

Montara Water & Sanitary District

Serving the Communities of Montara and Moss Beach

P.O. Box 370131

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AGENDA

Regular Meeting

District Board of Directors

8888 Cabrillo Highway
Montara, California 94037

August 21, 2014 at 7:30 p.m.

(Regular Meeting)

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 July 17, 2014.
2. Approve Financial Statements for June 2014.
3. Approve Warrants for August 1, 2014.
4. SAM Flow Report for June 2014.
5. Monthly Review of Current Investment Portfolio.
6. Connection Permit Applications Received.
7. Monthly Water Production Report for June 2014.
8. Rain Report.
9. Solar Energy Report.

OLD BUSINESS

1. Review and Possible Action Concerning Water Rate Study.

NEW BUSINESS

1. Review and Possible Action Concerning Adoption of Resolutions Accepting Bill of Sale and Easements for Pillar Ridge Water System Acquisition.
2. Review and Possible Action Concerning Formation of SAM Joint Powers Agreement Ad Hoc Committee.
3. Review and Possible Action Concerning Summary of Public Planning Workshop.
4. Review and Possible Action Concerning Status Report from SAM Recycled Water Committee.

REPORTS

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

FUTURE AGENDAS

ADJOURNMENT

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

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



MONTARA WATER & SANITARY
DISTRICT

BOARD OF DIRECTORS MEETING
July 17, 2014

MINUTES

REGULAR SESSION BEGAN AT 7:44 p.m.

CALL TO ORDER

ROLL CALL

Directors Present: Harvey, Boyd, Wilson and Huber
Director Slater-Carter was having difficulty connecting
by teleconference.

Directors Absent: None

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

Others Present: District Counsel, Dave Schricker

PRESIDENT'S STATEMENT – Director Boyd reported in the news this week, state legislature has enacted some legislation enabling water districts to impose fines to deal with the drought this year. The Montara Water and Sanitary District is in an entirely different condition than most of the state. Our resources are local and our community has been remarkable on how they conserve water. Because of this, we are in pretty good shape. We ask that our residents continue to conserve, but when it comes to any drastic measures, we currently have no plans along those lines. Should anything change, the public would have the opportunity to hear what the Board might be considering at a regular Board Meeting.

ORAL COMMENTS -

PUBLIC HEARING – None

CONSENT AGENDA –

1. Approve Minutes for Meeting of June 5 and June 19, 2014.
2. Approve Financial Statements for May 2014.
3. Approve Warrants for July 1, 2014.
4. SAM Flow Report for May 2014.
5. Monthly Review of Current Investment Portfolio.
6. Connection Permit Applications Received.
7. Monthly Water Production Report for May 2014.
8. Rain Report
9. Solar Energy Report.

Director Huber moved to approve the consent agenda. Director Harvey seconded the motion.

Ayes: Harvey, Boyd, Wilson and Huber

Noes: None

Absent: Slater-Carter

The motion passed 4 to 0.

OLD BUSINESS –

1. Review and Possible Action Concerning Completion of Pillar Ridge Water System Acquisition.

General Manager Heldmaier reported on April 10, 2014, the Board authorized and directed the execution of the Pillar Ridge Water System Agreement. The document has been signed by Millenium Housing and is presented tonight to the Board for signature. The next step in the acquisition of the water production facilities is to proceed through escrow. Staff anticipates that the District commences operation of the facilities on September 1 after the completion of escrow and the beginning of the bimonthly billing cycle.

Director Boyd noted over the course of time, we have had many meetings and developed relationships and now have the agreement in front of us. This is good for our community and for Pillar Ridge. We are looking forward to providing them with more security for their water system. Director Boyd thanked all who worked so hard to make this happen.

Cid Young, a Moss Beach resident questioned the Board if this acquisition would benefit Big Wave. General Manager Heldmaier responded the acquisition has nothing to do with the Big Wave project.

2. Review and Possible Action Concerning San Mateo County Grand Jury Report Investigating the Transparency of Independent Special District's Websites.

General Manager Heldmaier reported the San Mateo County Grand Jury filed a report investigating the Transparency of Independent Special

District's Websites on May 19, 2014. The Grand Jury considered parameters set by the California Special District Associations (CSDA) District of Distinction Certification Program.

The District is required to comment by August 18, 2014 indicating if the agency agrees or disagrees with the findings and indicating if any action will be taken.

The District is currently in the process of redesigning the District Webpage. The transparency requirements are incorporated in the process and meeting the standards will not be difficult.

On June 5, 2014 the Board received the Grand Jury Report and agreed on a response in concept. The recommendation is to review and approve the suggested response to the Grand Jury Report.

Director Wilson moved to authorize the General Manager to send the approved response for the Grand Jury Report. Director Huber seconded the motion.

Ayes: Harvey, Boyd, Wilson and Huber
Noes: none
Absent: Director Slater-Carter

The motion carried 4 – 0.

NEW BUSINESS –

1. Review and Possible Action Concerning Public Planning Workshop on July 24, 2014.

General Manager Heldmaier reported the District is inviting members of the Montara and Moss Beach communities to a public planning workshop. The Board is seeking input on Montara Water and Sanitary District's strategic plan. The public workshop will be held on July 24th from 6:00 to 8:00 p.m., at Cypress Meadows in Moss Beach.

The long term strategic plan will guide the District's actions for many years. The Public Workshop0 gives the Board an opportunity to hear from the public to help set long-term direction that best serves our community.

District representatives will provide needed information, be available to answer questions, and solicit input and discussion on a wide variety of important community issues, such as: how the District should prioritize investments, what improvements would customers like to see in our services, what is the long-range vision for the District and community, and more.

Input from the workshop will be brought back to the Board of Directors as they work to complete the strategic plan.

This was placed on the agenda for Board and Public information

2. Review and Possible Action Concerning a Main Extension Agreement for Installation of a New Domestic and Private Fire Protection Service at 885 San Ramon Avenue, Moss Beach.

General Manager Heldmaier reported in 2012, Elizabeth Hawkins applied for a new domestic and private fire protection water connection from the District. The property has no existing water main and requires a main extension. At that time, staff reviewed the distribution system in the area and determined that the District would derive benefit with higher fire flows once the main extension is installed. Based on the benefit to the District, staff recommended that the costs of the main extension installation be shared with the Applicant on the prorated basis, according to the following formula:

Applicant's Share: 34 percent

District's share: 66 percent

The Applicant has met all conditions required by the District and has paid all required fees to date. Three bids for the main extension installation were received by District approved contractors. Andreini Bros. was the lowest at \$41,250. The next steps in the application process include the following:

1. Board approval of Cost-Sharing with the Applicant
2. Applicant deposits funds with the District
3. District issues a Notice to Proceed to Andreini Bros.
4. Installation Complete

Cid Young, a Moss Beach resident and neighbor is supporting the approval of this agreement but questioned who else specifically on San Ramon would benefit from this main line extension agreement? General Manager Heldmaier reported this extension would only benefit Mrs. Hawkins.

Director Wilson complimented the General Manager and Staff for all their hard work to make this happen.

Director Harvey moved to Authorize the General Manager to Execute a 34% - Applicant / 66% - District Cost-Sharing Main Extension Agreement for 885 San Ramon Avenue, in a Form approved by Legal Counsel. Director Wilson seconded the motion.

Ayes: Harvey, Boyd, Wilson and Huber

Noes: None

Absent: Director Slater-Carter

Motion carried 4 – 0.

3. Review and Possible Action Concerning Change Order 1 and 2 for the Pump Station Control Panel Upgrades – Phase 1.

General Manager Heldmaier reported on March 6, 2014, the Board approved the Telstar, Inc., the low bid, for Pump Station Control Panel Upgrades – Phase 1 in the amount of \$83,670 for the increase reliability and redundancy six (6) District Pump Stations (Vallemar, California Street, Seal Cove #1, #2, #3, #4, and Date Harte). At that time of award the Board requested prices for upgrading the motor control center (MCC) material to 316 stainless steel replacing/upgrading other pump stations. Telstar, Inc., provided two prices for these items and are presented in change order #1 at \$7321.35 and change order #2 at \$44091.09.

Nute Engineering has reviewed the proposed Change Order documents and recommends award of Change Order 1 and Change order 2 to be added to the base Bid for a new contract amount of \$135,082.44.

District Sewer Engineer, Pippin Cavagnaro reported the change orders would benefit the district. This is a good opportunity to advance the project with this favorable bid.

Cid Young, a Moss Beach resident questioned if the overall upgrading project was district wide. Mr. Cavagnaro reported the upgrading would continue over the next 3 years throughout the district due to budget constraints.

Director Huber moved to Authorize the Change Order 1 and Change Order 2 and extend the contract days an additional 37 days for the extra work required. Director Harvey seconded the motion.

Ayes: Harvey, Boyd, Wilson and Huber
Noes: None
Absent: Director Slater-Carter

The motion passed 4 – 0.

4. Review and Possible Action Concerning Cost Sharing Agreement for the Adjustment Reconstruction and Modification of MWSD Facilities – Seal Cove/Moss Beach Area.

General Manager Heldmaier reported on July 9, 2014, the County of San Mateo department of Public Works (CSMDPW) presented a cost sharing agreement for the reconstruction and modifications of Montara Water and Sanitary District-owned Sanitary Sewer and Water Facilities as part of the Road Improvements on Portions of del Mar, Madrone and San Ramone

Avenues in the Seal Cove and Moss Beach Area. The CSMDPW received bids and Half Moon Bay Grading and Paving, Inc., was lowest bidder.

Proposed Adjustment Costs: Adjusting, modifying and/or reconstruction of sewer manholes, water boxes, pump station vault decking and replacement of frame and cover/lids: \$22,000.00.

District Sewer Engineer, Pippin Cavagnaro gave a brief description of the improvements being done and the agreement between the County and District along with the challenges they face with what needs to be done.

Director Slater-Carter joined the meeting at 8:20 p.m.

Cid Young, a Moss Beach resident, is supporting the Agreement with the County and hopes it will not be postponed.

Director Harvey moved to authorize the General Manager to sign and execute the Cost Sharing Agreement for the Adjustment, Reconstruction and modification of MWSD Facilities – Seal Cove/Moss Beach Area in the amount of \$22,000.00 and authorize a total budget of \$50,000.00 should extra work be required. Director Wilson seconded the motion.

A roll call vote was called for:

Ayes: Harvey, Boyd, Wilson and Huber

Noes: None

Absent: Director Slater-Carter lost connection.

The Motion passed 4 – 0.

5. Review and e Action Concerning State Revolving Fund Project 024 Revised Funding Agreement.

General Manager Heldmaier reported in 2012, Montara Water and Sanitary District (District) Board authorized and staff executed a State Revolving Fund (SRF) Agreement for a \$500,000 planning loan with the California Department of Public Health (Department). The planning loan was to fund planning efforts for the Airport Wells Corrosion Control Treatment Project. The objective of this Project was the selection and design of a preferred treatment option Lead and Copper Rule (LCR) compliance and other water quality issues at the District's Airport Wells.

Early this year, the District requested a revision of Funding Agreement No. SRF12PX102 to fund planning efforts for the Groundwater Exploration Project. The Groundwater exploration Project will explore groundwater source replacement through treatment avoidance at the District's Airport Wells. The District will focus on the following source options: 1. Restoration of capacity in existing wells, 2. Rehabilitation of inactive wells, and 3. Exploration for new sources. Additionally, the District requested an

extension of the terms of the Funding Agreement of 36 months with a completion date of July 10, 2015.

Director Wilson moved to adopt the next Resolution in line, authorizing the Board President to execute a Revised Funding Agreement No. SRF12PX102 to fund planning efforts for the Groundwater Exploration Project. Director Huber seconded the motion.

Roll Call vote was called for:

Ayes: Harvey, Boyd, Wilson and Huber

Noes: None

Absent: Director Slater-Carter

The motion passed 4 – 0.

6. Review and Possible Action Concerning Invitation to North Coast County Water District to Participate in Discussions with MWSD and CCWD Joint Committee.

General Manager Heldmaier reported The MWSD Committee, Director Harvey and Director Huber, met on June 27 and July 08, 2014 to consider the status of the current discussions with the joint CCWD Committee. The Committee, in consultation with our District Engineer, sees great opportunities to open the discussion further to include North Coast County Water District (NCCWD). The committee would like to approach the North Coast County Water District and inform the Coastsides County Water District (CCWD) committee of our intention to invite NCCWD to participate in discussions focused on evaluating regional benefits of cooperation. NCCWD has in the past repeatedly stated interest in joint emergency preparedness, similar to CCWD's interests. The past discussions between staff and directors included the request to consider emergency agreements and interties among the Coastsides agencies.

Director Boyd noted this would be a good opportunity to put mutual interests on the table.

Director Wilson moved to authorize the MWSD Committee to invite NCCWD and CCWD to Joint discussions with MWSD to assess the level of interest for regional emergency preparedness solutions including a potential emergency intertie, or other ways of cooperation among the neighboring agencies. Director Harvey seconded the motion.

Ayes: Harvey, Boyd, Wilson and Huber

Noes: None

Absent: Director Slater-Carter

The motion passed 4 – 0.

Signed _____
President



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: August 7, 2014

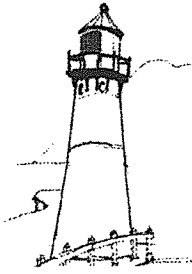
TO: BOARD OF DIRECTORS

FROM: Clemens H. Heldmaier, General Manager

SUBJECT: Unaudited Financial Statements – Executive Summary

Budget vs. Actual – Sewer July through June, 2014 Variances over \$2,000:

- 4440 Inspection Fee (Remodel), \$4,210 above Budget – higher than anticipated remodel projects.
- 4460 Remodel Fees, \$2,203 above Budget – three additional re-model permit fees issued in February.
- 4610 Property Tax Receipts, \$72,563 above Budget –The District received an unanticipated ERAF Refund of \$98,359 into this account.
- 4710 Sewer Service Charges, \$20,264 below Budget – unequal cash flow throughout the fiscal year and additional checks anticipated from SMC. A County remittance was received on June 30, 2014, but not deposited until after the month end that will be accrued back to fiscal year end June 30, 2014. The result will no longer be an under budget amount.
- **Overall Total Operating Income for the period ending June 30, 2014 was \$62,229 above budget.**
- 5230 Elections Expenses, \$6,103 below Budget – final bill expected and will be accrued back to fiscal year end June 30, 2014.
- 5430 General Legal, \$4,783 below Budget – less legal reviews than anticipated.
- 5510 Maintenance, Office, \$2,783 above budget – facilities permit. **NEW VARIANCE.**
- 5540 Office Supplies, \$2,379 below budget – District staff was able to conserve existing supplies.
- 5550 Postage, \$2,243 below budget – Less expenses related to the Pitney Bowes contract than expected.
- 5610 Accounting, \$4,205 above Budget – Additional bills paid as anticipated near the end of the fiscal year.
- 5630 Consulting, \$10,425 below Budget – consulting work expected later this calendar year.
- 5710 San Mateo Co. Tax Roll Changes, \$3,000 below Budget – Adjustment made to breakout tax roll charges. Prior practice had been to net with property tax revenues. Adjustment made before fiscal year end close.
- 5720 Telephone & Internet, Admin, \$4,938 above Budget – Higher cost on sewer lines than anticipated. Water line costs are lower than anticipated.



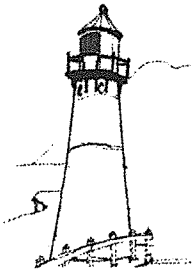
MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: August 7, 2014

TO: BOARD OF DIRECTORS

FROM: Clemens H. Heldmaier, General Manager

- 5800 Labor, \$17,237 above Budget - Sewer actual expenses exceeded the Budget by \$17,237. Conversely, Water actual expenses are \$38,460 below budget. The net impact on the sewer and water budget is \$21,223 below budget.
 - In just three line items in Water: Certification, Overtime, and Standby all have come in year to date under budget due to staff changes and increased operational efficiencies.
- 6200 Engineering, \$7,327 above Budget – Higher engineering costs than anticipated by Nute Engineering.
- 6410 Pumping Fuel & Electricity, \$10,683 below Budget – less pumping, perhaps due to lack of rain.
- 6660 Maintenance, Collection System, \$20,000 below Budget – less repairs than anticipated.
- 6930 SAM Prior Year Adjustment, \$266,787 above Budget - expected CIP reimbursement SAM to MWSD has not been received, and is not expected to be received due to SAM Board decisions.
- 6940 SAM Maintenance, Collection System, \$24,450 below Budget – less repairs than anticipated.
- 6950 SAM Maintenance, Pumping, \$26,989 above Budget – Large expense incurred in May for sewer lift station maintenance. Expense is being reviewed for possible capitalization.
- **Overall Total Operating Expenses for the period ending June 30, 2014 were \$241,244 above Budget.**
- 7100 Connection Fees, \$68,749 below Budget – New construction connection fees have not occurred as anticipated. However, new remodel connection fees are over budget by \$42,851.
- 7200 Interest Income – LAIF, \$2,413 below Budget – Interest to be booked as a part of the fiscal year end close.
- 8075 Sewer CIP, \$1,555,534 below Budget – Sewer Improvement Project implementation is on-going.
- 9175 Capital Assessment - SAM, \$182,000 below Budget – SAM Draft CIP was not approved for this FY as expected.



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: August 7, 2014

TO: BOARD OF DIRECTORS

FROM: Clemens H. Heldmaier, General Manager

Budget vs. Actual – Water July through June, 2014 Variances over \$2,000:

- 4610 Property Tax Receipts, \$72,563 above Budget – The District received an unanticipated ERAF Refund of \$98,359 into this account.
- 4810 Water Sales Domestic, \$6,877 above Budget – influx of cash receipts for the month of June.
- 4850 Water Sales Refunds, Customers, \$2,145 above Budget – Less refunds than anticipated throughout the fiscal year.
- 4990 Other Revenue, \$2,501 above budget – Old Work Truck Auctioned off.
- **Overall Total Operating Income for the period ending June 30, 2014 was \$86,569 above budget.**
- 5190 Bank Fees, \$3,201 below Budget – Less bank fees to the Water account due to consolidating Water activity into the Sewer bank account.
- 5230 Election Expenses, \$6,103 below Budget – final bill expected and will be accrued back to fiscal year end June 30, 2014.
- 5240 CDPH Fees, \$12,809 below Budget – CDPH Sanitary Survey anticipated later this calendar year.
- 5250 Conference Attendance, \$3,403 below Budget - conference attendance down in the current fiscal year.
- 5270 Information Systems, \$3,214 below Budget – Activity currently split 50/50 between Water and Sewer, however, the budgets for both Water and Sewer are not split 50/50, resulting in a larger variance for the Water account.
- 5420 Meeting Attendance, Legal, \$2,078 below Budget – Less attendance from Mr. Schricker than anticipated.
- 5430 General Legal, \$17,988 below Budget – less legal reviews than anticipated.
- 5510 Maintenance, Office, \$2,783 above budget – facilities permit.
- 5530 Memberships, \$4,801 above Budget – SRF interest was mistakenly booked in this account. Adjustment has been made as a part of the fiscal year end close.
- 5540 Office Supplies, \$2,379 below Budget - District staff was able to conserve existing supplies.
- 5550 Postage, \$2,732 below Budget – Less informational mailings than anticipated.
- 5610 Accounting, \$4,205 above Budget - Additional bills paid as anticipated near the end of the fiscal year.



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: August 7, 2014

TO: BOARD OF DIRECTORS

FROM: Clemens H. Heldmaier, General Manager

- 5630 Consulting, \$17,492 below Budget – additional consulting work expected later this calendar year.
- 5800 Labor, \$38,460 below Budget - Sewer actual expenses exceeded the Budget by \$17,237. Conversely, Water actual expenses are \$38,460 below budget. The net impact on the sewer and water budget is \$21,223 below budget.
 - In just three line items in Water: Certification, Overtime, and Standby all have come in year to date under budget due to staff changes and increased operational efficiencies.
- 6170 Claims, Property Damage, \$10,000 below Budget – no claims to date.
- 6180 Communications, \$18,612 below Budget - Strategic Plan and other expenditures not yet incurred.
- 6195 Education & Training, \$7,002 above Budget – Expenses paid during fiscal year, however, no budget has been set up for this account. Issue has been identified and a budget has been set up for next fiscal year.
- 6200 Engineering, \$80,601 below Budget – less General Engineering and Water Quality Engineering services needed than anticipated to date. CDPH site survey, WQ report etc. expected to increase cost later this calendar year.
- 6320 Equipment & Tools, Expensed, \$6,600 below Budget – less costs than anticipated.
- 6380 Meter Reading, \$3,787 above Budget – Purchase of necessary replacement equipment.
- 6400 Pumping, \$20,005 below Budget – Less pumping, perhaps due to lack of rain.
- 6510 Maintenance Supply Mains, \$5,000 below Budget – re-allocation of expenses to collection/transmission group to accurately reflect activity.
- 6520 Maintenance, Wells, \$4,266 above Budget – number of expenses in the month of June regarding well #3.
- 6530 Water Purchases, \$254,786 below Budget – the Budget was prepared with the expectation that the District would make payments in arrears to the County in fiscal year 13/14. However, the largest payment of \$200K was accrued to fiscal year end June 30, 2013. Current year payments will be calculated based on actual water purchases.
- 6600 Collection/Transmission, \$33,078 below Budget – less leak repairs than anticipated.
- 6700 Treatment, \$20,076 below Budget - North Airport Well 2 treatment cost expected to increase later this calendar year.
- 6800 Vehicles, \$8,896 above Budget - higher maintenance and repair costs than anticipated.



