

Above-Ground Assets and Underground Assets

- **Water Storage Tanks**
- **PRV Stations**
- **Hydrants**
- **Booster Pump Stations**
- **Service Meters**
- **Water Treatment Plants**
- **Groundwater Wells**
- **Generators**
- **Service Vehicles**
- **Pipelines**

Replacement Needs

- The recommended replacement year was calculated for all assets, based on the estimated year of installation and average service life of the specific asset
- Any asset that should have been replaced in the past is scheduled for replacement in 2020

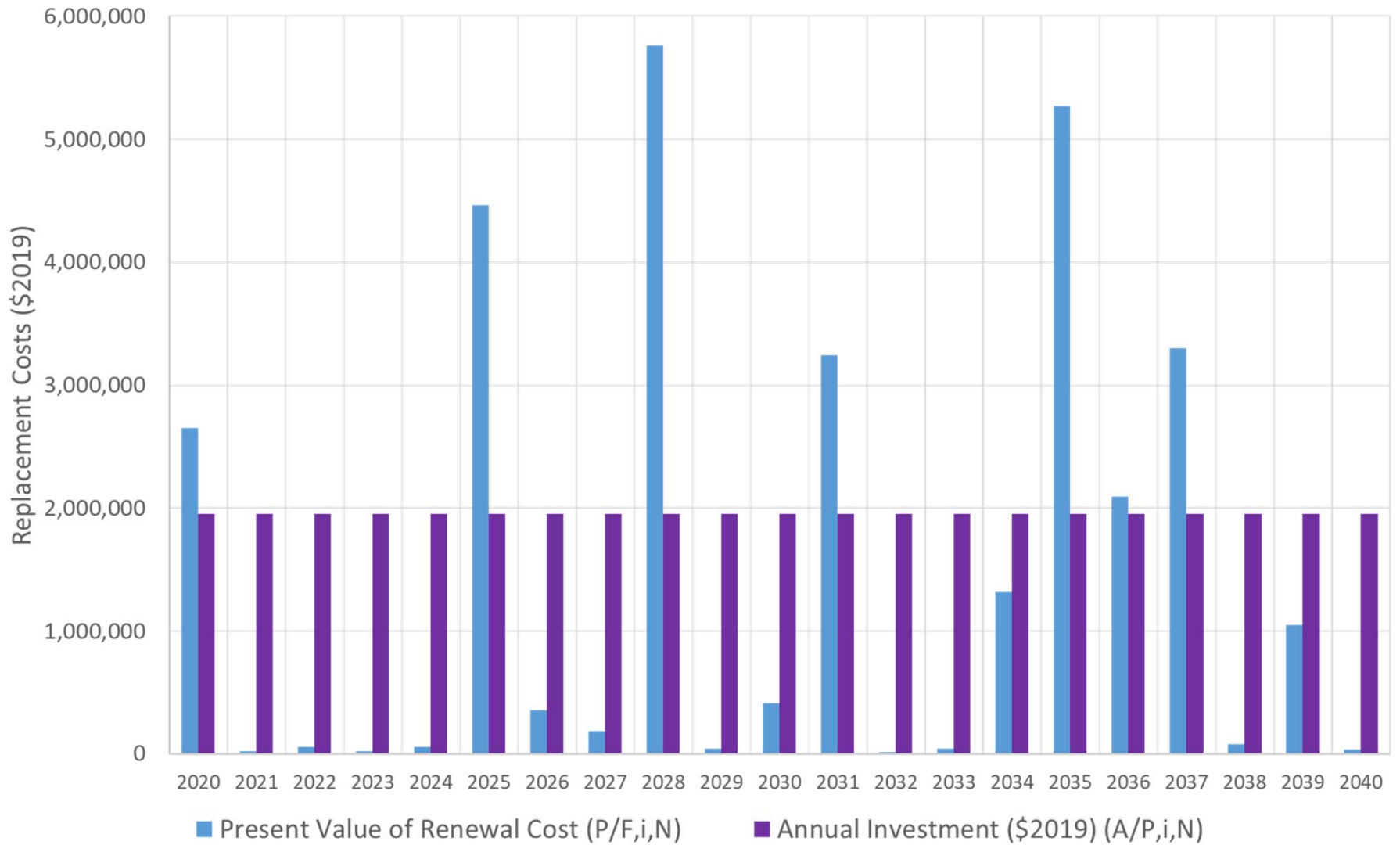
Year	Annual Replacement Cost	Present Value of Renewal Cost (P/F,i,N)
2020	2,647,750	2,647,750
2021	19,500	19,024
2022	59,500	56,633
2023	19,500	18,108
2024	59,500	53,904
2025	5,047,648	4,461,385
2026	403,000	347,506
2027	213,000	179,189
2028	7,019,500	5,761,231
2029	53,000	42,439
2030	526,000	410,910
2031	4,253,000	3,241,402
2032	13,000	9,666
2033	53,000	38,447
2034	1,863,000	1,318,496
2035	7,633,527	5,270,688
2036	3,103,000	2,090,258
2037	5,023,000	3,301,091
2038	113,000	72,452
2039	1,673,000	1,046,508
2040	50,000	30,514

Asset Replacement Program Summary

Timeline	Time Period (Years)	Total Present Value Replacement Costs (P/F,i,N)	Annual Investment (\$2019) (A/P,i,N)
2020 - 2040	20	30,417,599	1,951,202
2020 - 2070	50	43,455,294	1,532,149
2020 - 2120	100	55,912,041	1,539,794

With $i=2.5\%$

Annual Replacement Costs



Montara Water & Sanitary District



Water System Reliability Charges

December 5, 2019



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

Replacement Funding Needs

- **Updated engineering analysis identifies substantial increase in funding needs for infrastructure replacement over next 20 years**
 - Average annual funding need of roughly \$2.0 million per year over next 20 years
 - Long-term funding needs of roughly \$1.5 million per year over next 50-100 years
- **Substantial revenue increase needed to fund long-term capital needs**
 - In Fiscal Year 2018/19, rates supported less than \$100,000 for capital
 - Water rates currently generate approximately \$1.9 million per year in rate revenues
- **Historically, District relied on debt financing to fund major capital needs**
- **Other regional agencies are facing similar challenges with aging infrastructure & need to increase funding for replacements**

Water System Reliability Charge

- **Proposed new charge**
- **Purpose: Dedicated funding source for capital needs**
 - **Rehabilitation & replacement of aging infrastructure**
 - **Ongoing upgrades to address existing deficiencies**
 - **Support long-term reliability & fire protection**
- **Regular bi-monthly water rates would continue funding operating, maintenance, and existing debt service**



Billing Method

- **New charges can be collected via the County property tax rolls**
- **Nexus: The charge benefits all properties served by the District that benefit from access to the District's water system**
- **Charges can be levied on all properties connected to the District's water system including water and/or fire service connections**
- **Charges can be implemented starting fiscal year 2020/21**



Charge Alternatives

➤ Single Family Residential

- Fixed charge per single family home or hybrid fixed & usage-based rates
 - e.g. 50% fixed rates + 50% usage-based rates (based on prior year water use)
 - Or fixed charges based on meter size (similar to regular water rates)

➤ Commercial/Non-Residential

- Fixed charge based on meter size (or other factor) or hybrid fixed & usage-based rates



➤ Other

- Potential reduced fixed charge per unit for multi-family, mobile homes, ADUs
- Potential reduced fixed charges for customers with private fire protection service only

Funding Levels & Implementation

- **Target funding level from new charges**
 - e.g. Start with target of generating \$500,000 per year

- **Potential to phase in charges in future years**
 - GO Bonds reach final maturity in about 9 years
 - Don't need to fully solve long-term capital funding challenge now
 - Can take a significant step in the right direction & re-evaluate in future years



Example of Fixed + Usage Charges

EXAMPLE HYBRID CHARGES: 50% FIXED & 50% VOLUMETRIC RATE RECOVERY					
Annual CIP Funding Target		\$500,000	\$1,000,000	\$1,500,000	\$2,000,000
Volumetric Funding %		50%	50%	50%	50%
Volumetric Funding \$		\$250,000	\$500,000	\$750,000	\$1,000,000
Est. Annual Water Use (ccf)		120,000	120,000	120,000	120,000
Projected Usage Charges (Based on Prior Year Water Use)					
Usage Charge (per ccf)		\$2.08	\$4.17	\$6.25	\$8.33
Fixed Charge Funding %		50%	50%	50%	50%
Estimated Total Billing Units		1,850	1,850	1,850	1,850
Projected Fixed Monthly Charges					
Single Family Home		\$11.58	\$23.15	\$34.72	\$46.30
Multi-Family, Mobile Home Unit, ADU 75%		8.69	17.36	26.04	34.73
Commercial/Non-Residential					
<u>Meter Size</u>	<u>Charge Ratio</u>				
5/8" x 3/4"	1.00	\$11.58	\$23.15	\$34.72	\$46.30
3/4"	1.10	12.74	25.47	38.19	50.93
1"	1.40	16.21	32.41	48.61	64.82
1-1/2"	1.80	20.84	41.67	62.50	83.34
2"	2.90	33.58	67.14	100.69	134.27
3"	11.00	127.38	254.65	381.92	509.30
4"	14.00	162.12	324.10	486.08	648.20
Total Annual Charges for a Single Family Home at Different Usage Levels					
	<u>Monthly Use (ccf)</u>				
Low	3.0	\$213.96	\$427.80	\$641.64	\$855.60
Average	5.4	273.96	547.80	821.64	1,095.60
Mod-High	8.0	338.96	677.80	1,016.64	1,355.60

