

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

REGULAR MEETING OF THE BOARD OF DIRECTORS

Tuesday, January 11, 2022 - 7:00 p.m.

AGENDA

Due to the Covid-19 pandemic, and in accordance with Assembly Bill 361, which modifies California Government Code Section 54953, the Boardroom will not be open to the public for the January 11, 2022, Regular Meeting of the Board of Directors of the Coastside County Water District. This meeting will be conducted remotely via teleconference only.

The Public may watch and/or participate in the public meeting by joining the meeting through the Zoom Videoconference link provided below. The public may also join the meeting by calling the below listed teleconference phone number.

How to Join Online or by Phone

The meeting will begin at 7:00 p.m.

Whether you participate online or by telephone, you may wish to “arrive” early so that staff can address any technology questions prior to the start of the meeting.

ONLINE:

Join Zoom Meeting

<https://zoom.us/j/93778260596?pwd=aEpRcFlnaHdQM2lPSElQWjNiN09TQT09>

Meeting ID: 937 7826 0596

Passcode: 184355

One tap mobile

+16699006833,,93778260596#,,,,,0#,,184355# US (San Jose)

Dial by your location

+1 669 900 6833 US (San Jose)

Meeting ID: 937 7826 0596

Passcode: 184355

Find your local number: <https://zoom.us/u/adZt3d9LjB>

Procedures to make a public comment with Zoom Video/Conference – As a reminder, all participants except the Board Members and Staff are muted on entry.

- ***From a computer:*** (1) Using the Zoom App. at the bottom of your screen, click on “Participants” and then “Raise Hand”. Participants will be called to comment in the order in which they are received. Begin by stating your name and place of residence.

OR

- (2) Using the Zoom App, at the bottom of your screen click on “Chat” and then type that you wish to make a comment into the Chat Box. Ensure that the “To:” field is populated by either “Everyone” or “the Moderator”. Begin by stating your name and place of residence.
- ***From a phone:*** Using your keypad, dial *9, and this will notify the Moderator that you have raised your hand. Begin by stating your name and place of residence. The Moderator will call on you by stating the last 4 digits of your phone number. If you wish to block your phone number dial *67 prior to dialing in. If your phone number is not displayed, the Moderator will call you by Caller number.

The Coastside County Water District (CCWD) does not discriminate against persons with disabilities. Upon request, the agenda and agenda packet materials can be provided in a format to accommodate special needs. If you require a copy of the agenda or related materials in an alternative format to accommodate a disability, or if you wish to attend this public meeting and will require special assistance or other special equipment, please call the District at (650) 726-4405 in advance and we will make every reasonable attempt to provide such an accommodation.

All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at the CCWD District Office, located at 766 Main Street, Half Moon Bay, CA at the same time that the public records are distributed or made available to the legislative body.

This agenda and accompanying materials can be viewed on Coastside County Water District’s website located at: www.coastsidewater.org.

The Board of the Coastside County Water District reserves the right to take action on any item included on this agenda.

- 1) **ROLL CALL**
- 2) **PLEDGE OF ALLEGIANCE**
- 3) **PUBLIC COMMENT**

At this time members of the public may address the Board of Directors on issues not listed on the agenda which are within the purview of the Coastside County Water District. Comments on matters that are listed on the agenda may be made at the time the Board is considering each item. Each speaker is allowed a maximum of three (3) minutes and must complete and submit a speaker slip. The President of the Board will recognize each speaker, at which time the speaker should proceed to the podium, give their name and address and provide their comments to the Board.

4) PUBLIC HEARING ([attachment](#))

A) Public Hearing to Consider Proposed Amendment of the Rate and Fee Schedule to Add Water Shortage Contingency Stage Rates Consistent with the 2020 Water Shortage Contingency Plan and San Francisco Public Utilities Commission (SFPUC) Pass-through Wholesale Water Shortage Rates or Surcharges; Consideration of Resolution 2022-01 Amending the Rate and Fee Schedule and Finding that the Amendments are Exempt from the California Environmental Quality Act

- 1) **Presentation by Staff and Raftelis Financial Consultants, Inc.**
- 2) **Open Public Hearing**
- 3) **Public Comments**
- 4) **Close Public Hearing**
- 5) **Board Comments**

B) **Board Action**

- 1) Adoption of Resolution 2022-01 – A Resolution of the Board of Directors and Coastside County Water District Amending the Rate and Fee Schedule to Add Water Shortage Contingency Stage Rates and San Francisco Public Utilities Commission (SFPUC) Pass-Through Wholesale Water Shortage Rates or Surcharges and finding that the Amendment is Exempt from California Environmental Quality Act.

5) **CONSENT CALENDAR**

The following matters before the Board of Directors are recommended for action as stated by the General Manager. All matters listed hereunder constitute a Consent Calendar, are considered as routine by the Board of Directors, and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

- A. Approval of disbursements for the month ending December 31, 2021:
Claims: \$711,149.21; Payroll: \$184,967.18 for a total of \$896,116.39 ([attachment](#))
➤ *December 2021 Monthly Financial Claims reviewed by and approved by Director Mickelsen*
- B. Acceptance of Financial Reports ([attachment](#))
- C. Approval of Minutes of December 13, 2021, Special Board of Directors Meeting ([attachment](#))
- D. Approval of Minutes of December 14, 2021, Regular Board of Directors Meeting ([attachment](#))
- E. Installed Water Connection Capacity and Water Meters Report ([attachment](#))
- F. Total CCWD Production Report ([attachment](#))
- G. CCWD Monthly Sales by Category Report-December 2021 ([attachment](#))
- H. Monthly Planned Plant or Tank Discharge and New Water Line Flushing Report ([attachment](#))
- I. Monthly Rainfall Reports ([attachment](#))
- J. Water Service Connection Transfer Report for December 2021 ([attachment](#))

6) **MEETINGS ATTENDED / DIRECTOR COMMENTS**

7) **GENERAL BUSINESS**

- A. Coastside County Water District Basic Financial Statements and Independent Auditor's Report for the Fiscal Year Ended June 30, 2021. Accept Audit Report ([attachment](#))
- B. Water Shortage Advisory and Public Outreach Update ([attachment](#))
- C. Review District Board Committees. Consider and Approve Appointments of Board Members to the Coastside County Water District Board Committees, and Appointment of District Representatives to External Organizations and Associations ([attachment](#))
- D. Appointment of CCWD Board Member Representative Alternate(s) to Participate in San Mateo Local Agency Formation Commission (LAFCO) Election of Officers ([attachment](#))
- E. Consider and Reaffirm Resolution 2021-06 "Making Findings Pursuant to Assembly Bill 361 That the Proclaimed State of Emergency Continues to Impact the Ability to Meet Safely in Person" ([attachment](#))
- F. Consider Resolution 2022-02 Amending the General Regulations Regarding Water Service To Address Property Owner/Landlord Responsibility for Water Bill After Tenant Default ([attachment](#))
- G. Quarterly Financial Review ([attachment](#))
- H. Nunes Water Treatment Plant Upgrades Project Update #5 ([attachment](#))

8) **MONTHLY INFORMATIONAL REPORTS**

- A. General Manager's Report ([attachment](#))
- B. Superintendent of Operations Report ([attachment](#))

9) **DIRECTOR AGENDA ITEMS - REQUESTS FOR FUTURE BOARD MEETINGS**

10) **ADJOURNMENT**

STAFF REPORT

To: Coastside County Water District Board of Directors

From: Mary Rogren, General Manager

Agenda: January 11, 2022

Report Date: January 7, 2022

Subject: Public Hearing to Consider Proposed Amendment to the Rate and Fee Schedule to Add Water Shortage Contingency Stage Rates and San Francisco Public Utilities Commission Pass-Through Wholesale Water Shortage Rates or Surcharges;
Consideration of Resolution 2022-01 Amending the Rate and Fee Schedule and Finding that the Amendment is Exempt from the California Environmental Quality Act

Recommendation:

- 1) Conduct a public hearing on proposed amendment to the District's Rate and Fee Schedule to add Water Shortage Contingency ("WSC") Stage Rates and San Francisco Public Utilities Commission ("SFPUC") Pass-Through Wholesale Water Shortage Rates or Surcharges, with the amendment to the Rate and Fee Schedule effective January 12, 2022.
- 2) Adopt Resolution 2022-01 (Exhibit B) Amending the Rate and Fee Schedule to add Water Shortage Contingency ("WSC") Stage Rates and San Francisco Public Utilities Commission ("SFPUC") Pass-Through Wholesale Water Shortage Rates or Surcharges and Finding that the Amendment is Exempt from the California Environmental Quality Act (Exhibit C.)

Background:

At the June 8, 2021 Board of Directors meeting, the Board approved the 2020 Water Shortage Contingency Plan. This plan provides for water shortage stage levels and recommended actions and procedures that the Board can implement during any water shortage, including drought, natural or other disasters, and catastrophic infrastructure failures.

During water shortages, the District will ask for reductions in water use from its customers, which will result in reduced water sales and increased costs to incorporate potential changes to the District's water supply sources. Expenditures at the District do not decline in proportion to reduced sales because a large part of the District's expenditures are related to fixed capital costs, maintenance and operations.

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On September 14, 2021 at the regularly scheduled Board of Directors Meeting, Sanjay Gaur and Nancy Phan from Raftelis Financial Consultants, LLC. (“Raftelis”) led a discussion with the Board explaining the purpose of Water Shortage Contingency (“WSC”) Stage Rates and the possible options for adding such rates to the District’s Rate and Fee Schedule. As explained by Mr. Gaur, these WSC Stage Rates are designed to recover lost revenue due to the reduction in water, to incorporate the potential changes to the District’s water supply sources and their corresponding costs; to align with specific water shortage contingency stages as outlined in the 2020 Water Shortage Contingency Plan; and to provide financial flexibility for the District when declaring water shortages.

Mr. Gaur emphasized that the purpose of WSC Stage Rates is strictly financial to enable the District to maintain financial stability at the various stages of water shortages as defined by the District’s 2020 Water Shortage Contingency Plan. WSC Stage Rates should not be construed to be penalties. The WSC Stage Rates consider the financial impacts of each of the following water shortage stages as defined in the District's Water Shortage Contingency Plan:

Water Shortage Contingency Stages – Shortage Levels:

Stage 1	Up to 10%	<i>Water Shortage Advisory</i>
Stage 2	Up to 20%	<i>Water Shortage Emergency Warning</i>
Stage 3	Up to 30%	<i>Water Shortage Emergency</i>
Stage 4	Up to 40%	<i>Water Shortage Severe Emergency</i>
Stage 5	Up to 50%	<i>Water Shortage Extreme Emergency</i>
Stage 6	Up to 60%	<i>Water Shortage Catastrophic (Extraordinary) Emergency</i>

Adding WSC Stage Rates to the District’s Rate and Fee Schedule does not mean that the rates are automatically applied to customer bills if a water shortage contingency stage is declared by the Board. Based on Proposition 218 requirements, the resulting WSC Stage Rates are the maximum that the Board of Directors can implement. When officially declaring a water shortage stage based upon the 2020 Water Shortage Contingency Plan, the Board has the discretion to implement a lower or no water shortage contingency stage rate, use reserves to make up for lost revenue, defer capital projects, or a combination of strategies.

Additional detail regarding the proposed water shortage contingencies stage rates modeled by Raftelis follows below.

Review Water Shortage Contingency Stage Rate Study and Proposed Amendment to the District’s Rate and Fee Schedule to Add WSC Stage Rates

In 2018, the District Staff engaged Raftelis to prepare a “Cost of Service and Rate Study” (dated May 15, 2018) in order to develop cost of service-based water rates which would

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meet the requirements of Proposition 218. This Study was used to set the District's rates for Fiscal Years 2018/19 and 2019/20 and to comply with the substantive requirements of Proposition 218 as interpreted by the courts, including the April 2015 Appellate Court decision in *Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano*.

The Cost of Service Analysis is the fundamental benchmark used to establish utility rates in the United States. The Cost of Service Analysis is used to allocate/recover the District's costs to users in proportion to their use of the system, recognizing the impact of each customer class on system facilities and operations.

In 2020, Raftelis conducted an updated study based upon the 2018 Cost of Service Analysis and Rate Study and prepared a Financial Planning Model to develop rates for Fiscal Years 2020/21 and 2021/22. The results of the Raftelis study are included in the "Water Financial Plan and Rate Update Report" dated August 3, 2020.

In Summer 2021, staff engaged Raftelis to develop options for WSC Stage Rates utilizing the August 3, 2020 "Water Financial Plan and Rate Update Report" and the 2020 Water Shortage Contingency Plan (approved June 8, 2021) as the basis for the rates.

The attached "Water Shortage Contingency Stage Rate Study" dated November 5, 2021 (Exhibit A) details many of the key points discussed with the Board at the September 14, 2021 Board meeting and provides the calculations for the proposed rates.

At the September meeting, the Board was presented with three different approaches for computing and allocating WSC Stage Rates: 1) Uniform Commodity Charge (or applying the same charge per unit of water to all quantity charges, regardless of customer class or tier); 2) Uniform Percentage Charge (or applying the same percentage increase to all quantity charges, regardless of customer class or tier); or 3) Monthly Fixed Meter Charge (based upon meter size, and not tied to usage.)

The advantages of each approach are shown below. The Board's preference was to consider using the uniform percentage approach given the advantages listed below including targeting use and conservation and promoting affordability.

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Policy Objectives	Uniform Quantity Charge	Uniform Percentage	Monthly Fixed Meter Charge
Easy to understand and administer	★★	★★	★★★
Stability and guaranteed recovery of revenue	★★	★	★★★
Ability to change the bill	★★	★★★	★
Targeted use and conservation	★★	★★★	★
Promotes affordability	★★	★★★	★

Utilizing the modeling prepared as support for the August 3, 2020 “Water Financial Plan and Rate Update Report”, Raftelis calculated the proposed WSC Stage Rates using the Uniform Percentage approach. The first table 1-3 below provides the incremental water shortage contingency stage rate per unit (hcf – or hundred cubic feet) at each water shortage contingency stage, and the second table 1-4 shows the new Baseline water stage (column B) that will become effective January 1, 2022 plus the proposed new WSC Stage Rates, if adopted, and that will be added to the Rate and Fee Schedule, effective January 12, 2022.

Table 1-3: Proposed WSC Stage Rates (\$/hcf)

Line	A Customer Class	B Stage 1	C Stage 2	D Stage 3	E Stage 4	F Stage 5	G Stage 6
1	Single Family Residential						
2	Tier 1	\$2.24	\$4.01	\$5.70	\$7.96	\$12.09	\$24.04
3	Tier 2	\$3.27	\$5.87	\$8.34	\$11.64	\$17.68	\$35.15
4	Tier 3	\$3.95	\$7.09	\$10.09	\$14.08	\$21.38	\$42.52
5	Multi-Family Residential	\$2.98	\$5.35	\$7.60	\$10.61	\$16.11	\$32.05
6	Non-Residential	\$3.17	\$5.70	\$8.10	\$11.31	\$17.17	\$34.16

Table 1-4 shows the combined quantity charges and stage rates. The Baseline quantity charges (Column B) are based on the District’s CY 2022 water rates. The combined rates are equal to the Baseline quantity charges plus the proposed WSC stage rates for each stage detailed in **Table 1-3**.

Table 1-4: Proposed Quantity Charges and WSC Stage Rates (\$/hcf)

Line	A Customer Class	B Baseline	C Stage 1	D Stage 2	E Stage 3	F Stage 4	G Stage 5	H Stage 6
1	Single Family Residential							
2	Tier 1	\$10.14	\$12.38	\$14.15	\$15.84	\$18.10	\$22.23	\$34.18
3	Tier 2	\$14.83	\$18.10	\$20.70	\$23.17	\$26.47	\$32.51	\$49.98
4	Tier 3	\$17.94	\$21.89	\$25.03	\$28.03	\$32.02	\$39.32	\$60.46
5	Multi-Family Residential	\$13.52	\$16.50	\$18.87	\$21.12	\$24.13	\$29.63	\$45.57
6	Non-Residential	\$14.41	\$17.58	\$20.11	\$22.51	\$25.72	\$31.58	\$48.57

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If approved, the WSC Stage Rates will be added to the District’s Rate and Fee Schedule as of January 12, 2022 and could be available to implement by a Board action during declared water shortages.

Ms. Phan also presented bill impacts as shown in the next two figures using typical monthly use of 7 units by a residential customer. These figures demonstrate that when the District’s customers achieve the recommended water usage reductions as defined in the Water Shortage Contingency Plan, the impact to customer bills will be minimal.

Figure 1-2: Single Family Residential Customer Impacts (Stage 2)

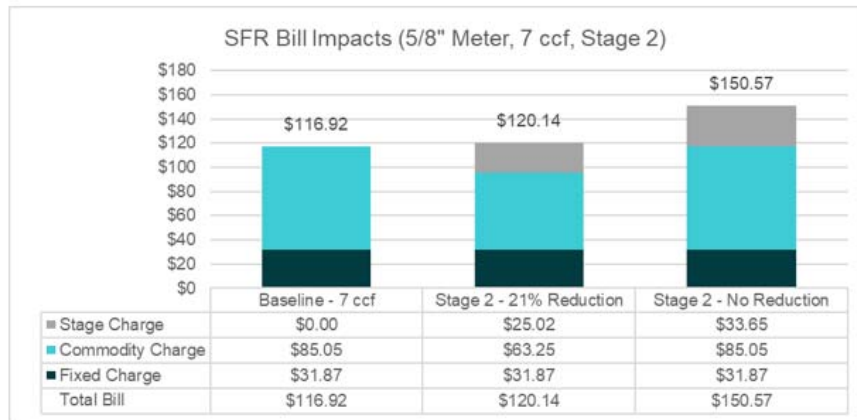
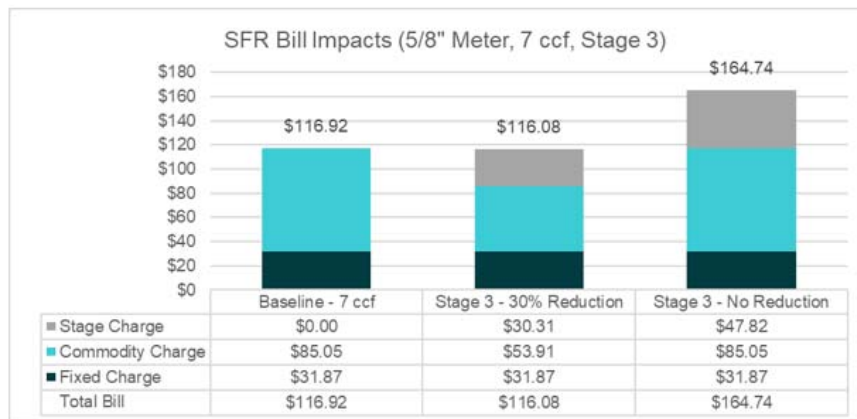


Figure 1-3: Single Family Residential Customer Impacts (Stage 3)



SFPUC Pass-Through Wholesale Water Shortage Rate

In addition to adding the WSC Stage Rates to the District’s Rate and Fee schedule, staff also recommends that a San Francisco Public Utilities Commission (“SFPUC”) Pass-Through Wholesale Water Shortage Rate clause also be included. If SFPUC implements an additional unit wholesale charge to the cost to their water as a result of a water shortage, the District will pass through this per unit wholesale charge to their customers

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based on the percentage of the District's total water supply purchased from SFPUC. The District's only other source of water is local surface and groundwater which does not require any additional water supply costs to obtain. Therefore, the proportion of the pass-through charge will be a direct proportion of how much SFPUC water is purchased to meet demand versus how much water is locally sourced. The equation below shows an example of how the SFPUC per unit wholesale charge related to a water shortage will be passed through when SFPUC is charging an additional \$0.50 per unit of water (hcf) and the District is purchasing 90% of its water from SFPUC and using 10% local water sources to meet the rest of demand.

$$\begin{aligned} & \$0.50 \text{ per hcf SFPUC additional cost} * 90\% \text{ SFPUC water purchases} \\ & = \$0.45 \text{ passthrough charge to commodity rates} \end{aligned}$$

Proposition 218 Compliance

At the November 9 Regular Board of Directors Meeting, the Board scheduled a public hearing and directed Staff to prepare noticing for that public hearing to be held on January 11, 2022 to amend the Rate and Fee Schedule to add WSC Stage Rates and SFPUC Pass-Through Wholesale Water Shortage Rates or Surcharges.

The notice of the public hearing and proposed amendment was mailed to property owners and customers on November 24, 2021. The notice was placed on the District's website and also advertised in the January 5 edition of the Half Moon Bay Review newspaper.

The "Cost of Service and Rate Study" prepared by Raftelis Financial Consultants, LLC. (dated May 15, 2018), the subsequent "Water Financial Plan and Rate Update Study" (dated August 3, 2020) and the "Water Shortage Contingency Stage Rate Study" (dated November 5, 2021) were prepared in compliance with the substantive requirements of Proposition 218. Revenues derived from the water rates do not exceed the funds required to provide the services for which the rates are charged, and the amounts of the rates imposed do not exceed the proportional cost of service attributable to the property. The recommended amendment to the Rate and Fee Schedule complies with the requirements of Proposition 218 as interpreted by the courts, including the *Capistrano Taxpayers Association, Inc. v City of San Juan Capistrano* decision. Proposition 218 specifies that the District may not adopt the proposed amendment to the Rate and Fee Schedule if written protests are received from a majority of owners of affected parcels, or approximately 3300 District customers.

As of the date of this report, staff has received 10 letters regarding the proposed amendment to the Rate and Fee Schedule. Copies of these letters are attached as Exhibit E.

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Statute of Limitations For Challenging Proposed Rates

Pursuant to California Government Code Section 53759, there is a 120-day statute of limitations for challenging the WSC Stage Rates and the SFPUC Pass-Through Wholesale Water Shortage Rates or Surcharges from the date the Board of Directors adopts the resolution approving these rates.

Recommendation

District staff recommends that these WSC Stage Rates and the SFPUC Pass-Through Wholesale Water Shortage Rates or Surcharges be added to the District's Rate and Fee Schedule. Once added to the Rate and Fee Schedule, the Board of Directors, at its discretion, could implement the WSC Stage Rates if any stage of the 2020 Water Shortage Contingency Plan has been activated. Prior to implementing a WSC Stage Rate or SFPUC Pass-Through Wholesale Water Shortage Rate or Surcharge, the District will send written notification to all customers and property owners of record at least 30 days prior to the effective date.

SEE ATTACHED EXHIBITS

EXHIBITS

- A. Raftelis Financial Consultants, Inc. “Water Shortage Contingency Stage Rate Study” dated November 5, 2021**
- B. Proposed Resolution 2022-01 Amending the Rate and Fee Schedule to Add Water Shortage Contingency Stage Rates and San Francisco Public Utilities Commission (SFPUC) Pass-Through Wholesale Water Shortage Rates or Surcharges and Finding that the Amendment is exempt from the California Environmental Quality Act**
- C. E-2 Notice of Exemption**
- D. Frequently Asked Questions: Incorporating Water Shortage Contingency Stage Rates Into the District’s Rate & Fee Schedule**
- E. Protest Letters**
- F. Raftelis Financial Consultants – 11 January 2022 Presentation**

Coastside

COUNTY WATER DISTRICT

Water Shortage Contingency Stage Rate Study

Final Report / January 2022



January 3, 2022

Mary Rogren
General Manager
Coastside County Water District
766 Main Street
Half Moon Bay, CA 94019

Subject: Water Shortage Contingency Stage Rate Study Report

Dear Mary Rogren,

Raftelis Financial Consultants, Inc. (Raftelis), assisted by Water Resources Economics, is pleased to provide this Water Shortage Contingency Stage Rate Study Report to the Coastside County Water District (District). Water shortage contingency stage rates (stage rates) are a tool that will allow the District to reliably recover the necessary revenue to fully fund the water system in times of reduced water demand.

The major objectives of the study include the following:

- Determine water allocations for each customer class during each water shortage stage based on the 2020 Water Shortage Contingency Plan
- Calculate the financial impacts of reduced water sales and changes to water supply sources
- Evaluate various stage rate structures to determine the structure best suited to meet the District's needs
- Develop stage rates that recover the financial impacts of each water shortage stage based on the cost of providing service

The report summarizes the key findings and recommendations related to the development of stage rates for the District. It has been a pleasure to work with the District on this project, and thank you for the support that you, District staff, and the Board of Directors provided during the course of this study.

Sincerely,



Nancy Phan
Project Manager
Raftelis



Sanjay Gaur
Project Director / Principal
Water Resources Economics

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1. Executive Summary

Background

The Coastside County Water District provides treated water service to the City of Half Moon Bay and the communities of Princeton-by-the-Sea, Miramar, and El Granada in San Mateo County. The service area spans 14 square miles and provides service to a population of approximately 18,700 covering 7,600 accounts. The District receives raw water from two sources: local water (surface and groundwater) and imported water purchased from the San Francisco Public Utilities Commission (SFPUC).

Raftelis worked with the District in 2020 on a Water Financial Plan and Rate Study Update. In 2021, the District engaged Raftelis to conduct a Water Shortage Contingency Stage Rate Study to accompany the rates developed in the prior rate study update. The District adopted its latest 2020 Water Shortage Contingency Plan in June 2021, which details the six water shortage stages and the corresponding water usage reductions. The resulting stage rates comply with Proposition 218 requirements and allow the District to reliably recover the necessary revenue to fully fund the water system in times of reduction in water demand.

The major objectives of the study include the following:

- Determine water allocations for each customer class during each water shortage stage based on the 2020 Water Shortage Contingency Plan
- Calculate the financial impacts of reduced water sales and changes to water supply sources
- Evaluate various stage rate structures to determine the structure best suited to meet the District's needs
- Develop stage rates that recover the financial impacts of each water shortage stage based on the cost of providing service

Legal Framework¹

The rate-making process, especially for water agencies in California, begins with a review of the legal requirements and framework currently in place. The major legal requirements include Proposition 218 and Article X, Section 2 of the California Constitution, which are outlined in the following sections.

California Constitution – Article XIII D, Section 6 (Prop 218)

Proposition 218, reflected in the California Constitution as Article XIII D, was enacted in 1996 to ensure that rates and fees are proportional to the cost of providing service. The principal requirements for fairness of the fees, as they relate to public water service, are as follows:

1. A property-related charge (such as water and recycled water rates) imposed by a public agency on a parcel shall not exceed the costs required to provide the property-related service.
1. Revenues derived by the charge shall not be used for any purpose other than that for which the charge was imposed.
2. The amount of the charge imposed upon any parcel shall not exceed the proportional cost of service attributable to the parcel.

¹ Raftelis does not practice law, nor does it provide legal advice. The above discussion provides a general overview of Raftelis' understanding as rate practitioners and is labeled "legal framework" for literary convenience only. The District should consult with its legal counsel for clarification and/or specific guidance.

3. No charge may be imposed for a service unless that service is actually used or immediately available to the owner of the property.
4. A written notice of the proposed charge shall be mailed to the record owner of each parcel at least 45 days prior to the public hearing when the agency considers all written protests against the charge.

As stated in AWWA’s Principles of Water Rates, Fees, and Charges: Manual of Water Supply Practices M1, 7th Edition (M1 Manual), “water rates and charges should be recovered from classes of customers in proportion to the cost of serving those customers.” Proposition 218 requires that water rates cannot be “arbitrary and capricious,” meaning that the rate-setting methodology must be sound and that there must be a nexus between the costs and the rates charged. This study follows industry-standard rate-setting methodologies set forth by the M1 Manual and adheres to Proposition 218 requirements by developing rates that do not exceed the proportionate cost of providing water services during each water shortage contingency stage.

California Constitution – Article X, Section 2

Article X, Section 2 of the California Constitution (established in 1976) states the following:

It is hereby declared that because of the conditions prevailing in this State the general welfare requires that the water resources of the State be put to beneficial use to the fullest extent of which they are capable, and that the waste or unreasonable use or unreasonable method of use of water be prevented, and that the conservation of such waters is to be exercised with a view to the reasonable and beneficial use thereof in the interest of the people and for the public welfare.

Article X, Section 2 of the State Constitution institutes the need to preserve the State’s water supplies and to discourage the wasteful or unreasonable use of water by encouraging conservation. As such, public agencies are constitutionally mandated to maximize the beneficial use of water, prevent waste, and encourage conservation.

Process and Approach

Stage rates are governed by the requirements of Proposition 218 and Article X of the California Constitution. The development of the stage rates must show the nexus between the costs of providing water service and the rates charged to customers, must maximize the beneficial use of water (often defined as indoor use for health and hygiene), and must encourage conservation. Since the District has already implemented a water shortage advisory, which asks customers to voluntarily reduce water use by 15 percent, ensuring that water is both used efficiently and conserved when possible is particularly important.

Stage rates are designed to recover lost revenue due to reduction in water use during each stage, to incorporate the potential changes to the District’s water supply sources and their corresponding costs, to align with specific water shortage stages outlined in the 2020 Water Shortage Contingency Plan, and to provide financial flexibility for the District when declaring water shortage stages and implementing the appropriate stage rates. The proposed stage rates are based on the District’s approved water rates for calendar year (CY) 2022, which will go into effect on January 1, 2022.

There are four steps to conducting a stage rate study, which include:

1. Allocating water reductions between various customer classes based on defined water shortage stages
2. Calculating financial impacts to the District in each stage
3. Determining the most appropriate water shortage cost recovery mechanism (rate structure)
4. Evaluating financial impacts to customers

For the first step of the stage rate study, District staff provided the Water Shortage Contingency Plan which was adopted in June 2021 as part of the District’s Urban Water Management Plan. **Table 1-1** shows the overall reduction targets for the entire water system.

Table 1-1: Water Shortage Stages and Reduction

Line	Water Shortage Reductions	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
1	Overall Target Reduction	0%	≤10%	20%	30%	40%	50%	>50%

The water sales by stage are calculating using the target reductions developed in the Water Shortage Contingency Plan. **Table 1-2** shows the estimated water sales in hundred cubic feet (hcf) for each stage of water shortage that aligns with the percent reductions shown above in **Table 1-1**. Baseline is defined as the water usage estimated in CY 2022.

Table 1-2: Estimated Water Sales by Stage

Line	A Water Usage (hcf)	B Baseline	C Stage 1	D Stage 2	E Stage 3	F Stage 4	G Stage 5	H Stage 6
1	All Customer Classes	815,000	727,838	643,850	570,500	497,766	408,064	266,424
2	% Reduction from Baseline	0%	11%	21%	30%	39%	50%	67%

A key step in the stage rate study is to calculate the financial implications for the District during a water shortage. Considerations include:

- How much commodity revenue is expected due to cutbacks?
- How much will this change the District’s water supply mix and the costs associated with each source?
- How will this change the District’s operating costs, if at all?

For the District, these financial consequences include loss of commodity revenue, the severity of which depends on the water shortage stage. Additionally, changes in water purchase costs from the SFPUC are expected to lead to financial consequences with a shift in water supply mix from cheaper local water to more expensive SFPUC water.

The next step in developing stage rates involves determining the most appropriate water shortage cost recovery mechanism is best suited to meet the needs of the District and its policy objectives. Raftelis evaluated three options to recover water shortage costs:

1. Uniform quantity charge
2. Uniform percent increase to quantity charge
3. Fixed charge based on meter size

Based on direction provided by the District’s Board of Directors and staff, the resulting stage rates were developed as a uniform percent increase to the approved quantity charges for CY 2022, which allows for the ability for customers to change their water bill, encourages conservation, and promotes affordability while being simple for customers to understand.

Proposed Stage Rates

Table 1-3 shows the proposed stage rates for each customer class for Stages 1 through 6. The stage rates for each stage are calculated based on a percentage increase that is applied to the CY 2022 quantity charges for each customer class. The percentage increase was established by calculating the total financial impacts of each stage of

water shortage to determine the amount of revenue required to recover the lost revenue in each stage. The stage rates are charged per hundred cubic feet (hcf) of water use.

Based on Proposition 218 requirements, the resulting stage rates are the maximum that the Board of Directors can implement. Additional costs charged by SFPUC above those outlined in this study can be passed through to the District’s customers. Pass-through rates are discussed further in the section below. When officially declaring a water shortage stage, the Board has the discretion to implement a lower stage rate, use reserves to make up for lost revenue, defer capital projects to reduce total expenditures, or a combination of those three strategies to best meet the needs of the District and the communities it serves.

Table 1-3: Proposed Stage Rates (\$/hcf)

Line	A Customer Class	B Stage 1	C Stage 2	D Stage 3	E Stage 4	F Stage 5	G Stage 6
1	Single Family Residential						
2	Tier 1	\$2.24	\$4.01	\$5.70	\$7.96	\$12.09	\$24.04
3	Tier 2	\$3.27	\$5.87	\$8.34	\$11.64	\$17.68	\$35.15
4	Tier 3	\$3.95	\$7.09	\$10.09	\$14.08	\$21.38	\$42.52
5	Multi-Family Residential	\$2.98	\$5.35	\$7.60	\$10.61	\$16.11	\$32.05
6	Non-Residential	\$3.17	\$5.70	\$8.10	\$11.31	\$17.17	\$34.16

Table 1-4 shows the combined quantity charges and stage rates. The Baseline quantity charges (Column B) are based on the District’s CY 2022 water rates. The combined rates are equal to the Baseline quantity charges plus the proposed stage rates for each stage detailed in **Table 1-3**.

Table 1-4: Proposed Quantity Charges and Stage Rates (\$/hcf)

Line	A Customer Class	B Baseline	C Stage 1	D Stage 2	E Stage 3	F Stage 4	G Stage 5	H Stage 6
1	Single Family Residential							
2	Tier 1	\$10.14	\$12.38	\$14.15	\$15.84	\$18.10	\$22.23	\$34.18
3	Tier 2	\$14.83	\$18.10	\$20.70	\$23.17	\$26.47	\$32.51	\$49.98
4	Tier 3	\$17.94	\$21.89	\$25.03	\$28.03	\$32.02	\$39.32	\$60.46
5	Multi-Family Residential	\$13.52	\$16.50	\$18.87	\$21.12	\$24.13	\$29.63	\$45.57
6	Non-Residential	\$14.41	\$17.58	\$20.11	\$22.51	\$25.72	\$31.58	\$48.57

Pass-Through Rates

During a water shortage, SFPUC can implement its own water shortage contingency stage rates (independent of the District’s proposed stage rates described in this report), which would be applied as an increased cost per hcf of water. The District can pass on any additional water purchase costs it incurs onto its customers using pass-through rates. If SFPUC implements an additional cost per hcf of water as a result of a water shortage, the District may charge its customers a proportion of that rate based on the percentage of the total water supply purchased from SFPUC. The District’s only other source of water is local surface and groundwater which does not require any additional water supply costs to obtain. Therefore, the proportion of the pass-rate charge will be a direct proportion of how much SFPUC water is purchased to meet demand versus how much water is locally available. The equation below shows an example of a pass through rate when SFPUC is charging an additional \$0.50 per hcf of water and the District is purchasing 90 percent of its water from SFPUC and using 10 percent local water sources to meet the rest of demand.

\$0.50 per hcf additional cost for SFPUC water x 90% SFPUC water purchases = \$0.45 per hcf pass-through rate applied to quantity charges

Pass-through rates can be applied if SFPUC increases the cost per unit of water due to a water shortage and are in addition to the District’s quantity charge and stage rates (depending on water shortage contingency stage declared by the District).

Customer Impacts

Figure 1-1, Figure 1-2, and Figure 1-3 show the bill impacts for Stages 1, 2, and 3 of water shortage, respectively, for a Single Family Residential customer with a 5/8” meter using 7 hcf of water per month. The District’s customer base is predominantly residential. Within the Single Family Residential class, the 5/8” meter size is the most common and the average water use per month is approximately 7 hcf.

The figures show the impacts in each stage based on the components of the customer bill, which includes the fixed charge by meter size, the quantity charge per hcf of use, and the stage rate per hcf of use. The fixed charge by meter size does not change based on water shortage stages or water usage. The three stacked bars in each figure show the difference between the baseline scenario (no water shortage), the water shortage scenario with commensurate reduction in water use (meaning that the customer reduces their water use based on the declared water shortage stage), and the water shortage scenario without reduction in water use (meaning that the customer does not reduce their water use even when a water shortage stage has been declared).