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TO: BOARD OF DIRECTORS

FROM: Clemens H. Heldmaier, General Manager

- **Overall Total Operating Expenses for the period ending June 30, 2014 were \$520,750 below Budget.**
- 7100 Connection Fees, \$21,878 below Budget - increase in water connection fees expected in later months.
- 7600 Bond Revenues, G.O. \$52,822 above Budget – unequal cash flow throughout the fiscal year. Excess money to go toward next debt service payment.
- 8100 Water CIP, \$679,135 above Budget – Budgeted is only the transfer to the capital fund. Expenditures show all capital costs.
- 9075 PFP Connection Expenses, \$5,327 above Budget – Expenses incurred during current Fiscal Year, however, no budget has been set up for this account.

RECOMMENDATION:

This is for Board information only



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TO: BOARD OF DIRECTORS

FROM: Clemens H. Heldmaier, General Manager

- 5630 Consulting, \$17,492 below Budget – additional consulting work expected later this calendar year.
- 5800 Labor, \$38,460 below Budget - Sewer actual expenses exceeded the Budget by \$17,237. Conversely, Water actual expenses are \$38,460 below budget. The net impact on the sewer and water budget is \$21,223 below budget.
 - In just three line items in Water: Certification, Overtime, and Standby all have come in year to date under budget due to staff changes and increased operational efficiencies.
- 6170 Claims, Property Damage, \$10,000 below Budget – no claims to date.
- 6180 Communications, \$18,612 below Budget - Strategic Plan and other expenditures not yet incurred.
- 6195 Education & Training, \$7,002 above Budget – Expenses paid during fiscal year, however, no budget has been set up for this account. Issue has been identified and a budget has been set up for next fiscal year.
- 6200 Engineering, \$80,601 below Budget – less General Engineering and Water Quality Engineering services needed than anticipated to date. CDPH site survey, WQ report etc. expected to increase cost later this calendar year.
- 6320 Equipment & Tools, Expensed, \$6,600 below Budget – less costs than anticipated.
- 6380 Meter Reading, \$3,787 above Budget – Purchase of necessary replacement equipment.
- 6400 Pumping, \$20,005 below Budget – Less pumping, perhaps due to lack of rain.
- 6510 Maintenance Supply Mains, \$5,000 below Budget – re-allocation of expenses to collection/transmission group to accurately reflect activity.
- 6520 Maintenance, Wells, \$4,266 above Budget – number of expenses in the month of June regarding well #3.
- 6530 Water Purchases, \$254,786 below Budget – the Budget was prepared with the expectation that the District would make payments in arrears to the County in fiscal year 13/14. However, the largest payment of \$200K was accrued to fiscal year end June 30, 2013. Current year payments will be calculated based on actual water purchases.
- 6600 Collection/Transmission, \$33,078 below Budget – less leak repairs than anticipated.
- 6700 Treatment, \$20,076 below Budget - North Airport Well 2 treatment cost expected to increase later this calendar year.
- 6800 Vehicles, \$8,896 above Budget - higher maintenance and repair costs than anticipated.



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: August 21, 2014

TO: BOARD OF DIRECTORS

FROM: Clemens H. Heldmaier, General Manager

- **Overall Total Operating Expenses for the period ending June 30, 2014 were \$520,750 below Budget.**
- 7100 Connection Fees, \$21,878 below Budget - increase in water connection fees expected in later months.
- 7600 Bond Revenues, G.O. \$52,822 above Budget – unequal cash flow throughout the fiscal year. Excess money to go toward next debt service payment.
- 8100 Water CIP, \$679,135 above Budget – Budgeted is only the transfer to the capital fund. Expenditures show all capital costs.
- 9075 PFP Connection Expenses, \$5,327 above Budget – Expenses incurred during current Fiscal Year, however, no budget has been set up for this account.

RECOMMENDATION:

This is for Board information only

1:18 PM
7/14/14
Accrual Basis

Montara Water & Sanitary District Funds Balance Sheet As of June 30, 2014

	Sewer	Water	TOTAL
ASSETS			
Current Assets			
Checking/Savings			
Sewer - Bank Accounts			
Wells Fargo Operating - Sewer	884,559.72	0.00	884,559.72
LAIF Investment Fund			
Capital Reserve	4,717,921.32	0.00	4,717,921.32
Connection Fees Reserve	43,000.00	0.00	43,000.00
Total LAIF Investment Fund	4,760,921.32	0.00	4,760,921.32
Total Sewer - Bank Accounts	5,645,481.04	0.00	5,645,481.04
Water - Bank Accounts			
Wells Fargo Operating - Water	0.00	315,834.32	315,834.32
Capital Reserve	0.00	453,500.00	453,500.00
Operating Reserve	0.00	246,000.00	246,000.00
Restricted Cash			
Acq & Improv Fund	0.00	172,771.31	172,771.31
Connection Fees Reserve	0.00	46,000.00	46,000.00
Cost of Issuance	0.00	122.94	122.94
GO Bonds Fund	0.00	1,252,353.42	1,252,353.42
Total Restricted Cash	0.00	1,471,247.67	1,471,247.67
Total Water - Bank Accounts	0.00	2,486,581.99	2,486,581.99
Total Checking/Savings	5,645,481.04	2,486,581.99	8,132,063.03
Accounts Receivable			
Sewer - Accounts Receivable			
Accounts Receivable	1,359.28	0.00	1,359.28
Total Sewer - Accounts Receivable	1,359.28	0.00	1,359.28
Water - Accounts Receivable			
Accounts Receivable	0.00	1,359.28	1,359.28
Accounts Rec. - Backflow	0.00	6,072.51	6,072.51
Accounts Rec. - Water Residents	0.00	77,668.52	77,668.52
Property Tax Receivable	0.00	568.30	568.30
Unbilled Water Receivables	0.00	206,089.39	206,089.39
Total Water - Accounts Receivable	0.00	291,758.00	291,758.00
Total Accounts Receivable	1,359.28	291,758.00	293,117.28
Other Current Assets			
Maint/Parts Inventory	0.00	42,656.32	42,656.32
Prepaid Refuse Charges	12,661.76	0.00	12,661.76
Total Other Current Assets	12,661.76	42,656.32	55,318.08
Total Current Assets	5,659,502.08	2,820,996.31	8,480,498.39
Fixed Assets			
Sewer - Fixed Assets			
General Plant	856,839.45	0.00	856,839.45
Land	5,000.00	0.00	5,000.00
Other Capital Improv.			
Sewer-Original Cost	685,599.18	0.00	685,599.18
Other Cap. Improv.	2,544,453.41	0.00	2,544,453.41
Total Other Capital Improv.	3,230,052.59	0.00	3,230,052.59
Seal Cove Collection System	995,505.00	0.00	995,505.00
Sewage Collection Facility			
Collection Facility - Org. Cost	1,349,064.00	0.00	1,349,064.00
Collection Facility - Other	3,991,243.33	0.00	3,991,243.33
Total Sewage Collection Facility	5,340,307.33	0.00	5,340,307.33

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7/14/14

Accrual Basis

Montara Water & Sanitary District Funds Balance Sheet As of June 30, 2014

Treatment Facility	244,539.84	0.00	244,539.84
Accumulated Depreciation	-5,960,588.00	0.00	-5,960,588.00
Total Sewer - Fixed Assets	4,711,656.21	0.00	4,711,656.21
Water - Fixed Assets			
General Plant	0.00	21,100,979.83	21,100,979.83
Land & Easements	0.00	734,500.00	734,500.00
Surface Water Rights	0.00	300,000.00	300,000.00
Water Meters	0.00	1,058,985.00	1,058,985.00
Fixed Assets - Other	0.00	48,171.78	48,171.78
Accumulated Depreciation	0.00	-6,397,365.00	-6,397,365.00
Total Water - Fixed Assets	0.00	16,845,271.61	16,845,271.61
Total Fixed Assets	4,711,656.21	16,845,271.61	21,556,927.82
Other Assets			
Sewer - Other Assets			
Due from Water Fund	1,548,177.18	0.00	1,548,177.18
Employee Loan	113,674.94	0.00	113,674.94
Joint Power Authority			
SAM - Orig Collection Facility	981,592.00	0.00	981,592.00
SAM - Expansion	1,705,955.08	0.00	1,705,955.08
Total Joint Power Authority	2,687,547.08	0.00	2,687,547.08
Total Sewer - Other Assets	4,349,399.20	0.00	4,349,399.20
Water - Other Assets			
Bond Acquisition Cost OID	0.00	77,180.40	77,180.40
Bond Issue Cost	0.00	77,114.30	77,114.30
Due to Sewer Fund	0.00	-1,548,177.18	-1,548,177.18
Total Water - Other Assets	0.00	-1,393,882.48	-1,393,882.48
Total Other Assets	4,349,399.20	-1,393,882.48	2,955,516.72
TOTAL ASSETS	<u>14,720,557.49</u>	<u>18,272,385.44</u>	<u>32,992,942.93</u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Other Current Liabilities			
Sewer - Current Liabilities			
Deposits Payable	11,458.50	0.00	11,458.50
Total Sewer - Current Liabilities	11,458.50	0.00	11,458.50
Water - Current Liabilities			
Accrued Interest	0.00	81,799.58	81,799.58
Deposits Payable	0.00	17,073.00	17,073.00
PFP Water Deposits	0.00	4,302.50	4,302.50
Total Water - Current Liabilities	0.00	103,175.08	103,175.08
Payroll Liabilities			
Employee Benefits Payable	1,393.57	2,162.25	3,555.82
Total Payroll Liabilities	1,393.57	2,162.25	3,555.82
Total Other Current Liabilities	12,852.07	105,337.33	118,189.40
Total Current Liabilities	12,852.07	105,337.33	118,189.40
Long Term Liabilities			
Sewer - Long Term Liabilities			
Accrued Vacations	14,066.83	0.00	14,066.83
I-Bank Loan	892,219.14	0.00	892,219.14
PNC Equip. Loan - L/T	756,621.18	0.00	756,621.18
Total Sewer - Long Term Liabilities	1,662,907.15	0.00	1,662,907.15

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7/14/14

Accrual Basis

Montara Water & Sanitary District Funds Balance Sheet As of June 30, 2014

Water - Long Term Liabilities			
Accrued Vacations	0.00	16,654.90	16,654.90
Deferred on Refunding	0.00	-280,322.00	-280,322.00
GO Bonds - LT	0.00	13,984,429.13	13,984,429.13
PNC Equip. Loan - LT	0.00	756,621.19	756,621.19
SRF Loan Payable	0.00	409,552.51	409,552.51
Total Water - Long Term Liabilities	<u>0.00</u>	<u>14,886,935.73</u>	<u>14,886,935.73</u>
Total Long Term Liabilities	<u>1,662,907.15</u>	<u>14,886,935.73</u>	<u>16,549,842.88</u>
Total Liabilities	1,675,759.22	14,992,273.06	16,668,032.28
Equity			
Sewer - Equity Accounts			
Capital Assets Net	3,448,211.00	0.00	3,448,211.00
Fund Balance - Unrestricted	8,156,010.78	0.00	8,156,010.78
Retained Earnings	823,951.10	0.00	823,951.10
Total Sewer - Equity Accounts	<u>12,428,172.88</u>	<u>0.00</u>	<u>12,428,172.88</u>
Water - Equity Accounts			
Capital Assets Net	0.00	-288,324.00	-288,324.00
Restricted Debt Service	0.00	2,546,106.50	2,546,106.50
Unrestricted	0.00	181,521.00	181,521.00
Retained Earnings	0.00	-121,876.30	-121,876.30
Total Water - Equity Accounts	<u>0.00</u>	<u>2,317,427.20</u>	<u>2,317,427.20</u>
Net Income	<u>616,625.39</u>	<u>962,685.18</u>	<u>1,579,310.57</u>
Total Equity	<u>13,044,798.27</u>	<u>3,280,112.38</u>	<u>16,324,910.65</u>
TOTAL LIABILITIES & EQUITY	<u><u>14,720,557.49</u></u>	<u><u>18,272,385.44</u></u>	<u><u>32,992,942.93</u></u>

Montara Water & Sanitary District
Revenue & Expenditures Budget vs. Actual - Sewer
 July 2013 through June 2014

1:00 PM
 07/14/14
 Accrual Basis

	Jul '13 - Jun 14	Sewer Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
4220 · Cell Tower Lease	32,269.76	31,100.00	1,169.76
4400 · Fees			
4410 · Administrative Fee (New Constr)	1,800.00	2,250.00	-450.00
4420 · Administrative Fee (Remodel)	2,250.00	900.00	1,350.00
4430 · Inspection Fee (New Constr)	1,700.00	2,100.00	-400.00
4440 · Inspection Fee (Remodel)	5,060.00	850.00	4,210.00
4460 · Remodel Fees	4,403.00	2,200.00	2,203.00
Total 4400 · Fees	15,213.00	8,300.00	6,913.00
4610 · Property Tax Receipts	297,563.31	225,000.00	72,563.31
4710 · Sewer Service Charges	1,970,752.02	1,991,016.00	-20,263.98
4720 · Sewer Service Refunds, Customer	-343.66	-2,000.00	1,656.34
4760 · Waste Collection Revenues	13,191.06	13,000.00	191.06
Total Income	2,328,645.49	2,266,416.00	62,229.49
Expense			
5000 · Administrative			
5190 · Bank Fees	4,021.67	3,100.00	921.67
5200 · Board of Directors			
5210 · Board Meetings	2,335.79	2,000.00	335.79
5220 · Director Fees	3,075.00	2,500.00	575.00
5230 · Election Expenses	3,897.29	10,000.00	-6,102.71
Total 5200 · Board of Directors	9,308.08	14,500.00	-5,191.92
5250 · Conference Attendance	397.00	2,000.00	-1,603.00
5270 · Information Systems	2,786.42	3,000.00	-213.58
5300 · Insurance			
5310 · Fidelity Bond	0.00	900.00	-900.00
5320 · Property & Liability Insurance	1,582.75	1,500.00	82.75
Total 5300 · Insurance	1,582.75	2,400.00	-817.25
5350 · LAFCO Assessment	1,548.00	1,300.00	248.00
5400 · Legal			
5420 · Meeting Attendance, Legal	9,320.00	10,000.00	-680.00
5430 · General Legal	15,217.50	20,000.00	-4,782.50
Total 5400 · Legal	24,537.50	30,000.00	-5,462.50
5510 · Maintenance, Office	4,282.65	1,500.00	2,782.65
5520 · Meetings, Local	0.00	300.00	-300.00
5540 · Office Supplies	6,621.42	9,000.00	-2,378.58
5550 · Postage	1,757.40	4,000.00	-2,242.60
5560 · Printing & Publishing	1,236.00	2,000.00	-764.00
5600 · Professional Services			
5610 · Accounting	29,204.75	25,000.00	4,204.75
5620 · Audit	12,050.00	13,000.00	-950.00
5630 · Consulting	1,075.22	11,500.00	-10,424.78
5640 · Data Services	5,223.92	5,500.00	-276.08
5660 · Payroll Services	279.07	800.00	-520.93
5690 · Other Professional Services	30.00		
Total 5600 · Professional Services	47,862.96	55,800.00	-7,937.04

Montara Water & Sanitary District Revenue & Expenditures Budget vs. Actual - Sewer July 2013 through June 2014

	Sewer		
	Jul '13 - Jun 14	Budget	\$ Over Budget
5710 · San Mateo Co. Tax Roll Charges	0.00	3,000.00	-3,000.00
5720 · Telephone & Internet, Admin	10,038.32	5,100.00	4,938.32
5730 · Travel, Local	1,426.11	1,500.00	-73.89
5740 · Reference Materials	0.00	204.00	-204.00
5790 · Other Administrative	142.60		
5800 · Labor			
5810 · CalPERS 457 Deferred Plan	11,992.81	8,196.00	3,796.81
5820 · Employee Benefits	38,539.99	37,440.00	1,099.99
5830 · Disability Insurance	1,089.91	660.00	429.91
5840 · Payroll Taxes	13,275.67	8,952.00	4,323.67
5900 · Wages			
5910 · Management	76,249.08	72,732.00	3,517.08
5920 · Staff	95,375.55	94,224.00	1,151.55
5930 · Staff Certification	1,800.00		
5940 · Staff Overtime	3,224.86		
5950 · Staff Standby	830.04		
Total 5900 · Wages	177,479.53	166,956.00	10,523.53
5960 · Worker's Comp Insurance	4,335.41	7,272.00	-2,936.59
Total 5800 · Labor	246,713.32	229,476.00	17,237.32
Total 5000 · Administrative	364,262.20	366,180.00	-3,917.80
6000 · Operations			
6170 · Claims, Property Damage	9,943.61	10,000.00	-56.39
6195 · Education & Training	0.00	1,000.00	-1,000.00
6200 · Engineering			
6210 · Meeting Attendance, Engineering	0.00	5,000.00	-5,000.00
6220 · General Engineering	37,326.50	25,000.00	12,326.50
Total 6200 · Engineering	37,326.50	30,000.00	7,326.50
6300 · Facilities			
6335 · Alarm Services	5,071.28	4,500.00	571.28
6337 · Landscaping	2,090.00	2,400.00	-310.00
Total 6330 · Facilities	7,161.28	6,900.00	261.28
6400 · Pumping			
6410 · Pumping Fuel & Electricity	24,316.54	35,000.00	-10,683.46
Total 6400 · Pumping	24,316.54	35,000.00	-10,683.46
6600 · Collection/Transmission			
6660 · Maintenance, Collection System	0.00	20,000.00	-20,000.00
Total 6600 · Collection/Transmission	0.00	20,000.00	-20,000.00
6900 · Sewer Authority Midcoastside			
6910 · SAM Collections	332,868.00	332,868.00	0.00
6920 · SAM Operations	657,192.00	657,204.00	-12.00
6930 · SAM Prior Year Adjustment	0.00	-266,787.00	266,787.00

Montara Water & Sanitary District
Revenue & Expenditures Budget vs. Actual - Sewer
 July 2013 through June 2014

1:00 PM
 07/14/14
 Accrual Basis

	Jul '13 - Jun 14	Sewer Budget	\$ Over Budget
6940 · SAM Maintenance, Collection Sys	15,550.34	40,000.00	-24,449.66
6950 · SAM Maintenance, Pumping	66,988.86	40,000.00	26,988.86
Total 6900 · Sewer Authority Midcoastside	1,072,599.20	803,285.00	269,314.20
Total 6000 · Operations	1,151,347.13	906,185.00	245,162.13
Total Expense	1,515,609.33	1,274,365.00	241,244.33
Net Ordinary Income	813,036.16	992,051.00	-179,014.84
Other Income/Expense			
Other Income			
· 7000 · Capital Account Revenues			
7100 · Connection Fees	0.00	111,600.00	-111,600.00
7110 · Connection Fees (New Constr)	56,851.00	14,000.00	42,851.00
7120 · Connection Fees (Remodel)			
Total 7100 · Connection Fees	56,851.00	125,600.00	-68,749.00
7200 · Interest Income - LAIF	5,587.27	8,000.00	-2,412.73
7700 · Interest, Employee Loans	4,827.77	4,134.00	693.77
Total 7000 · Capital Account Revenues	67,266.04	137,734.00	-70,467.96
Total Other Income	67,266.04	137,734.00	-70,467.96
Other Expense			
8000 · Capital Improvement Program			
8075 · Sewer	213,266.39	1,768,800.00	-1,555,533.61
Total 8000 · Capital Improvement Program	213,266.39	1,768,800.00	-1,555,533.61
9000 · Capital Account Expenses			
9125 · PNC Equipment Lease Interest	22,816.61	22,817.00	-0.39
9175 · Capital Assessment - SAM	0.00	182,000.00	-182,000.00
9200 · I-Bank Loan	27,593.81	27,594.00	-0.19
Total 9000 · Capital Account Expenses	50,410.42	232,411.00	-182,000.58
Total Other Expense	263,676.81	2,001,211.00	-1,737,534.19
Net Other Income	-196,410.77	-1,863,477.00	1,667,066.23
Net Income	616,625.39	-871,426.00	1,488,051.39

Montara Water & Sanitary District
Revenue & Expenditures Budget vs. Actual - Water
 July 2013 through June 2014

