

MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **June 4, 2015**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

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**SUBJECT: Review and Possible Action Concerning
Approval of Water and Sewer Budgets and
Capital Improvement Programs.**

A Draft Budget was presented at the May 7 meeting for Board Review. On May 28 the Finance Committee met, reviewed the budget and suggested changes. The Finance Committee recommends approval of the budget at this time.

The Budgets contains a suggested water rate increase of 3%, and a suggested sewer service charge increase of 3% to cover increased debt service, personnel cost, capital needs and building of reserves on the water side.

RECOMMENDATION:

Adopt Resolution No. _____, RESOLUTION OF THE MONTARA WATER AND SANITARY DISTRICT APPROVING BUDGET FOR THE FISCAL YEAR 2015-2016.

Attachments.

Fiscal Year 2015-2016

Budget Executive Summary

General Manager

Clemens Heldmaier

Staff

Julian Martinez
Judy Gromm
Joanne Andreotti
Nicholas Carrington
Gabriel Aguilar
Reeson Blevins
Paul Bowman
Clyde Bradshaw

Board of Directors

Scott Boyd, *President, SAM Representative*
Jim Harvey, *President pro tem, SAM representative*
Kathryn Slater-Carter, *Treasurer*
Dwight Wilson, *Secretary*
Bill Huber, *Director*

The Mission of Montara Water and Sanitary District

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

District Overview

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

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

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

Fiscal Year 2015/16 Budget Overview

This budget continues the District's tradition of meeting all regulatory requirements in planning, designing, operating, and maintaining its facilities. We also continue a tradition of fiscal responsibility,

Fiscal Year 2015-2016

Budget Executive Summary

recognizing the cost of the District services impacts the community, balanced with the need to maintain prudent reserves to sustain our capital assets. With the resources provided in this budget, the District can continue to focus on customers, work in an environmentally friendly manner, establish and maintain partnerships with other organizations, and foster a positive environment for employees.

Projections used in this budget are the result of multi-levels of review by management, staff, finance committee and the Board of Directors. Cost increases have been limited as much as possible to essential projects or services. As shown in the following Budgeted Cash Flow for both Sewer and Water, the budget presents a projection of revenues by funding source, operating expenses, debt service costs and capital expenditures planned for fiscal year 2016. Capital project cost estimates are based on the Capital Improvement Program (CIP) and related water master plan. In addition, the water enterprise went through a comprehensive water rate study performed by the District's financial consulting firm, Bartle Wells. The study was the culmination of months of work between Bartle Wells and District staff. The results were reviewed and accepted by the board on the March 19, 2015 meeting and have been incorporated into the fiscal year 2015-2016 budget.

Sewer Enterprise:

Sewer service charges have been budgeted using a dollar value growth factor of 3%. The actual dollar percentage shrank by -10.72% due to un-favorable flow distribution in the prior wet weather period. Due to this decrease in flow of nearly 15%, the District is expecting to take in \$234,058 less revenue than prior fiscal year. The current residential occupancy rate charge is \$39.33 per hundred cubic feet (HCF). The District is proposing a rate of \$40.51 HCF. The current prop 218 limit is set at \$42.93.

The major factors impacting the Sewer enterprise are the rising SAM costs. For fiscal year 2015-2016 the District has seen increases in SAM's Collections Budget (17.87%) and Operations Budget (13.44%). SAM's Capital Maintenance Budget has increased by 153.58% to \$160,666. As can be seen in the pie chart displayed further on in the budget, SAM expenses represent approximately 68% of the District's operating expenditures.

Connection Fee revenue from new residential construction has been budgeted to increase \$97,116 or 54.41%. The past fiscal year the District has experienced roughly one new connection permit issued per month. District management expects this trend to continue and an additional twelve (12) new connections are expected to be sold in fiscal year 2015-2016. The revenue from these connections is used for MWSD capital expenditures and the SAM assessment for capital improvements

Water Enterprise:

In fiscal year 2014-2015 the District's Water enterprise also went through a comprehensive Rate Study prepared by Bartle Wells. The rate study was the culmination of many months of work. Bartle Wells drafted various financial models in order to decide the long term rate structure for the District. The specific assumptions made included the *cost escalation factor*, *Interest earnings rate*, *growth in customer base*, and *price elasticity*. These assumptions are used in order to account for the known cost drivers. The largest portion being the Water enterprise's debt service responsibilities for the next 10-15

Fiscal Year 2015-2016

Budget Executive Summary

years and the District's long term capital improvement program set forth by the District's master plan. After careful consideration of three proposed financial models put in place by Bartle Wells, the decision of a 3% water rate increase was deemed appropriate.

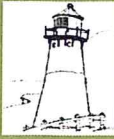
The rate study was accepted by the Board of Directors before Governor Brown's office released its emergency water conservation directives to State agencies in April 2015. The directives entailed a strategy of urban users to reduce consumption by nearly 25%. The directives put in place by the Governor's office do not impact the District, due to District being considered a "small" District. Instead we implemented a state approved restriction on exterior watering to two days per week. We expect water sales to diminish due to this and other exemplary conservation measures by our rate payers.

Operational expenditures for the Water enterprise are being budgeted with an overall increase of 3%. To minimize the effects of the expected revenue shortfall, we have tried to reduce expenditures wherever possible and have done so in six out of the nine expenditure categories. There is one area in which we are budgeting a significant increase; personnel with a 20% increase.

In fiscal year 2014-15, the District's Water enterprise experienced unexpected turnover in personnel. The remaining staff saw a sharp increase in workload and in turn, the need for increased overtime. To retain experienced, skilled, and certified employees and to lessen overtime, the District is taking steps to become more competitive in the arena of employee benefits. We recognize that a capable stable workforce is the foundation of a well-run District.

Conclusion:

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



Montara Water & Sanitary

Budgeted Cash Flow - Sewer

Fiscal year 2015-2016

Cash flow summary

Operating cash flow

Operating income		
Sewer Service Charges	\$	2,035,943
Cell Tower Lease	\$	32,000
Fees	\$	19,000
Property Tax	\$	230,000
Waste Collection Revenues	\$	15,000
Total operating income	\$	2,331,943
Operating expenses		
Personnel	\$	(311,666)
Professional Services	\$	(89,550)
Facilities & Administration	\$	(36,400)
Engineering	\$	(52,000)
Pumping	\$	(27,000)
Sewer Authority Mid-Coastside	\$	(1,158,392)
All other Accounts	\$	(49,102)
Total operating expenses	\$	(1,724,110)
Net Cash Flow Provided by Operations	\$	607,833

Investment cash flow

Investment income		
Interest Revenue	\$	11,281
Total investment income	\$	11,281
Investment expenses		
Capital Improvement Program	\$	(685,483)
SAM Capital Assessment	\$	(160,666)
Total investment expenses	\$	(846,149)
Net Cash Flow Used by Investments	\$	(834,868)

Financing cash flow

Financing income		
Connection Fees	\$	325,604
Employee Loan Program - Principal Received	\$	20,692
Total financing income	\$	346,296
Financing expenses		
Loan Interest Expense	\$	(46,812)
Loan Principal Payment	\$	(65,025)
Total financing expenses	\$	(111,838)
Net Cash Flow Provided by Financing Activities	\$	234,459
Overall projected cash flow	\$	7,423
Transfer to Sewer Reserves	\$	(7,423)
Net cash flow	\$	-



Montara Water & Sanitary

Budgeted Cash Flow - Water

Fiscal year 2015-2016

Cash flow summary

Operating cash flow

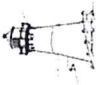
Operating income		
Water Sales	\$	1,679,734
Cell Tower Lease	\$	32,000
Fees	\$	10,450
Property Tax	\$	230,000
Backflow Testing & Other	\$	13,000
Total operating income	\$	1,965,184
Operating expenses		
Personnel	\$	(769,419)
Professional Services	\$	(137,350)
Facilities & Administration	\$	(39,005)
Engineering	\$	(67,000)
Pumping	\$	(82,500)
Supply	\$	(45,000)
Collection/Transmission	\$	(94,500)
Treatment	\$	(59,000)
All Other Accounts	\$	(127,100)
Total operating expenses	\$	(1,420,874)
Net Cash Flow Provided by Operations	\$	544,310

Investment cash flow

Investment income		
GO Bonds, Assessment Receipts	\$	1,150,436
Total investment income	\$	1,150,436
Investment expenses		
Capital Improvement Program	\$	(1,729,000)
Total investment expenses	\$	(1,729,000)
Net Cash Flow Used by Investments	\$	(578,564)

Financing cash flow

Financing income		
Connection Fees	\$	157,000
SRF Loan 022	\$	1,200,000
Total financing income	\$	1,357,000
Financing expenses		
Long Term Debt - Interest Expense	\$	(336,136)
Long Term Debt - Principal Payment	\$	(873,575)
Total financing expenses	\$	(1,209,711)
Net Cash Flow Provided by Financing Activities	\$	147,289
Overall projected cash flow	\$	113,035
Transfer to Water Reserves	\$	(113,035)
Net cash flow	\$	-



MWSD — Fiscal Year 2015-2016 Operations Budget - SEWER ENTERPRISE

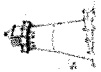
GL Codes	2012-13		2013-14 Actual		Approved Budget 2014-15		Income/Expenditure \$ as of April 30,		% To date		Projected		Projected as % of Budget		Budgeted amounts 2015-		Increase/(Decrease) Increase/(decrease) from 2014-2015 \$ %		
	Actual	2012-13	Actual	2013-14 Actual	Budget 2014-15	Income/Expenditure \$ as of April 30,	% To date	Projected	% of Budget	Budgeted amounts 2015-	Increase/(Decrease) Increase/(decrease) from 2014-2015 \$ %								
Operating Revenue																			
Cell Tower Lease:	28,909	32,270	31,500	26,677	31,500	26,677	84.69%	32,012	101.63%	32,000	500	1.59%							
Administrative Fees (New Construction):	4410	1,800	3,600	1,852	3,600	1,852	51.44%	2,222	61.73%	2,500	(1,100)	-30.56%							
Administrative Fees (Remodel):	4420	2,315	1,000	2,250	1,000	2,250	231.50%	2,778	277.80%	3,000	2,000	200.00%							
Inspection Fees (New Construction):	4430	830	1,700	1,748	3,400	1,748	51.41%	2,098	61.69%	2,000	(1,400)	-41.18%							
Inspection Fees (Remodel):	4440	830	5,060	3,792	2,000	3,792	189.60%	4,550	227.52%	4,500	2,500	125.00%							
Remodel Fees:	4460	7,331	3,667	7,082	4,000	7,082	177.05%	8,498	212.46%	7,000	3,000	75.00%							
Property Tax Receipts:	4610	304,550	301,852	190,360	225,000	190,360	84.60%	253,813	112.81%	230,000	5,000	2.22%							
Sewer Service Charges:	4710	1,952,513	2,018,016	1,981,264	2,183,853	1,981,264	90.72%	2,183,853	100.00%	2,039,943	(143,910)	-6.59%							
Sewer Service Refunds, Customer:	4720	12,980	(344)	(6,915)	(2,000)	(6,915)	345.75%	(7,000)	350.00%	(4,000)	(2,000)	100.00%							
Waste Collection Revenues:	4760	13,191	14,500	15,399	14,500	15,399	106.20%	18,479	127.44%	15,000	500	3.45%							
Total Operating Revenue:	2,309,277	2,379,462	2,466,853	2,223,574	2,466,853	2,223,574	90.14%	2,501,304	101.40%	2,331,943	(134,910)	-5.47%							
Operating Expenses																			
Bank Fees:	5190	3,074	4,022	3,306	3,100	3,306	106.65%	3,967	127.97%	4,000	900	29.03%							
Board Meetings:	5210	2,135	2,586	1,806	2,500	1,806	72.24%	2,167	86.69%	2,500	800	32.00%							
Director Fees:	5220	3,450	3,788	2,438	2,500	2,438	97.52%	2,926	117.02%	3,300									
Election Expenses:	5230		3,897																
Conference Attendance:	5250	431	397		2,000					2,000									
Information Systems:	5270	1,300	2,786	2,787	6,000	2,787	46.45%	3,344	55.74%	6,000									
Fidelity Bond:	5310				900														
Property & Liability Insurance:	5320	1,425	1,583	1,667	1,500	1,667	111.13%	2,000	133.36%	1,755	(900)	-100.00%							
LAFCO Assessment:	5350	1,107	1,548	1,754	1,600	1,754	109.63%	2,105	131.55%	1,987	255	17.00%							
Meeting Attendance, Legal:	5420	7,376	11,350	4,562	11,000	4,562	41.47%	5,474	49.77%	9,500	(1,500)	-13.64%							
General Legal:	5430	14,057	18,077	6,605	20,000	6,605	33.03%	7,926	39.63%	15,000	(5,000)	-25.00%							
Litigation:	5440																		
Maintenance, Office:	5510	2,780	4,283	3,246	3,000	3,246	108.20%	3,895	129.84%	6,000	3,000	100.00%							
Meetings, Local:	5520		189																
Office Supplies:	5540	3,404	6,872	8,167	9,000	8,167	90.74%	9,800	108.89%	9,000	(2,000)	-50.00%							
Postage:	5550	2,887	2,366	993	4,000	993	24.85%	1,192	29.79%	2,000	(1,000)	-25.00%							
Printing & Publishing:	5560	2,441	1,538	1,171	4,000	1,405	35.13%	3,000	75.00%	3,000									
Accounting:	5610	72,944	35,955	30,000	30,000	30,000	57.17%	20,582	68.61%	30,000									
Audit:	5620	12,550	12,050	10,050	13,000	10,050	77.31%	12,060	92.77%	13,000									
Consulting:	5630	11,287	2,962	11,606	11,500	11,606	100.92%	13,927	121.11%	13,000	1,500	13.04%							
Data Services:	5640	5,092	5,533	5,792	2,250	5,792	256.11%	6,950	306.67%	6,000	500	9.09%							
Labor & HR Support:	5650				900														
Payroll Services:	5660	172	279	633	700	633	90.43%	760	108.57%	800	(100)	-11.11%							
Other Professional Services:	5690		30	10		10	100.00%	12	100.00%										
San Mateo County Tax Roll Charges:	5710		2,453	7,190	3,000	7,190	239.67%	8,628	287.60%	2,500	(500)	-16.67%							
Telephone & Internet:	5720	6,402	10,557	1,113	1,500	1,113	74.20%	1,336	89.04%	1,500									
Mileage Reimbursement:	5730	1,290	1,426		200					200									
Reference Materials:	5740	35																	
Other Administrative:	5790	100	143																
CalPERS 457 Deferred Plan:	5810	11,248	11,993	11,180	13,065	11,180	85.57%	13,310	101.88%	13,709	644	4.93%							
Employee Benefits:	5820	35,678	38,540	26,436	41,298	26,436	64.01%	35,434	85.80%	36,497	(4,801)	-11.63%							
Disability Insurance:	5830	844	1,177	879	1,139	879	77.17%	1,409	123.71%	1,451	312	27.42%							
Payroll Taxes:	5840	11,361	13,276	13,052	10,600	13,052	123.11%	14,566	111.60%	14,983	1,931	14.79%							
Worker's Compensation Insurance:	5960	4,986	6,322	7,856	32,566	7,856	24.13%	3,778	11.44%	3,891	(3,965)	-50.47%							
Management:	5910	102,902	78,465	79,129	79,129	78,465	88.82%	83,535	105.57%	86,041	6,912	8.74%							
Staff:	5920	63,843	95,376	97,777	1,890	97,777	51.73%	100,087	102.36%	103,090	5,313	5.43%							
Staff Certification:	5930		1,800	1,500	1,800	1,500	83.33%	3,610	200.56%	1,854	(36)	-1.90%							
Staff Overtime:	5940		3,225	3,258	2,382	3,258	136.78%	3,610	111.11%	3,718	1,336	35.93%							
Staff Standby:	5950		830	928		928	100.00%	1,114	100.00%	1,147	1,147	100.00%							
District sponsored Defined Benefit Plan:																			
Claims, Property Damage:	6170		9,944	814	10,000	814	8.14%	977	9.77%	10,000	45,285	452.85%							
Education & Training:	6195	219			1,000					1,000									
Meeting Attendance, Engineering:	6220	30,013	47,743	58,682	25,000	58,682	234.73%	70,418	281.67%	2,000	(3,000)	-60.00%							
Equipment & Tools, Expensed:	6320				1,000					50,000	25,000	100.00%							
Alarm Services:	6335	10,430	5,431	3,780	5,000	3,780	75.60%	4,536	90.72%	1,000	1,000	100.00%							



MWSD -- Fiscal Year 2015-2016 Operations Budget - SEWER ENTERPRISE

Operating Revenue	2012-13		2013-14		Approved Budget 2014-15		Income/Expenditure s. as of April 30.		% To date		Projected	Projected as % of Budget	Budgeted amounts 2015-	Increase/(Decrease) from 2014-2015 \$	Increase/(decrease) %
	Actual	GL Codes	Actual	Budget	Budget	Budget	s. as of April 30.	% To date							
Landscaping:	2,280	6337	2,280	2,280	2,400	1,710	71.25%	2,052	85.50%	2,400					
Pumping Fuel & Electricity:	27,179	6410	27,293	35,000	35,000	20,984	59.95%	25,181	71.95%	27,000	(8,000)	-22.86%			
Maintenance, Collection System:	2,013	6660		20,000	20,000					10,000	(10,000)	-50.00%			
Fuel:		6810		800	800	459	57.38%	551	68.85%	800					
Truck Equipment, Expensed:		6820		160	160	56	35.00%	67	42.00%	160					
Truck Repairs:		6830		400	400	50	12.50%	60	15.00%	400					
Total Other Operations:	6,690	6890				119	100.00%	143	100.00%						
SAM Collections:	281,340	6910	332,868	305,853	305,853	254,880	83.33%	305,856	100.00%	360,500	54,647	17.87%			
SAM Operations:	655,776	6920	657,192	624,021	624,021	520,020	83.33%	624,024	100.00%	707,892	83,871	13.44%			
SAM Prior-Year Adjustment:	(39,958)	6930													
SAM Maintenance, Collection System:	75,640	6940	15,550	40,000	40,000	54,371	135.93%	65,245	163.11%	40,000					
SAM Maintenance, Pumping:		6950	46,632	50,000	50,000					50,000					
Total Operations Expense:	1,438,223		1,532,607	1,531,172	1,531,172	1,221,047	79.75%	1,470,254	96.02%	1,724,110	192,938	12.60%			
Net Change in position from Operations:	871,054		846,855	935,681	935,681	1,002,527	107.14%	1,031,051	110.19%	607,833	(327,848)	-35.04%			

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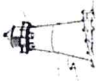
MWSD — Fiscal Year 2015-2016 Non-Operating Budget - SEWER ENTERPRISE

GL Codes	2012-13 Actual	2013-14 Actual	Approved Budget 2014-15	Income/Expenditure \$ as of April 30.	% To date	Projected	Projected as % of Budget	Budgeted amounts 2015-	Increase/(Decrease) from 2014-2015 \$	Increase/(decrease) %
Non Operating Revenue										
Connection Fees, Residential New Const:	22,215		178,488	142,923	80.07%	171,508	96.09%	275,604	97,116	54.11%
Connection Fees, Residential Remodel:	14,110	66,970	50,000	21,270	42.54%	25,524	51.05%	50,000		
Employee Loans:	7,918	8,995	23,974	3,445	14.37%	4,070	16.98%	3,281	(20,692)	-86.31%
LAIF, Interest:	6,289	4,828	8,000	5,958	74.48%	7,150	89.37%	8,000		
Total Non Operating Revenue:	50,532	80,793	260,462	173,596	66.65%	208,251	79.96%	336,885	76,424	29.34%
Non Operating Expense										
PNC Equipment Lease:	12,342	23,747	56,340	18,289	32.46%	21,861	38.80%	20,790	(35,550)	-63.10%
Capital Assessment, SAM:	9175	63,360	63,360	52,800	83.33%	63,360	100.00%	160,666	97,306	153.58%
I-Bank Loan:	28,345	38,933	52,575	29,497	56.11%	29,497	56.11%	26,022	(26,553)	-50.50%
Total Non Operating Expense:	40,667	62,680	172,275	100,586	58.39%	114,718	66.59%	207,478	35,203	20.43%
Net Change in position from Non Operating	9,845	18,113	88,187	73,010		93,533		129,407	41,221	



MWSD — Fiscal Year 2015-2016 Operations Budget - WATER ENTERPRISE

Operating Revenue	GL Codes	2012-13		2013-14		Approved Budget		Income/Expenditures		% To date	Projected	Projected as % of Budget	Budgeted amounts 2015-	Increase/(Decrease)	
		Actual	Actual	Actual	2014-15	as of April 30, 2015	from 2014-2015 \$	%							
Operating Revenue		28,909	32,270	31,500	26,676	84.69%	32,011	101.62%	32,000	500	1.59%				
Administrative Fees (New Construction):	4410	1,000	4,050	4,500	3,678	81.73%	4,414	98.08%	4,500	0	0.00%				
Administrative Fees (Remodel):	4420	2,158	4,050	1,000	985	98.50%	1,182	118.20%	900	(100)	-10.00%				
Inspection Fees (New Construction):	4430		3,825	4,250	3,522	82.87%	4,226	99.45%	4,250	0	0.00%				
Inspection Fees (Remodel):	4440	407	425	850	929	109.29%	1,115	131.15%	800	(50)	-5.88%				
Remodel Fees:	4460				324	100.00%	389	100.00%							
Property Tax Receipts:	4610	304,550	301,852	225,000	400,591	178.04%	480,709	213.65%	230,000	5,000	2.22%				
Testing, Backflow:	4740	9,098	14,001	13,000	9,589	73.76%	11,507	88.51%	13,000	0	0.00%				
Water Sales:	4810	1,557,945	1,614,283	1,846,473	1,402,278	75.94%	1,682,734	91.13%	1,682,734	(163,739)	-8.87%				
Water Sales, Fire Protection:	4820	(3,945)				0.00%	0	0.00%		0	0.00%				
Water Sales Refunds, Customer:	4850	548	(1,855)	(6,000)	(395)	6.58%	(474)	7.90%	(3,000)	3,000	-50.00%				
Other Revenue:	4990		2,501		572	100.00%	686	100.00%		0	0.00%				
Total Operating Revenue:		1,900,670	1,971,802	2,120,573	1,848,749	87.18%	2,218,499	104.62%	1,965,184	(155,369)	-7.33%				
Operating Expenses															
Bank Fees:	5190	9,075	5,864	9,000	4,018	44.64%	4,822	53.57%	9,000	0	0.00%				
Board Meetings:	5210	2,135	2,586	2,500	1,806	72.24%	2,167	86.69%	2,500	0	0.00%				
Director Fees:	5220	3,450	3,788	2,500	2,424	97.48%	2,924	116.98%	3,300	800	32.00%				
Election Expenses:	5230		3,897			0.00%	0	0.00%							
CDPH Fees:	5240	14,152	7,191	15,000	12,098	80.65%	11,417	76.11%	15,000	0	0.00%				
Conference Attendance:	5250	4,274	1,852	5,000	2,858	57.16%	3,430	68.59%	4,000	(1,000)	-20.00%				
Information Systems:	5270	1,300	2,786	6,000	2,787	46.45%	3,344	55.74%	3,200	(2,800)	-46.67%				
Fidelity Bond:	5310			900		0.00%	0	0.00%		(900)	-100.00%				
Property & Liability Insurance:	5320	1,425	1,583	1,700	1,667	98.06%	2,000	117.67%	1,755	55	3.24%				
LAFCO Assessment:	5350	1,544	2,026	2,200	2,376	108.00%	2,376	108.00%	2,800	600	27.27%				
Meeting Attendance, Legal:	5420	9,218	9,955	10,000	4,562	45.62%	5,474	54.74%	8,500	(1,500)	-15.00%				
General Legal:	5430	57,912	60,840	70,000	43,130	61.61%	51,756	73.94%	60,000	(10,000)	-14.29%				
Litigation:	5440	19,770				0.00%	0	0.00%							
Maintenance, Office:	5510		4,333	3,000	3,247	108.23%	3,896	129.88%	6,000	3,000	100.00%				
Meetings, Local:	5520	314	189		147	100.00%	176	100.00%							
Memberships:	5530	17,175	18,050	18,000	16,630	92.39%	16,630	92.39%	18,000	0	0.00%				
Office Supplies:	5540	14,533	6,872	9,000	8,166	90.73%	9,799	108.88%	9,000	0	0.00%				
Postage:	5550	4,561	5,976	8,000	5,256	65.70%	6,307	78.84%	6,000	(2,000)	-25.00%				
Printing & Publishing:	5560	378	1,538	4,000	1,171	29.28%	1,405	35.13%	2,000	(2,000)	-50.00%				
Accounting:	5610	70,634	35,955	30,000	17,152	57.17%	20,582	68.61%	30,000	0	0.00%				
Audit:	5620	12,550	12,050	13,000	10,050	77.31%	13,000	100.00%	13,000	0	0.00%				
Consulting:	5630	10,938	16,055	31,500	26,579	84.38%	31,895	101.25%	25,000	(6,500)	-20.63%				
Data Services:	5640	8,250	9,750	2,250	1,894	100.00%	2,273	100.00%							
Labor & HR Support:	5650	220	471	900	897	99.67%	1,076	119.60%	850	(50)	-5.56%				
Payroll Services:	5660	1,953	30		19,425	100.00%	23,310	100.00%							
Other Professional Services:	5690	7,321	7,050	8,000	9,706	121.33%	11,647	145.59%	9,000	1,000	12.50%				
Telephone & Internet:	5720	1,236	1,592	2,000	2,137	106.85%	2,564	128.22%	2,000	0	0.00%				
Mileage Reimbursement:	5730	380		800	0	0.00%	0	0.00%	800						
Reference Materials:	5740	884	1,340			0.00%	0	0.00%							
Other Administrative:	5790	28,318	27,351	29,971	24,652	82.25%	30,284	101.04%	35,154	5,183	17.29%				
CalPERS 457 Deferred Plan:	5810	76,848	68,114	75,902	30,991	40.83%	59,492	78.38%	61,277	(14,625)	-19.27%				
Employee Benefits:	5820	1,923	2,371	2,510	1,866	74.34%	3,446	137.29%	3,549	1,039	41.41%				
Disability Insurance:	5830	29,587	31,704	31,600	26,800	84.81%	34,868	110.34%	38,419	6,819	21.589%				
Payroll Taxes:	5960	39,080	23,902	26,853	12,461	46.40%	16,523	61.53%	17,019	(9,834)	-36.62%				
Worker's Compensation Insurance:	5960	72,719	80,855	79,129	70,285	88.82%	83,535	105.57%	86,041	8,741	8.74%				
Management:	5910	322,672	280,425	328,917	238,547	72.53%	296,507	90.27%	338,785	9,868	3.00%				
Staff:	5920	9,975	8,815	10,710	7,500	70.03%	8,900	83.10%	9,167	1,652	17.93%				
Staff Certification:	5930	3,721	29,202	43,468	41,042	94.42%	48,464	111.49%	49,918	6,450	14.84%				
Staff Overtime:	5940	832	10,739	8,120	14,105	173.71%	17,762	218.74%	18,295	10,175	125.31%				
Staff Standby:	5950								111,796						
District sponsored Defined Benefit Plan:		2,120	3,635	2,100	3,396	161.71%	4,075	194.06%	4,000	1,900	90.48%				
Backflow Prevention:	6160														