The figures demonstrate that when the District’s customers comply with the recommended water usage reductions as defined by the Water Shortage Contingency Plan, there will not be a significant impact to their water bill. However, if customers do not comply with the recommended water usage reductions, then the impact to their water bill can be significant. The stage rates are designed to allow the District’s customers to control their water bill, to encourage conservation, and to promote affordability. The results of the customer impact analysis demonstrate the effect of these policy objectives: the customers that reduce their water use based on each water shortage stage will see a minimal impact to their monthly water bill.

Figure 1-1: Single Family Residential Customer Impacts (Stage 1)

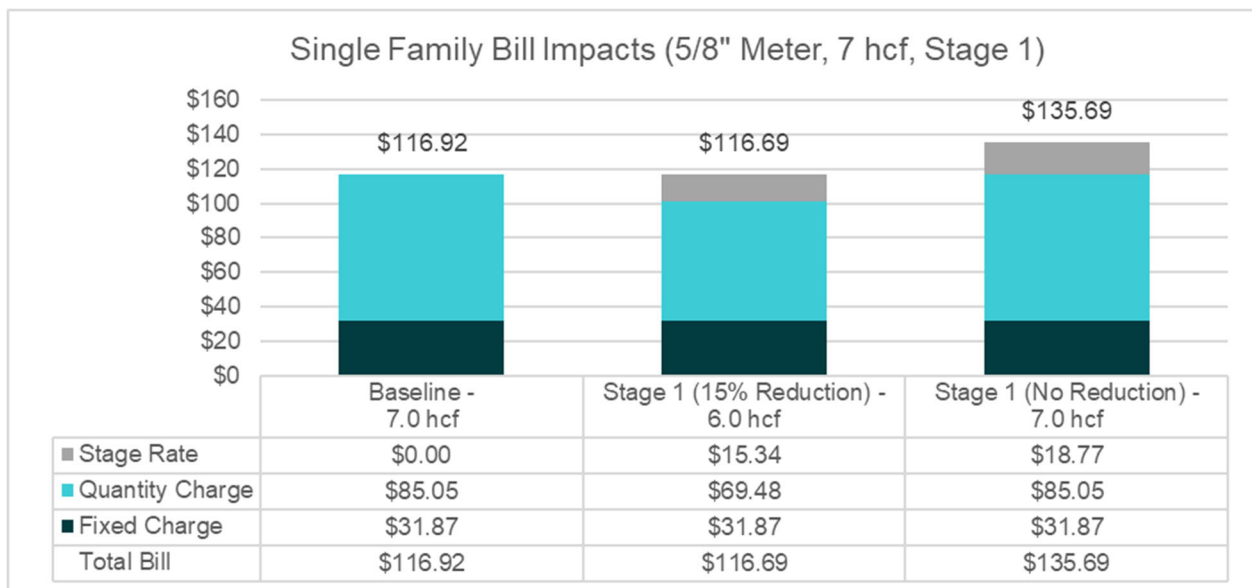


Figure 1-2: Single Family Residential Customer Impacts (Stage 2)

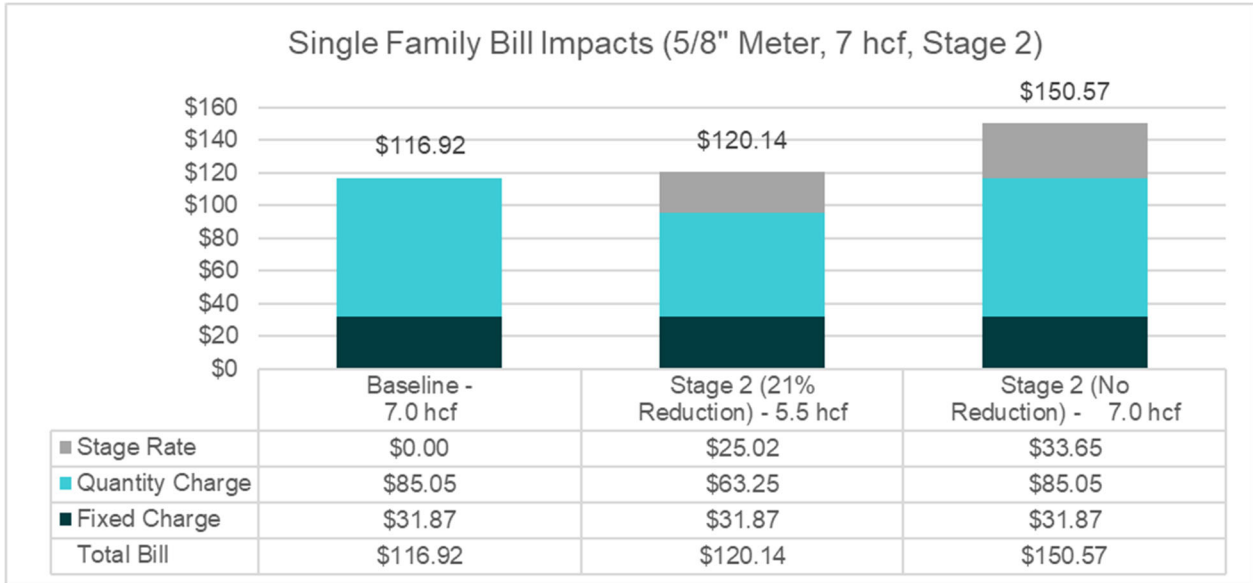
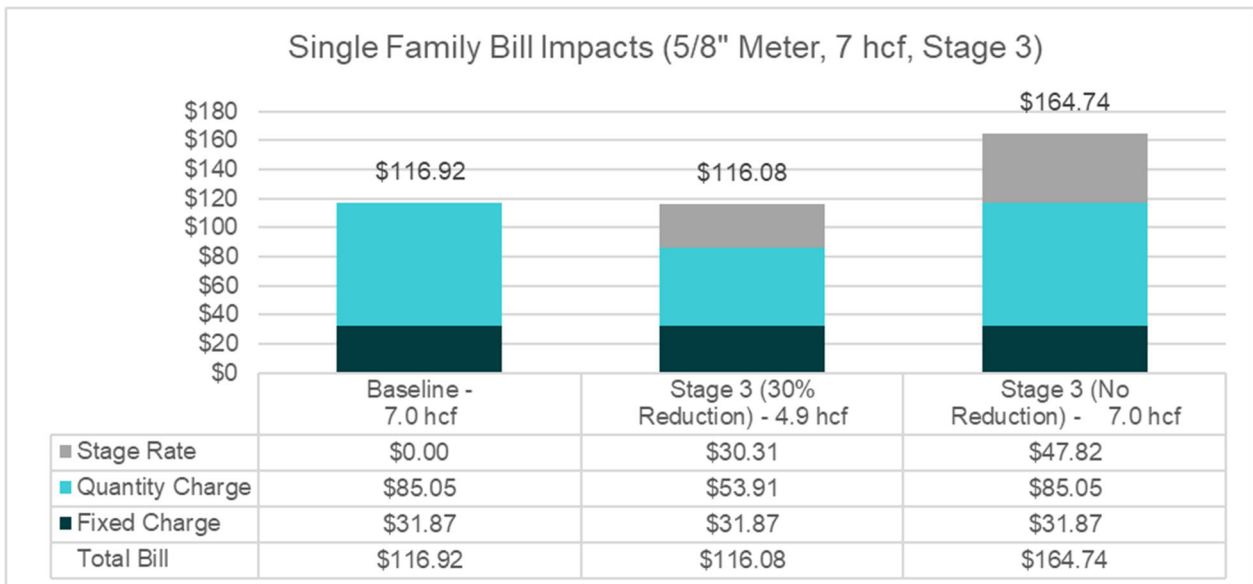


Figure 1-3: Single Family Residential Customer Impacts (Stage 3)



2. Water Shortage Allocations and Costs

This section of the report details the water usage allocations and financial impacts of each water shortage stage, which results in the total amount of revenue to be collected from stage rates in each stage. Numbers shown in the tables of this section are rounded. Therefore, hand calculations based on the displayed numbers, such as summing or multiplying, may not equal the exact results shown in this report.

Water Allocations

The first step in the development of stage rates involves allocating water usage reductions between the District's customer classes based on the water shortage stages defined in the Water Shortage Contingency Plan. **Table 2-1** shows the water usage reductions for Single Family Residential, Multi-Family Residential, and Non-Residential customers for Stages 1 through 6. The water usage reductions for each customer class are designed to meet the target reduction goal for the entire water system in each stage.

Table 2-1: Water Shortage Stages and Reduction

Line	A Customer Class	B Stage 1	C Stage 2	D Stage 3	E Stage 4	F Stage 5	G Stage 6
1	Single Family Residential	15%	21%	30%	36%	41%	52%
2	Multi-Family Residential	14%	21%	30%	35%	41%	52%
3	Non-Residential	5%	21%	30%	43%	62%	88%
4							
5	Overall Target Reduction	≤10%	20%	30%	40%	50%	>50%

Water usage by customer class for each water shortage stage are calculated once the water reductions are determined. **Table 2-2** shows the estimated water usage in hcf for each stage of water shortage that aligns with the percent reductions for each class (**Table 2-1**). Baseline use (Column B) is equal to the estimated water use in CY 2022. The percent reduction from Baseline (Line 5) is the difference between the total usage in Stages 1 through 6 compared to the Baseline scenario. Note that the percent reduction from Baseline is approximately equal to the target reduction for the system (**Table 2-1**, Line 5).

Table 2-2: Estimated Water Usage by Stage

Line	A Customer Class	B Baseline	C Stage 1	D Stage 2	E Stage 3	F Stage 4	G Stage 5	H Stage 6
1	Single Family Residential	425,619	361,776	336,239	297,933	272,396	251,115	204,297
2	Multi-Family Residential	42,781	36,791	33,797	29,946	27,807	25,241	20,535
3	Non-Residential	346,600	329,270	273,814	242,620	197,562	131,708	41,592
4	Total (hcf)	815,000	727,838	643,850	570,500	497,766	408,064	266,424
5	% Reduction from Baseline	0%	11%	21%	30%	39%	50%	67%

Table 2-3 shows the usage breakdown by tier for Single Family Residential customers that matches the estimated water usage by stage for the entire class (**Table 2-2**, Line 1). The District's customer base is very conservation-oriented and uses a low amount of water per capita, particularly for outdoor irrigation. The usage in the higher tiers is reduced first, with reductions in the first tier occurring only during Stage 6. This methodology prioritizes

usage in the lower tiers (which represents essential water consumption for indoor needs), aligns with the requirements of Article X to maximize the beneficial use of water, and best reflects the usage characteristics and patterns of the District’s customer base.

Table 2-3: Water Usage by Water Shortage Stage

Line	A Customer Class	B Baseline	C Stage 1	D Stage 2	E Stage 3	F Stage 4	G Stage 5	H Stage 6
1	Single Family Residential	425,619	361,776	336,239	297,933	272,396	251,115	204,297
2	Tier 1	248,638	248,638	248,638	248,638	248,638	248,638	204,297
3	Tier 2	115,905	113,139	87,601	49,296	23,759	2,478	0
4	Tier 3	61,076	0	0	0	0	0	0
5								
6	Multi-Family Residential	42,781	36,791	33,797	29,946	27,807	25,241	20,535
7	Non-Residential	346,600	329,270	273,814	242,620	197,562	131,708	41,592
8	Total (hcf)	815,000	727,838	643,850	570,500	497,766	408,064	266,424

Financial Impacts

The next step in the stage rate study is to determine the financial impacts to the District during each stage of water shortage. The cost implications of water shortages consider the following:

- Lost quantity charge revenue due to water usage reductions in each water shortage stage
- Potential changes to operating costs, which include water supply sources and the associated costs

For the District, the most significant financial consequence is the loss of consumption-based revenue, the severity of which depends on the water shortage stage. Additionally, water shortage conditions impact the District’s access to local water sources, which necessitates purchasing more expensive imported water from SFPUC to meet customer demands.

The water shortage cost analysis uses CY 2022 rates, shown in **Table 2-4**, to calculate the quantity charge revenue for the Baseline scenario and for Stages 1 through 6. CY 2022 rates will be implemented on January 1, 2022.

Table 2-4: CY 2022 Quantity Charges (\$/hcf)

Line	A Quantity Charges (\$/hcf)	B CY 2022
1	Single Family Residential	
2	Tier 1	\$10.14
3	Tier 2	\$14.83
4	Tier 3	\$17.94
5	Multi-Family Residential	\$13.52
6	Non-Residential	\$14.41

Table 2-5 shows the quantity charge revenue for Stages 1 through 6 compared to the Baseline scenario, which is calculated based on the CY 2022 quantity charges (**Table 2-4**) multiplied by the estimated water usage by water shortage stage for each customer class (**Table 2-3**). The difference in quantity charge revenue (Line 9) is equal to the difference between the Baseline revenue and the estimated revenue for Stages 1 through 6, which represents the amount of lost quantity charge revenue in each stage.

Table 2-5: Difference in Quantity Charge Revenue

Line	A Customer Class	B Baseline	C Stage 1	D Stage 2	E Stage 3	F Stage 4	G Stage 5	H Stage 6
1	Single Family Residential							
2	Tier 1	\$2,521,186	\$2,521,186	\$2,521,186	\$2,521,186	\$2,521,186	\$2,521,186	\$2,071,573
3	Tier 2	\$1,718,878	\$1,677,846	\$1,299,130	\$731,056	\$352,340	\$36,743	\$0
4	Tier 3	\$1,095,703	\$0	\$0	\$0	\$0	\$0	\$0
5	Multi-Family Residential	\$578,394	\$497,419	\$456,931	\$404,876	\$375,956	\$341,252	\$277,629
6	Non-Residential	\$4,994,510	\$4,744,784	\$3,945,663	\$3,496,157	\$2,846,871	\$1,897,914	\$599,341
7	Total	\$10,908,671	\$9,441,234	\$8,222,909	\$7,153,274	\$6,096,352	\$4,797,095	\$2,948,544
8								
9	Difference in Quantity Charge Revenue		\$1,467,437	\$2,685,762	\$3,755,397	\$4,812,319	\$6,111,576	\$7,960,127

Based on the Water Shortage Contingency Plan, the availability of water from the District’s water supply sources are also impacted due to water shortage. The District currently has two sources of water: local water (surface and groundwater) and imported water purchased from SFPUC. The amount of water available to the District from local water sources is reduced during water shortage conditions, meaning that the District must purchase imported water from SFPUC to meet customer demand.

Table 2-6 shows the percentage of water supplied by local water and imported water from SFPUC. A significant portion of demand is met using local water during normal conditions. However, under water shortage conditions, the availability of local water is reduced. Beginning in Stage 2, local water sources are depleted, and the District is fully reliant on imported water from SFPUC.

Table 2-6: Water Supply Sources

Line	A Water Supply Sources	B Baseline	C Stage 1	D Stage 2	E Stage 3	F Stage 4	G Stage 5	H Stage 6
1	Local Water	38%	10%	0%	0%	0%	0%	0%
2	SFPUC	62%	90%	100%	100%	100%	100%	100%

Table 2-7 shows the water produced from both sources during each stage of water shortage. Water demand (Line 1) is equal to the total estimated water usage for all classes in each stage (**Table 2-3**, Line 8). Water production (Line 3) is equal to water demand plus a portion of system water loss (Line 2). The amount of water produced from each source is based on the percentages from **Table 2-6**.

Although total water production in Stages 1 through 3 is less than Baseline, the amount of water purchased from SFPUC in those stages are actually greater than the amount purchased in the Baseline scenario due to the shifts in water supply availability by source. The District is expected to purchase less water from SFPUC in Stages 4 through 6 compared to the Baseline scenario.

Table 2-7: Water Production by Source

Line	A Water Production	B Baseline	C Stage 1	D Stage 2	E Stage 3	F Stage 4	G Stage 5	H Stage 6
1	Water Demand (hcf)	815,000	727,838	643,850	570,500	497,766	408,064	266,424
2	System Water Loss	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%
3	Water Production (hcf)	886,834	791,989	700,598	620,783	541,639	444,030	289,906
4								
5	Local Water	336,997	79,199	0	0	0	0	0
6	SFPUC	549,837	712,790	700,598	620,783	541,639	444,030	289,906
7	Total (hcf)	886,834	791,989	700,598	620,783	541,639	444,030	289,906

Table 2-8 shows the estimated water purchase costs from SFPUC for each water shortage stage. The District purchases raw water from SFPUC, which is reflected in the variable rate per hcf of water (Line 1). The amount of water purchased (Line 3) is based on the amount of water produced from SFPUC (**Table 2-7**, Line 6). The water purchase costs (Line 4) are calculated by multiplying the variable rate by the amount of water purchased. The difference in water purchase costs (Line 6) is equal to the difference between the water purchase costs from SFPUC in Stages 1 through 6 compared to the Baseline scenario.

In Stages 1 through 3, due to the reduction in local water supply availability, the costs of purchasing water from SFPUC are greater than in the Baseline scenario. In Stages 4 through 6, the District will see cost savings for purchased water due to significant reductions in water use.

Table 2-9 shows the total water shortage costs for Stages 1 through 6, which include the lost quantity charge revenue (**Table 2-5**, Line 9) and the difference in water purchase costs from SFPUC (**Table 2-8**, Line 6). The total water shortage costs are the amount of revenue that the proposed stage rates are designed to recover.

Table 2-10 shows the water shortage revenue requirement and the resulting percent increase needed to recover the necessary water shortage costs. The expected revenue (Line 1) is based on the estimated quantity charge revenue for each stage (**Table 2-5**, Line 7). The water shortage revenue requirement (Line 2) is equal to the expected quantity charge revenue plus the total water shortage costs in each stage (**Table 2-9**, Line 3). The percent increase (Line 3) is calculated based on the percent difference between the water shortage revenue requirement and the expected quantity charge revenue for each stage. For example, the following formula is used to derive the percent increase for Stage 1:

$$\frac{[\text{Stage 1 water shortage revenue requirement (Column C, Line 2)} - \text{Stage 1 expected quantity charge revenue (Column C, Line 1)}]}{\text{Stage 1 expected quantity charge revenue (Column C, Line 1)}}$$

Table 2-8: SFPUC Water Purchase Costs

Line	A Water Purchase Costs	B Baseline	C Stage 1	D Stage 2	E Stage 3	F Stage 4	G Stage 5	H Stage 6
1	SFPUC Variable Rate (\$/hcf)	\$3.74	\$3.74	\$3.74	\$3.74	\$3.74	\$3.74	\$3.74
2								
3	Water Purchased (hcf)	549,837	712,790	700,598	620,783	541,639	444,030	289,906
4	Water Purchase Costs from SFPUC	\$2,056,390	\$2,665,835	\$2,620,238	\$2,321,730	\$2,025,728	\$1,660,674	\$1,084,250
5								
6	Difference in Water Purchase Costs		\$609,445	\$563,849	\$265,341	(\$30,662)	(\$395,716)	(\$972,140)

Table 2-9: Water Shortage Costs

Line	A Water Shortage Costs to be Recovered	B Stage 1	C Stage 2	D Stage 3	E Stage 4	F Stage 5	G Stage 6
1	Difference in Quantity Charge Revenues	\$1,467,437	\$2,685,762	\$3,755,397	\$4,812,319	\$6,111,576	\$7,960,127
2	Difference in Water Purchase Costs	\$609,445	\$563,849	\$265,341	(\$30,662)	(\$395,716)	(\$972,140)
3	Total	\$2,076,882	\$3,249,610	\$4,020,738	\$4,781,657	\$5,715,860	\$6,987,987

Table 2-10: Water Shortage Revenue Requirement

Line	A Water Shortage Revenue Requirement	B Baseline	C Stage 1	D Stage 2	E Stage 3	F Stage 4	G Stage 5	H Stage 6
1	Expected Revenue	\$10,908,671	\$9,441,234	\$8,222,909	\$7,153,274	\$6,096,352	\$4,797,095	\$2,948,544
2	Water Shortage Revenue Requirement	\$10,908,671	\$11,518,116	\$11,472,520	\$11,174,012	\$10,878,009	\$10,512,955	\$9,936,531
3	% Increase		22%	40%	56%	78%	119%	237%

3. Stage Rates

This section of the report discusses the policy objectives, analyses, and rationale used to determine the stage rate structure and proposed stage rates in each stage. Numbers shown in the tables of this section are rounded. Therefore, hand calculations based on the displayed numbers, such as summing or multiplying, may not equal the exact results shown in this report.

Stage Rate Structure

Stage rates are designed to recover the financial impacts due to water shortages and are intended as a revenue-generating mechanism. Due to this, stage rates are subject to Proposition 218 requirements, which necessitates a clear nexus between the costs of water shortage and the stage rates charged to the District’s customers.

The next step after determining the water shortage costs by stage is evaluating the water shortage cost recovery mechanism, or stage rate structure, that best meets the needs of the District and its customers. In this study, Raftelis evaluated three options to recover water shortage costs:

1. Uniform quantity charge: the same charge per hcf of water is applied to all quantity charges, regardless of customer class or tier
2. Uniform percent increase to quantity charge: the same percentage increase is applied to all quantity charges, regardless of customer class or tier
3. Fixed charge based on meter size: a monthly fixed charge by meter size, which is not tied to usage, is applied to customer bills

Figure 3-1 shows the policy objectives considered for each stage rate structure. Raftelis worked closely with District staff and the Board of Directors to select the stage rate structure that best meets the policy objectives of the District, which includes allowing customers the option to control their water bills, promoting affordability (especially for beneficial use), and encouraging conservation according to meet the reduction targets in each water shortage stage. Based on direction from the Board of Directors and District staff, Raftelis recommends the uniform percent increase to the quantity charge, which is the stage rate structure best suited to meet the District’s needs.

Figure 3-1: Policy Objectives for Stage Rate Structures

Policy Objectives	Uniform Quantity Charge	Uniform Percentage	Monthly Fixed Meter Charge
Easy to understand and administer	★★	★★	★★★
Stability and guaranteed recovery of revenue	★★	★	★★★
Ability to change the bill	★★	★★★	★
Targeted use and conservation	★★	★★★	★
Promotes affordability	★★	★★★	★

Proposed Stage Rates

Table 3-1 shows the proposed stage rates for each customer class for Stages 1 through 6. The stage rates for each water shortage stage are calculated based on a percentage increase that is applied to the CY 2022 quantity charges for each customer class. The CY 2022 quantity charges for each class and tier (**Table 2-4**) are multiplied by the percent increase for each water shortage stage (**Table 2-10**) to determine the stage rate.

Based on Proposition 218 requirements, the resulting stage rates are the maximum that the Board of Directors can implement. Additional costs charged by SFPUC above those outlined in this study can be passed through to the District’s customers. When officially declaring a water shortage stage, the Board has the discretion to implement a lower stage rate, use reserves to make up for lost revenue, defer capital projects to reduce total expenditures, or a combination of those three strategies to best meet the needs of the District and the communities it serves.

Table 3-1: Proposed Stage Rates (\$/hcf)

Line	A Customer Class	B Stage 1	C Stage 2	D Stage 3	E Stage 4	F Stage 5	G Stage 6
1	Single Family Residential						
2	Tier 1	\$2.24	\$4.01	\$5.70	\$7.96	\$12.09	\$24.04
3	Tier 2	\$3.27	\$5.87	\$8.34	\$11.64	\$17.68	\$35.15
4	Tier 3	\$3.95	\$7.09	\$10.09	\$14.08	\$21.38	\$42.52
5	Multi-Family Residential	\$2.98	\$5.35	\$7.60	\$10.61	\$16.11	\$32.05
6	Non-Residential	\$3.17	\$5.70	\$8.10	\$11.31	\$17.17	\$34.16

Table 3-2 shows the combined quantity charges and stage rates. The Baseline quantity charges (Column B) are based on the District’s CY 2022 water rates (**Table 2-4**). The combined rates are equal to the Baseline quantity charges plus the proposed stage rates for each stage detailed in **Table 3-1**.

Table 3-2: Proposed Quantity Charges and Stage Rates (\$/hcf)

Line	A Customer Class	B Baseline	C Stage 1	D Stage 2	E Stage 3	F Stage 4	G Stage 5	H Stage 6
1	Single Family Residential							
2	Tier 1	\$10.14	\$12.38	\$14.15	\$15.84	\$18.10	\$22.23	\$34.18
3	Tier 2	\$14.83	\$18.10	\$20.70	\$23.17	\$26.47	\$32.51	\$49.98
4	Tier 3	\$17.94	\$21.89	\$25.03	\$28.03	\$32.02	\$39.32	\$60.46
5	Multi-Family Residential	\$13.52	\$16.50	\$18.87	\$21.12	\$24.13	\$29.63	\$45.57
6	Non-Residential	\$14.41	\$17.58	\$20.11	\$22.51	\$25.72	\$31.58	\$48.57

Customer Impacts

Figure 3-2 through **Figure 3-7** show the bill impacts for Stages 1 through 6, respectively, for a Single Family Residential customer with a 5/8” meter using 7 hcf of water per month. The District’s customer base is predominantly residential. Within the Single Family Residential class, the 5/8” meter size is the most common and the average water use per month is approximately 7 hcf.

The figures show the impacts in each stage based on the components of the customer bill, which includes the fixed charge by meter size, the quantity charge per hcf of use, and the water shortage charge per hcf of use. The fixed charge by meter size does not change based on water shortage stages or water usage. The three stacked bars in each

figure show the difference between the baseline scenario (no water shortage), the water shortage scenario with commensurate reduction in water use (meaning that the customer reduces their water use based on the declared water shortage stage), and the water shortage scenario without reduction in water use (meaning that the customer does not reduce their water use even when a water shortage stage has been declared).

The figures demonstrate that when the District’s customers comply with the recommended water usage reductions as defined by the Water Shortage Contingency Plan, the impact to customer bills will be minimal in Stages 1 through 4 and reasonable in Stages 5 and 6 given the severity of the water use reductions. However, if customers do not comply with the recommended water usage reductions, then the impact to their water bill can be significant.

Figure 3-2: Single Family Residential Customer Impacts (Stage 1)

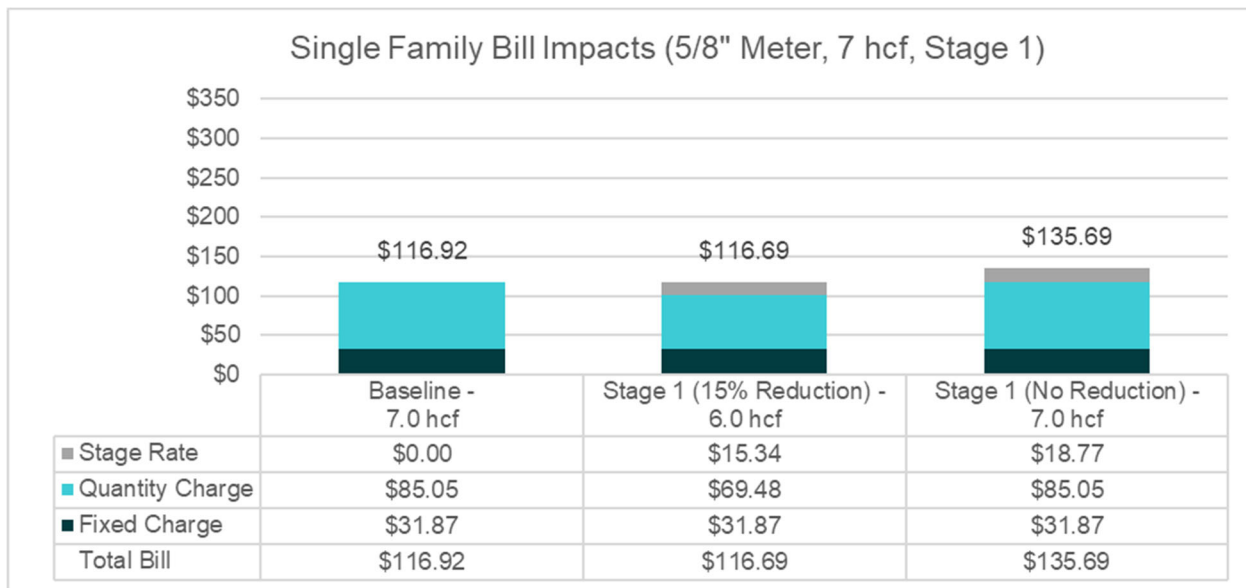


Figure 3-3: Single Family Residential Customer Impacts (Stage 2)

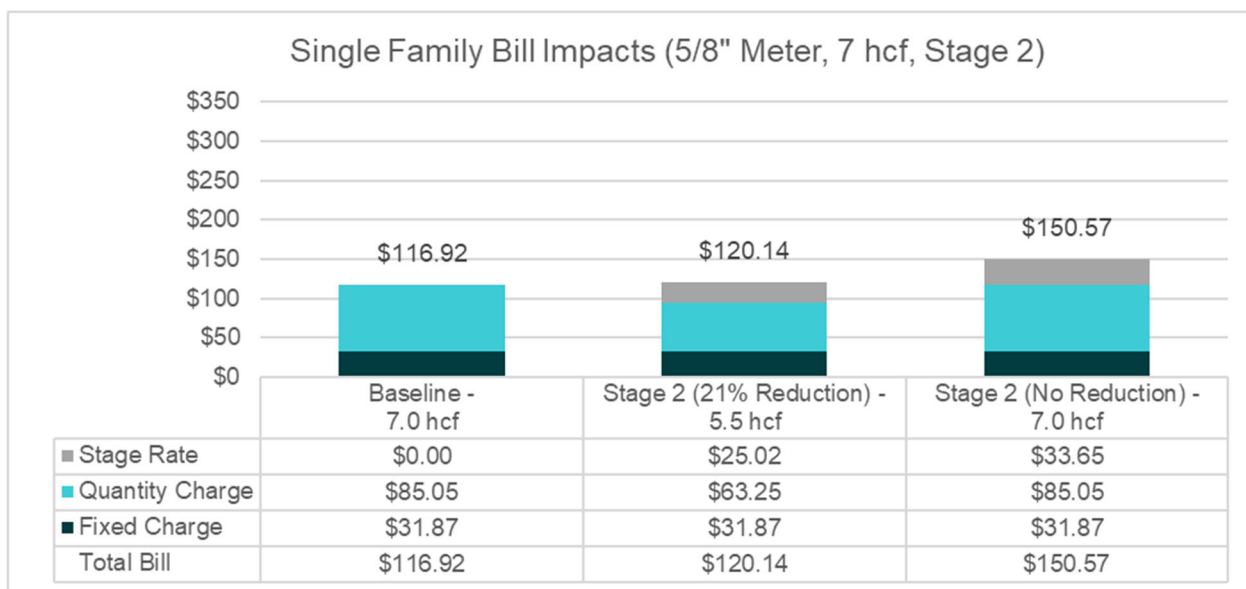


Figure 3-4: Single Family Residential Customer Impacts (Stage 3)

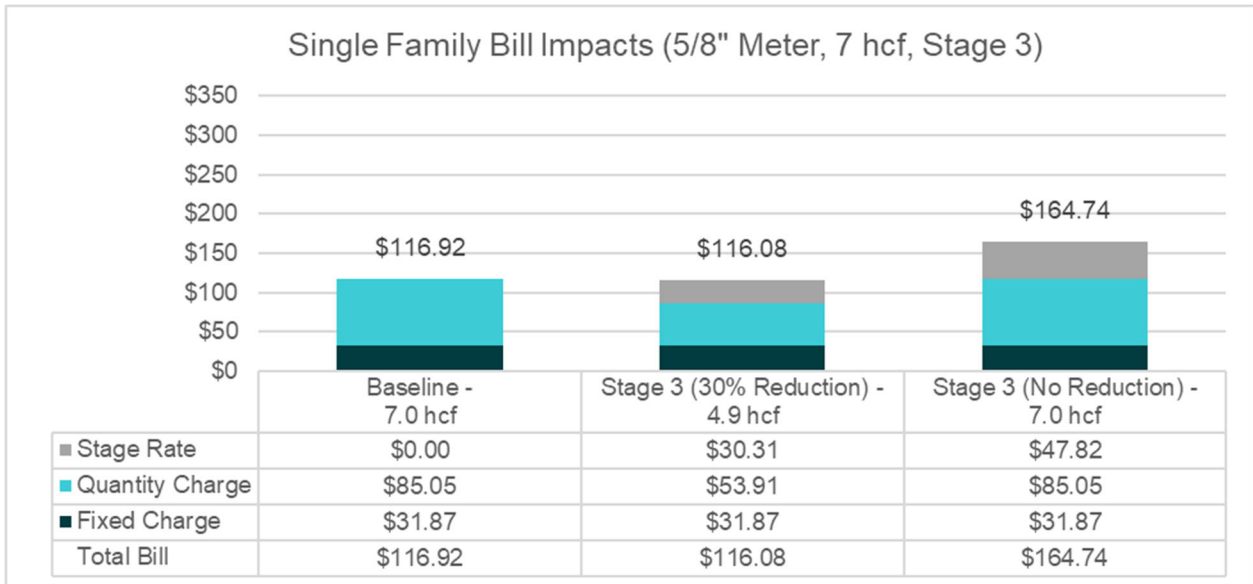


Figure 3-5: Single Family Residential Customer Impacts (Stage 4)

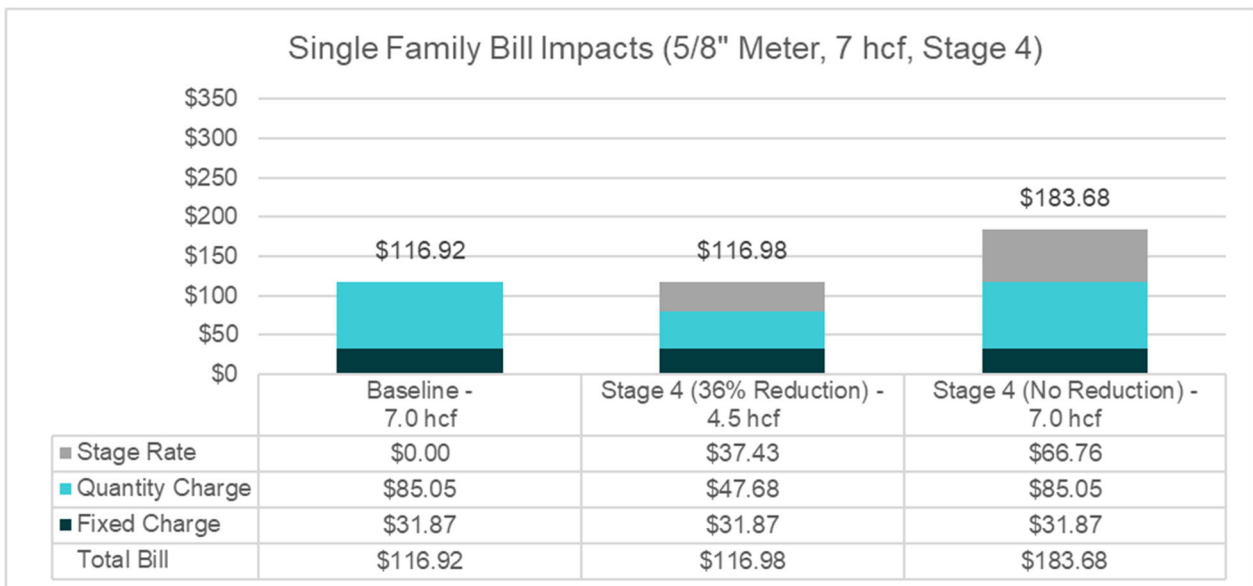


Figure 3-6: Single Family Residential Customer Impacts (Stage 5)

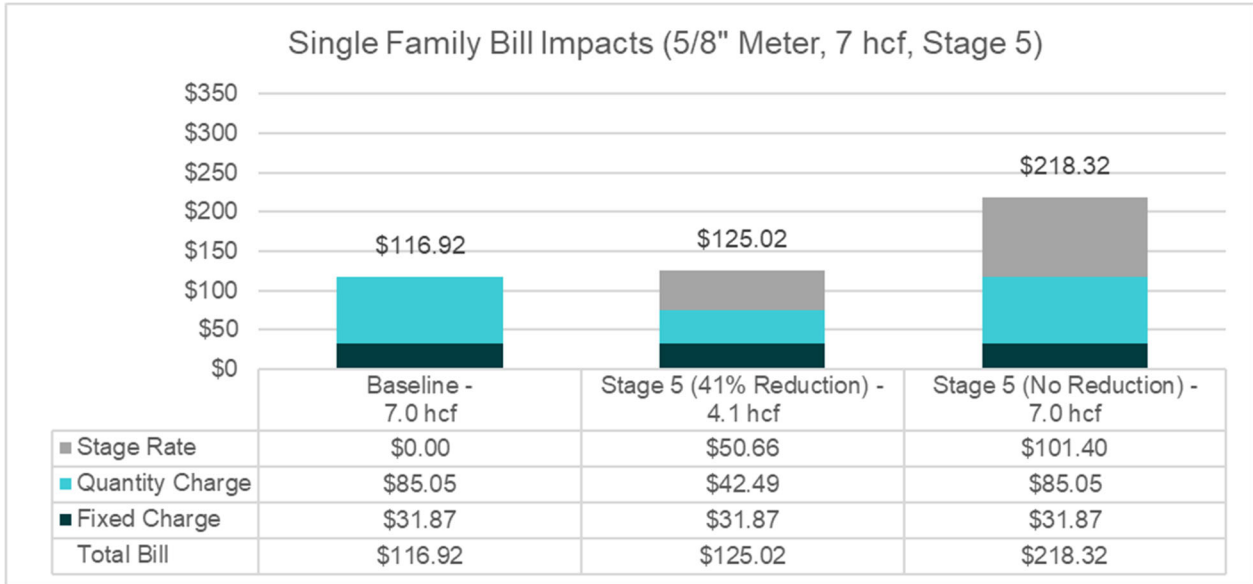
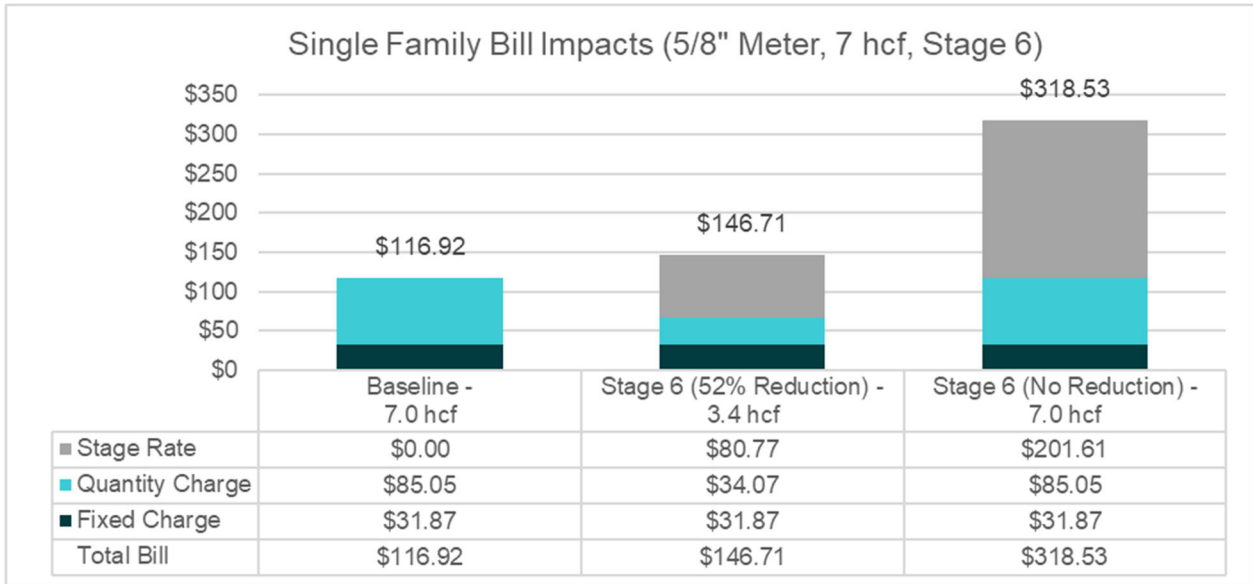


Figure 3-7: Single Family Residential Customer Impacts (Stage 6)



RESOLUTION NO. 2022-01

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE COASTSIDE COUNTY WATER DISTRICT
AMENDING THE RATE AND FEE SCHEDULE
TO ADD WATER SHORTAGE CONTINGENCY STAGE RATES AND SAN
FRANCISCO PUBLIC UTILITIES COMMISSION (SFPUC) PASS-THROUGH WHOLESALE
WATER SHORTAGE RATES OR SURCHARGES AND FINDING THAT THE
AMENDMENT IS EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT**

THIS RESOLUTION IS ADOPTED with reference to the following facts and circumstances which are found and declared by the Board of Directors:

1. On June 8, 2021 the Board of Directors of the Coastside County Water District (“District”) adopted an updated Water Shortage Contingency Plan which details six (6) water shortage contingency stages that the Board may declare in a water shortage situation along with corresponding water usage reductions.