12:59 PM
 07/14/14
 Accrual Basis

	Jul '13 - Jun 14	Water Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
4220 · Cell Tower Lease	32,269.78	31,100.00	1,169.78
4400 · Fees			
4410 · Administrative Fee (New Constr)	4,050.00	2,250.00	1,800.00
4420 · Administrative Fee (Remodel)	450.00	900.00	-450.00
4430 · Inspection Fee (New Constr)	3,825.00	2,100.00	1,725.00
4440 · Inspection Fee (Remodel)	425.00	850.00	-425.00
Total 4400 · Fees	8,750.00	6,100.00	2,650.00
4610 · Property Tax Receipts	297,563.42	225,000.00	72,563.42
4740 · Testing, Backflow	10,164.00	11,500.00	-1,336.00
4810 · Water Sales, Domestic	1,611,576.52	1,604,700.00	6,876.52
4850 · Water Sales Refunds, Customer	-1,855.49	-4,000.00	2,144.51
4990 · Other Revenue	2,500.82		
Total Income	1,960,969.05	1,874,400.00	86,569.05
Expense			
5000 · Administrative			
5190 · Bank Fees	5,798.70	9,000.00	-3,201.30
5200 · Board of Directors			
5210 · Board Meetings	2,335.77	2,000.00	335.77
5220 · Director Fees	3,075.00	2,500.00	575.00
5230 · Election Expenses	3,897.29	10,000.00	-6,102.71
Total 5200 · Board of Directors	9,308.06	14,500.00	-5,191.94
5240 · CDPH Fees	7,190.94	20,000.00	-12,809.06
5250 · Conference Attendance	1,597.01	5,000.00	-3,402.99
5270 · Information Systems	2,786.42	6,000.00	-3,213.58
5300 · Insurance			
5310 · Fidelity Bond	0.00	900.00	-900.00
5320 · Property & Liability Insurance	1,582.76	1,500.00	82.76
Total 5300 · Insurance	1,582.76	2,400.00	-817.24
5350 · LAFCO Assessment	2,026.00	1,700.00	326.00
5400 · Legal			
5420 · Meeting Attendance, Legal	7,922.50	10,000.00	-2,077.50
5430 · General Legal	52,012.50	70,000.00	-17,987.50
Total 5400 · Legal	59,935.00	80,000.00	-20,065.00
5510 · Maintenance, Office	4,282.64	1,500.00	2,782.64
5520 · Meetings, Local	0.00	300.00	-300.00
5530 · Memberships	22,301.29	17,500.00	4,801.29
5540 · Office Supplies	6,621.46	9,000.00	-2,378.54
5550 · Postage	5,267.78	8,000.00	-2,732.22
5560 · Printing & Publishing	1,236.01	2,000.00	-763.99
5600 · Professional Services			
5610 · Accounting	29,204.75	25,000.00	4,204.75
5620 · Audit	12,050.00	13,000.00	-950.00
5630 · Consulting	14,006.36	31,500.00	-17,493.64
5650 · Labor Representation	9,750.00	9,000.00	750.00
5660 · Payroll Services	471.13	800.00	-328.87
5690 · Other Professional Services	30.00		
Total 5600 · Professional Services	65,514.24	79,300.00	-13,785.76

Montara Water & Sanitary District Revenue & Expenditures Budget vs. Actual - Water July 2013 through June 2014

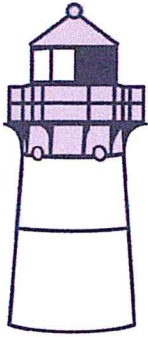
	Water		\$ Over Budget
	Jul '13 - Jun 14	Budget	
5720 · Telephone & Internet, Admin	6,192.36	5,100.00	1,092.36
5730 · Travel, Local	1,506.03	1,500.00	6.03
5740 · Reference Materials	0.00	800.00	-800.00
5790 · Other Administrative	200.00		
5800 · Labor			
5810 · CalPERS 457 Deferred Plan	27,351.39	24,888.00	2,463.39
5820 · Employee Benefits	68,114.27	59,124.00	8,990.27
5830 · Disability Insurance	2,196.02	1,812.00	384.02
5840 · Payroll Taxes	31,704.31	31,260.00	444.31
5900 · Wages			
5910 · Management	78,259.16	72,732.00	5,527.16
5920 · Staff	280,586.93	284,292.00	-3,705.07
5930 · Staff Certification	8,815.00	15,464.00	-6,649.00
5940 · Staff Overtime	29,201.86	60,388.00	-31,186.14
5950 · Staff Standby	10,739.23	16,711.00	-5,971.77
Total 5900 · Wages	407,602.18	449,587.00	-41,984.82
5960 · Worker's Comp Insurance	17,103.07	25,860.00	-8,756.93
Total 5800 · Labor	554,071.24	592,531.00	-38,459.76
Total 5000 · Administrative	757,417.94	856,131.00	-98,713.06
6000 · Operations			
6160 · Backflow Prevention	1,184.97	2,100.00	-915.03
6170 · Claims, Property Damage	0.00	10,000.00	-10,000.00
6180 · Communications			
6185 · Communications Equip, Expensed	395.00	17,500.00	-17,105.00
6187 · Telephone & Internet, Comm.	1,693.35	3,200.00	-1,506.65
Total 6180 · Communications	2,088.35	20,700.00	-18,611.65
6195 · Education & Training	7,001.92		
6200 · Engineering			
6210 · Meeting Attendance, Engineering	1,716.25	10,000.00	-8,283.75
6220 · General Engineering	28,747.32	25,000.00	3,747.32
6230 · Water Quality Engineering	23,935.09	100,000.00	-76,064.91
Total 6200 · Engineering	54,398.66	135,000.00	-80,601.34
6320 · Equipment & Tools, Expensed	6,400.02	13,000.00	-6,599.98
6330 · Facilities			
6335 · Alarm Services	758.47	300.00	458.47
6337 · Landscaping	3,300.00	3,600.00	-300.00
Total 6330 · Facilities	4,058.47	3,900.00	158.47
6370 · Lab Supplies & Equipment	799.84		
6380 · Meter Reading	5,787.11	2,000.00	3,787.11
6400 · Pumping			
6410 · Pumping Fuel & Electricity	52,985.14	45,000.00	7,985.14
6420 · Pumping Maintenance, Generators	8,623.97	15,000.00	-6,376.03
6440 · Pumping Equipment, Expensed	3,385.83	25,000.00	-21,614.17
Total 6400 · Pumping	64,994.94	85,000.00	-20,005.06

Montara Water & Sanitary District Revenue & Expenditures Budget vs. Actual - Water July 2013 through June 2014

	Jul '13 - Jun 14	Water Budget	\$ Over Budget
6500 · Supply			
6510 · Maintenance, Supply Mains	0.00	5,000.00	-5,000.00
6520 · Maintenance, Wells	5,265.81	1,000.00	4,265.81
6530 · Water Purchases	25,948.69	280,000.00	-254,051.31
Total 6500 · Supply	31,214.50	286,000.00	-254,785.50
6600 · Collection/Transmission			
6610 · Hydrants	438.15	2,000.00	-1,561.85
6620 · Maintenance, Mains	45,130.19	50,000.00	-4,869.81
6630 · Maintenance, Service Lines	10,227.46	30,000.00	-19,772.54
6640 · Maintenance, Tanks	768.97	6,500.00	-5,731.03
6650 · Maint., Transmission General	10,356.87	6,500.00	3,856.87
6670 · Meters	0.00	5,000.00	-5,000.00
Total 6600 · Collection/Transmission	66,921.64	100,000.00	-33,078.36
6700 · Treatment			
6710 · Chemicals & Filtering	6,394.09	21,000.00	-14,605.91
6720 · Maintenance, Treatment Equip.	5,615.28	7,500.00	-1,884.72
6730 · Treatment Analysis	19,414.61	23,000.00	-3,585.39
Total 6700 · Treatment	31,423.98	51,500.00	-20,076.02
6770 · Uniforms	9,026.07	8,500.00	526.07
6800 · Vehicles			
6810 · Fuel	8,281.87	10,000.00	-1,718.13
6820 · Vehicular Equipment, Expensed	3,544.39	1,000.00	2,544.39
6830 · Vehicular Repairs	10,070.03	2,000.00	8,070.03
Total 6800 · Vehicles	21,896.29	13,000.00	8,896.29
6890 · Other Operations	1,466.19		
Total 6800 · Operations	308,662.95	730,700.00	-422,037.05
Total Expense	1,066,080.89	1,586,831.00	-520,750.11
Net Ordinary Income	894,888.16	287,569.00	607,319.16
Other Income/Expense			
7000 · Capital Account Revenues			
7100 · Connection Fees			
7110 · Connection Fees (New Constr)	92,038.00	72,800.00	19,238.00
7120 · Connection Fees (Remodel)	0.00	2,900.00	-2,900.00
7130 · Conn. Fees, PFP (New Constr)	9,133.69	38,100.00	-28,966.31
7140 · Conn. Fees, PFP (Remodel)	-150.00	9,100.00	-9,250.00
Total 7100 · Connection Fees	101,021.69	122,900.00	-21,878.31
7600 · Bond Revenues, G.O.	1,203,258.00	1,150,436.00	52,822.00
Total 7000 · Capital Account Revenues	1,304,279.69	1,273,336.00	30,943.69
Total Other Income	1,304,279.69	1,273,336.00	30,943.69
Other Expense			
8000 · Capital Improvement Program			
8100 · Water	847,834.90	168,700.00	679,134.90
Total 8000 · Capital Improvement Program	847,834.90	168,700.00	679,134.90

Montara Water & Sanitary District
Revenue & Expenditures Budget vs. Actual - Water
July 2013 through June 2014

	Jul '13 - Jun 14	Water Budget	\$ Over Budget
9000 · Capital Account Expenses			
9075 · PFP Connection Expenses	5,326.89		
9100 · Interest Expense - GO Bonds	354,780.44	354,780.00	0.44
9125 · PNC Equipment Lease Interest	22,816.58	22,817.00	-0.42
9150 · SRF Loan	5,723.86	7,175.00	-1,451.14
Total 9000 · Capital Account Expenses	388,647.77	384,772.00	3,875.77
Total Other Expense	1,236,482.67	553,472.00	683,010.67
Net Other Income	67,797.02	719,864.00	-652,066.98
Net Income	962,885.18	1,007,433.00	-44,747.82



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **August 21, 2014**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

A handwritten signature in blue ink, appearing to be 'Clemens Heldmaier', written over the 'FROM:' line.

SUBJECT: SAM Flow Report for June 2014

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 June 2014.
- Collection System Monthly Overflow Report – June 2014.

The Average Daily Flow for Montara was 0.255 MGD in June 2014. There was no reportable overflow in June in the Montara System. SAM indicates there were 0.30 inches of rain in June 2014.

RECOMMENDATION:

Review and file.

Attachments

Attachment A

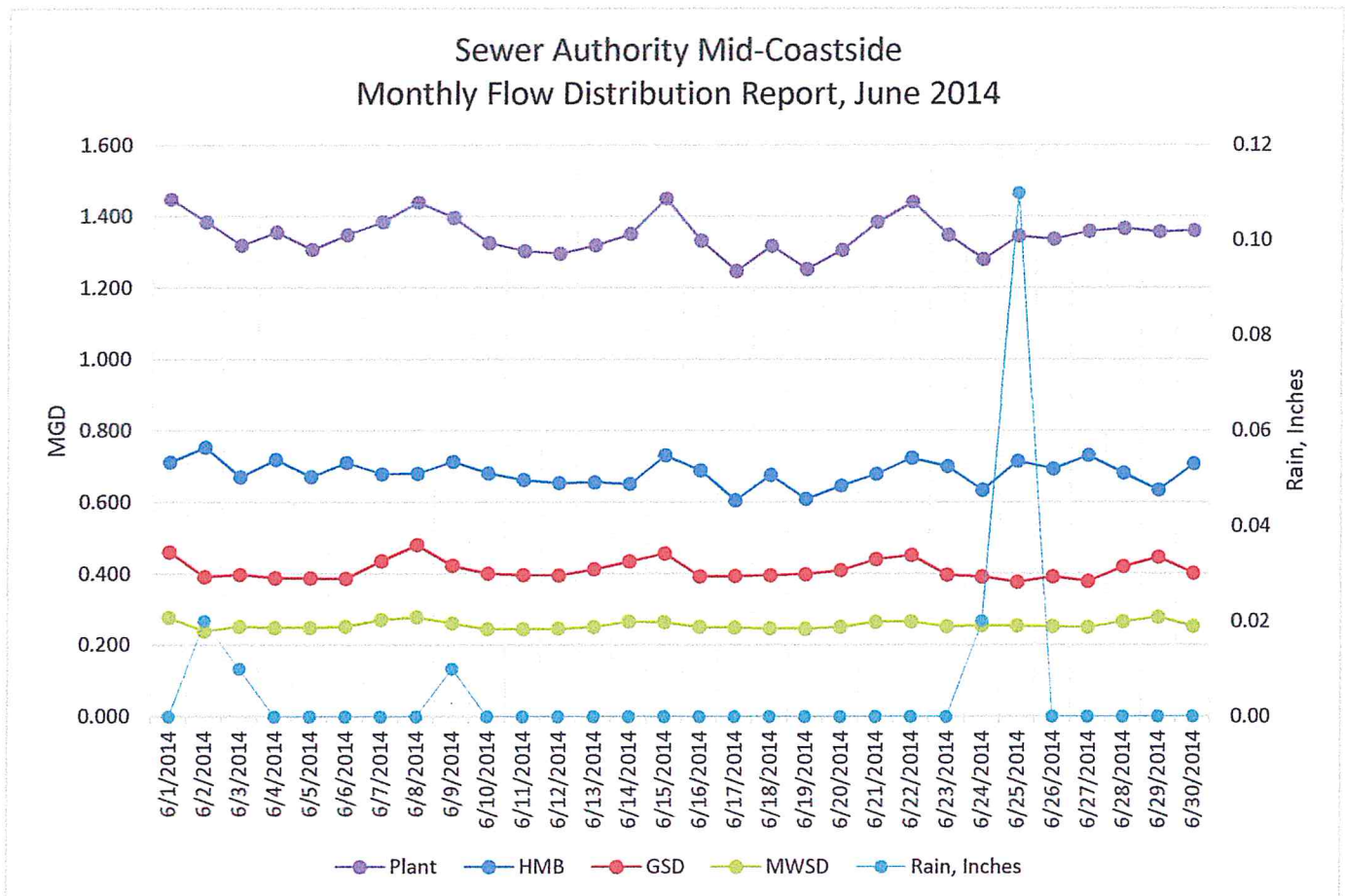
Flow Distribution Report Summary For June 2014

The daily flow report figures for the month of June 2014 have been converted to an Average Daily Flow (ADF) for each Member Agency. The results are attached for your review.

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

The summary of the ADF information is as follows:

	<u>MGD</u>	<u>%</u>
The City of Half Moon Bay	0.682	50.6%
Granada Sanitary District	0.411	30.5%
Montara Water and Sanitary District	<u>0.255</u>	<u>18.9%</u>
Total	1.348	100.0%



Sewer Authority Mid-Coastside

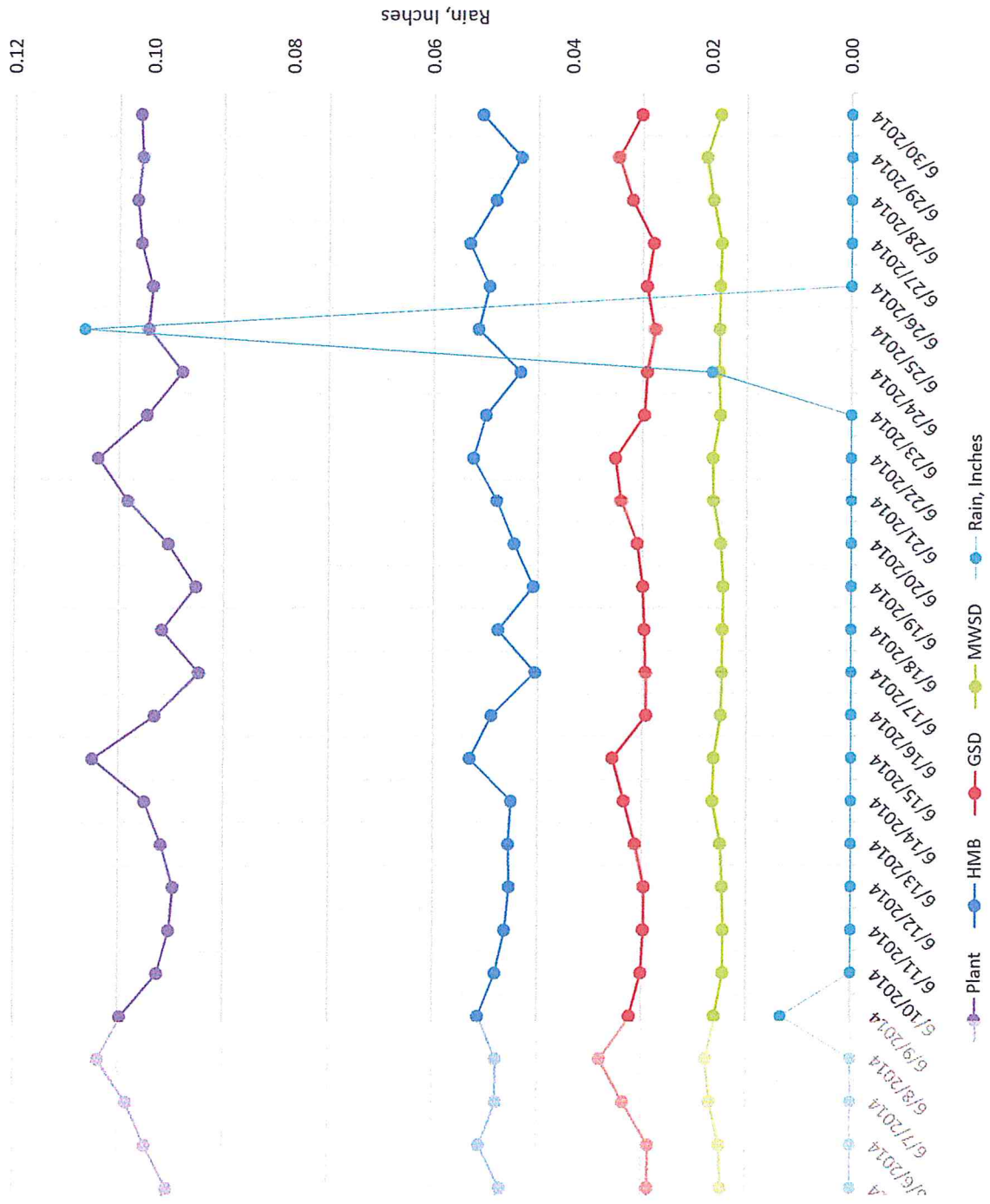
Monthly Flow Distribution Report

<u>Date</u>	<u>HMB</u>	<u>GSD</u>	<u>MWSD</u>	<u>Plant</u>	<u>Rain Plant</u>	<u>Rain Portola</u>	<u>Rain Montara</u>
6/1/2014	0.712	0.461	0.276	1.448	0.00	0.00	0.00
6/2/2014	0.754	0.392	0.239	1.384	0.02	0.00	0.02
6/3/2014	0.671	0.398	0.251	1.319	0.01	0.00	0.02
6/4/2014	0.719	0.389	0.248	1.356	0.00	0.00	0.00
6/5/2014	0.671	0.388	0.248	1.307	0.00	0.00	0.00
6/6/2014	0.711	0.387	0.251	1.348	0.00	0.00	0.00
6/7/2014	0.679	0.436	0.270	1.385	0.00	0.00	0.00
6/8/2014	0.680	0.481	0.278	1.439	0.00	0.00	0.00
6/9/2014	0.714	0.423	0.260	1.396	0.01	0.00	0.00
6/10/2014	0.681	0.401	0.244	1.325	0.00	0.00	0.00
6/11/2014	0.663	0.397	0.244	1.303	0.00	0.00	0.00
6/12/2014	0.654	0.396	0.246	1.296	0.00	0.00	0.00
6/13/2014	0.656	0.413	0.250	1.319	0.00	0.00	0.00
6/14/2014	0.651	0.435	0.265	1.350	0.00	0.00	0.00
6/15/2014	0.731	0.457	0.263	1.450	0.00	0.00	0.00
6/16/2014	0.689	0.393	0.250	1.332	0.00	0.00	0.00
6/17/2014	0.605	0.394	0.248	1.247	0.00	0.00	0.00
6/18/2014	0.676	0.396	0.246	1.318	0.00	0.00	0.00
6/19/2014	0.609	0.399	0.245	1.253	0.00	0.00	0.00
6/20/2014	0.646	0.410	0.250	1.306	0.00	0.00	0.00
6/21/2014	0.679	0.441	0.264	1.384	0.00	0.00	0.00
6/22/2014	0.724	0.452	0.265	1.440	0.00	0.00	0.00
6/23/2014	0.700	0.397	0.251	1.347	0.00	0.00	0.00
6/24/2014	0.634	0.392	0.254	1.280	0.02	0.00	0.00
6/25/2014	0.715	0.377	0.253	1.345	0.11	0.04	0.21
6/26/2014	0.694	0.392	0.251	1.336	0.00	0.00	0.01
6/27/2014	0.731	0.379	0.249	1.358	0.00	0.00	0.01
6/28/2014	0.681	0.420	0.265	1.366	0.00	0.00	0.03
6/29/2014	0.633	0.446	0.277	1.356	0.00	0.00	0.00
6/30/2014	0.707	0.402	0.251	1.360	0.00	0.00	0.00
Totals	20.466	12.335	7.652	40.453	0.17	0.04	0.30

Summary

	<u>HMB</u>	<u>GSD</u>	<u>MWSD</u>	<u>Plant</u>
Minimum	0.605	0.377	0.239	1.247
Average	0.682	0.411	0.255	1.348
Maximum	0.754	0.481	0.278	1.450
Distribution	50.6%	30.5%	18.9%	100.0%

Sewer Authority Mid-Coastside Monthly Flow Distribution Report, June 2014



Sewer Authority Mid-Coastside

Monthly Collection System Activity/SSO Distribution Report, June 2014

June 2014

	Total	HMB	Number GSD	MWSD	SAM
Roots	0	0	0	0	0
Grease	1	1	0	0	0
Mechanical	0	0	0	0	0
Wet Weather	0	0	0	0	0
Other	0	0	0	0	0
Total	1	1	0	0%	0
		100%			0%

12 Month Moving Total

	Total	HMB	Number GSD	MWSD	SAM
Roots	2	0	2	0	0
Grease	2	2	0	0	0
Mechanical	5	2	1	0	2
Wet Weather	0	0	0	0	0
Other	2	1	1	0	0
Total	11	5	4	0%	2
		45%	36%		18%