MWSD — Fiscal Year 2015-2016 Operations Budget - WATER ENTERPRISE

Operating Revenue	2012-13		2013-14		Approved Budget		Income/Expenditures		% To date	Projected	Projected as % of Budget	Budgeted amounts 2015-	Increase/(Decrease) from 2014-2015 \$	Increase/(decrease) %
	Actual	Actual	Actual	2014-15	as of April 30, 2015									
6170														
Claims, Property Damage:														
SCADA Maintenance:	6185	17,402	395	10,000	11,177	10,000	0	0.00%	0	0.00%	10,000	0	0.00%	
Internet & Telephone, Communications:	6187	3,279	1,693	17,500	11,177	17,500	13,412	63.87%	13,412	76.64%	15,000	(2,500)	-14.29%	
Education & Training:	6195	1,840	7,422	6,000	3,261	0	0	0.00%	0	0.00%	15,000	0	0.00%	
Meeting Attendance, Engineering:	6210	9,851	1,716	5,000	3,261	5,000	3,913	54.35%	3,913	65.22%	6,000	0	0.00%	
General Engineering:	6220	32,536	30,145	45,000	8,924	45,000	10,709	0.00%	10,709	23.80%	2,000	(3,000)	-60.00%	
Water Quality Engineering:	6230	178,667	25,653	25,000	42,593	25,000	51,112	170.37%	51,112	204.45%	30,000	(15,000)	-33.33%	
Equipment & Tools, Expensed:	6320	12,627	6,527	13,000	2,573	13,000	3,088	19.79%	3,088	23.75%	35,000	10,000	40.00%	
Alarm Services:	6335	758	545	450	545	450	654	121.11%	654	145.33%	750	(7,000)	-53.87%	
Landscaping:	6337	3,600	3,600	3,600	2,700	3,600	3,240	75.00%	3,240	90.00%	4,500	900	25.00%	
Lab Supplies & Equipment:	6370	198	842	1,000	0	1,000	0	0.00%	0	0.00%	1,000	0	0.00%	
Meter Reading:	6380	1,421	5,787	10,000	0	0	0	0.00%	0	0.00%	1,000	(10,000)	-100.00%	
Pumping Fuel & Electricity:	6410	43,957	55,704	60,000	58,827	60,000	70,592	98.05%	70,592	117.65%	65,000	5,000	8.33%	
Pumping Maintenance, Generators:	6420	1,671	8,624	15,000	9,581	15,000	11,497	63.87%	11,497	76.65%	13,000	(2,000)	-13.33%	
Pumping Maintenance, General:	6430	483	3,386	0	0	0	5,156	100.00%	5,156	100.00%	2,500	2,500	100.00%	
Pumping Equipment, Expensed:	6440	1,888	457	2,000	4,297	2,000	0	0.00%	0	0.00%	2,000	(6,000)	-80.00%	
Maintenance, Raw Water Mains:	6510	457	5,295	5,000	4,572	5,000	0	0.00%	0	0.00%	5,000	(2,000)	-100.00%	
Maintenance, Wells:	6520	225,851	25,949	50,000	35,443	50,000	42,532	70.89%	42,532	109.73%	40,000	(10,000)	-20.00%	
Water Purchases:	6610	2,091	438	2,000	0	2,000	0	0.00%	0	0.00%	1,000	(1,000)	-100.00%	
Hydrants:	6620	36,123	51,771	50,000	44,571	50,000	53,485	89.14%	53,485	106.97%	55,000	1,000	2.00%	
Maintenance, Water Mains:	6630	15,361	12,582	30,000	9,881	30,000	11,857	32.94%	11,857	39.52%	25,000	5,000	10.00%	
Maintenance, Water Service Lines:	6640	6,318	769	6,500	690	6,500	828	10.62%	828	12.74%	1,000	(5,000)	-16.67%	
Maintenance, Tanks:	6650	6,189	12,114	6,500	4,853	6,500	5,824	74.66%	5,824	89.59%	10,000	(5,500)	-84.62%	
Maintenance, Distribution General:	6660	3,186	7,013	5,000	620	5,000	744	100.00%	744	100.00%	3,500	(500)	-14.29%	
Maintenance, Collection System:	6670	20,623	4,779	21,000	26,428	21,000	31,714	125.85%	31,714	151.02%	30,000	1,000	3.33%	
Meters:	6700	21,066	20,628	23,000	15,944	23,000	19,133	69.32%	19,133	83.19%	25,000	2,000	8.00%	
Chemicals & Filtering:	6710	8,473	10,421	8,500	8,008	8,500	9,610	94.21%	9,610	113.05%	9,000	500	5.56%	
Treatment Equipment:	6720	8,737	9,006	9,000	5,271	9,000	6,325	58.57%	6,325	70.28%	8,500	(500)	-5.88%	
Treatment Analysis:	6730	20	3,553	2,000	648	2,000	778	32.40%	778	38.88%	2,000	0	0.00%	
Uniforms:	6770	861	10,071	4,500	585	4,500	702	13.00%	702	15.60%	5,000	500	11.11%	
Fuel:	6810	1,665	1,468	1,534,597	1,123,176	1,348,580	1,211,299	72.85%	1,211,299	89.82%	1,420,874	(39,502)	-2.93%	
Truck Equipment, Expensed:	6820	20	2,004	2,000	982,482	2,004	2,405	100.00%	2,405	100.00%	500	0	0.00%	
Truck Repairs:	6830	1,665	1,468	1,534,597	1,123,176	1,348,580	1,211,299	72.85%	1,211,299	89.82%	1,420,874	(39,502)	-2.93%	
Other Operations:	6890	366,073	848,626	771,993	866,267	771,993	1,007,200	112.21%	1,007,200	130.47%	544,310	(115,888)	-15.01%	
Total Operations Expense:														
Net Change in position from Operations:														



MWSD — Fiscal Year 2015-2016 Non-Operating Budget - WATER ENTERPRISE

GL Codes	2012-13 Actual	2013-14 Actual	Approved Budget 2014-15	Income/Expenditures as of April 30, 2015	% To date	Projected	Projected as % of Budget	Budgeted amounts 2015-16	Increase/(Decrease) from 2014-2015 \$	Increase/(decrease) %
Non Operating Revenue:										
Connection Fees, Residential New Const:	7110	1,444	92,038	84,827	116.52%	101,792	139.83%	101,000	28,200	38.74%
Connection Fees, Residential Remodel:	7120		2,500	2,757	95.07%	3,308	114.08%	3,000	100	3.45%
Connection Fees, Residential Fire:	7130	72,871	15,632	40,022	105.05%	48,026	126.05%	53,000	14,900	39.11%
Connection Fees, Residential Remodel Fire:	7140		(150)		0.00%	0	0.00%	(9,100)	(9,100)	-100.00%
Connection Fees, Well Conversion:	7150				0.00%	0	0.00%		0	
General Obligation Bonds, Assessment Receipts:	7600	1,230,365	1,239,066	1,121,369	97.47%	1,150,436	100.00%	1,150,436	0	0.00%
Total Non Operating Revenue:		1,304,680	1,346,586	1,248,975	98.09%	1,303,563	102.37%	1,307,436	34,100	2.68%
Non Operating Expense:										
PFP Connection Expenses:	9075			22,122	100.00%	26,546	100.00%		0	
General Obligation Bonds:	9100	1,150,436	413,602	335,302	29.15%	335,302	29.15%	315,346	(835,090)	-72.59%
PNC Equipment Lease:	9125	90,964	23,747	48,289	32.46%	21,861	38.80%	20,790	(35,550)	-63.10%
State Revolving Fund Loan:	9150	3,082	9,975		0.00%	0	0.00%		(102,090)	-100.00%
Total Non Operating Expense:		1,244,482	447,324	375,713	28.71%	383,709	29.32%	336,136	(972,730)	-74.32%
Net Change in position from Non Operating activities:		60,198	899,262	873,262		919,854		971,300	1,006,830	-2833.75%

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Montara Water and Sanitary District

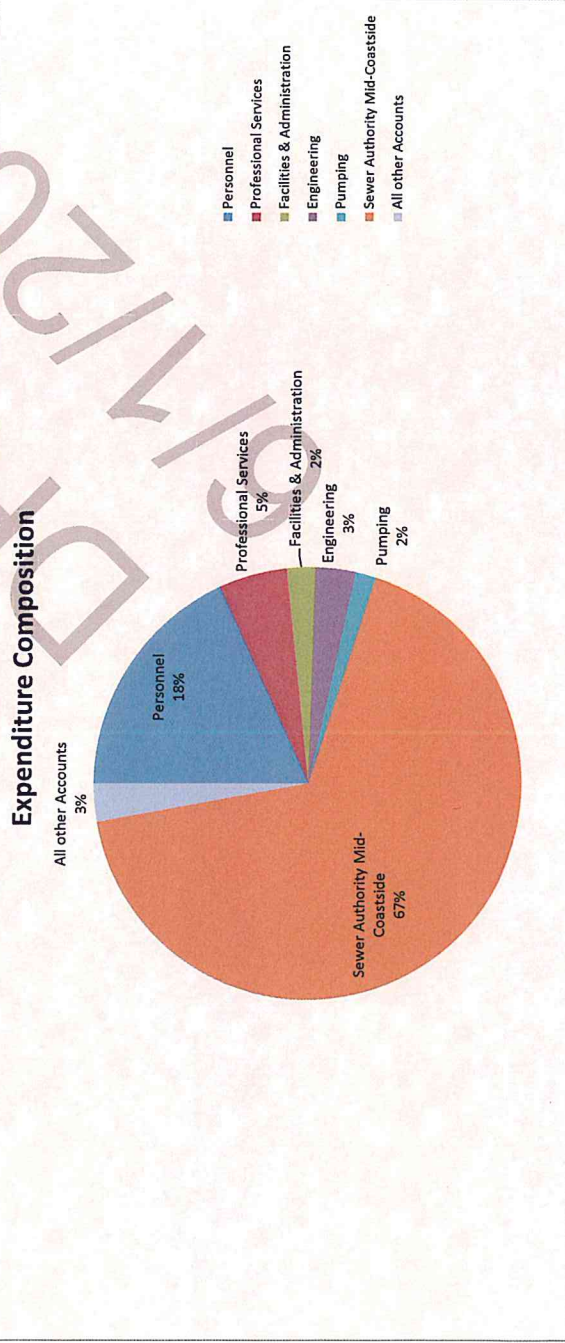
Revenue By Grouping - Sewer Enterprise

Grouped Categories	FY 2014-15		% To date	FY 2014-15		Difference between Budgeted vs. Projected	Increase/(Decrease) from 2014-2015 \$		Increase/(decrease) %
	Actual FY 2013-14	Budgeted Revenues		Revenues as of April 30, 2015	Projected Revenues		Budgeted amounts 2015-16	from 2014-2015 \$	
Sewer Service Charges	2,017,672	2,181,853	90.49%	2,176,853	2,035,943	(145,910)	-6.69%		
Cell Tower Lease	32,270	31,500	84.69%	32,012	32,000	500	1.59%		
Fees	14,477	14,000	119.92%	20,147	19,000	5,000	35.71%		
Property Tax	301,852	225,000	84.60%	253,813	230,000	5,000	2.22%		
Waste Collection Revenues	13,191	14,500	106.20%	18,479	15,000	500	3.45%		
Total	2,379,462	2,466,853	90.14%	2,501,304	2,331,943	(134,910)	-5.47%		

Expenditures by Grouping

Grouped Categories	FY 2014-15		% To date	FY 2014-15		Difference between Budgeted vs. Projected	Increase/(Decrease) from 2014-2015 \$		Increase/(decrease) %
	Budgeted Expenditures	Expenditures as of April 30, 2015		Projected Expenditures	Budgeted amounts 2015-16		from 2014-2015 \$	%	
Personnel	257,588	211,371	82.06%	258,643	311,666	54,078	20.99%		
Professional Services	94,150	58,113	61.72%	69,736	89,550	(4,600)	-4.89%		
Facilities & Administration	33,470	26,257	72.14%	31,508	36,400	0	0.00%		
Engineering	47,743	58,682	195.61%	70,418	52,000	22,000	73.33%		
Pumping	27,293	20,984	59.95%	25,181	27,000	(8,000)	-22.86%		
Sewer Authority Mid-Coastside	1,052,242	829,271	81.31%	995,125	1,158,392	138,518	13.58%		
All other Accounts	34,619	16,369	28.15%	19,643	49,102	(9,058)	-15.57%		
Total	1,532,607	1,221,047	79.75%	1,470,254	1,724,110	192,938	12.60%		

General Operating Budget - Cost Center Roll-up



Montara Water and Sanitary District

Revenue By Grouping - Water Enterprise

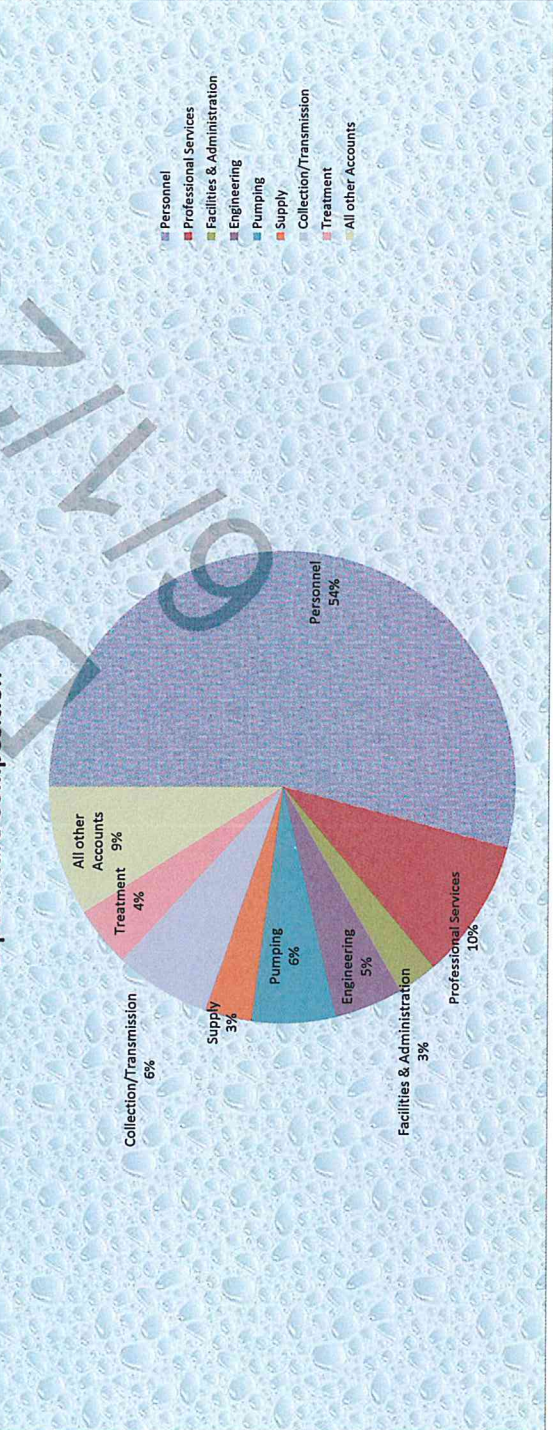
Grouped Categories	FY 2014-15		FY 2014-15 Projected		Difference between Budgeted vs. Projected	2015-16		Increase/(Decrease) from 2014-2015 \$	Increase/(decrease) %
	Actual FY 2013-14	Budgeted Revenues	Revenues as of April 30, 2015	% To date		Revenues	% To date		
Water Sales	1,612,428	1,840,473	1,401,883	76.17%	1,682,260	73.49%	1,679,734	(160,739)	-8.73%
Cell Tower Lease	32,270	31,500	26,676	84.69%	32,011	79.54%	32,000	500	1.59%
Fees	8,750	10,600	9,114	85.98%	10,937	85.98%	10,450	(150)	-1.42%
Property Tax	301,852	225,000	400,591	178.04%	480,709	178.04%	230,000	5,000	2.22%
Backflow Testing & Other	16,502	13,000	10,161	78.16%	12,193	78.16%	13,000	0	0.00%
Total	1,971,802	2,120,573	1,848,425	87.17%	2,218,110	87.17%	1,965,184	(155,389)	-7.33%

Expenditures by Grouping

General Operating Budget - Cost Center Roll-up

Grouped Categories	FY 2014-15		FY 2014-15 Projected		Difference between Budgeted vs. Projected	2015-16		Increase/(Decrease) from 2014-2015 \$	Increase/(decrease) %
	Actual FY 2013-14	Budgeted Expenditures	Expenditures as of April 30, 2015	% To date		Expenditures	% To date		
Personnel	563,478	637,180	468,249	73.49%	600,181	73.49%	769,419	132,239	20.75%
Professional Services	147,516	157,650	125,392	79.54%	151,410	79.54%	137,350	(20,300)	-12.88%
Facilities & Administration	32,950	37,750	32,458	85.98%	38,950	85.98%	39,005	1,255	3.32%
Engineering	57,514	75,000	51,517	68.69%	61,820	68.69%	67,000	(8,000)	-10.67%
Pumping	67,714	85,000	72,705	85.54%	87,246	85.54%	82,500	(2,500)	-2.94%
Supply	32,408	57,000	40,015	70.20%	48,018	70.20%	45,000	(2,000)	-4.44%
Collection/Transmission	77,674	100,000	64,070	64.07%	76,884	64.07%	94,500	(12,000)	-12.71%
Treatment	33,281	51,500	43,859	85.16%	52,631	85.16%	59,000	7,500	14.56%
All other Accounts	110,641	147,500	84,217	57.10%	94,159	57.10%	127,100	(20,400)	-13.83%
Total	1,123,178	1,348,580	982,482	72.85%	1,211,299	72.85%	1,420,874	72,294	5.36%

Expenditure Composition



Fiscal year 2015-2016 Budget Impact Area

Sewer Service Charges

Actual Amount As Of: April 30, 2015	\$	1,981,264	
PROJECTED ACTIVITY to END of FY:	\$	202,589	
Projected YEAR END TOTAL - Fiscal Year 2014/15	\$	2,183,853	(A)
PROPOSED budget for fiscal year 2015-2016:	\$	2,039,943	
\$ value decrease from prior fiscal year	\$	(143,910)	
%'age decrease from prior fiscal year		-6.59%	

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

The current data from the District shows a flow distribution reduction of approximately 15% during the wet weather months causing a substantial decrease in sewer service revenue, despite the 3% increase in service charge.

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

Occupancy Use Rate Category

	<u>Current Rate</u>		<u>Proposed change</u>		<u>Proposed Increase</u>	
Residential	\$39.33	per HCF	\$40.51	per HCF	3.00%	(B)

**HCF = Hundred Cubic Feet

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

(B) - The District's prop 218 limit is set at \$42.93 per HCF. If the proposed increase is accepted, the District will be below the prop 218 limit by \$2.42 or 5.97%. This 5.97% can be used in future years without the District being forced to gather support for a 2/3 vote to raise the limit past the current limit of \$42.93.

Fiscal year 2015-2016 Budget Impact Area

Water Service Charges

Actual Amount As Of: April 30, 2015	\$1,402,278
PROJECTED ACTIVITY to END of FY:	\$ 280,456
Projected YEAR END TOTAL - Fiscal Year 2014-2015	\$1,682,734
Fiscal year 2014-2015 Budget	\$1,846,473
Expected Budget Shortfall	\$ (163,740)
PROPOSED budget for fiscal year 2015-2016:	\$1,682,734
\$ value decrease from prior fiscal year	\$ (163,739)
%'age decrease from prior fiscal year	-8.87%

	<u>Current</u>	<u>Proposed</u>	<u>Percentage</u>
	<u>Rate</u>	<u>Maximum</u>	<u>Increase</u>
	<u>Rate</u>	<u>Rate</u>	
Tier 1 0 TO 6 HCF	\$ 7.43	\$ 7.65	3%
Tier 2 7 - 13 HCF	\$ 9.91	\$ 10.21	3%
Tier 3 14-27 HCF	\$ 12.39	\$ 12.76	3%
Tier 4 OVER 27 HCF	\$ 17.35	\$ 17.87	3%
Meter Charge - 5/8" Standard Residential Size	\$ 25.59	\$ 26.36	3%

Due to the efforts of our rate payers as well as Governor Jerry Brown's water conservation executive order, the District expects consumption to decrease.

Water revenues have been budgeted flat for a combination of three factors: (1) 3% rate increase. (2) The Pillar Ridge Service Area will be online for the full fiscal year. In fiscal year 2014-15 water rates were budgeted with the assumption that the Pillar Ridge Community would be receiving services for the full fiscal year, however, the deal took additional time to close. Pillar Ridge did not begin paying for services until January 2015, halfway through the fiscal year. (3) Expected decrease in usage due to the State's current drought and Governor Brown's mandate to decrease water usage state wide.

Although the District is currently not endanger due to lack of supply. The District rate payers have typically answered the State's call to reduce usage, the same community effort is expected with the latest State Government request.