2. The District’s financial consultant, Raftelis Financial Consultants, Inc. (“Raftelis”), prepared a “Cost of Service and Rate Study” report dated May 15, 2018 that analyzed the District’s Fiscal Year 2018-2019 and Fiscal Year 2019-2020 revenue requirements based upon a cost-of-service analysis, that was used to set the District’s rates for Fiscal Year’s 2018-2019 and 2019-2020 and to comply with the substantive requirements of Proposition 218. Subsequently, Raftelis prepared a “Water Financial Plan And Rate Update Study” dated August 2, 2020 (and utilizing the 2018 Cost of Service and Rate Study) which encompassed developing a five-year financial plan to meet the District’s revenue requirements for covering operations and maintenance costs, debt obligations, and capital repair and replacement needs, and to develop two years of proposed water rate increases to be effective January 1, 2021 and January 1, 2022. Raftelis then prepared a “Water Shortage Contingency Stage Rate Study Report” dated November 5, 2021. Utilizing the 2018 Cost of Service and Rate Study and the 2020 Water Financial Plan and Rate Update Study, and in accordance with Proposition 218 requirements, Raftelis developed Water Shortage Contingency (“WSC”) Stage Rates as a tool that will allow the District to reliably recover the necessary revenue to fund the water system in times of reduced water demand at each Board declared water shortage contingency stage. The Cost of Service and Rate Study dated May 15, 2018, the Water Financial Plan and Rate Update Study dated August 2, 2020, Water Shortage Contingency Stage Rate Study Report dated November 5, 2021, staff reports, and staff presentations are incorporated into this Resolution by this reference.

3. The Raftelis Water Shortage Contingency Stage Rate Study Report dated November 5, 2021, considered the following objectives: a) Determined water allocations for each customer class during each water shortage stage based on the 2020 Water Shortage Contingency Plan; b)

Calculated the financial impacts of reduced water sales and changes to water supply sources; c) Evaluated various stage rate structures to determine the structures best suited to meet the District's needs; and d) Developed stage rates that recover the financial impacts of each water shortage stage based on the cost of providing service. The WSC Stage Rates are based on the District's approved water rates effective January 1, 2022.

4. The Raftelis Water Shortage Contingency Stage Rate Study Report dated November 5, 2021 also includes a recommendation for including San Francisco Public Utilities Commission (SFPUC) Pass-Through Wholesale Water Shortage Rates or Surcharges that could be implemented should SFPUC decide to implement such wholesale rates or surcharges.

5. At the Regular Board Meeting on September 14, 2021, the Board initially met with Raftelis to discuss and consider WSC Stage Rates consistent with the Water Shortage Contingency Plan, and at the Regular Board Meeting on November 9, 2021, the Board evaluated the proposed modifications to the District's Rate and Fee Schedule to add WSC Stage Rates and the SFPUC Pass-Through Wholesale Water Shortage Rates or Surcharges and scheduled a public hearing for January 11, 2022 to consider the modifications to the District's Rate and Fee Schedule.

6. The District prepared a notice that described the amounts, the basis for calculating, and the reasons for the WSC Stage Rates and the SFPUC Pass-Through Wholesale Water Shortage Rates or Surcharges, and identified the date, time, and location for the public hearing on the proposed rates and charges, and the procedures for submitting a protest. The District mailed the written notice to the property owners and customers in the District at least 45 days before the date of the public hearing.

7. The Board considered its options at a public hearing at which the specific amendments to the Rate and Fee Schedule enacted herein was addressed. Notice of the public hearing was also advertised in the January 5 edition of the Half Moon Bay Review newspaper. Additionally, the notice was placed on the District's website. At the public hearing, the Board of Directors considered all protests against the proposed WSC Stage Rates and SFPUC Pass-Through Wholesale Water Shortage Rates or Surcharges and written protests were not presented by a majority of owners of the parcels subject to the proposed WSC Stage Rates and SFPUC Pass-Through Wholesale Water Shortage Rates or Surcharges.

8. After discussion and consideration of the comments received before and at the public hearing, the Board finds the WSC Stage Rates and the SFPUC Pass-Through Wholesale Water Shortage Rates or Surcharges hereinafter set forth to be reasonable and required for the proper operation of the District.

9. The Board further finds that the amendments to the Rate and Fee Schedule and the amount of the WSC Stage Rates and the SFPUC Pass-Through Wholesale Water Shortage Rates or Surcharges hereinafter set forth does not exceed the amount of the estimated costs required to provide the services for which the rates are levied.

10. The Board further finds that the Water Shortage Contingency Stage Rates and the SFPUC Pass-Through Wholesale Water Shortage Rates or Surcharges effected by this Resolution are reasonable and required for the proper operation of the District in a Board declared water shortage situation, and are exempt from the California Environmental Quality Act, pursuant to Section 21080(b)(8) of the Public Resources Code, because they are for the purposes of (1) meeting operating expenses, (2) purchasing or leasing supplies, equipment and materials, (3) meeting financial reserve requirements, and (4) obtaining funds for capital projects necessary to maintain service within existing service areas. The analysis in this Resolution and the documents incorporated into this Resolution by reference justify that the modifications to the rates and charges are for the purposes set forth in section 21080(b)(8).

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Coastside County Water District as follows:

1. Sections 3 is hereby amended to include the following sections 3.O. Water Shortage Contingency Stage Rates and Section 3.P. SFPUC Pass-Through Wholesale Water Shortage Rates or Surcharges as follows:

“O. Water Shortage Contingency Stage Rates

To ensure that the District receives sufficient revenues to cover its cost of providing water service when consumption decreases due to a Board declared water shortage situation such as a drought, natural disaster, or other water supply interruption, the Board of Directors, at its discretion, may implement Water Shortage Contingency Stage Rates (“WSC Stage Rates”). WSC Stage Rates are set up incrementally to reflect the stages of a water shortage that the District has defined in its Urban Water Management Plan, specifically the Water Shortage Contingency Plan. The WSC Stage Rates show the maximum rate levels that could be charged PER UNIT during each of the six (6) Water Shortage Stages when the District’s Board of Directors activates the Water Shortage Contingency Plan.

There are two actions by the Board of Directors and one additional notice that must take place before the WSC Stage Rates are implemented:

1. First, a Water Shortage Contingency Stage must be declared by the Board of Directors.
2. Second, the Board of Directors must take action to implement the WSC Stage Rates.
3. Third, a written notice must be mailed to all customers at least 30 days prior to implementing the WSC Stage Rates.

If a higher water shortage contingency stage is declared by the Board, the Board may choose to increase the WSC Stage Rates up to the maximum level of the declared stage, and upon 30 days advance written notice to all customers. If a lower water shortage contingency stage is declared by the Board, the Board will adjust the WSC Stage Rates to no more than the maximum level of the lower stage. The WSC Stage Rates would be repealed when the Water Shortage situation is declared to be over by the Board of Directors.

**WATER SHORTAGE CONTINGENCY STAGE RATES - QUANTITY CHARGE
(Monthly Rates)**

Table 1A shows the proposed incremental Water Shortage Contingency Quantity Charge per UNIT* by Water Shortage Contingency Stage.

Customer Type	Baseline*	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Residential							
Tier 1 1 - 4 units	\$0.00	\$2.24	\$4.01	\$5.70	\$7.96	\$12.09	\$24.04
Tier 2 5 - 8 units	\$0.00	\$3.27	\$5.87	\$8.34	\$11.64	\$17.68	\$35.15
Tier 3 9+ units	\$0.00	\$3.95	\$7.09	\$10.09	\$14.08	\$21.38	\$42.52
Multi-Family	\$0.00	\$2.98	\$5.35	\$7.60	\$10.61	\$16.11	\$32.05
Non-Residential	\$0.00	\$3.17	\$5.70	\$8.10	\$11.31	\$17.17	\$34.16

Table 1B shows the combined **Baseline Quantity Charge** (rates in effect January 1, 2022) **plus the Water Shortage Contingency Quantity Charge** per UNIT by Water Shortage Contingency Stage.

Customer Type	Baseline*	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Residential							
Tier 1 1 - 4 units	\$10.14	\$12.38	\$14.15	\$15.84	\$18.10	\$22.23	\$34.18
Tier 2 5 - 8 units	\$14.83	\$18.10	\$20.70	\$23.17	\$26.47	\$32.51	\$49.98
Tier 3 9+ units	\$17.94	\$21.89	\$25.03	\$28.03	\$32.02	\$39.32	\$60.46
Multi-Family	\$13.52	\$16.50	\$18.87	\$21.12	\$24.13	\$29.63	\$45.57
Non-Residential	\$14.41	\$17.58	\$20.11	\$22.51	\$25.72	\$31.58	\$48.57

* Baseline - Quantity Charge effective 1/1/2022
1 Unit = 1 hcf (hundred cubic feet) = 748 gallons

Table 2 shows the six (6) **Water Shortages Contingency Stages** outline in the District’s Water Shortage Contingency Plan.

Water Shortage Stage	Shortage Level	Shortage Description
Stage 1	Up to 10%	Water Shortage Advisory
Stage 2	Up to 20%	Water Shortage Emergency Warning
Stage 3	Up to 30%	Water Shortage Emergency
Stage 4	Up to 40%	Water Shortage Severe Emergency
Stage 5	Up to 50%	Water Shortage Extreme Emergency
Stage 6	Up to 60%	Water Shortage Catastrophic Emergency

P. SFPUC Pass-Through Wholesale Water Shortage Rates or Surcharges

If San Francisco Public Utilities Commission (SFPUC) implements an additional unit wholesale charge to the cost of water as a result of a water shortage, the District may pass through this per unit wholesale charge to their customers based on the percentage of the District’s total water supply purchased from SFPUC. The District’s only other source of water is local surface and groundwater which does not require any additional water supply costs to obtain. Therefore, the proportion of the pass-through charge will be a direct proportion of how much SFPUC water is purchased to meet demand versus how much water

is locally sourced. The equation below shows an example of how the SFPUC per unit wholesale charge related to a water shortage will be passed through when SFPUC is charging an additional \$0.50 per unit of water (hcf) and the District is purchasing 90% of its water from SFPUC and using 10% local water sources to meet the rest of demand.

Example:

\$0.50 per hcf SFPUC additional cost x 90% SFPUC water purchases = \$0.45 pass-through charges to commodity rates

The District's Board of Directors must take action to implement an SFPUC Pass-Through Wholesale Water Shortage Rate or Surcharges. The SFPUC Pass-Through Wholesale Water Shortage Rates or Surcharges may be implemented upon at least 30 days written notice to District customers. SFPUC Pass-Through Wholesale Water Shortage Rates or Surcharges would cease when the SFPUC no longer charges the District the additional unit wholesale charge to the cost of water as a result of a water shortage.”

2. This Resolution amending the Rate and Fee Schedule shall be effective January 12, 2022.
3. The General Manager shall arrange for the Rate and Fee Schedule to be re-codified to incorporate the changes effected by this Resolution.
4. The General Manager is directed to file a Notice of Exemption with the County Clerk and to take such other actions as may be necessary to give effect to this Resolution.

PASSED AND ADOPTED THIS 11th day of January, 2022, by the following vote of the Board:

AYES:

NOES:

ABSENT:

Robert Feldman President
Board of Directors

ATTEST:

Mary Rogren, General Manager
Secretary of the District

NOTICE OF EXEMPTION

COASTSIDE COUNTY WATER DISTRICT

TO: San Mateo County
Assessor-County Clerk-Recorder
555 County Center, 1st Floor
Redwood City, CA 94063-1665

FROM: Coastside County Water District
766 Main Street
Half Moon Bay, California 94019

PROJECT TITLE: Addition of Water Shortage Contingency Stage Rates and San Francisco Public Utilities Commission (SFPUC) Pass-Through Wholesale Water Shortage Rates or Surcharges to Coastside County Water District’s Rate and Fee Schedule

PROJECT LOCATION: Throughout the service area of the Coastside County Water District, which is within the City of Half Moon Bay and certain areas of unincorporated San Mateo County.

DESCRIPTION OF NATURE, PURPOSE AND BENEFICIARIES OF PROJECT:

The nature of the project is to add Water Shortage Contingency Stage Rates and SFPUC Pass-Through Wholesale Water Shortage Rates or Surcharges to the District’s Rate and Fee Schedule. The purpose of the project is to ensure that the District receives sufficient revenues to cover its costs of providing water service when consumption decreases due to a Board declared water shortage situation and generate revenue for the purposes listed below. The beneficiaries of the project are the customers of the District.

NAME OF PUBLIC AGENCY APPROVING PROJECT: Coastside County Water District.

NAME OF PERSON OR AGENCY CARRYING OUT PROJECT: Coastside County Water District.

EXEMPT STATUS: (Check One)

- Statutory Exemption (Public Resources Code Section 21080(b)(8)) – Meeting operating expenses; purchasing or leasing supplies, equipment or materials; meeting financial reserve needs and requirements; obtaining funds for capital projects necessary to maintain services within existing service areas.
- Ministerial (Sec. 15073)
- Declared Emergency (Sec. 15071 (a))
- Emergency Project (Sec. 15071 (b) and (c))
- Categorical Exemption (State Type and Section Number :)
- No possible significant effect on the environment (Sec. 15060)

REASON WHY PROJECT IS EXEMPT:

The “Cost of Service and Rate Study” prepared by Raftelis Financial Consultants, LLC. (dated May 15, 2018), the subsequent “Water Financial Plan and Rate Update Study” (dated August 3, 2020) and the “Water Shortage Contingency Stage Rate Study” (dated November 5, 2021) were prepared in compliance with the substantive requirements of Proposition 218. Revenues derived from the water rates do not exceed the funds required to provide the services for which the rates are charged, and the amounts of the rates imposed do not exceed the proportional cost of service attributable to the property. The District’s water rates enable the District to (1) to meet its operating expenses; (2) to purchase or lease supplies, equipment, and materials; (3) to meet financial reserve needs and requirements; and (4) to obtain funds for capital projects necessary to maintain service within the existing service area. The recommended amendment to the Rate and Fee Schedule complies with the requirements of Proposition 218 as interpreted by the courts, including the Capistrano Taxpayers Association, Inc. v City of San Juan Capistrano decision.

Contact Person

Area Code Telephone

Mary Rogren

(650) 726-4405

Date: January 12, 2022

Mary Rogren, General Manager

Incorporating Water Shortage Contingency Stage Rates Into the District's Rate and Fee Schedule

Coastside County Water District ("District") customers received a written notice in the mail notifying them that the District is considering incorporating Water Shortage Contingency (WSC) Stage Rates into the District's existing Rate and Fee Schedule.

Q: What are Water Shortage Contingency Stage Rates?

WSC Stage Rates are designed to recover decreases in revenue due to reductions in water use during each stage of a water shortage. The WSC Stage Rates comply with the provisions of Proposition 218 and will impact all customers. WSC Stage Rates are designed to recover lost revenue depending on the severity of the water shortage.

Q: How will the Water Shortage Contingency Stage Rates go into effect once added to the District's Rate and Fee Schedule?

There are two actions by the Board of Directors and one additional notice that must take place before the rates are implemented.

- 1) First, a Water Shortage Contingency Stage must be declared by the Board of Directors (in May of 2021, the Board of Directors declared a Water Shortage Advisory – Stage 1 of the District's Water Shortage Contingency Plan.).
- 2) Second, the Board of Directors must take action to implement the WSC Stage Rates.
- 3) Third, a written notice must be mailed to all customers at least 30 days prior to implementing the WSC Stage Rates.

Note: Even after the Board of Directors acts to implement a stage in its Water Shortage Contingency Plan, the Board of Directors does not have to implement the WSC Stage Rates, and the Board of Directors may implement them at a lower rate. The Board of Directors may consider using reserves, leaving open positions vacant, deferring capital projects, or a combination of actions to cover all or a portion of the District's financial obligations.

Q: When do the Water Shortage Contingency Stage Rates end once implemented?

Once implemented, the WSC Stage Rates would be repealed when the Water Shortage situation is determined to be over by the Board of Directors and the District no longer needs to implement its Water Shortage Contingency Plan, or earlier if the Board of Directors decides that the District is able to fund its financial obligations without these WSC Stage Rates. In addition, the Board of Directors may change the Water Shortage Contingency Stage during the water shortage situation and implement a different WSC Stage rate that corresponds with that Water Shortage Contingency Stage.

Q: Do the Water Shortage Contingency Stage Rates include penalties?

The WSC Stage Rates do not include financial penalties. The WSC Stage Rates are designed to allow the District to recover its costs during the water shortage. These WSC Stage Rates are not intended to penalize customers.

Q: What customers are subject to the Water Shortage Contingency Stage Rates?

The WSC Stage Rates apply to all customers equally. The WSC Stage Rates are applied to the Water Quantity Charge at the same (uniform) percentage across all single-family, multi-family, and non-residential customer classes. There is no change to the base charge.

Q: How will my water bill be impacted?

Customers who meet the goal of the WSC Stage implemented by the District should see a similar bill to what they paid during non-water shortage times. If a customer does not meet the requested reduction in water use, they will see an increase in their water bill. The District acknowledges that customers who already have low water usage will see increases in their water bills with the proposed WSC Stage Rates.

Q: Why is the District proposing to add WSC Stage Rates to the Rate and Fee Schedule?

The District is preparing for more frequent and severe droughts in the watersheds the District relies on for water. The District is also considering natural disasters and catastrophic infrastructure failures that may result in water shortage situation.

Adding the WSC Stage Rates provides the Board with a mechanism to recover costs during a water shortage situation. Implementing the WSC Stage Rates is optional for the Board of Directors and the Board of Directors will decide whether to implement the rates based upon the District's ability to manage revenue shortfalls.

Adding WSC Stage Rates (also called drought rates, and drought surcharges) to existing rate and fee schedules is becoming a more common occurrence for California water providers. For reference, other Bay Area water providers that have adopted similar rates and surcharges include; San Francisco Public Utilities Commission (San Francisco Water), Alameda County Water District, East Bay Municipal Utility District, Mid-Peninsula Water District; City of Palo Alto; City of Santa Cruz, Marin Municipal Water District, and San Jose Water Company.

Q: What is the SFPUC "pass-through" Water Shortage Rate?

The District purchases a portion of its water directly from the San Francisco Public Utilities Commission (SFPUC). If SFPUC implements a wholesale water shortage per unit rate for its wholesale customers, the District's Board of Directors could take action to pass through this charge to the District's customers on a per unit basis (in proportion to the District's SFPUC water use vs local source use). At this writing, District staff is not aware of SFPUC's plans to enact a wholesale water shortage per unit rate. The Board of Directors would need to approve the pass-through and customers would be notified 30 days before the pass-through becomes effective.

Please contact 650-726-4405 or customerservice@coastsidewater.org for other questions.

EXHIBIT E – PROTEST LETTERS

RECEIVED

JAN 6 2022

COASTSIDE COUNTY
WATER DISTRICT

347 Chesterfield Ave.
Half Moon Bay Ca 94019
1-6-22.


General Mgr. Coastside Co. Water Dist:

I am apposed to the increases outlined in your "Notice of Public hearing" dated Nov. 24 2021.

Specifically, I am apposed because of the additional \$ 47.82. Charge that would be imposed if. water consumption is not reduced. 30% (only is stage 3?). This penalizes those who have already made efforts to reduce water consumption.

Sincerely.

Moises Mendez
347 Chesterfield Ave.
Half Moon Bay Ca 94019.

Acc. 

January 3, 2022

RECEIVED

JAN 5 2022

COASTSIDE COUNTY
WATER DISTRICT

Nancy Rapp
2131 St. Andrews Road
Half Moon Bay Ca 94019

Acct. # [REDACTED]

Dear Sir or Madam

re: Letter of Opposition

Please be informed by this delivered letter that I am in opposition of the proposed drought rate.

Nancy Rapp

RECEIVED

JAN 4 2022

**COASTSIDE COUNTY
WATER DISTRICT**

To: General Manager
Coastside County Water District
766 Main Street
Half Moon Bay, CA 94019

Dear General Manager,

My house at 930 Ave. Balboa, El Granada, CA, 94018 protests strongly to the proposed water shortage contingency stage rates which has a public hearing January 11, 2022.

Please let me know if you need any further information.

Sincerely,

Neal Civjan
Property owner
[REDACTED]

To: General Manager
Coastside County Water District
766 Main Street
Half Moon Bay, CA 94019

RECEIVED

JAN 4 2022

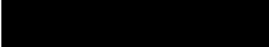
**COASTSIDE COUNTY
WATER DISTRICT**

Dear General Manager,

My house at 831 Santiago, El Granada, CA, 94018 protests strongly to the proposed water shortage contingency stage rates which has a public hearing January 11, 2022.

Please let me know if you need any further information.

Sincerely,

Neal Civjan
Property owner


Theron & Segun Kabrich
2231 Bayhill Court
Half Moon Bay, CA 94019

General Manager
Coastside County Water District
766 Main Street
Half Moon Bay, CA 94019

RECEIVED
DEC 29 2021
COASTSIDE COUNTY
WATER DISTRICT

To whom it may concern:

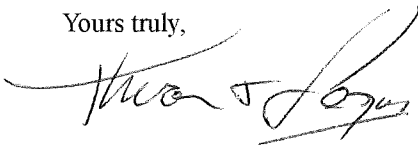
We object to adoption of the water shortage contingency stage rates and the SFPUC pass through wholesale water shortage rates being included in the Rate and Fee Schedule as of January 12, 2022 per recent correspondence we received outlining the subject proposition.

Among the reasons we object:

- 1) There seems to be no transparency concerning the margins the district operates on above wholesales costs. This gives the impression there are no advised cost cutting measures planned to modify the district's overhead costs during lower use/income periods. This suggests that customers alone are expected to bear all costs of business shortfalls while not knowing what those costs are and if the district will (or won't) also share that burden;
- 2) As you must certainly know, many conservation-minded customers have modified use over time, especially in recent years. You will also assuredly know there are many customers who apply little or no limits on their water use. With this understanding, these two categories of what we'll call "responsible users" and "irresponsible users" will not be treated equally as beginning this period with different baselines. Those who have been wise stewards up to this point will find further reduction challenging from an already frugal position and abusers of water supply will be able to reduce their use by wasting less water than in previous periods; yet the former will be punished with charges for not reducing their water use even further than they've responsibly reduced in prior periods and the latter will be rewarded for dialing back from excessive water use by a greater percentage of their previously excessive abuse;
- 3) It seems odd and a little disrespectful of customers that the board has decided to hold a public hearing about this matter within 24 hours of when they "will consider adoption of the proposed rates" that would "be included in the Rate and Fee Schedule as of January 12, 2022" as such a decision will "affect all water customers". One would think that consideration of a decision that will have an impact on so many people might take longer than 24 hours to weigh all the input that such a hearing is likely to provide.

We have other observations that can be made here which further cause our objection, but we think we've provided enough comment to confirm our considered opposition to this rate increase.

Yours truly,



Theron and Segun Kabrich

Dear Coastside Water District, General Manager

I am writing to object to the proposed rate increases starting in January. The decisions being made regarding conservation fail to take into account the number of occupants per household. The result is that a household with fewer people may have more room to conserve than a family with 5 people who are already conserving water. This could result in an increase of 4.5 fold over last years for families that are already conserving water. If you move forward with this increase, there will be a significant burden on families who are already struggling to make ends meet.

I have reviewed your tiered billing and find that it shows bias against families. For example your process of billing does not take into account the number of occupants in a house. So when you evaluate the average usage it is weighted toward houses with lower numbers of occupants. Many of our neighbors are retired or their children have moved out.

As an example, I have a family of 5 as compared to two occupants next door, one occupant across the street and to my east and south. If we were to use the number of gallons per day that the state of California water board suggests of 55 gallons per day we would be allowed 8250 gallons per month. Your tiering system allows for 748 gallons per unit, thus this would be 11 units placing my family in tier 3, even though we are conserving water and meeting the California suggested water conservation limits per AB 1668 and Senate Bill 606.

I suggest that your tiering system take into account the number of occupants in a house rather than just looking at an average in a community that has many retired or single occupancy houses. Our current usage last month was 38 gallons of water per person per day for our household far below what is recommended in AB 1668, and SB 606.

I realize that some may say it is too difficult to evaluate water usage based on occupancy, to that I respond this is only an excuse for not doing something that is fair and aligned with the State mandates. I suggest you start a system where families can opt in and provide proof of the number of occupants to the water district in order to have their tiering recalculated. This would require an annual submission of proof, in the form of school enrollment or driver license.

If you are to increase your rates for water usage without a recalculation based on number of occupants, you will unfairly penalize families in the community and cause increased financial strain. This will occur even when a family may already be conserving water and not be exceeding the California State Water Board suggested water usage.

Thank you for your time and consideration.

Jesse Shick

311 Correas St.

Half Moon Bay, California 94019.

Account number [REDACTED]



RECEIVED

DEC 21 2021

**COASTSIDE COUNTY
WATER DISTRICT**

755 Vasques Dr
Half Moon Bay, CA 94019
12/15/21

RECEIVED

DEC 15 2021

**COASTSIDE COUNTY
WATER DISTRICT**

General Mgr. - Coastside Co. Water Dist:

I am opposed to the increases outlined in your "Notice of Public Hearing" dated Nov. 24, 2021.

Specifically, I am opposed because of the additional \$47.82 charge that would be imposed if water consumption is not reduced by 30% (only in stage 3?). This penalizes those who have already made efforts to reduce water consumption.

Sincerely,

Shirley Moorhouse

Shirley Moorhouse

755 Vasques Dr.

Half Moon Bay, CA 94019

Acct No. [REDACTED]

November 26, 2021

General Manager
Coastside County Water District
766 Main Street
Half Moon Bay, CA 94019

Dear General Manager,

I am writing to protest the proposed Water Shortage Contingency Stage Rates increase.

I use almost zero water outdoors and very little indoors. I cannot afford an increase.

Laurie Schutters

Laurie Schutters
740 Le Mans Way
Half Moon Bay, CA 94019

RECEIVED
NOV 29 2021
COASTSIDE COUNTY
WATER DISTRICT

11/28/21

I am writing to protest the proposed water shortage contingency rates plan. I am opposed to this plan and it should not go into effect. Thank you.

Sincerely

Anne M. Stocker

Anne Stocker
254 Amesport Landing
Half Moon Bay, Ca. 94019

Coastside Water acc. #



RECEIVED
NOV 29 2021
COASTSIDE COUNTY
WATER DISTRICT

NOV 27, 2021

To whom it may concern:

I Brian Jenkins reside at
444 Grove Street and oppose the
proposed water rate increase. I own
this property and am a customer
of Coastside Water District (acct #
[REDACTED])

Thank You,

Brian D. Jenkins

RECEIVED
NOV 29 2021
COASTSIDE COUNTY
WATER DISTRICT

Matt Allen
231 Carmel Ave.
El Granada, CA 94018

January 7, 2022

To whom it may concern,

I decline the invitation to raise the rates for water use in El Granada, CA. Do not raise rates for water use for the fourth time in four years. I live at 231 Carmel Ave. in El Granada, CA. My zip code is 94018. I am the owner of this parcel.

I appreciate your consideration,



Matt Allen

RECEIVED
JAN 11 2022
COASTSIDE COUNTY
WATER DISTRICT

1/9/22

General Manager,
Coastside County Water District

I protest the pending rate
increases that is the
Water Shortage Contingency
Stage Rates

and any other rate increases
planned.

Teresa Findley
335 Spruce St.
Half Moon Bay
acct # [REDACTED]

Teresa Findley

RECEIVED

JAN 10 2022

**COASTSIDE COUNTY
WATER DISTRICT**

Name Avery Allen

Date: 1-13-2022

Address 163 Sevilla Ave

City, State zip El Granada 94018

To whom it may concern,

I decline the invitation to raise the rates for water use in El Granada, CA. Do not raise rates for water use for the fourth time in four years. I live at

163 Sevilla Ave

in El Granada, CA. My zip code is 94018.

I am the owner of this parcel. -yes

I appreciate your consideration,

Name Printed Avery & Allen

Signature Avery & Allen

RECEIVED
JAN 18 2022
COASTSIDE COUNTY
WATER DISTRICT

Coastside County Water District

Water Shortage Contingency Stage Rates

Public Hearing

January 11, 2022



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Agenda

1. Why do we need WSC Stage Rates?
2. What are WSC Stage Rates?
3. Financial Implications
4. Cost Recovery Options
5. Customer Impacts
6. Logistics of WSC Stage Rates

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Why Do we Need Water Shortage Contingency (WSC) Stage Rates?

- Providing water services is a fixed cost business
 - › Fixed cost means that the cost of providing services does not change based on water use
- The District operating budget is 72% fixed cost (out of \$9.3M)
 - › The main variable cost is purchased water from San Francisco PUC (SFPUC)
- The District also has capital cost to refurbish the water system: ~ \$6M a year
- The District collects only 21% of its revenue from fixed meter charge
 - › This is to maintain affordability for low water users and to promote conservation

The discrepancy between the fixed cost nature of water utility and the goal of maintaining affordability on water rates, creates financial instability when water use is significantly cut back

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What are WSC Stage Rates?

- Given Proposition 218 requirements, WSC stage rates:
 - › Are designed to recover lost revenue due to reduction in water usage and difference in water purchase costs
 - › Are surcharges tied to specific stages, as defined by CCWD's 2020 Water Shortage Contingency Plan
 - › Provide financial flexibility for CCWD in implementing the appropriate stage rates

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Steps to Develop WSC Stage Rates

How should water be allocated?

How much will this cost us?

How should we recover this?

How will this affect our customers?

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Step 1: How should water be allocated?



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Water Should be Allocated Based on the 2020 Water Shortage Contingency Plan

Stages and Reduction

Customer Class	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Single Family	85%	79%	70%	64%	59%	48%
Multi-Family	86%	79%	70%	65%	59%	48%
Non-Residential	95%	79%	70%	57%	38%	12%
Target Reduction Goal	≤10%	20%	30%	40%	50%	>50%

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Water Should be Allocated Based on the 2020 Water Shortage Contingency Plan

Estimated Water Sales by Stage

Customer Class	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Water Sales (ccf)							
Single Family	425,619	361,776	336,239	297,933	272,396	251,115	204,297
Multi-Family	42,781	36,791	33,797	29,946	27,807	25,241	20,535
Non-Residential	346,600	329,270	273,814	242,620	197,562	131,708	41,592
Total (ccf)	815,000	727,838	643,850	570,500	497,766	408,064	266,424
Water Sales (MG)							
Single Family	318	271	252	223	204	188	153
Multi-Family	32	28	25	22	21	19	15
Non-Residential	259	246	205	181	148	99	31
Total (MG)	610	544	482	427	372	305	199

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Step 2: How much will this cost us?