Reportable SSOs

	Total	HMB	Number GSD	MWSD	SAM
June 2014	1	1	0	0	0
12 Month Moving Total	11	5	4	0	2

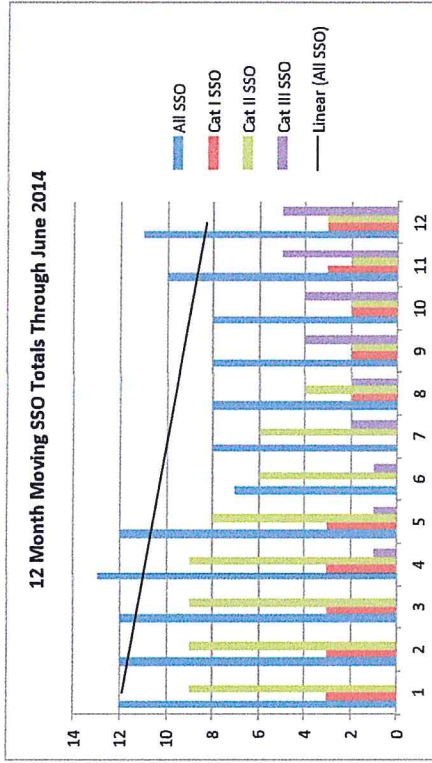
SSOs / Year / 100 Miles

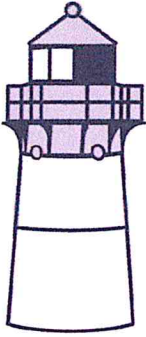
	Total	HMB	Number GSD	MWSD	SAM
June 2014	1.0	2.7	0.0	0.0	0.0
12 Month Moving Total	10.5	13.5	12.0	0.0	27.4
Category 1	2.9	5.4	0.0	0.0	13.7
Category 2	2.9	2.7	3.0	0.0	13.7
Category 3	4.8	5.4	9.0	0.0	0.0
Miles of Sewers	104.5	37.0	33.2	27.0	7.3
		35.4%	31.8%	25.8%	7.0%

12 Month Rolling Total Sewer Cleaning Summary

Month	HMB	GSD	MWSD	Total Feet	Total Miles
Jul-13	26,624	20,858	463	47,945	9.1
Aug-13	27,738	18,778	2,609	49,125	9.3
Sep-13	31,119	26,407	0	57,526	10.9
Oct-13	25,925	13,837	703	40,465	7.7
Nov-13	19,335	3,006	4,473	26,814	5.1
Dec-13	36,715	282	0	36,997	7.0
Jan-14	5,153	16,084	22,555	43,792	8.3
Feb-14	2,893	11,781	22,467	37,141	7.0
Mar-14	7,559	20,183	15,861	43,603	8.3
Apr-14	4,369	16,414	22,703	43,486	8.2
May-14	5,278	26,336	36,299	67,913	12.9
Jun-14	24,683	11,422	0	36,105	6.8
Annual ft	217,391	185,388	128,133	530,912	
Annual Mi.	41	35	24		101

Attachment D





MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **August 21, 2014**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

SUBJECT: Review of Current Investment Portfolio

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

- The District has most of its idle sewer funds deposited in the State of California's Local Agency Investment Fund (LAIF). The Monthly Average interest rate for June 2014 was 0.228%.
- The District has set up a checking account that is largely backed by Federal securities with Wells Fargo Bank.

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: **August 21, 2014**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

SUBJECT: Connection Permit Applications Received

As of August 21, 2014 the following new Sewer Connection Permit applications were received since the last report:

Date of Application	Property Owner	Site Address	Home Size

As of August 21, 2014 the following new Water (Private Fire Sprinkler) Connection Permit applications were received since the last report:

Date of Application	Property Owner	Site Address	Home Size
7/2/2014	Hawkins	885 San Ramon	SFD

As of August 21, 2014 the following new Water Connection Permit applications were received since the last report:

Date of App.	Property Owner	Site Address	Home Size	Type of Connection
7/2/2014	Hawkins	885 San Ramon	SFD	Domestic
7/28/2014	Price	390 12 th Street	SFD	Domestic

RECOMMENDATION:

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



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **August 21st, 2014**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

SUBJECT: Monthly Water Production Report

The attached two charts summarize the monthly water production for the District. The first shows a consolidated report 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. This information is presented for the Board's information only.

Attachments

MONTHLY WATER PRODUCTION 2014

6000000

5000000

4000000

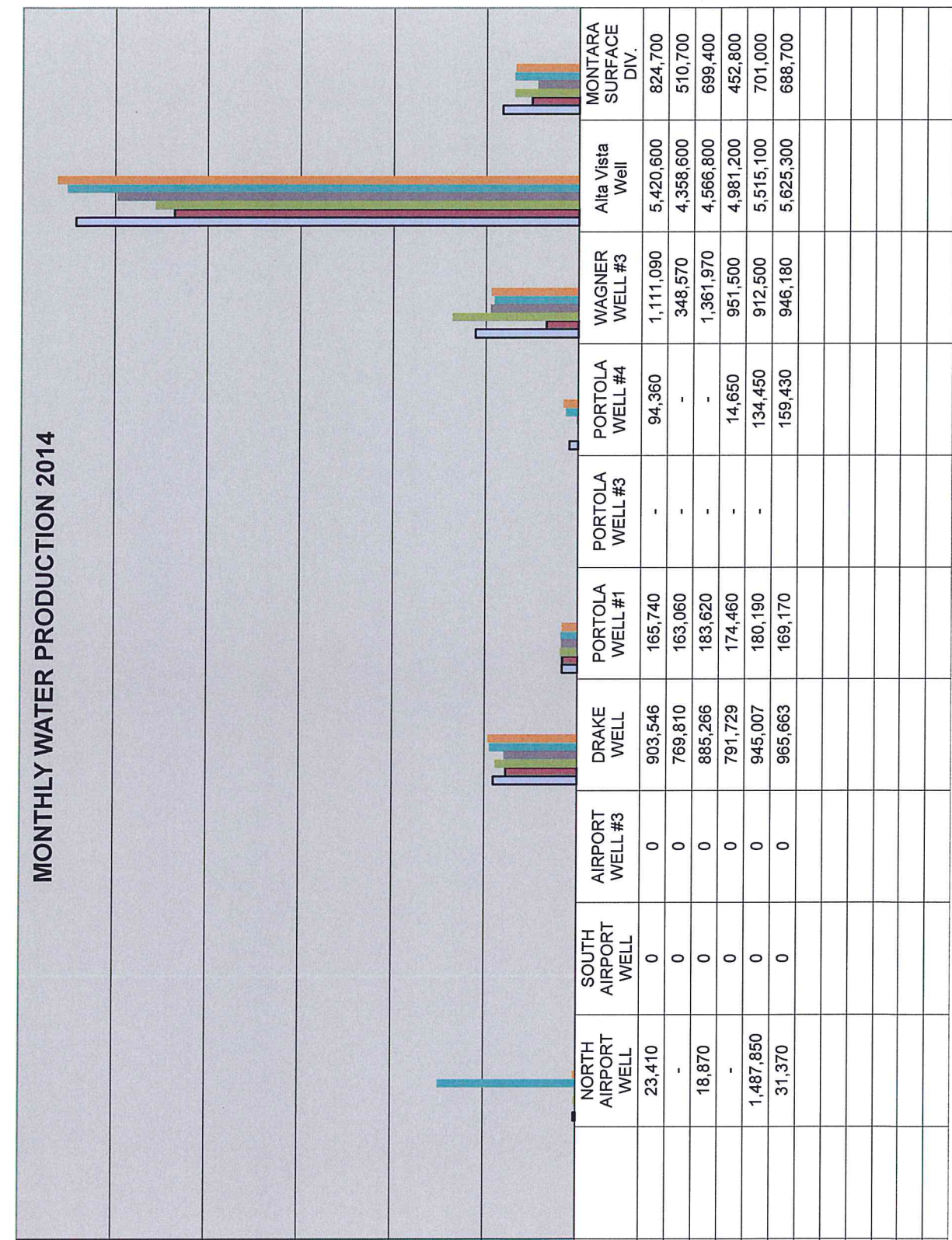
3000000

2000000

1000000

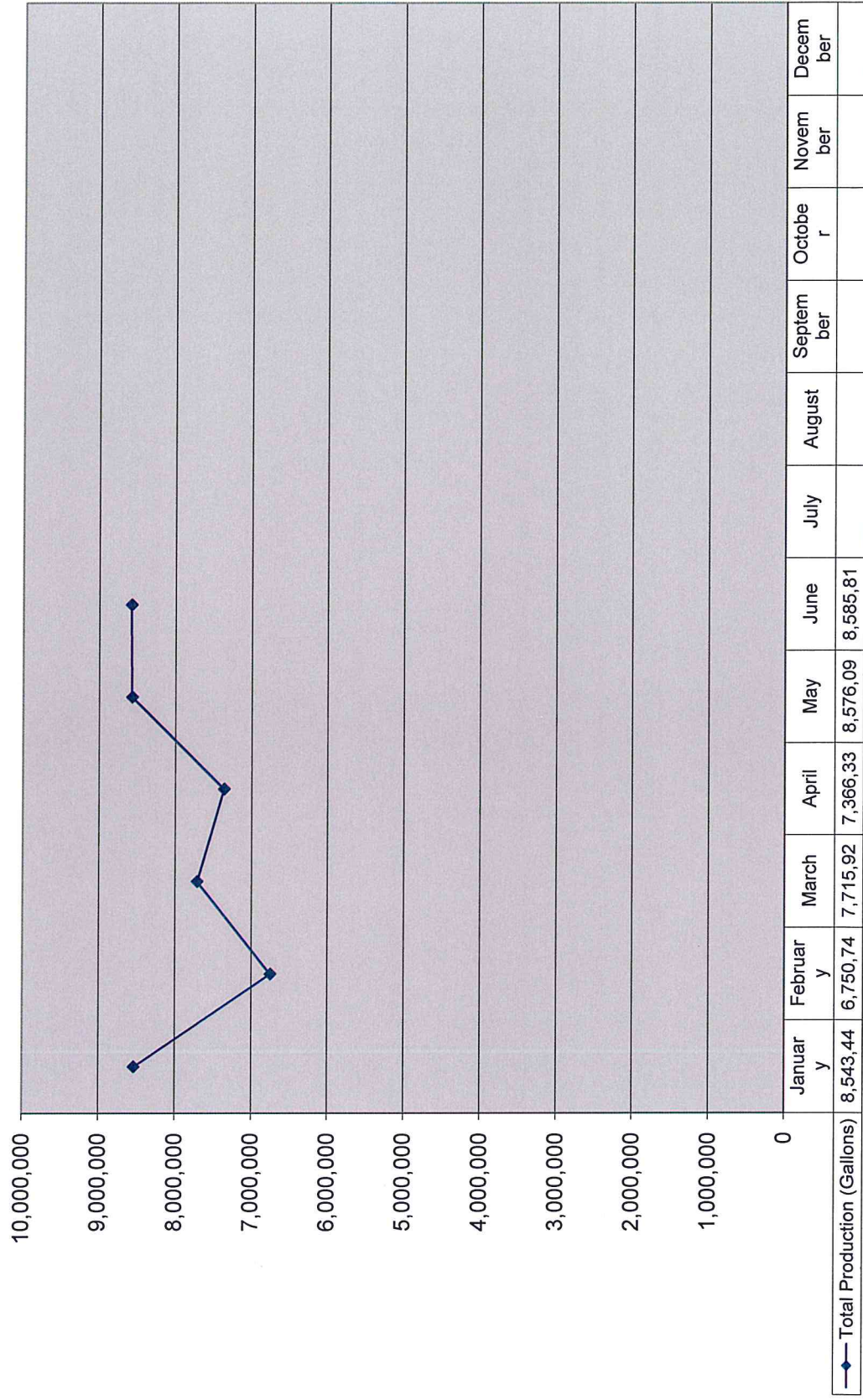
0

GALLONS



■ January
■ February
■ March
■ April
■ May
■ June
■ July
■ August
■ September
■ October
■ November
■ December

Total Production 2014(Gallons)



GALLONS

MONTH



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **August 21st, 2014**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

SUBJECT: Rain Report

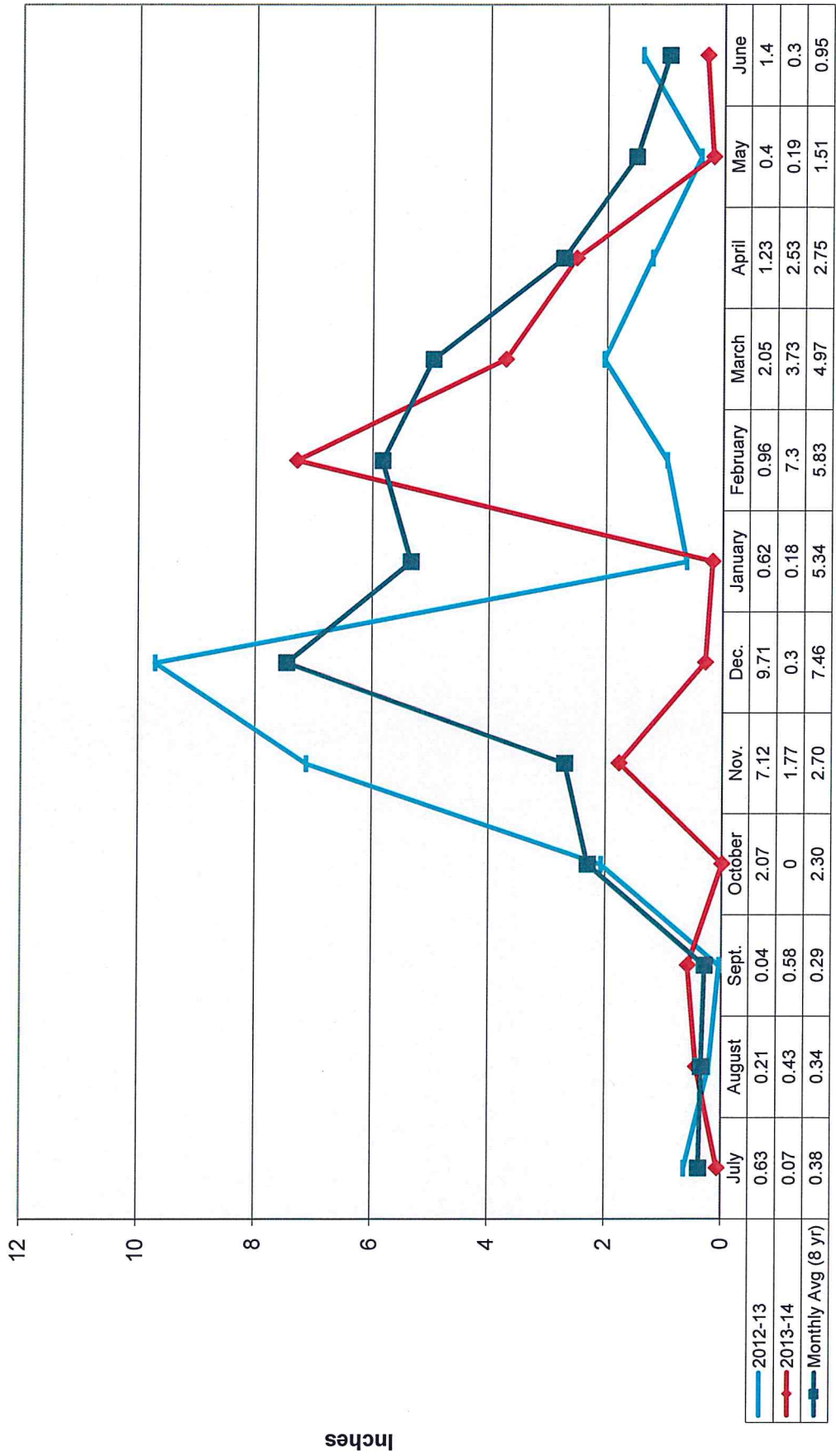
The attached chart shows the monthly rainfall at the Alta Vista Treatment Plant for the current and prior fiscal years along with the seven year average of rainfall.

RECOMMENDATION:

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

Attachment

RAIN REPORT



Inches

Month



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **August 21st, 2014**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

SUBJECT: Monthly Solar Energy Report

The attached chart summarizes the monthly solar production at the Alta Vista Array. Since the installation of the solar panels the District produced 32582 kWh and saved 55390 lbs of CO₂.

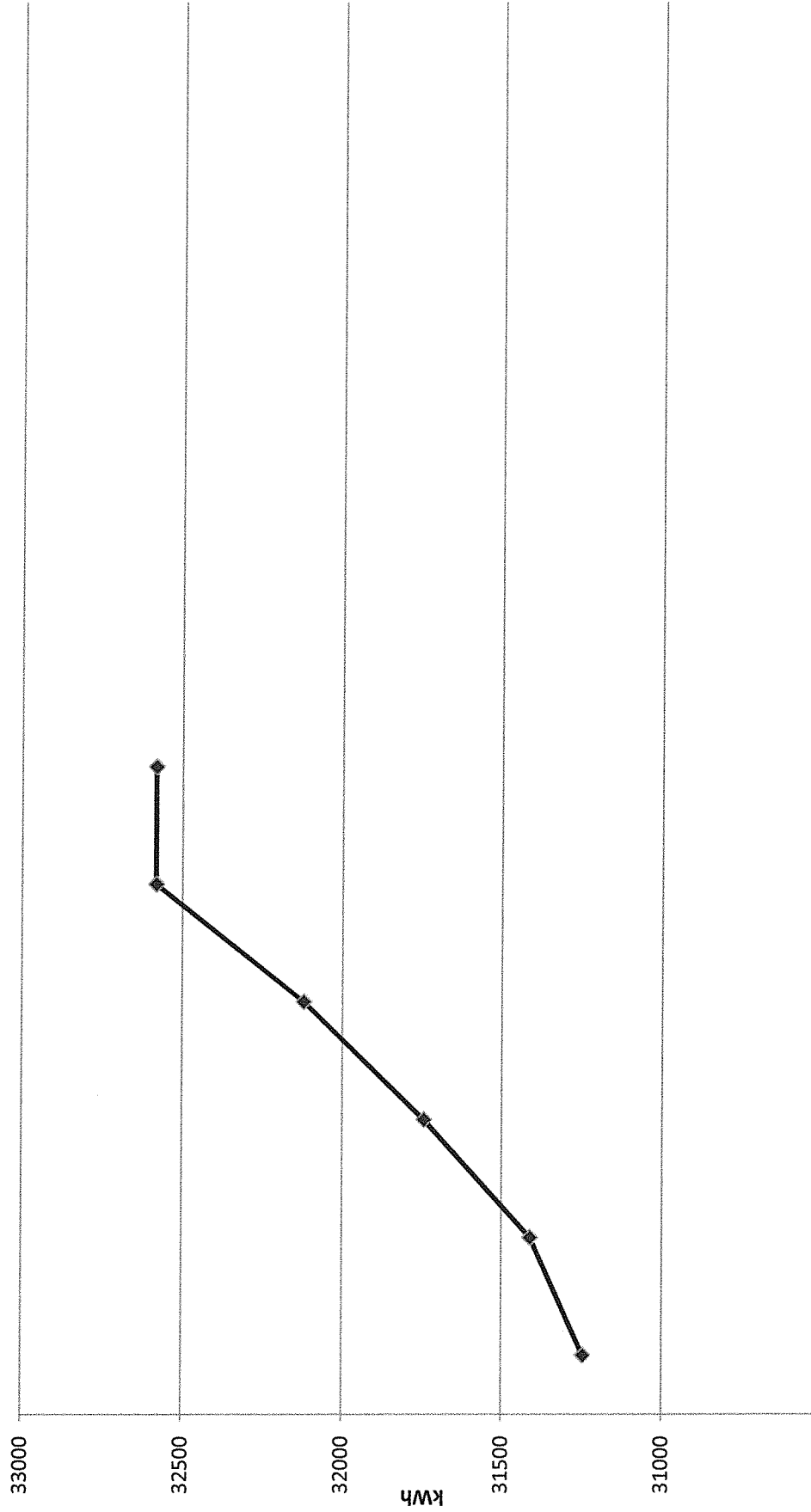
The production did not grow due to our inverter failing. It has now been fixed.

RECOMMENDATION:

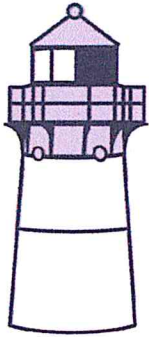
No action is required. This information is presented for the Board's information only.

Attachments

SOLAR ENERGY PRODUCED IN 2014 (kWh)



2014	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	31246	31411	31744	32121	32582	32582						



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **August 21, 2014**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

SUBJECT: Review and Possible Action Concerning Water Rate Study.

After the adoption of reserve policies in 2013 the Board authorized Bartle Wells to prepare a water rate study that includes the consideration of the new reserve policy and makes recommendations to increase the District's water reserves over time.

Bartle Wels presented a draft rate study, after the rate committee reviewed and discussed the study with interested citizens, at the June 18, 2013 meeting. However, the budget was adopted before the completion of the rate study.

Now the District's financial situation has changed significantly. Better forecast for the increase in water connections can be made. The centralized airport treatment plant will not be built with potential savings in the million dollar range.

To be able to undergo a prop 218 process next year, the District should go through a careful analysis of its financial needs in the coming years. Throughout this year's budget process the need for the completion of the rate study was highlighted.