Example of Fixed Charges

Annual CIP Funding Target		\$500,000	\$1,000,000	\$1,500,000	\$2,000,000
Estimated Total Billing Units <i>Assumes some growth</i>		1,800	1,800	1,800	1,800
Charge per Meter Equivalent					
Annual Charge		\$277.78	\$555.56	\$833.33	\$1,111.11
<i>Monthly Equivalent</i>		23.15	46.30	69.44	92.59
Projected Fixed Monthly Charges					
Single Family Home		\$23.15	\$46.30	\$69.44	\$92.59
Multi-Family, Mobile Home Unit, ADU		17.36	34.73	52.08	69.44
Commercial/Non-Residential					
<u>Meter Size</u>	<u>Charge Ratio</u>				
5/8" x 3/4"	1.00	\$23.15	\$46.30	\$69.44	\$92.59
3/4"	1.10	25.47	50.93	76.38	101.85
1"	1.40	32.41	64.82	97.22	129.63
1-1/2"	1.80	41.67	83.34	124.99	166.66
2"	2.90	67.14	134.27	201.38	268.51
3"	11.00	254.65	509.30	763.84	1,018.49
4"	14.00	324.10	648.20	972.16	1,296.26

Key Issues for Board Input

- **What target level of funding should charges generate?**
 - e.g. \$500,000 per year or other amount
- **How should charges be implemented?**
 - Adopt initial charge and re-evaluate in future years
- **Billing via property tax rolls (confirm)**
- **How should charges be applied?**
 - Per meter size or per unit
 - Single family
 - Multi-family, mobile homes, ADUs
 - Commercial
 - Pillar Ridge
 - Fire protection service only



Process & Next Steps

- **Jul-18** **Board Meeting: Discussed water finances & need for increased funding for capital improvements**
- **Aug/Oct** **2 Finance Committee Meetings: Discussed Water System Reliability Charges and potential options**
- **Nov 7** **Board Meeting: Discuss concepts for new charge**
- **Dec 5** **Board Meeting: Updated asset replacement cost assessment, Review charge options & provide input for fee development**
- **Dec/Jan** **Incorporate Board input & develop charges**
- **Jan/Feb** **Board Meeting to review charges & initiate Prop 218 process**
- **Feb/Mar** **Prop 218 Notices & Notices for Bill Collection on Property Tax Rolls mailed to property owners**
- **Apr/May** **Public Hearing on Proposed Charges**
- **July 1** **Water System Reliability Charges go into effect**

Questions / Discussion





MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **December 5, 2019**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager *CH*

**SUBJECT: Review and Possible Action Concerning Receipt
of Fiscal Year 2018-19 Audit.**

Eide Bailly LLP completed the audit for the Fiscal Year ending on June 30, 2019.

Representatives with Eide Bailey and Peter Medina with Maze are available to present the audit document to the full Board.

After review of the audit, the Board should acknowledge receipt and file with County, State, Standard & Poor's, I-Bank and First Republic Bank.

RECOMMENDATION:

Acknowledge receipt of the Annual Audit for the period ending June 30, 2019. Direct the General Manager to send a copy to the County of San Mateo, the State Controller, Standard & Poor's, post on the District webpage and to make copies on file available to the public.

Attachment



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

We have audited the financial statements of the sewer and water enterprise funds of the Montara Water and Sanitary District (District) for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Montara Water and Sanitary District are described in Note 1 to the financial statements. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Some of the more sensitive estimates are the depreciation calculation for which we have evaluated the useful life of various classes of depreciable assets in accordance with Montara Water and Sanitary District's policy and industry practice, and pension related liabilities, deferred inflows and outflows of resources and disclosures based on actuarial valuations of the net pension liability for the District's defined benefit pension plan administered by the Public Agency Retirement Services (PARS). Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were included in Note 8 relating to the District's pension plan administered by PARS. We evaluate the key factors and assumptions used to develop these disclosures in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 2, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to Montara Water and Sanitary District’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Montara Water and Sanitary District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management’s discussion and analysis, the schedule of changes in the net pension liability and related ratios and schedule of contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of Montara Water and Sanitary District and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Palo Alto, California
December 2, 2019



**Independent Accountant's Report on
Agreed-Upon Procedures Applied to
Appropriations Limit Schedule
June 30, 2020**

**Montara Water and
Sanitary District**



**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON
PROCEDURES OVER COMPLIANCE WITH THE PROPOSITION 111
2019-2020 APPROPRIATIONS LIMIT INCREMENT**

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

We have performed the procedures enumerated below to the Appropriations Limit Calculation of the Montara Water and Sanitary District (District) for the fiscal year ended June 30, 2019. These procedures, which were agreed to by the District, were performed solely to assist the District in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. The District's management is responsible for the Appropriations Limit calculation. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures you requested us to perform and our findings are as follows:

- A. We obtained the completed worksheets setting forth the calculations necessary to establish the District's appropriations limit and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the Board of Directors. We also compared the population and inflation options included in the aforementioned worksheets to those that were selected by a recorded vote of the Board of Directors.

Findings: No exceptions were noted as a result of our procedures.

- B. We added last year's limit to the annual adjustment amount and compared the resulting amount to the 2019-2020 appropriations limit.

Findings: No exceptions were noted as a result of our procedures.

- C. We compared the current year information to the worksheets described in No. 1 above.

Findings: No exceptions were noted as a result of our procedures.

- D. We agreed the prior year appropriations limit to the prior year appropriations limit adopted by the Board of Directors.

Findings: No exceptions were noted as a result of our procedures.

We were not engaged to and did not perform an examination, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit Worksheet. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by Article XIII-B of the California Constitution.

This report is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be and should not be used by anyone other than those specified parties.

Handwritten signature in cursive script that reads "Eide Sully LLP".

Palo Alto, California
December 2, 2019

MONTARA WATER AND SANITARY DISTRICT

**APPROPRIATIONS LIMIT SCHEDULE
FOR THE FISCAL YEAR ENDING JUNE 30, 2019**

	<u>Amount</u>	<u>Source</u>
A. Appropriations Limit for the Year Ended June 30, 2019	\$ 2,294,185	Prior year schedule
B. Calculation Factors:		
1. Population increase percent	1.0040 *	State Department of Finance
2. Inflation increase percent	<u>1.0385</u>	County of San Mateo
3. Total adjustment factor percent	1.0427	B1 x B2
C. Annual Adjustment Increase	97,856	[(B3-1)A]
D. Other Adjustments:		
Loss responsibility (-)	-	N/A
Transfers to private (-)	-	N/A
Transfers to fees (-)	-	N/A
Assumed responsibility (+)	-	N/A
E. Total Adjustments	<u>97,856</u>	(C+D)
F. Appropriations Limit for the Year Ending June 30, 2020	<u><u>\$ 2,392,041</u></u>	(A+E)

* Greater of population increase percent for:
County of San Mateo

1.0040

MONTARA WATER AND SANITARY DISTRICT

NOTES TO APPROPRIATIONS LIMIT SCHEDULE FOR THE YEAR ENDED JUNE 30, 2019

1. PURPOSE OF AGREED-UPON PROCEDURES

Under Article XIII B of the California Constitution (the Gann Spending Limitations Initiative), California governmental agencies are restricted as to the amount of annual appropriations from proceeds of taxes. Effective for years beginning on or after July 1, 1990, under Section 1.5 of Article XIII B, the annual calculation of the appropriation limit is subject to agreed-upon procedures in connection with the annual audit.

2. METHOD OF CALCULATION

Under Section 10.5 of Article XIII B, for fiscal years beginning on or after July, 1990, the appropriations limit is required to be calculated based on the limit for the fiscal year 1986-1987, adjusted for the inflation and population factors discussed in Notes 3 and 4 below.

3. POPULATION FACTORS

A California governmental agency may adjust its appropriations limit by either the annual percentage change of the jurisdiction's own population or the annual percentage change in population of the county where the jurisdiction is located. The factor adopted by the District for the year 2019-2020 represents the annual percentage change in population for the County of San Mateo.

4. INFLATION FACTORS

A California governmental agency may adjust its appropriations limit by either the annual percentage change in the 4th quarter per capita personal income (which percentage is supplied by the State Department of Finance) or the percentage change in the local assessment roll from the preceding year due to the change of local nonresidential construction. The factor adopted by the District for the year 2019-2020 represents the percentage change in the local assessment roll from the preceding year due to the change of local nonresidential construction.

5. OTHER ADJUSTMENTS

A California government agency may be required to adjust its appropriations limit when certain events occur, such as the transfer of responsibility for municipal services to, or from, another government agency or private entity. The District had no such adjustment for the year ending June 30, 2019.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Montara Water and Sanitary District (District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 2, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed name and date.

Palo Alto, California
December 2, 2019



**Annual Financial Report
with Independent Auditor's Report
June 30, 2019**

**Montara Water and
Sanitary District**

MONTARA WATER AND SANITARY DISTRICT

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MONTARA WATER AND SANITARY DISTRICT

**ELECTED OFFICIALS AND
ADMINISTRATIVE PERSONNEL**

JUNE 30, 2019

BOARD OF DIRECTORS

Kathryn Slater-Carter – President

Jim Harvey – President Pro Tem

Ric Lohman – Secretary

Eric Marshall – Treasurer

Scott Boyd – Director

GENERAL MANAGER

Clemens Heldmaier



INDEPENDENT AUDITOR'S 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 (District), as of and for the year ended June 30, 2019, 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.

Auditor's 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.

Opinions

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 District as of June 30, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in the net pension liability and related ratios and schedule of pension plan contributions on pages 4 and 32 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 December 2, 2019 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 solely 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 the effectiveness of the District's 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.



Palo Alto, California
December 2, 2019

MONTARA WATER AND SANITARY DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS JUNE 30, 2019

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, 2019. Please read it in conjunction with the District financial statements and accompanying notes, which follow this section.