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WSC Stage Implications

- Some questions to consider:
 - › How much lost commodity revenue is expected due to cutbacks?
 - › How will this change our water supply mix (and the costs associated with each source)?
 - › How will this change our operating costs (if at all)?
- For District, the financial consequences include:
 - › Lost commodity revenue (severity is dependent on stage)
 - › Changes in water purchase costs from SFPUC (shift in supply mix from cheap local water to more expensive SFPUC water)

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Financial Impacts

Supply Mix	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Local Supply	309,700	72,784	0	0	0	0	0
SFPUC Sources	505,300	655,054	643,850	570,500	497,766	408,064	266,424
Total (ccf)	815,000	727,838	643,850	570,500	497,766	408,064	266,424

Stage Costs	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Lost Commodity Revenue	\$1,467,437	\$2,685,762	\$3,755,397	\$4,812,319	\$6,111,576	\$7,960,127
SFPUC Water Purchase Cost*	\$609,445	\$563,849	\$265,341	(\$30,662)	(\$395,716)	(\$972,140)
Total	\$2,076,882	\$3,249,610	\$4,020,738	\$4,781,657	\$5,715,860	\$6,987,987

*Additional drought-related SFPUC wholesale water shortage rates and/or surcharges can be passed through

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Step 3: How should we recover this?



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Rates or Penalties?

WSC Stage Rates	Stage Penalties
Recover the financial impacts of having water restriction	Utilize price to enforce water rationing
Are a revenue-generating mechanism	Are non-revenue generating and strictly punitive
Require a nexus between the cost of providing service and associate rates (Prop 218)	Are violations not based on cost of service

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WSC Stage Rate Options

1. Uniform Commodity Charge
 - › Same Stage rate applied to all commodity charges, regardless of customer class or tier
2. Uniform Percentage Applied to Commodity Charge
 - › Same percentage increase applied to all commodity charges
3. Monthly Fixed Meter Charge
 - › Stage rates are applied as a monthly fixed charge and not tied to usage

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Policy Overview for WSC Stage Rates

Policy Objectives	Uniform Commodity Charge	Uniform Percentage	Monthly Fixed Meter Charge
Easy to understand and administer	★★	★★	★★★
Stability and guaranteed recovery of revenue	★★	★	★★★
Ability to change the bill	★★	★★★	★
Targeted use and conservation	★★	★★★	★
Promotes affordability	★★	★★★	★

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Proposed WSC Stage Rates: Uniform Percentage

	Baseline*	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Increase (%)		22%	40%	56%	78%	119%	237%
Proposed Stage Rates							
Single Family							
Tier 1	\$0.00	\$2.24	\$4.01	\$5.70	\$7.96	\$12.09	\$24.04
Tier 2	\$0.00	\$3.27	\$5.87	\$8.34	\$11.64	\$17.68	\$35.15
Tier 3	\$0.00	\$3.95	\$7.09	\$10.09	\$14.08	\$21.38	\$42.52
Multi-Family	\$0.00	\$2.98	\$5.35	\$7.60	\$10.61	\$16.11	\$32.05
Non-Residential	\$0.00	\$3.17	\$5.70	\$8.10	\$11.31	\$17.17	\$34.16
Combined Rates							
Single Family							
Tier 1	\$10.14	\$12.38	\$14.15	\$15.84	\$18.10	\$22.23	\$34.18
Tier 2	\$14.83	\$18.10	\$20.70	\$23.17	\$26.47	\$32.51	\$49.98
Tier 3	\$17.94	\$21.89	\$25.03	\$28.03	\$32.02	\$39.32	\$60.46
Multi-Family	\$13.52	\$16.50	\$18.87	\$21.12	\$24.13	\$29.63	\$45.57
Non-Residential	\$14.41	\$17.58	\$20.11	\$22.51	\$25.72	\$31.58	\$48.57

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*Baseline rates effective 1/1/2022

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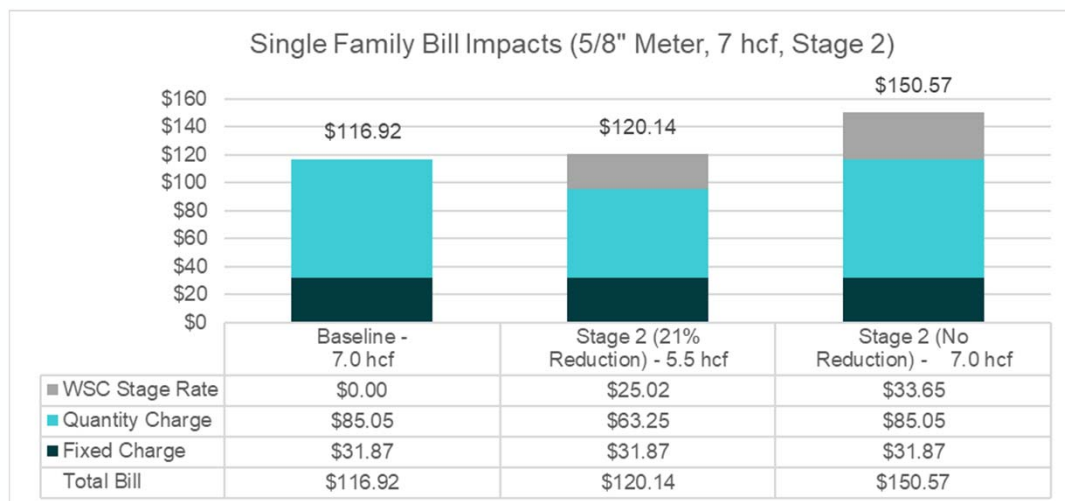
Step 4: How will this affect our customers?



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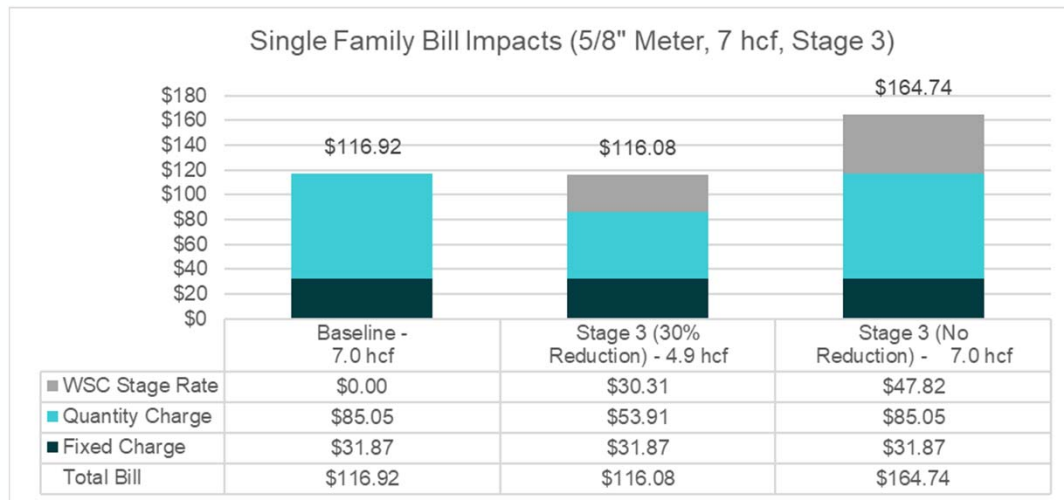
Customer Impacts – WSC Stage 2



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Customer Impacts – WSC Stage 3



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Stage Rate Implementation

- Based on Proposition 218 requirements, the WSC stage rates shown are the maximum that the Board can implement
- Additional drought-related SFPUC wholesale water shortage rates and/or surcharges would be passed through
- Board has the discretion to:
 - › Implement a lower stage rate
 - › Use reserves
 - › Defer capital projects
 - › Any combination of the above

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Logistics in Implementing WSC Stage Rates

1. Water Shortage Contingency Stage must be declared by the Board of Directors
 - › May of 2021, the Board of Directors declared a Water Shortage Advisory – Stage 1 of the District’s Water Shortage Contingency Plan
2. The Board of Directors must take action to implement the WSC Stage Rates
3. A written notice must be mailed to all customers at least 30 days prior to implementing the WSC Stage Rates

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Thank you!

Contact:

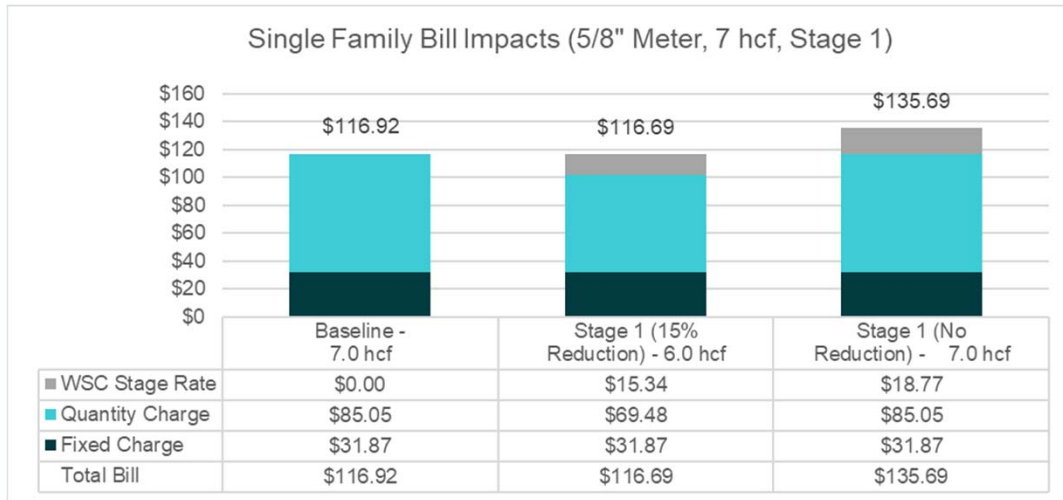
Sanjay Gaur
213-327-4405 / sgaur@water-economics.com

Nancy Phan
626-236-0600 / nphan@raftelis.com

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Customer Impacts – WSC Stage 1



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**COASTSIDE COUNTY WATER DISTRICT
CLAIMS FOR DECEMBER 2021**

CHECKS				
CHECK DATE	CHECK NO.	VENDOR	AMOUNT	
12/03/2021	30186	BAY ALARM COMPANY	\$	1,287.84
12/03/2021	30187	COMCAST	\$	256.82
12/03/2021	30188	RECORDER'S OFFICE	\$	20.00
12/03/2021	30189	RECORDER'S OFFICE	\$	20.00
12/03/2021	30190	COUNTY OF SAN MATEO	\$	1,220.00
12/03/2021	30191	HMB CHAMBER OF COMMERCE	\$	300.00
12/03/2021	30192	HUE & CRY, INC.	\$	24.00
12/03/2021	30193	LAUNCH! CONSULTING, INC.	\$	5,984.00
12/03/2021	30194	RAY A MORGAN COMPANY INC.	\$	917.66
12/03/2021	30195	CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION	\$	880.17
12/03/2021	30196	STANDARD INSURANCE COMPANY	\$	575.66
12/03/2021	30197	JAMES TETER	\$	987.00
12/03/2021	30198	VERIZON WIRELESS	\$	3,562.99
12/03/2021	30199	JUAN CARLOS SALAZAR	\$	3,360.00
12/03/2021	30200	WIENHOFF & ASSOCIATES, INC.	\$	800.00
12/09/2021	30201	METER READINGS HOLDING, LLC	\$	4,331.25
12/09/2021	30202	ADP, INC.	\$	743.50
12/09/2021	30203	BAY AREA AIR QUALITY MGMT DIST	\$	6,691.43
12/09/2021	30204	CALIFORNIA C.A.D. SOLUTIONS, INC	\$	1,200.00
12/09/2021	30205	COAST TRANSMISSIONS	\$	828.33
12/09/2021	30206	JAMES COZZOLINO, TRUSTEE	\$	200.00
12/09/2021	30207	HASSETT HARDWARE	\$	751.78
12/09/2021	30208	KOFFLER ELECTRICAL MECHANICAL APPARATUS REPAIR	\$	1,748.47
12/09/2021	30209	MASS MUTUAL FINANCIAL GROUP	\$	1,829.19
12/09/2021	30210	PACIFIC GAS & ELECTRIC CO.	\$	29,572.22
12/09/2021	30211	PACIFIC GAS & ELECTRIC CO.	\$	67.67
12/09/2021	30212	RADWELL INTERNATIONAL, LLC	\$	8,185.94
12/09/2021	30213	REDWOOD TRADING POST	\$	10,762.70
12/09/2021	30214	ROGUE WEB WORKS, LLC	\$	1,048.00
12/09/2021	30215	SM CTY ENVIRONMENTAL HEALTH	\$	1,971.00
12/09/2021	30216	SERVICE PRESS	\$	16,116.63
12/09/2021	30217	TPX COMMUNICATIONS	\$	2,132.13
12/09/2021	30218	TRI COUNTIES BANK	\$	3,418.22
12/09/2021	30219	VALIC	\$	5,080.00
12/09/2021	30220	VERIZON CONNECT INC.	\$	239.85
12/09/2021	30221	US BANK NA	\$	2,469.96
12/17/2021	30222	HEALTH BENEFITS ACWA-JPIA	\$	43,509.84
12/17/2021	30223	AT&T MOBILITY	\$	43.24
12/17/2021	30224	RECORDER'S OFFICE	\$	23.00
12/17/2021	30225	EKI INC.	\$	32,013.41
12/17/2021	30226	HDR ENGINEERING, INC	\$	48,662.06
12/17/2021	30227	MERCHANTS BANK OF COMMERCE	\$	15,050.00
12/17/2021	30228	PUMP REPAIR SERVICE CO. INC.	\$	27,314.53
12/17/2021	30229	RANGER PIPELINES, INC.	\$	135,450.00
12/17/2021	30230	REPUBLIC SERVICES	\$	571.76
12/17/2021	30231	SAN FRANCISCO WATER DEPT.	\$	65,940.02
12/17/2021	30232	RAYMOND WINCH	\$	59.88
12/22/2021	30233	AMERICAN WATER WORKS	\$	285.00
12/22/2021	30234	ANDREINI BROS. INC.	\$	22,230.04
12/22/2021	30235	ATLAS/PELLIZZARI ELECTRIC INC.	\$	500.00
12/22/2021	30236	AT&T	\$	870.85
12/22/2021	30237	AT&T	\$	698.93
12/22/2021	30238	BADGER METER, INC.	\$	66.00
12/22/2021	30239	BALANCE HYDROLOGICS, INC	\$	8,946.35
12/22/2021	30240	BAY AREA WATER SUPPLY &	\$	2,465.00
12/22/2021	30241	BAY ALARM COMPANY	\$	1,319.61
12/22/2021	30242	KRYSTLE A. RENEER	\$	5,250.00
12/22/2021	30243	CALCON SYSTEMS, INC.	\$	7,258.13
12/22/2021	30244	CALIFORNIA SURVEYING & DRAFTING SUPPLY INC.	\$	2,559.38
12/22/2021	30245	CHEMTRADE CHEMICALS US LLC	\$	2,547.84
12/22/2021	30246	CLEARY CONSULTANTS, INC	\$	6,287.50
12/22/2021	30247	PETTY CASH	\$	221.65
12/22/2021	30248	CORE & MAIN LP	\$	3,043.00

12/22/2021	30249	DATAPROSE, LLC	\$ 328.86
12/22/2021	30250	DE LAGE LANDEN FINANCIAL SERVICES, INC.	\$ 920.84
12/22/2021	30251	FREYER & LAURETA, INC.	\$ 15,402.50
12/22/2021	30252	GEO BLUE CONSULTING, INC.	\$ 3,178.75
12/22/2021	30253	GRAINGER, INC.	\$ 446.49
12/22/2021	30254	HACH CO., INC.	\$ 2,116.38
12/22/2021	30255	HMB BLDG. & GARDEN INC.	\$ 118.00
12/22/2021	30256	HANSONBRIDGETT. LLP	\$ 12,499.50
12/22/2021	30257	IRON MOUNTAIN	\$ 995.29
12/22/2021	30258	IRVINE CONSULTING SERVICES, INC.	\$ 4,031.62
12/22/2021	30259	GLENNA LOMBARDI	\$ 91.00
12/22/2021	30260	MASS MUTUAL FINANCIAL GROUP	\$ 1,814.19
12/22/2021	30261	MISSION UNIFORM SERVICES INC.	\$ 155.90
12/22/2021	30262	MONTEREY BAY ANALYTICAL SERVICES, INC.	\$ 1,400.00
12/22/2021	30263	KEVIN D. MORGAN	\$ 2,003.70
12/22/2021	30264	MTA PARTS, INC.	\$ 29.26
12/22/2021	30265	OCCUPATIONAL HEALTH CENTERS OF CALIFORNIA, A MEDICAL CORP.	\$ 442.00
12/22/2021	30266	OFFICE DEPOT	\$ 286.17
12/22/2021	30267	PACIFICA COMMUNITY TV	\$ 900.00
12/22/2021	30268	PAPE MACHINERY EXCHANGE	\$ 4,430.42
12/22/2021	30269	PITNEY BOWES	\$ 750.03
12/22/2021	30270	FERGUSON ENTERPRISES, INC.	\$ 469.00
12/22/2021	30271	PRECISION POWDER COATING	\$ 600.00
12/22/2021	30272	SAN MATEO CTY PUBLIC HEALTH LAB	\$ 956.00
12/22/2021	30273	TEAMSTERS LOCAL UNION #856	\$ 1,432.00
12/22/2021	30274	UPS STORE	\$ 11.59
12/22/2021	30275	USA BLUE BOOK	\$ 135.61
12/22/2021	30276	VALIC	\$ 5,080.00
12/22/2021	30277	JANE YUSTER	\$ 136.54
12/22/2021	30278	PAOLA CARVAJAL	\$ 9.86
12/22/2021	30279	RANGER PIPELINES	\$ 900.00
12/22/2021	30280	RANGER PIPELINES INC.	\$ 2,810.00
12/29/2021	30281	ACCELA, INC.	\$ 25,644.99
12/29/2021	30282	ANALYTICAL ENVIRONMENTAL SERVICES	\$ 2,808.60
12/29/2021	30283	BFI OF CALIFORNIA, INC.	\$ 2,658.21
12/29/2021	30284	FEDAK & BROWN LLP	\$ 1,489.00
12/29/2021	30285	GRAINGER, INC.	\$ 127.25
12/29/2021	30286	KELLY HOFFMAN-DAVIS	\$ 3,346.04
12/29/2021	30287	HMB BLDG. & GARDEN INC.	\$ 192.20
12/29/2021	30288	MISSION UNIFORM SERVICES INC.	\$ 76.40
12/29/2021	30289	MONTEREY BAY ANALYTICAL SERVICES, INC.	\$ 132.00
12/29/2021	30290	RAFTELIS FINANCIAL CONSULTANTS, INC.	\$ 4,311.25
12/29/2021	30291	REDWOOD TRADING POST	\$ 2,768.59
12/29/2021	30292	JIM STEELE	\$ 2,500.00
12/29/2021	30293	STETSON ENGINEERS, INC.	\$ 407.00
12/29/2021	30294	JAMES TETER	\$ 3,691.00
12/29/2021	30295	VERIZON WIRELESS	\$ 2,338.60
12/29/2021	30296	JUAN CARLOS SALAZAR	\$ 3,360.00
			\$ 673,504.06
SUBTOTAL CLAIMS FOR MONTH			\$673,504.06

WIRE PAYMENTS

12/10/2021	DFT0000387	PUB. EMP. RETIRE SYSTEM	\$ 15,125.30
12/23/2021	DFT0000388	PUB. EMP. RETIRE SYSTEM	\$ 15,196.51
12/1/2021		BANK AND CREDIT CARD FEES	\$7,323.34
			\$ 37,645.15
SUBTOTAL WIRE PAYMENTS FOR MONTH			\$37,645.15

TOTAL CLAIMS FOR THE MONTH \$711,149.21



Coastside County Water District

Monthly Budget Report

Account Summary

For Fiscal: 2021-2022 Period Ending: 12/31/2021

	December Budget	December Activity	Variance Favorable (Unfavorable)	Percent Variance	YTD Budget	YTD Activity	Variance Favorable (Unfavorable)	Percent Variance	Total Budget	
Revenue										
RevType: 1 - Operating										
1-4120-00	Water Revenue	967,397.00	848,235.30	-119,161.70	-12.32 %	7,080,182.00	6,628,715.81	-451,466.19	-6.38 %	13,387,000.00
	Total RevType: 1 - Operating:	967,397.00	848,235.30	-119,161.70	-12.32 %	7,080,182.00	6,628,715.81	-451,466.19	-6.38 %	13,387,000.00
RevType: 2 - Non-Operating										
1-4170-00	Water Taken From Hydrants	4,333.00	2,852.77	-1,480.23	-34.16 %	25,998.00	33,328.52	7,330.52	28.20 %	52,000.00
1-4180-00	Late Notice - 10% Penalty	5,000.00	0.00	-5,000.00	-100.00 %	15,000.00	0.00	-15,000.00	-100.00 %	50,000.00
1-4230-00	Service Connections	834.00	346.75	-487.25	-58.42 %	5,000.00	6,637.27	1,637.27	32.75 %	10,000.00
1-4920-00	Interest Earned	4,687.00	1,000.17	-3,686.83	-78.66 %	28,125.00	6,210.29	-21,914.71	-77.92 %	56,250.00
1-4930-00	Tax Apportionments/County Checks	370,000.00	439,675.74	69,675.74	18.83 %	450,000.00	526,563.30	76,563.30	17.01 %	780,000.00
1-4950-00	Miscellaneous Income	1,750.00	0.00	-1,750.00	-100.00 %	3,500.00	19,253.29	15,753.29	450.09 %	7,000.00
1-4955-00	Cell Site Lease Income	15,300.00	18,374.83	3,074.83	20.10 %	91,800.00	96,498.12	4,698.12	5.12 %	184,000.00
1-4965-00	ERAF Refund - County Taxes	0.00	0.00	0.00	0.00 %	175,000.00	359,746.81	184,746.81	105.57 %	400,000.00
	Total RevType: 2 - Non-Operating:	401,904.00	462,250.26	60,346.26	15.02 %	794,423.00	1,048,237.60	253,814.60	31.95 %	1,539,250.00
	Total Revenue:	1,369,301.00	1,310,485.56	-58,815.44	-4.30 %	7,874,605.00	7,676,953.41	-197,651.59	-2.51 %	14,926,250.00
Expense										
ExpType: 1 - Operating										
1-5130-00	Water Purchased	97,135.00	72,897.02	24,237.98	24.95 %	1,732,627.00	1,387,552.07	345,074.93	19.92 %	2,321,721.00
1-5230-00	Nunes T P Pump Expense	3,100.00	2,650.33	449.67	14.51 %	23,100.00	23,293.78	-193.78	-0.84 %	44,800.00
1-5231-00	CSP Pump Station Pump Expense	6,000.00	-19,657.08	25,657.08	427.62 %	240,000.00	218,282.75	21,717.25	9.05 %	342,000.00
1-5232-00	Other Trans. & Dist Pump Expense	1,500.00	1,417.41	82.59	5.51 %	13,500.00	10,577.35	2,922.65	21.65 %	23,000.00
1-5233-00	Pilarcitos Canyon Pump Expense	7,000.00	7,000.91	-0.91	-0.01 %	11,300.00	9,537.54	1,762.46	15.60 %	36,000.00
1-5234-00	Denniston T P Pump Expense	8,000.00	13,457.40	-5,457.40	-68.22 %	14,000.00	18,382.21	-4,382.21	-31.30 %	64,000.00
1-5242-00	CSP Pump Station Operations	1,200.00	540.38	659.62	54.97 %	9,100.00	2,898.32	6,201.68	68.15 %	17,000.00
1-5243-00	CSP Pump Station Maintenance	3,000.00	1,542.60	1,457.40	48.58 %	19,200.00	12,666.85	6,533.15	34.03 %	38,000.00
1-5246-00	Nunes T P Operations - General	7,500.00	4,716.91	2,783.09	37.11 %	46,500.00	33,968.15	12,531.85	26.95 %	92,500.00
1-5247-00	Nunes T P Maintenance	10,700.00	4,766.75	5,933.25	55.45 %	64,200.00	30,510.15	33,689.85	52.48 %	128,400.00
1-5248-00	Denniston T P Operations-General	5,000.00	2,270.80	2,729.20	54.58 %	24,000.00	4,577.96	19,422.04	80.93 %	56,500.00
1-5249-00	Denniston T.P. Maintenance	8,000.00	32,462.61	-24,462.61	-305.78 %	90,600.00	117,970.45	-27,370.45	-30.21 %	135,600.00
1-5250-00	Laboratory Expenses	5,500.00	2,380.00	3,120.00	56.73 %	35,750.00	21,821.92	13,928.08	38.96 %	77,000.00
1-5260-00	Maintenance - General	25,000.00	36,555.05	-11,555.05	-46.22 %	170,000.00	236,353.16	-66,353.16	-39.03 %	358,000.00
1-5261-00	Maintenance - Well Fields	1,000.00	27,698.85	-26,698.85	-2,669.89 %	15,800.00	78,866.12	-63,066.12	-399.15 %	30,800.00
1-5263-00	Uniforms	0.00	3,346.04	-3,346.04	0.00 %	9,300.00	12,063.26	-2,763.26	-29.71 %	10,300.00
1-5318-00	Studies/Surveys/Consulting	7,000.00	13,474.00	-6,474.00	-92.49 %	57,000.00	110,312.30	-53,312.30	-93.53 %	154,000.00
1-5321-00	Water Resources	2,200.00	2,465.00	-265.00	-12.05 %	13,500.00	2,465.00	11,035.00	81.74 %	26,700.00

Monthly Budget Report

For Fiscal: 2021-2022 Period Ending: 12/31/2021

	December Budget	December Activity	Variance Favorable (Unfavorable)	Percent Variance	YTD Budget	YTD Activity	Variance Favorable (Unfavorable)	Percent Variance	Total Budget
1-5322-00 Community Outreach	1,000.00	900.00	100.00	10.00 %	31,000.00	26,805.48	4,194.52	13.53 %	60,000.00
1-5325-00 Water Shortage Program	0.00	-2,000.00	2,000.00	0.00 %	0.00	5,022.68	-5,022.68	0.00 %	0.00
1-5381-00 Legal	8,333.00	8,018.00	315.00	3.78 %	49,998.00	58,602.00	-8,604.00	-17.21 %	100,000.00
1-5382-00 Engineering	5,650.00	11,096.40	-5,446.40	-96.40 %	33,900.00	31,002.45	2,897.55	8.55 %	67,800.00
1-5383-00 Financial Services	2,000.00	1,489.00	511.00	25.55 %	12,000.00	10,564.00	1,436.00	11.97 %	22,600.00
1-5384-00 Computer Services	17,800.00	12,363.15	5,436.85	30.54 %	106,300.00	101,211.93	5,088.07	4.79 %	217,300.00
1-5410-00 Salaries/Wages-Administration	98,450.00	87,619.70	10,830.30	11.00 %	590,700.00	505,112.93	85,587.07	14.49 %	1,181,400.00
1-5411-00 Salaries & Wages - Field	145,000.00	143,537.32	1,462.68	1.01 %	821,000.00	782,424.29	38,575.71	4.70 %	1,666,000.00
1-5420-00 Payroll Tax Expense	16,000.00	13,266.95	2,733.05	17.08 %	96,300.00	85,972.88	10,327.12	10.72 %	206,700.00
1-5435-00 Employee Medical Insurance	44,000.00	39,083.09	4,916.91	11.17 %	264,000.00	246,996.69	17,003.31	6.44 %	542,100.00
1-5436-00 Retiree Medical Insurance	5,000.00	3,992.92	1,007.08	20.14 %	30,000.00	27,670.97	2,329.03	7.76 %	63,900.00
1-5440-00 Employees Retirement Plan	43,500.00	41,607.07	1,892.93	4.35 %	257,600.00	278,163.27	-20,563.27	-7.98 %	518,600.00
1-5445-00 Supplemental Retirement 401a	0.00	0.00	0.00	0.00 %	0.00	0.00	0.00	0.00 %	35,000.00
1-5510-00 Motor Vehicle Expense	6,425.00	5,594.30	830.70	12.93 %	38,550.00	34,998.83	3,551.17	9.21 %	77,100.00
1-5620-00 Office & Billing Expenses	35,000.00	25,066.57	9,933.43	28.38 %	170,000.00	163,647.22	6,352.78	3.74 %	328,500.00
1-5625-00 Meetings / Training / Seminars	2,750.00	532.53	2,217.47	80.64 %	16,500.00	5,666.96	10,833.04	65.65 %	33,000.00
1-5630-00 Insurance	13,500.00	11,524.08	1,975.92	14.64 %	81,000.00	68,831.63	12,168.37	15.02 %	163,300.00
1-5687-00 Membership, Dues, Subscript.	7,250.00	4,759.12	2,490.88	34.36 %	43,300.00	56,966.08	-13,666.08	-31.56 %	87,400.00
1-5689-00 Labor Relations	500.00	0.00	500.00	100.00 %	3,000.00	0.00	3,000.00	100.00 %	6,000.00
1-5700-00 San Mateo County Fees	12,000.00	3,191.00	8,809.00	73.41 %	19,400.00	8,204.60	11,195.40	57.71 %	25,700.00
1-5705-00 State Fees	14,000.00	16,075.62	-2,075.62	-14.83 %	20,000.00	18,338.79	1,661.21	8.31 %	37,500.00
Total ExpType: 1 - Operating:	676,993.00	637,701.80	39,291.20	5.80 %	5,274,025.00	4,848,303.02	425,721.98	8.07 %	9,396,221.00
ExpType: 4 - Capital Related									
1-5715-00 Debt Service/CIEDB 11-099	0.00	0.00	0.00	0.00 %	271,045.00	271,044.86	0.14	0.00 %	335,825.00
1-5716-00 Debt Service/CIEDB 2016	0.00	0.00	0.00	0.00 %	236,795.00	236,794.72	0.28	0.00 %	322,895.00
1-5717-00 Chase Bank - 2018 Loan	0.00	0.00	0.00	0.00 %	376,657.00	376,657.43	-0.43	0.00 %	435,168.00
Total ExpType: 4 - Capital Related:	0.00	0.00	0.00	0.00 %	884,497.00	884,497.01	-0.01	0.00 %	1,093,888.00
Total Expense:	676,993.00	637,701.80	39,291.20	5.80 %	6,158,522.00	5,732,800.03	425,721.97	6.91 %	10,490,109.00
Report Total:	692,308.00	672,783.76	-19,524.24		1,716,083.00	1,944,153.38	228,070.38		4,436,141.00

**COASTSIDE COUNTY WATER DISTRICT
MONTHLY INVESTMENT REPORT
December 31, 2021**

<u>RESERVE BALANCES</u>	Current Year as of 12/31/2021	Prior Year as of 12/31/2020
CAPITAL AND OPERATING RESERVE	\$10,822,043.88	\$8,757,603.43
RATE STABILIZATION RESERVE	\$250,000.00	\$250,000.00
TOTAL DISTRICT RESERVES	\$11,072,043.88	\$9,007,603.43

ACCOUNT DETAIL

ACCOUNTS WITH TRI COUNTIES BANK		
CHECKING ACCOUNT	\$5,730,066.12	\$3,598,658.25
CSP T & S ACCOUNT	\$48,112.93	\$136,642.29
MONEY MARKET GEN. FUND (Opened 7/20/17)	\$19,450.17	\$19,448.19
LOCAL AGENCY INVESTMENT FUND (LAIF) BALANCE	\$5,273,614.66	\$5,252,054.70
DISTRICT CASH ON HAND	\$800.00	\$800.00
TOTAL ACCOUNT BALANCES	\$11,072,043.88	\$9,007,603.43

This report is in conformity with CCWD's Investment Policy.