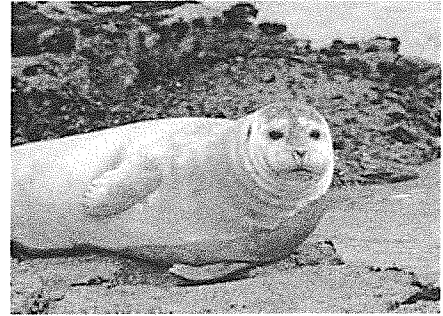
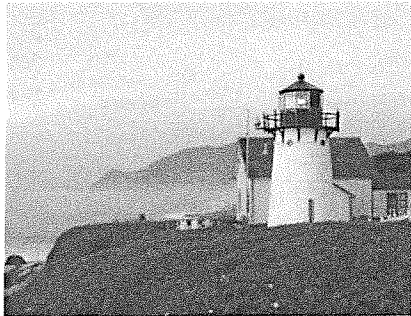
Staff has invited Alex Handlers with Bartle Wells for a discussion about the initiation of the process.

RECOMMENDATION:

Discuss the scope of the rate study and give direction to staff.

Attachment

Montara Water & Sanitary District



Water Rate Study

Draft - July 11, 2013



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS



Montara Water & Sanitary District

Water Rate Study

Summary of Key Issues



Background

- District has been a good financial steward by gradually raising rates each year
- Last water rate study completed 2010
 - District adopted maximum rates via Prop. 218 process & has been phasing in rate increases
- Current water rates are still below the maximum rates previously adopted
 - District can raise rates up to the maximum without going through the Prop. 218 process
 - Quantity charges can be increased by a maximum of approximately 9.25%
 - Fixed service charges can be increased by a maximum of approximately 18%
- District has taken advantage of low rates to refund outstanding debt
 - GO Bond Refi generated \$1.5M of new funds for capital projects and reduced debt service
 - PNC interest rate reduction annual savings = approximately \$16,500 per year
- District facing new financial challenges that will require rate increases in upcoming years

Key Drivers of Rate Increases

- **District Capital Improvement Program (CIP)**
 - 5-Year CIP includes \$7.4 million for existing customers + up to \$2.3 million for growth
 - Major CIP projects include:
 - Alta Vista Tank No. 2: \$3,200,000
 - Airport Water Treatment Plant: \$140,000 remaining design + \$1,550,000 construction
 - Schoolhouse Tank West: \$600,000
 - Existing Customer CIP projects to be funded by a combination of state-subsidized loans, roughly \$1.5 million of available GO Bond funds, and ongoing rate revenues
 - Growth-related CIP projects to be funded by connection fee revenues as growth occurs
 - *District does not anticipate any additional major capital projects in upcoming years*
- **New Debt Service**
 - \$183,000 per year for \$2.92 million 20-year SRF loan for Alta Vista Water Tank & Well
 - \$106,000 per year for \$500,000 5-year SRF planning loan for Airport Treatment Plant *or \$34,000 per year if rolled into a 20-year SRF loan for financing the project*
 - \$105,000 per year for estimated \$1,550,000 Airport Water Treatment Plant Loan
 - Total new annual debt service ranges from \$322,000 - \$394,000 depending on repayment term for \$500,000 planning loan
- **Changes in Water Sales**
 - 2012/13 water sales increased 4% from 2011/12, but are down almost 5% from 2 years ago resulting in lower-than-anticipated revenues
 - Future water sales projected to remain constant at 2012/13 level
- **Operating Cost Inflation**
 - Ongoing cost inflation projected at 4% for planning purposes

Financial Projections

- BWA updated financial projections to evaluate annual revenue requirements and project rate increases needed to fund operating and capital programs while maintaining financial health
- Key assumptions:
 - Beginning fund balances based on Balance Sheet as of June 30, 2013
 - Draft financial projections based on 2012/13 Budget
 - Operating cost inflation projected at 4% per year
 - Projections incorporate updated 5-Year Capital Improvement Program
 - Assumes District obtains a 20-year SRF loan for the Airport Treatment Plant; and assumes the \$500,000 planning loan is rolled into the 20-year SRF loan
 - Expansion-related CIP projects to be funded by connection fees as growth occurs
 - Assumes the connection fee fund repays the operating fund \$1.3 million over 15 years (roughly \$87,000 per year) as connection fee revenues are received
 - Includes estimates of Pillar Ridge revenues & expenses beginning January 1, 2015

Rate Projections

Draft Rate Projections	Sep-1 2013	Jul-1 2014	Jul-1 2015	Jul-1 2016	Jul-1 2017
Annual Rate Increases	9%	8%	8%	8%	8%

- Initial 9% rate increase can be implemented by updating the Master Fee Schedule since the proposed rates do not exceed the maximum level previously adopted via the Prop. 218 process
- District will need to go through the Prop. 218 process for future rate increases (e.g. in Dec-Jan)
- District will need to adopt a minimum of 3 years of additional future rate increases to provide adequate repayment security for anticipated new debt (including the Airport Treatment Plant)
- Higher rate increases in near term result in lower rate increases in longer term and vice versa
- After 2017/18 we anticipate the District will only need small inflationary rate adjustments

Water Rate Structure

- Rate structure revised during 2010 rate study
 - Transitioned water quantity charges from 2 Tiers to 4 Tiers
 - Fixed service charges targeted at 30% revenue recovery
 - Quantity charges targeted at 70% of revenue recovery
- Neighboring agencies also have 4-tiered quantity rate structures
- *Does District want to modify rate structure or move forward with across-the-board increases? Rate structure modifications can be phased in over a few years, if any are desired.*

Next Steps

- Present findings and preliminary recommendations and receive Board input
 - Adopt Ordinance to update Master Fee Schedule with water rate increase for 2013/14
 - Adopt water rate increases for future years via the Prop. 218 process later in the year
-

Montara Water & Sanitary District
Water Rate Study
List of Tables

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Table 1
Montara Water & Sanitary District
Water Cash Flow Projections

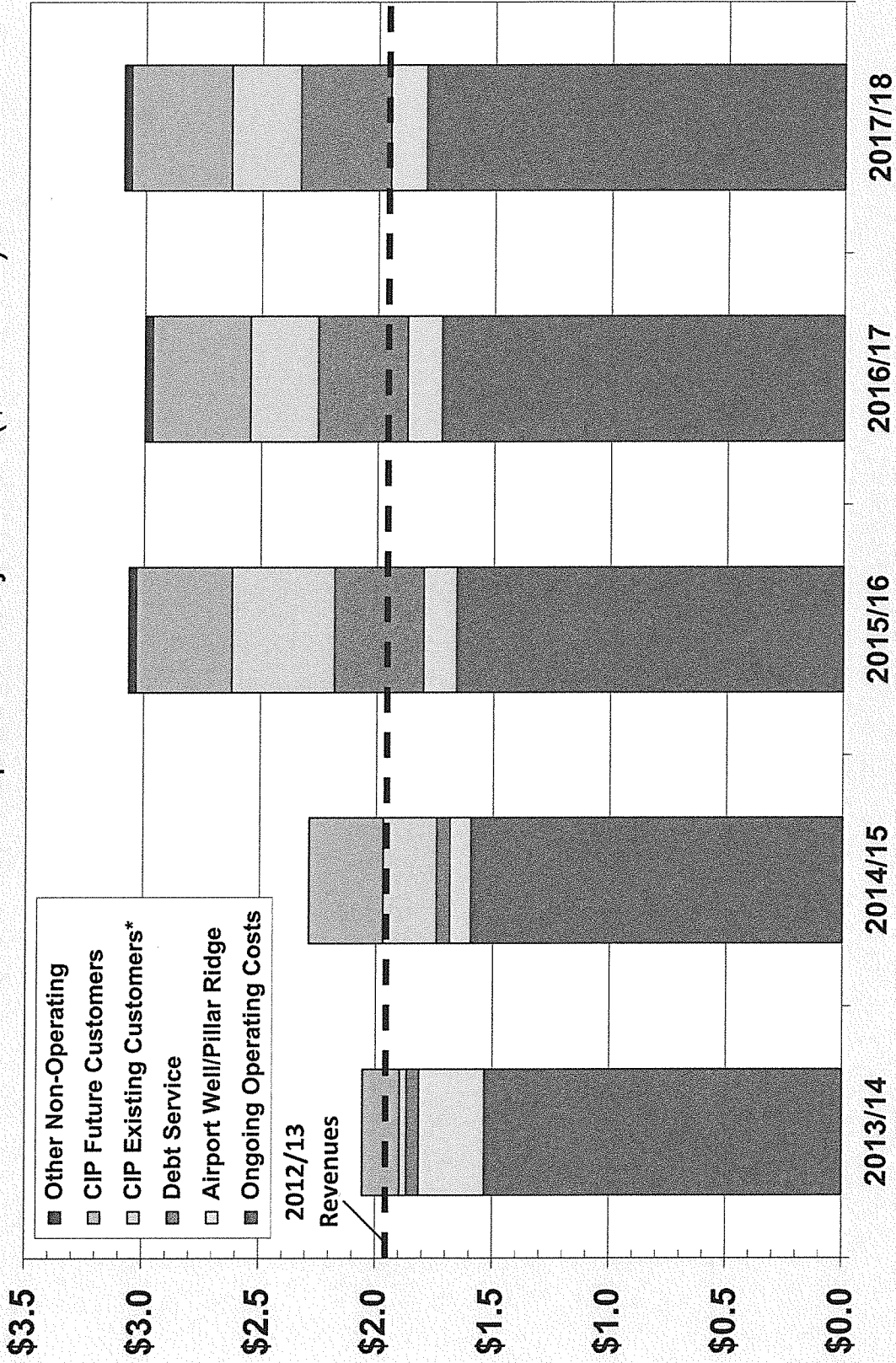
	Projected				
	2013/14	2014/15	2015/16	2016/17	2017/18
	Sep-1	Jul-1	Jul-1	Jul-1	Jul-1
Rate Adjustments	9%	8.0%	8.0%	8.0%	8.0%
Monthly SFR Bill based on 5 ccf	\$65.63	\$70.88	\$76.55	\$82.67	\$89.29
New Water Connections (EDUs)	15	20	25	25	25
New Fire Svc Connections (EDUs)	5	10	10	10	10
Water Capacity Charge (3/4")	\$16,020	\$16,340	\$16,667	\$17,000	\$17,340
Private Fire Protection Charge (1")	\$7,637	\$7,790	\$7,946	\$8,105	\$8,267
Growth	0.9%	1.2%	1.5%	1.5%	1.5%
Change in Water Sales	0.0%	0.0%	0.0%	0.0%	0.0%
Interest Earnings Rate	0.5%	0.75%	1.0%	1.5%	2.0%
Cost Escalation	4.0%	4.0%	4.0%	4.0%	4.0%
Beginning Fund Balances All Funds	\$699,000	\$808,000	\$1,041,000	\$809,000	\$822,000
REVENUES					
Water Service Charges	504,000	561,000	615,000	674,000	739,000
Water Quantity Charges	1,073,000	1,178,000	1,273,000	1,374,000	1,484,000
Subtotal	1,577,000	1,739,000	1,888,000	2,048,000	2,223,000
Property Taxes (+2%)	255,000	260,000	265,000	270,000	275,000
Water & Fire Connection Fees	278,000	405,000	496,000	506,000	516,000
Interest Earnings	4,000	6,000	10,000	12,000	16,000
Other Revenues	50,000	50,000	50,000	50,000	50,000
Pillar Ridge Revenues	0	61,000	123,000	125,000	128,000
Subtotal Revenues	2,164,000	2,521,000	2,832,000	3,011,000	3,208,000
SRF Loan 022 (Alta Vista Tank)		2,920,000			
SRF Loan 024 (Planning Loan)	140,000				
2012 GO Bond Proceeds	1,185,000	282,000			
SRF/I-Bank Loan (Airport Treatment Plant)		1,550,000			
Total Revenues	3,489,000	7,273,000	2,832,000	3,011,000	3,208,000
EXPENSES					
Operating Expenses					
	<u>Preliminary</u>				
Administrative & Facilities	362,000	376,000	391,000	407,000	423,000
Labor	680,000	707,000	735,000	764,000	795,000
Engineering	167,000	174,000	181,000	188,000	196,000
General Operations	88,000	92,000	96,000	100,000	104,000
Pumping/Supply/Trans/Treatment	236,000	245,000	255,000	265,000	276,000
Airport Water Purchases	280,000	40,000	42,000	44,000	46,000
Pillar Ridge Additional O&M	0	50,000	100,000	104,000	108,000
Subtotal Operating Expenses	1,813,000	1,684,000	1,800,000	1,872,000	1,948,000
Debt Service					
PNC Lease (50% Water Meters)	53,000	56,000	59,000	62,000	65,000
SRF Loan (Alta Vista Tank) 20-Yr	0	0	183,000	183,000	183,000
SRF Loan (Planning Loan) 20-Yr	0	0	34,000	34,000	34,000
SRF/I-Bank Loan (Airport Treatment Plant)	0	0	105,000	105,000	105,000
Subtotal Debt Service	53,000	56,000	381,000	384,000	387,000
Non-Operating Expenses					
CIP: Existing Customers	1,354,000	4,982,000	442,000	291,000	296,000
CIP: New Customers/Expansion	160,000	318,000	409,000	419,000	429,000
Transfer to SRF Reserve (1/10th Debt)	0	0	32,000	32,000	32,000
Subtotal Non-Operating Expenses	1,514,000	5,300,000	883,000	742,000	757,000
Total Expenses	3,380,000	7,040,000	3,064,000	2,998,000	3,092,000
Revenues Less Expenses	109,000	233,000	(232,000)	13,000	116,000
Ending Fund Balances	808,000	1,041,000	809,000	822,000	938,000
Min. Operating Reserves: 2 mnths O&M	302,000	281,000	300,000	312,000	325,000
Min. Capital Reserves: Min annual CIP	400,000	400,000	400,000	400,000	400,000
Total Minimum Target	702,000	681,000	700,000	712,000	725,000
Debt Service Coverage - Min. 1.20	6.62	14.95	2.71	2.97	3.26

**Montara Water & Sanitary District
Water Cash Flow Summary (\$ Millions)**

Fiscal Year	Budget		Projected			
	12/13	13/14	14/15	15/16	16/17	17/18
Rate Increases		9%	8%	8%	8%	8%
REVENUES						
Water Rate Revenues	1.47	1.58	1.74	1.89	2.05	2.22
Connection Fees	0.17	0.28	0.41	0.50	0.51	0.52
Prop Taxes/Interest/Other	0.31	0.31	0.38	0.45	0.46	0.47
Debt Proceeds	0.36	1.33	4.75	-	-	-
Total Revenues	2.31	3.49	7.27	2.83	3.01	3.21
EXPENSES						
Operating Expenses	1.48	1.81	1.68	1.80	1.87	1.95
Debt Service	0.06	0.05	0.06	0.38	0.38	0.39
CIP Existing Customers	0.36	1.35	4.98	0.44	0.29	0.30
CIP Future Customers	0.00	0.16	0.32	0.41	0.42	0.43
Other Non-Operating	0.00	0.00	0.00	0.03	0.03	0.03
Total Expenses	1.90	3.38	7.04	3.06	3.00	3.09
Revenues Less Exps	0.41	0.11	0.23	(0.23)	0.01	0.12
Ending Fund Reserves	0.70	0.81	1.04	0.81	0.82	0.94
Minimum Rsrv Target	0.65	0.70	0.68	0.70	0.71	0.73
Debt Service Coverage	7.61	6.62	14.95	2.71	2.97	3.26

Montara Water & Sanitary District 5-Year Water Expenses Projections (\$ Millions)

Chart A



* Excludes capital projects funded by debt.

Table 7
Montara Water & Sanitary District
Projected Water Rates

Based on current rates with across-the-board rate adjustments

	Current Rate	Maximum Adopted	Projected				
			2013/14	2014/15	2015/16	2016/17	2017/18
Projected Rate Increase			9%	8%	8%	8%	8%
Service Charge per Meter per Month							
5/8" x 3/4"	\$21.67	\$25.59	\$23.62	\$25.51	\$27.55	\$29.75	\$32.13
3/4"	23.84	28.15	25.99	28.07	30.32	32.75	35.37
1"	30.46	35.83	33.20	35.86	38.73	41.83	45.18
1 1/2"	39.01	46.06	42.52	45.92	49.59	53.56	57.84
2"	62.85	74.21	68.51	73.99	79.91	86.30	93.20
3"	238.41	281.49	259.87	280.66	303.11	327.36	353.55
4"	303.43	358.26	330.74	357.20	385.78	416.64	449.97
Quantity Charges (\$ per hcf)							
Tier 1 0 - 6 hcf	\$6.80	\$7.43	\$7.41	\$8.00	\$8.64	\$9.33	\$10.08
Tier 2 7 - 13 hcf	9.07	9.91	9.89	10.68	11.53	12.45	13.45
Tier 3 14 - 27 hcf	11.34	12.39	12.36	13.35	14.42	15.57	16.82
Tier 4 Over 27 hcf	15.87	17.35	17.30	18.68	20.17	21.78	23.52

Table 8
Montara Water & Sanitary District
Bi-Monthly Water Rate Impacts

Bi-Monthly Charges

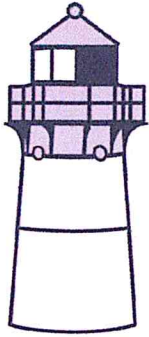
Bi-Monthly Use (hcf)	% of Bills in Block	% of Bills at or Below	Bi-Monthly Bills						
			Current	Max Adopted	2013/14	2014/15	2015/16	2016/17	2017/18
Overall Rate Increase					9%	8%	8%	8%	8%
0	3.8%	3.8%	\$21.67	\$25.59	\$23.62	\$25.51	\$27.55	\$29.75	\$32.13
1	1.7%	5.5%	28.47	33.02	31.03	33.51	36.19	39.08	42.21
2	1.7%	7.2%	35.27	40.45	38.44	41.51	44.83	48.41	52.29
3	3.2%	10.4%	42.07	47.88	45.85	49.51	53.47	57.74	62.37
4	3.8%	14.3%	48.87	55.31	53.26	57.51	62.11	67.07	72.45
5	5.3%	19.6%	55.67	62.74	60.67	65.51	70.75	76.40	82.53
6	5.8%	25.4%	62.47	70.17	68.08	73.51	79.39	85.73	92.61
7	6.1%	31.5%	71.54	80.08	77.97	84.19	90.92	98.18	106.06
8	6.8%	38.3%	80.61	89.99	87.86	94.87	102.45	110.63	119.51
9	6.8%	45.1%	89.68	99.90	97.75	105.55	113.98	123.08	132.96
10	7.0%	52.0%	98.75	109.81	107.64	116.23	125.51	135.53	146.41
11	6.1%	58.2%	107.82	119.72	117.53	126.91	137.04	147.98	159.86
12	5.9%	64.0%	116.89	129.63	127.42	137.59	148.57	160.43	173.31
13	5.2%	69.2%	125.96	139.54	137.31	148.27	160.10	172.88	186.76
14	4.4%	73.7%	137.30	151.93	149.67	161.62	174.52	188.45	203.58
15	3.5%	77.1%	148.64	164.32	162.03	174.97	188.94	204.02	220.40
16	3.3%	80.5%	159.98	176.71	174.39	188.32	203.36	219.59	237.22
17	3.0%	83.5%	171.32	189.10	186.75	201.67	217.78	235.16	254.04
18	2.6%	86.1%	182.66	201.49	199.11	215.02	232.20	250.73	270.86
19	2.3%	88.5%	194.00	213.88	211.47	228.37	246.62	266.30	287.68
20	1.9%	90.4%	205.34	226.27	223.83	241.72	261.04	281.87	304.50
21	1.5%	91.9%	216.68	238.66	236.19	255.07	275.46	297.44	321.32
22	1.2%	93.1%	228.02	251.05	248.55	268.42	289.88	313.01	338.14
23	1.0%	94.1%	239.36	263.44	260.91	281.77	304.30	328.58	354.96
24	1.0%	95.1%	250.70	275.83	273.27	295.12	318.72	344.15	371.78
25	0.6%	95.7%	262.04	288.22	285.63	308.47	333.14	359.72	388.60
26	0.7%	96.4%	273.38	300.61	297.99	321.82	347.56	375.29	405.42
27	0.6%	96.9%	284.72	313.00	310.35	335.17	361.98	390.86	422.24
28	0.6%	97.5%	300.59	330.35	327.65	353.85	382.15	412.64	445.76
29	0.5%	97.9%	316.46	347.70	344.95	372.53	402.32	434.42	469.28
30	0.2%	98.2%	332.33	365.05	362.25	391.21	422.49	456.20	492.80
31	0.2%	98.4%	348.20	382.40	379.55	409.89	442.66	477.98	516.32
32	0.2%	98.5%	364.07	399.75	396.85	428.57	462.83	499.76	539.84
33	0.2%	98.7%	379.94	417.10	414.15	447.25	483.00	521.54	563.36
34	0.1%	98.8%	395.81	434.45	431.45	465.93	503.17	543.32	586.88
35	0.1%	99.0%	411.68	451.80	448.75	484.61	523.34	565.10	610.40
36	0.1%	99.0%	427.55	469.15	466.05	503.29	543.51	586.88	633.92
37	0.1%	99.1%	443.42	486.50	483.35	521.97	563.68	608.66	657.44
38	0.0%	99.2%	459.29	503.85	500.65	540.65	583.85	630.44	680.96
39	0.1%	99.3%	475.16	521.20	517.95	559.33	604.02	652.22	704.48
40	0.1%	99.3%	491.03	538.55	535.25	578.01	624.19	674.00	728.00
41	0.1%	99.4%	506.90	555.90	552.55	596.69	644.36	695.78	751.52
42	0.0%	99.4%	522.77	573.25	569.85	615.37	664.53	717.56	775.04
43	0.0%	99.5%	538.64	590.60	587.15	634.05	684.70	739.34	798.56
44	0.0%	99.5%	554.51	607.95	604.45	652.73	704.87	761.12	822.08
45	0.0%	99.5%	570.38	625.30	621.75	671.41	725.04	782.90	845.60
46	0.0%	99.6%	586.25	642.65	639.05	690.09	745.21	804.68	869.12
47	0.1%	99.6%	602.12	660.00	656.35	708.77	765.38	826.46	892.64
48	0.0%	99.7%	617.99	677.35	673.65	727.45	785.55	848.24	916.16
49	0.0%	99.7%	633.86	694.70	690.95	746.13	805.72	870.02	939.68
50	0.0%	99.7%	649.73	712.05	708.25	764.81	825.89	891.80	963.20
75	51-75: 0.15%	99.9%	1,046.48	1,145.80	1,140.75	1,231.81	1,330.14	1,436.30	1,551.20
100	76-100: 0.09%	100.0%	1,443.23	1,579.55	1,573.25	1,698.81	1,834.39	1,980.80	2,139.20
101-200	101-200: 0.02%	100.0%	3,030.23	3,314.55	3,303.25	3,566.81	3,851.39	4,158.80	4,491.20
201+	> 200: 0.02%	100.0%							