Fiscal year 2015-2016 Budget Impact Area Labor

Fiscal year 2014-2015 Projected Labor Cost through the conclusion of the fiscal year

Payroll	Water	Overtime	Doubletime	On Call	Cert Pay	Total Wages	Health	Disability	WC	Deferred Comp.	Medicare	SS	Total Benefits	Total Water
										7%	1.45%	6.20%		
GM	\$ 83,535					\$ 83,535	\$ 11,200	\$ 618	\$ 523	\$ 5,847	\$ 1,211	\$ 5,179	\$ 24,578	\$ 108,113
Superintendent	\$ 47,262	\$ 2,528	\$ 1,082	\$ 1,114	\$ 1,800	\$ 53,786	\$ 8,423	\$ 400	\$ 1,276	\$ 3,765	\$ 800	\$ 3,335	\$ 17,999	\$ 71,785
Account Specialist	\$ 58,309					\$ 58,309	\$ 9,671	\$ 431	\$ 554	\$ 4,082	\$ 845	\$ 3,615	\$ 19,198	\$ 77,507
Water Operator	\$ 59,092	\$ 8,571	\$ 8,422	\$ 4,599	\$ 2,400	\$ 83,084	\$ 8,142	\$ 615	\$ 4,544	\$ 5,816	\$ 1,205	\$ 5,151	\$ 25,473	\$ 108,557
Water Operator	\$ 57,651	\$ 7,854	\$ 6,354	\$ 4,184	\$ 2,400	\$ 78,443	\$ 8,142	\$ 580	\$ 4,290	\$ 5,491	\$ 1,137	\$ 4,863	\$ 24,503	\$ 102,946
Water Operator	\$ 46,870	\$ 3,431	\$ 3,083	\$ 1,850	\$ 1,800	\$ 57,034	\$ 11,200	\$ 422	\$ 3,119	\$ 3,992	\$ 827	\$ 3,536	\$ 23,096	\$ 80,130
Water Operator	\$ 18,441	\$ 2,536	\$ 2,134	\$ 916	\$ 500	\$ 24,527	\$ 2,714	\$ 380	\$ 1,342	\$ 1,717	\$ 356	\$ 1,521	\$ 8,030	\$ 32,557
Water Operator	\$ 2,105	\$ 995	\$ 1,005	\$ 2,507		\$ 6,612			\$ 362		\$ 96	\$ 410	\$ 868	\$ 7,480
Water Operator	\$ 3,230	\$ 162	\$ 289	\$ 2,592		\$ 6,273			\$ 343		\$ 91	\$ 389	\$ 823	\$ 7,096
Maintenance	\$ 3,199	\$ 18				\$ 3,217			\$ 163		\$ 46	\$ 198	\$ 407	\$ 3,624
Part Time Admin	\$ 748					\$ 748			\$ 7		\$ 11	\$ 46	\$ 64	\$ 812
Totals	\$ 380,442	\$ 26,095	\$ 22,369	\$ 17,762	\$ 8,900	\$ 455,568	\$ 59,492	\$ 3,446	\$ 16,523	\$ 30,710	\$ 6,625	\$ 28,243	\$ 145,039	\$ 600,607

Budget	\$ 408,046	\$ 43,468		\$ 8,120	\$ 10,710	\$ 470,344	\$ 75,902	\$ 2,510	\$ 26,853	\$ 29,971	\$ 6,320	\$ 25,280	\$ 166,836	\$ 637,180
Variance Pos/(Neg)	\$ 27,604	\$ 17,373	\$ (22,369)	\$ (9,642)	\$ 1,810	\$ 14,776	\$ 16,410	\$ (936)	\$ 10,330	\$ (739)	\$ (305)	\$ (2,963)	\$ 21,797	\$ 36,573

Payroll	Sewer	Overtime	Doubletime	On Call	Cert Pay	Total Wages	Health	Disability	WC	Deferred Comp.	Medicare	SS	Total Benefits	Total Sewer
										7%	1.45%	6.20%		
GM	\$ 83,535					\$ 83,535	\$ 11,200	\$ 618	\$ 1,961	\$ 5,847	\$ 1,211	\$ 5,179	\$ 26,016	\$ 109,551
Superintendent	\$ 47,262	\$ 2,528	\$ 1,082	\$ 1,114	\$ 1,800	\$ 53,786	\$ 8,423	\$ 400	\$ 1,276	\$ 3,765	\$ 800	\$ 3,335	\$ 17,999	\$ 71,785
District Clerk	\$ 52,825					\$ 52,825	\$ 15,811	\$ 391	\$ 541	\$ 3,698	\$ 766	\$ 3,275	\$ 24,482	\$ 77,307
Totals	\$ 183,622	\$ 2,528	\$ 1,082	\$ 1,114	\$ 1,800	\$ 190,146	\$ 35,434	\$ 1,409	\$ 3,778	\$ 13,310	\$ 2,777	\$ 11,789	\$ 68,497	\$ 258,643

Budget	\$176,906.00	\$ 2,382.00			\$1,890.00	\$ 181,178	\$41,298.00	\$ 1,139.00	\$7,856.00	\$ 13,065.00	\$ 2,610.40	\$ 10,441.60	\$ 76,410	\$ 257,588
Variance Pos/(Neg)	\$ (6,716)	\$ (146)	\$ (1,082)	\$ (1,114)	\$ 90	\$ (8,968)	\$ 5,864	\$ (270)	\$ 4,078	\$ (245)	\$ (167)	\$ (1,347)	\$ 7,913	\$ (1,055)

SALARY RANGE
MONTARA WATER AND SANITARY DISTRICT
 June 5, 2014

Position	Salary Range	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10
Operations Manager	\$122,888 \$96,000	\$98,400	\$100,860	\$103,382	\$105,966	\$108,615	\$111,331	\$114,114	\$116,967	\$119,891	\$122,888
		\$47.31	\$48.49	\$49.70	\$50.95	\$52.22	\$53.52	\$54.86	\$56.23	\$57.64	\$59.08
Superintendent	\$115,168 \$92,218	\$92,218	\$94,524	\$96,887	\$99,309	\$101,792	\$104,337	\$106,945	\$109,619	\$112,359	\$115,168
		\$44.34	\$45.44	\$46.58	\$47.74	\$48.94	\$50.16	\$51.42	\$52.70	\$54.02	\$55.37
Water System Operator	\$70,242 \$56,244	\$56,244	\$57,651	\$59,092	\$60,569	\$62,083	\$63,635	\$65,226	\$66,857	\$68,528	\$70,242
		\$27.04	\$27.72	\$28.41	\$29.12	\$29.85	\$30.59	\$31.36	\$32.14	\$32.95	\$33.77
Maintenance Worker I	\$60,986 \$48,833	\$48,833	\$50,054	\$51,305	\$52,588	\$53,902	\$55,250	\$56,631	\$58,047	\$59,498	\$60,986
Account Specialist	\$58,309 \$46,689	\$46,689	\$47,857	\$49,053	\$50,279	\$51,536	\$52,825	\$54,145	\$55,499	\$56,886	\$58,309
		\$22.45	\$23.01	\$23.58	\$24.17	\$24.78	\$25.40	\$26.03	\$26.68	\$27.35	\$28.03
District Clerk	\$58,309 \$46,689	\$46,689	\$47,857	\$49,053	\$50,279	\$51,536	\$52,825	\$54,145	\$55,499	\$56,886	\$58,309
		\$22.45	\$23.01	\$23.58	\$24.17	\$24.78	\$25.40	\$26.03	\$26.68	\$27.35	\$28.03
2.5 % step increases											
		Increase FY 08/09	Increase FY 09/10	Increase FY 10/11	Increase 1-Feb-14						
		3.70%	1.20%	1.79%	3.00%						
Operations Manager									\$96,000	1.025	\$98,400
Superintendent		1.037	\$84,795	1.012	\$85,813	1.0179	\$87,349	1.03	\$89,969	1.025	\$92,218
Water System Operator		1.037	\$51,717	1.012	\$52,338	1.0179	\$53,274	1.03	\$54,873	1.025	\$56,244
Maintenance Worker		1.037	\$44,902	1.012	\$45,441	1.0179	\$46,254	1.03	\$47,642	1.025	\$48,833
Account Specialist		1.037	\$42,931	1.012	\$43,446	1.0179	\$44,224	1.03	\$45,551	1.025	\$46,689
District Clerk		1.037	\$42,931	1.012	\$43,446	1.0179	\$44,224	1.03	\$45,551	1.025	\$46,689
Operator in Training	\$17 per hour										
Temporary Worker	\$17 per hour										

Fiscal year 2015-2016 Budget Impact Area Operating Reserves

WATER

Water Operating Account as of April 30, 2015

Wells Fargo Checking: \$ 448,680

Current Operating Reserves as of April 30, 2015

Operating: \$ 224,763

Operating Reserve:

The District's Water Operating Reserve target is two months of operating expenses. Based on fiscal year 2015-16 budget the amount of operating reserves is as follows:

Target calculation		
\$	1,307,436	Budgeted FY15/16 expenditures
	12	Months
<hr/>		
\$	108,953	Monthly budgeted operating expenses
	x 2	Two months expenditures
<hr/>		
\$	217,906	Target Reserve

Conclusion:

Currently, the District has sufficient Operating Water Reserves for Fiscal Year 2015-16.

Fiscal year 2015-2016 Budget Impact Area Operating Reserves

SEWER

Sewer Operating Account as of April 30, 2015

Wells Fargo Checking \$ 1,770,128

Current Reserves as of April 30, 2015

Operating: \$ 255,195

Operating Reserve:

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

Based on fiscal year 2014-15 budget the amount of operating reserves is as follows:

Minimum Target		
\$	1,724,110	Budgeted fiscal year 2015-16
	12	Months
<hr/>		
\$	143,676	Monthly budgeted operating expenses
	x 2	Monthly budgeted operating expenses
<hr/>		
\$	287,352	Minimum Target Reserve
<hr/> <hr/>		

Maximum Target		
\$	1,724,110	Budgeted fiscal year 2015-16
	12	Months
<hr/>		
\$	143,676	Monthly budgeted operating expenses
	x 10	Monthly budgeted operating expenses
<hr/>		
\$	1,436,759	Maximum Target Reserve
<hr/> <hr/>		

Conclusion: Year

Currently, the District has insufficient dedicated operating Sewer Reserves for Fiscal Year 2015-16

Beginning in Fiscal Year 2015-16 the minimum target reserve amount will be set aside in the District's LAIF account and displayed on the balance sheet.

Fiscal year 2015-2016 Budget Impact Area Capital and Connection Reserves

CAPITAL RESERVE

Capital Reserve:

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

WATER

Current Capital Reserves as of April 30, 2015

Capital: \$ 398,249

Minimum Target

\$ 457,180 Lowest year CIP existing customers (fiscal year 2016-17)

\$ 750,000 Engineer estimate

\$ 1,207,180 Minimum target

Maximum Target

\$ 1,729,000 Highest year CIP existing customers (fiscal year 2015-16)

\$ 750,000 Engineer estimate

\$ 2,479,000 Maximum target

Conclusion:

Based on the above, the District is \$808,931 short of the current minimum Capital reserve target.

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

Fiscal year 2015-2016 Budget Impact Area Capital and Connection Reserves

SEWER

Current Capital Reserves as of April 30, 2015

Capital: \$ 3,786,604

Minimum Target

\$ 1,573,446 Lowest year CIP existing customers (fiscal year 2015-16)

\$ 1,177,000 Engineer estimate

\$ 2,750,446 Minimum target

Maximum Target

\$ 2,470,250 Highest year CIP existing customers (fiscal year 2019-20)

\$ 1,177,000 Engineer estimate

\$ 3,647,250 Maximum target

Conclusion:

Based on the above, the District is \$1,036,158 in excess of the current minimum reserve needs and \$139,354 in excess of the current maximum reserve needs.

CONNECTION FEE RESERVE

Connection Fees:

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

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

WATER

At the beginning of the fiscal year, the budgeted amounts will be set aside as a reserve. Fiscal year 2015-16 amount to be reserved is \$157,000.

SEWER

At the beginning of the fiscal year, the budgeted amounts will be set aside as a reserve. Fiscal year 2015-16 amount to be reserved is \$325,604.

Fiscal year 2015-2016 Budget Debt Service

	Original Issue Amount	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016	Current Portion
Sewer						
CIEDB Loan (I Bank)	\$ 1,010,000	\$ 866,464		\$ 26,540	\$ 839,924	\$ 27,350
PNCEF Lease Obligation	\$ 927,222	\$ 722,142		\$ 38,485	\$ 683,657	\$ 42,727
Subtotal - Sewer		<u>\$ 1,588,606</u>	<u>\$ -</u>	<u>\$ 65,025</u>	<u>\$ 1,523,581</u>	<u>\$ 70,077</u>
Water						
General Obligation Bonds	\$ 15,635,000	\$ 13,169,293		\$ 835,090	\$ 12,334,203	\$ 854,701
PNCEF Lease Obligation	\$ 927,222	\$ 722,142		\$ 38,485	\$ 683,657	\$ 42,727
SRF Loan	\$ 2,920,000	\$ 409,553	\$ 1,450,316		\$ 1,859,869	
Subtotal - Water		<u>14,300,988</u>	<u>1,450,316</u>	<u>873,575</u>	<u>14,877,729</u>	<u>897,428</u>
Total Debt Service		<u>\$ 15,889,594</u>	<u>\$ 1,450,316</u>	<u>\$ 938,600</u>	<u>\$ 16,401,310</u>	<u>\$ 967,505</u>

PNCEF lease obligation is split evenly between Sewer and Water.

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

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

During the fiscal year, the district has received \$1,450,316 in response to additional reimbursement claims filed under this loan agreement.

MWSD SEWER Capital Improvement Program

2015-16

DRAFT SEWER SYSTEM DRAFT

PROJECT	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
MWSD CAPITAL PROJECTS					
Mechanical System Repairs & Replacements	\$ 74,250	\$ 75,000	\$ 50,000	\$ 50,000	\$ 25,000
Inflow & Infiltration Testing / Televising	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Seal Cove Area Repair and Maint. Project	\$ 15,000	\$ 20,000	\$ 15,000	\$ 15,000	\$ 15,000
Replace Pump Station Pumps	\$ 20,000	\$ 20,000	\$ 50,000	\$ 50,000	\$ 20,000
Replace Medium High Priority Sewer Mains	\$ 541,233	\$ 939,225	\$ 1,021,300	\$ 1,954,200	\$ 2,300,250
Spot Repairs Program	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Replace Distillery Pump Station		\$ 5,000	\$ 15,000	\$ 120,000	\$ 80,000
Pump Station Communication Upgrades	\$ 5,000	\$ 25,000	\$ 25,000	\$ 25,000	
MWSD CAPITAL PROJECTS TOTAL:	\$ 685,483	\$ 1,114,225	\$ 1,206,300	2,244,200	2,470,250
MWSD ALTERNATE - ADDITIONAL PROJECT					
(Alt) Cabrillo Hwy Express Sewer	\$ 887,963	\$ 810,000	\$ 729,000		
MWSD ALT. CAPITAL PROJECTS TOTAL:	\$1,573,446	\$1,924,225	\$1,935,300	\$2,244,200	\$2,470,250
CAPITAL FUND BALANCE					
Appropriation form operations to Exist. Customers	\$607,833				
Transfer from Sewer reserves	\$77,650				
Capital Fund total	\$685,483				
TOTAL ANNUAL COST: Less alt. Projects	685,483	1,114,225	1,206,300	2,244,200	2,470,250
LESS: CIP Appropriations	\$ -				

Montara Water and Sanitary District

2015 - 2021

Sewer Repairs - 6 Year Capital Improvement Priority (CIP) List

Status: Updated May 28, 2015

DRAFT

Fiscal Year	CIP Capital Improvement Needs	Notes/Status
2015-2016 Fiscal Year Capital Improvement Needs		
(ALT ITEM)	<p>Cabrillo Highway PHASE 1A+1B - Trunk Sewer (Crossing to 14th)</p> <p>221 LF @ 1500 Bore and Jack \$331,500</p> <p>725 LF @ \$450 /LF Open Trench \$326,250</p> <p>Contingencies (35%) Night Work \$230,213</p> <hr/> <p>\$887,963</p> <p>4 th St Sewers S. West of Tamarand St</p> <p>450 LF @ \$180 /LF Pipe Burst \$81,000</p> <p>Contingencies (30%) \$24,300</p> <hr/> <p>\$105,300</p> <p>Tarrace, Moss Beach</p> <p>262 LF @ \$180 /LF Pipe Burst \$47,160</p> <p>Contingencies (30%) \$14,148</p> <hr/> <p>\$61,308</p> <p>Vallimar Sewer Relocation (Strand, Niagara, Private Pumps)</p> <p>1,500 LF @ \$185 /LF Open Cut \$277,500</p> <p>Contingencies (35%) \$97,125</p> <hr/> <p>\$374,625</p> <p>Pump Station Mechanical, Electrical and Coating Upgrades</p> <p>1 EA @ \$15,000 /EA coatings/Mechan. \$15,000</p> <p>2 EA @ \$5,000 /EA pipe works \$10,000</p> <p>2 EA @ \$10,000 /EA pump rebuilds \$20,000</p> <p>2 EA @ \$5,000 /EA Electrical Work \$10,000</p> <p>Contingencies (35%) \$19,250</p> <hr/> <p>\$74,250</p>	<p>Caltrans Permit Delay</p> <p>Carry project from 12/13</p> <p>High Priority,SSO Risk</p> <p>Sag, Roots, Cracks</p> <p>Unsafe to Clean in roadway</p> <p>Added 2009</p> <p>Med.High Priority</p> <p>Added 2009</p> <p>Med.High Priority</p> <p>Added 2010, Errosion Risk</p> <p>Mediun Priority</p> <p>(Move Up-SAM IPS</p> <p>Joint Project)</p> <p>High Priority</p> <p>Corrosion</p> <p>Corrosion/Leak Risk</p> <p>Scheduled Repairs</p> <p>Un-scheduled Repairs</p>
2015-16 Total		\$615,483
Cabrillo Alternate Included 2015-16 Total		\$1,503,446

2016-2017 Fiscal Year Capital Improvement Needs		
(ALT ITEM)	Cabrillo Highway PHASE 2A - Trunk Sewer (14th - 11th)	Move from 13/14 to 15/16
	1,100 LF @ \$300 /LF CIPP-Lining	\$330,000
	Contingencies (35%)	\$115,500
		\$445,500
	Various Montara Sewers Main St, 10th and 14th.	Added 2009
	1,400 LF @ \$200 /LF Pipe Burst and Open	\$280,000
	Contingencies (30%)	\$84,000
		\$364,000
	Nevada St and Moss Beach Area Sewers	Multible Fractures (Spot Repairs needed now)
	600 LF @ \$180 /LF Pipe Burst	\$108,000
Contingencies (30%)	\$32,400	
	\$140,400	
Sun Valley (Phase #3, South Section)	Moved from 13/14 pipe ok, flat grade need open cut repair (SAM Hot List #6)	
525 LF @ \$220 /LF Open Cut	\$115,500	
Contingencies (30%)	\$34,650	
	\$150,150	
Pump Station Mechanical, Electrical and Coating Upgrades	High Priority	
2 EA @ \$15,000 /EA coatings/Mechan.	\$30,000	
2 EA @ \$5,000 /EA pipe works	\$10,000	
2 EA @ \$10,000 /EA pump rebuilds	\$20,000	
2 EA @ \$5,000 /EA Electrical Work	\$10,000	
Contingencies (35%)	\$24,500	
	\$94,500	
	2016-17 Total	\$749,050
	Cabrillo Alternate Included 2016-17 Total	\$1,194,550
2017-2018 Fiscal Year Capital Improvement Needs		
(ALT ITEM)	Cabrillo Highway PHASE 2B - Trunk Sewer (11th - 7th + Crossing)	Move from 14/15 to 15/16
	900 LF @ \$300 /LF CIPP	\$270,000
	Contingencies (35%)	\$94,500
		\$364,500
	Pump Station Mechanical, Electrical and Coating Upgrades	High Priority
	2 EA @ \$15,000 /EA coatings/Mechan.	\$30,000
	2 EA @ \$5,000 /EA pipe works	\$10,000
	2 EA @ \$10,000 /EA pump rebuilds	\$20,000
	2 EA @ \$5,000 /EA Electrical Work	\$10,000
	Contingencies (35%)	\$24,500
	\$94,500	

George/Kanoff						Multiple Sags
720 LF @	\$280	/LF	Open Cut	\$201,600		Grease problem
Contingencies (30%)				\$60,480		(Spot Repairs needed now)
				\$262,080		
Virginia St Sag Repair						Multiple Sags
1,200 LF @	\$300	/LF	Open Cut	\$360,000		Grease problem
Contingencies (30%)				\$108,000		(Spot Repairs needed now)
				\$468,000		
2017-18 Total				\$824,580		
Cabrillo Alternate Included 2017-18 Total				\$1,189,080		

2018-2019 Fiscal Year Capital Improvement Needs

(ALT ITEM)	Cabrillo Highway PHASE 3 - Parallel Pipes (10th St to 6th Street)					Move from 15/16 to 16/17	
	1,440 LF @	\$375	/LF	Open Cut	\$540,000		
	Contingencies (35%)				\$189,000		
					\$729,000		
	Nevada St and Moss Beach Area Sewers					Multiple Fractures	
	1,000 LF @	\$280	/LF	Pipe Burst + Open C	\$280,000	(Spot Repairs needed now)	
	Contingencies (30%)				\$84,000		
					\$364,000		
	Sun Valley (Phase #3, South Section)					Moved from 13/14 pipe ok, flat grade need open cut repair (SAM Hot List #6)	
	525 LF @	\$220	/LF	Open Cut	\$115,500		
Contingencies (30%)				\$34,650			
				\$150,150			
Various Moss Beach Sewers on Steston St.					Multiple Fractures		
1,200 LF @	\$220	/LF	Pipe Burst and Open	\$264,000	(Spot Repairs needed now)		
Contingencies (30%)				\$79,200			
				\$343,200			
Pump Station Mechanical, Electrical and Coating Upgrades					High Priority		
2 EA @	\$5,000	/EA	pipe works	\$10,000	Corrosion/Leak Risk		
2 EA @	\$10,000	/EA	pump rebuilds	\$20,000	Scheduled Repairs		
2 EA @	\$5,000	/EA	Electrical Work	\$10,000	Un-scheduled Repairs		
Contingencies (35%)				\$14,000			
				\$54,000			
Pump Station - Distillary Pump Station (And 4 houses)					High Priority		
4 EA @	\$15,000	/EA	Pump Connections	\$60,000	(Spot Repairs Made)		
1 EA @	\$100,000	/LF	Distillary Forcemain	\$100,000	Move from 15/16		

<u>Contingencies (30%)</u>		\$21,000	to 16/17
		\$181,000	
Pump Station FM - Distillary Force Main			High Priority from FY 15-16 (Spot Repairs Made)
4	EA @ \$4,000 /EA	Pump Connections	\$16,000
320	LF @ \$325 /LF	Distillary Forcemain	\$104,000
<u>Contingencies (30%)</u>			\$4,800
			\$124,800
2017-18 Total			\$1,217,150
Cabrillo Alternate Included		2017-18 Total	\$1,946,150

2019-2020 Fiscal Year Capital Improvement Needs

Various Moss Beach Sewers Near Buena Vista St.			
1,900	LF @ \$220 /LF	Pipe Burst and Open	\$418,000
<u>Contingencies (30%)</u>			\$125,400
			\$543,400
Various Moss Beach Sewers Near Carlos St.			Added 2009
1,000	LF @ \$350 /LF	Pipe Burst and Open	\$350,000
<u>Contingencies (30%)</u>			\$105,000
			\$455,000
Cedar Street (Phase #3, South Section)			Moved from 13/14 pipe ok, flat grade may need open cut repair (SAM Hot List #6)
450	LF @ \$180 /LF	Open Cut	\$81,000
<u>Contingencies (30%)</u>			\$24,300
			\$105,300
Montara Montara Easements Sewers Various Locations.			Added 2009
1,600	LF @ \$180 /LF	Pipe Burst and Open	\$288,000
<u>Contingencies (30%)</u>			\$86,400
			\$374,400
Pump Station Mechanical, Electrical and Coating Upgrades			High Priority
2	EA @ \$15,000 /EA	coatings/Mechan.	\$30,000
2	EA @ \$5,000 /EA	pipe works	\$10,000
2	EA @ \$5,000 /EA	Electrical Work	\$10,000
<u>Contingencies (35%)</u>			\$17,500
			\$67,500
Pump Station - Distillary Pump Station (And 4 houses)			High Priority-from FY15-16 (Spot Repairs Made)
4	EA @ \$15,000 /EA	Pump Connections	\$60,000
1	EA @ \$100,000 /LF	Distillary Forcemain	\$100,000
<u>Contingencies (30%)</u>			\$21,000
			\$181,000

	2018-19 Total	\$1,726,600	
2020-2021 Fiscal Year Capital Improvement Needs			
	Vallimar Sewer Relocation PUMPS (Strand, Niagara, Private Pumps)		Added 2010, Errosion Risk
	10 EA @ \$15,000 /EA Open Cut	\$150,000	Long term plan
	Electrical + Distribution	\$200,000	
	PS Niagra Abandonment	\$25,000	
	Contingencies (35%)	\$131,250	
		<u>\$506,250</u>	
	Various Moss Beach Sewers Near Nevada & Buena Vista St.		Added 2009
	2,200 LF @ \$220 /LF Pipe Burst and Open	\$484,000	Mediun Priority
	Contingencies (30%)	\$145,200	Long term plan
		<u>\$629,200</u>	
	Various Moss Beach Sewers Near Carlos St.		Added 2009
	1,000 LF @ \$220 /LF Pipe Burst and Open	\$220,000	Mediun Priority
	Contingencies (30%)	\$66,000	Long term plan
		<u>\$286,000</u>	
	Various Montara Sewers Seal Cove.		Added 2009
	1,600 LF @ \$220 /LF Pipe Burst and Open	\$352,000	Mediun Priority
	Contingencies (30%)	\$105,600	Long term plan
		<u>\$457,600</u>	
	Montara Montara Easements Sewers Various Locations.		Added 2009
	1,800 LF @ \$180 /LF Pipe Burst and Open	\$324,000	Mediun Priority
	Contingencies (30%)	\$97,200	Long term plan
		<u>\$421,200</u>	
	Pump Station Mechanial, Electrical and Coating Upgrades		High Priority
	2 EA @ \$15,000 /EA coatings/Mechan.	\$30,000	Corrosion
	2 EA @ \$5,000 /EA pipe works	\$10,000	Corrosion/Leak Risk
	2 EA @ \$10,000 /EA pump rebuilds	\$20,000	Scheduled Repairs
	2 EA @ \$5,000 /EA Electrical Work	\$10,000	Un-scheduled Repairs
	Contingencies (35%)	\$24,500	
		<u>\$94,500</u>	
	2019-20 Total	\$2,394,750	