COASTSIDE COUNTY WATER DISTRICT
 CAPITAL IMPROVEMENT PROJECTS - STATUS REPORT
 FISCAL YEAR 2021/2022

12/31/2021

* Approved June 2020

Status	Approved* CIP Budget FY21/22	To Date FY21/22	Projected Year-End FY21/22	Variance vs. Budget	% Completed	Project Status/ Comments
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Equipment Purchases & Replacement

06-03	SCADA/Telemetry/Electrical Controls Replacement	ongoing	\$ 50,000		\$ 50,000	\$ -	0%	Solar upgrades in process (partially covered by grant)
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Facilities & Maintenance

09-09	Fire Hydrant Replacement	ongoing	\$ 140,000		\$ 140,000	\$ -	0%	
99-01	Meter Change Program	ongoing	\$ 20,000		\$ 20,000	\$ -	0%	

Pipeline Projects

14-27/20-08	Grandview Pipeline Replacement Project	in design	\$ 1,650,000	\$ 25,553	\$ 1,650,000	\$ -	0%	Spring-Summer 2022 construction
						\$ -		

Pump Stations / Tanks / Wells

08-14	Alves Tank Rehabilitation/Replacement Design	TBD	\$ 300,000			\$ 300,000	n/a	Not planned for FY2021/22
08-16	Cahill Tank Rehabilitation	TBD	\$ 125,000			\$ 125,000	n/a	Delayed to FY2022/23
20-16	Denniston Tank Rehabilitation	TBD	\$ 125,000			\$ 125,000	n/a	Delayed to FY2022/23
19-05	Tanks - THM Control	Ongoing	\$ 50,000		\$ 50,000	\$ -	0%	

Water Supply Development

14-25	Denniston/San Vicente Water Supply Development	ongoing	\$ 300,000	\$ 70,130	\$ 200,000	\$ 100,000	n/a	
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Water Treatment Plants

20-14	Nunes Water Treatment Plant Improvement Project	Construction	\$ 2,900,000	\$ 1,677,322	\$ 4,000,000	\$ (1,100,000)	0%	Construction started August 2021
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UNSCHEDULED/NEW CIP ITEMS FOR CURRENT FISCAL YEAR 2021/2022

NN-00	Unscheduled CIP		\$ 100,000		\$ 100,000	\$ -	0%	
22-01	Miramontes Point Road Water Main Replacement	in design		77,410	150,000	\$ (150,000)		
66-3001	Green Slope Climber	Completed		105,216	105,216	\$ (105,216)	100%	
14-29	Purissima Way Water Main Replacement	construction		23,532	125,000	\$ (125,000)		planned in future CIP
21-12	Nunes Fuel Tank Replacement	in process		6,691	185,000	\$ (185,000)		covered by Cal OES grant

NEW FY2020/2021 CIP TOTAL \$ 5,760,000 \$ 1,985,854 \$ 6,775,216 \$ (1,015,216)

FY2019/2020 CIP Carryover Projects

20-07	District Office Improvements	in process	\$ 120,000	\$ 146,819	\$ 146,819	\$ (26,819)	60%	
14-01	Highway 92 - Replacement of Welded Steel Line-Phase 1	open	\$ 700,000	11,527	\$ 700,000	\$ -	0%	Summer 2022
66-3001	Valve truck	Completed	\$ 75,361	\$ 75,361	\$ 75,361	\$ -	100%	Valve truck - Delivered in July 2021 - \$225K total price
22-05	Planning Software	open	\$ 60,000		\$ 60,000	\$ -	0%	Approved at August 2021 BOD meeting
13-02	Pipeline Replacement Under Creek at Pilarcitos Ave (Strawflower)	in process	\$ 700,000	\$ 38,511	\$ 700,000	\$ -	D-100%	CDP approved 12.2021; Bid documents in process for Spring 2022 construction

COASTSIDE COUNTY WATER DISTRICT
 CAPITAL IMPROVEMENT PROJECTS - STATUS REPORT
 FISCAL YEAR 2021/2022

12/31/2021

* Approved June 2020

		Status	Approved* CIP Budget FY21/22	To Date FY21/22	Projected Year-End FY21/22	Variance vs. Budget	% Completed	Project Status/ Comments
14-01	Highway 92 - Replacement of Welded Steel Line-Design	Open	\$ 100,000	\$ 18,140	\$ 100,000	\$ -	18%	for engineering design only
21-07	Carter Hill Tank Improvement Project	In design	\$ 580,000	\$ 97,830	\$ 580,000	\$ -	n/a	Design in process - will continue into Fiscal Year 2021/22
21-08	ESRI-Cityworks Implementation	Completed		\$ 17,000	\$ 17,000	\$ (17,000)	100%	

FY2020/2021 CARRYOVER PROJECTS	\$ 2,335,361	\$ 405,188	\$ 2,379,180	\$ (43,819)
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Green = approved by the Board/in process

TOTAL - FY 2021/2022 CIP + PRIOR YEAR CARRYOVER	\$ 8,095,361	\$ 2,391,042	\$ 9,154,396	\$ (1,059,035)
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**Legal Cost Tracking Report
12 Months At-A-Glance**

**Acct. No.5681
Patrick Miyaki - HansonBridgett, LLP
Legal**

Month	Admin (General Legal Fees)	Water Supply Develpmnt	Recycled Water	Transfer Program	CIP	LABOR & EMPLOYMENT	Election (CVRA)	Litigation	Infrastructure Project Review (Reimbursable)	TOTAL
Dec-20	10,460			243	265					10,968
Jan-21	12,336			592		1,628				14,556
Feb-21	7,733			589	355					8,677
Mar-21	17,385			180	1,662	407				19,633
Apr-21	11,122			1,609	1,319					14,050
May-21	10,870			709		407				11,986
Jun-21	7,659			752	588					8,999
Jul-21	3,323									3,323
Aug-21	4,701			442		2,901				8,043
Sep-21	10,969				814					11,783
Oct-21	18,804									18,804
Nov-21	9,818			943	1,739					12,500
TOTAL	125,179	0	0	6,057	6,742	5,343	0	0	0	143,320

**Engineer Cost Tracking Report
12 Months At-A-Glance**

**Acct. No. 5682
JAMES TETER
Engineer**

Month	Admin & Retainer	CIP	Studies & Projects	TOTAL	Reimbursable from Projects
Jan-21	480		3,042	3,522	3,042
Feb-21	480		2,028	2,508	2,028
Mar-21	480		3,380	3,860	3,380
Apr-21	480			480	
May-21	480		169	649	169
Jun-21	480		1,352	1,832	1,352
Jul-21	480	896	3,042	4,418	3,042
Aug-21	480			480	3,042
Sep-21	480			480	
Oct-21	480			480	
Nov-21	987			987	
Dec-21	480		3,211	3,691	3,211
TOTAL	6,267	896	16,224	23,387	19,266

Calcon T&M Projects Tracking

11/30/2021

Project No.	Name	Status	Proposal Date	Approved Date	Project Budget	Project Actual thru 6/30/20	Project Billings FY2020-2021
Closed Projects:							
CAL-13-01	EG Tank 2 Recoating Project	Closed	9/30/13	10/8/13	\$8,220.00	\$ 8,837.50	
CAL-13-02	Nunes Control System Upgrades	Closed	9/30/13	10/8/13	\$46,141.00	\$ 55,363.60	
CAL-13-03	Win 911 and PLC Software	Closed	9/30/13	10/8/13	\$9,717.00	\$ 12,231.74	
CAL-13-04	Crystal Springs Surge Tank Retrofit	Closed	11/26/13	11/27/13	\$31,912.21	\$ 66,572.54	
CAL-13-06	Nunes Legacy Backwash System Removal	Closed	11/25/13	11/26/13	\$6,516.75	\$ 6,455.00	
CAL-13-07	Denniston Backwash FTW Valves	Closed	11/26/13	11/27/13	\$6,914.21	\$ 9,518.28	
CAL-14-01	Denniston Wash Water Return Retrofit	Closed	1/28/14	2/14/14	\$13,607.00	\$ 13,591.60	
CAL-14-02	Denniston Clarifier SCADA Data	Closed	4/2/14	4/7/14	\$4,125.00	\$ 4,077.50	
CAL-14-03	Nunes Surface Scatter Turbidimeter	Closed	4/2/14	4/7/14	\$2,009.50	\$ -	
CAL-14-04	Phase I Control System Upgrade	Closed	4/2/14	4/7/14	\$75,905.56	\$ 44,459.14	
CAL-14-06	Miramar Control Panel	Closed	8/28/14	8/28/14	\$37,953.00	\$ 27,980.71	
CAL-14-08	SFWater Flow & Data Logger/Cahill Tank	Closed	8/20/2014	8/20/2014	\$1,370.00	\$ 1,372.00	
CAL-15-01	Main Street Monitors	Closed				\$ 6,779.42	
CAL-15-02	Denniston To Do List	Closed				\$ 2,930.00	
CAL-15-03	Nunes & Denniston Turbidity Meters	Closed			\$6,612.50	\$ 12,536.12	
CAL-15-04	Phase II Control System Upgrade	Closed	6/23/2015	8/11/2015	\$195,000.00	\$ 202,227.50	
CAL-15-05	Permanganate Water Flow	Closed				\$ 1,567.15	
CAL-16-04	Radio Network	Closed	12/9/2016	1/10/2017	\$126,246.11	\$ 139,200.68	
CAL-16-05	El Granada Tank No. 3 Recoating	Closed	12/16/2016		\$6,904.50	\$ 6,845.00	
CAL-17-03	Nunes Valve Control	Closed	6/29/2017	7/11/2017	\$73,281.80	\$ 79,034.35	
CAL-17-04	Denniston Booster Pump Station	Closed	7/27/2017	8/8/2017	\$21,643.75	\$ 29,760.00	
CAL-17-05	Crystal Springs Pump Station #3 Soft Start	Closed	7/27/2017	8/8/2017	\$12,213.53	\$ 12,178.13	
CAL-18-04	Tank Levels Calibration Special	Closed	3/5/2018	3/5/2018	\$8,388.75	\$ 10,700.00	
CAL-18-05	Pilarcitos Stream Flow Gauge -Well 1 120 Service Power	Closed	3/22/2018	3/22/2018	\$3,558.13	\$ 3,997.40	
CAL-17-06	Nunes Flocculator & Rapid Mix VFD Panels	Closed	12/6/2017	12/12/2017	\$29,250.75	\$ 30,695.66	
CAL-17-01	Crystal Springs Leak Valve Control	Closed	2/8/2017	2/14/2017	\$8,701.29	\$ 18,055.88	
CAL-17-02	Crystal Springs Requirements & Addtl Controls	Closed	2/8/2017	2/14/2017	\$38,839.50	\$ 41,172.06	
CAL-18-02	Nunes Plant HMI V2	Closed	11/12/2018		\$10,913.14	\$ 9,434.90	
CAL-18-03	CSP Breakers & Handles		3/7/2018	3/7/2018	\$25,471.47	\$ 49,837.52	
CAL-18-06	Nunes VFD Project		9/6/2018	9/6/2018	\$2,381.51	\$ 895.50	
CAL-19-01	CSP Cla-Val Power Checks		2/4/2019	2/4/2019	\$15,067.91	\$ 40,475.94	
CAL-19-02	CSP Wet Well		4/1/2019	4/1/2019	\$12,960.24	\$ 12,853.20	
CAL-19-03	Pilarcitos Flow Meter Project		4/1/2019	4/1/2019	\$14,493.75	\$ 17,616.84	
	CSP Main Breaker						
CAL-19-04	SCADA Systems		10/15/2019	10/15/2019	\$104,000.00	\$ 114,250.00	
	Spare 350/500 Pumps					\$ 3,327.09	
	CSP Main Breaker					\$ 5,220.00	
Closed Projects - Subtotal (pre FY2019-2021)					\$960,319.86	\$1,102,049.95	

FY 2020-2021 Open Projects:

Open Projects - Subtotal	\$0.00	\$0.00	\$0.00
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Other: Maintenance

Tanks	\$ 24,807.00
Crystal Springs Maintenance	\$ 1,639.94
Nunes Maintenance	\$ 45,438.96
Denniston Maintenance	\$ 41,264.33
Distribution System	\$ 58,214.93
Wells	
Cellular Telemetry	\$ 3,223.52

Subtotal Maintenance	\$ 174,588.68
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FINAL TOTAL FY 2020/21	\$ 174,588.68
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EKI Environment & Water
Engineering Services Billed Through December 31, 2021

	Contract Date	Not to Exceed Budget	Status	FY 2018-2019	FY 2019-2020	FY2020-2021	FY2021-2022
CIP Project Management							
Fiscal Year 2018-2019	10.19.2018	\$ 25,000.00	Complete				
Fiscal Year 2018-2019	1.14.2019	\$ 40,000.00	Complete				
Fiscal Year 2018-2019	3.12.2019	\$ 75,000.00	Complete				
Fiscal Year 2019-2020	7.29.2019	\$ 180,000.00	Open	\$ 123,410.00	\$ 104,108.97	\$ 1,138.80	
Pipeline Projects (Ferdinand) - T2		\$ 2,000.00		\$ 18,220.42	\$ 13,476.55		
Tank Seismic Projects - T3				\$ 16,676.92	\$ 19,249.53		
Hydraulic Modeling - T4				\$ (4,385.04)	\$ 20,570.20		
Fiscal Year 2020-2021	8.13.2020	\$ 100,000.00				\$ 67,075.84	\$ 17,172.48
Fiscal Year 2021-2022 - Non-Complex Main line Extension Services	10.15.2021	\$ 25,000.00					\$ 1,716.00
Sub Total - CIP Project Management Services		\$ 447,000.00		\$ 163,452.66	\$ 157,405.25	\$ 68,214.64	\$ 17,172.48

Highway 1 South Pipeline Replacement Project	16-02	9.20.2018	\$ 25,000.00	Complete	\$ 17,680.45			
Ferdinand Avenue Pipeline Replacement Design	14-31	2.12.2019	\$ 29,000.00	Complete	\$ 27,824.37	\$ 1,169.10		
Casa Del Mar Main Replacement (Phase 1) and Grand Boulevard Pipeline/PRV Loop Design	14-32	2.12.2019	\$ 28,500.00	Complete	\$ 27,297.34	\$ 1,195.22		
Denniston Culvert Replacement and Paving Project Design	18-13	7.1.2019	\$ 16,400.00	Complete	\$ 804.96	\$ 21,296.34		
Denniston Culvert Replacement-Engineering Services during Construction	18-13	7.8.2020	\$ 48,800.00	Complete			\$ 47,647.17	
Construction Inspection Services for Ferdinand Avenue Water Main Replacement Project	14-31	7.1.2019	\$ 32,300.00	Complete		\$ 32,300.00		
Pine Willow Oak Water Main Replacement Project	18-01	7.29.2019	\$ 69,700.00	Complete		\$ 49,906.63	\$ 4,991.74	
Grandview Water Main Replacement Project (Design, Bid Support, construction support)	14-27	7.29.2019	\$ 56,100.00	Open		\$ 42,095.19	\$ 5,144.36	
Grandview Crossing at Hwy 1		2.9.2021	\$ 156,500.00	Open			\$ 73,285.99	\$ 25,061.21
Pilarcitos Creek Crossing Water Main Replacement Preliminary Design	13-02	8.27.2019	\$ 104,600.00	Complete		\$ 95,332.59	\$ 1,226.50	
Pilarcitos Creek Crossing Water Main Replacement Design	13-02	7.14.2020	\$ 82,900.00	Open			\$ 39,343.06	\$ 10,836.80
Grandview/Silver/Terrace/Spindrft Under Hwy 1 PreDesign	20-08	10.15.2019	\$ 59,600.00	Complete		\$ 18,217.30	\$ 40,597.27	
Highway 92 Potable Water Pipeline Replacement Project Design	14-01	7.2.2021	\$ 24,800.00	Open				\$ 18,139.94
Miramontes Point Road Water Main Replacement	22-01	7.14.2021	\$ 116,800.00	Open				\$ 67,410.48
Purisima Way Water Main Replacement	14-29	10.18.2021	\$ 20,400.00	Open				\$ 18,531.81

Total - All Services

\$ 1,318,400.00 **\$ 237,059.78** **\$ 418,917.62** **\$ 280,450.73** **\$ 157,152.72**

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS

Monday, December 13, 2021

Due to the Covid-19 pandemic, and in accordance with Assembly Bill 361, which modifies California Government Code Section 54953, the Boardroom was not open to the public for the December 13, 2021, Special Meeting of the Board of Directors of the Coastside County Water District. The Special Meeting was conducted remotely via teleconference.

The Public was able to participate in the public meeting by joining the meeting through the Zoom Video Conference link provided. The public was also able to join the meeting by calling a provided teleconference phone number.

- 1) **ROLL CALL** -President Glenn Reynolds called the meeting to order at 9:00 a.m. participating in roll call via Zoom Video Conference: Directors John Muller, Chris Mickelsen and Vice-President Feldman. Director Ken Coverdell arrived at 9:07 a.m.

Also present: Mary Rogren, General Manager, Patrick Miyaki, Legal Counsel; James Derbin, Superintendent of Operations; Cathleen Brennan, Water Resource Analyst; Gina Brazil, Office Manager, and Denise Ford, Administrative Assistant/Recording Secretary.

- 2) **PLEDGE OF ALLEGIANCE**

- 3) **PUBLIC COMMENT** - There were no public comments.

- 4) **GENERAL BUSINESS**

- A. **Authorize Entering into a Professional Services Agreement with Backstrom McCarley Berry & Co., LLC to Provide Municipal Advisory Services for a 2022 Tax-Exempt Financing Transaction**

Ms. Rogren reported that the District plans to obtain financing in order to fund the Nunes Water Treatment Plant Upgrade Project and other potential Capital Improvement Projects. In order to move forward with soliciting and evaluating financing options, the District must appoint a Municipal Advisor. On November 17, 2021, the Finance Committee met with Brant Smith, the managing director of Backstrom McCarley Berry & Co., LLC who provided an overview of the firm and financing options. The District used the services of Backstrom McCarley Berry & Co., LLC in its successful 2018 bond refunding.

ON MOTION BY Director Muller and seconded by Director Mickelsen, the Board voted by roll call vote to authorize the General Manager to enter into a professional services agreement with Backstrom McCarley Berry & Co., LLC to provide Municipal Advisory Services for a 2022 Tax-Exempt Financing Transaction in the amount of \$30,000 with the payment contingent on the successful closing of the Financing.

Director Muller	Aye
Director Coverdell	Aye
Director Mickelsen	Aye
Vice-President Feldman	Aye
President Reynolds	Aye

B. Consider and Reaffirm Resolution 2021-06 Making Findings Pursuant to Assembly Bill 361 That the Proclaimed State of Emergency Continues to Impact the Ability to Meet Safely in Person

Ms. Rogren summarized Governor Newsom’s Executive Order dated back on March 4, 2020, that declared a State of Emergency to exist in California because of the threat of COVID 19. The Executive Order N-29-20 suspended certain provisions of the Ralph M. Brown Act relating to teleconferencing to allow legislative bodies to conduct meetings remotely to help protect the spread of COVID-19 and to protect the health and safety of the public. On June 11, 2021, the Governor issued Executive Order N-08-21 which specified that Executive Order N-29-20 remain in effect through September 30, 2021.

On September 16, 2021, the Governor signed Assembly Bill (AB361) into law to allow legislative bodies to continue to meet remotely during a proclaimed State of Emergency after September 30, 2021. On October 8, 2021, the Board adopted Resolution 2021-06. Per AB361, the Board will need to consider and reaffirm the findings of Resolution 2021-06 monthly proclaiming that the State of Emergency continues to impact the ability of members to meet safely in person, and state or local officials continue to impose or recommend measures to promote social distancing.

ON MOTION BY Director Coverdell and seconded by Director Mickelsen, the Board voted by roll call vote to reaffirm, by motion, Resolution 2021-06, Making Findings Pursuant to Assembly Bill 361 that the Proclaimed State of Emergency Continues to Impact the Ability to Meet Safely in Person:

Director Muller	Aye
Director Coverdell	Aye
Director Mickelsen	Aye

Vice-President Feldman

Aye

President Reynolds

Aye

C. **Authorize Entering into a Professional Services Agreement with Redistricting Partners, LLC for Redistricting Services to Adjust the Mapping of Electoral Zones Based Upon the 2020 Census Date**

Ms. Rogren provided a brief background of the redistricting process. At the February 11, 2020 Board of Directors Meeting, the Board adopted Ordinance 2020-01 to change the Coastside County Water District's Electoral System from at-large to by-zone elections with respect to electing members of the Board of Directors, and to establish zone boundaries and sequencing of elections within the zone. These zones were established with the assistance of a demographer and utilizing the 2010 Census.

Every 10 years, and with the publication of the new Census, local governments that conduct elections by zones are to use new Census data to adjust their zone lines to assure all zones have nearly equal population. The population difference between each zone cannot be more than 10% between any two zones.

In their analysis of the 2020 Census data, Redistricting Partners, LLC has determined that the District has population variations exceeding 10% in 3 of the District's zones. The District must go through the process of redistricting including holding at least two public hearings, one on the proposal to adjust the zone boundaries, and one at which the Board will vote on the proposed adjusted zone boundaries. These zones must be adopted and sent to San Mateo County by April 17, 2022.

ON MOTION BY Director Coverdell and seconded by Director Muller, the Board voted by roll call vote to authorize the General Manager to enter into a Professional Services Agreement with Redistricting Partners, LLC for Redistricting Services to adjust the mapping of the District's electoral zones based upon the 2020 Census data for a not to exceed amount of \$30,000:

Director Muller

Aye

Director Coverdell

Aye

Director Mickelsen

Aye

Vice-President Feldman

Aye

President Reynolds

Aye

D. Waive the Procedural Requirements in the District’s Policies and Procedures for Award of Contracts, and Authorize the General Manager to Enter into an Agreement with Andreini Bros, Inc. for the 2” Emergency Pipeline Replacement at Purisima Way

President Reynolds was not present for section D and E of the agenda.

Director Coverdell recused himself from participating in this agenda item due to a conflict of interest (his property is within 500 feet of the project). Director Coverdell suggested moving Agenda Item D to the end of the meeting so he could participate in the remaining agenda items. The Board voted on moving the agenda item.

ON MOTION BY Vice-President Feldman and Director Muller, the Board voted by roll call vote to move Agenda item D to the end of the meeting due to Director Coverdell’s conflict of interest.

Director Muller	Aye
Director Coverdell	Abstain
Director Mickelsen	Aye
Vice-President Feldman	Aye
President Reynolds	Absent

E. Consider Resolution 2021-09 Authorizing the Grant Application, Acceptance, and Execution for the Coastside County Water District Drought Resiliency Program

Ms. Rogren explained that staff has prepared a grant application for drought relief funds under the 2021 Urban and Multi-Benefit Drought Relief Grant Programs. As part of the application, the District must include a resolution authorizing the submission of the grant application, acceptance, and execution.

ON MOTION BY Director Muller and seconded by Director Mickelsen, the Board voted by roll call vote to approve Resolution 2021-09 authorizing the grant application, acceptance, and execution with the California Department of Water Resources for the drought Resiliency Program:

Director Muller	Aye
Director Coverdell	Aye
Director Mickelsen	Aye
Vice-President Feldman	Aye
President Reynolds	Absent

F. Consider Resolution 2021-10 Authorizing the Adoption of the San Mateo County Multijurisdictional Local Hazard Mitigation Plan

Ms. Rogren provided an overview of the 2021 San Mateo County Multijurisdictional Local Hazard Mitigation Plan (MJLHMP) and the Coastside County Water District Annex Plan section prepared by District staff. The Disaster Mitigation Act of 2000 requires that the MLHMP be updated every 5 years. Once the MJLHMP is adopted, the County and/or the District individually becomes eligible to apply for grant programs under FEMA's Hazard Mitigation Assistance program.

President Reynolds rejoined the meeting.

ON MOTION BY Director Coverdell and seconded by Director Mickelsen, the Board voted by roll call vote to approve Resolution 2021-10 authorizing the adoption of the San Mateo County Multijurisdictional Local Hazard Mitigation Plan (MJLHMP):

Director Muller	Aye
Director Coverdell	Aye
Director Mickelsen	Aye
Vice-President Feldman	Aye
President Reynolds	Aye

G. Nunes Water Treatment Plant Upgrades Project Update #4

Mr. Derbin gave an update of the progress being made at the Nunes Water Treatment Plant. Major items of work completed in November 2021 included installation of rebar, formwork, and concrete placement for the new sedimentation basin walls, and successful completion of water tightness testing of the sedimentation basin.

5) MONTHLY INFORMATION REPORTS

A. General Manager's Report

Ms. Rogren recapped a few highlights for the month of November 2021. The District has been awarded a grant of \$28,224 from the State Water Resources Control Board Drinking Water Arrearages Fund (that was created to provide relief to customers with unpaid bills related to the pandemic.). Upon receiving the funds, the District will

credit past due customer accounts with balances outstanding for services from March 4, 2020 to May 31, 2021.

The District's website has recently been updated with a fresh look and feel, and staff has already received many compliments.

B. Superintendent of Operations Report

Mr. Derbin summarized operations highlights for the month of November 2021.

H. Waive the Procedural Requirements in the District's Policies and Procedures for Award of Contracts, and Authorize the General Manager to Enter into an Agreement with Andreini Bros, Inc. for the 2" Emergency Pipeline Replacement at Purisima Way

Director Coverdell recused himself from participating in this agenda item due to a conflict of interest (his property is within 500 feet of the project) and left the meeting.

Mr. Derbin summarized the emergency pipeline replacement. The District had planned in its Capital Improvement Program to replace this pipeline in 2027. Given the numerous leaks in the last four months, a potential health and safety problem now exists that have made replacing this pipeline a matter of urgency. EKI Environment and Water, Inc. has prepared a design plan set and specifications for this work.

ON MOTION BY Director Mickelsen and Vice-President Feldman, the Board voted by roll call vote to waive the Procedural Requirements in the District's Policies and Procedures for Award of Contracts, and Authorize the General Manager to Enter into an Agreement with Andreini Bros, Inc. for the 2" Emergency Pipeline Replacement at Purisima Way:

Director Muller	Aye
Director Coverdell	Absent
Director Mickelsen	Aye
Vice-President Feldman	Aye
President Reynolds	Aye

6) **ADJOURNMENT**-The Board Meeting was adjourned at 10:01 A.M.

Respectfully submitted,

Mary Rogren, General Manager
Secretary to the District

Glenn Reynolds, President
Board of Directors

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS

Tuesday December 14, 2021

Due to the Covid-19 pandemic, and in accordance with Assembly Bill 361, which modifies California Government Code Section 54953, the Boardroom was not open to the public for the December 14, 2021, Regular Meeting of the Board of Directors of the Coastside County Water District. The Regular Meeting was conducted remotely via teleconference.

The Public was able to participate in the public meeting by joining the meeting through the Zoom Video Conference link provided. The public was also able to join the meeting by calling a provided teleconference phone number.

- 1) **ROLL CALL** -President Glenn Reynolds called the meeting to order at 7:02 p.m. participating in roll call via Zoom Video Conference: Directors John Muller, Ken Coverdell, Chris Mickelsen and Vice-President Feldman.

Also present: Mary Rogren, General Manager, Patrick Miyaki, Legal Counsel; James Derbin, Superintendent of Operations; Cathleen Brennan, Water Resource Analyst; Gina Brazil, Office Manager, Denise Ford, Administrative Assistant/Recording Secretary, and Nancy Trujillo, Accounting Manager.

Members of the public: Michelle Dragony

- 2) **PLEDGE OF ALLEGIANCE**

- 3) **PUBLIC COMMENT** - There were no public comments.

- 4) **CONSENT CALENDAR**

- A. Approval of disbursements for the month ending November 30, 2021:
Claims: \$1,057,642.70; Payroll: \$188,504.58 for a total of \$1,246,147.28
- B. Acceptance of Financial Reports
- C. Approval of Minutes of November 9, 2021, Regular Board of Directors Meeting
- D. Approval of Minutes of October 28, 2021
- E. Installed Water Connection Capacity and Water Meters Report
- F. Total CCWD Production Report
- G. CCWD Monthly Sales by Category Report-November 2021
- H. Monthly Planned Plant or Tank Discharge and New Water Line Flushing Report
- I. Monthly Rainfall Reports

- J. Notice of Completion – Denniston Reservoir Maintenance Dredging Project for Year 2021
- K. Notice of Completion – District Office Hardscape Renovation Project
- L. Water Service Connection Transfer Report – November 2021
- M. SFPUC Hydrological Conditions Report – October 2021
- N. SFPUC Hydrological Conditions Report – November 2021

Vice-President Feldman stated he had reviewed the monthly financial claims and found all to be in order.

Director Coverdell requested an explanation of the unmetered water column on the Monthly Production Report. President Reynolds suggested staff provide an explanation the next Board meeting.

ON MOTION BY Director Coverdell and seconded by Vice-President Feldman, the Board voted by roll call vote to approve the Consent Calendar:

Director Muller	Aye
Director Coverdell	Aye
Director Mickelsen	Aye
Vice-President Feldman	Aye
President Reynolds	Aye

5) MEETINGS ATTENDED/DIRECTOR COMMENTS

Vice-President Feldman reported on his attendance of the virtual ACWA Conference.

6) GENERAL BUSINESS

A. District Transparency Certificate of Excellence awarded through the Special District Leadership Foundation

Ms. Rogren summarized the overall purpose of the District Transparency Certificate of Excellence which is to promote transparency in the operations and governance of special districts to the public/constituents and to provide special districts with an opportunity to showcase their efforts in transparency. In October 2019 the District was awarded its first Certificate of Excellence for a period of two years. The District was awarded its second Certificate of Excellence in October 2021 after demonstrating completion a list of best practices, training and disclosure requirements, website updates and outreach programs. Ms. Rogren and the Board acknowledged all of staff's efforts in obtaining the District Transparency Certificate of Excellence.

B. Election of Coastside County Water District Board President and Vice-President

Nominations were opened by President Reynolds, with Director Coverdell nominating Vice-President Feldman to serve as the District's 2022 Board President, which was seconded by Director Muller. The nomination period was then closed.

President Reynolds then nominated Director Muller to serve as the District's 2022 Vice- President, which was seconded by Director Mickelsen. The nomination period was then closed.

ON MOTION BY Director Coverdell and seconded by Director Muller, the Board voted to elect Vice-President Bob Feldman to serve as the 2022 CCWD Board President; and

ON MOTION BY President Reynolds and seconded by Director Mickelsen, the Board voted by roll call vote to elect Director John Muller to serve as the 2022 CCWD Board Vice-President:

Director Muller	Aye
Director Coverdell	Aye
Director Mickelsen	Aye
Vice-President Feldman	Aye
President Reynolds	Aye

C. Water Shortage Advisory and Public Outreach Update

Ms. Brennan provided a summary of the water shortage and public outreach activities. On November 23, 2020, the San Francisco Public Utilities Commission (SFPUC) declared a Water Shortage Emergency. This declaration triggers SFPUC to implement Tier 1 and Tier 2 water allocations as per the Water Supply Agreement with its wholesale customers. In December 2021, SFPUC will provide monthly Water Budgets to its wholesale customers, to become effective in January 2022. SFPUC will provide a monthly report to its wholesale customers showing compliance to the Water Budgets beginning in February 2022.

Ms. Brennan also reported that the State Water Resources Control Board (SWRCB) will consider a proposed resolution adopting emergency regulations on January 4, 2022.

D. Proposed Water Shortage Contingency Stage Rates Discussion and Frequently Asked Questions

Ms. Rogren reported that at the November 9, 2021 Board of Directors Meeting, the Board approved scheduling a public hearing on the proposed amendment to the District's Rate and Fee Schedule to add water shortage contingency stage rates and SFPUC pass-through wholesale water shortage rates or surcharges, and authorized the issuance of a notice of public hearing to be held at the January 11, 2022 Regular Board Meeting.

Since the issuance of the notice, there have been numerous questions asked of the District's customers. As a result, Staff put together a list of Frequently Asked Questions that have been posted on the website. A discussion ensued.

7) DIRECTOR AGENDA ITEMS - REQUEST FOR FUTURE BOARD MEETINGS

Vice-President Feldman thanked Denise Ford for her service as Administrative Assistant/Recording Secretary from May 2020 to December 2021. Vice-President Feldman also thanked President Reynolds for his service as President during calendar year 2021.

8) ADJOURNMENT - The Board Meeting was adjourned at 7:51 p.m.

Respectfully submitted,

Mary Rogren, General Manager
Secretary to the District

Glenn Reynolds, President
Board of Directors

**COASTSIDE COUNTY WATER DISTRICT
Installed Water Connection Capacity & Water Meters**

FY 2022 Meters

Installed Water Meters	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
HMB Non-Priority													
0.5" capacity increase													
5/8" meter				2									2
3/4" meter													
1" meter													
1 1/2" meter													
2" meter													
3" meter													
HMB Priority													
0.5" capacity increase													
5/8" meter													
3/4" meter													
1" meter													
1 1/2" meter													
2" meter													
County Non-Priority													
0.5" capacity increase													
5/8" meter	2	3	1	1	1								8
3/4" meter													
1" meter													
County Priority													
5/8" meter													
3/4" meter													
1" meter													
1.5" meter													
Totals	2	3	1	3	1	0							10

5/8" meter = 1 connection
 3/4" meter = 1.5 connections
 1" meter = 2.5 connections
 1.5" meter = 5 connections
 2" meter = 8 connections
 3" meter = 17.5 connections

FY 2020 Capacity (5/8" connection equivalents)	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Totals
HMB Non-Priority				2									2
HMB Priority													
County Non-Priority	2	3	1	1	1								8
County Priority													
Total	2	3	1	3	1	0							10

TOTAL CCWD PRODUCTION (MG) ALL SOURCES- FY 2022

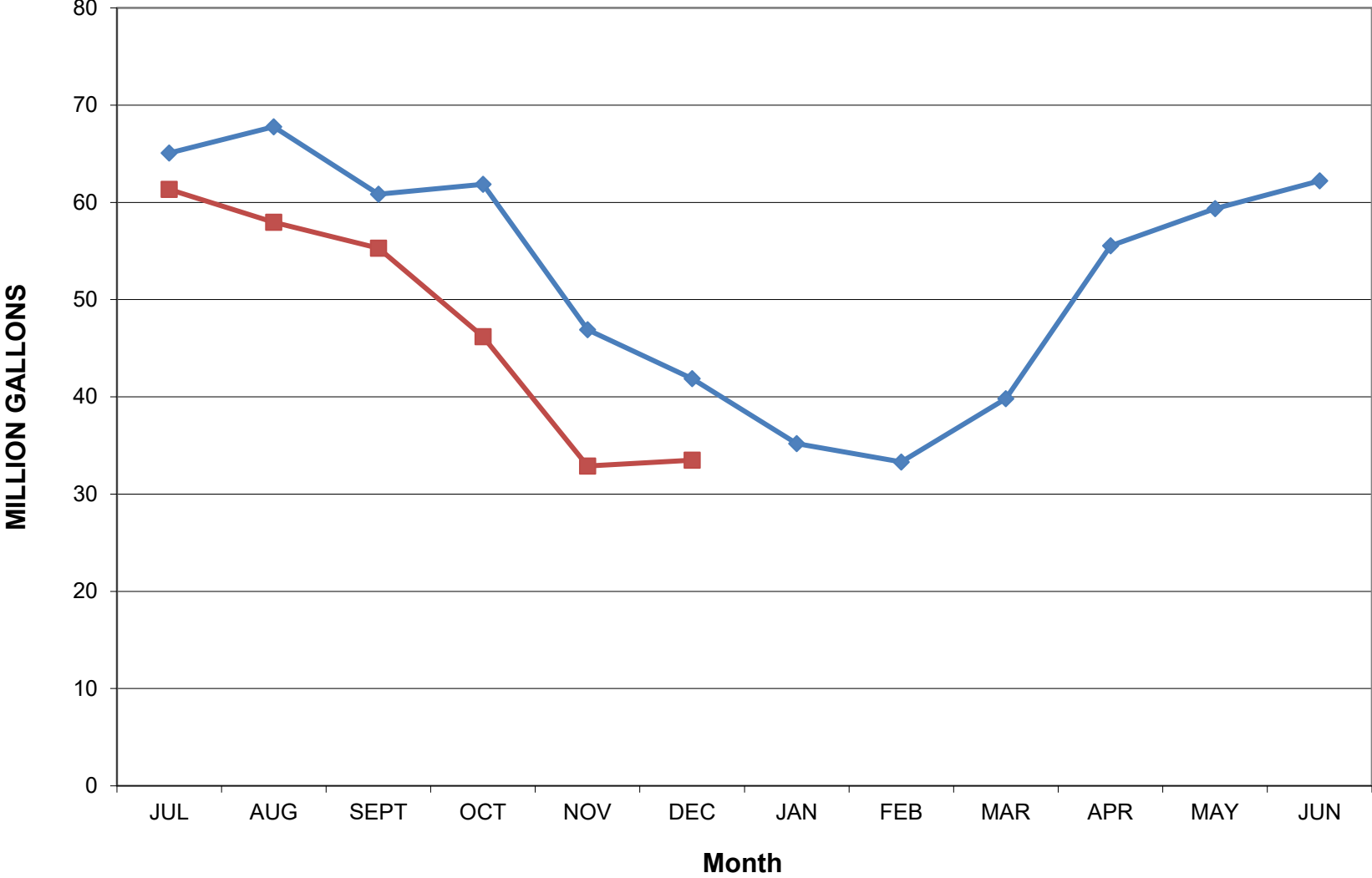
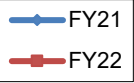
	CCWD Sources			SFPUC Sources		RAW WATER TOTAL	UNMETERED WATER	TREATED TOTAL
	DENNISTON WELLS	DENNISTON RESERVOIR	PILARCITOS WELLS	PILARCITOS LAKE	CRYSTAL SPRINGS RESERVOIR			
JUL	0.00	0.00	0.00	0.00	65.93	65.93	4.60	61.33
AUG	0.00	0.00	0.00	0.00	61.90	61.90	3.95	57.95
SEPT	0.00	0.00	0.00	0.00	59.74	59.74	4.45	55.29
OCT	0.53	1.57	0.00	3.69	44.32	50.11	3.92	46.19
NOV	1.62	17.20	9.78	0.00	7.87	36.47	3.58	32.89
DEC	0.69	5.75	21.2	0.00	10.80	38.44	4.94	33.50
JAN								0.00
FEB								0.00
MAR								0.00
APR								0.00
MAY								0.00
JUN								0.00
TOTAL	2.84	24.52	30.98	3.69	250.56	312.59	25.44	287.15
% MONTHLY TOTAL	1.8%	15.0%	55.2%	0.0%	28.1%	100.0%	12.9%	87.1%
% ANNUAL TO DATE TOTAL	0.9%	7.8%	9.9%	1.2%	80.2%	100.0%	8.1%	91.9%

CCWD vs SFPUC- month 71.9%
 CCWD vs SFPUC- annual 18.7%

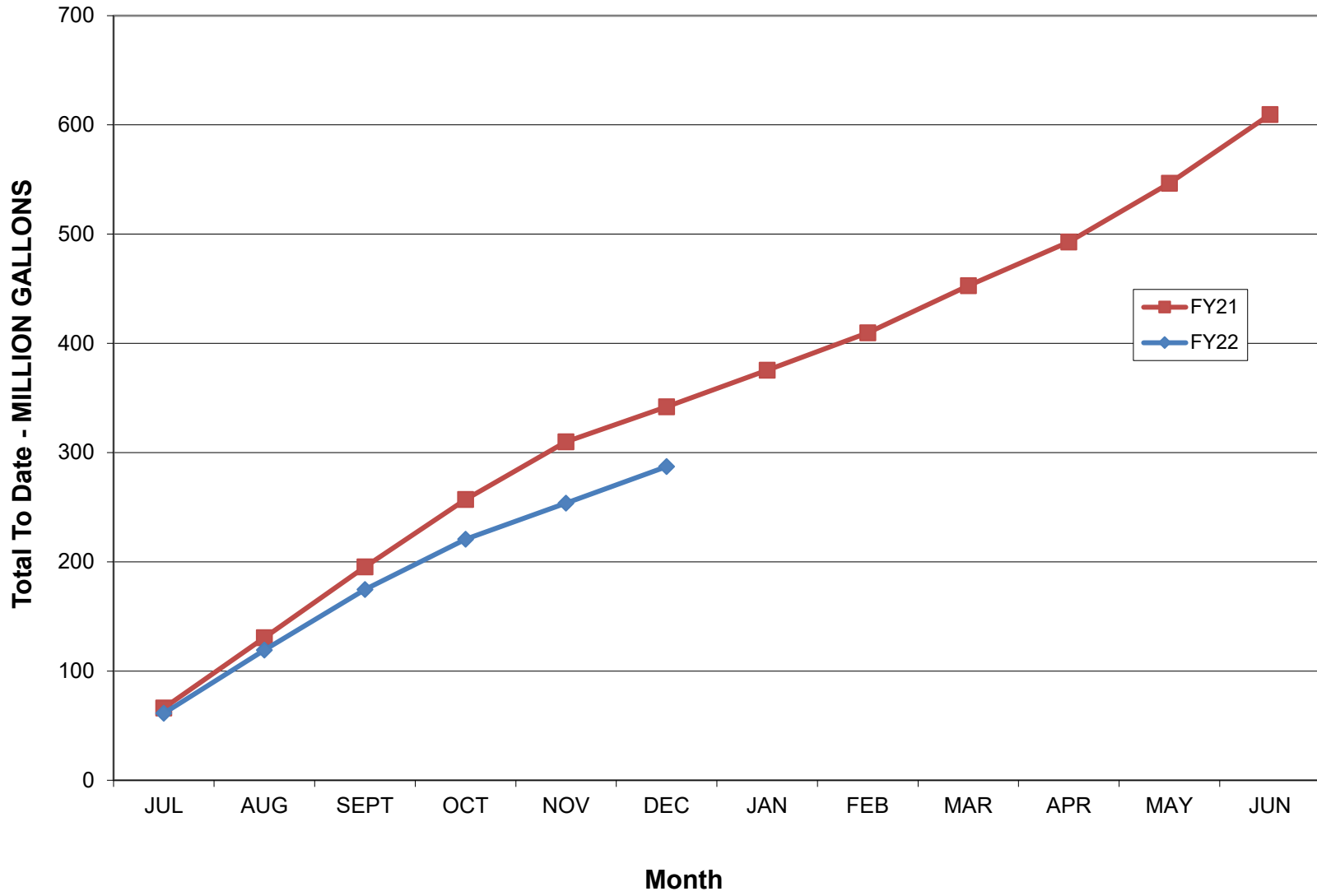
12 Month Running Treated Total **571.90**
TOTAL CCWD PRODUCTION (MG) ALL SOURCES- FY 2021