Table 9
Montara Water & Sanitary District
Water Rate Impacts

	Current	2013/14	2014/15	2015/16	2016/17	2017/18
LOW USE: 6 hcf bi-monthly use (74 gpd)						
<i>25% of residential bills are at or below this level of use</i>						
Bi-Monthly Bill	\$62.47	\$68.08	\$73.51	\$79.39	\$85.73	\$92.61
Monthly Equivalent	31.24	34.04	36.76	39.70	42.87	46.31
Cost per Day	1.03	1.12	1.21	1.31	1.41	1.52
<i>All-In Cost per 100 gallons</i>	<i>1.39</i>	<i>1.52</i>	<i>1.64</i>	<i>1.77</i>	<i>1.91</i>	<i>2.06</i>
MEDIAN USE: 10 hcf bi-monthly use (123 gpd)						
<i>52% of residential bills are at or below this level of use</i>						
Bi-Monthly Bill	\$98.75	\$107.64	\$116.23	\$125.51	\$135.53	\$146.41
Monthly Equivalent	49.38	53.82	58.12	62.76	67.77	73.21
Cost per Day	1.62	1.77	1.91	2.06	2.23	2.41
<i>All-In Cost per 100 gallons</i>	<i>1.32</i>	<i>1.44</i>	<i>1.55</i>	<i>1.68</i>	<i>1.81</i>	<i>1.96</i>
AVERAGE USE: 11 hcf bi-monthly use (135 gpd)						
<i>58% of residential bills are at or below this level of use</i>						
Bi-Monthly Bill	\$107.82	\$117.53	\$126.91	\$137.04	\$147.98	\$159.86
Monthly Equivalent	53.91	58.77	63.46	68.52	73.99	79.93
Cost per Day	1.77	1.93	2.09	2.25	2.43	2.63
<i>All-In Cost per 100 gallons</i>	<i>1.31</i>	<i>1.43</i>	<i>1.54</i>	<i>1.67</i>	<i>1.80</i>	<i>1.94</i>
MOD-HIGH USE: 20 hcf bi-monthly use (246 gpd)						
<i>90% of residential bills are at or below this level of use</i>						
Bi-Monthly Bill	\$205.34	\$223.83	\$241.72	\$261.04	\$281.87	\$304.50
Monthly Equivalent	102.67	111.92	120.86	130.52	140.94	152.25
Cost per Day	3.38	3.68	3.97	4.29	4.63	5.01
<i>All-In Cost per 100 gallons</i>	<i>1.37</i>	<i>1.50</i>	<i>1.62</i>	<i>1.74</i>	<i>1.88</i>	<i>2.04</i>
HIGH USE: 35 hcf bi-monthly use (430 gpd)						
<i>99% of residential bills are at or below this level of use</i>						
Bi-Monthly Bill	\$411.68	\$448.75	\$484.61	\$523.34	\$565.10	\$610.40
Monthly Equivalent	205.84	224.38	242.31	261.67	282.55	305.20
Cost per Day	6.77	7.38	7.97	8.60	9.29	10.03
<i>All-In Cost per 100 gallons</i>	<i>1.57</i>	<i>1.71</i>	<i>1.85</i>	<i>2.00</i>	<i>2.16</i>	<i>2.33</i>

**Table 2
Montara Water & Sanitary District
Existing Customer CIP & Funding Sources**

	Funding Source	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	5-Year Total
Existing Customer CIP							
Distribution Syst Renewal/Repl Program							
Mech. Sys. Rep. & Replacements-Water	Rates	10,000	10,200	10,404	10,612	10,824	52,040
Water Meters	Rates	10,000	25,500	52,020	53,060	54,122	194,702
Water Lateral Services	Rates/GO Bonds	30,000	30,600	31,212	31,836	32,473	156,121
Water Main Replacements	Rates/GO Bonds	100,000	102,000	104,040	106,121	108,243	520,404
Replace Fire Hydrants	Rates/GO Bonds	5,000	5,100	5,202	5,306	5,412	26,020
Subtotal		155,000	173,400	202,878	206,936	211,074	949,288
Water Conservation Program							
Water Conservation Program	Rates	8,500	8,670	8,843	9,020	9,201	44,234
Well Rehabilitation Program							
South Airport Well Rehab & Fence	GO Bonds	150,000	-	-	-	-	150,000
Well Rehabilitation	Rates/GO Bonds	100,000	-	-	-	-	100,000
Subtotal		250,000	-	-	-	-	250,000
Storage Tank Rehabilitation Program							
Storage Tank Rehabilitation Program	Rates/GO Bonds	-	100,000	-	-	-	100,000
Vehicle Replacement Fund							
Vehicle Replacement Fund	Rates	-	-	30,000	25,000	25,500	80,500
Public Works Plan Phase I Projects							
Schoolhouse Tank West	GO Bonds	600,000	-	-	-	-	600,000
Alta Vista Tank No. 2 New - Go Bonds	GO Bonds	200,000	80,000	-	-	-	280,000
Alta Vista Tank No. 2 New - SRF Loan	SRF Loan 022C	-	2,920,000	-	-	-	2,920,000
Airport Water Trtmt Plant - design	SRF Planning Loan	140,000	-	-	-	-	140,000
Airport Water Trtmt Plant - construction	I-Bank Loan (est)	-	1,550,000	-	-	-	1,550,000
Subtotal		940,000	4,550,000	-	-	-	5,490,000
Pillar Ridge Consolidation Project							
Pillar Ridge Consolidation Project	Rates	-	150,000	200,000	50,000	50,000	450,000
Total Existing Customer CIP		1,353,500	4,982,070	441,721	290,956	295,775	7,364,022
Sources of Funds							
Rates		28,500	230,070	441,721	290,956	295,775	1,287,022
SRF Loan 022C (Alta Vista Tank)		-	2,920,000	-	-	-	2,920,000
SRF Loan 024 (planning loan)		140,000	-	-	-	-	140,000
GO Bonds		1,185,000	282,000	-	-	-	1,467,000
I-Bank Loan (est)		-	1,550,000	-	-	-	1,550,000
Total Sources of Funds		1,353,500	4,982,070	441,721	290,956	295,775	7,364,022



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **August 21, 2014**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

A handwritten signature in blue ink, appearing to be 'Clemens Heldmaier', written in a cursive style.

**SUBJECT: Review and Possible Action Concerning
Formation of SAM Joint Powers Agreement Ad
Hoc Committee.**

The Sewer Authority Mid Coastside plans to have an item on the next agenda to identify issues that could be addressed in a revision of the SAM Joint Powers Agreement. A committee of the Board (GSD: Woren, HMB: Alifano, MWSD: Boyd) will meet later to discuss the issues and seek to identify jointly supported goals.

RECOMMENDATION:

Discuss and direct the SAM representatives.

Attachment

**AN AGREEMENT CREATING
THE SEWER AUTHORITY MID-COASTSIDE***

* consolidated and updated as of October 10, 2011 (includes revisions resulting from amendments 1 through 8 to the original agreement)

**AN AGREEMENT CREATING
THE SEWER AUTHORITY MID-COASTSIDE**

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**AN AGREEMENT CREATING
THE SEWER AUTHORITY MID-COASTSIDE***

THIS AGREEMENT, dated February 3, 1976, is made and entered into by and between the City of Half Moon Bay, hereinafter referred to as "Half Moon Bay", and the Montara Sanitary District, hereinafter referred to as "Montara", and the Granada Sanitary District, hereinafter referred to as "Granada";

W I T N E S S E T H:

WHEREAS, the parties hereto have in common the power to plan for, acquire, construct, reconstruct, alter, enlarge, replace, repair, maintain, manage, operate and control facilities for the collection, transmission, treatment and disposal of wastewater for the benefit of the lands and inhabitants within their respective boundaries; and

WHEREAS, it would be in the best interest of each of the parties hereto, each of which is located within the Half Moon Bay Basin, and the lands and inhabitants within the boundaries of said parties, for a single representative organization to be established, composed of elected officials from said parties, which would be capable of developing a joint waste collection, transmission, treatment disposal and management plan (herein "wastewater plan") for the Half Moon Bay Basin, and capable of acquiring, constructing, maintaining, managing, operating and controlling facilities for the joint collection, transmission, treatment and disposal of wastewater within said basin; and

WHEREAS, it has been determined that an areawide wastewater plan for said basin and the providing of facilities for joint collection, transmission, treatment and disposal of wastewater within said basin may best be undertaken and achieved by cooperative action of the parties hereto and in the manner provided for in this agreement; and

WHEREAS, Title 1, Division 7, Chapter 5 of the Government Code of the State of California authorizes the joint exercise by agreement of two or more public agencies of any power common to them;

NOW, THEREFORE, in consideration of the mutual terms, covenants and conditions herein contained, the parties hereto agree as follows:

I. DEFINITIONS

Unless the context otherwise requires, for the purposes of this agreement, the following words shall have the following meanings:

(a) "The Authority" or "SAM" means the Authority formed pursuant to this agreement.

* consolidated and updated as of October 10, 2011 (includes revisions resulting from amendments 1 through 8 to the original agreement)

- (b) "Agreement" means this Joint Exercise of Powers Agreement.
- (c) "Board" or "Board of Directors" means the governing body of the Authority.
- (d) "Construction" includes acquisition, reconstruction, alteration, enlargement, replacement or reparation as well as construction.
- (e) "Disposal" includes reclamation as well as discharge to a receiving body of water.
- (f) "Facility" or "Facilities" means any buildings, works, improvements or property acquired, constructed, maintained, managed, operated or controlled by SAM.
- (g) "Fiscal Year" means July 1st to and including the following June 30th.
- (h) "General Budget" means the approved budget applicable to the expenses of administration of the Authority and operation and maintenance of the facilities.
- (i) "Half Moon Bay Basin" means hydrographic sub-unit #9 as defined in the ABAG report entitled "Population, Employment and Land Use Projections, San Francisco Bay Region, 1970-2000"; generally the lands between Tunitas Creek and Devil's Slide bounded on the eastern side by the ridgeline defining the coastal watersheds.
- (j) "Member Agency" or "Party" means either Half Moon Bay, Granada or Montara. "Member Agencies" or "Parties" means Half Moon Bay, Granada and Montara.
- (k) "Participating Member Agency" means a member agency that has or will acquire rights and assume obligations in connection with a particular project of the Authority.
- (l) "Project" may include a study, a plan, or a facility.
- (m) "Project Budget" means the approved budget applicable to a particular study, plan or facility.

II. PURPOSE AND POWERS

(A) Authority Created. There is hereby created a public entity to be known as the "SEWER AUTHORITY MID-COASTSIDE". The Authority is formed by this Agreement pursuant to the provisions of Title 1, Division 7, Chapter 5 of the Government Code of the State of California. The Authority shall be a public entity separate from the parties hereto.

(B) Purpose of the Agreement. The parties hereto have in common the power to plan for, acquire, construct, reconstruct, alter, enlarge, replace, repair, maintain, manage, operate and control facilities for the collection, transmission, treatment and disposal of wastewater for the benefit of the lands and inhabitants within their respective boundaries. The purpose of the Agreement is to jointly exercise the forgoing common power in the manner set forth herein.

(C) Powers of the Authority. The Authority shall have the power, in its own name, to do any or all of the following:

- (1) to make and enter into contracts;
- (2) to contract for the services of engineers, attorneys, planners, financial consultants, and separate and apart therefrom to employ such other persons as it deems necessary;
- (3) to make plans and conduct studies;
- (4) to acquire, construct, reconstruct, alter, enlarge, replace, repair, maintain, manage, operate and control any buildings, works or improvements;
- (5) to acquire, hold and dispose of property;
- (6) to incur debts, liabilities or obligations subject to limitations herein set forth;
- (7) to sue and be sued in its own name;
- (8) to apply for and accept grants, advances and contributions under any federal, state, or local programs for assistance in developing any of its projects;
- (9) To establish rates, tolls, fees, rentals, or other charges in connection with the facilities and services provided by the Authority;
- (10) To plan for, construct, operate, or maintain member agencies' sole-use facilities when specifically requested by that member agency, or when necessary to meet joint discharge requirements, subject to the provisions of Article VIII, Section D and E hereof.
- (11) The Authority shall have the additional power and authority to issue revenue bonds in accordance with the following laws:
 - (a) Article 2, Chapter 5, Title 1, Division 7 of the California Government Code, commencing with Section 6540.
 - (b) Chapter 6, Title 5, Division 2 of the California Government Code, commencing with Section 54300.
 - (c) Chapter 5, Part 3, Division 5 of the California Health and Safety Code, commencing with Section 4950.
- (12) to adopt regulations establishing uniform wastewater treatment standards and regulations throughout the jurisdictions of the member agencies in order to enable the Authority to comply with its NPDES permit and the federal and state regulations applicable to facilities constructed under the Clean Water Grant Program; when authorized by a member agency, implement, and enforce through civil or criminal means, such standards and regulations on behalf of said authorizing member agency; and, on its

own behalf, implement, and enforce through civil or criminal means, such standards and regulations.

The above powers are subject to the restrictions, upon the manner of exercising said powers, set forth in the Sanitary District Act of 1923, as amended, being Sections 6400 *et seq.* of the California Health and Safety Code.

(D) Boundaries. The boundary of the Authority shall be the consolidated boundaries of the member agencies. In conjunction with the consolidated San Mateo County mid-coastside wastewater treatment and disposal system (Plan F), being the project authorized to be undertaken by this Authority, the service area boundaries are defined as the current corporate City limits of the City and all lands within the Districts not zoned RM (Resource Management). Said boundaries shall be set forth and depicted on Exhibit "A" as amended or supplemented from time to time, attached hereto and by this reference made a part hereof. In the event of withdrawal from this Agreement by a member agency, the boundaries shall be revised to exclude the area under sole jurisdiction of said withdrawing member agency.

(E) Overlapping Service Areas. The member agencies recognize that certain lands are within the boundaries of the City of Half Moon Bay as well as, at the same time, within the boundaries of the Granada Sanitary District, and vice versa. To the extent that future sewer service is provided to all or any portion of said lands by any member agency electing and empowered to do so, that member agency shall provide said service from its own facilities or from its own share of capacity of any jointly owned facilities, without in any way demanding that said provision of service shall diminish the share of capacity owned by any other member agency.

III. ORGANIZATION

(A) Membership. The members of the Authority shall be each public entity which has executed this Agreement, or any addenda, amendment or supplement thereto, and which has not, pursuant to the provisions hereof, withdrawn therefrom. A list of the members shall be available to each member.

(B) Designation of Directors. Within fifteen (15) days after execution of this Agreement, the member agencies shall designate and appoint, by resolution of their respective governing bodies, representatives to act as their directors on the Board. Each member agency shall appoint two representatives to SAM, and these six representatives shall constitute the Authority's full Board of Directors. Each member agency shall also appoint one alternate director whose name shall be on file with the Board and who may assume all rights and duties of an absent director representing the appointing member agency. Each director and alternate shall hold office from the first meeting of the Board after his or her appointment by the governing body which he or she represents until a successor is selected. Directors and alternates shall serve at the pleasure of the governing body of the appointing member agency and may be removed at any time, with or without cause at the sole discretion of said member agency's governing body. A director or alternate must be a member of the governing body of the appointing member agency.

(C) Principal Office. The principal office of the Authority shall initially be the Half Moon Bay City Hall. The Board is hereby granted full power and authority to change said principal office from one location to another within its boundary. Any change shall be noted by the Secretary under this Section but shall not be considered an amendment to this Agreement.

(D) Meetings. The Board shall meet at the principal office of the Authority or at such other place as may be designated by the Board. The time and place of regular meetings of the Board shall be determined by resolution adopted by the Board. A copy of such resolution shall be furnished to each party hereto. Regular, adjourned and special meetings shall be called and held in the manner as provided in Chapter 9, Part 1, Division 2, Title 5 of the Government Code of the State of California (Section 54950 et seq.).

(E) Quorum. That number of Board members representing a simple majority of the votes on the Board shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn from time to time.

(F) Powers of the Board and Limitations Thereon. All of the powers and authority of SAM shall be exercised by the Board subject to the following conditions and limitations:

(1) each director from Half Moon Bay shall be entitled to two votes; each director from Montara and Granada shall be entitled to one vote;

(2) unless otherwise provided by law or elsewhere herein, a quorum of directors may, by five (5) affirmative votes, adopt any motion and take any other action they deem appropriate to carry forward the objectives of the Authority. Passage of any resolution shall require six (6) affirmative votes;

(3) final approval of any general budget or project budget shall require the consent of every member agency or participating member agency as provided in Section (G) hereof, and Article V, Sections (A), (B), and (C), thereof;

(4) no project shall be commenced without consent of every participating member agency.

(G) Consent of Members. In any matter prescribed herein to require the consent of member agencies, said consent shall be evidenced by a certified copy of the resolution of the governing body of such member agency filed with the Authority.

(H) Officers. The Authority shall have four officers: Chair, Vice Chair, Secretary and Treasurer. The directors of the Board shall select from the Board these four officers who shall hold office for a period of one year, commencing January 1 of each year; provided that, in the event that a member agency removes from the Board a director serving as an officer, the Board shall appoint another director to fill the vacant office for the remainder of that year.

(1) The Chair shall preside at the meetings of the Board. The Chair's duties shall be to call meetings to order, adjourn meetings, announce the business before the Board in the order in which it is to be acted upon, recognize directors and non-directors entitled to the floor, put to vote all questions moved and seconded, announce results of

votes, maintain the rules of order, execute documents on behalf of the Board when duly approved for action, and carry out the other duties set forth in the bylaws. The Chair shall be entitled to exercise his or her full voting rights on all questions before the Board and need not relinquish the chair to discuss a question before the Board.

(2) A Vice Chair shall be selected and hold office in the same manner as the Chair and in the absence of the Chair shall preside and hold the same powers as if he or she were the Chair.

(3) A Secretary shall be selected from the Board by its directors.

(4) A Treasurer shall be selected from the Board by its directors.

The Chair may not serve in two officer positions simultaneously. Any director other than the Chair may serve in two officer positions simultaneously.

(I) Staff. General staff functions to serve the administrative needs of the Authority shall initially be provided by employees of the member agencies, and credited towards said respective member agencies' financial contributions or obligations as provided in Article V, Section (D) below. The staff positions shall be as follows:

(1) Manager. The authority shall employ or contract for the services of a manager who may or may not be a staff member of one of the member agencies. The manager shall answer to the Board and be responsible for all administrative needs of the Authority. The manager shall also be responsible for the general execution of all Authority policies as set by the Board.

(2) Treasurer. The Treasurer shall be the depositary and have custody of all money of the Authority from whatever source.

The Treasurer shall:

(a) Receive and receipt for all money of the Authority and place it in the treasury of the Treasurer to the credit of the Authority.

(b) Be responsible upon his or her official bond for the safekeeping and disbursement of all Authority money so held by the Treasurer.

(c) Pay, when due, out of money of the Authority so held by the Treasurer, all sums payable on outstanding bonds and coupons of the Authority.

(d) Pay any other sums due from the Authority from Authority money, or any portion thereof, only upon checks drawn against the Authority, duly authorized by the Board and executed by two directors or by one director and the manager.

(e) Verify and report in writing on the first day of July, October, January and April of each year, to the Authority, and to each of the member

agencies, the amount of money the Treasurer holds for the Authority, the amount of receipts since the last report, and the amount paid out since the last report.

(f) Perform other services as directed by the Board.

(3) Others. The Board may employ or contract for the services of individuals or other staff positions as necessary to assist in the administration and execution of the functions of the Authority.

(J) Charges for Services. Charges for the services of the manager, the treasurer, and other administrative or operating personnel supplied by any member agency shall be jointly agreed upon with the member agency or member agencies furnishing the services in advance of receipt of said services.

(K) Officers, Employees and Agents. Any officer, employee or agent of the Authority may also be an officer, employee, or agent of any member agency. The appointment or employment by the Board of such a person shall constitute a determination that the two positions are compatible. Notwithstanding the above, the Manager and the Treasurer, shall not be employees of the same member agency without the unanimous consent of the complete Board of Directors.