HIGHLIGHTS

District Financial Highlights

- District-wide revenues increased \$726,100 from the prior year going from \$6,640,886 to \$7,366,986.
- District-wide expenses decreased \$170,065 from the prior year going from \$6,239,333 to \$6,069,268.
- The effect of the change in revenues and expenses caused the District-wide change in net position to increase \$896,165 from the prior year. In other words, the District-wide increase in net position for the year ended June 30, 2019 was \$1,297,718.

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, deferred outflows of resources, liabilities and deferred inflows of resources 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, 2019

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, deferred outflows of resources, liabilities and deferred inflows of resources, 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 \$20,723,668 to \$22,021,386 or \$1,297,718.

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

	Sewer		Water		Total	
	2019	2018	2019	2018	2019	2018
Current assets	\$ 5,917,762	\$ 7,504,693	\$ 2,265,300	\$ 2,371,928	\$ 8,183,062	\$ 9,876,621
Capital assets net of accumulated depreciation	9,813,167	5,062,409	17,655,426	18,183,045	27,468,593	23,245,454
Other assets	32,045	2,715,373	1,766,752	1,744,293	1,798,797	4,459,666
Total assets	15,762,974	15,282,475	21,687,478	22,299,266	37,450,452	37,581,741
Deferred outflows of resources	92,939	101,367	343,304	378,248	436,243	479,615
Total deferred outflow of resources	92,939	101,367	343,304	378,248	436,243	479,615
Current liabilities	802,257	843,972	1,491,389	1,652,788	2,293,646	2,496,760
Long-term liabilities	1,220,395	1,306,035	12,291,418	13,473,233	13,511,813	14,779,268
Total liabilities	2,022,652	2,150,007	13,782,807	15,126,021	15,805,459	17,276,028
Deferred inflows of resources	20,838	21,452	39,012	40,208	59,850	61,660
Total deferred inflow of resources	20,838	21,452	39,012	40,208	59,850	61,660
Net position						
Net investment in capital assets	8,515,933	3,684,084	4,361,427	3,713,180	12,877,360	7,397,264
Restricted for debt service	-	-	1,706,377	1,692,138	1,706,377	1,692,138
Unrestricted	5,296,490	9,528,299	2,141,159	2,105,967	7,437,649	11,634,266
Total net position	\$ 13,812,423	\$ 13,212,383	\$ 8,208,963	\$ 7,511,285	\$ 22,021,386	\$ 20,723,668

Revenues, Expenses and Changes in Net Position

For the fiscal year ended June 30, 2019 the sewer system generated operating revenue of \$2,649,208 and operating expenses of \$2,861,576 for a net operating loss of \$212,368. This is a decrease from prior year’s net operating loss of \$1,153,647 by \$941,279. Whereas operating revenue increased 26.4%, system maintenance and repairs expense decreased by \$220,870 or 11.1%. The major factor causing these changes is the decrease in Sewer Authority Mid-Coastside expenses for collections and operations by \$199,330 or 11% as the mid-year budget amendment assessment was not as large as in previous fiscal years.

MONTARA WATER AND SANITARY DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS JUNE 30, 2019

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 \$178,513 mainly due to the sale of additional connections and a higher rate of return for District treasury funds in Local Agency Investment Fund (LAIF).

For the fiscal year ended June 30, 2019 the water system generated operating revenue of \$1,924,541 and operating expenses of \$2,783,848 for a net operating loss of \$859,307. This is an increase from prior year’s net operating loss of \$500,485 by \$358,822. For the fiscal year ended June 30, 2019 operating revenue decreased 1.66% and system maintenance and repairs expense increased by \$291,102. Sales of water revenue increased from \$1,921,189 to \$1,887,421 or \$33,768 translating to 2% decrease.

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 an increase of \$26,747. 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 increased from \$229,263 to \$312,379 or approximately 36.3% whereas the connection fees for the Water Fund increased from \$284,556 to \$317,186 or approximately 11.5%. 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	
	2019	2018	2019	2018	2019	2018
Operating revenues	\$ 2,649,208	\$ 2,095,832	\$ 1,924,541	\$ 1,957,077	\$ 4,573,749	\$ 4,052,909
Tax revenues	404,079	367,805	1,587,017	1,594,020	1,991,096	1,961,825
Interest and investment income	99,073	41,070	-	-	99,073	41,070
Connection fees and other non operating revenues	349,131	264,895	353,937	320,187	703,068	585,082
Total revenues	<u>3,501,491</u>	<u>2,769,602</u>	<u>3,865,495</u>	<u>3,871,284</u>	<u>7,366,986</u>	<u>6,640,886</u>
Operating expenses	2,861,576	3,249,479	2,783,848	2,457,562	5,645,424	5,707,041
Non-operating expenses	39,875	163,563	383,969	368,729	423,844	532,292
Total expenses	<u>2,901,451</u>	<u>3,413,042</u>	<u>3,167,817</u>	<u>2,826,291</u>	<u>6,069,268</u>	<u>6,239,333</u>
Change in fund net position	600,040	(643,440)	697,678	1,044,993	1,297,718	401,553
Fund net position - beginning of year	<u>13,212,383</u>	<u>13,855,823</u>	<u>7,511,285</u>	<u>6,466,292</u>	<u>20,723,668</u>	<u>20,322,115</u>
Fund net position - end of year	<u>\$ 13,812,423</u>	<u>\$ 13,212,383</u>	<u>\$ 8,208,963</u>	<u>\$ 7,511,285</u>	<u>\$ 22,021,386</u>	<u>\$ 20,723,668</u>

MONTARA WATER AND SANITARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2019, the District had \$27,468,593 (net of accumulated depreciation) invested in a variety of capital assets.

The assets include: land; capacity rights, 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, 2019, increased by \$1,535,592 or 5.9 % above 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, 2019:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets not being depreciated				
Land and easement	\$ 739,500	\$ -	\$ -	\$ 739,500
Capacity rights	2,687,547	-	-	2,687,547
Total capital assets not being depreciated	3,427,047	-	-	3,427,047
Capital assets being depreciated				
Sewage collection facilities	5,341,536	-	-	5,341,536
Sewage treatment facilities	244,540	-	-	244,540
General plant and administration facilities	3,689,166	2,471,289	-	6,160,455
Seal Cove collection system	995,505	-	-	995,505
Other capital improvements	4,357,566	-	-	4,357,566
Water facilities plant	26,450,034	454,420	-	26,904,454
Water general plant	409,584	-	-	409,584
Surface water rights	300,000	-	-	300,000
Total capital assets being depreciated	41,787,931	2,925,709	-	44,713,640
Accumulated depreciation	19,281,977	1,390,117	-	20,672,094
Net capital assets being depreciated	22,505,954	1,535,592	-	24,041,546
Property, plant and equipment, net	\$ 25,933,001	\$ 1,535,592	\$ -	\$ 27,468,593

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, 2019

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% 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%.

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:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long-Term Portion
General Obligation Bonds, 2012 Series	\$ 10,603,045	\$ -	\$ 897,915	\$ 9,705,130	\$ 919,897	\$ 8,785,233
2012 GO Bonds Discount	(47,864)	-	(4,884)	(42,980)	(4,886)	(38,094)
PNCEF Lease Obligation	1,187,870	-	104,097	1,083,773	114,407	969,366
CIEDB loan - Direct placement	784,391	-	29,043	755,348	29,929	725,419
SRF Loan - Direct placement	3,508,460	-	249,308	3,259,152	211,524	3,047,628
Totals	<u>\$ 16,035,902</u>	<u>\$ -</u>	<u>\$ 1,275,479</u>	<u>\$ 14,760,423</u>	<u>\$ 1,270,871</u>	<u>\$ 13,489,552</u>

Additional information on the long term obligations can be found in Note #5 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, 2019

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 JUNE 30, 2019

	Sewer	Water	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5,791,963	\$ 1,483,085	\$ 7,275,048
Accounts receivable	125,567	516,794	642,361
Inventory	-	42,656	42,656
Prepaid items	232	46,652	46,884
Interfund advances - Due from sewer fund	-	176,113	176,113
Total current assets	<u>5,917,762</u>	<u>2,265,300</u>	<u>8,183,062</u>
Non-current assets:			
Capital assets:			
Nondepreciable			
Land and easement	5,000	734,500	739,500
Capacity rights	2,687,547	-	2,687,547
Depreciable, net	7,120,620	16,920,926	24,041,546
Total capital assets	<u>9,813,167</u>	<u>17,655,426</u>	<u>27,468,593</u>
Other assets:			
Restricted cash and cash equivalents	-	1,706,377	1,706,377
Net pension asset	32,045	60,375	92,420
Total other assets	<u>32,045</u>	<u>1,766,752</u>	<u>1,798,797</u>
Total non-current assets	<u>9,845,212</u>	<u>19,422,178</u>	<u>29,267,390</u>
Total assets	<u>15,762,974</u>	<u>21,687,478</u>	<u>37,450,452</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	169,190	169,190
Deferred amounts related to pensions	92,939	174,114	267,053
Total deferred outflows of resources	<u>92,939</u>	<u>343,304</u>	<u>436,243</u>

(Continued)

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

MONTARA WATER AND SANITARY DISTRICT

STATEMENT OF NET POSITION (CONTINUED) JUNE 30, 2019

	Sewer	Water	Total
LIABILITIES			
Current liabilities:			
Accounts payable	489,619	166,969	656,588
Interfund advances - Due to water fund	176,113	-	176,113
Deposits	24,852	17,366	42,218
Accrued expenses	8,332	-	8,332
Interest payable	10,265	98,257	108,522
Other current liabilities	-	9,095	9,095
Accrued compensated absences	5,943	15,964	21,907
Current portion of general obligation bonds and other long-term obligations	87,133	1,183,738	1,270,871
Total current liabilities	<u>802,257</u>	<u>1,491,389</u>	<u>2,293,646</u>
Long term liabilities:			
Accrued compensated absences	10,294	11,967	22,261
General obligation bonds, less current portion	-	8,747,140	8,747,140
Other long term obligations, less current portion	1,210,101	3,532,311	4,742,412
Total long term liabilities	<u>1,220,395</u>	<u>12,291,418</u>	<u>13,511,813</u>
Total liabilities	<u>2,022,652</u>	<u>13,782,807</u>	<u>15,805,459</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to pensions	20,838	39,012	59,850
Total deferred inflows of resources	<u>20,838</u>	<u>39,012</u>	<u>59,850</u>
NET POSITION			
Net investments in capital assets	8,515,933	4,361,427	12,877,360
Restricted for debt service	-	1,706,377	1,706,377
Unrestricted	5,296,490	2,141,159	7,437,649
Total net position	<u>\$ 13,812,423</u>	<u>\$ 8,208,963</u>	<u>\$ 22,021,386</u>