MWSD
Five Year Capital Improvement Program
Water System

Existing Customer CIP	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
Distribution System Renewal and Replacement Program	\$ 115,500	\$ 117,810	\$ 120,166	\$ 122,570	\$ 125,021
Water Conservation Program	\$ 8,500	\$ 8,670	\$ 8,843	\$ 9,020	\$ 9,201
Well Rehabilitation Program	\$ -	\$ -	\$ -	\$ -	\$ 100,000
Storage Tank Rehabilitation Program	\$ -	\$ -	\$ 150,000	\$ -	\$ -
Vehicle Replacement Fund	\$ -	\$ 25,000	\$ 25,500	\$ 26,010	\$ 26,530
PWP Phase I Projects	\$ 1,200,000	\$ -	\$ -	\$ -	\$ -
Pillar Ridge Rehabilitation Program	\$ 10,000	\$ 20,000	\$ 20,400	\$ 20,808	\$ 21,224
EXISTING CUSTOMER CIP TOTAL	\$ 1,334,000	\$ 171,480	\$ 324,910	\$ 178,408	\$ 281,976
New Customer CIP	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
Develop Additional Supply Reliability	\$ -	\$ 100,000	\$ 200,000	\$ 200,000	\$ 200,000
Portola Tank Telemetry Upgrade	\$ 20,000	\$ 30,000	\$ -	\$ -	\$ -
New and Upgraded PRV Stations	\$ 35,000	\$ 35,700	\$ 36,414	\$ 37,142	\$ 37,885
Emergency Generator Upgrades	\$ 50,000	\$ -	\$ 50,000	\$ 50,000	\$ -
Schoolhouse Booster Pump Station Upgrade	\$ 20,000	\$ -	\$ -	\$ -	\$ 80,000
Valve Installation Program	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Wagner Well Upgrade	\$ 100,000	\$ -	\$ -	\$ -	\$ -
Water Main Upgrades	\$ -	\$ 100,000	\$ 102,000	\$ 104,040	\$ 106,121
Groundwater Exploration Project	\$ 150,000	\$ -	\$ -	\$ -	\$ -
NEW CUSTOMER CIP TOTAL	\$ 395,000	\$ 285,700	\$ 408,414	\$ 411,182	\$ 444,006
Total Annual Capital Cost	\$ 1,729,000	\$ 457,180	\$ 733,324	\$ 589,590	\$ 725,982
CAPITAL FUND BALANCE					
Beginning Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Connection Fees	\$ 157,000	\$ -	\$ -	\$ -	\$ -
Appropriation from Operations to Existing Customers	\$ 372,000	\$ -	\$ -	\$ -	\$ -
SRF Loan 022	\$ 1,200,000	\$ -	\$ -	\$ -	\$ -
Annual Capital Fund TOTAL:	\$ 1,729,000	\$ -	\$ -	\$ -	\$ -
Less CIP	\$ (1,729,000)	\$ (457,180)	\$ (733,324)	\$ (589,590)	\$ (725,982)
Total	\$ -	\$ (457,180)	\$ (733,324)	\$ (589,590)	\$ (725,982)

DRAFT WATER SYSTEM
CAPITAL IMPROVEMENT PROGRAM
UPDATE (FY2015/16 – FY2019/20)

DRAFT
6/1/2015



MONTARA WATER AND SANITARY DISTRICT

Montara Water and Sanitary District

Water System Capital Improvement Program

Update FY15/16 – FY19/20

May 2015

Board of Directors

Scott Boyd, President

Jim Harvey, President Pro Tem

Kathryn Slater-Carter, Treasurer

Dwight Wilson, Secretary

Bill Huber, Director

Clemens Heldmaier, General Manager

Montara Water and Sanitary District

WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM UPDATE (FY2015/16 – FY2019/20)

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

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

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

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

Montara Water and Sanitary District

WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM UPDATE (FY2015/16 – FY2019/20)

Table 2. Total Project Cost Distribution and Fiscal Year Schedule

Existing Customer CIP	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	5-Year Total
Renewal and Replacement Program	\$115,500	\$117,810	\$120,166	\$122,570	\$125,021	\$601,067
Water Conservation Program	\$8,500	\$8,670	\$8,843	\$9,020	\$9,201	\$44,234
Well Rehabilitation Program	\$-	\$-	\$-	\$-	\$100,000	\$100,000
Storage Tank Rehabilitation Program	\$-	\$-	\$150,000	\$-	\$-	\$150,000
Vehicle Replacement Fund	\$-	\$25,000	\$25,500	\$26,010	\$26,530	\$103,040
PWP Phase I Projects	\$1,200,000	\$-	\$-	\$-	\$-	\$1,200,000
Pillar Ridge Rehabilitation Program	\$10,000	\$20,000	\$20,400	\$20,808	\$21,224	\$92,432
EXISTING CUSTOMER CIP TOTAL	\$1,334,000	\$171,480	\$324,910	\$178,408	\$281,976	\$2,290,773
New Customer CIP	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	5-Year Total
Develop Additional Supply Reliability	\$-	\$100,000	\$200,000	\$200,000	\$200,000	\$700,000
Portola Tank Telemetry Upgrade	\$20,000	\$30,000	\$-	\$-	\$-	\$50,000
New and Upgraded PRV Stations	\$35,000	\$35,700	\$36,414	\$37,142	\$37,885	\$182,141
Emergency Generator Upgrades	\$50,000	\$-	\$50,000	\$50,000	\$-	\$150,000
Schoolhouse Pump Station Upgrade	\$20,000	\$-	\$-	\$-	\$80,000	\$100,000
Valve Installation Program	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$100,000
Wagner Well Upgrade	\$100,000	\$-	\$-	\$-	\$-	\$100,000
Water Main Upgrades	\$-	\$100,000	\$102,000	\$104,040	\$106,121	\$412,161
Groundwater Exploration Project	\$150,000	\$-	\$-	\$-	\$-	\$150,000
NEW CUSTOMER CIP TOTAL	\$395,000	\$285,700	\$408,414	\$411,182	\$444,006	\$1,794,302
Total Annual Capital Cost	\$1,729,000	\$457,180	\$733,324	\$589,590	\$725,982	\$4,085,076

Montara Water and Sanitary District

WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM UPDATE (FY2015/16 – FY2019/20)

PRIORITY LEVEL ONE – MANDATORY PROJECTS

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

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

This CIP focuses on the first five years of this timeline. The projects and actions described below would allow the District to address system deficiencies and continue to operate an efficient and reliable system. The proposed *Priority Level One* near-term improvements continue the District’s progress toward sustainability through investments that: (1) diversify sources of water supply, (2) improve water quality, (3) encourage conservation of water and energy, and (4) meet current and future infrastructure needs.

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

Table 3. Priority Level One – Mandatory Projects
1. Develop Additional Supply Reliability
2. Portola Tank Telemetry Upgrade
3. New and Upgraded PRV Stations
4. Emergency Generator Upgrades
5. Schoolhouse Booster Pump Station Upgrade
6. Valve Installation Program
7. Wagner Well Upgrades
8. Water Main Upgrades
9. Groundwater Exploration Project

Montara Water and Sanitary District

WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM UPDATE (FY2015/16 – FY2019/20)

PRIORITY LEVEL ONE – MANDATORY PROJECTS

Project: Develop Additional Supply Reliability

Priority: Level One

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

Portola Wells I, and IV Production Restoration

The Portola Wells I and IV Production Restoration Project includes re-drilling Portola Wells I and IV, rehabilitating the wells, and replacing the pumping equipment to restore the wells to their original design capacity. *Balance Hydrologics* estimated that re-drilling the three wells that would likely restore their production to the design levels:

- Portola I Well depth would be increased from 332 ft to 600 ft
- Portola IV Well depth would be increased from 500 ft to 800 ft

This increase in depth would potentially improve the rated capacity of each well by 5 to 10 gpm for a total capacity restoration potential of 20 to 40 gpm. Environmental compliance for the project may include obtaining a Categorical Exemption (CatEx) under the California Environmental Quality Act (CEQA) and a Coastal Development Exemption (CDX) or a Coastal Development Permit (CDP) under the Local Coastal Program (LCP).

New Park Well Development

The New Park Well Development Project includes drilling and developing a new well on District-owned "Park Well" property, potentially including a treatment system for iron and manganese removal, and connecting the new well to the distribution system. The New Park Well would be located on the same property as the existing Park Well, either on the existing Tennis Court/Asphalt Pavement or near George Street, outside the flood zone. Although no test drilling has taken place, potential well capacity has been estimated at 50 – 70 gpm, and high levels of iron and manganese are anticipated. Environmental compliance for the project will likely include fulfilling CEQA and LCP.

New Source Exploration

This project includes drilling up to four (4) boreholes on the Caltrans right-of-way property to explore for additional water supply sources. Environmental compliance for the project may include obtaining a CatEx under CEQA and a CDX the LCP.

Montara Water and Sanitary District

WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM UPDATE (FY2015/16 – FY2019/20)

PRIORITY LEVEL ONE – MANDATORY PROJECTS

Pillar Ridge Rehabilitation Program

The Pillar Ridge Manufactured Home Community Water System (Pillar Ridge) Rehabilitation Program is the consolidation of the Pillar Ridge water system, inclusive of the water sources, storage, and treatment, into the MWSD system. The distribution system and customer service has been retained by Pillar Ridge. With the consolidation, the following improvements would be made: incorporation of the Pillar Ridge water system controls into the MWSD Supervisory Control and Data Acquisition (SCADA) system, adjustments to the District's system to accommodate a new pressure zone, and other miscellaneous improvements. Currently, Pillar Ridge provides water to its customers from three groundwater wells and from MWSD. The average production per well is reported at 35 gpm, with a rated combined supply capacity of 105 gpm. The maximum demand on the system is approximately 70 gpm, and the difference between the well production and daily demand is met through the permanent metered connection from the MWSD system. MWSD currently reserves 35 gpm of its supply capacity for Pillar Ridge.

By consolidating Pillar Ridge water system with the MWSD water system, the combined water system would gain further supply reliability. MWSD will no longer have to reserve 35 gpm for Pillar Ridge to be available on a 24-hour notice. To evaluate the potential additional supply that could be acquired by MWSD, a more comprehensive analysis of the Pillar Ridge water system and the consolidation project would be necessary. There is also potential for additional source water supply to be acquired through the consolidation, as the Pillar Ridge system owns a fourth well that could be converted to a production well. Environmental compliance for the project will likely include obtaining a CDX and CatEx under CEQA. There is grant funding potential for this project.

Project:	Develop Additional Supply Reliability
CIP Total Cost:	\$700,000
Project Funding:	This project will be funded by new customers through the WCC
Basis of Priority:	This project is ranked as Priority Level 1 because it ensures consistent continued reliability of the water system for new and old customers.

Table 4. Annual Cost Distribution and Schedule

CIP Total	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
\$700,000	\$ --	\$100,000	\$200,000	\$200,000	\$200,000

Montara Water and Sanitary District

WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM UPDATE (FY2015/16 – FY2019/20)

PRIORITY LEVEL ONE – MANDATORY PROJECTS

Project: Portola Tank Telemetry Upgrade

Priority: Level One

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

Project: Portola Tank Telemetry Upgrade

CIP Total Cost: \$50,000

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

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

Table 5. Annual Cost Distribution and Schedule

CIP Total	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
\$50,000	\$20,000	\$30,000	\$ --	\$--	\$--

Montara Water and Sanitary District

WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM UPDATE (FY2015/16 – FY2019/20)

PRIORITY LEVEL ONE – MANDATORY PROJECTS

Project: New and Upgraded Pressure-Regulating Stations

Priority: Level One

Due to the District's water system configuration and the terrain of the service area, the District operates over 20 existing pressure-regulating stations (PRVs). With the addition of new customers throughout the service area, this project will install up to 5 new PRV stations and increase the capacity of up to 10 existing PRV stations.

Project: New and Upgraded Pressure-Regulating Stations

CIP Total Cost: \$182,141

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

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

Table 6. Annual Cost Distribution and Schedule

CIP Total	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY19/20
\$182,141	\$35,000	\$35,700	\$36,414	\$37,142	\$37,885

Montara Water and Sanitary District

WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM UPDATE (FY2015/16 – FY2019/20)

PRIORITY LEVEL ONE – MANDATORY PROJECTS

Project: Emergency Generator Upgrades

Priority: Level One

Existing generators at the District’s pumping and treatment facilities are either undersized or have reached their life expectancy and require replacement. This program would secure safe and reliable emergency power to the District’s critical water treatment and delivery facilities and provide safe operation by staff.

Project: Emergency Generator Upgrades

CIP Total Cost: \$150,000

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

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

Table 7. Annual Cost Distribution and Schedule

CIP Total	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
\$150,000	\$50,000	\$ --	\$50,000	\$50,000	\$ --

Montara Water and Sanitary District

WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM UPDATE (FY2015/16 – FY2019/20)

PRIORITY LEVEL ONE – MANDATORY PROJECTS

Project: Schoolhouse Booster Pump Station Upgrade

Priority: Level One

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

Project: Schoolhouse Booster Pump Station Upgrade

CIP Total Cost: \$100,000

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

Basis of Priority: This project is ranked as Priority Level 1 because it ensures water deliveries to new customers with increased flows in the distribution system. The District has determined that this project would be scheduled in FY 19/20 or later.

Table 8. Annual Cost Distribution and Schedule

CIP Total	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
\$100,000	\$20,000	\$ --	\$ --	\$ --	\$80,000

Montara Water and Sanitary District

WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM UPDATE (FY2015/16 – FY2019/20)

PRIORITY LEVEL ONE – MANDATORY PROJECTS

Project: Valve Installation Program

Priority: Level One

As part of the distribution system upgrade to accommodate addition of new customers to the water system, under this project, the District will install up to eight new isolation and control valves in strategic locations throughout the distribution system to allow flow improvements to serve new customers.

Project: Valve Installation Program

CIP Total Cost: \$100,000

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

Basis of Priority: This project is ranked as Priority Level 1 because it ensures flow improvements to serve new customers.

Table 9. Annual Cost Distribution and Schedule

CIP Total	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
\$100,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000

Montara Water and Sanitary District

WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM UPDATE (FY2015/16 – FY2019/20)

PRIORITY LEVEL ONE – MANDATORY PROJECTS

Project: Wagner Well Upgrade

Priority: Level One

The existing District's Wagner Well operates within its design parameters in the existing water system. Hydraulic analysis demonstrates, however, that with increased demands due to new water customers, Wagner Well pump would be unable to pump into the system. The pump and motor replacement and piping modifications are required to accommodate new customers.

Project: Wagner Well Upgrade

CIP Total Cost: \$100,000

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

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

Table 10. Annual Cost Distribution and Schedule

CIP Total	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
\$100,000	\$100,000	\$ --	\$ --	\$ --	\$ --

Montara Water and Sanitary District

WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM UPDATE (FY2015/16 – FY2019/20)

PRIORITY LEVEL ONE – MANDATORY PROJECTS

Project: Water Main Upgrades

Priority: Level One

Under the water main upgrade program, the District will undertake the effort of designing and constructing new water main extensions in the urban areas, where needed, and upsizing the existing distribution system mains to accommodate increasing demands due to the addition of new water customers. This program includes an estimated additional 6,000 linear feet of 6 to 8-inch diameter mains installed in the water system.

As detailed on page II-5 of this CIP, there are three remaining Public Works Plan (PWP) Projects that are to be implemented. Two of the projects will likely have a significant effect on the operation of the distribution system. These projects include new Alta Vista Tank No. 2 and new Airport Well Water Treatment Plant (AWWTP). The location of the projects at the highest and lowest pressure zones, respectively, and the size of these improvements can affect the balance and operation of the existing distribution system. Rehabilitation and upgrade of existing water mains and installation of new water mains and isolation and control valves will be required to accommodate these improvements and the potential addition of new water customers.

The Water Main Upgrade Project will involve the strategic upgrade of existing and/or installation of new water mains to incorporate “arterial distribution loops” throughout the system. These arterial loops will provide added redundancy and reinforcement to handle the addition of new customers or potential leaks and pipe failures. The loops will be designed utilizing the existing distribution system and the installation of short spans of new pipelines. Isolation and control valves will also be installed in critical locations as part of the loop design. As a whole, the arterial loops will provide the District’s Operations Staff the ability to isolate and repair critical sections of the distribution system while still conveying water throughout the system.

Project: Water Main Upgrades

CIP Total Cost: \$412,161

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

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

Table 11. Annual Cost Distribution and Schedule

CIP Total	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
\$412,161	\$ --	\$100,000	\$102,000	\$104,040	\$106,121

Montara Water and Sanitary District

WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM UPDATE (FY2015/16 – FY2019/20)

PRIORITY LEVEL TWO – NECESSARY PROJECTS

Project: Groundwater Exploration Project

Priority: Level One

This project includes drilling up to four (4) boreholes on the Caltrans right-of-way property to explore for additional water supply sources. Environmental compliance for the project may include obtaining a CatEx under CEQA and a CDX the LCP.

In July 2012, the District 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.

In the summer of 2013, the District and San Mateo County (County) finalized and signed the lease agreement for groundwater extraction at the Airport Wells site. After years of negotiations between the District and the County, the lease agreement finally provided the District with new, finite terms regarding the actual cost of water extraction and site rental at the Airport Wells for near-term and future use.

Following the review of the financial terms in the lease agreement, the District determined it was necessary to reassess the cost effectiveness of the proposed AWWTP Project. The preliminary design engineering did not result in the development of final plans and specifications. Instead, the District Engineer performed an economic evaluation and alternative analysis of the centralized AWWTP, now considering financial terms included in the recently signed Airport Wells long-term lease agreement. This analysis determined that producing water at the proposed AWWTP would be cost-prohibitive and proposed a groundwater exploration alternative to address the LCR compliance through treatment avoidance.

The Groundwater Exploration Project will explore groundwater source replacement via treatment avoidance at the District’s Airport Wells.

Project: Groundwater Exploration Project

CIP Total Cost: \$150,000

Project Funding: This project will be funded by SRF and paid for by existing customers

Basis of Priority: This project is ranked as Priority Level 1 because it addresses compliance with water quality regulations

Table 4. Annual Cost Distribution and Schedule

CIP Total	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
\$150,000	\$150,000	\$ --	\$ --	\$ --	\$ --

Montara Water and Sanitary District

WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM UPDATE (FY2015/16 – FY2019/20)

PRIORITY LEVEL TWO – NECESSARY PROJECTS

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

Priority Level Two – These projects provide measurable progress in achieving the District's goals, but over which the District has a moderate level of control over the timing of implementation. Examples of such projects include: (1) Projects required for providing adequate emergency storage and meeting fire flow requirements; and (2) Projects reducing water system losses and reducing pipeline leaks.

Table 12 below provides a list of the Priority Two Level projects. These projects serve existing District's customers and are funded by the water rate revenues.

Table 12. Priority Level Two – Necessary Projects
1. Distribution System Renewal and Replacement Program
2. Water Conservation Program
3. Well Rehabilitation Program
4. Storage Tank Rehabilitation Program
5. Vehicle Replacement Fund
6. Public Works Plan Phase I Projects
7. Pillar Ridge Rehabilitation Program

Montara Water and Sanitary District

WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM UPDATE (FY2015/16 – FY2019/20)

PRIORITY LEVEL TWO – NECESSARY PROJECTS

Program: Distribution System Renewal and Replacement Program

Priority: Level Two

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

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

Project: Distribution System Renewal and Replacement Program

CIP Total Cost: \$601,067

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

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

Table 13. Annual Cost Distribution and Schedule

CIP Total	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
\$601,067	\$115,500	\$117,810	\$120,166	\$122,570	\$125,021

Montara Water and Sanitary District

WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM UPDATE (FY2015/16 – FY2019/20)

PRIORITY LEVEL TWO – NECESSARY PROJECTS

Program: Water Conservation Program

Priority: Level Two

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

Project: Distribution System Renewal and Replacement Program

CIP Total Cost: \$44,234

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

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

Table 14. Annual Cost Distribution and Schedule

CIP Total	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
\$44,234	\$8,500	\$8,670	\$8,843	\$9,020	\$9,201

Montara Water and Sanitary District

WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM UPDATE (FY2015/16 – FY2019/20)

PRIORITY LEVEL TWO – NECESSARY PROJECTS

Program: Well Rehabilitation Program

Priority: Level Two

This program includes rehabilitation of existing groundwater sources and focuses on the Drake Well at \$100,000.

Project: Well Rehabilitation Program

CIP Total Cost: \$100,000

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

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

Table 15. Annual Cost Distribution and Schedule

CIP Total	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
\$100,000	\$--	\$--	\$--	\$--	\$100,000

Montara Water and Sanitary District

WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM UPDATE (FY2015/16 – FY2019/20)

PRIORITY LEVEL TWO – NECESSARY PROJECTS

Program: Storage Tank Rehabilitation Program

Priority: Level Two

Following completion of the new Alta Vista Tank 2, the existing Alta Vista Tank 1 will be taken offline for an extensive inspection and rehabilitation. The extensive inspection was recommended as part of a cursory inspection that was performed at Tank 1 in 2013. It was determined that the tank floor and areas on the wall of the Tank shows signs of corrosion. Following the extensive inspection, Tank 1 will be rehabilitated including cleaning, recoating and corrosion spot repair. Some areas in Tank 1, such as the tank floor, may require more extension corrosion repair.

The tank taken will be out of service in FY15/16 for inspection and rehabilitation at a cost of \$100,000.

Project: Storage Tank Rehabilitation Program

CIP Total Cost: \$150,000

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

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

Table 16. Annual Cost Distribution and Schedule

CIP Total	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
\$150,000	\$ --	\$ --	\$150,000	\$ --	\$ --

Montara Water and Sanitary District

WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM UPDATE (FY2015/16 – FY2019/20)

PRIORITY LEVEL TWO – NECESSARY PROJECTS

Project: Vehicle Replacement Fund

Priority: Level Two

This funding is targeted to a renewal of the District fleet of trucks and starts in FY 15/16 with a \$30,000 purchase of a heavy truck followed by replacing one light truck annually at \$25,000 and \$25,500 respectfully, in the following two years of the CIP.

Project: Vehicle Replacement Fund

CIP Total Cost: \$103,040

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

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

Table 17. Annual Cost Distribution and Schedule

CIP Total	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
\$103,040	\$--	\$25,000	\$25,500	\$ 26,010	\$ 26,530

Montara Water and Sanitary District

WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM UPDATE (FY2015/16 – FY2019/20)

PRIORITY LEVEL TWO – NECESSARY PROJECTS

Program: Phase I Public Works Plan Projects

Priority: Level Two

The District developed its 2006 Public Works Plan (PWP) and received approval of the Coastal Commission to design and construct various improvements to the water system to improve supply and delivery reliability and fire storage. The PWP project remaining to be implemented as part of this CIP is the Alta Vista Tank No. 2.

Project: Phase I Public Works Plan Projects

CIP Total Cost: \$1,200,000

Project Funding: This program will be funded through a combination of the State Revolving Fund (SRF) low interest loans and water rate revenue

Basis of Priority: This program is ranked as Priority Level Two because it will construct various improvements to the water system to address supply and delivery reliability and fire storage.

Table 18. Annual Cost Distribution and Schedule

CIP Total	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
\$1,200,000	\$1,200,000	\$ --	\$ --	\$ --	\$ --

Montara Water and Sanitary District

WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM UPDATE (FY2015/16 – FY2019/20)

PRIORITY LEVEL TWO – NECESSARY PROJECTS

Program: Pillar Ridge Rehabilitation Program

Priority: Level Two

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

Project: Pillar Ridge Rehabilitation Program

CIP Total Cost: \$92,432

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

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

Table 19. Annual Cost Distribution and Schedule

CIP Total	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
\$92,432	\$10,000	\$20,000	\$20,400	\$20,808	\$21,224

Montara Water and Sanitary District

WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM UPDATE (2013 – 2018)

PRIORITY LEVEL THREE – DISCRETIONARY PROJECTS

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

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

Table 20 below provides a list of the Priority Level Three projects. Funding for these projects is not currently included as part of this CIP.

Table 20. Priority Level Three – Discretionary Projects
1. Portola Tank Road Repair
2. Alta Vista Water Treatment Plant Upgrade
3. District Office Remodel
4. Big Wave Service Connection
5. Other Large Service Connections

RESOLUTION NO. _____

**RESOLUTION OF THE MONTARA WATER AND
SANITARY DISTRICT APPROVING BUDGET FOR THE
FISCAL YEAR 2015-2016**

RESOLVED, by the Board of the Montara Water and Sanitary District, San Mateo County, California, as follows:

1. That the balances on hand as of June 30, 2015, in each of funds of the District shall be reserved for use by the District during the Fiscal Year 2015-2016.
2. That the budget for said District for the Fiscal Year 2015-2016 heretofore presented to this Board and a copy of which is hereto attached and the same is hereby approved.
3. That the Secretary of this District be, and hereby is, authorized and directed to file a certified copy of this resolution with the budget of this District thereto attached, with the County Controller of San Mateo County.