All privileges and immunities from liability, all exemptions from laws, ordinances and rules, and all pension, relief, disability, workers' compensation, and other benefits which apply to the activities of officers, agents, or employees of a member agency when performing their respective functions shall apply to them to the same degree and extent while engaged in the performance of any of the functions and other duties under this agreement.

None of the officers, agents, or employees directly employed by the Authority shall be deemed by reason of their employment by the Authority, to be employed by any member agency or to be subject to any of the requirements of any member agency.

(L) Accounting and Audits. There shall be a strict accountability of all Authority funds and report of all receipts and disbursements in compliance with Article I, Chapter 5, Division 7, Title I of the Government Code (Section 6500 et seq.). The Board, acting as controller, shall contract with a certified public accountant or public accountants to make an annual audit of the accounts and records of the Authority. In each case the minimum requirements of the audit shall be those prescribed by the State Controller for special districts under Section 26909 of the Government Code and shall conform to generally accepted auditing standards. The records and accounts of the Authority shall be audited annually, and a report thereof shall be filed as a public record with the Authority and with each of its member agencies and the San Mateo County Auditor, not later than six (6) months following the end of the fiscal year under examination. Any costs of the audit, including contracts with or employment of, a certified public accountant or public accountants shall be borne by the Authority and shall be charged against its general fund.

(M) Access to Property. The manager and treasurer are hereby designated as the persons who have charge of, handle, and have access to the property of the Authority. Each such

person shall file with the Authority an official bond in an amount to be fixed by the Board. Cost of said bond shall be paid by the Authority.

(N) Minutes. The secretary of the Authority shall cause to be kept minutes of regular, adjourned regular and special meetings of the Board, and shall cause a copy of the minutes to be forwarded to each director and to each of the member agencies hereto within a reasonable time which shall be fixed by the Board.

(O) Rules. The Board may adopt from time to time such rules and regulations for the conduct of its affairs as may be required. Parliamentary rules and procedures shall be those prescribed in Robert's Rules of Order. Any documents required to be executed by the Authority shall be signed by the Chair and countersigned by the Secretary, except that the Board may, by resolution, authorize other officers or employees to sign on behalf of the Authority.

IV. PLANNING AND PRESENT PROJECT

(A) Planning Policy. In keeping with the purpose of this Agreement, the member agencies hereby authorize and direct the Board to undertake such studies and planning relative to the combined service areas of the member agencies as may be necessary, to provide for the joint collection, transmission, treatment, and disposal of sewage of each of the member agencies. The specific objective of such studies shall be to develop regional solutions to the wastewater treatment and management problems which will be in accordance with all applicable federal, state and regional water quality control requirements, consistent with demographic studies applicable within the jurisdiction of Authority, and planned so as not to result in unreasonable financial burdens on the member agencies whatever course future development of the area might take. It is understood by the parties that this agreement shall not affect the rights or powers of any member agency to plan and/or construct sewer facilities independently.

The studies may include proposals for construction of joint collection systems, trunk and interceptor lines, treatment plans (sic), and disposal systems. The studies may also include proposals to be used in conjunction with facilities not within the Authority's jurisdiction. Any studies shall consider all phases of planning, design, construction, maintenance and operation of facilities proposed by the Authority, and allocation to benefited member agencies of capital, maintenance and operating costs.

(B) Present Project. The Present Project shall be a secondary wastewater treatment and disposal system, divided into four components, to service the combined needs of the member agencies to the year 2000.

(1) Phase I

(a) Components. Phase I of the system is composed of the following three components, with capacity rights, construction costs, and operation and maintenance expenses being shared as specified below, until otherwise determined pursuant to Section (4) hereafter:

(i) An intertie pipeline and attendant pumping facilities, connecting the Montara and Granada systems to a new ocean outfall, shared equally between Montara and Granada;

(ii) An ocean outfall pipeline and attendant pumping facilities, discharging the combined treated effluents from the three member agencies' treatment systems into the ocean adjacent to the existing but presently inoperative Half Moon Bay outfall line, shared one-half (½) by Half Moon Bay, one-quarter (¼) by Montara and one-quarter (¼) by Granada.

(iii) A reclamation pipeline and attendant pumping facilities, to carry secondarily treated effluent from the treatment plant at the Half Moon Bay site south to the golf course and adjacent agricultural and floricultural lands, and being solely assigned to Half Moon Bay.

(b) Possible Modification of Intertie Pipeline Component. To ensure the accomplishment of the objective of the Present Project, it is the intent of the Authority to seek to increase the gravity sections of the intertie pipeline one pipe size diameter (3 inches) from the existing design, and in pursuit of same, the Authority shall immediately process an application with the California Coastal Commission, Central Coast Regional Commission, for amendment of Coastal Development Permit No. P-79-93. Any modification of said component, pursuant to the cost-effectiveness study mentioned hereinafter or otherwise, shall be accomplished subject to the approval of the State Water Resources Control Board.

(c) Estimated Construction Costs. The estimated construction costs of Phase I components of the Present Project, including administrative, legal, engineering, and contingency expenditures, are: for the intertie pipeline and attendant pumping facilities, \$3,000,000.00; for the ocean outfall and attendant pumping facilities, \$3,600,000.00; and for the reclamation pipeline and attendant pumping facilities, \$600,000.00.

(d) Implementation of Phase I of Present Project.

(i) Authorization to Construct. This Amendment to the Agreement constitutes approval for Phase I of the Present Project and of the budget therefor. The member agencies hereby authorize the Authority to immediately pursue and complete all planning and design efforts, including all requirements of State and Federal law, and to promptly commence construction and to accept State and Federal Grant Agreements therefor.

(ii) Construction Schedule. Construction of Phase I of the Present Project shall proceed on the time schedule as set forth in the Santa Clara County Superior Court's preliminary injunction in case No. 424949, or as said injunction may be amended or modified.

(iii) Utilization, Operation and Maintenance. Each member agency hereby agrees to utilize the Phase I components as said components are completed and available for use, and to ensure the proper operation and maintenance of same in accordance with the requirements of the Regional Water Quality Control Board for the useful life thereof. Pursuant to Article VII of this Agreement, it is hereby determined that the Authority shall have the ultimate responsibility for the maintenance and operation of the Facilities constructed as a part of the Present Project, either with its own personnel or pursuant to contract therefor.

As to any component of the Project not utilized by all member agencies, the member agency or agencies utilizing said component shall have the initial right and responsibility for maintenance and operation of said component.

Service charges shall be established consistent with the Clean Water Grant Program by the Authority or by the member agencies.

It is further hereby agreed that decisions of the Authority with respect to operations and maintenance of Phase I components including the budgets therefor, shall be made based on six affirmative votes, or failing that, five affirmative votes including no less than one vote from each member agency. A member agency shall be entitled to vote only with respect to the operation and maintenance of a facility utilized by said agency.

(2) Phase II

(a) Alternate Treatment Facilities. Phase II of the Present Project will be composed of the fourth component of the system, being treatment facilities as envisioned in one of the following two alternatives:

(i) Single Plant. One single secondary activated sludge treatment plant located at the site of the existing Half Moon Bay treatment plant facilities, and designed to treat the combined flows from the individual collection systems of the member agencies.

(ii) Multiple Plants. Three separate treatment plants as follows:

Half Moon Bay. An upgraded treatment plant located at the site of the present plant.

Montara. An upgraded treatment plant located at the site of the present plant.

Granada. A new treatment plant located in the vicinity of the present plant and pumping facilities.

(b) Determination of Phase II Treatment Facilities. The determination of the Phase II treatment facilities and their capacity, together with the allocation of said capacity and all construction costs and operation and maintenance expenses pertaining thereto, shall be made within the time schedule established in the aforementioned preliminary injunction, or as said injunction may be amended or modified, and after consideration of the following:

(i) A cost-effectiveness study, prepared in accordance with applicable State and Federal regulations governing grant funding for the construction of water pollution control facilities; and

(ii) The Land Use Plan portions of the Local Coastal Programs applicable to the respective member agencies and an analysis of the member agencies' respective sewer service needs pertinent thereto, in relation to the objectives of the Present Project.

(c) Implementation of Phase II of Present Project. This Amendment to the Agreement constitutes approval and authorization for the further planning, designing and the construction of Phase II of the Present Project.

(3) Funding.

Only those components, referred to above, which are fundable under the Clean Water Grant Program, shall be constructed by the Authority.

(4) Allocation and Reallocation of Rights, Costs and Expenses.

In the event the member agencies choose to construct a single consolidated treatment plant facility, capacity rights and construction costs pertaining thereto shall be allocated in proportion to the member agencies' respective service needs as determined by the Land Use Plan portions of the initial pertinent Local Coastal Programs adopted by the California Coastal Zone Conservation Commission; and capacity rights and construction costs previously allocated in the Phase I components shall be reallocated to be consistent with the treatment plant facility allocations, except that no member agency shall receive any capacity in, or ultimately be required to have paid any portion of, the cost of any Phase I component not utilized by that member agency. The total expenses of operation and maintenance of all of the components of the Present Project shall be shared in a manner based on flows into the single consolidated treatment plant facility.

In the event the member agencies choose to construct separate treatment plant facilities, reallocation of capacity rights and construction costs shall occur as immediately above, except that: (i) no member agency shall be allocated less capacity in any Phase I component than the amount of capacity necessary to accommodate the present design capacity of said agency's treatment facility; (ii) no member agency shall be required to pay more than the proportionate share of its capacity in said component; and (iii) no reallocation

shall occur with respect to the reclamation component. The expenses of operation and maintenance of the various components of the Present Project under the separate treatment plant concept shall be borne solely by those member agencies using said components and shall be shared in a manner based on flows into the components.

(5) Goal of the Authority.

In the event the single treatment plant concept is selected as the fourth component under Phase II, it is the intent of the Authority to further consolidate sewer functions within the service areas of the three member agencies, and to establish a uniform system of sewer service charges, levied throughout the entire jurisdiction of the Authority, with which to pay expenses of operations and maintenance.

(6) Credit for Existing Usable Facilities.

It is the intent of the member agencies to integrate existing facilities to the extent possible into all components of the Present Project. Credit shall be given any member agency for any of said agency's facilities so integrated. The credit is to be the lesser of the member agency's actual local costs, or replacement cost, less straight-line depreciation. For purposes hereof, replacement cost means the total replacement cost as distinguished from the total replacement cost less any grant which may be available therefor. Such credit shall be added to the total local share cost of the applicable component into which the existing facilities are integrated, before allocation of local share component costs is made to respective member agencies.

(7) Completion of Present Project.

The member agencies agree to complete the Present Project no later than July 1, 1983, in accordance with the requirements of the Clean Water Grant Program, in a manner that meets the stated objectives of the Present Project, and in a manner that makes maximum utilization of the immediately available funding opportunities under the Program.

(8) Member Agencies' Responsibilities.

Each member agency hereby guarantees its aliquot share of performance under this Agreement, including reimbursement to EPA and the State Water Resources Control Board, as provided by and to the extent set forth in State and Federal statutes and regulations.

(9) Wastewater Treatment Standards and Regulations.

Each member agency hereby agrees to adopt wastewater treatment standards and regulations consistent with wastewater treatment standards and regulations adopted by the Authority.

Such standards and regulations shall include provisions related to industrial waste in which there shall be established criteria for, and restrictions on, the nature and quality of industrial waste discharged either directly or indirectly into the Authority's facilities.

The industrial waste standards and regulations shall authorize the issuance of industrial waste discharge permits thereunder and provide that such permits will be issued by the Authority, shall authorize field inspectors or other employees of the Authority to act as enforcement agents of the member agency with the power to inspect and issue notices for violations of the standards and regulations, and shall confer upon, and empower the Authority to seek civil injunctive relief or criminal prosecution, or both, for noncompliance with, or violation of, such standards and regulations by any discharger.

V. BUDGETS AND PAYMENTS

(A) General Budget. Within sixty (60) days after the first meeting of the Board, a general budget shall be prepared for the balance of the fiscal year. Thereafter at or prior to each March meeting of the Board, a general budget shall be prepared for the ensuing fiscal year. The initial budget and each succeeding general budget shall include the following:

(1) the general administrative expenses of the Authority to be incurred during the period covered by the budget. Each member agency shall, within thirty days of execution of this Agreement, deposit into the general fund an amount obtained by applying to the sum of initial general administrative expenses the percentage of that member agency's voting rights;

(2) the expenses of operating and maintaining any improvements operated or maintained by the Authority;

(3) all revenues accruing to the Authority, including the assessments allocated among the member agencies to cover the general administrative, operating and maintenance expenditures;

(4) At the time of its preparation a general budget shall be submitted immediately to the governing bodies of the member agencies for approval pursuant to Article III, Section (G) above, final approval of a general budget shall require the prior consent of all member agencies. Final approval shall be made by the Board within thirty (30) days after preparation of the initial general budget and by July 1st following preparation of each succeeding budget. A copy of the general budget shall be filed with each member agency.

(5) Each member agency hereby agrees to include in each annual budget approved by the governing body of such member agency amounts estimated to be sufficient to pay all such charges and to pay to the Authority within thirty days of receipt of a statement of the member agency's allocated share of the actual general budget expenses for the billing period as determined by the Board. The Authority is hereby

authorized to take any or all legal actions necessary and permitted by law to enforce the collection of such charges or any other compliance with this agreement, including, but not limited to, actions or proceedings in mandamus to require each member agency to include the amounts estimated to be necessary in each such estimated annual budget, or to collect such charges from the taxpayers, landowners, or users of any of the facilities of the Authority.

(B) Project Budgets. In addition to the General Budget, the Board shall, prior to its initiation of a project, approve the project in concept and have a project budget prepared. Each Project Budget may include the following:

- (1) the Authority's administrative expenses allocated to the project;
- (2) the cost of studies and planning for the project;
- (3) the cost of the engineering and construction of the project;
- (4) the allocation among the participating member agencies of the total project costs including but not necessarily limited to administration, planning, design, construction and operation and maintenance;
- (5) any revenues accruing to the Authority for the project from whatever source.

After the preparation of a Project Budget, it shall be submitted immediately to each member agency proposed by the Board to be a participant and to be obligated for the payment of any amount thereunder. The Authority shall not incur any expense for the project until the Project Budget has been approved by the governing body of each of the proposed participating member agencies. Consent of the participating member agencies shall be required within a reasonable length of time, said time to be determined by the Board when the Project Budget is prepared. Upon approval by all of the participating member agencies, the Board shall adopt the Project Budget and file a copy of same with each of the participating member agencies.

(C) Effect of Failure of Approval of Budgets.

(1) General Budget. If a general budget fails to attain the approval required by Section (A) hereof, the director(s) of consenting member agencies may treat the refusal of a dissenting member agency to approve the budget as a request for withdrawal from the Authority and the remaining members may thereafter, upon giving the non-consenting member agency thirty (30) days notice, proceed with the adoption of a revised budget and the non-consenting member agency shall not be obligated for future debts of the Authority nor shall it receive any benefits therefrom.

Pertaining to past debt obligations, however, the non-consenting member agency shall continue to be obligated for the operation and maintenance costs, under the original allocation formula, of any project in which it continues to derive benefits.

(2) Project Budget. If a Project Budget fails to attain the approval required by Section (B) hereof, the director(s) of consenting participating member agencies may treat the refusal of a dissenting member agency to approve the budget as a request for withdrawal from the project concerned, but not from the Authority, and the remaining participating member agencies may thereafter, upon giving the non-consenting member agency thirty (30) days notice, proceed with the adoption of a revised budget and the non-consenting member agency shall not be obligated for future debts of the project concerned nor shall it receive any benefits therefrom. The cost of preparing the Project Budget shall be divided among the proposed participating member agencies in proportion to allocation of costs to said members in the current general budget.

(D) Contributions; Payments and Advances, Use of Personnel; Equipment or Property; Exchange of Services. It is hereby agreed that:

(1) contributions from a member agency's treasury may be made for the purpose set forth in the Agreement;

(2) payments of public funds of a member agency may be made to defray the cost of such purpose;

(3) each of the member agencies may make advances of public funds, to be repaid as set forth in the Agreement;

(4) personnel, equipment or property may be used in lieu of other contributions or advances, however, all member agencies must agree upon the value to be assigned the personnel, equipment, property or services, with respect to any said contributions or advances;

(5) the member agencies may exchange services without payment of any consideration other than such services.

(E) Expenditures for the Approved Budgets. All expenditures within the designations and limitations of approved general and project budgets shall be made on the authorization of a majority of the directors present at a meeting during which budget expenditures are approved. No expenditures in excess of those budgeted shall be made without the unanimous consent and approval of all of the directors representing the member agencies affected by the budget under consideration.

(F) Payments of Amounts Due; Interest; Surplus. Amounts required to be paid by any member agency shall be due and payable thirty-five (35) days from the date of billing by the Authority. If such amount is not paid in full by the due date, interest will be added from that date at the rate charged by the bank where the Authority maintains its principal account, based on such rate in effect on the first day of the month for which the computation is made on a 30-day \$100,000 certificate of deposit. Interest shall not be compounded.

After completion of the purpose for which funds were provided to the Authority by a member agency, any surplus money shall be returned to that member agency in proportion to the funds (excluding interest) so provided.

(G) Reimbursement of Funds. Grant funds received by the Authority from any federal, state or local agency to pay for budgeted expenditures for which the Authority has received monies from a member agency shall be remitted to that member based upon the ratio of the member agency's advance to the total cost of the project for which the Authority has received the grant.

VI. AUTHORITY PROJECTS

(A) Project Members. The directors representing those members determined by the Board to be participating members of a project shall, upon consent to the proposed project by the participating members, constitute a subcommittee of the Board referred to as the "_____ Project Committee." All actions by a project committee shall be deemed actions of the Authority and shall be taken in the name of the Authority; however, only the participating members of a project shall have rights and obligations in said project as herein provided.

(B) Authority Construction Projects. No project shall be constructed by the Board without the consent of every participating member. Approval of a construction project budget by all of the participating members shall constitute their consent for the construction of the project by the Authority.

VII. MAINTENANCE AND OPERATION OF FACILITIES

(A) Maintenance and Operation of Facilities. The Board shall determine, prior to the construction of any project, whether or not the Authority shall maintain and/or operate such facilities. If the Authority is to maintain and/or operate such facilities, it shall do so in an efficient and economical manner, and in a manner not detrimental to the member agencies. It is the intent of the parties that any project may be maintained and operated in the name of the Authority. If it is determined that one or more of the member agencies shall maintain and/or operate said facilities, said member agencies shall by written agreement consent thereto prior to the construction thereof.

VIII. PROPERTY RIGHTS

(A) Project Facilities. All facilities constructed by the Authority shall be held in the name of the Authority for the benefit of the membership of the Authority in accordance with the terms of this Agreement. Capacity rights in respect to project facilities shall be held for the benefit of the participating member agencies in proportion to each member agency's agreed percentage of capacity rights in such project facility. It is the intent of the foregoing provision that the Authority shall not acquire any unallocated capacity rights in any facility for disposal or use, except for the benefit of the participating member agencies in proportion to their percentage of capacity rights in said facility. Capacity rights may not be reallocated, sold, leased, assigned, or in any way transferred, whether voluntarily, or pursuant to litigation and/or administrative proceedings initiated by, in concert with, with the consent of, or on behalf of the member agency or agencies seeking any such transfers, unless the member agency or agencies, whose capacity rights may be so diminished thereby, shall give written consent to such transfer. In conjunction

with the consolidated San Mateo County mid-coastside wastewater treatment and disposal system (Plan F), being the project authorized to be undertaken by this Authority, .3 mgd treatment plant capacity shall be reserved, for the first ten years of the twenty-year design of said project, for recreational flows. In addition to flows from public recreational facilities such as parks, beaches, marinas, and marine reserves, the term 'recreational' includes recreationally related commercial facilities such as restaurants, motels, golf courses, and stables. Said recreational capacity shall be allocated to the member agencies as they may determine.

(B) Distribution of Assets and Termination of the Authority. To the extent that any funds (or property in lieu of funds) received from any member agency are used for the construction of facilities, the same shall be allocated annually on the books of the Authority to the credit of said contributing member agency. Upon termination or dissolution of the Authority herein created, the facilities, and any funds, in possession of the Authority at such time shall be distributed in kind or sold, and the proceeds thereof distributed to the member agencies at the time of termination and in proportion as their interests appear on the books of the Authority.

(C) Liabilities. Any liability incurred by the Authority during the course of its existence shall be discharged by payments hereby agreed to be made to the Authority by each of the parties hereto in proportion to their contribution or approved participation in facilities of the Authority for which the liability is attributable. Except as hereinabove provided, the debts, liabilities, and obligations of the Authority shall be the debts, liabilities or obligations of the Authority alone and not of the parties to this Agreement.

(D) Failure to Meet Discharge Requirements—Separate Effluent Discharge. The Authority shall cause the effluent of each member agency to be monitored to determine whether or not Federal and/or State discharge requirements are being met. The member agency or agencies responsible for the violation shall be solely responsible for any fines levied or criminal sanctions imposed as a result thereof.