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, 2019**

	Sewer	Water	Total
OPERATING REVENUES			
Sales and service charges	\$ 2,649,208	\$ 1,924,541	\$ 4,573,749
Total operating revenues	<u>2,649,208</u>	<u>1,924,541</u>	<u>4,573,749</u>
OPERATING EXPENSES			
General and administrative	685,478	990,834	1,676,312
System maintenance and repairs	1,768,020	782,426	2,550,446
Depreciation and amortization	408,078	1,010,588	1,418,666
Total operating expenses	<u>2,861,576</u>	<u>2,783,848</u>	<u>5,645,424</u>
OPERATING (LOSS)	<u>(212,368)</u>	<u>(859,307)</u>	<u>(1,071,675)</u>
NONOPERATING REVENUES (EXPENSE)			
Taxes - District share of one percent	404,079	404,078	808,157
Taxes - Ad valorem for general obligation bonds	-	1,182,939	1,182,939
Investment income	99,073	-	99,073
Interest expense	(39,875)	(382,469)	(422,344)
Other revenues	36,752	36,751	73,503
Other expenses	-	(1,500)	(1,500)
Total non-operating revenues (expenses)	<u>500,029</u>	<u>1,239,799</u>	<u>1,739,828</u>
INCOME BEFORE CONTRIBUTIONS	287,661	380,492	668,153
Capital contributions - connection fees	<u>312,379</u>	<u>317,186</u>	<u>629,565</u>
Changes in net position	600,040	697,678	1,297,718
NET POSITION, BEGINNING OF YEAR	<u>13,212,383</u>	<u>7,511,285</u>	<u>20,723,668</u>
TOTAL NET POSITION, END OF YEAR	<u><u>\$ 13,812,423</u></u>	<u><u>\$ 8,208,963</u></u>	<u><u>\$ 22,021,386</u></u>

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, 2019

	Sewer	Water	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 2,616,515	\$ 1,875,477	\$ 4,491,992
Payments to suppliers - other	(1,536,310)	(878,221)	(2,414,531)
Payments to employees	(681,525)	(980,250)	(1,661,775)
Net cash provided by operating activities	<u>398,680</u>	<u>17,006</u>	<u>415,686</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Property taxes collected	404,079	404,078	808,157
Interfund advances	(274,237)	274,237	-
Net cash provided by non-capital financing activities	<u>129,842</u>	<u>678,315</u>	<u>808,157</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal paid on long term debt	(81,091)	(1,199,272)	(1,280,363)
Interest paid on long term debt	(40,308)	(368,156)	(408,464)
Acquisition and construction of capital assets	(2,471,289)	(482,969)	(2,954,258)
Connection fees and other non operating revenue collected	349,131	1,535,376	1,884,507
Net cash (used) by capital and related financing activities	<u>(2,243,557)</u>	<u>(515,021)</u>	<u>(2,758,578)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income	99,073	-	99,073
Net cash provided by investing activities	<u>99,073</u>	<u>-</u>	<u>99,073</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(1,615,962)	180,300	(1,435,662)
Cash and equivalents, July 1	7,407,925	3,009,162	10,417,087
Cash and equivalents, June 30	<u>\$ 5,791,963</u>	<u>\$ 3,189,462</u>	<u>\$ 8,981,425</u>
AMOUNTS AS THEY APPEAR ON THE STATEMENT OF NET POSITION:			
Cash and cash equivalents	\$ 5,791,963	\$ 1,483,085	\$ 7,275,048
Restricted cash and cash equivalents	-	1,706,377	1,706,377
	<u>\$ 5,791,963</u>	<u>\$ 3,189,462</u>	<u>\$ 8,981,425</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, 2019

	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating (loss)	\$ (212,368)	\$ (859,307)	\$ (1,071,675)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization expense	408,078	1,010,588	1,418,666
Accounts and notes receivable	(37,059)	(12,857)	(49,916)
Accounts payable and other current liabilities	227,901	(107,104)	120,797
Deposits and prepaid expenses	2,412	(24,898)	(22,486)
Pension related amounts	7,814	7,006	14,820
Compensated absences	1,902	3,578	5,480
Total adjustments	<u>611,048</u>	<u>876,313</u>	<u>1,487,361</u>
Net cash provided by operating activities	<u>\$ 398,680</u>	<u>\$ 17,006</u>	<u>\$ 415,686</u>

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

MONTARA WATER AND SANITARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2019

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, 2019

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 and is not registered with the SEC. 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.

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, investment in LAIF 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, 2019

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 January 1. Taxes are payable in two installments due November 1 and February 1 and become delinquent on December 10 and April 10. 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 outflow 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 related to pension and the deferred charges on debt refunding.

MONTARA WATER AND SANITARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2019

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. New Accounting Pronouncements

GASB Statement No. 83 – In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital asset should recognize a liability based on the guidance in this Statement. This Statement also requires disclosure of information about the nature of a government's ARO, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018, or FY 2018/2019. This statement did not have an impact on the District's financial statements.

GASB Statement No. 88 – In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve note disclosures related to debt. This Statement requires that all debt disclosures present direct borrowings and direct placements of debt separately from other types of debt. This Statement is effective for reporting periods beginning after June 15, 2018 or FY 2018/2019. The District implemented the provisions of this Statement.

The District is currently evaluating its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance related to fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018, or FY 2019/2020. The District is evaluating the impact of this Statement on the financial statements.

MONTARA WATER AND SANITARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

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

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement is effective for the reporting periods beginning after December 15, 2019, or FY 2020/2021. The District is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 89 – In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are to (a) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in the financial statements. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 or FY 2020/2021. The District is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 90 – In August 2018, GASB issued Statement No. 90, *Majority Equity Interest, an amendment of GASB statement No. 14 and No. 60*. The objectives of this Statement is to improve how majority equity interest is reported. The Statement specifies that a majority equity interest in a legally separate organization should be reported as an investment using the equity method if a government's holding of the equity interest meets the definition of an investment and for all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018 or FY 2019/2020. The District is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The District is evaluating the impact of this Statement on the financial statements.

MONTARA WATER AND SANITARY DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE #2 - CASH AND INVESTMENTS

A. Cash and Investment Summary

The following is a summary of the cash and investments as of June 30, 2019:

Cash Deposits	\$ 4,514,797
Investments (Local Agency Investment Fund)	4,466,628
	<u>\$ 8,981,425</u>
Restricted cash and cash equivalents	\$ 1,706,377
Unrestricted cash and cash equivalents	7,275,048
	<u>\$ 8,981,425</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.

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>\$ 4,466,628</u>	173 days

MONTARA WATER AND SANITARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2019

NOTE #2 - CASH AND INVESTMENTS (Continued)

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. Investment in LAIF are not rated on June 30, 2019.

E. Custodial Credit Risk - Deposits

For deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's Investment Policy addresses custodial credit risk, which follows the Government Code. Any uninsured bank balance is collateralized by the pledging financial institutions at 110% of the deposits, in accordance with the State of California Government Code. At June 30, 2019, balances in financial institutions were \$4,519,585. Of the balance in financial institutions, \$500,000 was covered by federal depository insurance and \$4,019,585 was collateralized as required by State law (*Government Code* Section 53630), by the pledging financial institution with assets held in a common pool for the District and other governmental agencies, but not in the name of the District.

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.

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.

MONTARA WATER AND SANITARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2019

NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)

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, 2019:

Investment Type	Fair Value	Fair Value Measurement Using			Uncategorized
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
State Investment Pool	\$ 4,466,628	\$ -	\$ -	\$ -	\$ 4,466,628

NOTE #4 - CAPITAL ASSETS

Changes in capital assets accounts are summarized below:

Water Fund	Balance			Balance
Category	June 30, 2018	Additions	Deletions	June 30, 2019
Capital assets not being depreciated				
Land and easement	\$ 734,500	\$ -	\$ -	\$ 734,500
Total capital assets not being depreciated	734,500	-	-	734,500
Capital assets being depreciated				
Water meters	1,058,985	-	-	1,058,985
Water general plant	26,859,860	454,420	-	27,314,280
Other capital assets	48,172	-	-	48,172
Surface water rights	300,000	-	-	300,000
Total capital assets being depreciated	28,267,017	454,420	-	28,721,437
Accumulated depreciation	10,818,472	982,039	-	11,800,511
Net capital assets being depreciated	17,448,545	(527,619)	-	16,920,926
Property, plant and equipment, net	\$ 18,183,045	\$ (527,619)	\$ -	\$ 17,655,426
Sewer Fund	Balance			Balance
Category	June 30, 2018	Additions	Deletions	June 30, 2019
Capital assets not being depreciated				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Capacity rights	2,687,547	-	-	2,687,547
Total capital assets not being depreciated	2,692,547	-	-	2,692,547
Capital assets being depreciated				
Sewage collection facilities	5,340,307	-	-	5,340,307
Sewage treatment facilities	244,540	-	-	244,540
General plant and administration facilities	3,690,153	2,471,289	-	6,161,442
Seal Cove collection system	995,505	-	-	995,505
Other capital improvements	3,250,409	-	-	3,250,409
Total capital assets being depreciated	13,520,914	2,471,289	-	15,992,203
Accumulated depreciation	8,463,505	408,078	-	8,871,583
Net capital assets being depreciated	5,057,409	2,063,211	-	7,120,620
Property, plant and equipment, net	\$ 7,749,956	\$ 2,063,211	\$ -	\$ 9,813,167

MONTARA WATER AND SANITARY DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE #4 - CAPITAL ASSETS, (Continued)

Capacity Rights 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 Community Services 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 \$1,646,680 for these collection and treatment services for the year.