	CCWD Sources			SFPUC Sources		RAW WATER TOTAL	UNMETERED WATER	TREATED TOTAL
	DENNISTON WELLS	DENNISTON RESERVOIR	PILARCITOS WELLS	PILARCITOS LAKE	CRYSTAL SPRINGS RESERVOIR			
JUL	0.02	2.52	0.00	28.80	36.06	67.40	2.35	65.05
AUG	0.00	0.00	0.00	49.75	20.27	70.02	2.25	67.78
SEPT	0.00	0.00	0.00	1.31	60.84	62.15	1.31	60.84
OCT	0.00	0.00	0.00	0.00	63.97	63.97	2.11	61.86
NOV	0.00	0.00	3.91	14.39	29.52	47.82	0.93	46.90
DEC	2.26	10.43	11.17	14.25	4.16	42.27	2.67	39.60
JAN	1.73	11.31	11.06	1.99	10.86	36.95	3.50	33.45
FEB	0.78	15.73	10.87	0.00	9.60	36.98	4.45	32.53
MAR	1.98	15.13	10.47	0.00	13.08	40.66	2.82	37.84
APR	1.40	11.32	0.00	0.00	44.48	57.20	3.06	54.14
MAY	0.88	3.02	0.00	0.00	60.44	64.34	5.87	58.47
JUN	0.00	0.00	0.00	0.00	64.08	64.08	1.86	62.22
TOTAL	9.05	69.46	47.48	110.49	417.36	653.84	33.17	620.66
% TOTAL	1.4%	10.6%	7.3%	16.9%	63.8%	100.0%	5.07%	0.0%

Monthly Production FY 21 vs FY 22



Cumulative Production FY21 vs FY22



MONTH Dec-21						
Coastside County Water District Monthly Discharge Report						
EMERGENCY MAIN AND SERVICE REPAIRS						
	Date Reported Discovered	Date Repaired	Location	Pipe Class	Pipe Size & Type	Estimated Water Loss (MG)
1	12/8/2021	12/8/21	223 Coronado Street	Main	6" CI	0.005
2	12/10/2021	12/11/2021	214 Ave Balboa	Main	6" CI	0.003
3						
4						
5						
6						
7						
8						
Totals						0.008

OTHER DISCHARGES	
Total Volumes (MG)	
Flushing Program	0.010
Reservoir Cleaning	
Automatic Blowoffs	0.207
Dewatering Operations	
Other (includes flow testing)	0.000
DISCHARGES GRAND TOTAL (MG)	
0.217	

Coastside County Water District
 766 Main Street
 July 2021 - June 2022

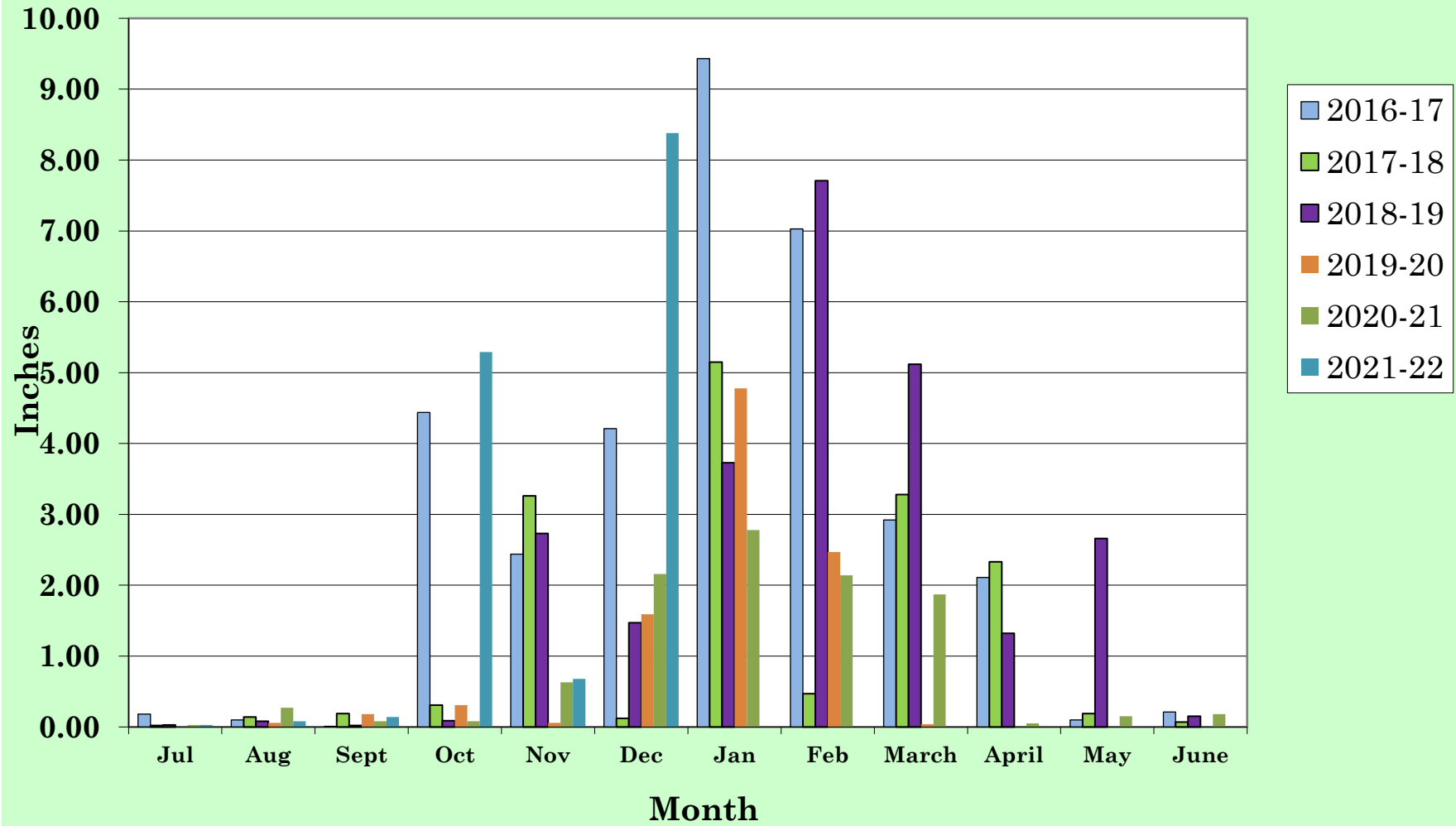
Nunes
 Rainfall in Inches

	2021						2022					
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June
1	0	0	0	0	0.27	0						
2	0	0	0	0	0.01	0						
3	0	0	0	0	0.11	0						
4	0	0.02	0	0	0.01	0						
5	0	0.02	0	0	0	0						
6	0	0	0	0	0	0.02						
7	0	0.02	0	0.01	0	0.07						
8	0	0.01	0	0	0.17	0.05						
9	0	0	0	0	0.06	0.03						
10	0	0	0	0	0	0						
11	0	0	0	0	0	0						
12	0	0	0	0	0	0.44						
13	0	0	0	0	0	4.23						
14	0	0	0	0	0	0.09						
15	0	0	0	0	0	0.31						
16	0	0	0	0	0	0.31						
17	0	0	0	0	0	0						
18	0	0	0.04	0.05	0	0						
19	0	0	0.01	0	0.04	0						
20	0.01	0	0	0.03	0	0						
21	0	0	0	1.08	0.01	0.34						
22	0	0	0	1.07	0	0.27						
23	0.02	0	0	0	0	0.67						
24	0	0	0.01	0.94	0	0.21						
25	0	0	0	2.08	0	0.31						
26	0	0	0.01	0.01	0	0.16						
27	0	0	0.06	0	0	0.3						
28	0	0	0.01	0	0	0.02						
29	0	0.01	0	0	0	0.55						
30	0	0	0	0	0	0						
31	0	0		0.02		0						
Mon.Total	0.03	0.08	0.14	5.29	0.68	8.38						
Year Total	0.03	0.11	0.25	5.54	6.22	14.60						

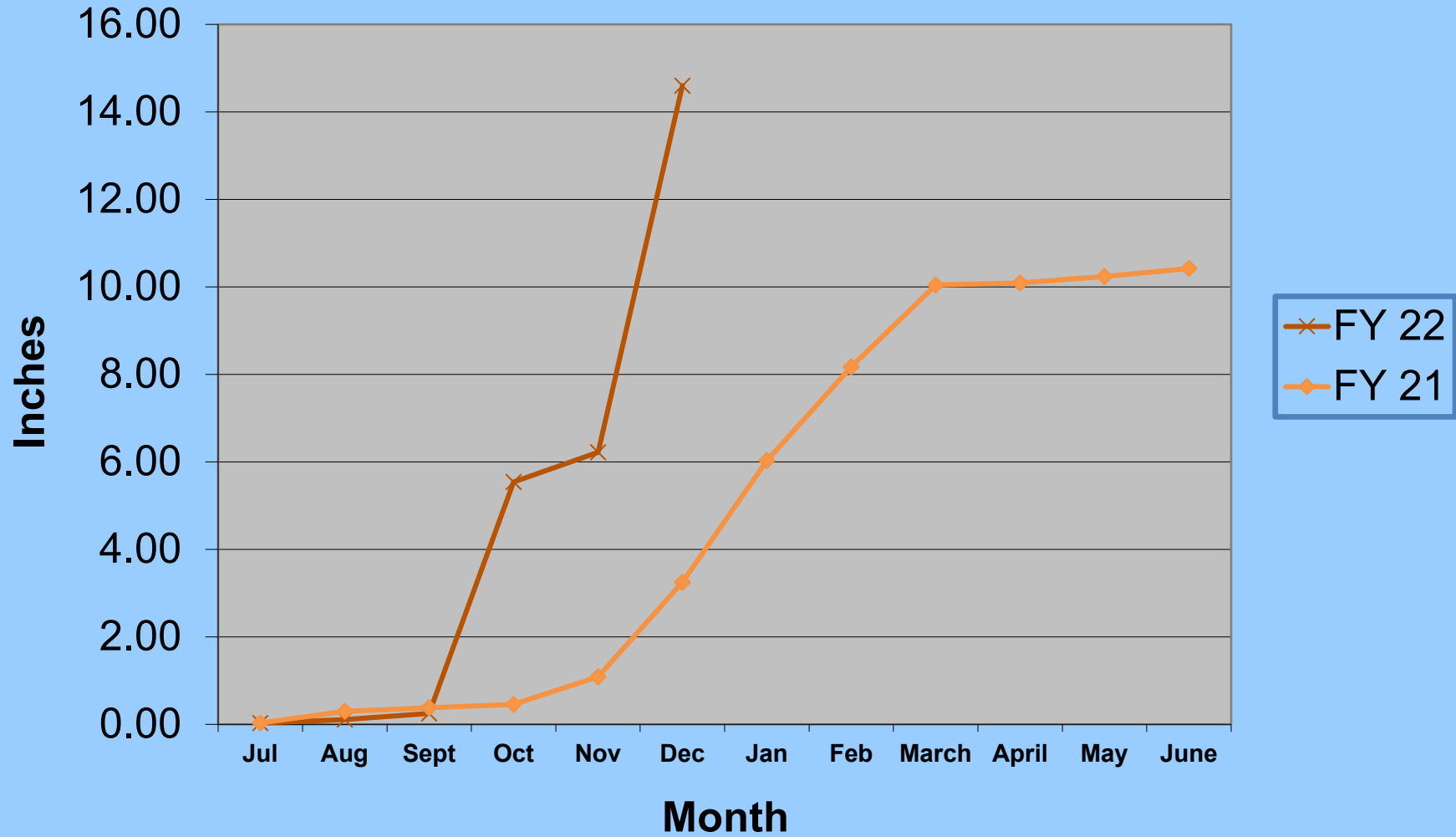
Coastside County Water District

Rainfall by Month

Fiscal Years 17 - 22

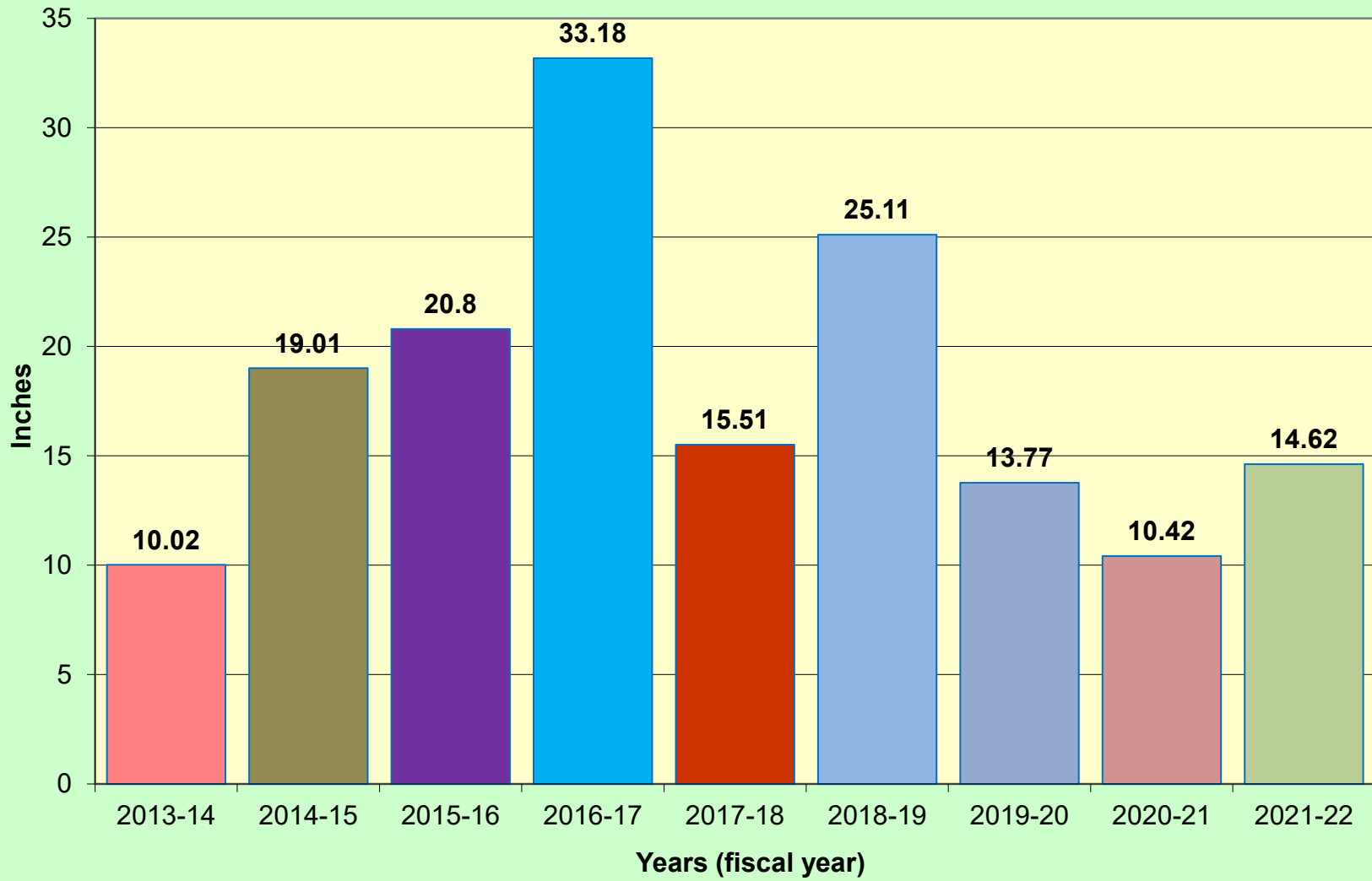


Rainfall Total Comparison Fiscal Years 21-22



Rain Totals

Fiscal Years 14 - 22



**WATER SERVICE CONNECTION TRANSFER REPORT
TRANSFERS APPROVED FOR THE MONTH OF DECEMBER 2021**

DONATING APN	PROPERTY OWNER(S)	RECIPIENT APN	PROPERTY OWNER(S)	# OF CONNECTIONS	DATE
Ernest J. Polati	066-092-840	Coastside Estates LLC	064-342-370	One (1) 5/8"	December 2, 2021
Ernest J. Polati	066-092-840	Coastside Estates LLC	064-342-380	One (1) 5/8"	December 2, 2021
Josh Simpson and Pamela Daniels	047-141-160	Krishnakumar Angia Ramamoorthy & Prakashita Ontivillu Varadharajan	056-135-190	One (1) 5/8"	December 16, 2021

STAFF REPORT

To: Coastside County Water District Board of Directors

From: Mary Rogren, General Manager

Agenda: January 11, 2022

Report

Date: January 07, 2022

Subject: Coastside County Water District Basic Financial Statements and Independent Auditor's Report for the Fiscal Year Ended June 30, 2021

Recommendation:

Accept the Coastside County Water District Basic Financial Statements and Independent Auditor's Report for Fiscal Year Ended June 30, 2021.

Background:

Fedak & Brown LLP, the District's Independent Auditor, has completed work on the Basic Financial Statements for the Year Ended June 30, 2021. The Auditor's letter attests that the financial statements fairly represent the financial position of the District. No exceptions or concerns were noted.

Mr. Chris Brown, Partner at Fedak & Brown LLP will be at the January Board meeting to discuss the Financial Statements and to answer the Board's questions.

Attachments:

- A. Coastside County Water District - Annual Financial Report for the Fiscal Years ended June 30, 2021 and 2020
- B. Independent Auditor's Report on Internal Controls and Compliance
- C. Management Report for Year ended June 30, 2021

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Coastside County Water District

Annual Financial Report

For the Fiscal Years Ended June 30, 2021 and 2020

Version Subject to Approval





Mission Statement

The mission of Coastside County Water District is to provide our customers with high quality water and service at the lowest possible price, in accordance with the following values:

- *Reliability and sustainability of system facilities*
- *Timeliness of District policies, procedures, actions and decisions*
- *50-year outlook when replacing infrastructure*
- *Legality of all District actions and behaviors*
- *Culture of openness, fairness and inclusiveness*

**Coastside County Water District
Board of Directors as of June 30, 2021**

<u>Name</u>	<u>Title</u>	<u>Elected/ Appointed</u>	<u>Current Term</u>
Glenn Reynolds	President	Appointed	12/20-11/24
Robert Feldman	Vice-President	Appointed	11/18-11/22
Ken Coverdell	Director	Appointed	12/20-11/24
Chris Mickelsen	Director	Appointed	11/18-11/22
John Muller	Director	Appointed	12/20-11/24

**Coastside County Water District
Mary Rogren, General Manager
766 Main Street
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Coastside County Water District

Annual Financial Report

For the Fiscal Years Ended June 30, 2021 and 2020

Board Presentation Version Subject to Approval

**Coastside County Water District
Annual Financial Report
For the Fiscal Years Ended June 30, 2021 and 2020**

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Financial Section

Board Presentation Version Subject to Approval

Independent Auditor's Report

Board of Directors
Coastside County Water District
Half Moon Bay, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Coastside County Water District (District) for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of June 30, 2021 and 2020, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report, continued

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 and the required supplementary information on pages 45 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance. This report can be found on pages 48 and 49.

Fedak & Brown LLP
Cypress, California
January 11, 2022

Coastside County Water District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2021 and 2020

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Coastside County Water District (District) provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2021 and 2020. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- In fiscal year 2021, the District's net position increased 5.99% or \$2,771,468 to \$49,067,142 as a result from ongoing operations. In fiscal year 2020, the District's net position increased 7.59% or \$3,267,774 to \$46,295,674 as a result from ongoing operations.
- In fiscal year 2021, the District's operating revenues increased 4.16% or \$535,551 to \$13,416,671. In fiscal year 2020, the District's operating revenues increased 8.56% or \$1,015,887 to \$12,881,120.
- In fiscal year 2021, the District's non-operating revenues decreased 5.83% or \$108,332 to \$1,749,524. In fiscal year 2020, the District's non-operating revenues increased 6.13% or \$107,340 to \$1,857,856.
- In fiscal year 2021, the District's operating expenses increased 9.15% or \$794,484 to \$9,475,824. In fiscal year 2020, the District's operating expenses increased 1.73% or \$147,876 to \$8,681,340.
- In fiscal year 2021, the District's non-operating expenses decreased 6.29% or \$33,438 to \$498,282. In fiscal year 2020, the District's non-operating expenses decreased 5.06% or \$28,327 to \$531,720.

Required Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Statement of Net Position include all of the District's investments in resources (assets), deferred outflows of resources, the obligations to creditors (liabilities), and deferred inflows of resources. It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statements of Revenues, Expenses, and Changes in Net Position. These statements measure the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows report cash receipts, cash payments, and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Coastside County Water District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2021 and 2020

Financial Analysis of the District

One of the most important question asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the District in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's *net position* and changes in it. One can think of the District's net position – the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources – as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning, and new or changed government legislation, such as changes in Federal and State water quality standards.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 14 through 44.

Statements of Net Position

Condensed Statements of Net Position

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>2019</u>	<u>Change</u>
Assets:					
Current assets	\$ 13,475,713	11,585,665	1,890,048	11,128,310	457,355
Capital assets, net	57,514,880	56,917,613	597,267	53,943,608	2,974,005
Total assets	<u>70,990,593</u>	<u>68,503,278</u>	<u>2,487,315</u>	<u>65,071,918</u>	<u>3,431,360</u>
Deferred outflows of resources:	<u>1,128,426</u>	<u>1,099,412</u>	<u>29,014</u>	<u>1,298,272</u>	<u>(198,860)</u>
Liabilities:					
Current liabilities	1,828,579	1,770,015	58,564	1,434,092	335,923
Non-current liabilities	20,912,531	21,154,749	(242,218)	21,699,199	(544,450)
Total liabilities	<u>22,741,110</u>	<u>22,924,764</u>	<u>(183,654)</u>	<u>23,133,291</u>	<u>(208,527)</u>
Deferred inflows of resources:	<u>310,767</u>	<u>382,252</u>	<u>(71,485)</u>	<u>208,999</u>	<u>173,253</u>
Net position:					
Net investment in capital assets	42,679,690	41,467,479	1,212,211	37,893,505	3,573,974
Restricted	282,081	370,599	(88,518)	314,403	56,196
Unrestricted	6,105,371	4,457,596	1,647,775	4,819,992	(362,396)
Total net position	<u>\$ 49,067,142</u>	<u>46,295,674</u>	<u>2,771,468</u>	<u>43,027,900</u>	<u>3,267,774</u>

Coastside County Water District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2021 and 2020

Statements of Net Position, continued

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$49,067,142 and \$46,295,674 as of June 30, 2021 and 2020, respectively.

By far, the largest portion of the District's net position (87% and 90% as of June 30, 2021 and 2020, respectively) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are not available for future spending.

At the end of fiscal years 2021 and 2020, the District showed a positive balance in its unrestricted net position of \$6,105,371 and \$4,457,596, respectively, which may be utilized in future years. See note 10 for further information.

Statements of Revenues, Expenses and Changes in Net Position

Condensed Statements of Revenues, Expenses and Changes in Net Position

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>2019</u>	<u>Change</u>
Revenue:					
Operating revenue	\$ 13,416,671	12,881,120	535,551	11,865,233	1,015,887
Non-operating revenue	1,749,524	1,857,856	(108,332)	1,750,516	107,340
Total revenue	<u>15,166,195</u>	<u>14,738,976</u>	<u>427,219</u>	<u>13,615,749</u>	<u>1,123,227</u>
Expense:					
Operating expense	9,475,824	8,681,340	794,484	8,533,464	147,876
Depreciation	2,420,621	2,258,142	162,479	2,172,752	85,390
Non-operating expense	498,282	531,720	(33,438)	560,047	(28,327)
Total expense	<u>12,394,727</u>	<u>11,471,202</u>	<u>923,525</u>	<u>11,266,263</u>	<u>204,939</u>
Change in net position	2,771,468	3,267,774	(496,306)	2,349,486	918,288
Net position, beginning of year	<u>46,295,674</u>	<u>43,027,900</u>	<u>3,267,774</u>	<u>40,678,414</u>	<u>2,349,486</u>
Net position, end of year	<u>\$ 49,067,142</u>	<u>46,295,674</u>	<u>2,771,468</u>	<u>43,027,900</u>	<u>3,267,774</u>

The Statements of Revenues, Expenses, and Changes of Net Position show how the District's net position changed during the fiscal years. In the case of the District, net position increased 5.99% or \$2,771,468, in fiscal year 2021 to \$49,067,142 as a result from ongoing operations. In fiscal year 2020, the District's net position increased 7.59% or \$2,771,468 to \$46,295,674 as a result from ongoing operations.

Coastside County Water District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2021 and 2020

Statements of Revenues, Expenses and Changes in Net Position, continued

A closer examination of the sources of changes in net position reveals that:

In fiscal year 2021, total revenues increased 2.90% or \$427,219 to \$15,166,195. Operating revenues increased 4.16% or \$535,551, primarily due to an increase in water consumption sales. Non-operating revenues decreased 5.83% or \$108,332, primarily due to decreases of \$119,075 in investment earnings, \$24,045 in transmission and storage fees, \$23,464 in other revenue, which were offset by an increase of \$53,118 in property tax revenue. In fiscal year 2020, total revenues increased 8.25% or \$1,123,227 to \$14,738,976. Operating revenues increased 8.56% or \$1,015,887, primarily due to an increase in water consumption sales. Non-operating revenues increased 6.13% or \$107,340, primarily due to increases of \$67,932 in property tax revenue \$25,316 in investment earnings, and \$12,838 in other revenue.

In fiscal year 2021, total expenses (including depreciation) increased 8.05% or \$923,525 to \$12,394,727. Operating expenses increased 9.15% or \$794,484, due to increases of \$989,681 in source of supply, \$77,444 in pumping expense, \$30,731 in general and administrative expense, which were offset by a decrease of \$303,372 in transmission and distribution as compared to prior year. Non-operating expenses decreased 6.29% or \$33,438, due to decreases of \$31,528 in interest related to long-term debt and \$13,592 in loss on disposal of capital assets, which were offset by a decrease of \$11,682 in County collection fees as compared to the prior year. In fiscal year 2020, total expenses (including depreciation) increased 1.82% or \$204,939 to \$11,471,202. Operating expenses increased 1.73% or \$147,876, due to increases of \$217,421 in general and administrative expense, \$134,626 in pumping expense, \$98,468 in transmission and distribution, which were offset by a decrease of \$302,639 in source of supply as compared to prior year. Non-operating expenses decreased 5.06% or \$28,327, primarily due to decreases of \$33,721 in amortization of debt issuance costs, \$22,419 in interest expense, which were offset by an increase of \$24,773 in loss on disposal of assets as compared to the prior year.

Capital Asset Administration

Changes in capital asset amounts for 2021 were as follows:

	Balance 2020	Additions	Transfers/ Deletions	Balance 2021
Capital assets:				
Non-depreciable assets	\$ 2,712,254	3,044,940	(1,528,227)	4,228,967
Depreciable assets	89,567,015	1,514,856	(48,136)	91,033,735
Accumulated depreciation	(35,361,656)	(2,420,621)	34,455	(37,747,822)
Total capital assets, net	\$ <u>56,917,613</u>	<u>2,139,175</u>	<u>(1,541,908)</u>	<u>57,514,880</u>

Coastside County Water District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2021 and 2020

Capital Asset Administration, continued

Changes in capital asset amounts for 2020 were as follows:

	<u>Balance 2019</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2020</u>
Capital assets:				
Non-depreciable assets	\$ 1,722,213	4,956,425	(3,966,384)	2,712,254
Depreciable assets	85,416,420	4,283,579	(132,984)	89,567,015
Accumulated depreciation	<u>(33,195,025)</u>	<u>(2,258,142)</u>	<u>91,511</u>	<u>(35,361,656)</u>
Total capital assets, net	<u>\$ 53,943,608</u>	<u>6,981,862</u>	<u>(4,007,857)</u>	<u>56,917,613</u>

At the end of fiscal years 2021 and 2020, the District's investment in capital assets amounted to \$57,514,880 and \$56,917,613 (net of accumulated depreciation), respectively. This investment in capital assets includes land, source of supply infrastructure, transmission and distribution systems, the Crystal Springs pump station, treatment plants, well fields and tanks, pipelines and meters, buildings and structures, vehicles, furniture and equipment, and construction-in-process. See Note 3 to the basic financial statements for further detailed information on the District's capital assets.

Debt Administration

Changes in long-term debt amounts for 2021 were as follows:

	<u>Balance 2020</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2021</u>
Long-term debt:				
Loans payable	\$ 15,450,134	-	(614,944)	14,835,190
Total long-term debt	<u>\$ 15,450,134</u>	<u>-</u>	<u>(614,944)</u>	<u>14,835,190</u>

Changes in long-term debt amounts for 2020 were as follows:

	<u>Balance 2019</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2020</u>
Long-term debt:				
Loans payable	\$ 16,050,103	-	(599,969)	15,450,134
Total long-term debt	<u>\$ 16,050,103</u>	<u>-</u>	<u>(599,969)</u>	<u>15,450,134</u>

In 2021 and 2020, long-term debt decreased by \$614,944 and \$599,969, due to current year scheduled principal payments, respectively. The long-term debt position of the District is more fully analyzed in Note 5 to the basic financial statements.

Coastside County Water District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2021 and 2020

Conditions Affecting Current Financial Position

The COVID-19 pandemic in the United States has caused business disruption through labor shortages and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the disruption. However, the related financial impact on the District and the duration cannot be estimated at this time.

Management is unaware of any other conditions, which could have a significant impact on the District's current financial position, net position or operating results in terms of past, present, and future periods.

Requests for Information

This financial report is designed to provide the District's present users, including funding sources, customers, stakeholders, and other interested parties with a general overview of the District's finances and to demonstrate the District's accountability with respect to the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's General Manager at 766 Main Street, Half Moon Bay, California 94019 – (650) 726-5245.

Board Presentation Version Subject to Approval

Basic Financial Statements

Board Presentation Version Subject to Approval

Coastside County Water District
Statements of Net Position
June 30, 2021 and 2020

	2021	2020
Current assets:		
Cash and cash equivalents (note 2)	\$ 11,083,431	9,194,271
Restricted – cash and cash equivalents (note 2)	32,081	120,599
Accrued interest receivable	4,300	19,054
Accounts receivable – water sales and services	1,932,177	1,873,607
Accounts receivable – other	7,883	33,583
Accounts receivable – property taxes	14,973	44,012
Materials and supplies inventory	177,096	163,719
Water-in-storage inventory	44,774	22,655
Prepaid expenses and other deposits	178,998	114,165
Total current assets	13,475,713	11,585,665
Non-current assets:		
Capital assets – not being depreciated (note 3)	4,228,967	2,712,254
Capital assets, net – being depreciated (note 3)	53,285,913	54,205,359
Total non-current assets	57,514,880	56,917,613
Total assets	70,990,593	68,503,278
Deferred outflows of resources:		
Deferred other post-employment benefits outflows (note 6)	213,774	55,278
Deferred pension outflows (note 7)	914,652	1,044,134
Total deferred outflows of resources	\$ 1,128,426	1,099,412

Continued on next page

See accompanying notes to the basic financial statements

Coastside County Water District
Statements of Net Position, continued
June 30, 2021 and 2020

	2021	2020
Current liabilities:		
Accounts payable and accrued expenses	\$ 608,283	808,542
Accrued wages and related payables	86,864	68,378
Customer deposits and deferred revenue	274,917	56,821
Accrued interest payable	160,992	166,933
Long-term liabilities – due within one year:		
Compensated absences (note 4)	62,654	54,397
Loans payable (note 5)	634,869	614,944
Total current liabilities	1,828,579	1,770,015
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 4)	187,961	163,190
Loans payable (note 5)	14,200,321	14,835,190
Net other post-employment benefit liability (note 6)	2,568,827	2,318,227
Net pension liability (note 7)	3,955,422	3,838,142
Total non-current liabilities	20,912,531	21,154,749
Total liabilities	22,741,110	22,924,764
Deferred inflows of resources:		
Deferred other post-employment benefits inflows (note 6)	131,612	169,493
Deferred pension inflows (note 7)	179,155	212,759
Total deferred inflows	310,767	382,252
Net position:		
Net investment in capital assets (note 8)	42,679,690	41,467,479
Restricted (note 9)	282,081	370,599
Unrestricted (note 10)	6,105,371	4,457,596
Total net position	\$ 49,067,142	46,295,674

See accompanying notes to the basic financial statements

Coastside County Water District
Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2021 and 2020

	2021	2020
Operating revenues:		
Water consumption sales	\$ 13,416,671	12,881,120
Total operating revenues	13,416,671	12,881,120
Operating expenses:		
Source of supply	2,924,366	1,934,685
Pumping	1,486,583	1,409,139
Transmission and distribution	1,987,166	2,290,538
General and administrative	3,077,709	3,046,978
Total operating expenses	9,475,824	8,681,340
Operating income before depreciation expense	3,940,847	4,199,780
Depreciation expense – capital recovery	(2,420,621)	(2,258,142)
Operating income	1,520,226	1,941,638
Non-operating revenue(expense):		
Property taxes	1,516,333	1,463,215
Investment earnings	4,360	123,435
Transmission and storage fees	32,060	56,105
Rental revenue	183,867	178,733
Interest expense	(458,070)	(489,598)
Collection fees – County	(29,031)	(17,349)
Loss on disposition of assets	(11,181)	(24,773)
Other revenue	12,904	36,368
Total non-operating, net	1,251,242	1,326,136
Change in net position	2,771,468	3,267,774
Net position, beginning of year	46,295,674	43,027,900
Net position, end of year	\$ 49,067,142	46,295,674

See accompanying notes to the basic financial statements

**Coastside County Water District
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2021 and 2020**

	2021	2020
Cash flows from operating activities:		
Cash receipts from customers for water sales and services	\$ 13,601,897	12,708,609
Cash paid to employees for salaries and wages	(3,435,291)	(2,997,804)
Cash paid to vendors and suppliers for materials and services	(6,523,426)	(4,768,853)
Net cash provided by operating activities	3,643,180	4,941,952
Cash flows from non-capital financing activities:		
Cash receipts from property taxes	1,545,372	1,437,072
Cash paid for collection fees	(29,031)	(17,349)
Other revenues	228,831	271,206
Other expenses	(11,181)	(24,773)
Net cash provided by operating activities	1,733,991	1,666,156
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(2,516,251)	(5,318,585)
Principal paid on long-term debt	(614,944)	(599,969)
Interest paid on long-term debt	(464,011)	(495,384)
Net cash used in capital and related financing activities	(3,595,206)	(6,413,938)
Cash flows from investing activities:		
Investment earnings	18,677	111,334
Net cash provided by investing activities	18,677	111,334
Net increase in cash and cash equivalents	1,800,642	305,504
Cash and cash equivalents, beginning of year	9,314,870	9,009,366
Cash and cash equivalents, end of year	\$ 11,115,512	9,314,870
Reconciliation of cash and cash equivalents to the statement of financial position:		
Cash and cash equivalents	\$ 11,083,431	9,194,271
Restricted assets – cash and cash equivalents	32,081	120,599
Total cash and cash equivalents	\$ 11,115,512	9,314,870

Continued on next page

See accompanying notes to the basic financial statements

Coastside County Water District
Statements of Cash Flows, continued
For the Fiscals Year Ended June 30, 2021 and 2020

	2021	2020
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ <u>1,520,226</u>	<u>1,941,638</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,420,621	2,258,142
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
(Increase)Decrease in assets:		
Accounts receivable – water sales and services	(58,570)	(148,330)
Accounts receivable – other	25,700	(9,910)
Materials and supplies inventory	(13,377)	6,962
Water-in-storage inventory	(22,119)	(3,027)
Prepaid expenses and other deposits	(64,833)	15,044
(Increase)Decrease in deferred outflows of resources		
Deferred other post-employment benefits outflows	(158,496)	(14,918)
Deferred pension outflows	129,482	213,778
Increase(Decrease) in liabilities and deferred inflows:		
Accounts payable and accrued expenses	(200,259)	329,438
Accrued wages and related payables	18,486	12,740
Customer deposits and deferred revenue	218,096	(14,271)
Compensated absences	33,028	(4,694)
Other post-employment benefit obligation	(250,600)	56,046
Net pension liability	117,280	130,061
Decrease in deferred inflows of resources		
Deferred other post-employment benefits inflows	(37,881)	85,063
Deferred pension inflows	(33,604)	88,190
Total adjustments	<u>2,122,954</u>	<u>3,000,314</u>
Net cash provided by operating activities	\$ <u>3,643,180</u>	<u>4,941,952</u>
Non cash investing, capital and related financing activities:		
Change in fair value of funds deposited with LAIF	\$ <u>437</u>	<u>25,654</u>

See accompanying notes to the basic financial statements

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(1) Reporting Entity and Summary of Significant Accounting Policies

Organization and Operations of the Reporting Entity

The Coastside County Water District (District) was formed in July 1947 for the purposes of furnishing potable water within the District's service area. The District operates under the authority of the provisions found in Division 12 of the State of California Water Code. The District is located in San Mateo County and includes the City of Half Moon Bay and the unincorporated communities of El Granada, Miramar, and Princeton-By-The-Sea. The District provides water to approximately 19,000 customers. The District is governed by a five-member Board of Directors who serve overlapping four-year terms.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity*. The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

Basis of Accounting and Measurement Focus

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs of providing water to its service area on a continuing basis be financed or recovered primarily through user charges (water sales), capital grants and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses, such as water sales and water purchases, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration, and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

Financial Reporting

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the District's proprietary fund.