COUNTERSIGNED:

President, Montara Water and Sanitary District

Secretary, Montara Water and Sanitary District

* * *

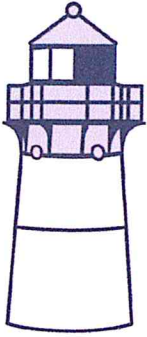
I HEREBY CERTIFY that the foregoing Resolution No. _____ was duly and regularly adopted and passed by the Board of the Montara Water and Sanitary District, San Mateo County, California, at a meeting held on the 4th day of June 2015, by the following vote:

AYES, Directors:

NOES, Directors:

ABSENT, Directors:

Secretary, Montara Water and Sanitary District



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **June 4, 2015**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

**SUBJECT: Review and Possible Action Concerning
Adoption of Proposed PARS Pension Plan.**

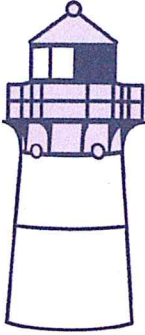
Staff was directed to examine procuring an pension program through the Public Agency Retirement System (PARS). The benefit parameters include a Defined Benefit Plan for all full-time employees based on 2% @ 62 full formula and at least five (5) years of District service, and final compensation based on the highest average consecutive thirty six (36) months (3 years) of compensation with the District. Parameters include an employee contribution equal to at least half of the on-going normal cost of the benefit.

The PARS plan offers flexibility in investment, benefit, and design choices; security in safeguarding assets; control at the District level; service from an experienced and dedicated team; and integrity on a long term commitment to helping serve the public interest. The PARS Trust is administered by PARS using US Bank as the Trustee. US Bank was chartered in 1863 and is the 5th largest commercial bank in the United States. HighMark Capital Management (a wholly owned subsidiary of Union Bank) will serve as investment manager.

PARS offers Defined Benefit Plans under the Internal Revenue Code (IRC) 401(a) for over 600 member agencies and over 1,200 different retirement plans under their administration. Some of the local agencies utilizing PARS plans include City of Pacifica, City of Brisbane and City of San Carlos. Under PARS, the ability to design a more flexible plan that meets the specific needs of the District and its employees was possible. It also offers the District more stability in the attraction and retention of its valuable employees and fiscal constraints otherwise mandated under the CalPERS plan. In considering the PARS retirement alternative, staff reviewed benefit options based on Board direction and requested a full actuarial through Bartel Associates. The results of the valuation were earlier made available for public review.

At the last meeting the actuarial valuation for the PARS Plan for the District was received. The plan provisions are:

- a. All full-time employees are included in the plan employed on or after July 1, 2015;



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **June 4, 2015**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

- b. Benefit service is based on District years of service credit earned after July 1, 2015; purchases of past service credit rendered prior to July 1, 2015 is available but must be paid for by the employee;
- c. Vesting service is 5 years of District service;
- d. Employee contribution of 50% is required;
- e. Final average compensation is the average of the highest thirty-six (36) months of compensation (not to exceed amounts prescribed by CA Govt Code Section 7522.10(c));
- f. Employee is eligible for the benefit upon meeting the minimum age of 62, completing 5 years service with the District;
- g. No disability benefit under this plan, other than the return of the employee contribution with 3% interest per annum;
- h. The plan provides a pre-retirement death benefit to spouses or registered domestic partners of the employees who met the age and service condition for retirement;
- i. Employees who terminate employment with the District but do not meet vesting requirements will receive a refund of their contributions with 3% interest per annum;
- j. The Plan is a life-only annuity;
- k. The Plan payment will increase by 2% annually for cost of living.

RECOMMENDATION:

Staff recommends to the Board of Directors adoption of the Public Agency Retirement System (PARS) Defined Benefit Plan Resolution.

RESOLUTION NO. _____

MONTARA WATER AND SANITARY DISTRICT
SAN MATEO COUNTY, CALIFORNIA

WHEREAS it is determined to be in the best interest of the Montara Water and Sanitary District (“District”) and its employees to provide a defined benefit plan to eligible employees;

WHEREAS the District is eligible to be a member of the Public Agency Retirement System (PARS) Trust, which has made available a defined benefit plan qualifying under the relevant sections of the Internal Revenue Code and the California Government Code.

NOW THEREFORE, BE IT RESOLVED THAT:

1. The Board of Directors, hereby adopts the PARS Trust, including the Montara Water and Sanitary District PARS Defined Benefit Plan, effective July 1, 2015; and
2. The Board of Directors, pursuant to Internal Revenue Code § 414(h)(2) authorizes the District to “pick up” employee contributions to the Plan on behalf of Plan participants; and
3. The Board of Directors hereby appoints the General Manager, or his/her successor or his/her designee as the District’s Plan Administrator for the Plan; and
4. The District's Plan Administrator is hereby authorized to execute the PARS legal and administrative documents on behalf of the District and to take whatever additional actions are necessary to maintain the District’s participation in PARS and to maintain PARS compliance of any relevant regulation issued or as may be issued; therefore authorizing him/her to take whatever additional actions are required to administer the District’s PARS plan(s).

AYES:

NOES:

ABSENT:

ABSTAIN:

STATE OF CALIFORNIA
COUNTY OF SAN MATEO

_____, the Secretary of the Board of Directors of the Montara Water and Sanitary District of San Mateo County, California, hereby certifies that the above foregoing resolution was duly and regularly adopted by said District at a regular meeting thereof held on the _____, and passed by a _____ vote of said Board.

IN WITNESS WHEREOF I have hereunto set my hand and seal this _____.

Secretary of the Board

WHY THE PARS DIVERSIFIED CONSERVATIVE PORTFOLIO?

Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

Flexible Investment Options

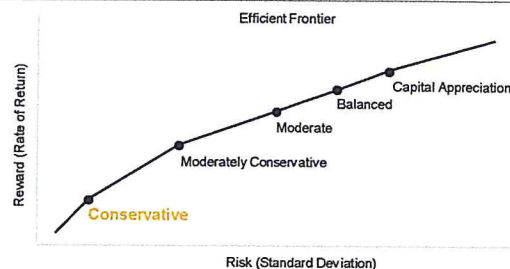
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

To provide a consistent level of inflation-protected income over the long-term. The major portion of the assets will be fixed income related. Equity securities are utilized to provide inflation protection.



ASSET ALLOCATION — CONSERVATIVE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	5 – 20%	15%	15%
Fixed Income	60 – 95%	80%	80%
Cash	0 – 20%	5%	5%

ANNUALIZED TOTAL RETURNS

(Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus (Active)		Index Plus (Active)	
Current Quarter*	1.85%	Current Quarter*	1.45%
Blended Benchmark**	1.47%	Blended Benchmark**	1.47%
Year To Date*	1.85%	Year To Date*	1.45%
Blended Benchmark*	1.47%	Blended Benchmark*	1.47%
1 Year	4.45%	1 Year	4.40%
Blended Benchmark	4.84%	Blended Benchmark	4.84%
3 Year	4.64%	3 Year	4.23%
Blended Benchmark	4.07%	Blended Benchmark	4.07%
5 Year	5.18%	5 Year	4.89%
Blended Benchmark	4.49%	Blended Benchmark	4.49%
10 Year	5.14%	10 Year	4.70%
Blended Benchmark	4.53%	Blended Benchmark	4.53%

*Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 7.5% S&P500, 1.5% Russell Mid Cap, 2.5% Russell 2000, 1% MSCI EM FREE, 2% MSCI EAFE, 52.25% BC US Agg, 25.75% ML 1-3 Yr US Corp/Govt, 2% US High Yield Master II, 0.5% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 12% S&P 500, 1% Russell 2000, 2% MSCI EAFE, 40% ML 1-3 Year Corp./Govt, 40% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 15% S&P 500, 40% ML 1-3Yr Corp/Govt, 40% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

HighMark Plus (Active)		Index Plus (Passive)	
2008	-9.04%	2008	-6.70%
2009	15.59%	2009	10.49%
2010	8.68%	2010	7.67%
2011	2.19%	2011	3.70%
2012	8.45%	2012	6.22%
2013	3.69%	2013	3.40%
2014	3.88%	2014	4.32%

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Date	07/2004	Inception Date	07/2004
No of Funds in Portfolio	20	No of Funds in Portfolio	14

A newly funded account enters a composite after three full months of management and is removed from a composite at the end of the last full month that the account is consistent with the criteria of the composite. Terminated accounts are included in the historical results of a composite through the last full month prior to closing. Composites may include accounts invested in domestic (U.S.) or international (non-U.S.) individual securities, funds, or a combination thereof. Account exclusions based on equity security concentrations are applied quarterly. Employing a construction methodology different from the above could lead to different results.



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ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has over 90 years (including predecessor organizations) of institutional money management experience with more than \$15.2 billion in assets under management. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

ABOUT THE PORTFOLIO MANAGEMENT TEAM

Andrew Brown, CFA®

Senior Portfolio Manager

Investment Experience: since 1994

HighMark Tenure: since 1997

Education: MBA, University of Southern California;

BA, University of Southern California

Kevin Churchill, CFA®, CFP®

Senior Portfolio Manager

Investment Experience: since 1996

HighMark Tenure: since 2012

Education: MS, Seattle University;

BS, University of Puget Sound

Salvatore "Tory" Milazzo III, CFA®

Senior Portfolio Manager

Investment Experience: since 1991

HighMark Tenure: since 2014

Education: BA, Colgate University

J. Keith Stribling, CFA

Senior Portfolio Manager

Investment Experience: since 1985

HighMark Tenure: since 1995

Education: BA, Stetson University

Christiane Tsuda

Senior Portfolio Manager

Investment Experience: since 1987

HighMark Tenure: since 2010

Education: BA, International Christian University, Tokyo

Matthew Webber, CFA®

Senior Portfolio Manager

Investment Experience: since 1995

HighMark Tenure: since 2011

Education: BA, University of California, Santa Barbara

Anne Wimmer, CFA®

Senior Portfolio Manager

Investment Experience: since 1987

HighMark Tenure: since 2007

Education: BA, University of California, Santa Barbara

Asset Allocation Committee

Number of Members: 14

Average Years of Experience: 26

Average Tenure (Years): 14

Manager Review Committee

Number of Members: 7

Average Years of Experience: 23

Average Tenure (Years): 11

SAMPLE HOLDINGS

HighMark Plus (Active)

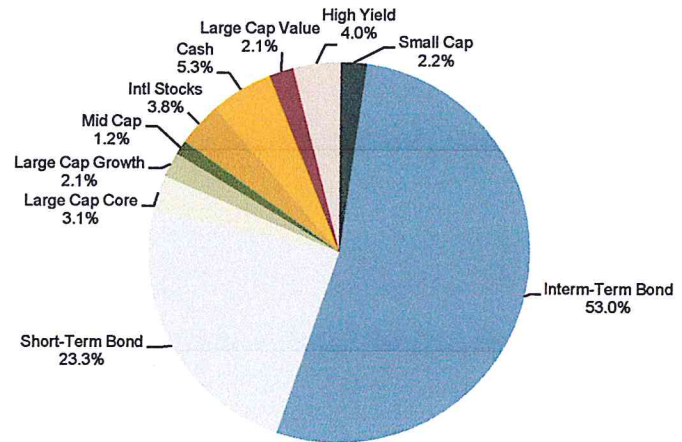
Columbia Contrarian Core Z
T. Rowe Price Growth Stock
Columbia Small Cap Value II Z
T. Rowe Price New Horizons
Nationwide Bailard International Equities
Nationwide HighMark Bond
Vanguard Short-Term Invest-Grade Adm
Loomis Sayles Value Y
PIMCO Total Return
Dodge & Cox International Stock
MFS International Growth I
Sentinel Common Stock I
First American Prime Obligation Z
TIAA-CREF Mid Cap Value
Ivy Mid Cap Growth
Harbor Capital Appreciation
Schroder Emerging Market Equity
Dodge & Cox Stock
SPDR Euro Stoxx 50 ETF
PIMCO High Yield

Index Plus (Passive)

iShares S&P 500
iShares S&P 500/Value
iShares S&P 500/Growth
iShares S&P Small Cap 600 Value
iShares S&P Small Cap 600 Growth
iShares MSCI EAFE
iShares Russell Midcap Value
iShares Russell Midcap Growth
iShares Barclays Aggregate Bond
Vanguard Short-Term Invest-Grade Adm
First American Prime Obligation Z
SPDR Euro Stoxx 50 ETF
SPDR Barclays High Yield Bond ETF
Vanguard FTSE Emerging Markets ETF

Holdings are subject to change at the discretion of the investment manager.

STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Composites are managed by HighMark's HighMark Capital Advisors (HCA) with full investment authority according to the PARS Conservative active and passive objectives and do not have equity concentration of 25% or more in one common stock security.

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of March 31, 2015, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a \$12.54 million initial value would grow to \$12.54 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from \$750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFG Union Bank, N.A. (MUB). HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, public and private retirement plans, and personal trusts of all sizes. It may also serve as sub-adviser for mutual funds, common trust funds, and collective investment funds. MUB, a subsidiary of MUFG Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, and are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.

WHY THE PARS DIVERSIFIED MODERATELY CONSERVATIVE PORTFOLIO?

Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

Flexible Investment Options

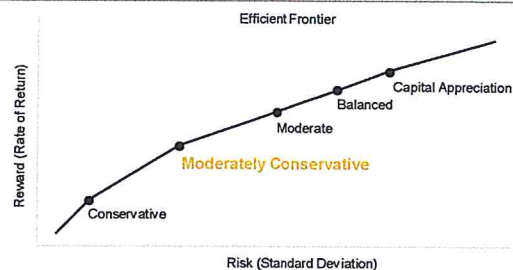
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

To provide current income and moderate capital appreciation. The major portion of the assets is committed to income-producing securities. Market fluctuations should be expected.



ASSET ALLOCATION — MODERATELY CONSERVATIVE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	20 - 40%	30%	29%
Fixed Income	50 - 80%	65%	68%
Cash	0 - 20%	5%	3%

ANNUALIZED TOTAL RETURNS

(Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus (Active)		Index Plus (Active)	
Current Quarter*	2.10%	Current Quarter*	1.75%
Blended Benchmark**	1.73%	Blended Benchmark**	1.73%
Year To Date*	2.10%	Year To Date*	1.75%
Blended Benchmark*	1.73%	Blended Benchmark*	1.73%
1 Year	5.14%	1 Year	5.60%
Blended Benchmark	6.07%	Blended Benchmark	6.07%
3 Year	6.17%	3 Year	5.92%
Blended Benchmark	6.05%	Blended Benchmark	6.05%
5 Year	6.74%	5 Year	6.45%
Blended Benchmark	6.28%	Blended Benchmark	6.28%
10 Year	5.74%	Inception To Date (119-Mos.)	5.38%
Blended Benchmark	5.27%	Blended Benchmark	5.30%

*Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 15.5% S&P500, 3% Russell Mid Cap, 4.5% Russell 2000, 2% MSCI EM FREE, 4% MSCI EAFE, 49.25% BC US Agg, 14% ML 1-3 Yr US Corp/Govt, 1.75% US High Yield Master II, 1% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 25% S&P 500; 1.5% Russell 2000, 3.5% MSCI EAFE, 25% ML 1-3 Year Corp./Govt, 40% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 30% S&P 500, 25% ML 1-3Yr Corp/Gov, 40% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

HighMark Plus (Active)		Index Plus (Passive)	
2008	-15.37%	2008	-12.40%
2009	18.71%	2009	11.92%
2010	10.46%	2010	9.72%
2011	1.75%	2011	3.24%
2012	10.88%	2012	8.24%
2013	7.30%	2013	6.78%
2014	4.41%	2014	5.40%

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Data	08/2004	Inception Data	05/2005
No of Funds in Portfolio	20	No of Funds in Portfolio	14

A newly funded account enters a composite after three full months of management and is removed from a composite at the end of the last full month that the account is consistent with the criteria of the composite. Terminated accounts are included in the historical results of a composite through the last full month prior to closing. Composites may include accounts invested in domestic (U.S.) or international (non-U.S.) individual securities, funds, or a combination thereof. Account exclusions based on equity security concentrations are applied quarterly. Employing a construction methodology different from the above could lead to different results.



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ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has over 90 years (including predecessor organizations) of institutional money management experience with more than \$15.2 billion in assets under management. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

ABOUT THE PORTFOLIO MANAGEMENT TEAM

Andrew Brown, CFA®
Senior Portfolio Manager
Investment Experience: since 1994
HighMark Tenure: since 1997
Education: MBA, University of Southern California; BA, University of Southern California

Kevin Churchill, CFA®, CFP®
Senior Portfolio Manager
Investment Experience: since 1996
HighMark Tenure: since 2012
Education: MS, Seattle University; BS, University of Puget Sound

Salvatore "Tory" Milazzo III, CFA®
Senior Portfolio Manager
Investment Experience: since 1991
HighMark Tenure: since 2014
Education: BA, Colgate University

J. Keith Stribling, CFA
Senior Portfolio Manager
Investment Experience: since 1985
HighMark Tenure: since 1995
Education: BA, Stetson University

Christiane Tsuda
Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2010
Education: BA, International Christian University, Tokyo

Matthew Webber, CFA®
Senior Portfolio Manager
Investment Experience: since 1995
HighMark Tenure: since 2011
Education: BA, University of California, Santa Barbara

Anne Wimmer, CFA®
Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2007
Education: BA, University of California, Santa Barbara

Asset Allocation Committee
Number of Members: 14
Average Years of Experience: 26
Average Tenure (Years): 14

Manager Review Committee
Number of Members: 7
Average Years of Experience: 23
Average Tenure (Years): 11

SAMPLE HOLDINGS

HighMark Plus (Active)

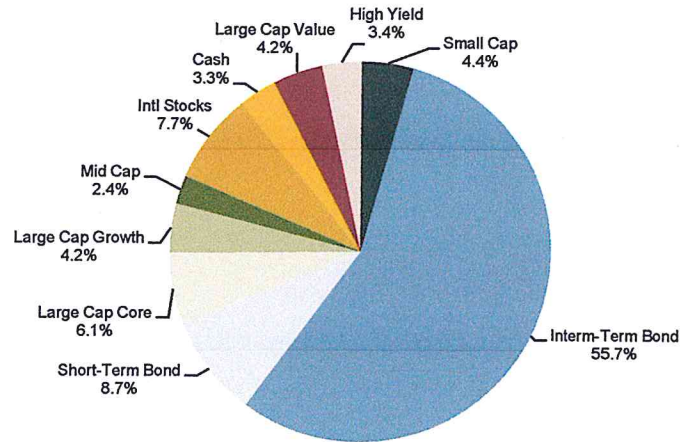
- Columbia Contrarian Core Z
- T. Rowe Price Growth Stock
- Columbia Small Cap Value II Z
- T. Rowe Price New Horizons
- Nationwide Bailard International Equities
- Nationwide HighMark Bond
- Vanguard Short-Term Invest-Grade Adm
- Loomis Sayles Value Y
- PIMCO Total Return
- Dodge & Cox International Stock
- MFS International Growth I
- Sentinel Common Stock I
- First American Prime Obligation Z
- TIAA-CREF Mid Cap Value
- Ivy Mid Cap Growth
- Harbor Capital Appreciation
- Schroder Emerging Market Equity
- Dodge & Cox Stock
- SPDR Euro Stoxx 50 ETF
- PIMCO High Yield

Index Plus (Passive)

- iShares S&P 500
- iShares S&P 500/Value
- iShares S&P 500/Growth
- iShares S&P Small Cap 600 Value
- iShares S&P Small Cap 600 Growth
- iShares MSCI EAFE
- iShares Russell Midcap Value
- iShares Russell Midcap Growth
- iShares Barclays Aggregate Bond
- Vanguard Short-Term Invest-Grade Adm
- First American Prime Obligation Z
- SPDR Euro Stoxx 50 ETF
- SPDR Barclays High Yield Bond ETF
- Vanguard FTSE Emerging Markets ETF

Holdings are subject to change at the discretion of the investment manager.

STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Composites are managed by HighMark's HighMark Capital Advisors (HCA) with full investment authority according to the PARS Moderately Conservative active and passive objectives and do not have equity concentration of 25% or more in one common stock security.

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of March 31, 2015, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to \$12.54 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from \$750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFG Union Bank, N.A. (MUB). HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, public and private retirement plans, and personal trusts of all sizes. It may also serve as sub-adviser for mutual funds, common trust funds, and collective investment funds. MUB, a subsidiary of MUFG Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.

WHY THE PARS DIVERSIFIED MODERATE PORTFOLIO?

Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

Flexible Investment Options

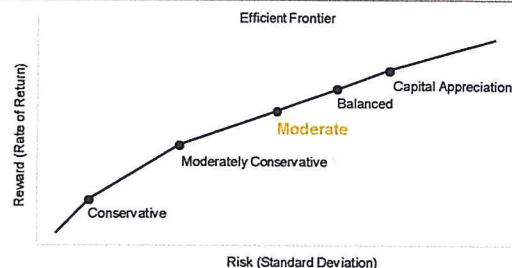
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

To provide growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important.



ASSET ALLOCATION — MODERATE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	40 - 60%	50%	49%
Fixed Income	40 - 60%	45%	48%
Cash	0 - 20%	5%	3%

ANNUALIZED TOTAL RETURNS

(Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus (Active)		Index Plus (Active)	
Current Quarter*	2.39%	Current Quarter*	2.00%
Blended Benchmark**	1.93%	Blended Benchmark**	1.93%
Year To Date*	2.39%	Year To Date*	2.00%
Blended Benchmark*	1.93%	Blended Benchmark*	1.93%
1 Year	5.92%	1 Year	6.37%
Blended Benchmark	7.22%	Blended Benchmark	7.22%
3 Year	7.99%	3 Year	8.13%
Blended Benchmark	8.55%	Blended Benchmark	8.55%
5 Year	8.21%	5 Year	8.31%
Blended Benchmark	8.37%	Blended Benchmark	8.37%
10 Year	5.94%	Inception To Date (107-Mos.)	5.69%
Blended Benchmark	6.00%	Blended Benchmark	5.86%

*Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 26.5% S&P500, 5% Russell Mid Cap, 7.5% Russell 2000, 3.25% MSCI EM FREE, 6% MSCI EAFE, 33.50% BC US Agg, 10% ML 1-3 Yr US Corp/Govt, 1.50% US High Yield Master II, 1.75% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 43% S&P 500, 2% Russell 2000, 5% MSCI EAFE, 15% ML 1-3 Year Corp./Govt, 30% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 50% S&P 500, 15% ML 1-3Yr Corp/Govt, 30% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

HighMark Plus (Active)		Index Plus (Passive)	
2008	-22.88%	2008	-18.14%
2009	21.47%	2009	16.05%
2010	12.42%	2010	11.77%
2011	0.55%	2011	2.29%
2012	12.25%	2012	10.91%
2013	13.06%	2013	12.79%
2014	4.84%	2014	5.72%

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Data	10/2004	Inception Data	05/2006
No of Funds in Portfolio	20	No of Funds in Portfolio	14

A newly funded account enters a composite after three full months of management and is removed from a composite at the end of the last full month that the account is consistent with the criteria of the composite. Terminated accounts are included in the historical results of a composite through the last full month prior to closing. Composites may include accounts invested in domestic (U.S.) or international (non-U.S.) individual securities, funds, or a combination thereof. Account exclusions based on equity security concentrations are applied quarterly. Employing a construction methodology different from the above could lead to different results.



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ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has over 90 years (including predecessor organizations) of institutional money management experience with more than \$15.2 billion in assets under management. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

ABOUT THE PORTFOLIO MANAGEMENT TEAM

Andrew Brown, CFA®
Senior Portfolio Manager
Investment Experience: since 1994
HighMark Tenure: since 1997
Education: MBA, University of Southern California; BA, University of Southern California

Kevin Churchill, CFA®, CFP®
Senior Portfolio Manager
Investment Experience: since 1996
HighMark Tenure: since 2012
Education: MS, Seattle University; BS, University of Puget Sound

Salvatore "Tory" Milazzo III, CFA®
Senior Portfolio Manager
Investment Experience: since 1991
HighMark Tenure: since 2014
Education: BA, Colgate University

J. Keith Stribling, CFA
Senior Portfolio Manager
Investment Experience: since 1985
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HighMark Plus (Active)

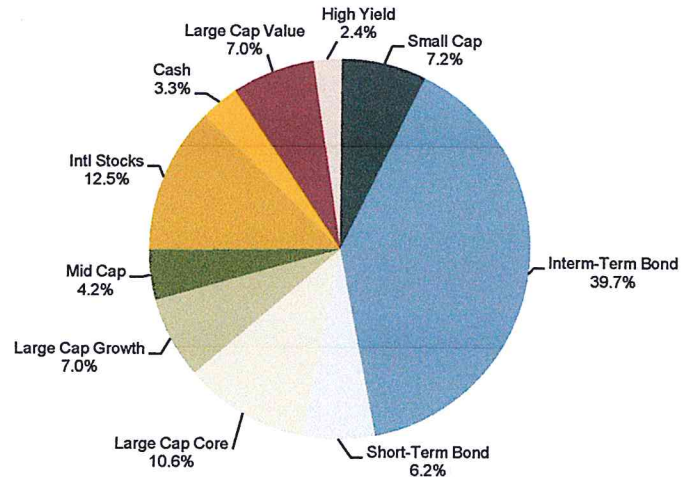
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- TIAA-CREF Mid Cap Value
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- iShares S&P 500/Value
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- iShares MSCI EAFE
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The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of March 31, 2015, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to \$12.54 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from \$750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

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WHY THE PARS DIVERSIFIED BALANCED PORTFOLIO?

Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

Flexible Investment Options

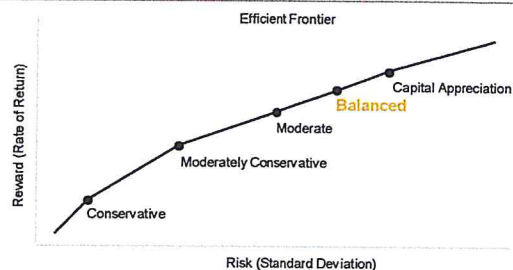
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

To provide growth of principal and income. While dividend and interest income are an important component of the objective's total return, it is expected that capital appreciation will comprise a larger portion of the total return.



ASSET ALLOCATION — BALANCED PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	50 – 70%	60%	58%
Fixed Income	30 – 50%	35%	39%
Cash	0 – 20%	5%	3%

ANNUALIZED TOTAL RETURNS

(Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus (Active)		Index Plus (Active)	
Current Quarter*	2.62%	Current Quarter*	2.06%
Blended Benchmark**	2.04%	Blended Benchmark**	2.04%
Year To Date*	2.62%	Year To Date*	2.06%
Blended Benchmark*	2.04%	Blended Benchmark*	2.04%
1 Year	6.12%	1 Year	6.66%
Blended Benchmark	7.84%	Blended Benchmark	7.84%
3 Year	9.16%	3 Year	9.16%
Blended Benchmark	9.85%	Blended Benchmark	9.85%
5 Year	9.10%	5 Year	9.13%
Blended Benchmark	9.52%	Blended Benchmark	9.52%
Inception to Date (102-Mos.)	5.50%	Inception to Date (90-Mos.)	4.85%
Blended Benchmark	6.13%	Blended Benchmark	5.41%

*Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 32% S&P500, 6% Russell Mid Cap, 9% Russell 2000, 4% MSCI EM FREE, 7% MSCI EAFE, 27% BC US Agg, 6.75% ML 1-3 Yr US Corp/Gov't, 1.25% US High Yield Master II, 2% Wilschire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 51% S&P 500; 3% Russell 2000, 6% MSCI EAFE, 5% ML 1-3 Year Corp./Gov't, 30% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 60% S&P 500, 5% ML 1-3Yr Corp/Gov, 30% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

HighMark Plus (Active)		Index Plus (Passive)	
2008	-25.72%	2008	-23.22%
2009	21.36%	2009	17.62%
2010	14.11%	2010	12.76%
2011	-0.46%	2011	1.60%
2012	13.25%	2012	11.93%
2013	16.61%	2013	15.63%
2014	4.70%	2014	6.08%

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Data	10/2006	Inception Data	10/2007
No of Funds in Portfolio	20	No of Funds in Portfolio	14

A newly funded account enters a composite after three full months of management and is removed from a composite at the end of the last full month that the account is consistent with the criteria of the composite. Terminated accounts are included in the historical results of a composite through the last full month prior to closing. Composites may include accounts invested in domestic (U.S.) or international (non-U.S.) individual securities, funds, or a combination thereof. Account exclusions based on equity security concentrations are applied quarterly. Employing a construction methodology different from the above could lead to different results.



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Senior Portfolio Manager
Investment Experience: since 1994
HighMark Tenure: since 1997
Education: MBA, University of Southern California; BA, University of Southern California

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Investment Experience: since 1996
HighMark Tenure: since 2012
Education: MS, Seattle University; BS, University of Puget Sound

Salvatore "Tory" Milazzo III, CFA®
Senior Portfolio Manager
Investment Experience: since 1991
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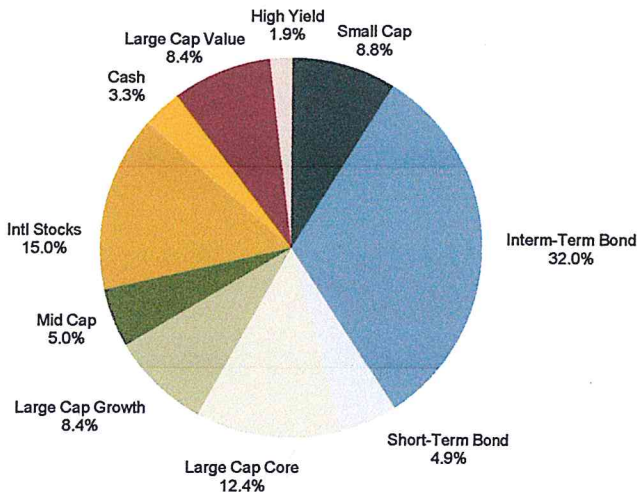
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STYLE



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The composite name has been changed from PARS Balanced/Moderately Aggressive to PARS Balanced on 5/1/2013. The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of March 31, 2015, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to \$12.54 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from \$750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT Index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFG Union Bank, N.A. (MUB). HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, public and private retirement plans, and personal trusts of all sizes. It may also serve as sub-adviser for mutual funds, common trust funds, and collective investment funds. MUB, a subsidiary of MUFG Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.

WHY THE PARS DIVERSIFIED CAPITAL APPRECIATION PORTFOLIO?

Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

Flexible Investment Options

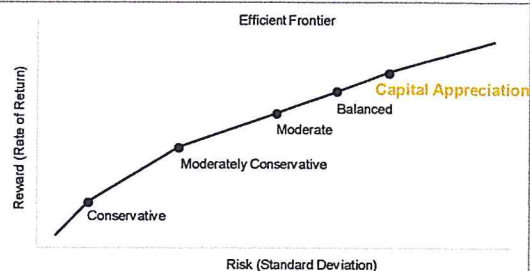
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

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



ASSET ALLOCATION — CAPITAL APPRECIATION PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	65 - 85%	75%	73%
Fixed Income	10 - 30%	20%	24%
Cash	0 - 20%	5%	3%

ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

Current Quarter*	2.48%
Blended Benchmark**	2.19%
Year To Date*	2.48%
Blended Benchmark*	2.19%
1 Year	7.24%
Blended Benchmark	8.39%
3 Year	10.58%
Blended Benchmark	11.30%
5 Year	9.83%
Blended Benchmark	10.53%
Inception To Date (75-Mos.)	12.20%
Blended Benchmark	13.19%

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 39.5% S&P500, 7.5% Russell Mid Cap, 10.5% Russell 2000, 5.25% MSCI EM FREE, 10.25% MSCI EAFE, 16% BC US Agg, 3% ML 1-3 Yr US Corp/Govt, 1% US High Yield Master II, 2% Wilshire REIT, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

2008	N/A%
2009	23.77%
2010	12.95%
2011	-1.35%
2012	13.87%
2013	20.33%
2014	6.05%

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Data	01/2009	Inception Data	N/A
No of Funds in Portfolio	20	No of Funds in Portfolio	14

A newly funded account enters a composite after three full months of management and is removed from a composite at the end of the last full month that the account is consistent with the criteria of the composite. Terminated accounts are included in the historical results of a composite through the last full month prior to closing. Composites may include accounts invested in domestic (U.S.) or international (non-U.S.) individual securities, funds, or a combination thereof. Account exclusions based on equity security concentrations are applied quarterly. Employing a construction methodology different from the above could lead to different results.



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Suite 1600
San Francisco, CA 94104
800.582.4734
www.highmarkcapital.com

ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has over 90 years (including predecessor organizations) of institutional money management experience with more than \$15.2 billion in assets under management. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

ABOUT THE PORTFOLIO MANAGEMENT TEAM

Andrew Brown, CFA®

Senior Portfolio Manager
Investment Experience: since 1994
HighMark Tenure: since 1997
Education: MBA, University of Southern California; BA, University of Southern California

Kevin Churchill, CFA®, CFP®

Senior Portfolio Manager
Investment Experience: since 1996
HighMark Tenure: since 2012
Education: MS, Seattle University; BS, University of Puget Sound

Salvatore "Tory" Milazzo III, CFA®

Senior Portfolio Manager
Investment Experience: since 1991
HighMark Tenure: since 2014
Education: BA, Colgate University

J. Keith Stribling, CFA

Senior Portfolio Manager
Investment Experience: since 1985
HighMark Tenure: since 1995
Education: BA, Stetson University

Christiane Tsuda

Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2010
Education: BA, International Christian University, Tokyo

Matthew Webber, CFA®

Senior Portfolio Manager
Investment Experience: since 1995
HighMark Tenure: since 2011
Education: BA, University of California, Santa Barbara

Anne Wimmer, CFA®

Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2007
Education: BA, University of California, Santa Barbara

Asset Allocation Committee

Number of Members: 14
Average Years of Experience: 26
Average Tenure (Years): 14

Manager Review Committee

Number of Members: 7
Average Years of Experience: 23
Average Tenure (Years): 11

SAMPLE HOLDINGS

HighMark Plus (Active)

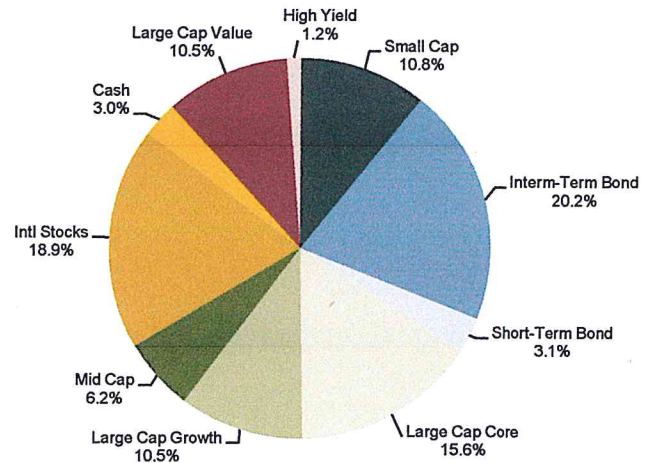
Columbia Contrarian Core Z
T. Rowe Price Growth Stock
Columbia Small Cap Value II Z
T. Rowe Price New Horizons
Nationwide Bailard International Equities
Nationwide HighMark Bond
Vanguard Short-Term Invest-Grade Adm
Loomis Sayles Value Y
PIMCO Total Return
Dodge & Cox International Stock
MFS International Growth I
Sentinel Common Stock I
First American Prime Obligation Z
TIAA-CREF Mid Cap Value
Ivy Mid Cap Growth
Harbor Capital Appreciation
Schroder Emerging Market Equity
Dodge & Cox Stock
SPDR Euro Stoxx 50 ETF
PIMCO High Yield

Index Plus (Passive)

iShares S&P 500
iShares S&P 500/Value
iShares S&P 500/Growth
iShares S&P Small Cap 600 Value
iShares S&P Small Cap 600 Growth
iShares MSCI EAFE
iShares Russell Midcap Value
iShares Russell Midcap Growth
iShares Barclays Aggregate Bond
Vanguard Short-Term Invest-Grade Adm
First American Prime Obligation Z
SPDR Euro Stoxx 50 ETF
SPDR Barclays High Yield Bond ETF
Vanguard FTSE Emerging Markets ETF

Holdings are subject to change at the discretion of the investment manager.

STYLE

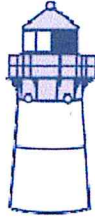


The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Composites are managed by HighMark's HighMark Capital Advisors (HCA) with full investment authority according to the PARS Capital Appreciation active and passive objectives and do not have equity concentration of 25% or more in one common stock security.

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of March 31, 2015, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to \$12.54 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from \$750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

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**MONTARA WATER AND SANITARY DISTRICT
PARS RETIREMENT PLAN**

BARTEL
ASSOCIATES, LLC

June 30, 2015 Actuarial Valuation
Preliminary Results

Presented by **Mary Elizabeth Redding, Assistant Vice President & Actuary**
Prepared by Katherine Moore, Associate Actuary
John Bartel, President, Reviewing Actuary
Bartel Associates, LLC

May 21, 2015

AGENDA

<u>Topic</u>	<u>Page</u>
Definitions	1
Benefit Summary	2
Data Summary	3
Actuarial Assumptions and Methods	4
Funding Results	6

DEFINITIONS

■ PVPB – Present Value of all Projected Benefits

- Expected benefit payments modeled based on:
 - Plan benefit provisions
 - Current employee/retiree population
 - Actuarial assumptions: Retirement/termination, future salary increases, longevity
 - Discounted to measurement date using discount rate (rate invested assets are expected to earn in the long-term future).

■ AAL – Actuarial Accrued Liability

- Discounted value at measurement date (valuation date) of benefits “earned” through measurement date
- \$0 for District since no past service counted for benefits.

■ NC – Normal Cost

- Value of benefits “earned” during year after measurement date
- Benefits “earned” in proportion to expected payroll over employee’s working lifetime.



BENEFIT SUMMARY

■ Eligibility	■ Age 62 with 5 years District service
■ Retirement Benefit	■ 2% x Final Pay x benefit service payable at 62 ■ Final Pay is highest average 36 months limited to PEPPRA limit (\$117,020 in 2015)
■ Service	■ Benefit service is years with District after 7/1/15
■ Death Benefits	■ After 5 years District service – spousal benefit
■ Termination	■ Refund of employee contributions with 3% interest, or ■ Deferred formula benefit calculated at termination
■ Disability	■ Same as termination
■ Employee Contributions	■ ½ of Normal Cost. ■ Calculated as % of pay up to PEPPRA pay limit. ■ Will depend on discount rate and other actuarial assumptions. ■ Recalculated in each actuarial valuation
■ Service Buy-back	■ Employees may purchase credit for District service before 7/1/2015 by paying the full actuarial cost.
■ COLA	■ 2% increases per year after retirement
■ Benefit Form	■ Single life annuity, spousal continuation benefits paid by retiree



DATA SUMMARY

Participant Statistics

	6/30/14
■ Actives	
• Count	7
• Average Age	43.9
• Average District Service	5.9
• Average Benefit Service	0.0
• Total Payroll	539,000



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2015 Valuation
■ Valuation Date	<ul style="list-style-type: none"> ■ June 30, 2015 ■ Determines contributions for fiscal years 2015/16 & 2016/17
■ Investments	■ To be selected
■ Discount Rate	<ul style="list-style-type: none"> ■ 6.0%, 6.5% and 7.0% to illustrate possible costs ■ Rate to be determined after investment fund is selected ■ Net of investment expenses
■ Payroll Increase	<ul style="list-style-type: none"> ■ Merit Increases – CalPERS 1997-2011 Experience Study ■ Aggregate payroll increase – 3.25%
■ Mortality, Withdrawal, Disability and Retirement	<ul style="list-style-type: none"> ■ CalPERS 1997-2011 Experience Study ■ Mortality projected fully generational with Scale MP2014



ACTUARIAL METHODS

Method	June 30, 2015 Valuation
■ Actuarial Cost Method	■ Entry Age Normal
■ Administrative Expenses	■ Allowance for administrative expense, if paid from Trust assets, to be added to actuarially determined contribution. Assumed \$0 for fiscal years 15/16 and 16/17 (i.e., all costs paid by District)
■ Future New Entrants	■ Closed group, no new hires
■ Employer Accounting	■ Governed by GASB Statement 68, first applicable for the District 6/30/16. Accounting results will differ from those in this funding report.



FUNDING RESULTS

Actuarial Obligations

	6/30/15 Valuation		
■ Discount Rate	7.00%	6.50%	6.00%
■ Present Value of Benefits			
• Active Employees	\$ 729,052	\$ 849,004	\$ 993,243
• Retirees	<u>0</u>	<u>0</u>	<u>0</u>
• Total	729,052	849,004	993,243
■ Actuarial Accrued Liability			
• Total	0	0	0
■ Actuarial Value of Assets	<u>0</u>	<u>0</u>	<u>0</u>
■ Unfunded AAL	0	0	0
■ Funded Ratio	N/A	N/A	N/A
■ Employer Normal Cost (middle of year payment)	\$37,546	41,862	46,030



FUNDING RESULTS

Annual Actuarially Determined Contribution (ADC)

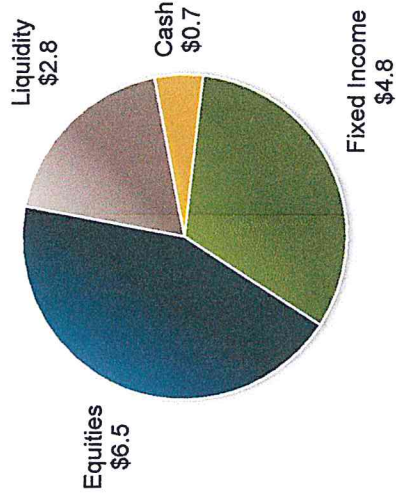
■ Discount Rate	6/30/15 Valuation for 15/16 and 16/17 Contributions		
	7.00%	6.50%	6.00%
■ ADC - \$			
• Normal Cost (Employer)	\$ 37,546	\$ 41,862	\$ 46,030
• Administrative expenses paid from Trust	<u>0</u>	<u>0</u>	<u>0</u>
• Total	37,546	41,862	46,030
■ Projected Payroll (unlimited)	539,132	539,132	539,132
■ Employee Contribution Rate (% of PEPRRA-limited pay)	7.50%	8.25%	9.25%
■ Total Employer Cost (% total pay)	6.96%	7.76%	8.54%



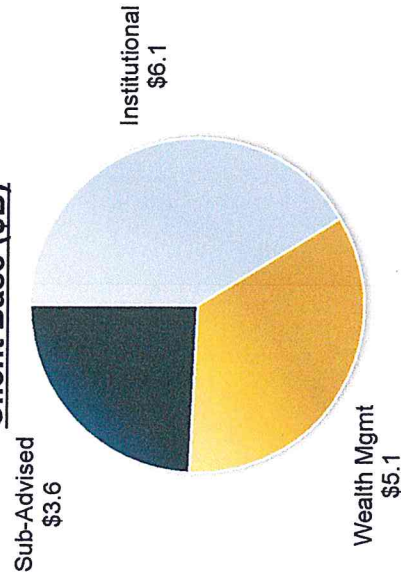
FIRM OVERVIEW

Assets Under Management as of 9/30/2014
\$14.8 Billion

Asset Class (\$B)



Client Base (\$B)

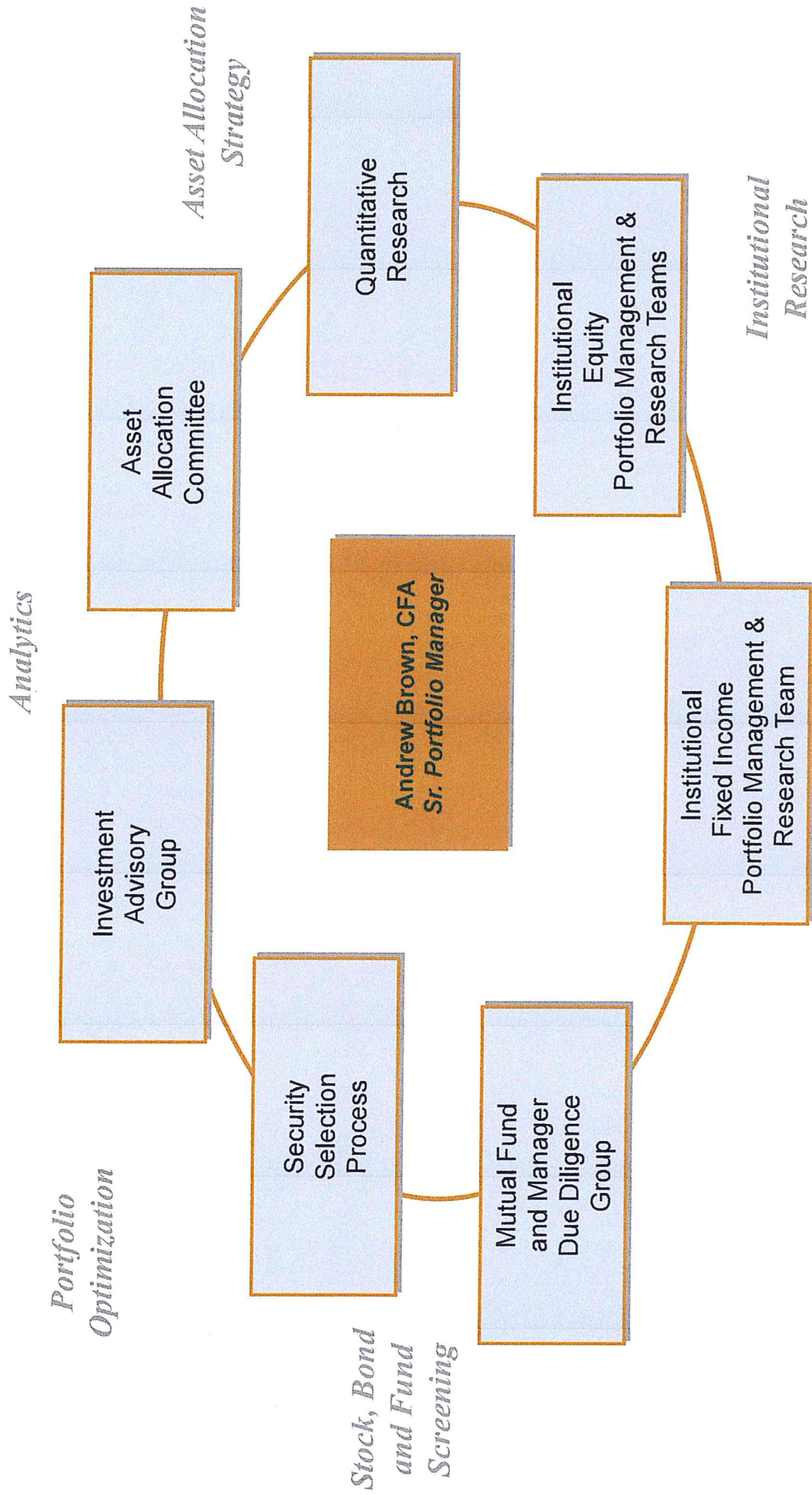


- With its predecessors, HighMark has been focused exclusively on investment management of client's assets since 1919. *
- Registered Investment Adviser with more than \$14.8 billion in assets under management.
- 48 investment professionals with an average of 21 years investment experience.
- 25 professionals hold the Chartered Financial Analyst® (CFA) designation.
- In-house investment research capabilities and access to top-tier investment managers.

*Including predecessor organizations. HighMark Capital Management, Inc., registered with the SEC as an investment adviser on August 7, 1998. All data as of September 30, 2014

OUR INVESTMENT CAPABILITIES

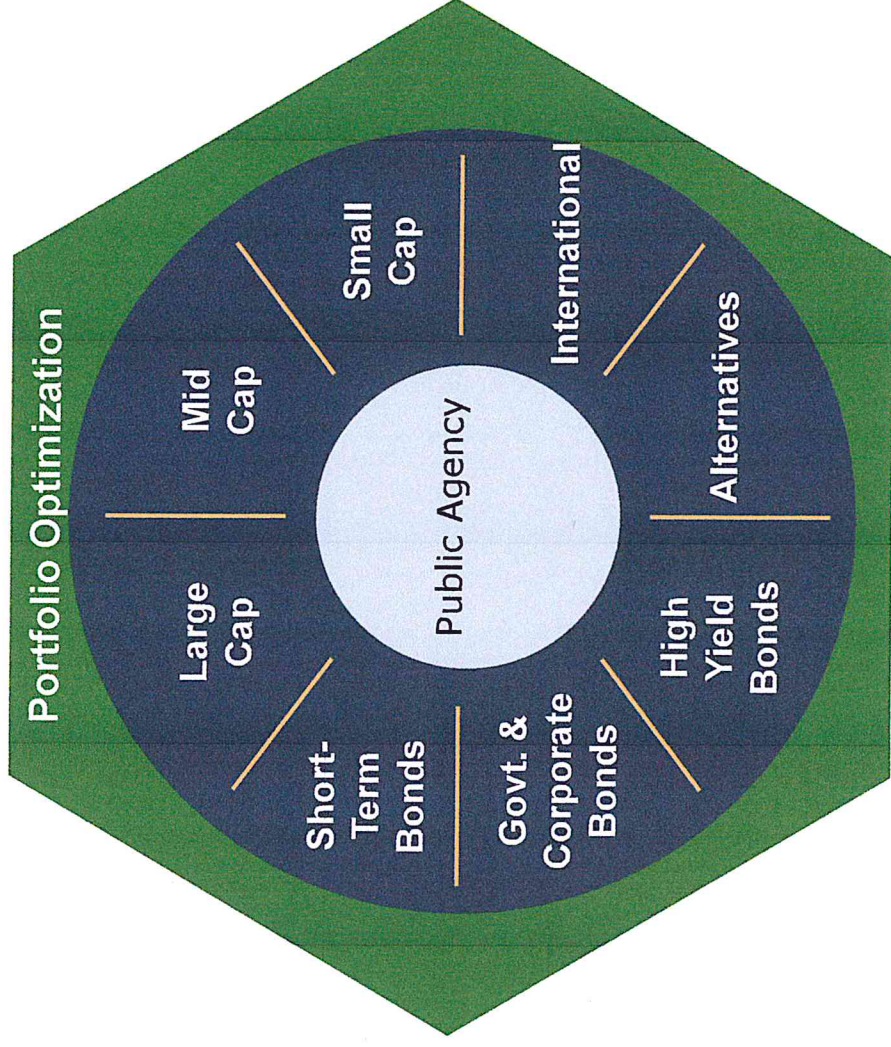
Our Senior Portfolio Managers are supported by deep investment resources and unique processes.