The Sewer Authority Mid-Coastside complete audited financial statements are available at 1000 Cabrillo Hwy N, Half Moon Bay, CA 94019.

NOTE #5 - 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	\$ 10,603,045	\$ -	\$ 897,915	\$ 9,705,130	\$ 919,897	\$ 8,785,233
2012 GO Bonds Discount	(47,864)	-	(4,884)	(42,980)	(4,886)	(38,094)
PNCEF Lease Obligation	1,187,870	-	104,097	1,083,773	114,407	969,366
CIEDB loan - Direct placement	784,391	-	29,043	755,348	29,929	725,419
SRF Loan - Direct placement	3,508,460	-	249,308	3,259,152	211,524	3,047,628
Totals	<u>\$ 16,035,902</u>	<u>\$ -</u>	<u>\$ 1,275,479</u>	<u>\$ 14,760,423</u>	<u>\$ 1,270,871</u>	<u>\$ 13,489,552</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.

MONTARA WATER AND SANITARY DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE #5 - LONG TERM OBLIGATIONS (Continued)

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
2020	\$ 919,897	\$ 230,539	\$ 1,150,436
2021	941,825	208,611	1,150,436
2022	965,475	184,961	1,150,436
2023	989,111	161,325	1,150,436
2024	1,013,326	137,110	1,150,436
2025-2029	4,875,496	301,467	5,176,963
Total	<u>\$ 9,705,130</u>	<u>\$ 1,224,013</u>	<u>\$ 10,929,143</u>

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.

MONTARA WATER AND SANITARY DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE #5 - LONG TERM OBLIGATIONS (Continued)

Repayment Schedule

Fiscal Year Ending June 30,	Principal	Interest	Total
2020	\$ 114,407	\$ 30,443	\$ 144,850
2021	125,339	26,921	152,260
2022	136,739	23,071	159,810
2023	148,157	18,883	167,040
2024	160,108	14,352	174,460
2025-2027	399,023	14,389	413,412
Total	<u>\$ 1,083,773</u>	<u>\$ 128,059</u>	<u>\$ 1,211,832</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.

Repayment Schedule:

Fiscal Year Ending June 30,	Principal	Interest	Total
2020	\$ 29,929	\$ 22,582	\$ 52,511
2021	30,842	21,655	52,497
2022	31,783	20,700	52,483
2023	32,752	19,716	52,468
2024	33,751	18,702	52,453
2025-2029	184,839	77,179	262,018
2030-2034	214,800	46,761	261,561
2035-2038	196,652	12,221	208,873
Total	<u>\$ 755,348</u>	<u>\$ 239,516</u>	<u>\$ 994,864</u>

MONTARA WATER AND SANITARY DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE #5 - LONG TERM OBLIGATIONS (Continued)

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.

Repayment Schedule:

Fiscal Year Ending June 30,	Principal	Interest	Total
2020	\$ 211,522	\$ 72,938	\$ 284,460
2021	172,495	68,616	241,111
2022	176,456	64,655	241,111
2023	180,509	60,602	241,111
2024	184,654	56,457	241,111
2025-2029	988,867	216,689	1,205,556
2030-2034	1,107,757	97,799	1,205,556
2035	236,892	4,064	240,956
Total	<u>\$ 3,259,152</u>	<u>\$ 641,820</u>	<u>\$ 3,900,972</u>

NOTE #6 - 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.

MONTARA WATER AND SANITARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2019

NOTE #7 - 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 agent-multiple employer agency 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.

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, 2019, are summarized as follows:

Formula	2% @ 62
Benefit vesting schedule	5 years of service
Benefit payments	monthly for life
Retirement age	62
Required employee contribution rates	7.75%
Required employer contribution rates	6.92%

C. Employees Covered by Benefit Terms

At June 30, 2019, the following employees were covered by the benefit terms for the Plan:

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

* Plan is closed to new entrants

MONTARA WATER AND SANITARY DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE #7 - DEFINED BENEFIT PLAN

D. Contributions

The District contributed the actuarially determined contribution to the PARS plan. For the year ended June 30, 2019, the employer contributions were \$46,774.

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, 2018, using an annual actuarial valuation as of June 30, 2017. A summary of principal assumptions and methods used to determine the net pension liability is shown below:

Actuarial Assumptions - The total pension liabilities in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions:

	PARS Plan
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount rate	6.5%
Aggregate payroll increases	3.0% ⁽¹⁾
Mortality	Varies by gender and age ⁽²⁾

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

⁽²⁾ The underlying mortality assumptions and all other actuarial assumption used in the June 30, 2017 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

F. 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.

Asset Class Component	<u>Target Allocation</u>	<u>Real Rate of Return</u>
Global Equity	73%	4.82%
Fixed Income	20%	1.47%
REITs	2%	3.76%
Cash	5%	0.06%
Assumed Long-Term rate of Inflation		2.75%
Expected Long-Term Net Rate of Return, Rounded		6.50%

MONTARA WATER AND SANITARY DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE #7 - DEFINED BENEFIT PLAN (Continued)

G. Changes in Net Pension Asset (Liability)

The changes in the Net Pension Asset for the Plan is as follows:

	Increase / (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
Balance at July 1, 2018	\$ 455,898	\$ 535,879	\$ 79,981
Changes in the Year			
- Service cost	91,101	-	(91,101)
- Interest	34,674	-	(34,674)
- Contributions - employer	-	45,411	45,411
- Contributions - employee	-	47,075	47,075
- Net investment income	-	45,838	45,838
- Benefit payments including refunds	(27,105)	(27,105)	-
- Administrative expense	-	(110)	(110)
Net changes	<u>98,670</u>	<u>111,109</u>	<u>12,439</u>
Balance at June 30, 2019	<u>\$ 554,568</u>	<u>\$ 646,988</u>	<u>\$ 92,420</u>

Sensitivity of the Net Pension Asset (Liability) to Changes in the Discount Rate - The following presents the net pension asset (liability) of the District, calculated using the plan discount rate, as well as what the District's net pension asset (liability) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Discount Rate		
	1% Decrease (5.50%)	Current Rate (6.50%)	1% Increase (7.50%)
Net pension asset (liability)	\$ (35,519)	\$ 92,420	\$ 192,148

H. Pension Plan Fiduciary Net Position

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

MONTARA WATER AND SANITARY DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE #7 - DEFINED BENEFIT PLAN (Continued)

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

For the year ended June 30, 2019, the District recognized pension expense of \$56,924. At June 30, 2019, the District reported deferred outflows and inflows of resources as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 220,279	\$ (30,831)
Changes of assumptions	-	(6,055)
Net difference between projected and actual earnings on plan investments	-	(22,964)
Employer contributions made subsequent to the measurement date	46,774	-
	<u> </u>	<u> </u>
	<u>\$ 267,053</u>	<u>\$ (59,850)</u>

The amount of \$46,774 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30,	Deferred Outflows of Resources
<u> </u>	<u> </u>
2020	\$ 15,067
2021	15,068
2022	14,859
2023	20,283
2024	22,060
Thereafter	73,092
	<u> </u>
	<u>\$ 160,429</u>

MONTARA WATER AND SANITARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2019

NOTE #8 - 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.

The following is a summary of the insurance policies carried by the District as of June 30, 2019:

Type of Coverage	Coverage Limits
General Liability	\$ 15,500,000
Workers' Compensation	2,000,000
Boiler and Machinery	100,000,000
Public Officials	100,000
Property	9,026,319

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.

NOTE #9 - COMMITMENTS AND CONTINGENT LIABILITIES

The District has an agreement with Sewer Authority Mid-Coastside (SAM), Granada Community Services 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 Community Services 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
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND
RELATED RATIOS**

**PARS Plan
Last 10 Years **
Schedule of Changes in the Net Pension Liability and Related Ratios
During the Measurement Period**

Measurement Period	June 30, 2018	June 30, 2017	June 30, 2016
Total Pension Liability			
Service cost	\$ 91,101	\$ 83,063	\$ 80,448
Interest on total pension liability	34,674	30,574	10,064
Difference between expected and actual experience	-	(37,021)	297,568
Changes in assumptions	-	(7,271)	-
Benefit payments, including refunds of employee contributions	(27,105)	(1,527)	-
Net change in total pension liability	<u>98,670</u>	<u>67,818</u>	<u>388,080</u>
Total Pension Liability - beginning	<u>455,898</u>	<u>388,080</u>	<u>-</u>
Total Pension Liability - ending (a)	<u>\$ 554,568</u>	<u>\$ 455,898</u>	<u>\$ 388,080</u>
Plan fiduciary net position			
Contributions - employer	\$ 45,411	\$ 44,093	\$ 37,027
Contributions - employee*	47,075	50,429	344,564
Net investment income	45,838	55,329	6,520
Benefit payments	(27,105)	(1,527)	-
Administrative expense	(110)	(117)	(439)
Net change in plan fiduciary net position	<u>111,109</u>	<u>148,207</u>	<u>387,672</u>
Plan fiduciary net position - beginning	<u>535,879</u>	<u>387,672</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ 646,988</u>	<u>\$ 535,879</u>	<u>\$ 387,672</u>
Net pension asset (liability) - ending (a) - (b)	<u>\$ 92,420</u>	<u>\$ 79,981</u>	<u>\$ (408)</u>
Plan fiduciary net position as a percentage of the total pension liability	116.67%	117.54%	99.89%
Covered payroll	\$ 680,306	\$ 626,786	\$ 620,243
Net pension asset (liability) as a percentage of covered employee payroll	13.59%	12.76%	-0.07%

* Measurement Year 2016 - Includes employee purchases of past service contributions of \$297,568 in March 2016.