The District has adopted the following GASB pronouncements in the current year:

Governmental Accounting Standards Board Statement No. 84

In January 2017, the GASB issued Statement No. 84 – *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

Financial Reporting

Governmental Accounting Standards Board Statement No. 84, continued

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2018; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 90

In August 2018, the GASB issued Statement No. 90 – *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2018; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

Use of Estimates

The preparation of the basic financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

Uncertainty

The COVID-19 outbreak in the United States has caused business disruption through labor shortages and closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the disruption. However, the related financial impact on the District and the duration cannot be estimated at this time.

Cash and Cash Equivalents

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Investments

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset, as follows:

- *Level 1* – This valuation level is based on quoted prices in active markets for identical assets.
- *Level 2* – This valuation level is based on directly observable and indirectly observable inputs. These inputs are derived principally from or corroborated by observable market data through correlation or market-corroborated inputs. The concept of market-corroborated inputs incorporates observable market data such as interest rates and yield curves that are observable at commonly quoted intervals.
- *Level 3* – This valuation level is based on unobservable inputs where assumptions are made based on factors such as prepayment rates, probability of defaults, loss severity and other assumptions that are internally generated and cannot be observed in the market.

Accounts Receivable

The District extends credit to customers in the normal course of operations. Management has evaluated the accounts and believes all accounts are collectible at June 30. When management deems customer accounts uncollectible, the District uses the direct write off method for the write-off those accounts to bad debt expense.

Restricted Assets

Certain assets of the District are restricted for use by ordinance or debt covenant and, accordingly, are shown as restricted assets on the accompanying statements of net assets. The District uses restricted resources, prior to using unrestricted resources, to pay expenditures meeting the criteria imposed on the use of restricted resources by a third party.

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

Inventory and Water-in-Storage

Materials and supplies inventory consists primarily of water meters, pipe and pipefittings for construction and repair to the District's water transmission and distribution system. Inventory is valued at cost using the weighted-average method. Inventory items are charged to expense at the time that individual items are withdrawn from inventory or consumed. Water-in-storage is valued at average cost.

Prepays

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at estimated fair market value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- Source of supply infrastructure – 10 to 50 years
- Transmission and distribution system – 50 years
- Pump station – Crystal Springs – 50 years
- Treatment Plants – 30 years
- Well field and tanks – 10 to 50 years
- Buildings and structures – 5 to 50 years
- Vehicles – 5 to 10 years
- Furniture and equipment – 5 to 10 years

Deferred Outflows of Resources

The statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of resources applicable to future periods and therefore will *not* be recognized as an outflow of resources (expenditure) until that time. The District has the following pension related items that qualify for reporting in this category:

Post-Employment Benefits Other Than Pensions (OPEB)

- Deferred outflow which is equal to the employer contributions made after the measurement date of the total OPEB liability. This amount will be amortized-in-full against the total OPEB liability in the next fiscal year.
- Deferred outflow for the Plans' experience (gains)/losses which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan.

Pensions

- Deferred outflow which is equal to the employer contributions made after the measurement date of the net pension liability. This amount will be amortized-in-full against the net pension liability in the next fiscal year.

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

Deferred Outflows of Resources, continued

Pensions, continued

- Deferred outflow for the net differences between the actual and expected experience which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred outflow for the net difference in projected and actual earnings on investments of the pension plans fiduciary net position. This amount is amortized over a 5 year period.
- Deferred outflow for the net difference in actual and proportionate share of employer contribution which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

Compensated Absences

The District's personnel policies provide for accumulation of vacation and sick leave. Liabilities for vacation and portions of sick leave are recorded when benefits are earned. Cash payment of unused vacation is available to those qualified employees when retired or terminated. Cash payment of unused sick leave is payable at 50% to those employees eligible for retirement and meet vesting requirements.

Post-Employment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB plan (Plan) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

GASB 75 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation Dates: June 30, 2020 and June 30, 2019
- Measurement Dates: June 30, 2020 and June 30, 2019
- Measurement Periods: July 1, 2019 to June 30, 2020 and July 1, 2018 to June 30, 2019

Pensions

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

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation Dates: June 30, 2019 and June 30, 2018
- Measurement Dates: June 30, 2020 and June 30, 2019
- Measurement Periods: July 1, 2019 to June 30, 2020 and July 1, 2018 to June 30, 2019

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

Deferred Inflows of Resources

The statements of net position will sometimes report a separate section for deferred inflows of resources. This financial statement element, *deferred inflows of resources*, represents an acquisition of resources applicable to future periods and therefore will *not* be recognized as an inflow of resources (revenue) until that time. The District has the following pension related item that qualifies for reporting in this category:

Post-Employment Benefits Other Than Pensions (OPEB)

- Deferred inflow for the net changes in assumptions which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan.

Pensions

- Deferred inflow for the net changes in assumptions which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred inflow for the net adjustment due to differences in the changes in proportions of the net pension liability which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

Net Position

The District follows the financial reporting requirements of the GASB and reports net position under the following classifications:

- *Net Investment in Capital Assets* – Consists of capital assets, net of accumulated depreciation, and reduced by any debt outstanding against the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt is included in this component of net position
- *Restricted* – Consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through enabling legislation.
- *Unrestricted* – The net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted component of net position.

Property Taxes

Property taxes receivable at year-end are related to property taxes collected by the County of San Mateo, which have not been credited to the District's cash balance as of June 30. The property tax calendar is as follows:

Lien date	January 1
Levy date	July 1
Due dates	November 1 and February 1
Collection dates	December 10 and April 10

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(1) Reporting Entity and Summary of Significant Accounting Policies, continued
Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

Capital Contributions

Capital contributions represent cash and capital asset additions contributed to the District by property owners, granting agencies or real estate developers desiring services that require capital expenditures or capacity commitment.

Budgetary Policies

The District adopts an annual non-appropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

(2) Cash and Investments

Cash and investments as of June 30 are classified in the accompanying financial statements as follows:

	2021	2020
Cash and cash equivalents	\$ 11,083,431	9,194,271
Cash and cash equivalents – restricted	32,081	120,599
Total cash and investments	\$ 11,115,512	9,314,870

Cash and cash equivalents as of June 30 consist of the following:

	2021	2020
Cash on hand	\$ 800	800
Deposits with financial institutions	5,828,720	4,047,097
Investments	5,285,992	5,266,973
Total cash and cash equivalents	\$ 11,115,512	9,314,870

As of June 30, the District's authorized deposits had the following maturities:

	2021	2020
Deposits in Local Agency Investment Fund	291 days	191 days

Investments Authorized by the California Government Code and the District's Investment Policy

The table on the following page identifies the investment types that are authorized by the District in accordance with the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(2) Cash and Investments, continued

Investments Authorized by the California Government Code and the District's Investment Policy, continued

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
U.S. Treasury obligations	5 years	None	None
Federal agency and bank obligations	5 years	None	None
Certificates-of-deposit (negotiable or placed)	5 years	30%	10%
Commercial paper (prime)	270 days	10%	10%
Money market mutual funds	N/A	20%	None
State and local bonds, notes and warrants	N/A	None	None
California Local Agency Investment Fund (LAIF)	N/A	None	None

Investment in State Investment Pool

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

The pool portfolio is invested in a manner that meets the maturity, quality, diversification, and liquidity requirements set forth by GASB 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. LAIF does not have any legally binding guarantees of share values. LAIF does not impose liquidity fees or redemption gates on participant withdrawals.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits.

The California Government Code requires that a financial institution, secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Of the bank balances, up to \$250,000 held at each institution were federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(2) Cash and Investments, continued

Custodial Credit Risk, continued

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Code and the District's investment policy contain legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF and the Pool).

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to change with market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments, and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide for cash flow requirements and liquidity needed for operations.

At June 30, 2021 and 2020, the District's investments held to maturity were categorized as twelve months or less, respectively.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Credit ratings at June 30, 2021 consisted of the following:

<u>Investment Types</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>	
			<u>AAA</u>	<u>Not Rated</u>
Local Agency Investment Fund (LAIF)	\$ 5,266,543	N/A	\$ -	5,266,543
Money Market Funds	19,449	AAA	19,449	-
Total	\$ 5,285,992		\$ 19,449	5,266,543

Credit ratings at June 30, 2020 consisted of the following:

<u>Investment Types</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>	
			<u>AAA</u>	<u>Not Rated</u>
Local Agency Investment Fund (LAIF)	\$ 5,247,526	N/A	\$ -	5,247,526
Money Market Funds	19,447	AAA	19,447	-
Total	\$ 5,266,973		\$ 19,447	5,247,526

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(2) Cash and Investments, continued

Concentration of Credit Risk

The District's investment policy contains no limitations on the amounts that can be invested in any one issuer as beyond that stipulated by the California Government Code. There were no investments in any one issuer (other than for external investment pools) that represent 5% or more of total District's investments at June 30, 2021 and 2020, respectively.

Fair Value Measurements

Investments measured at fair value on a recurring and non-recurring basis at June 30, 2021 are as follows:

<u>Investment Type</u>	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Money market funds	\$ 19,449	19,449	-	-
Total investments measured at fair value	19,449	19,449	-	-
Investments measured at amortized cost:				
Local Agency Investment Fund (LAIF)	5,266,543			
Total	\$ 5,285,992			

Investments measured at fair value on a recurring and non-recurring basis at June 30, 2020 are as follows:

<u>Investment Type</u>	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Money market funds	\$ 19,447	19,447	-	-
Total investments measured at fair value	19,447	19,447	-	-
Investments measured at amortized cost:				
Local Agency Investment Fund (LAIF)	5,247,526			
Total	\$ 5,266,973			

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(3) Capital Assets

Changes in capital assets for the year ended June 30, 2020 were as follows:

	<u>Balance 2020</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2021</u>
Non-depreciable assets:				
Land	\$ 160,612	413,760	-	574,372
Construction-in-process	<u>2,551,642</u>	<u>2,631,180</u>	<u>(1,528,227)</u>	<u>3,654,595</u>
Total non-depreciable assets	<u>2,712,254</u>	<u>3,044,940</u>	<u>(1,528,227)</u>	<u>4,228,967</u>
Depreciable assets:				
Source of supply	401,040	-	-	401,040
Transmission and distribution	19,531,529	72,671	-	19,604,200
Pump station – Crystal Springs	26,172,476	-	-	26,172,476
Treatment plants	11,519,523	1,071,427	-	12,590,950
Well field and tanks	4,374,574	84,576	-	4,459,150
Pipelines and meters	22,821,216	210,020	(48,136)	22,983,100
Buildings and structures	1,217,129	41,753	-	1,258,882
Vehicles	984,745	-	-	984,745
Furniture and equipment	<u>2,544,783</u>	<u>34,409</u>	<u>-</u>	<u>2,579,192</u>
Total depreciable assets	<u>89,567,015</u>	<u>1,514,856</u>	<u>(48,136)</u>	<u>91,033,735</u>
Accumulated depreciation:				
Depreciable assets	<u>(35,361,656)</u>	<u>(2,420,621)</u>	<u>34,455</u>	<u>(37,747,822)</u>
Total accumulated depreciation	<u>(35,361,656)</u>	<u>(2,420,621)</u>	<u>34,455</u>	<u>(37,747,822)</u>
Total depreciable assets, net	<u>54,205,359</u>	<u>(905,765)</u>	<u>(13,681)</u>	<u>53,285,913</u>
Total capital assets, net	<u>\$ 56,917,613</u>	<u>2,139,175</u>	<u>(1,541,908)</u>	<u>57,514,880</u>

Major changes to capital assets in 2021 consisted primarily of additions of \$1,071,427 in upgrades to treatment plants, \$210,020 in additions to pipelines and meters, \$84,576 in upgrades to well field and tanks, \$72,671 in upgrades to transmission and distribution, \$41,753 in upgrades to buildings and structures, and \$34,409 in additions to furniture and equipment. Major deletions include \$1,528,227 in transfers from construction in progress to depreciable assets and \$48,136 in disposals of pipelines and meters.

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(3) Capital Assets, continued

Changes in capital assets for the year ended June 30, 2020 were as follows:

	<u>Balance 2019</u>	<u>Category Reclass</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2020</u>
Non-depreciable assets:					
Land	\$ 160,612	-	-	-	160,612
Construction-in-process	1,561,601	-	4,956,425	(3,966,384)	2,551,642
Total non-depreciable assets	<u>1,722,213</u>	<u>-</u>	<u>4,956,425</u>	<u>(3,966,384)</u>	<u>2,712,254</u>
Depreciable assets:					
Source of supply	401,040	-	-	-	401,040
Transmission and distribution	22,081,182	(2,746,690)	197,037	-	19,531,529
Pump station – Crystal Springs	26,027,604	-	212,860	(67,988)	26,172,476
Treatment plants	11,456,101	-	63,422	-	11,519,523
Well field and tanks	4,265,247	-	109,327	-	4,374,574
Pipelines and meters	17,013,013	2,746,690	3,061,513	-	22,821,216
Buildings and structures	1,019,964	-	197,165	-	1,217,129
Vehicles	785,317	-	254,598	(55,170)	984,745
Furniture and equipment	2,366,952	-	187,657	(9,826)	2,544,783
Total depreciable assets	<u>85,416,420</u>	<u>-</u>	<u>4,283,579</u>	<u>(132,984)</u>	<u>89,567,015</u>
Accumulated depreciation:					
Depreciable assets	(33,195,025)	-	(2,258,142)	91,511	(35,361,656)
Total accumulated depreciation	<u>(33,195,025)</u>	<u>-</u>	<u>(2,258,142)</u>	<u>91,511</u>	<u>(35,361,656)</u>
Total depreciable assets, net	<u>52,221,395</u>	<u>-</u>	<u>2,025,437</u>	<u>(41,473)</u>	<u>54,205,359</u>
Total capital assets, net	\$ <u>53,943,608</u>	<u>-</u>	<u>6,981,862</u>	<u>(4,007,857)</u>	<u>56,917,613</u>

Major changes to capital assets in 2020 consisted primarily of additions of \$3,061,513 in upgrades to pipelines and meters, \$254,598 in additions to vehicles, \$212,860 in upgrades to pump station – Crystal Springs, \$197,165 in upgrades to buildings and structures, \$197,037 in upgrades to transmission and distribution, \$187,657 in additions to furniture and equipment, and \$109,327 in upgrades to well field and tanks. Major deletions included \$3,966,384 in transfers from construction in progress to depreciable assets.

(4) Compensated Absences

Changes to compensated absences for the year ended June 30, 2021 were as follows:

<u>Balance 2020</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance 2021</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
\$ 217,587	201,571	(168,543)	250,615	62,654	187,961

Changes to compensated absences for the year ended June 30, 2020 were as follows:

<u>Balance 2019</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance 2020</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
\$ 222,281	246,188	(250,882)	217,587	54,397	163,190

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(5) Long-term Debt

Changes in long-term debt amounts for the year ended June 30, 2021 were as follows:

Long-term debt:	Balance			Balance	Current	Long-term
	2020	Additions	Payments	2021	Portion	Portion
Loans payable:						
CIEDB Installment Loan – 2011	\$ 5,459,785	-	(183,092)	5,276,693	188,201	5,088,492
CIEDB Installment Loan – 2016	5,267,386	-	(128,568)	5,138,818	132,991	5,005,827
JP Morgan Chase Bank NA	4,722,963	-	(303,284)	4,419,679	313,677	4,106,002
Long-term debt	\$ 15,450,134	-	(614,944)	14,835,190	634,869	14,200,321

Changes in long-term debt amounts for the year ended June 30, 2020 were as follows:

Long-term debt:	Balance			Balance	Current	Long-term
	2019	Additions	Payments	2020	Portion	Portion
Loans payable:						
CIEDB Installment Loan – 2011	5,637,908	-	(178,123)	5,459,785	183,092	5,276,693
CIEDB Installment Loan – 2016	5,391,678	-	(124,292)	5,267,386	128,568	5,138,818
JP Morgan Chase Bank NA	5,020,517	-	(297,554)	4,722,963	303,284	4,419,679
Total loans payable	16,050,103	-	(599,969)	15,450,134	614,944	14,835,190
Long-term debt	\$ 16,050,103	-	(599,969)	15,450,134	614,944	14,835,190

CEIDB Installment Loan – 2011

On October 10, 2011, the District entered into an installment loan in the amount \$6,765,500 from the California Infrastructure and Economic Development Bank (CIEDB) for the purpose of financing the construction of the Denniston Creek Water Treatment Plant improvement project. Terms of the loan included a 30-year term with semi-annual interest of 2.79% (plus an annual fee of 0.3%) which is payable on August 1 and February 1. Principal payments commenced on February 1, 2013, maturing in fiscal year 2042.

On March 1, 2015, the District and CEIDB into a replacement installment loan agreement for the outstanding balance of \$6,143,789 for the purpose of reducing the semi-annual interest to 2.54%.

Future remaining debt service payments are as follows:

Year	Principal	Interest	Total
2022	\$ 188,201	147,468	335,669
2023	193,452	142,056	335,508
2024	198,849	136,494	335,343
2025	204,397	116,687	321,084
2026	210,099	111,423	321,522
2027-2031	1,141,764	472,869	1,614,633
2032-2036	1,310,179	317,406	1,627,585
2037-2041	1,503,436	139,011	1,642,447
2042	326,316	4,144	330,460
Total	5,276,693	1,587,558	6,864,251
Current	(188,201)		
Long-term	\$ 5,088,492		

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(5) Long-term Debt, continued

CEIDB Installment Loan – 2016

On May 1, 2016, the District entered into an installment loan in the amount \$5,628,000 from the California Infrastructure and Economic Development Bank (CIEDB) for the purpose of financing the District's Facilities Improvements project. Terms of the loan included a 30-year term with semi-annual interest of 3.44% (plus an annual fee of 0.3%) which is payable on August 1 and February 1. Principal payments commenced on August 1, 2017, maturing in fiscal year 2046.

Future remaining debt service payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 132,991	174,488	307,479
2023	137,565	169,834	307,399
2024	142,298	165,021	307,319
2025	147,193	160,041	307,234
2026	152,256	154,891	307,147
2027-2031	843,543	690,778	1,534,321
2032-2036	998,963	532,684	1,531,647
2037-2041	1,183,020	345,461	1,528,481
2042-2046	1,400,989	123,743	1,524,732
Total	5,138,818	2,516,941	7,655,759
Current	(132,991)		
Long-term	\$ 5,005,827		

JP Morgan Chase Loan – 2018

On July 23, 2018, the District entered into an installment loan agreement with JP Morgan Chase Bank in the amount of \$5,311,319 for purpose of refinancing the District's 2006 Series B Water Revenue Bonds (through the California Statewide Communities Development Authority) originally used to finance certain capital improvements to the District's water system. Terms of the loan include semi-annual interest of 2.85% which is payable on October 1 and April 1. Principal payments commenced on October 1, 2018, maturing in fiscal year 2033.

Future remaining debt service payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 313,677	121,491	435,168
2023	323,617	112,410	436,027
2024	334,197	103,036	437,233
2025	339,384	93,437	432,821
2026	349,256	83,624	432,880
2027-2031	1,915,603	259,703	2,175,306
2032-2033	843,945	24,205	868,150
Total	4,419,679	797,906	5,217,585
Current	(313,677)		
Long-term	\$ 4,106,002		

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(6) Other Post-employment Benefits (OPEB) Plan

General Information about the OPEB Plan

Plan Description

The District's defined benefit Other Post-Employment Benefit (OPEB) Plan (Plan) provides OPEB for all vested full-time employees who satisfy the eligibility rules. The Plan is a single-employer defined benefit OPEB plan administered by the District. The District's Board has the authority to establish and amend the benefit terms and financing requirements of the Plan.

Benefits Provided

To be eligible for retiree health benefits, an employee must retire from the District on or after age 55 with at least 15 years of continuous service. Dependents are also eligible to receive benefits. Retirees may enroll in any plan available through the District's ACWA-JPIA (Association of California Water Agencies Joint Powers Insurance Authority) Medical Program. The District provides coverage of single-party medical and vision premiums for life and dental benefits until age 65. Employees hired after November 14, 2006 and before November 1, 2008, will receive 50% of the benefits coverage offered. Employees hired after November 1, 2008, are not eligible for post-employment health benefits.

Employees Covered by Benefit Terms

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

	2021	2020
Active plan members	8	10
Retirees and beneficiaries receiving benefits	9	8
Total Plan membership	17	18

Contributions

The Plan and its contribution requirements for eligible retired employees of the District are established and may be amended by the Board of Directors. The District pays 100% of its share of the cost of health and vision insurance for retirees and dental insurance up to age 65 under any group plan offered by ACWA-JPIA, subject to certain restrictions as determined by the District. The annual contribution is based on the actuarially determined contribution.

As of the fiscal years ended June 30, the contributions were as follows:

	2021	2020
Contributions – employer	\$ 59,118	50,826

As of June 30 2021 and 2020, employer OPEB contributions of \$59,118 and \$50,826 will be and were recognized as a reduction of total OPEB liability in the fiscal years ended June 30, 2022 and 2021, respectively.

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(6) Other Post-employment Benefits (OPEB) Plan, continued

Total OPEB Liability

As of the fiscal year ended June 30, the District reported its total OPEB liability as follows:

	2021	2020
Total OPEB liability	\$ 2,568,827	2,318,227

The District's total OPEB liability was measured as of June 30, 2021 and 2020, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2020 and 2019, respectively. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Changes in the Total OPEB Liability

Changes in the total OPEB liability as of June 30, were as follows:

	June 30, 2021	June 30, 2020
Balance at beginning of year	\$ 2,318,227	2,374,273
Changes for the year:		
Service cost	42,880	46,953
Interest	80,847	90,043
Employer contributions	(53,593)	(40,360)
Expected minus actual payments	(5,915)	(16,052)
Experience (gains)/losses	(60,712)	(234,153)
Assumption changes	247,093	97,523
Net changes	250,600	(56,046)
Balance at end of year	\$ 2,568,827	2,318,227

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal years ended June 30, 2021 and 2020, the District recognized OPEB expense of \$113,341 and \$64,925, respectively.

At June 30, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	June 30, 2021		June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to the measurement date at June 30	\$ 59,118	-	50,826	-
Net change in assumptions	154,656	-	4,452	-
Experience (gains)/losses	-	(131,612)	-	(169,493)
Total	\$ 213,774	(131,612)	55,278	(169,493)

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(6) Other Post-employment Benefits (OPEB) Plan, continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, continued

As of June 30, 2021, the District recognized other amounts reported by the Plan actuarial as deferred outflows of resources and deferred inflows of resources related to the total OPEB liability. OPEB related amounts will be recognized as OPEB expense as follows.

Fiscal Year Ending June 30,	Deferred Net Outflows / (Inflows) of Resources
2022	\$ (7,619)
2023	30,663

Actuarial Assumptions

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	2.75 percent
Discount rate	2021 - 2.20 percent 2020 - 3.50 percent
Healthcare cost trend rates	4.00 percent per year
Retirees' share of benefit-related costs	100 percent of projected health insurance premiums for retirees at age 55 with a minimum 15 years of service who were hired prior to November 15, 2006. 50 percent of projected health insurance premiums for retirees at age 55 with a minimum 15 years of service who were hired after November 14, 2006 and before November 1, 2008.

Discount Rate

As of the measurement dates June 30, 2020 and 2019, the discount rate used to measure the total OPEB liability was 2.20 percent and 3.50 percent, respectively. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates.

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(6) Other Post-employment Benefits (OPEB) Plan, continued

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

At June 30, 2021, the discount rate comparison was the following:

	Discount Rate	Current	Discount Rate
	- 1%	Discount Rate	+ 1%
	(1.20%)	(2.20%)	(3.20%)
District's total OPEB liability	\$ 2,960,956	2,568,827	2,249,883

At June 30, 2020, the discount rate comparison was the following:

	Discount Rate	Current	Discount Rate
	- 1%	Discount Rate	+ 1%
	(2.50%)	(3.50%)	(4.50%)
District's total OPEB liability	\$ 2,695,535	2,318,227	2,016,555

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.00 percent decreasing to 2.00 percent) or 1-percentage-point higher (5.00 percent decreasing to 4.00 percent) than the current healthcare cost trend rates:

At June 30, 2021 the healthcare cost trend rate comparison was the following:

	1% Decrease	Healthcare	1% Increase
	(3.00%	Cost Trend	(5.00%
	decreasing to	Rates	decreasing to
	2.00%)	(4.00%	4.00%)
	decreasing to	decreasing to	decreasing to
	2.00%)	3.00%)	4.00%)
District's total OPEB liability	\$ 2,200,735	2,568,827	3,029,048

At June 30, 2020 the healthcare cost trend rate comparison was the following:

	1% Decrease	Healthcare	1% Increase
	(3.00%	Cost Trend	(5.00%
	decreasing to	Rates	decreasing to
	2.00%)	(4.00%	4.00%)
	decreasing to	decreasing to	decreasing to
	2.00%)	3.00%)	4.00%)
District's total OPEB liability	\$ 2,022,190	2,318,227	2,676,359

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(6) Other Post-employment Benefits (OPEB) Plan, continued

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

See page 45 for the Required Supplementary Information.

(7) Defined Benefit Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and the District's resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the District's CalPERS 2.0% at 60 (New Classic) Risk Pool Retirement Plan to new employee entrants effective December 31, 2012. Employees hired after January 1, 2013, and have not previously participated in a CalPERS plan are eligible for the District's CalPERS 2.0% at 62 Retirement Plan under PEPRA. New employees that have previously participated in the Classic Plan are eligible for the District's CalPERS 2.0% at 60 Retirement Plan.

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

	Miscellaneous Plan		
	Classic	New Classic	PEPRA
Hire date	Prior to August 14, 2010	On or after August 14, 2010, and prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.5% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	55 - 60	55 - 60	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.5% to 2.4%	1.0% to 2.5%
2021:			
Required employee contribution rates	7.953%	6.918%	7.250%
Required employer contribution rates	13.146%	9.442%	7.874%
2020:			
Required employee contribution rates	7.951%	6.915%	7.250%
Required employer contribution rates	12.142%	8.668%	7.072%

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(7) Defined Benefit Pension Plan, continued

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers to be determined on an annual basis by the actuary and shall be effective on the July 1, following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30, by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

As of the fiscal year ended June 30, the contributions for the Plan were as follows:

	Miscellaneous Plan	
	2021	2020
Contributions – employer	\$ 480,383	440,335

Net Pension Liability

As of the fiscal year ended June 30, the District reported net pension liabilities for its proportionate share of the net pension liability of the Plan was as follows:

	Proportionate Share of Net Pension Liability	
	2021	2020
Miscellaneous Plan	\$ 3,955,422	3,838,142

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2020 and 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 and 2018, rolled forward to June 30, 2020 and 2019, using standard update procedures, respectively.

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's change in the proportionate share of the pension liability for the District's Plan as of the fiscal year ended June 30, were as follows:

	Miscellaneous Plan	
	2020	2019
Proportion – beginning of year	0.03848%	0.03951%
Proportion – end of year	0.03746%	0.03848%
Change – Increase (Decrease)	-0.00102%	-0.00103%

Deferred Pension Outflows (Inflows) of Resources

As of June 30, 2021 and 2020, the District recognized pension expense of \$693,541 and \$872,364, respectively.

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(7) Defined Benefit Pension Plan, continued

Deferred Pension Outflows (Inflows) of Resources, continued

As of June 30, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>June 30, 2021</u>		<u>June 30, 2020</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 480,383	-	440,335	-
Net difference between actual and expected experience	203,834	-	245,922	-
Net change in assumptions	-	(28,212)	118,142	-
Net difference between projected and actual earnings on plan investments	117,502	-	-	(67,103)
Net difference between actual contribution and proportionate share of contribution	112,933	-	239,735	-
Net adjustment due to differences in proportions of net pension liability	-	(150,943)	-	(145,656)
Total	\$ 914,652	(179,155)	1,044,134	(212,759)

As of June 30 2021 and 2020, employer pension contributions of \$480,383 and \$440,335, reported as deferred outflows of resources related to contributions subsequent to the measurement date will be and was recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2022 and 2021, respectively.

As of June 30, 2021, the District recognized other amounts reported by the Plan actuarial as deferred outflows of resources and deferred inflows of resources related to the pension liability. Pension related amounts will be recognized as pension expense as follows.

<u>Fiscal Year Ending June 30,</u>	<u>Deferred Net Outflows / (Inflows) of Resources</u>
2022	\$ 1,360
2023	116,442
2024	72,759
2025	64,553

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(7) Defined Benefit Pension Plan, continued

Actuarial Assumptions

The total pension liability in the June 30, 2020 and 2019, actuarial valuation report was determined using the following actuarial assumptions:

Valuation Date	June 30, 2019 and 2018
Measurement Date	June 30, 2020 and 2019
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
 Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Investment Rate of Return	7.50 % Net of pension plan investment and administrative expenses; includes inflation
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Period upon which actuarial Experience Survey assumptions were based	2020 and 2019 – 1997–2015
Post Retirement Benefit	Contract COLA up to 2.50% until purchasing power protection allowance floor on purchasing power applies, 2.50% thereafter

* The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, the amortization and smoothing periods recently adopted by CalPERS were utilized. The crossover test was performed for a miscellaneous agent plan and a safety agent plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments.

Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(7) Defined Benefit Pension Plan, continued

Discount Rate, continued

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The tables below reflect the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

As of June 30, 2020 the target allocation and the long-term expected real rate of return by asset class were as follows:

<u>Asset Class</u>	<u>Strategic Allocation</u>	<u>Real Return Years 1-10*</u>	<u>Real Return Year 11+**</u>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100%</u>		

* An expected inflation of 2.00% used for this period

** An expected inflation of 2.92% used for this period

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the District's proportionate share of the net position liability for the Plan, calculated using the discount rate, as well as what the District's proportional share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

At June 30, 2021 the discount rate comparison was the following:

	<u>Discount Rate - 1% (6.15%)</u>	<u>Current Discount Rate (7.15%)</u>	<u>Discount Rate + 1% (8.15%)</u>
District's Net pension liability	\$ <u>5,818,882</u>	<u>3,955,422</u>	<u>2,415,704</u>

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(7) Defined Benefit Pension Plan, continued

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate, continued

At June 30, 2020 the discount rate comparison was the following:

	Discount Rate – 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
District's Net pension liability	\$ 5,741,112	3,838,142	2,267,374

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See pages 46 and 47 for the Required Supplementary Information.

Payable to the Pension Plan

At June 30, 2021 and 2020, the District reported no payables for the outstanding amount of contribution to the pension plan, respectively.

(8) Net Investment in Capital Assets

Calculation of net investment in capital assets as of June 30 were as follows:

	2021	2020
Capital assets:		
Capital assets – not being depreciated	\$ 4,228,967	2,712,254
Capital assets, net – being depreciated	53,285,913	54,205,359
Current:		
Loans payable	(634,869)	(614,944)
Non-current:		
Loans payable	(14,200,321)	(14,835,190)
Total net investment in capital assets	\$ 42,679,690	41,467,479

(9) Restricted Net Position

Calculation of restricted net position as of June 30 was as follows:

	2021	2020
Restricted – cash and cash equivalents	\$ 32,081	120,599
Restricted – rate stabilization	250,000	250,000
Total restricted net position	\$ 282,081	370,599

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(10) Unrestricted Net Position

Unrestricted net position as of June 30 were categorized as follows:

	2021	2020
Non-spendable net position:		
Materials and supplies inventory	\$ 177,096	163,719
Water-in-storage inventory	44,774	22,655
Prepaid expenses and other deposits	178,998	114,165
Total non-spendable net position	400,868	300,539
Spendable net position are designated as follows:		
Unrestricted	5,704,503	4,157,057
Total spendable net position	5,704,503	4,157,057
Total unrestricted net position	\$ 6,105,371	4,457,596

(11) Deferred Compensation Savings Plan

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust with The Variable Annuity Life Insurance Company (VALIC) and Mass Mutual for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. The total market value of all plan assets held in trust at June 30, 2021 and 2020, was \$2,139,945 and \$1,871,125, respectively.

The District has implemented GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statements of net position.

(12) Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage.

At June 30, 2021, the District participates in the ACWA/JPIA pooled programs for liability, property, and workers' compensation programs as follows:

- General and auto liability, public officials and employees' errors and omissions: The ACWA/JPIAs total risk financing self-insurance limits of \$5,000,000 per occurrence. The ACWA/JPIA purchased additional excess coverage layers: \$50 million for general, auto and public officials liability, which increases the limits on the insurance coverage noted above.