SERVICES OFFERED

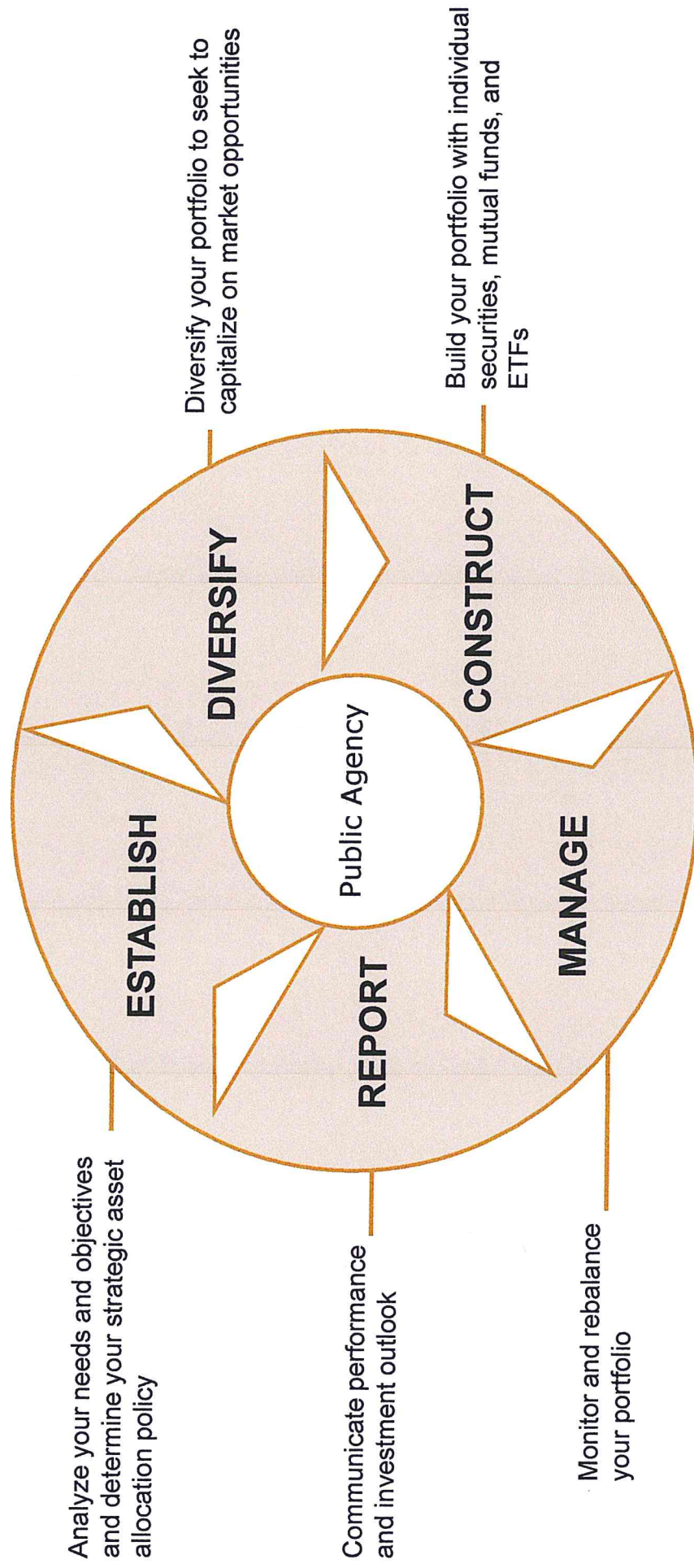
Key Features:

- Assistance with Investment Policy Statement
- Strategic and tactical asset allocation
- Diversified portfolio of holdings; flexible investment options that include access to individual securities, mutual funds, and index-based securities
- Access to rigorously screened, top tier money managers
- Comprehensive investment reporting



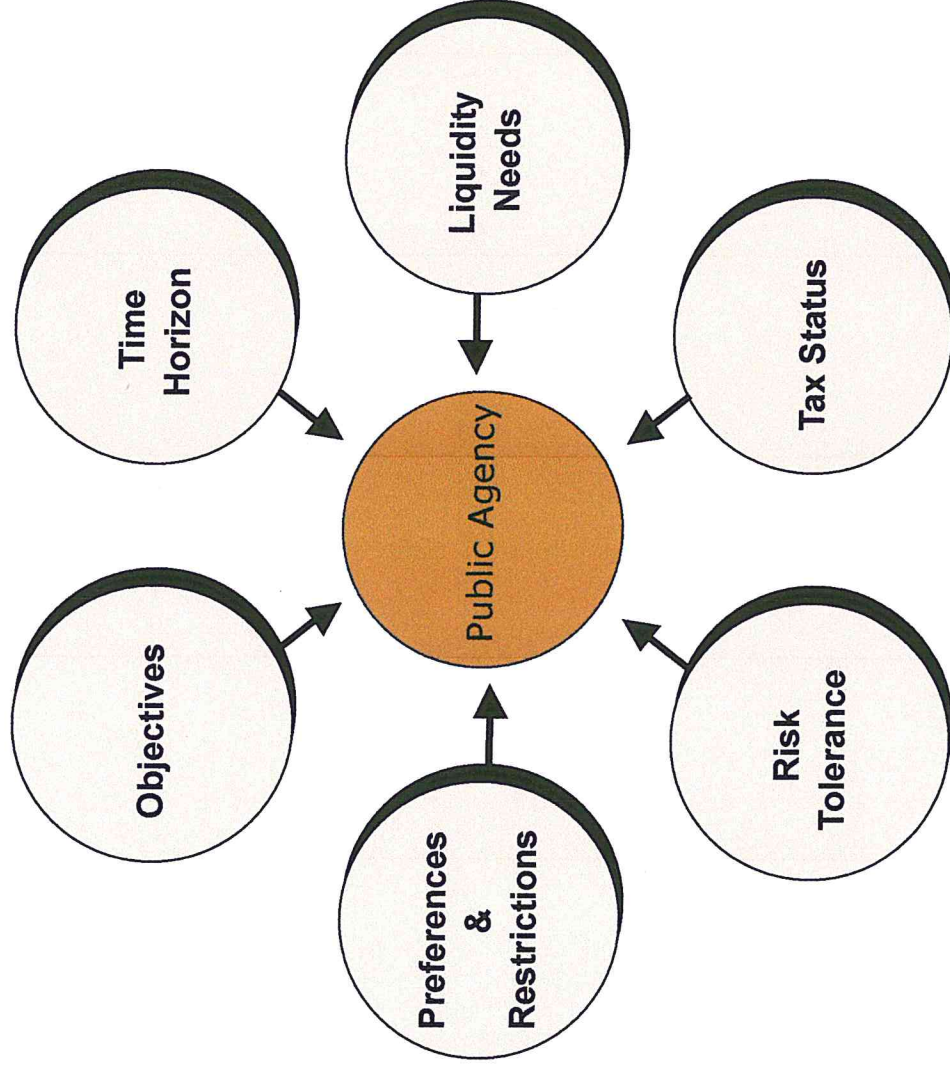
OUR FIVE-STEP RELATIONSHIP PROCESS

HighMark dedicates itself to meeting the investment expectations of each client and delivering value at every step of the investment relationship.



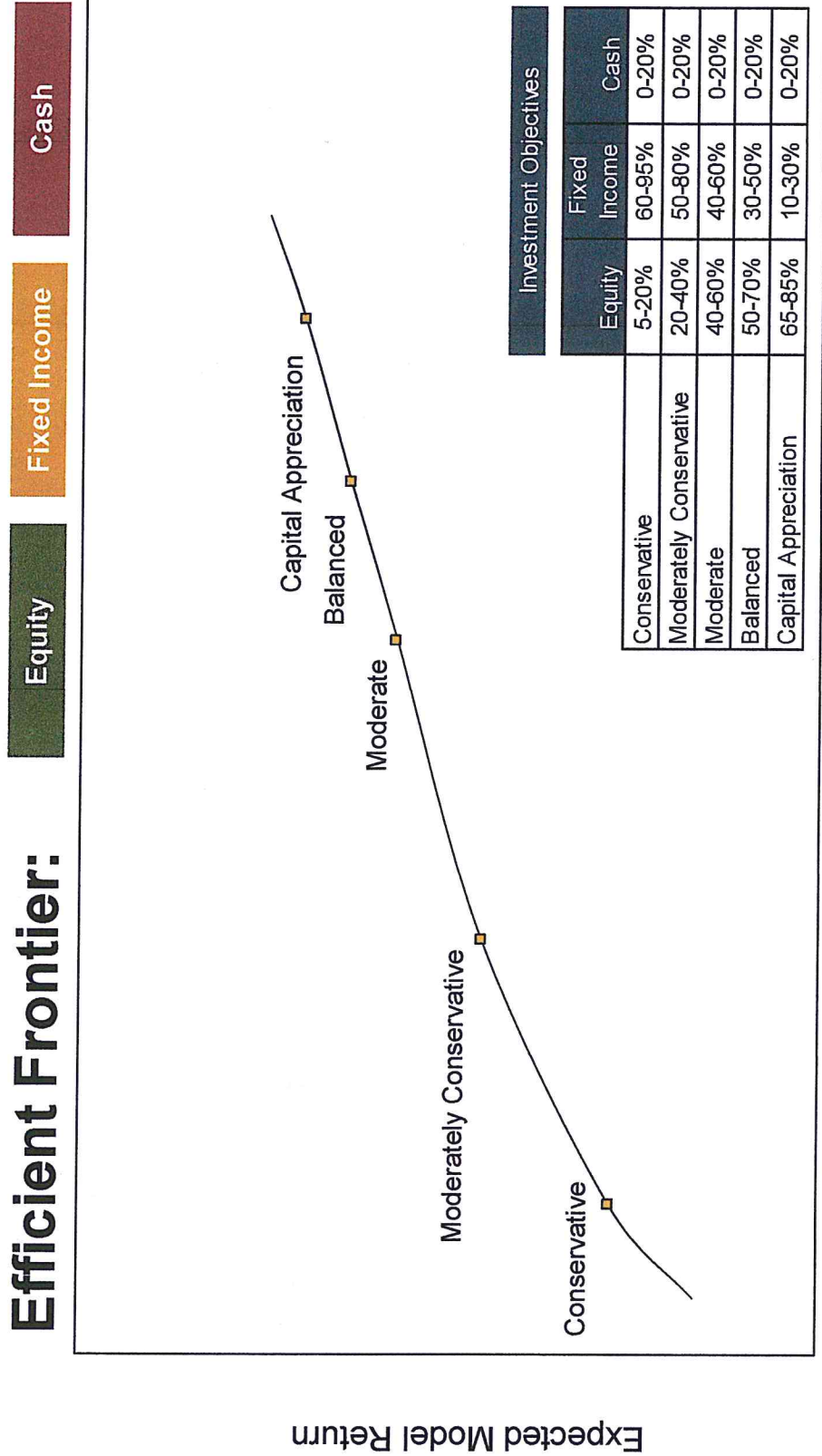
1. ESTABLISH: ANALYZE YOUR NEEDS AND OBJECTIVES

Every client is unique. We customize investment strategies to each client's specific situation and needs.



1. ESTABLISH: DETERMINE YOUR STRATEGIC ASSET ALLOCATION STRATEGY

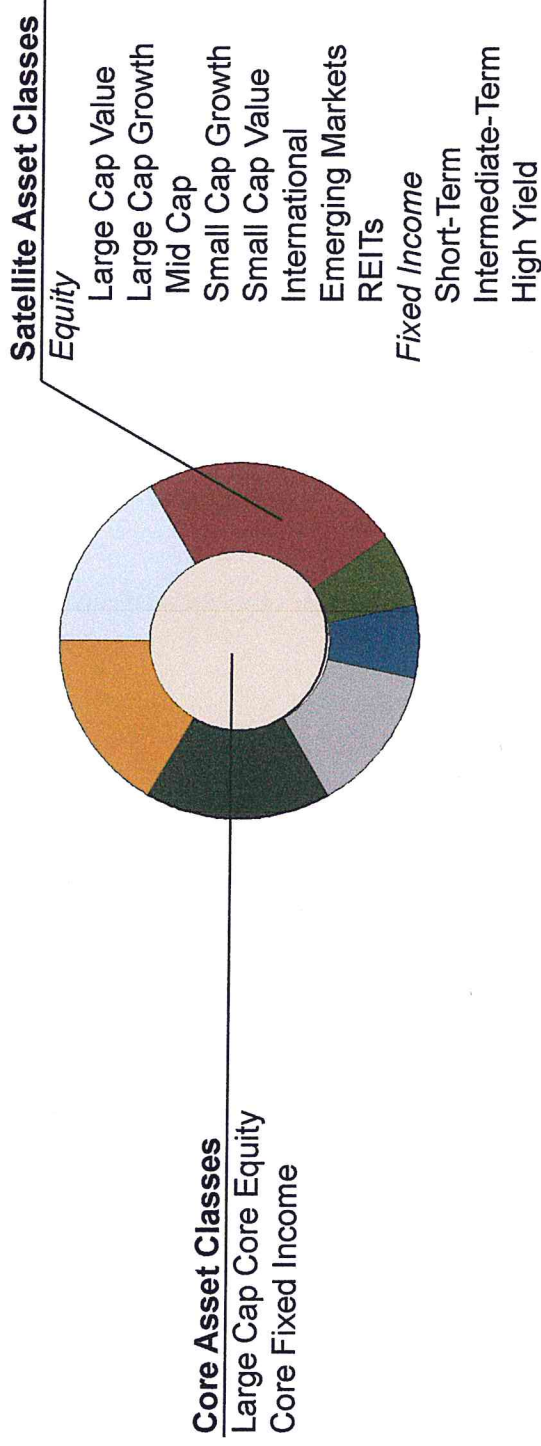
Efficient Frontier:



Expected Model Risk (standard deviation)

Each Investment Objective is a hypothetical construct only and does not reflect actual investment decisions or recommendations. Past performance is no indication of future results. Please refer to page entitled 'Disclosures' at the back of this presentation for more information.

2. DIVERSIFY: TACTICAL ALLOCATION WITHIN ASSET CLASSES



Advantages of Tactical Asset Allocation:

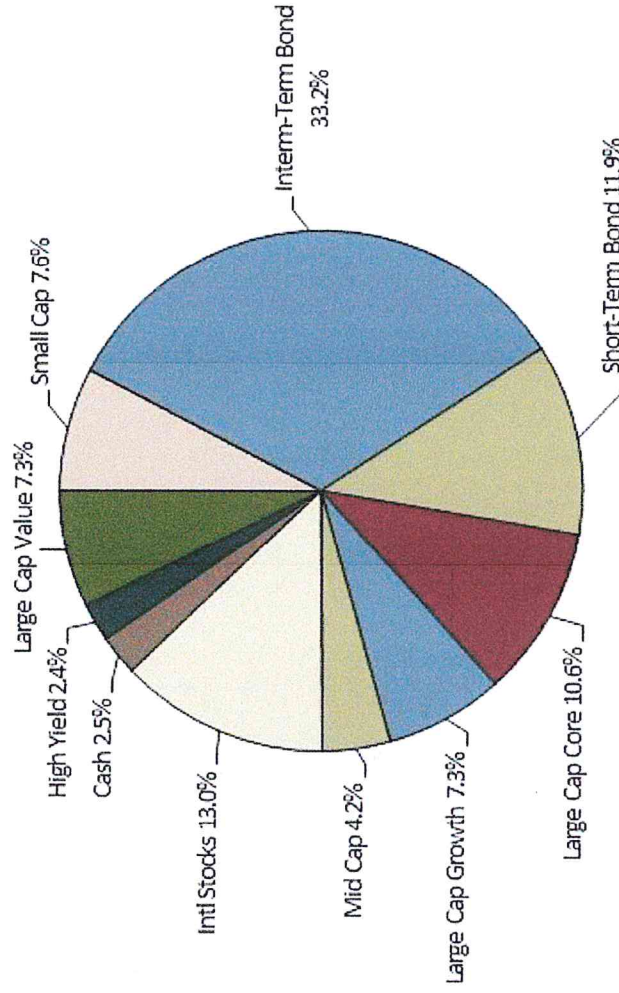
- Asset class, style, sector, and country differentials are regularly large
- Opportunities persist due to misguided behavioral tendencies
- Fundamental factors can identify opportunities to enhance returns
- Disciplined investment strategies can exploit these opportunities
- Serves as a logical extension of strategic asset allocation

3. CONSTRUCT YOUR PORTFOLIO: SAMPLE PORTFOLIO

Moderate Objective

Strategic Ranges	
Equity	40-60%
Fixed Income	40-60%
Cash	0-20%
Tactical Allocation	
Equity	50.00%
Fixed Income	47.50%
Cash	2.50%

Asset Allocation	
Equity	
Large Cap Core	10.60%
Large Cap Value	7.30%
Large Cap Growth	7.30%
Mid Cap Value	2.10%
Mid Cap Growth	2.10%
Small Cap Value	3.80%
Small Cap Growth	3.80%
International	7.30%
Tactical - Europe	2.20%
Emerging Markets	3.50%
Fixed Income	
Interm-Term	33.20%
Short-Term	11.90%
High Yield	2.40%
Cash	2.50%



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3. CONSTRUCT YOUR PORTFOLIO: SAMPLE PORTFOLIO

PARS Moderate	Ticker	Actively Managed Mutual Funds Fund Name
------------------	--------	--

Equity	<60% equity	
Large Cap Core	5.80%	SMGIX Columbia Contrarian Core Z
	4.80%	SICWX Sentinel Common Stock Fund
Large Cap Value	4.40%	LSGIX Loomis Sayles Value Y
	2.90%	DODGX Dodge & Cox Stock
Large Cap Growth	3.65%	HACAX Harbor Capital Appreciation Instl
	3.65%	PRGFX T. Rowe Price Growth Stock
Mid Cap Value	2.10%	TIMVX TIAA-CREF Mid-Cap Value Inst.
Mid Cap Growth	2.10%	IYMIY Ivy Mid Cap Growth I
Small Cap Value	3.80%	NSVAX Columbia Small Cap Value II Z
Small Cap Growth	3.80%	PRNHX T. Rowe Price New Horizons
International	3.30%	NWHNX Nationwide Bailard International Equities Fund
	2.00%	DODFX Dodge & Cox International Stock
	2.00%	MQGIX MFS International Growth I
Tactical - Europe	2.20%	FEZ SPDR EURO STOXX 50 ETF
Emerging Markets	<u>3.50%</u>	SEMINX Schroder Emerging Market Equity Inv
	50.00%	
Fixed Income		
Short Term Bond	11.90%	VFSUX Vanguard Short-Term Investment-Grade Adm
Interm Term Bond	16.60%	PTRRX PIMCO Total Return Instl
	16.60%	NWJXX Nationwide HighMark Bond Fund
High-Yield	<u>2.40%</u>	PHIYX PIMCO High Yield Instl
	47.50%	
Cash	2.50%	FPZXX First American Prime Obligation Z
TOTAL	100.00%	

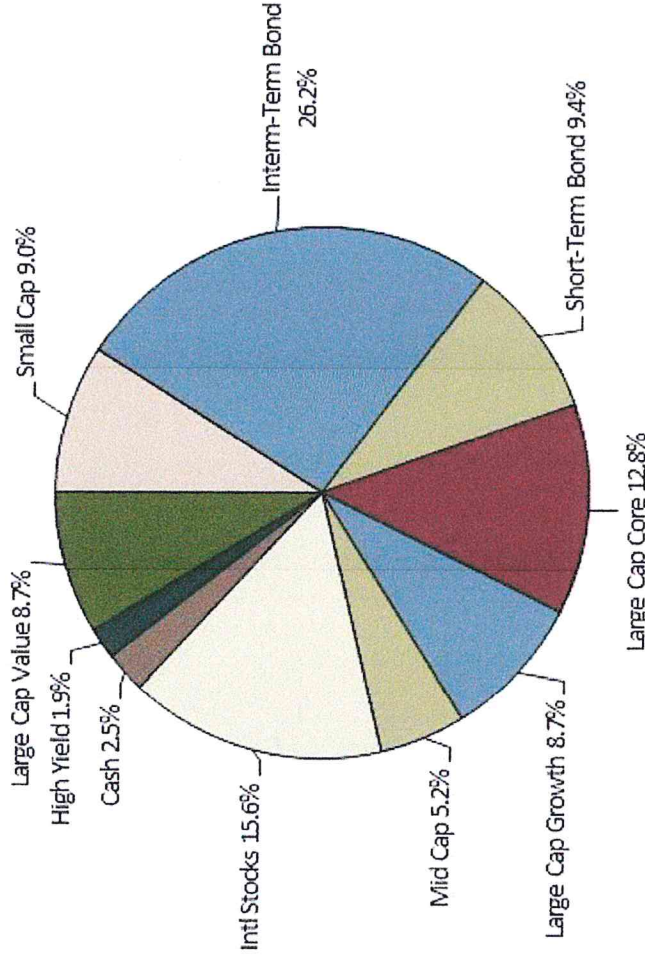
Securities shown here may change from time to time, at the discretion of HighMark. Please refer to page entitled 'Disclosures' at the back of this presentation for more information.

3. CONSTRUCT YOUR PORTFOLIO: SAMPLE PORTFOLIO

Balanced Objective

Strategic Ranges	
Equity	50-70%
Fixed Income	30-50%
Cash	0-20%
Tactical Allocation	
Equity	60.00%
Fixed Income	37.50%
Cash	2.50%

Asset Allocation	
Equity	
Large Cap Core	12.80%
Large Cap Value	8.70%
Large Cap Growth	8.70%
Mid Cap Value	2.60%
Mid Cap Growth	2.60%
Small Cap Value	4.50%
Small Cap Growth	4.50%
International	8.80%
Tactical - Europe	2.60%
Emerging Markets	4.20%
Fixed Income	
Interm-Term	26.20%
Short-Term	9.40%
High Yield	1.90%
Cash	2.50%



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3. CONSTRUCT YOUR PORTFOLIO: SAMPLE PORTFOLIO

PARS Balanced	Ticker	Actively Managed Mutual Funds Fund Name
------------------	--------	--

Equity	50-70% equity	
Large Cap Core	7.00%	SMGIX Columbia Contrarian Core Z
	5.80%	SICWX Sentinel Common Stock Fund
Large Cap Value	5.20%	LSGIX Loomis Sayles Value Y
	3.50%	DODGX Dodge & Cox Stock
Large Cap Growth	4.35%	HACAX Harbor Capital Appreciation Instl
	4.35%	PRGFX T. Rowe Price Growth Stock
Mid Cap Value	2.60%	TIMVX TIAA-CREF Mid-Cap Value Inst.
Mid Cap Growth	2.60%	IYMIK Ivy Mid Cap Growth I
Small Cap Value	4.50%	NSVAX Columbia Small Cap Value II Z
Small Cap Growth	4.50%	PRNHX T. Rowe Price New Horizons
International	4.00%	NWHNX Nationwide Bailard International Equities Fund
	2.40%	DODFX Dodge & Cox International Stock
	2.40%	MOGIX MFS International Growth I
Tactical - Europe	2.60%	FEZ SPDR EURO STOXX 50 ETF
Emerging Markets	4.20%	SEMNX Schroder Emerging Market Equity Inv
	60.00%	
Fixed Income		
Short Term Bond	9.40%	VFSUX Vanguard Short-Term Investment-Grade Adm
Interm Term Bond	13.10%	PTTRX PIMCO Total Return Instl
	13.10%	NWJXX Nationwide HighMark Bond Fund
High-Yield	1.90%	PHIYX PIMCO High Yield Instl
	37.50%	
Cash	2.50%	FPZXX First American Prime Obligation Z
TOTAL	100.00%	

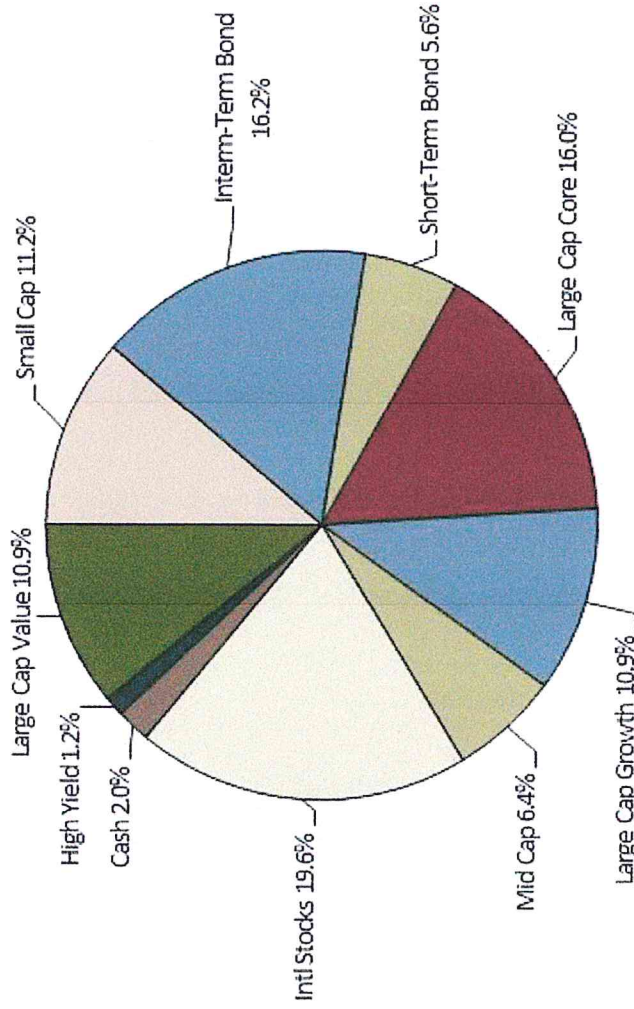
Securities shown here may change from time to time, at the discretion of HighMark. Please refer to page entitled 'Disclosures' at the back of this presentation for more information.