** Measurement year 2016 was the 1st year of the plan.

**MONTARA WATER AND SANITARY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PLAN CONTRIBUTIONS**

**PARS Plan
Last 10 Years **
Schedule of Plan Contributions**

	2019	2018	2017	2016
Actuarially Determined Contribution	\$ 46,774	\$ 45,862	\$ 40,741	\$ 40,316
Contribution in relation to the Actuarially Determined Contribution	(46,774)	(45,862)	(40,741)	(40,316)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 675,929	\$ 680,306	\$ 626,786	\$ 620,243
Contributions as a percentage of covered payroll	6.92%	6.74%	6.50%	6.50%

Notes to Schedule

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%
Mortality, Withdrawal, Disability and Retirement	The probabilities of retirement and mortality are based on the 1997-2011 CalPERS Experience Study - Mortality projected fully generational with Scale MP2016.

** Measurement year 2016 was the 1st year of the plan.



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: December 5, 2019

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager *CH*

SUBJECT: Review and Possible Action Concerning UC Davis Bodega Marine Center Permit for Scientific Ocean Current Monitoring Project.

Since 2009 the MWSD is hosting High-Definition-Radar units used for Scientific Research at the office property. A system of similar radar units is installed around San Francisco Bay and the California Coastline. The radar units are monitoring ocean currents in real time and are helping to understand regional current patterns. The data is also used by the California Coastguard in search and rescue missions.

In 2015 the responsibility for the project was transferred from the Romberg Tiburon Center to the Bodega Marine Center. The current agreement allowing access to the MWSD property is expiring in December 2019. The Bodega Marine Center requested an extension of the agreement.

RECOMMENDATION:

Adopt Resolution No. ____, Resolution of the Montara Water and Sanitary District Approving and Authorizing Execution of Permit for Scientific Ocean Current Monitoring.

RESOLUTION NO. _____

RESOLUTION OF THE MONTARA WATER AND SANITARY DISTRICT APPROVING AND AUTHORIZING EXECUTION OF PERMIT FOR SCIENTIFIC OCEAN CURRENT MONITORING (UC Davis Bodega Bay Marine Laboratory)

WHEREAS, the University of California Davis Bodega Bay Marine Laboratory proposes to continue to undertake the responsibilities for operating and maintaining an ocean current radar monitoring project (“Project”) and facilities located on this District’s property and formerly owned and operated by the San Francisco State University Romberg Center; and

WHEREAS, the Project is operated in conjunction with similar monitoring stations along the State’s coastline and provides valuable scientific information; and

WHEREAS, this Board encourages scientific endeavors advancing knowledge of the earth’s natural conditions; and

WHEREAS, this Board previously approved a 3-year permit that expires on December 31, 2019 and now desires to approve and authorize the execution of the permit for another 5-year term as hereinafter referenced;

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

That certain document entitled, “Revocable Permit to Enter Property” by and between the Regents of the University of California, on behalf of the Bodega Bay Marine Laboratory, a copy of which permit is on file in the Administrative Offices of the District, to which copy reference is hereby made for the full particulars thereof, is hereby approved and the General Manager is hereby authorized and directed to execute said permit for and on behalf of the Montara Water and Sanitary District.

President, Montara Water and Sanitary District

RESOLUTION NO. _____

**RESOLUTION OF THE MONTARA WATER AND SANITARY
DISTRICT APPROVING AND AUTHORIZING EXECUTION OF
PERMIT FOR SCIENTIFIC OCEAN CURRENT MONITORING
(UC Davis Bodega Bay Marine Laboratory)**

COUNTERSIGNED:

Secretary, Montara Water and Sanitary District

* * * *

I HEREBY CERTIFY that the foregoing Resolution No. _____ was duly and regularly adopted and passed by the Board of the Montara Water and Sanitary District, County of San Mateo, California, at a regular meeting thereof held on the 5th day of December, 2019, by the following vote:

AYES, Directors:

NOES, Directors:

ABSENT, Directors:

Secretary, Montara Water and Sanitary District



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>

To: UC Davis Bodega Marine Laboratory
PO Box 247
2099 Westshore Road
Bodega Bay, CA 94923
Attention: Tara N. Barbier

From: Clemens Heldmaier, General Manager
Montara Water and Sanitary District ("MWSD")

Subject: Revocable Permit to Enter Property

PERMISSION IS HEREBY GRANTED to the Regents of the University of California, a California corporation, on behalf of the Bodega Marine Laboratory ("Permittee"), to enter upon and use that portion of MWSD's property defined hereinafter as the "Premises" to conduct activities related to Permittee's radar ocean current monitoring project ("Project") subject to the following terms and conditions.

1. Term. The Term of this permit ("Permit") is five (5) years commencing on January 1, 2020 and expiring on December 31, 2025.

2. Premises. The Premises ("Premises") includes, collectively, unimproved portions of MWSD's property upon and within which a pole-mounted radar transmitter and a pole-mounted radar receiver have been installed as described and depicted in Exhibit "A," entitled "CODAR/CENCOOS SFSU Site Assessment Report," dated September 26, 2014, attached hereto and incorporated herein. Permittee's activities shall be conducted solely on the Premises, except that Permittee shall have reasonable pedestrian ingress and egress privileges to and from the Premises and use of MWSD's vehicle parking area in conjunction with use of the Premises.

3. Permission Revocable. This Permit does not constitute a deed, grant of easement, lease, conveyance, or transfer of any property interest in or to the Premises or any other portion of MWSD's property. This Permit is revocable, and may be terminated without cause at any time at the will of MWSD, effective upon not less than twenty four (24) hours' prior notice thereof. Notwithstanding the foregoing, this Permit may be terminated for cause immediately upon notice from MWSD to Permittee. Subject to the provisions of paragraph 6 regarding restoration of the Premises, Permittee shall terminate its use of the Premises upon conclusion of the Project upon giving MWSD not less than thirty (30) days' prior written notice thereof.

4. Notification Prior to Entry. Permittee shall notify MWSD in writing by mail, facsimile or e-mail of Permittee's commencement of its activities hereunder not less than three (3) business days prior to Permittee's initial entry upon the Premises. Permittee shall notify MWSD by telephone, e-mail or facsimile not less than twenty four hours prior to Permittee's subsequent entry upon the Premises; provided that, on occasions when Permittee intends to visit the Premises on an uninterrupted daily basis, Permittee may give a single notification of the estimated duration of those visits and Permittee's estimated time of arrival and departure on each day thereof.

5. No Interference. Permittee shall conduct all activities permitted hereunder in an efficient and expeditious manner. Permittee's activities shall be conducted so as not to interfere in any manner with MWSD's activities, business and related operations conducted on and within MWSD's property and improvements.

6. Condition, Maintenance of Premises. Permittee hereby accepts the Premises in its "as is" condition, and assumes all risks associated therewith. Except for the structures depicted in Exhibit A, Permittee shall not construct, install or place any improvements, structures, supplies, materials or equipment in, upon, over or under the Premises, and shall not alter the Premises or otherwise change the configuration thereof. Permittee shall maintain the Premises in a clean, neat and orderly condition. Upon expiration of the duration of the use permitted hereunder or earlier expiration of the Term or termination of this Permit, Permittee shall restore the Premises to the condition substantially conforming to that existing upon commencement of Permittee's use thereof.

7. Hazardous Substances. Permittee shall not use, generate, store or dispose of any Hazardous Material on, under, over, about or within the Premises in violation of any law or regulation. Permittee agrees to defend, indemnify and hold harmless MWSD, its governing Board, officers, employees, and agents from and against any and all losses, liabilities, claims and/or costs (including reasonable attorneys, consultants, and experts fees and costs associated with litigation) arising from any breach of Permittee's

agreement contained in the first sentence of this paragraph. The foregoing provisions shall not be deemed a limitation upon the provisions of paragraph 9 (Hold Harmless). As used in this paragraph, "Hazardous Material" shall mean petroleum or any petroleum product, asbestos, any substance known by the State of California to cause cancer and/or reproductive toxicity, and/or any substance, chemical or waste that is identified as hazardous, toxic or dangerous in any applicable federal, state or local law or regulation. The provisions of this paragraph shall survive the expiration of the Term or termination of this Permit.

8. Release. Permittee hereby acknowledges that MWSD's property is used for conducting the business and operation of its publicly owned water and sewerage systems and that portions of the property within which the Premises is located are unimproved, may contain vehicles, machines, equipment, materials and supplies used by MWSD for conducting the business and operation of those systems and that such operation is of an industrial or commercial nature involving risks of personal injury and property damage. Permittee further acknowledges that it is familiar with MWSD's operations and properties, and that Permittee has inspected the Premises. Permittee hereby assumes any and all risks associated with entering upon, occupying, and using the Premises and all other portions of MWSD's property used or traversed in conjunction with this Permit, and hereby releases MWSD, its governing Board, officers, employees, consultants and agents (collectively, "Indemnitees") from any and all liabilities arising from Permittee's use and occupancy of the Premises and from entering and traversing any other portions of MWSD's property.