(E) Failure to Meet Discharge Requirements—Combined Effluent Discharge. If the effluent of the member agencies is combined, and the combined effluent at the point of ultimate discharge into the receiving water fails to meet discharge requirements, the member agency or agencies responsible for the violation shall be solely responsible for any fines levied or criminal sanctions imposed. In this regard, the member agency or agencies responsible for the violations shall hold harmless the Authority and the other non-violating member agencies from all liability and/or damages incurred by said Authority and/or member agencies as a direct and proximate result of said violation, including, but not limited to, legal, engineering, and administrative expense and direct or indirect damages incurred by the Authority or the member agency as a result of a cease and desist order or court injunction from any State or Federal agency restricting construction within the jurisdictional limits of said Authority or member agency. In the event two or more member agencies are responsible for failure of the combined effluent to meet discharge requirements as above provided, the member agencies responsible for the violation shall be jointly and severally responsible to the Authority and to the other non-violating member agencies. Upon notification of such violation, the member agency or agencies shall take prompt, corrective action as necessary to meet said discharge requirements. If any member Agency fails to take such action, the Authority by unanimous vote of the Board (excluding those members of

the Board who are representatives of the member Agency or Agencies who are in violation of the discharge requirements) may elect to do either one or both of the following:

(a) Have undertaken at the cost and expense of the violating member agency or agencies the construction of such additional treatment facilities as are necessary to meet said discharge requirements.

(b) Impose a prohibition of additional connections to the collection system of the member agency or agencies in violation.

Nothing in this Section shall preclude one or more agencies from providing additional levels of treatment to insure meeting waste discharge requirements in the combined effluent. In the event that one or more member agencies are obligated to provide additional levels of treatment to meet waste discharge requirements for the combined effluent, all member agencies requiring the additional levels of treatment shall participate in the costs of such treatment based on their relative contribution of waste characteristics to be treated and the costs of providing such treatment.

IX. SETTLEMENT OF DISPUTE OR CONTROVERSY

Should any dispute or controversy arise in connection with the books, records or accounts of any party to this Agreement or in connection with the acquisition, construction, maintenance, operation, repair, reconstruction or enlargement of the Joint System or in connection with any of the affairs or operation thereof, or the execution of the term of this Agreement, the governing bodies of the parties to this Agreement may elect to arbitrate the dispute or controversy in accordance with the rules of the American Arbitration Association or by any other mutually agreeable method of settlement.

X. MISCELLANEOUS PROVISIONS

(A) Duration. The Authority shall continue until this Agreement is rescinded as herein provided.

(B) Rescission and Termination. This Agreement may be rescinded and the Authority terminated by written agreement of all member agencies. Upon termination of the Authority, its assets and liabilities shall be divided among the then member agencies in proportion to their then ownership interests.

(C) Withdrawal. Any member agency may withdraw from the Authority at any time upon giving each of the other member agencies one hundred and twenty (120) days written notice prior to the end of the fiscal year; provided, however, in the event the withdrawing member agency has any rights in any facility of the Authority or obligations to the Authority, said member agency cannot sell, lease or transfer said rights or be relieved of its obligations, without the execution of a written agreement executed by it and another member agency. The term "obligations" as used herein shall include, but not be limited to, bonded indebtedness and

capital replacement costs. Upon termination, a withdrawn member agency will be treated like all the other member agencies in regard to the provisions of Article VIII (B) hereof.

(D) Amendments. Exhibit "A" hereto shall be amended or supplemented upon a member agency filing with the Authority a certified copy of the member agency's resolution ordering a change of its boundary or service area boundary or resolution determining to withdraw from the Authority. The other provisions of this Agreement may be amended only by the consent of all member agencies.

(E) Severance. If any section, subsection, sentence, clause or phrase of this Agreement, or the application thereof to any of the member agencies or any other persons or circumstances, is for any reason held invalid, the validity of this Agreement, or the application of such provision to the other member agencies or to any other person or circumstances, shall not be affected thereby. Each of the member agencies hereby declares that it would have entered into this Agreement, and each section, subsection, sentence, clause or phrase thereof, regardless of the fact that one or more sections, subsections, sentences, clauses or phrases, or the application thereof, to any member agency or any other person or circumstances be held invalid.

(F) Filing with the Secretary of State. The Secretary of the Authority shall file with the Secretary of State a notice in accordance with Government Code Section 6503.5, and shall file notices, as appropriate, in accordance with Government Code Section 53051.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed on the day and year first above written.

CITY OF HALF MOON BAY

By s/ Lloyd T. Cardoni
Mayor

Attest:

By s/ Barbara K. Driscoll
Deputy City Clerk

seal)

MONTARA SANITARY DISTRICT

By s/ L. Paul Leger
President Pro Temp)

Attest:

By s/ Susan C. Muth
Secretary Pro Temp)

seal)

GRANADA SANITARY DISTRICT

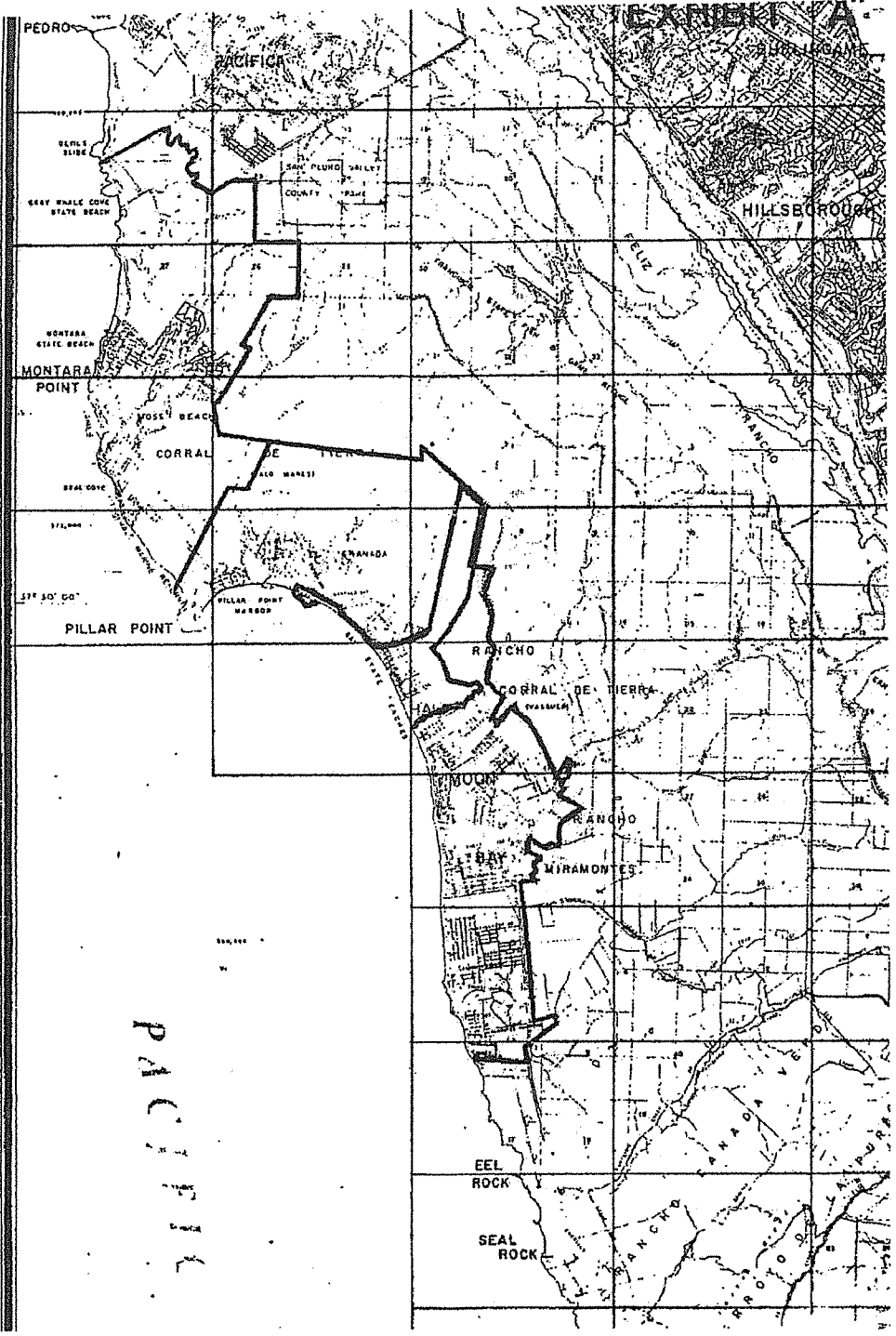
By s/ William L. Sawrey
President

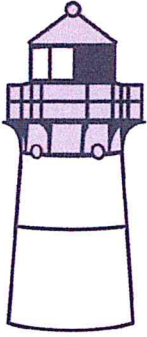
Attest:

By s/ Larry Pollard
Secretary

seal)

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MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **August 21, 2014**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

**SUBJECT: Review and Possible Action Concerning
Summary of Public Planning Workshop.**

On June 24 the District held a Public Planning Workshop to receive input from its customers for the Strategic Planning Process that the District is currently implementing.

Attendance of the Planning Workshop was surprisingly high. More than 70 customers attended the workshop. After a brief introduction by the Districts consultant Martin Rauch was followed by discussions about several suggested topics and later an open forum for comments. The workshop was a constructive information exchange between District staff and public.

Towards the end of the workshop the public suggested 14 topics and was asked to vote for their importance. The 5 topics receiving most of the votes were: Development of Community Parks District, Development of local internet service, Infrastructure Development, and Water Quantity.

A summary of the Public Workshop is attached for the Boards review.

RECOMMENDATION:

This is for Board information only.

Attachment

Montara Water and Sanitary District
Public Workshop
July 24, 2014

Mr. Rauch gave a brief introduction, thanked the public for coming and noted how much importance the Board had given to obtaining public input. Mr. Rauch explained that a number of members of the public had been interviewed as part of the process.

INTRODUCTION

Purpose of the Meeting

The purpose of the meeting was explained as summarized below

- To gather public input on the District's strategic planning process
- Board will incorporate the input as they work to complete the plan
- If you have questions or comments note them on the form, comment here or email me. (see contact sheet)

Agenda

The agenda was explained

- Introduction and Agenda
- Purpose of Meeting
- What is a Strategic Plan
- Parts of the Strategic Plan
- Examples of Strategic Topics
- Quick Photo Tour of the District
- Questions, Comments and Input
- Closing

Elements of a Strategic Plan and Examples of Strategic Planning Topics

It was recognized that many people already have experience with strategic planning but for those who don't a brief summary of strategic planning elements was provided: mission, vision, values, goals and objectives. Also, examples were provided of the wide range of topics that could be taken up.

Boundary Map

A Boundary Map was introduced and General Manager Heldmaier explained the boundaries.

QUESTIONS AND COMMENTS:

- Big Wave, Pillar Ridge locations.
- Sense of Boundaries being correct.

Summary and Photo Tour

A slide show with photos of the water system, sanitary system, office and staff at work was shown. A few key facts and achievements about each part of the system were provided.

SERIES OF QUESTIONS

The group was asked a series of questions. In each case, the facilitator elicited a number of comments – seeking to hear from those with both positive and contrary views. The goal was to get a sense of the groups opinions. In every case, the group was encouraged to write comments, call in or email in additional comments. Below are the questions and responses.

Services:

What do you like or dislike about each of the following District services:

- **Water**
- **Wastewater**
- **Garbage**

WATER COMMENTS:

Generally Positive
Positive regarding staff
Look into recycled water

WASTEWATER COMMENTS:

Generally Positive
Positive regarding staff
More accountability/ more oversight
Sewer Service Charges high
Re-construct Sewer Service Charges for Well owners

GARBAGE COMMENTS:

More drop off options for paint. (More drop offs at the District office)
Bring back senior discount
Make recycling easier with more pick-ups during certain times of the year
Education on composting.
Have composting bins available.

Communication and Customer Service:

Do you feel you know enough about the District?

- **What it does**
- **Plans and direction**
- **Money**
- **Staff**
- **Other**

COMMENTS:

Bring back Newsletter via email
Next Door Montara service for getting community info out
Improve website and include history of District
Email information to community
Continue to post information at Post Office
E-billing

Finance:

Do you feel the following bills are reasonable and affordable?

- **Water**
- **Wastewater**
- **Garbage**

COMMENTS:

Look into grants to fund projects
Cost of bond for some is higher, how can we share more evenly in the cost
Publish the amount of connections the District has given out
Well conversions/ finance incentive for those folks
Well conversions/ look into payment plan on tax roll

Challenges Facing Us in the Future:

Let's think about our community as far into the future as we can. What are the most important challenges facing the community and the District that the District should prepare for?

COMMENTS:

Cooperation/consolidation. There is pressure regarding our water reserves being shared with other local communities. Most of the residents who have been here for more than 10 years who have paid much higher rates due to the takeover of the former water company, would love to make sure those assets are paid back.

Above ground storage

Exploratory pipeline for desalination

Federal assistance for capturing water being wasted (run off)

More education regarding grey water

Work more closely with National Park Service regarding trails, water fountains

Explore Community Parks Service for the District

Collaboration – Long-time residents are not in favor of this. We are self-sufficient here.

We want to stay independent. We would want to be compensated for what we

Have already spent to purchase the system.

Regional Management System

Local Governace and Cooperation with Other Agencies:

There has been lots of talk, debate and news about the best way for local government to work in the mid-coastside. Do you have any thoughts or comments about the following?

- **Cooperation and collaboration between area agencies**
- **Consolidation (mergers) of area agencies**
- **Competition and mistrust between area agencies**

COMMENTS:

There is more to be lost in consolidating than money: having local control; having a staff that is responsive; having people you are familiar with that you have some control over. All of this is worth having to pay extra for.

If the other party doesn't bring water to the table, forget about it!

Safety issues addressed and ready

Make sure we have water pressure for fire fighting

Make sure Fire hydrants are being adequately installed by new builders

Storm water and run off County is not ready to tackle

More education regarding water capture

Changes or Additions to Services:

How could the District improve the services it has?

- Should the District consider providing new services in addition to water, sewer, and garbage?
- If yes, what services?

COMMENTS ABOUT HOW WE CAN IMPROVE:

Places for public water fountains along walking trails

This District has improved vastly since the purchase

Consider becoming a Community Services District for

- . Improving Trails
- . Community center

New Services Suggestions: provide our own cellular service

provide our own energy service

Check into green waste

The acquisition of the linear park on devils slide

Would like to see some Community Parks (pocket parks) in various places along the coast which could additionally help provide the protection for property tax revenue.

Develop a structure for very close collaboration between GSD and MWSD (sanitary portion only) partner for parks and move forward on a Mid-Coast Community Center.

Keep up the Quality and Quantity of water should be first on the list

Be careful about consolidating up. It may make it easier for LAFCO to try to lump in with HMB.

MCC Meetings at MWSD Board Room

Renovate the building to make more public friendly

Looking to the Future:

Five, ten or more years into the future, if you were granted power over the District, what three things would you change or keep the same.

The group was asked to suggest priorities that the District should focus on in the future and then to “vote” on them with stickers. The categories below were the ones called out by the group.

The numbers below represent the number of stickers given to each.

Total Votes	Priority Topic
35	No Consolidation
21	Develop Community Parks District
20	Develop our own internet service
18	Infrastructure Development
16	Water Quantity
11	Water Quality
9	Water Conservation Education
8	Keep (happy with) Staff
7	Lower Rates
6	Disaster Preparedness Ed.
4	SAM: Cost Control/more accountability
3	Bring back senior discount from Recology
1	Garbage Sustainability
0	Storm Water Usage
0	Cell Tower for better service
0	Compost Program Initiated
0	Drought Management
0	Improve sewer system
0	More press releases/outreach
0	Governance Quality

Open Comments and Questions:

Do you have any other suggestions, questions or comments about the District?

There were no additional comments after the voting.

Please Leave Your Form and Any Comments

- Email: Montara@rauchcc.com
- Call the District: 650-728-3545
- Visit: mwsd.montara.org



July 24, 2014 Written Input from Community Forum

Below are written comments handed in after the workshop. They have been compiled into a single document

SERVICES:

What do you like or dislike about each of the following District services?

WATER-

- I really appreciate that the \$\$ we pay are put into development and upkeep.
- We have good water.
- No comment
- 100% Self Sufficient
- \$\$\$

WASTEWATER-

- I have confidence that it is being properly treated.
- No opinion
- Measured by water usage, but what about people on wells?
- E bill in August- Water connections
- Wastewater

GARBAGE-

- I like not having to sort recycling.
- I like not having to sort things out like the old way.
- Senior discount.
- No comment
- Solid waste- bids available

COMMUNICATION AND CUSTOMER SERVICE

Do you feel you know enough about the District?

WHAT IT DOES-

- I read the newspaper when it comes out. I suppose I could look online.
- Yes
- NO!! Inform us more please! Not enough!
- Yes
- The Lens, email blast, post office posting, e-bills, bill for permit.

PLANS AND DIRECTION-

- Yes, I feel we have been kept well informed.
- No
- No

MONEY -

- Not, my issue.
- No
- More transparency

STAFF-

- I have a lot of confidence in the Staff and in the direction the Board is headed, at least in the past.
- Yes

OTHER-

- Electronic newsletter. Billing should be electronic with historic invoices.

What would you like to know more (or less) about?-

- I am concerned about a rumored move to combine with other Districts.
- Will we have enough water in the future?
- Variable costs

Where do you get your information about the District?

- Newsletters, neighbors and newspaper.
- Clemens and Katheryn Slater/Carter
- Go to MWSD meeting in a very small room.
- Mailings

How would you prefer to get your information: public meeting, public talks, web, newsletters, social media, or....?

- Facebook would be convenient, email newsletters, news-splashes.
- Newsletters
- Public meeting, public talks and newsletters; even electronic.
- All

FINANCE

Do you feel the following bills are reasonable and affordable?

WATER-

- Yes
- Yes
- Yes
- Tier system conversation of wells.

SEWER-

- Yes
- Yes
- No, would like it to be lower

GARBAGE-

- Yes
- Yes
- Bring back a fee for smaller service

Do you feel you get your moneys' worth?

- Yes, Since MWSD bought out the private owner \$ is put into infrastructure now, instead of taken as profit.
- Yes
- Mostly
- Bills are high (H2O and Sanitary bills are high)

CHALLENGES FACING US IN THE FUTURE

Let's think about our community as far into the future as we can. What are the most important challenges facing the community and the District that the District should prepare for? (changing demographics, affordability, long-term water supply, etc.)

- Now that our District is in the excellent shape it's in, I really hope we don't throw in with another District.
- Keeping the District Local.
- Protecting Water Quality
- Do not give up local control of Water Company.
- Keep maintaining infrastructure.
- Long term water supply.
- Modernizing infrastructure
- Monitor new buildings' hydrants.
- Monitor for pesticides and other harmful runoff.
- New connections.
- Keeping costs down-accountability

LOCAL GOVERNANCE AND COOPERATION WITH OTHER AGENICES

There has been talk, debate and news about the best way for local government to work in the mid-coastside. Do you have any thoughts or comments about the following:

COOPERATION AND COLLABORATION BETWEEN AREA AGENICES-

- When it benefits all, such as when school Districts collaborate on orders of supplies, to obtain cheapest prices.
- Be in touch and have plans for mutual aid in emergencies.

CONSOLIDATION (MERGERS) OF AGENICES OF AREA AGENICES.

- No! Not MWSD Please!

- We should remain as our own District.

COMPETITION AND MISTRUST BETWEEN AREA AGENICES-

- Really? I hope not (At least not unreasonably)
- Get over it.
- Some exists since Cabrillo Water District from HMB South is a problem since Hetch Hetchy is in need of repair or replacement.

CHANGES OR ADDITIONS TO SERVICES.

How could the District improve the services it has?

- No complaints
- No idea.

Should the District consider providing new services in addition to water, sewer, and garbage? If yes, what services?

LOOKING TO THE FUTURE

Five, ten or more years into the future, if you were granted power over the District, what three things would you change or keep the same.

- Keep the same staff.
- I think we are doing fine as is.
- Independence/ Protector of Water Supply/ Quality
- Water Supply and water quality is important
- Continue developing and maintaining.
- Accountable to all costs
- Keep staff
- More involvement in education and practices.
- Modern Water/Sanitary District
- No consolidation

OPEN COMMENTS AND QUESTIONS

Do you have any other suggestions, questions or comments about the District?

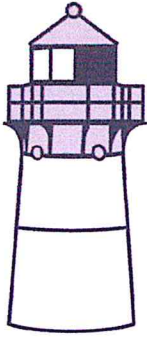
1. No

2. No

NOTES:

Miscellaneous Notes from customers

- Moderator rushed through survey and wasn't familiar with unique service area.
- 6,000/ Water System
- 25 mi of collection system pipeline
- Solid waste, recology
- 3 in office, 4 in field
- Recology- shed paper
- Email
- Cellular coverage, budget, pocket pads
- Storm Water Management
- Garbage-Community Center
- Keep Water Quality
- Develop Parks /Community Service District
- No Consolidation without fair compensation to property owners
- Publish new water connections
- The Lens
- Website- Electronic billing *
- E-mail newsletter*
- Via Press release- Toot our own horn/Review daily Journal
- Intertie Emergency Plan- define Emergency
- Collaborate-No merging LAFCO
- As a property owner we invest tax dollar to buy Water Co.
- No man's land is within our service district
- Service to 6,000 people
- Water Supply treatment Delivery
- Wastewater- collection treatment and disposal
- Award for low per capita
- 100% self sufficient supply H2O
- Wastewater 25 miles of pipes in collection systems
- 13 pump stations, 10 million gallons
- Solid waste + Green waste, H2O waste, recycler, special dumpsters



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **August 21, 2014**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

A handwritten signature in blue ink, appearing to be 'Clemens Heldmaier', written in a cursive style.

**SUBJECT: Review and Possible Action Concerning Status
Report from SAM Recycled Water Committee.**

This item has been placed on the agenda to provide an opportunity for Director Wilson and Director Boyd who attended the SAM Recycled Water Committee to report from the meeting.

RECOMMENDATION:

Receive status update from the recycled water committee.