3. CONSTRUCT YOUR PORTFOLIO: SAMPLE PORTFOLIO

Capital Appreciation Objective

Strategic Ranges	
Equity	65-85%
Fixed Income	10-30%
Cash	0-20%
Tactical Allocation	
Equity	75.00%
Fixed Income	23.00%
Cash	2.00%

Asset Allocation	
Equity	
Large Cap Core	16.00%
Large Cap Value	10.90%
Large Cap Growth	10.90%
Mid Cap Value	3.20%
Mid Cap Growth	3.20%
Small Cap Value	5.60%
Small Cap Growth	5.60%
International	11.00%
Tactical - Europe	3.30%
Emerging Markets	5.30%
Fixed Income	
Interm-Term	16.20%
Short-Term	5.60%
High Yield	1.20%
Cash	
	2.00%



*Each strategy represented in the Sample Portfolio is a hypothetical construct only and does not reflect actual investment decisions or recommendations. Past performance is no indication of future results. Please refer to page entitled 'Disclosures' at the back of this presentation for more information. Data is as of 12.22.2014.

3. CONSTRUCT YOUR PORTFOLIO: SAMPLE PORTFOLIO

PARS Capital Appreciation	Ticker	Actively Managed Mutual Funds Fund Name
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Equity	65-85% equity	
Large Cap Core	8.80%	SMGIX Columbia Contrarian Core Z
	7.20%	SICWX Sentinel Common Stock Fund
Large Cap Value	6.50%	LSGIX Loomis Sayles Value Y
	4.40%	DODGX Dodge & Cox Stock
Large Cap Growth	5.45%	HACAX Harbor Capital Appreciation Instl
	5.45%	PRGFX T. Rowe Price Growth Stock
Mid Cap Value	3.20%	TIMVX TIAA-CREF Mid-Cap Value Inst.
Mid Cap Growth	3.20%	IYMIX Ivy Mid Cap Growth I
Small Cap Value	5.60%	NSVAX Columbia Small Cap Value II Z
Small Cap Growth	5.60%	PRNHX T. Rowe Price New Horizons
International	5.00%	NWHNX Nationwide Bailard International Equities Fund
	3.00%	DODFX Dodge & Cox International Stock
Tactical - Europe	3.00%	MQGIX MFS International Growth I
Emerging Markets	3.30%	FEZ SPDR EURO STOXX 50 ETF
	<u>5.30%</u>	SEMNX Schroder Emerging Market Equity Inv
	75.00%	
Fixed Income		
Short Term Bond	5.60%	VFSUX Vanguard Short-Term Investment-Grade Adm
Interm Term Bond	8.10%	PTRRX PIMCO Total Return Instl
	8.10%	NWJJX Nationwide HighMark Bond Fund
High-Yield	<u>1.20%</u>	PHIYX PIMCO High Yield Instl
	23.00%	
Cash	2.00%	FPZXX First American Prime Obligation Z
TOTAL	100.00%	

Securities shown here may change from time to time, at the discretion of HighMark. Please refer to page entitled 'Disclosures' at the back of this presentation for more information.



4. MANAGE: RISK MANAGEMENT

- Experienced Portfolio Management Team
 - Andrew Brown, CFA
 - Skilled at aligning client objectives with investment strategies
 - Upfront and regular dialogue with a local portfolio manager ensures strategy is consistent with risk profile and investment objectives
- Disciplined investment process and research methodology
 - Quantitative analysis and modeling supports asset allocation decisions
 - Non-index investments have clear buy/sell process
 - Fundamental stock review
 - Credit monitoring
 - Rigorous mutual fund selection and monitoring approach
- Structured portfolio management methodology
 - Periodic rebalancing back to target to prevent asset allocation and style drift
 - Objectives-based solutions
 - Automated compliance module identifies deviations from guidelines

5. REPORT: RESPONSIVE AND PROACTIVE CLIENT COMMUNICATION

HighMark's dedicated investment team continuously seeks to add value to our relationship with your organization.

- Integrated client service program established with PARS over the last 18 years
- We have a tradition of interactive client service to maintain a strong relationship
- Local portfolio manager
- You benefit from face-to-face meetings and scheduled conference calls with your client service team and portfolio management team
- You receive regular communications in a variety of formats
 - Account holdings and transactions
 - Quarterly performance evaluation reports
 - Investment outlook and economic updates

CRITICAL PERFORMANCE DECISIONS

← Areas where HighMark adds value →

Investment Strategy & Planning

- Objective Based Strategy
- Customized
- Flexible
- Monitored
- Rebalanced
- Unique Client Considerations

Strategic & Tactical Asset Allocation Decisions

- Stocks vs. Bonds
- Domestic vs. International
- Large vs. Small Capitalization Equities
- Value vs. Growth Equity Styles
- Short vs. Long Term Bonds

Portfolio Construction Decisions

- Active vs. Passive Management
- Sector Selection
- Security Selection
- Manager Selection

DISCLOSURES

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFG Union Bank, N.A. HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, public and private retirement plans, and personal trusts of all sizes. It may also serve as sub-adviser for mutual funds, common trust funds, and collective investment funds. Union Bank, a subsidiary of MUFG Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. **Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.**

This unaudited information is approved for one-on-one presentations only and is not intended for reproduction or distribution or to provide specific investment advice to any individual. Individual account management and construction will vary depending on each client's investment needs and objectives.

Unless otherwise specified, performance shown for individual mutual funds are net of expense ratios, which includes fees charged by ETFs or funds, but gross of HighMark's overall investment management fee to the account. HighMark and its affiliates do not receive compensation for the use of any non-proprietary fund.

Some information provided herein was obtained from third party sources deemed to be reliable; HighMark and its affiliates make no representations or warranties with respect to the timeliness, accuracy, or completeness of the information provided. Any information provided is subject to change without notice.

Each strategy represented in the Sample Portfolios are a hypothetical construct only and does not reflect actual investment decisions or recommendations. It does not reflect the liquidity constraints of actual fund investing or the impact that material economic and market factors may have on an investment adviser's decision-making. Investors cannot invest in the Sample or Alternative Portfolio and actual investment results may differ materially. The Sample Portfolios do not reflect the deduction of advisory fees, brokerage, commissions, or any other actual client expenses, which would reduce investor returns. Advisory fees are described in the Form ADV, Part 2A and are available upon request. The portfolios do not reflect the reinvestment of dividends, distributions, and other earnings.

A portfolio's Expected Return (comprised of capital appreciation and income/dividends) is calculated in two steps:

(1) The expected return of each asset class in a given portfolio is determined through a combination of examining historical rates of return with expected returns. Historical rates of return (analyzed over a number of years) are provided by Ibbotson Associates. Expected rates of return are developed by HighMark's Asset Allocation Committee, which incorporates a one year forecast for market returns, the asset class' beta, and a risk-free rate (generally, the T-Bill rate).

(2) The expected return for the overall portfolio is derived by taking the weighted average of each respective asset class' expected return.

Expected returns generated are before taxes and any fees. The Standard Deviation for an asset class represents its possible divergence of the actual return for an asset class from its Expected Return. It measures the potential magnitude of any positive over performance or negative underperformance of an asset class from its Expected Return.

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HighMark Capital Management, Inc.
Composite Performance Presentation
PARS Tax Exempt Moderate HighMark Plus Composite
January 1, 2005 through December 31, 2013

Year	Gross-of-Fees		Net-of-Fees Return (%)	Benchmark Return (%)	Internal Dispersion (%)	Number of Portfolios	As of December 31		
	Return (%)	Total Composite Assets (\$M)					% of Firm Assets	Total Firm Assets (\$B)	
2013	13.06	12.66	12.66	13.06	0.97	20	265.51	1.83%	14.53
2012	12.25	11.85	11.85	10.27	0.79	18	226.43	1.29%	17.50
2011	0.55	0.18	0.18	3.09	0.65	15	191.09	1.22%	15.65
2010	12.42	12.02	12.02	10.23	1.14	12	127.66	0.77%	16.68
2009	21.47	21.04	21.04	16.01	2.34	11	73.96	0.44%	16.82
2008	-22.88	-23.16	-23.16	-18.41	1.28	7	24.86	0.15%	17.01
2007	5.88	5.50	5.50	6.16	n/a	6	25.15	0.12%	21.22
2006	8.83	8.44	8.44	9.99	n/a	<6	7.27	0.04%	20.20
2005	6.08	5.70	5.70	3.66	n/a	<6	0.68	0.00%	19.22

HighMark Capital Management, Inc. ("HighMark") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. HighMark has been independently verified for the period January 1, 2003 through December 31, 2011. The verification report is available upon request.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

HighMark, a wholly owned subsidiary of MUFG Union Bank, N.A., is a registered investment adviser. The firm's list of composite descriptions is available upon request. All returns are expressed in U.S. dollars. The PARS Tax Exempt Moderate Highmark Plus Composite includes all institutional portfolios invested in actively managed mutual funds. The strategy is to provide current income and moderate capital appreciation. Under normal conditions, allocation ranges are: Equity 40%-60%, Fixed Income 40%-60%, and Cash 0%-20%. The composite was created in April 2009.

Effective 10/1/12, the benchmark changed to 26.5% S&P 500 Index, 7.5% Russell 2000 Index, 6% MSCI EAFE Index, 5% Russell MidCap Index, 3.25% MSCI EM Free Index, 33.5% Barclays Capital Aggregate Bond Index, 10% Merrill Lynch 1-3 Year Corporate/Government Index, 1.5% Merrill Lynch US High Yield Master II Index, 1.75% Wilshire REIT Index, and 5% Citigroup 1 Month T-Bill Index, rebalanced monthly. Prior to 10/1/12, the benchmark was 43% S&P 500 Index, 2% Russell 2000 Index, 5% MSCI EAFE Index, 15% Merrill Lynch 1-3 Year Corporate/Government Index, 30% Barclays Capital Aggregate Bond Index, and 5% Citigroup 1 Month T-Bill Index, rebalanced monthly. The index was changed to reflect added strategy investments in Mid Cap and REITs. Benchmark returns do not reflect the deduction of advisory fees, custody fees, transaction costs, or other expenses of investing. Total benchmark returns assume the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. Prior to April 2007, the blended benchmark for the PARS Tax Exempt Moderate HighMark Plus Composite was as follows: 50% S&P 500 Index, 15% Merrill Lynch 1-3 Year Corporate/Government Index, 30% Barclays Capital Aggregate Bond Index, and 5% Citigroup 1 Month T-Bill Index, rebalanced monthly. Beginning April 2007, MSCI EAFE Index and Russell Index were added to the blended benchmarks due to enhancements in the investment process which were designed to increase diversification through exposure to small cap and international equities.

Gross returns are presented before management and custodial fees but after all trading expenses and reflect the reinvestment of dividends and other income. Net returns are net of model investment management fees in effect for the respective time period and are derived using the maximum fixed fee rate. A client's return will be reduced by the advisory fees and other expenses it may incur as a client. Fees charged are at the discretion of HighMark and U.S. Bank, N.A.; investment advisory fees are described in Part 2 of HighMark's Form ADV, which is available upon request.

The standard management fee is 0.36%. Standard management fees do not include any platform, administration, or other distribution fees that client may pay in addition to the management fees.

The internal dispersion of annual returns is measured by the equal-weighted standard deviation of portfolio returns included in the composite for the full year. For the years with less than or equal to 5 portfolios, the calculation of internal dispersion is not a meaningful statistical measure. The three year annualized ex-post standard deviation measures the variability of the composite (using gross returns) and the benchmark for the 36 month period ended as of 12/31/11: Composite: 11.02 Benchmark: 9.79 12/31/12: Composite: 7.56 12/31/13: Composite: 7.50 Benchmark: 6.20. HighMark's policies for valuing portfolios, calculating performance, and preparing compliant presentations is available upon request.

Past performance does not guarantee future results. Securities investments involve risk, including the possible loss of the principal amount invested. Investments are not deposits of the adviser's parent or any of the adviser's affiliates, and are NOT FDIC insured.

HighMark Capital Management, Inc.
Composite Performance Presentation
PARS Tax Exempt Balanced HighMark Plus Composite
January 1, 2007 through December 31, 2013

Year	Gross-of-Fees		Net-of-Fees		Benchmark Return (%)	Internal Dispersion (%)	Number of Portfolios	As of December 31	
	Return (%)	Return (%)	Return (%)	Return (%)				Total Composite Assets (\$M)	% of Firm Assets
2013	16.61	16.19	16.07	0.64	15	121.82	0.84%	14.53	
2012	13.25	12.85	11.86	0.25	12	88.73	0.51%	17.50	
2011	-0.46	-0.82	2.91	0.45	8	71.39	0.46%	15.65	
2010	14.11	13.71	11.49	n/a	6	54.05	0.32%	16.68	
2009	21.36	20.93	18.36	n/a	<6	36.57	0.22%	16.82	
2008	-25.72	-25.99	-22.53	n/a	7	14.64	0.09%	17.01	
2007	5.41	5.03	5.96	n/a	<6	11.33	0.05%	21.22	

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HighMark, a wholly owned subsidiary of MUFG Union Bank, N.A., is a registered investment adviser. The firm's list of composite descriptions is available upon request. All returns are expressed in U.S. dollars.

The PARS Tax Exempt Moderately Aggressive HighMark Plus Composite includes all institutional portfolios invested in actively managed mutual funds. The strategy is to provide growth of principal and income. Under normal conditions, allocation ranges are: Equity 50%-70%, Fixed Income 30%-50%, and Cash 0%-20%. The composite was created in April 2009. The composite name was changed from PARS Tax Exempt Moderately Aggressive HighMark Plus to PARS Tax Exempt Balanced HighMark Plus in May 2013.

Effective 10/1/12, the benchmark changed to 32.0% S&P 500 Index, 9.0% Russell 2000 Index, 7.0% MSCI EAFE Index, 6.0% Russell MidCap Index, 4.0% MSCI EM Free Index, 27.0% Barclays Capital Aggregate Bond Index, 6.75% Merrill Lynch 1-3 Year Corporate/Government Index, 1.25% Merrill Lynch US High Yield Master II Index, 2.0% Wilshire REIT Index, and 5% Citigroup 1 Month T-Bill Index, rebalanced monthly. Prior to 10/1/12, the benchmark was 51% S&P 500 Index, 3% Russell 2000 Index, 6% MSCI EAFE Index, 5% Merrill Lynch 1-3 Year Corporate/Government Index, 30% Barclays Capital Aggregate Bond Index, and 5% Citigroup 1 Month T-Bill Index, rebalanced monthly. The index was changed to reflect added strategy investments in Mid Cap and REITs. Benchmark returns do not reflect the deduction of advisory fees, custody fees, transaction costs, or other expenses of investing. Total benchmark returns assume the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. Prior to April 2007, the blended benchmark for the PARS Tax Exempt Moderately Aggressive HighMark Plus Composite was as follows: 60% S&P 500 Index, 5% Merrill Lynch 1-3 Year Corporate/Government Index, 30% Barclays Capital Aggregate Bond Index, and 5% Citigroup 1 Month T-Bill Index, rebalanced monthly. Beginning April 2007, MSCI EAFE Index and Russell Index were added to the blended benchmarks due to enhancements in the investment process which were designed to increase diversification through exposure to small cap and international equities.

Gross returns are presented before management and custodial fees but after all trading expenses and reflect the reinvestment of dividends and other income. Net returns are net of model investment management fees in effect for the respective time period and are derived using the maximum fixed fee rate. A client's return will be reduced by the advisory fees and other expenses it may incur as a client. Fees charged are at the discretion of HighMark and U.S. Bank, N.A.; investment advisory fees are described in Part 2 of HighMark's Form ADV, which is available upon request.

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Past performance does not guarantee future results. Securities investments involve risk, including the possible loss of the principal amount invested. Investments are not deposits of the adviser's parent or any of the adviser's affiliates, and are NOT FDIC insured.

HighMark Capital Management, Inc.
 Composite Performance Presentation
 PARS Tax Exempt Capital Appreciation HighMark Plus Composite
 January 1, 2009 through December 31, 2013

Year	Gross-of-Fees Return (%)	Net-of-Fees Return (%)	Benchmark Return (%)	Internal Dispersion (%)	Number of Portfolios	As of December 31		Total Firm Assets (\$B)
						Total Composite Assets (\$M)	% of Firm Assets	
2013	20.33	19.90	20.62	n/a	<6	26.76	0.18%	14.53
2012	13.87	13.46	13.39	n/a	<6	21.85	0.12%	17.50
2011	-1.35	-1.70	-0.24	n/a	<6	17.87	0.11%	15.65
2010	12.95	12.54	14.63	n/a	<6	14.36	0.09%	16.68
2009	23.77	23.34	25.80	n/a	<6	11.30	0.07%	16.82

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The benchmark is 39.5% S&P 500 Index, 10.5% Russell 2000 Index, 10.25% MSCI EAFE Index, 7.5% Russell MidCap Index, 5.25% MSCI EM Free Index, 16% Barclays Capital Aggregate Bond Index, 3% Merrill Lynch 1-3 Year Corporate/Government Index, 1% Merrill Lynch US High Yield Master II Index, 2% Wilshire REIT Index, 5% Citigroup 1 Month T-Bill Index, rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees, custody fees, transaction costs, or other expenses of investing. Total benchmark returns assume the reinvestment of dividends and other earnings. An investor cannot invest directly in an index.

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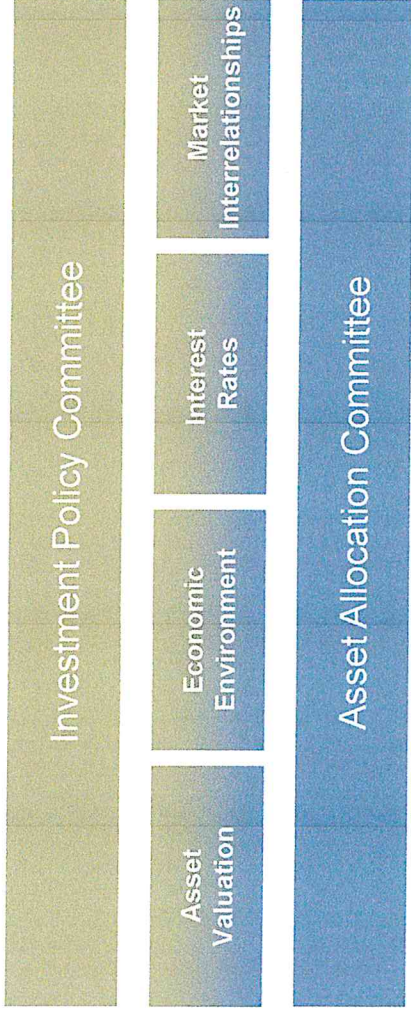
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ADDITIONAL INFORMATION

ASSET ALLOCATION COMMITTEE

Seek to identify investment opportunities using fundamental indicators to enhance returns over time through active asset allocation and investment selection without significantly increasing risk



Investment Professionals

13

Investment Experience

25 years average

Tenure with Firm

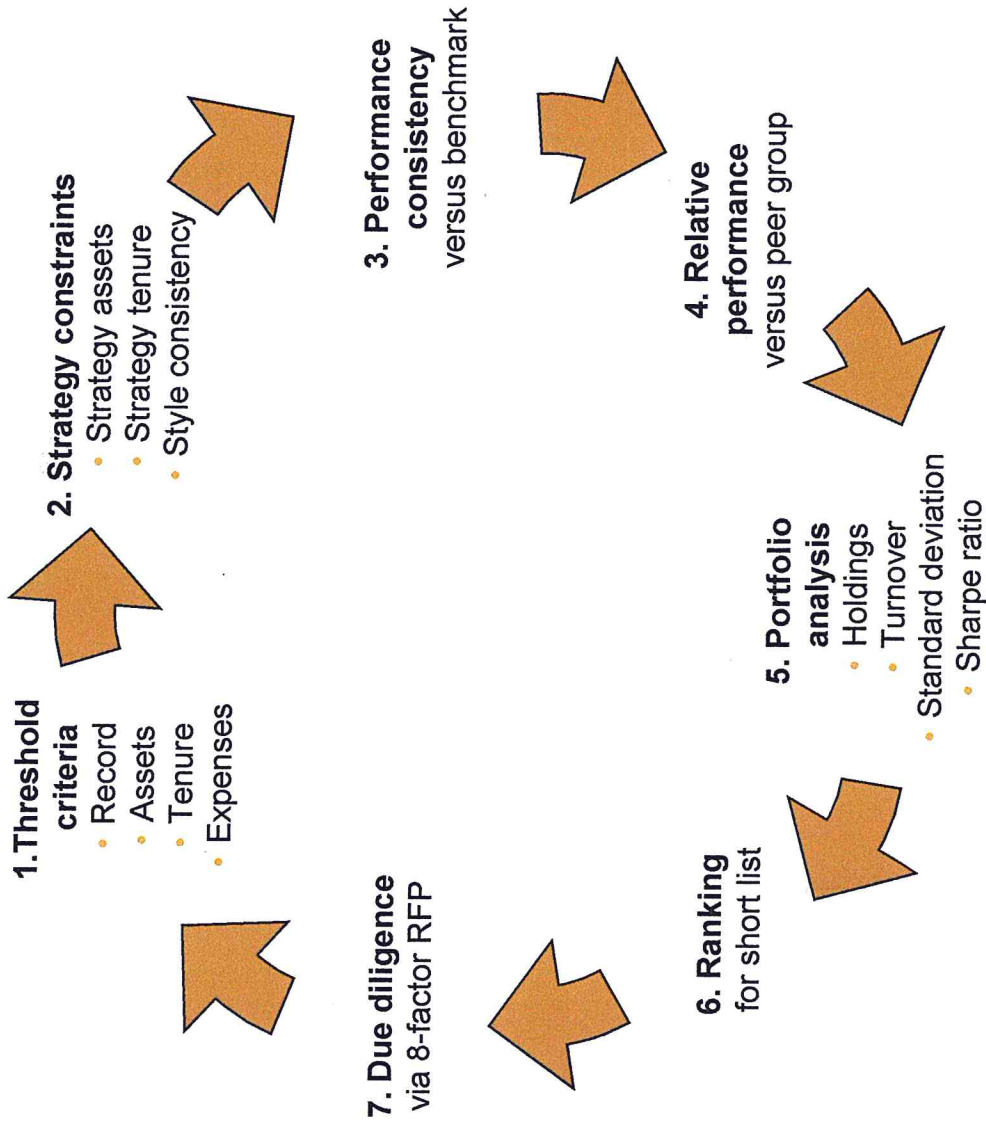
13 years average

Multi-disciplinary Group

Equity, Bond, Quantitative

MANAGER DUE DILIGENCE

HighMark uses a disciplined process with seven separate screens to identify, select, and monitor managers for specific investment mandates.



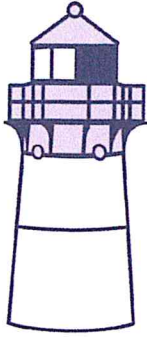
INVESTMENT BIOGRAPHY



Andrew Brown, CFA, Vice President and Senior Portfolio Manager

Andrew Brown joined HighMark Capital Management, the investment management subsidiary of MUFG Union Bank, N.A., in November of 1997. As Senior Portfolio Manager, Andrew is responsible for managing investment portfolios on behalf of high net worth investors, trusts, retirement plans, foundations, and not-for-profit organizations. In addition, he is a member of HighMark's Manager Review Committee (MRC). Andrew began his career in the investment management industry in 1994. Prior to joining HighMark, Andrew's work experience includes three years as a Japanese Equity Specialist at Wako Securities (America). His duties there included designing and implementing a marketing program to sell Japanese stocks to institutional investors. He also performed securities analysis for Japanese equities and made buy/sell recommendations on Nikkei 225 and OTC equities.

Andrew received a Bachelor of Arts degree in International Relations, concentrating in Asia-Politics/Economy, from the University of Southern California, and a Master's degree in Business Administration with an emphasis in Finance/Marketing from the University of Southern California. In addition, Andrew is a CFA charterholder.



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **June 4, 2015**

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
Cancellation of Next Regular Scheduled Meeting
6/18/15 and Moving the 7/02/15 Regular
Scheduled Meeting to 7/09/15.**

The General Mager will be out of the office from June 15 through June 26.

RECOMMENDATION:

Staff recommends to cancel the 6/18/15 meeting and moving the first meeting in July to 7/09/15