Permittee hereby expressly waives any rights which may accrue to Permittee under the provisions of California Civil Code Section 1542, which provides:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

9. Hold Harmless. Permittee hereby agrees to defend, indemnify, and save harmless MWSD, its governing Board, officers, employees, consultants and agents (collectively, "Indemnitees") from and against any and all claims, suits, actions, liability, loss, damage, expense, or costs (including reasonable attorneys, consultants, and experts fees and costs associated with litigation) of every nature, kind, or description, which may be brought against, suffered, or sustained by Indemnitees arising out of or in connection with Permittee's entry upon, use and occupancy of the Premises, or otherwise arising out of Permittee's exercise of the privileges granted hereunder, but only in proportion to and to the extent such claims, suits, actions, liability, loss, damage, expense, or costs are caused by or result from the negligent or intentional acts or omissions of Permittee.

The duty of Permittee to indemnify and save harmless as set forth herein includes the duty to defend as set forth in Section 2778 of the California Civil Code; provided, however, that nothing herein contained shall be construed to require Permittee to indemnify Indemnitees against any responsibility or liability in contravention of Section 2782 of the California Civil Code.

10. Insurance. Permittee shall acquire and maintain under a policy or policies provided by an insurer or insurers admitted in California, or provide under a self-insurance program approved by MWSD, public liability insurance covering the activities of Permittee, its employees, volunteers, agents or representatives conducted pursuant to this Permit that provides a combined limit of not less than One Million Dollars (\$1,000,000) per occurrence and aggregate.

Prior to initial entry upon the Premises, Permittee shall furnish MWSD with:

(i) Certificate(s) and (ii) copy(ies) of information or declaration pages of the policy or policies of insurance required hereunder or (iii) other evidence of coverage satisfactory to MWSD, with original endorsements:

(a) Precluding cancellation or reduction in coverage before the expiration of thirty (30) days after MWSD shall have received written notification of cancellation or reduction in coverage by first class mail;

(b) Providing that Permittee's Insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability (cross liability endorsement);

(c) Naming MWSD, its governing Board, officers, employees, consultants and agents as additional insureds; and

(d) Providing that Permittee's Insurance shall be primary insurance with respect to MWSD, its its governing Board, officers, employees, consultants and agents, and that any insurance or self-insurance maintained by them shall be in excess of Permittee's Insurance and not contributory with it.

11. Abandonment. In the event that Permittee fails to use the Premises for the use permitted hereunder, or otherwise shall fail to exercise its privileges hereunder, or shall fail to comply with any of the conditions herein contained, or in the event that this Permit shall be revoked, then all privileges of Permittee hereunder shall forthwith cease and terminate.

12. Notices. Written notices required or convenient hereunder to MWSD shall be addressed to:

Montara Water and Sanitary District
P.O. Box 370131
Montara, CA 94037
Attn: General Manager

Phone: (650) 728-3545
Facsimile: (650) 728-8556
E-mail: mwsd@coastside.net

and to Permittee, Real Estate Services
University of California Davis
255 Cousteau Place
Davis, CA 95618
Attn: Executive Director

Phone: (707) 754-7897
E-mail: tbooker@ucdavis.edu

13. Transferability. This Permit or the privileges granted to Permittee hereunder shall not be assigned or otherwise transferred by Permittee without the prior written consent of MWSD which may be granted or denied solely at MWSD's absolute discretion.

14. Prior Permits.

The parties further acknowledge that a prior permit for the same purpose as under this Permit had been granted by MWSD to Permittee and which expired on December 31, 2019 ("Prior Permit"). The Prior Permit had been issued for substantially the same purpose as a permit granted by MWSD to the San Francisco State University Romberg Tiburon Center ("Romberg"). Permittee acknowledged in the Prior Permit and continues to acknowledge and hereby represent and assure MWSD that Permittee has agreed to undertake the activities previously performed by Romberg, that Romberg has relinquished all interests it had in the prior permit and that as between Permittee and Romberg, this Permit supersedes the prior permit. Permittee hereby agrees to, and shall, assume all responsibility for the consequences of its transaction with Romberg in assuming the activities and use permitted hereunder and agrees that the provisions of Paragraph 9 (Hold Harmless) includes such consequences, including those activities and uses permitted under the Prior Permit. This provision and the hold harmless provision in Paragraph 9 shall survive the termination of the Permits.

Dated: January 1, 2020

Clemens Heldmaier, General Manager

The foregoing Permit and its terms and conditions are hereby acknowledged and accepted.

Dated: _____

Regents of the University of California, a California corporation

By: _____

Dave Lawlor, Vice Chancellor and
Chief Financial Officer

CODAR / CENCOOS SFSU Site Assessment Report

Friday, September 26, 2014

Max Hubbard
Chad Whelan



Summary:

Site assessments for 14 CENCOOS radar stations were performed during the month of September 2014. Majority of sites were visited by CODAR technician Max Hubbard and Jim Pettigrew. Repairs were performed when possible during the site visits, or during follow up visits (see individual site sections). All the computers for the six San Francisco Bay sites were replaced with brand new mac-minis running Release 7 Update 1 SeaSonde software (with license keys). On the new R7 computers AIS antennas and receivers were installed on the sites where it was an immediate option. Back up drives were replaced as needed at all sites. Most of the antennas in the network are old box style and could use upgrading to new dome style at some point. Nearly all receiver USB cables are old style without ferrets and could use upgrading.

Sites in the network need angsegs and first order line reviews. Antenna patterns need to be updated excluding some of the SF Bay sites, which have had recent patterns.

A major concern from SF State Technician Jim Pettigrew is who will be valid site license holders for the network. This will affect who has valid authorization to access the sites for repairs during the CODAR monitoring contract. This issue should be addressed by the relevant CENCOOS personnel.

CODAR/CENCOOS SFSU Sites Assessment Report

Montara Water Sanitation Plant	
Site Code	MONT
Frequency / Bandwidth	12.189901 MHz / 51.5 kHz
Antenna Type	Separated Transmit and Receive Box Style
Antenna Pattern	Measured April, 2008
Receiver Serial Number	2007224
Transmitter Serial Number	2006165
Mac Computer Model	Mac mini mid 2010
Mac OS Version	10.6.8
CODAR software version	Release 7 Update 1 with License Key
CODAR firmware version	3.18
UPS	None
Internet Access	Coastside DSL
Landowner / License	Sanitation District

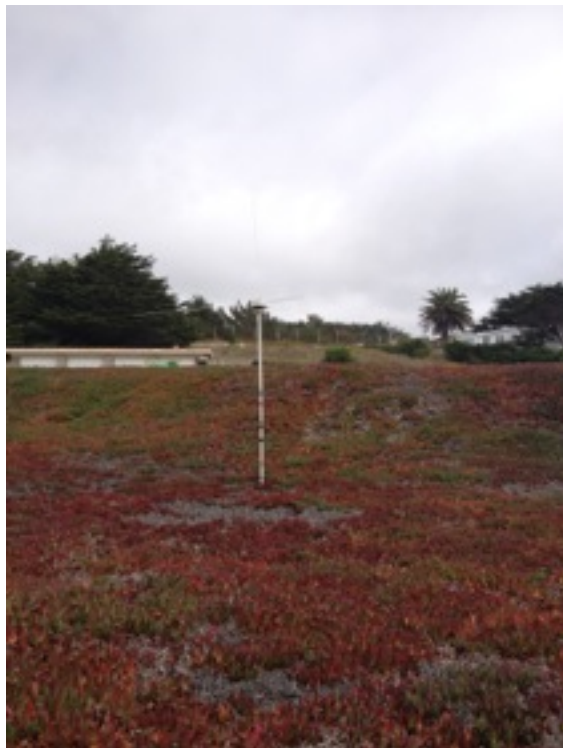
Current Site Condition:

Site is operating normally and getting expected range. Enclosure is in the water plant building. Typical sea air corrosion on the two separated antennas. Minimal dirt present on electronics fans inside of electronics enclosure. Cable runs are underground from the building housing and appear to be adequate. Site has authorized multi-static suite from earlier CODAR testing. During site assessment period hard disk of the computer was reported to be filling up by Marcel and Jim. This was due to TimeSeries logging from earlier multi-static work, this has been shut off and files have been cleared off the hard disk.

Recommendations for Site Repair / Upgrade:

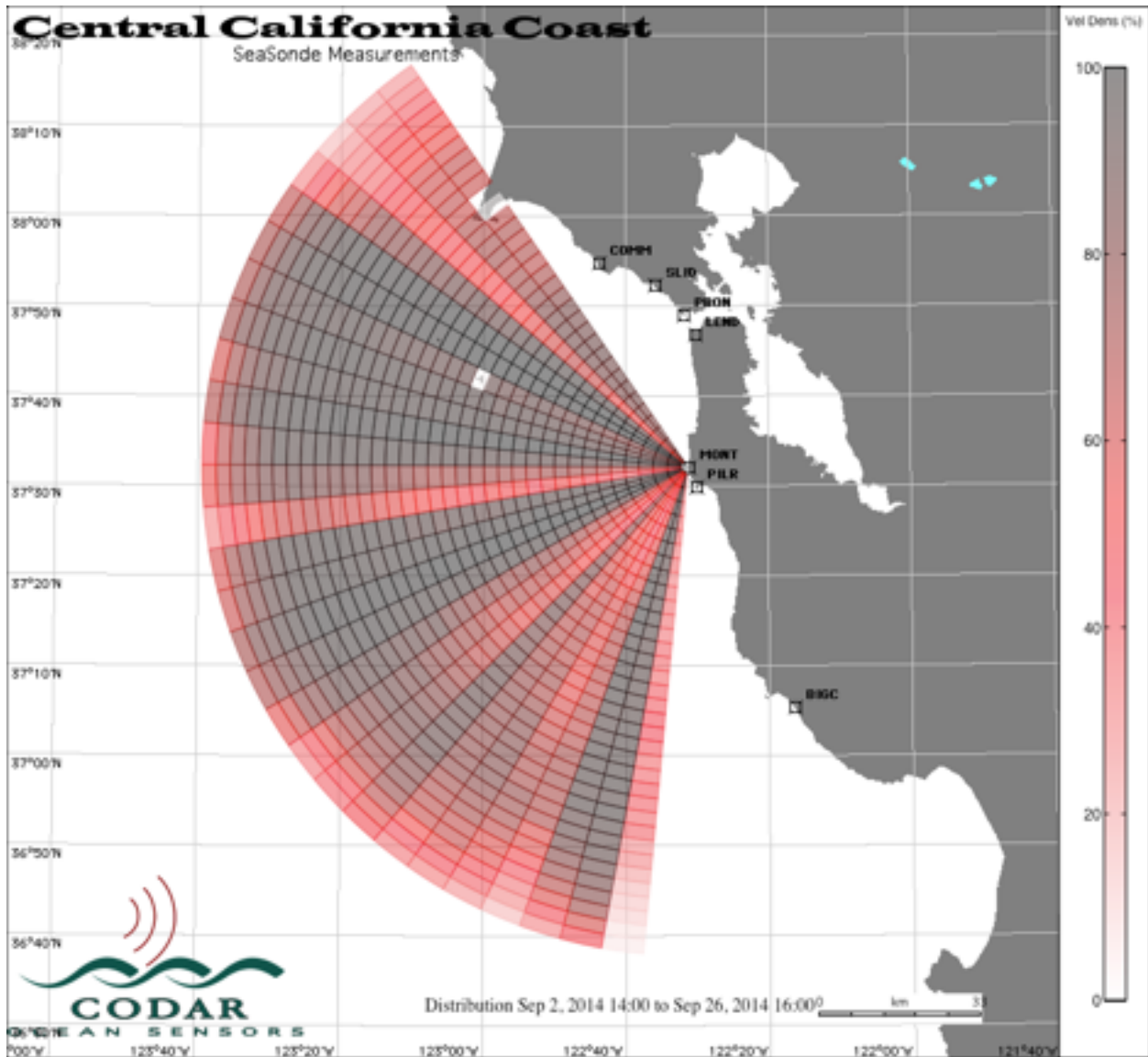
- Installation of AIS for antenna pattern generation
- Antenna pattern needs updating
- Installation of UPS

CODAR/CENCOOS SFSU Sites Assessment Report



Clockwise from top: Receive antenna, transmit antenna, sea-air corrosion on Rx antenna, electronics.

CODAR/CENCOOS SFSU Sites Assessment Report



Radial distribution for MONT site. Site gets excellent range and radial density coverage.



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **December 5, 2019**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager *CH*

SUBJECT: Review of MWSD's Receipt of Association of California Water Agencies Joint Powers Authority President's Special Recognition Award.

The District received its fourth Special Recognition Award from ACWA JPIA. On January 1, 2013 the District changed Workers Compensation Insurance Providers to the Association of California Water Agencies Joint Power Insurance Authority (ACWA/JPIA). At the time the District's Workers Comp Rate was due to claims made in prior years. Since then District staff has worked closely with ACWA/JPIA staff to prevent further losses. The result was that the Experience Modification Factor dropped from 2.12 to 0.85 for 2019. In 2012 the District spent \$62,400 on Workers Compensation Insurance. The 2019 payments amounted to \$15,419.

At the ACWA Fall Conference the JPIA recognized the District's efforts and presented the District with the "President's Special Recognition Award".

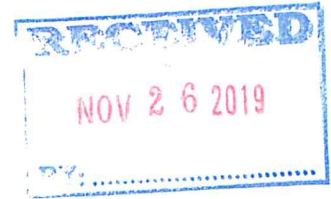
RECOMMENDATION:

This is for Board information only.

Attachments



YOUR BEST PROTECTION



November 20, 2019

Montara Water and Sanitary District (M027)
P.O. Box 370131
Montara, CA 94037

ACWA JPIA

P. O. Box 619082
Roseville, CA 95661-9082

phone
916.786.5742
800.231.5742

direct line
916.774.7050
800.535.7899

fax
916.774.7040

claims fax
916.786.0209

www.acwajpia.com

President
E.G. "Jerry" Gladbach

Vice President
Tom Cuquet

Chief Executive Officer
Walter "Andy" Sells

Executive Committee
Fred Bockmiller
Tom Cuquet
David Drake
E.G. "Jerry" Gladbach
Brent Hastey
Steven LaMar
Melody A. McDonald
J. Bruce Rupp
Kathleen Tiegs

Clemens:

Each year at Fall Conference, the JPIA recognizes members that have a Loss Ratio of 20% or less in either of the Liability, Property, or Workers' Compensation programs (loss ratio = total losses / total premiums).

The members with this distinction receive the "**President's Special Recognition Award**" certificate for each Program that they qualify in.

The JPIA is extremely pleased to present Montara Water and Sanitary District (M027) with this special recognition and commends the District on the hard work in reducing claims.

Congratulations to you, your staff, Board, and District. Keep up the good work!

The JPIA wishes you the best in 2020.

Sincerely,

E.G. "Jerry" Gladbach
President

Enclosure: President's Special Recognition Award(s)

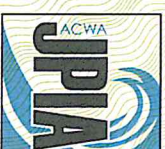
President's Special Recognition Award

The President of the
ACWA JPIA
hereby gives Special Recognition to

Montara Water and Sanitary District

for achieving a low ratio of "Paid Claims and Case Reserves" to "Deposit Premiums"
in the Workers' Compensation Program for the period 07/01/2015 - 06/30/2018
announced at the Board of Directors' Meeting in San Diego.


E. G. "Jerry" Gladbach, President



December 02, 2019



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **December 5, 2019**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager *CH*

**SUBJECT: Review and Possible Action Concerning
Cancellation of Regular Scheduled Meeting
January 3, 2020.**

Staff suggests to cancel the January 3 meeting and to consider the cancellation of the next regular scheduled meeting on December 19, 2019.

RECOMMENDATION:

This item is for information only.



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **December 5, 2019**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager *CH*

SUBJECT: General Manager's Report

Operations: Operations Department has been preparing and assisting with the, Airport Treatment Plant 3, and a pump test at Portola 3 Well.

Projects: Construction of the new Airport 3 Treatment Plant is close to completion. SCADA integration is almost complete, final testing and State notification still outstanding.

The Highway 1 crossing Sewer Project is also close to completion. Hydroseeding on MWSD property is still outstanding. A possible change order to further improve the MWSD access road runoff may be brought to the MWSD board soon.

A 10-day pump test with further 10 days recovery phase at the Portola 3 Well site was completed. The test will allow State regulators to confirm the accurate sustainable pump rate of the well.

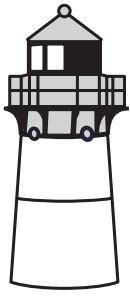
SAM Managers Meeting: SAM and member agencies met to discuss changes to existing collections contracts.

Newsletter: The District's latest newsletter was sent as bill insert and is attached to this report

RECOMMENDATION:

This is for Board information only.

Attachment



Montara Water & Sanitary District

Staying Ahead of our Local Community Needs

Montara Water and Sanitary District (MWSD) works every day to deliver water, garbage and sewer services for the residents of Montara, Moss Beach, and adjacent areas north of El Granada. Over 6,000 residents rely on our services for their homes and businesses.

December 2019 -
January 2020

News for You: Power Outages, Emergency Prep, and Keeping the Water Flowing; Our Water Sources

Prepared for Power Outages and Emergencies

As coastside residents lived through the confusion and worry of prolonged PG&E power outages, MWSD moved into action, shifting from normal operations to emergency activation. As a critical service, we always have a plan for emergency and disaster response, and the power shutoffs proved our preparations were spot on.

As many coastside residents experienced, switching to back-up power is not a simple task. As each shutoff approached, our seven staff members shifted gears, reorganized and reprioritized work to ensure water would continue to flow.

Our staff secured and placed into operation generators at well sites, including relocating and rewiring one generator, while securing and installing another large capacity rented generator, all while also securing additional fuel supplies to maintain operations through any long outage.

Our staff also shifted schedules to ensure overnight, 24-hour onsite coverage to inspect and refuel generators. They ensured all systems were switched to backup power systems, and adjusted our online monitoring systems to maximize stored water and generator fuel efficiency.

To help our local private well owners - whose pumps may not be operating, we set up a courtesy water fill station accessible and free to any local resident.

Throughout the shutoffs, we kept in close contact with the San Mateo County Office of Emergency Services, PG&E, Sewer Authority Mid-Coastside, Granada Community Services District and the City of Half Moon Bay. This included assisting with an emergency contract to pump critical sewer sumps.

We thank each staff member who kept the water flowing and always ensures our community is ready when emergencies strike.

Our Water – which we each rely on every day for washing, cooking, sanitation, and firefighting – comes from 12 local wells and Montara Creek right here on the Coast. We treat all water at the source prior to delivery to you.

All our water sources are consistently fed by clean, coastal rainfall, which flows into local streams and percolates into the aquifers from which we draw water. We are fortunate to have such a high-quality, well-protected, sustainable and 100% locally-controlled water supply.

We protect this Coastside water cycle – the ocean evaporation and rainfall that feeds our creeks and underground water supply – by collecting and cleaning our used water and returning it to the ocean.

To continue serve current and future generations here, we continue to investigate additional water sources available to the local community.

Our Critical Infrastructure Water System

- 12 groundwater wells and Montara Creek
- 4 water treatment plants
- 7 storage tanks
- 8 pressure zones served by 14 valve stations and 6 booster pumps
- 22 miles of pipelines

Wastewater System

- 24 miles gravity-flow sewers
- 3 miles pressurized sewers
- 13 major pumpstations
- 21 grinder pumps

Board Meetings on the 1st and 3rd Thursday of each month at 7:30 p.m. at 8888 Cabrillo Highway, Montara.

Call: (650) 728-3545

Email: mwsd@coastside.net

Visit: mwsd.montara.org