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(12) Risk Management, continued

In addition, the District also has the following insurance coverage:

- Crime coverage up to \$100,000 per loss includes public employee dishonesty, depositor's forgery or alteration, theft, computer and funds transfer fraud coverage's, subject to \$1,000 deductible per loss.
- Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, otherwise paid on an actual cash value basis, to a combined total of \$500 million per loss, subject to a \$2,500 deductible per loss. Mobile equipment and vehicles, on file, are paid on actual cost value basis at time of loss and subject to \$1,000 deductible per loss.
- Boiler and machinery coverage for the replacement cost up to \$100 million per occurrence, subject to various deductibles depending on the type of equipment, on file.
- Cyber liability: including cyber-security up to \$5,000,000 aggregate limit. Cyber liability deductible varies from \$10,000 to \$50,000 depending on District total scheduled values.
- Employee dishonesty/crime supplement: insured up to \$100,000 per occurrence with a \$1,000 deductible for employee dishonesty, forgery or alteration and computer fraud. The Program covers all employees, the Board of Directors.
- Workers' compensation coverage up to California statutory limits for all work related injuries/illnesses covered by California law; a pooled self-insured limit of \$2,000,000. The ACWA/JPIA purchased additional excess coverage layer: \$2,000,000 employer's liability.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2021, 2020 and 2019. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2021, 2020, and 2019, respectively.

(13) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2021 that have effective dates that may impact future financial presentations.

The following pronouncement implementation dates have been delayed due to the COVID-19 pandemic.

Governmental Accounting Standards Board Statement No. 87

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

The requirements of this Statement were effective for reporting periods beginning after December 15, 2019; however, in light of the COVID-19 pandemic, the effective date has been postponed by 18 months. Earlier application is encouraged.

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(13) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 89

In June 2018, the GASB issued Statement No. 89 – *Accounting for Interest Cost incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2019; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

Governmental Accounting Standards Board Statement No. 91

In May 2019, the GASB issued Statement No. 91 – *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged.

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(13) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 92

In January 2020, the GASB issued Statement No. 92 – *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

The requirements of this Statement were as follows: (1) The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance; (2) The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020; (3) The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020; and (4) The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged and is permitted by topic.

Governmental Accounting Standards Board Statement No. 93

In March 2020, the GASB issued Statement No. 93 – *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by: (1) Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; (2) Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; (3) Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable; (4) Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; (5) Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap; (6) Clarifying the definition of reference rate, as it is used in Statement 53, as amended; and (7) Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The requirements of this Statement were effective as follows: (1) The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021; and (2) All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective dates have been postponed by one year. Earlier application is encouraged.

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(13) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 94

In March 2020, the GASB issued Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 96

In May 2020, the GASB issued Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(13) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 97

In June 2020, the GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 41 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance.

(14) Commitments and Contingencies

Construction Contracts

The District has a variety of agreements with private parties relating to the installation, improvement or modification of water and wastewater facilities and distribution systems within its service area. The financing of such construction contracts is being provided primarily from the District's replacement reserves and capital contributions.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(15) Subsequent Events

Events occurring after June 30, 2021, have been evaluated for possible adjustment to the financial statements or disclosure as of January 11, 2022, which is the date the financial statements were available to be issued.

Board Presentation Version Subject to Approval

Required Supplementary Information

Board Presentation Version Subject to Approval

Coastside County Water District
Schedules of Changes in the District's Total OPEB Liability and Related Ratios
As of June 30, 2021
Last Ten Years*

Fiscal year	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total OPEB liability				
Service cost	\$ 42,880	46,953	45,696	44,473
Interest	80,847	90,043	91,126	81,573
Employer contributions	(53,593)	(40,360)	(61,033)	(58,686)
Expected minus actual payments	-	(16,052)	-	-
Assumption changes	247,093	97,523	(107,249)	-
Experience (gains)/losses	<u>(66,627)</u>	<u>(234,153)</u>	<u>-</u>	<u>-</u>
Net change in total OPEB liability	250,600	(56,046)	(31,460)	67,360
Total OPEB liability – beginning	<u>2,318,227</u>	<u>2,374,273</u>	<u>2,405,733</u>	<u>2,338,373</u>
Total OPEB liability – ending	<u>\$ 2,568,827</u>	<u>2,318,227</u>	<u>2,374,273</u>	<u>2,405,733</u>
Covered employee payroll	<u>\$ 2,177,776</u>	<u>2,330,675</u>	<u>1,990,577</u>	<u>1,939,509</u>
Total OPEB liability as a percentage of covered payroll	<u>84.78%</u>	<u>100.54%</u>	<u>83.84%</u>	<u>80.62%</u>
Valuation Date	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2017</u>	<u>June 30, 2017</u>

Methods and Assumptions Used to

Determine Contribution Rates:

Single and Agent Employers Amortization Method	Entry age (1)	Entry age (1)	Entry age (1)	Entry age (1)
Inflation	2.75%	2.75%	2.75%	2.75%
Salary Increases	2.75%	2.75%	2.75%	2.75%
Investment Rate of Return	2.20%	3.50%	3.80%	3.50%
Mortality, Retirement, Turnover	(2)	(2)	(2)	(2)

(1) Level percentage of payroll, closed

(2) 2017 CalPERS OPEB Assumption Model (2021)
2014 CalPERS OPEB Assumption Model (2020 – 2018)

* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

Coastside County Water District
Schedules of the District's Proportionate Share of the Net Pension Liability
As of June 30, 2021
Last Ten Years*

Description	Measurement Date						
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability	0.03635%	0.03746%	0.03848%	0.03951%	0.04102%	0.04484%	0.04212%
District's proportionate share of the net pension liability	\$ 3,955,422	3,838,142	3,708,081	3,917,927	3,838,142	3,077,582	2,620,900
District's covered payroll	\$ 2,177,776	2,330,675	1,990,577	1,939,509	1,885,311	1,689,259	1,562,529
District's proportionate share of the net pension liability as a percentage of its covered payroll	181.63%	164.68%	186.28%	202.01%	203.58%	182.19%	167.73%
District's fiduciary net position as a percentage of the district's total pension liability	71.75%	72.87%	71.99%	69.62%	69.14%	71.67%	76.34%

Notes To Schedule:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses.

The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%

From fiscal year June 30, 2018 to June 30, 2019:

The inflation rate was reduced from 2.75% to 2.50%

From fiscal year June 30, 2019 to June 30, 2020:

There were no changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no changes in assumptions.

* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

**Coastside County Water District
Schedules of Pension Plan Contributions
As of June 30, 2021
Last Ten Years***

	Fiscal Year						
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarially determined contribution	\$ 498,892	446,799	591,439	537,586	489,709	451,848	389,014
contribution's in relation to the							
actuarially determined contribution	(498,892)	(446,799)	(591,439)	(537,586)	(489,709)	(451,848)	(389,014)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-
Covered payroll	\$ 2,177,776	2,330,675	1,990,577	1,939,509	1,885,311	1,689,259	1,562,529
Contribution's as a percentage of							
covered payroll	22.91%	19.17%	29.71%	27.72%	25.97%	26.75%	24.90%

Notes To Schedule:

Valuation date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Methods and assumptions used to determine contribution rates:							
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15 Year Smoothed Market Method
Inflation	2.50%	2.63%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.00% (3)	7.25% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed

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

(3) Net of pension plan investment expenser, including inflation

(4) 50 for all plans with exception of 52 for Miscellaneous 2% @ 62

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

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Report on Internal Controls and Compliance

Board Presentation Version Subject to Approval

**Independent Auditor's Report on Internal Controls Over Financial Reporting
and on Compliance and Other Matters Based on Audits of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Board of Directors
Coastside County Water District
Half Moon Bay, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Coastside County Water District (District) as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated January 11, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

**Independent Auditor’s Report on Internal Controls Over Financial Reporting
and on Compliance and Other Matters Based on Audits of Financial Statements
Performed in Accordance with *Government Auditing Standards*, (continued)**

Purpose of this Report

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

Fedak & Brown LLP
Cypress, California
January 11, 2022

Board Presentation Version Subject to Approval

Coastside County Water District

Management Report

June 30, 2021

Board Presentation Version

Coastside County Water District

Management Report

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Board Presentation Version

Board of Directors
Coastside County Water District
Half Moon Bay, California

Dear Members of the Board:

In planning and performing our audit of the financial statements of Coastside County Water District (District) as of and for the years ended June 30, 2021 and 2020, in accordance with auditing standards generally accepted in the United States of America, we considered internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Summary of Current Year Comments and Recommendations

Our comments, all of which have been discussed with the appropriate members of management, are summarized as follows:

Disclosure of Audit Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the District are properly adjusted before the audit begins. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

Management's Response

We have reviewed and approved all of the audit adjustment and reclassification entries and have entered them into the general ledger of the District as of June 30, 2021.

Summary of Prior Year Comments and Recommendations

Disclosure of Audit Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the District are properly adjusted before the audit begins. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

Management's Response

We have reviewed and approved all of the audit adjustment and reclassification entries and have entered them into the general ledger of the District as of June 30, 2020.

* * * * *

This report is intended solely for the information and use of management and the Board of Directors of the District. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

We appreciate the courtesy and cooperation extended to us during our examination. We would be pleased to discuss the contents of this letter with you at your convenience. Please do not hesitate to contact us.

Fedak & Brown LLP
Cypress, California
January 11, 2022

Board Presentation Version

APPENDIX

Coastside County Water District

Audit/Finance Committee Letter

June 30, 2021

Board Presentation Version

Board of Directors
Coastside County Water District
Half Moon Bay, California

We have audited the financial statements of the business-type activities, of the Coastside County Water District (District) for the years ended June 30, 2021 and 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated February 26, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the basic financial statements.

We noted no transactions entered into by the District during fiscal year 2021 for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates play an integral part in the preparation of basic financial statements by management and are based upon management's knowledge, experience and current judgments about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the position in the basic financial statements are:

Management's estimate of capital assets depreciation is based on historical estimates of each capitalized item's useful life expectancy or cost recovery period. We evaluated the key factors and assumptions used to develop the capital asset depreciation calculations in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the other post-employment benefits (OPEB) plan: deferred outflows of resources, total OPEB liability, and deferred inflows of resources are based on the alternative measurement method to determine the liability balance. This alternative measurement method was determined and prepared by the District's third-party actuary. We evaluated the basis, methods and assumptions used by the actuary to calculate the annual required contribution for the District to determine that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the defined benefit pension plan's deferred outflows of resources, net pension liability, and deferred inflows of resources are based on an actuarial evaluation of these amounts which was conducted by a third-party actuary. We evaluated the basis, actuarial methods and assumptions used by the actuary to calculate these amounts for the District to determine that it is reasonable in relation to the financial statements taken as a whole.

Significant Audit Matters, continued

Qualitative Aspects of Accounting Practices, continued

The disclosures in the basic financial statements are neutral, consistent and clear. Certain basic financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the basic financial statements are:

The disclosure of capital assets, net in Note 3 to the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

The disclosure of the District's other post-employment benefits plan, in Note 6 to the basic financial statements is based on information which could differ from those in future periods.

The disclosure of the District's defined benefit pension plan, in Note 7 to the basic financial statements is based on actuarial assumptions which could differ from actual costs.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional Standards require us to accumulate all known and likely misstatements identified during the audit, except those that are considered trivial, and communicate them to the appropriate level of management. (See Pages 4 and 5)

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the Management Representational Letter to the Auditor dated January 11, 2022.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Conclusion

We appreciate the cooperation extended to us by Mary Rogren, General Manager, in the performance of our audit testwork.

We will be pleased to respond to any question you have about the foregoing. We appreciate the opportunity to continue to be of service to the District.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than the specified, parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

Fedak & Brown LLP

Cypress, California

January 11, 2022

Board Presentation Version

Coastside County Water District
Schedule of Audit Adjusting Journal Entries
June 30, 2021

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
GASB 68 Entry #1 - To reclassify 2020 contributions to net pension liability at June 30, 2021.			
1-2542-0000	Net Pension Liability	440,335.00	
1-1450-0000	Deferred Outflows - Pension		440,335.00
Total		440,335.00	440,335.00
Adjusting Journal Entries JE # 2			
GASB 68 Entry #2 - To reclassify 2021 contributions to Deferred Outflows of Resources at June 30, 2021.			
1-1450-0000	Deferred Outflows - Pension	480,383.00	
1-5441-00	GASB 68 Contra Contributions		240,192.00
1-5441-01	GASB 68 Contra Contributions		100,880.00
1-5441-02	GASB 68 Contra Contributions		139,311.00
Total		480,383.00	480,383.00
Adjusting Journal Entries JE # 3			
GASB 68 Entry #3 - To record changes in pension liability during FY19/20 at June 30, 2021. Note: Outflow and Inflow entries are summarized in this entry.			
1-1450-0000	Deferred Outflows - Pension	198,841.00	
1-2560-0000	Deferred Inflows - Pension	101,284.00	
1-5442-00	GASB 68 CY (Income) Expense	128,745.00	
1-5442-01	GASB 68 CY (Income) Expense	54,073.00	
1-5442-02	GASB 68 CY (Income) Expense	74,672.00	
1-2542-0000	Net Pension Liability		557,615.00
Total		557,615.00	557,615.00
Adjusting Journal Entries JE # 4			
GASB 68 Entry #4 - To record changes in the deferred outflows and deferred inflows (amortization) during FY19/20 at June 30, 2021. Note: Outflow and Inflow entries are summarized in this entry.			
1-5442-00	GASB 68 CY (Income) Expense	218,026.00	
1-5442-01	GASB 68 CY (Income) Expense	91,570.00	
1-5442-02	GASB 68 CY (Income) Expense	126,455.00	
1-1450-0000	Deferred Outflows - Pension		368,371.00
1-2560-0000	Deferred Inflows - Pension		67,680.00
Total		436,051.00	436,051.00
Adjusting Journal Entries JE # 5			
GASB 75 Entry #1 - To reclassify 2020 contributions to a reduction in Net OPEB Liability at June 30, 2021.			
1-2541-0000	Net OPEB Obligation	50,826.00	
1-1460-0000	Deferred Outflows - OPEB		50,826.00
Total		50,826.00	50,826.00
Adjusting Journal Entries JE # 6			
GASB 75 Entry #2 - To contra reclassify 2021 contributions for retiree benefits to deferred outflows of resources from expense at June 30, 2021.			
1-1460-0000	Deferred Outflows - OPEB	59,118.00	
1-5451-00	GASB 75 Contributions (Contra)		29,559.00
1-5451-01	GASB 75 Contributions (Contra) - Pumping		12,415.00
1-5451-02	GASB 75 Contributions (Contra)-Trans & Distrib		17,144.00
Total		59,118.00	59,118.00

Coastside County Water District
Schedule of Audit Adjusting Journal Entries
June 30, 2021

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 7			
GASB 75 Entry #3 - To record changes in OPEB liability and related deferrals during FY19/20 in the current year.			
1-1460-0000	Deferred Outflows - OPEB	247,093.00	
1-5452-00	GASB 75 CY (Income) Expense Contra	60,480.00	
1-5452-01	GASB 75 CY (Income) Expense Contra - Pumping	25,402.00	
1-5452-02	GASB 75 CY (Income) Expense Contra - T&S	35,078.00	
1-2541-0000	Net OPEB Obligation		301,426.00
1-2570-0000	Deferred Inflows - OPEB		66,627.00
Total		368,053.00	368,053.00
Adjusting Journal Entries JE # 8			
GASB 75 Entry #4 - To record changes in the deferred outflows and deferred inflows (amortization) at June 30, 2021.			
1-2570-0000	Deferred Inflows - OPEB	104,508.00	
1-1460-0000	Deferred Outflows - OPEB		96,889.00
1-5452-00	GASB 75 CY (Income) Expense Contra		3,809.00
1-5452-01	GASB 75 CY (Income) Expense Contra - Pumping		1,600.00
1-5452-02	GASB 75 CY (Income) Expense Contra - T&S		2,210.00
Total		104,508.00	104,508.00
Adjusting Journal Entries JE # 9			
CPE - To adjust CIP for slope mower purchase which began as a rental and transferred to purchase in July 2021.			
1-1070-0000	WIP-Const. Work In Progress 1120-00	49,181.25	
1-5260-00	Maintenance - General		15,000.00
1-5260-00	Maintenance - General		16,406.25
1-5260-00	Maintenance - General		2,775.00
1-5260-00	Maintenance - General		15,000.00
Total		49,181.25	49,181.25
Adjusting Journal Entries JE # 10			
AJE - To correct difference in general ledger net position balance vs. prior year ending net position per issued FS.			
1-5620-00	Office & Billing Expenses	75.00	
1-3030-0000	Surplus Unappropriated		75.00
Total		75.00	75.00
	Total Adjusting Journal Entries	2,546,145.25	2,546,145.25
	Total All Journal Entries	2,546,145.25	2,546,145.25

Legend:

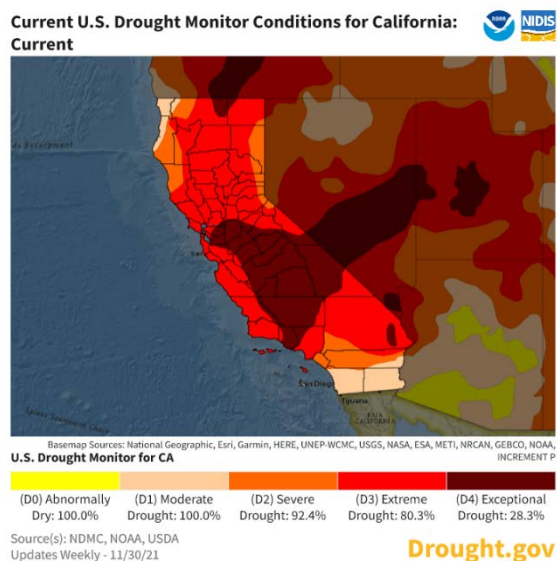
AJE	Audit Adjusting Journal Entry
GASB 68 Entry	GASB 68 Adjusting Journal Entry
GASB 75 Entry	GASB 75 Adjusting Journal Entry
CPE	Client Provided Adjusting Journal Entry

STAFF REPORT

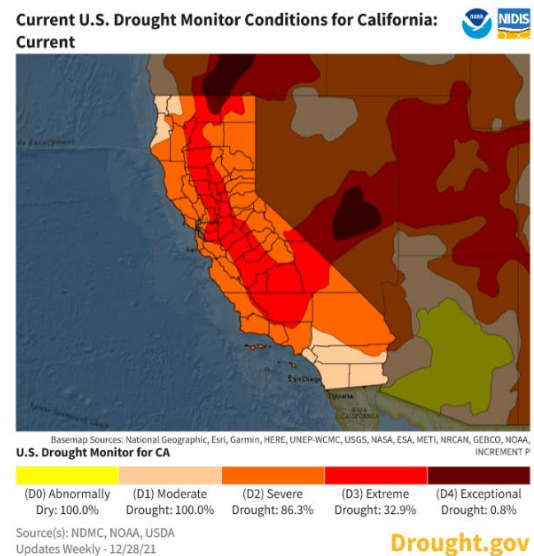
To: Board of Directors
From: Cathleen Brennan, Water Resources Analyst
Agenda: January 11, 2022
Report: January 6, 2022
Subject: Water Shortage Advisory and Public Outreach Update
Attachment: (A) List of Outreach for the Water Shortage Advisory
(B) Media Release From State Water Resources Control Board

Background

As of January 1, 2022, the SFPUC implemented water allocations, also known as water budgets, for their wholesale customers. The District’s annual (calendar year 2022) water budget for water purchased from SFPUC is 457,235 hundred cubic feet or 342 million gallons. Governor Newsom’s July 8th Executive (N-10-21) Order calls on all Californians to voluntarily reduce their water use by 15 percent from calendar year 2020. There are now mandatory measures adopted on January 4, 2022, by the State Water Resources Control Board (SWRCB).



Status of drought conditions across California in November 2021.



Improved drought conditions across California in December of 2021

The table below provides a timeline of milestones.

Milestones	
4/21/2021	Governor Newsom issued proclamation of state of emergency for the counties impacted the most severely by drought conditions, after two years of below normal precipitation. San Mateo County was not included on this initial proclamation.
4/15/2021	SFPUC requests voluntary 10 percent reduction in irrigation (outdoor) water use starting July 1, 2021. Goal is not to exceed 2019 summer water demand.
5/10/2021	Governor Newsom expanded on the 4/21/2021 proclamation and included more counties.
5/11/2021	The BOD approved Coastside CWD implementing Stage 1 of the District’s WSCP – Water Shortage Advisory
7/8/2021	Governor Newsom’s Executive Order N-10-21 includes San Mateo County and Santa Clara County in the declaration of a drought emergency. Alameda County was already included in the drought emergency. “I call on all Californians to voluntarily reduce their <i>(total)</i> water use by 15 percent from their <i>(CY)</i> 2020 levels.”
7/12/2021	SFPUC revises their request to align with Governor Newsom’s request that total water use be voluntarily reduced by 15 percent from 2020 water usage levels.
8/19/2021	Curtailment order for the Delta Watershed (including the San Joaquin River watersheds) authorized by the State Water Resources Control Board and approved by the Office of Administrative Law on August 19, 2021. https://www.waterboards.ca.gov/drought/delta/
9/26/2021	Warning from BAWSCA of elevated water rationing status from SFPUC. Mandatory rationing request by SFPUC of at least 10 percent as early as late October due to curtailment orders on the SF Bay-Delta tributaries.
11/23/2021	SFPUC declared a water shortage emergency with voluntary measures to meet a 10 percent reduction for wholesale customers, which triggers Tier 1 and Tier 2 allocation agreements. SFPUC retail customers will voluntarily reduce 5 percent. January is the target for implementation of Tier 2 allocations.
11/30/2021	The State Water Resources Control Board announced it will consider a proposed resolution adopting emergency regulations adding new sections to title 23 of the California Code of Regulations.
1/3/2022	SFPUC staff sent the wholesale customers their final monthly allocations for calendar year 2022.
1/4/2022	The SWRCB adopted emergency regulations regarding water conservation to title 23 of the California Code of Regulations. The language in the adopted regulation was modified from the proposed language. Staff is waiting for the final version to be released.

Report

The recent precipitation events in October, November, and December have significantly improved local water supplies (Denniston Creek watershed and Pilarcitos Creek watershed) and local drought conditions. Conditions are improving but it is too soon to declare the water shortage emergency over. April 1st is the most important milestone for the measurement of the water content of the snowpack to determine if critical water reservoirs in the state will reach storage capacity.


The table below helps show that even with the significant snowpack in the Sierra Nevada Mountains, California currently has about a third of what would be needed to fill critical reservoirs in northern California. It is predicted that we would need 150% of normal snowpack on April 1st to fill all the critical water supply reservoirs in northern California.

Statewide Snow Water Content Update		
Region	Percent Normal for December 30 2021	Percent Average for April 1
Northern	145%	51%
Central	164%	58%
Southern	173%	54%

Data provided by SWRCB meeting on 1/4/2022.

SFPUC Update

The State’s curtailment orders on the Tuolumne River (Delta Watersheds) continue to impact SFPUC’s ability to manage storage and access the water bank, according to SFPUC. The curtailments are in place due to water quality issues in the San Francisco Bay Delta. Water storage is better than last year at this same time in the regional water system. SFPUC is reporting a 9.3% reduction in total water use for July 1 through December 31, 2021, compared to the same period in 2019.



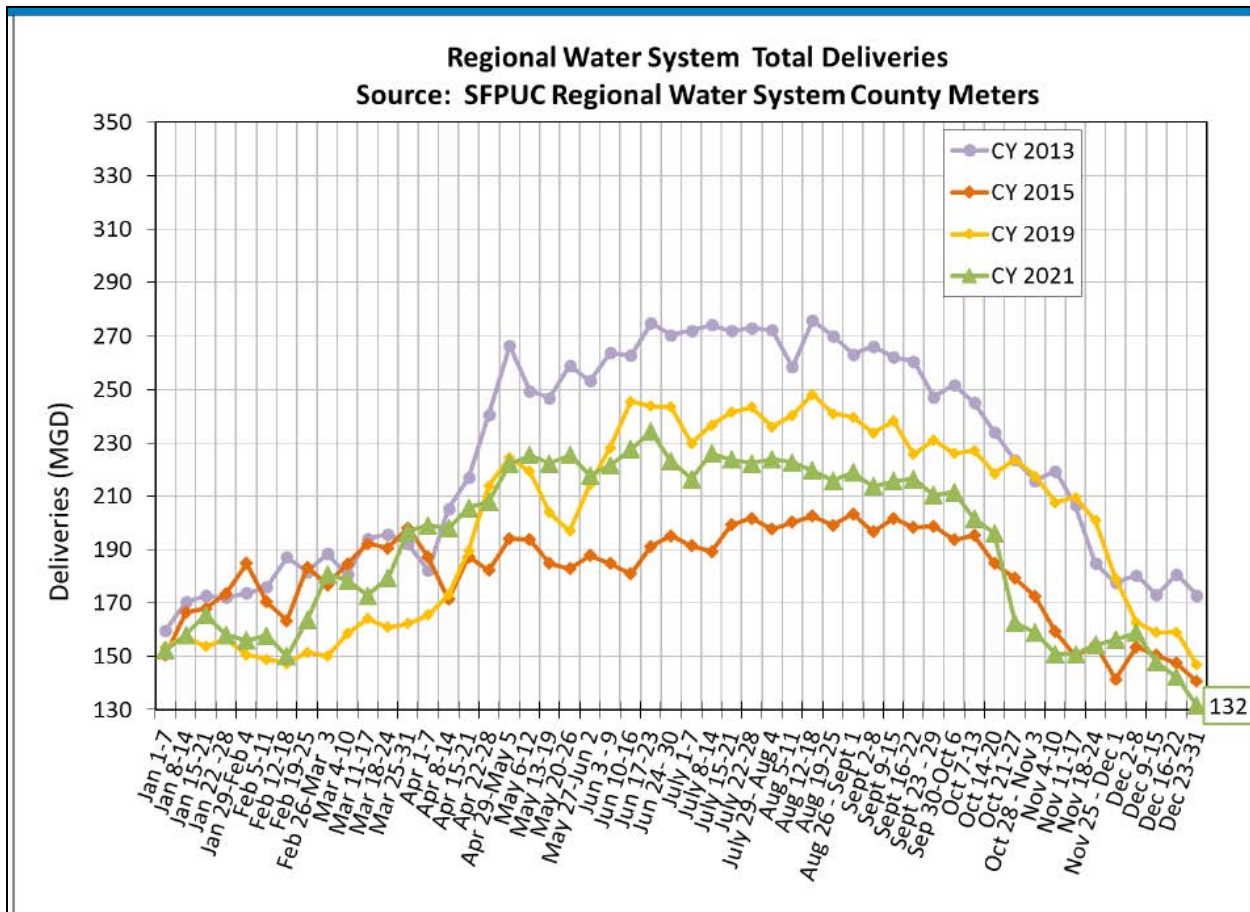
Regional Water System Water Use Reductions From FY19/20

For the Period July 1 - December 31 (From Weekly Delivery Reports)

CUSTOMER GROUPS	FY19/20 AVG. MGD	FY21/22 AVG. MGD	% REDUCTION
San Francisco Customers	64.9	55.2	14.9%
Wholesale Customers*	145.2	135.3	6.8%
TOTAL	210.1	190.5	9.3%

*Data are for Regional Water System Deliveries only and do not include reductions in other sources of supply.

Total demand on the RWS has been declining in recent months. This is exactly what the SFPUC would like to see continue through the winter months to avoid escalating water shortage response measures.



State Water Resources Control Board (SWRCB)

The SWRCB has determined that an emergency exists due to severe drought conditions and immediate action is needed. The SWRCB adopted emergency regulations on January 4, 2022. There are exemptions for public health and safety. Some of the prohibitions are listed below:

- ❖ Prohibiting incidental runoff
- ❖ Requiring shut-off nozzles on hoses
- ❖ Prohibiting the use of potable water to wash hard surface areas
- ❖ Prohibiting the use of potable water for street cleaning and construction site preparation purposes, unless no other method can be used
- ❖ Prohibiting irrigation within 48 hours after measurable rainfall
- ❖ Prohibiting the use of potable water for irrigation of ornamental turf on public street medians

The District will include these same prohibitions in future ordinances regarding water waste.

Outreach

The District sent written notifications to the single family accounts that are in the third tier of water usage. Attached to this staff report is a list of outreach activities since the District implemented the Water Shortage Advisory.

Stage 1 - Water Shortage Advisory

Completed Outreach		
Month	Message	Task
May 2021	10 percent Reduction Outdoors	<p>Implemented WSCP Stage 1- Water Shortage Advisory</p> <p>E-Newsletter: Water Shortage Advisory (WSA) 10% Reduction of Outdoor Water Use</p> <p>Interview with KQED Radio</p> <p>Interview with HMB Review</p> <p>Fact Sheet 10 percent reduction in outdoor WSA</p> <p>Website updated to show Water Shortage Advisory Status under Drought</p>
June 2021		Coastside Radio (KHMB) Interview
July 2021	15 Percent Reduction – Total – with emphasis on reducing irrigation	<p>Email to 800 high users identified by WaterSmart</p> <p>Letter to 120 high water users that don't have email</p> <p>Updated Fact Sheet to 15 percent reduction WSA</p> <p>Posted new fact sheet to website</p> <p>WSA message on home page of website</p> <p>Nextdoor Post – WaterSmart & WSA</p> <p>Twitter Post – WaterSmart & WSA</p> <p>Postcard - WaterSmart and 15 percent reduction</p> <p>Interview with Coastside News Group</p> <p>Billing Statement Message</p> <p>Banner (from last drought) placed on Building and Fence -no overspray from irrigation -use shutoff nozzles</p> <p>Delivered table tent cards to restaurants with the messaging that water is served on request.</p>

Stage 1 - Water Shortage Advisory

Completed Outreach		
Month	Message	Task
August 2021		<p>Meeting with County of San Mateo Drought Task Force – Department of Emergency Management 8/3/2021</p> <p>Large banner installed 8/24/2021 on brick wall facing Main Street</p> <p>E-Newsletter: Water Waste Prohibitions 8/25/2021</p> <p>District reached out by either email or mail to 873 single family residential customers regarding irrigation or high water use.</p>
September 2021		<p>Presentation to the Half Moon Bay Rotary Club 9/23/2021</p> <p>District reached out by either email or mail to 1,436 single family residential customers regarding irrigation or high water use.</p>
October 2021	<p>15 Percent Reduction -Total – with emphasis on reducing irrigation.</p> <p>Turn off you irrigation systems.</p>	<p>GM of District talked with AGM of San Francisco Water to discuss water supply shortage and the District’s lack of local supplies during extreme drought. 10/12/2021</p> <p>Coastside Magazine (October 13, 2021) advertisement for Stage 1 Water Shortage Advisory</p> <p>Half Moon Bay Review (October 27, 2021) advertisement for Stage 1 Water Shortage Advisory</p> <p>District reached out by either email or mail to 1200 single family residential customers regarding irrigation or high water use.</p>
November 2021		<p>Interview with Coastside News Group 11/30/2021</p> <p>Working with WaterSmart to increase outreach in the first quarter of 2022.</p> <p>District reached out by either email or mail to 1723 single family residential customers regarding irrigation or high water use.</p>
December 2021		<p>Interview with KHMB radio 12/16/2021</p> <p>District reached out by either mail or email to over 100 residential customers that still showed a pattern of irrigation usage.</p> <p>District reached out by either mail or email to more than 600 residential customers in Tier 3.</p>



State Water Board adopts emergency water use regulations to boost drought resilience

Statewide prohibitions to remain in place for one year

Despite early winter storms, California remains in a drought

January 4, 2022

Contact: [Edward Ortiz](#) - Public Information Officer

SACRAMENTO – As climate change-fueled extreme weather continues to disrupt our water system, the State Water Resources Control Board today adopted an emergency regulation that prohibits certain wasteful water use practices statewide and encourages Californians to monitor their water use more closely while building habits to use water wisely.

Among the wasteful water practices included are irrigating ornamental landscapes when it's raining, using potable water to clean hard surfaces or driveways, and the use of ornamental fountains. The regulation stems from Governor Newsom's [Emergency Drought Proclamation](#) on October 19, 2021, which expanded the drought emergency statewide and encouraged the State Water Board to supplement voluntary conservation measures by prohibiting certain wasteful water uses. Prohibited use regulations are not new in California. Similar regulations were in place during the state's last severe drought. In some areas, they were made permanent through local action.

"Climate change is challenging us to build drought resilience in our water infrastructure and management practices and at an individual level in our daily habits," said E. Joaquin Esquivel, chair of the State Water Board. "Prohibiting wasteful water practices increases awareness of water as a precious resource no matter what type of weather we are experiencing in a given moment, because weather extremes are now part of our climate reality."

The prohibitions apply to specific uses and apply to all water users, including individuals, business and public agencies, and can be enforced through warning letters, water audits or fines. The prohibitions will remain in place for one year unless extended, modified or removed. They help ensure that Homeowners' Associations (HOAs), cities and counties don't unlawfully restrain homeowners from taking water conservation actions. Even without the emergency regulation, it is illegal for HOAs to prevent water conservation during a drought emergency, but the regulation allows for monetary penalties for certain violations of existing law.



The board has the authority to impose monetary penalties, and the regulation makes the prohibitions infractions, which may be enforceable by local governments or other agencies that have the authority to enforce infractions.

The emergency regulation takes effect within ten days once approved by the Office of Administrative Law and filed with the Secretary of State.

The easiest and most helpful way a person may file a complaint of water waste is by accessing <https://savewater.ca.gov>.

The State Water Board's mission is to preserve, enhance and restore the quality of California's water resources and drinking water for the protection of the environment, public health, and all beneficial uses, and to ensure proper resource allocation and efficient use for the benefit of present and future generations.

STAFF REPORT

To: Coastside County Water District Board of Directors

From: Mary Rogren, General Manager

Agenda: January 11, 2022

Report Date: January 7, 2022

Subject: Review District Board Committees. Consider and Approve Appointments of Board Members to the Coastside County Water District Board Committees, and Appointment of District Representatives to External Organizations and Associations. Consider and Approve Establishment of New Advisory Committee(s) and External Organization Representative(s).

Recommendation:

Review District Board committees. Discuss and approve appointments of Board Members to the District Standing and Advisory Committees and approve appointments of district representatives to external organizations and associations. Discuss and approve establishment of new Advisory committee(s) and external organization representative(s).

Background:

The purpose of the District's Committees is to assist the Board with issues and decisions and provide recommendations pertaining to a variety of areas, including Finance, Human Resources, and District Facilities. Each of the committees is comprised of two Board members with interest in the specific subject matter.

Each of the Committees has a particular charge or set of tasks to address. Standing Committees do their assigned work on a continuing basis. Committees meet as needed rather than on an established regular schedule. The District notices and conducts all Standing Committee meetings in accordance with Brown Act public meeting requirements.

The Board President and the Board may also form temporary Advisory Committees focused on a specific task or objective. An Advisory Committee dissolves after the completion of the task or achievement of the objectives.

STAFF REPORT

Agenda: January 11, 2022

Subject: Coastside County Water District Board Committees

PAGE 2

The paragraphs below provide additional detail on the District's Committees.

Coastside County Water District Standing Committees

Finance Committee

The Finance Committee is responsible for reviewing and providing recommendations regarding the annual Operations and Maintenance and Capital Improvement Program budgets, and annual financial audits, as well as financial performance oversight. This Committee is also responsible for the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) related matters.

Human Resources (Personnel & Recruitment) Committee

The development and review of the General Manager's Performance Plan is the responsibility of this Committee and includes meeting to discuss the mid-term and the annual performance evaluations, as well as preparation of the evaluation report to be approved by the Board. This Committee also reviews changes to staff position descriptions, revisions and additions to the District's personnel manual, and recruitment for vacant staff positions when appropriate.

District Facilities Committee

This Committee oversees the development and implementation of the annual Capital Improvement Program. The Committee also reviews the Capital Improvement Program budget and schedule and presents recommendations to the Finance Committee. This Committee is also involved in the Denniston Restoration Project.

Coastside County Water District Advisory Committees

Urban Water Management Plan (UWMP) Committee

This Committee was created at the January 12, 2021 CCWD Board of Directors meeting and provides guidance on water resource planning and strategy and the development and implementation of the Urban Water Management Plan and Water Shortage Contingency Plan.

Recycled Water Committee

This Committee meets with representatives from the Sewer Authority Mid-Coastside (SAM) and its member agencies to discuss potential recycled water opportunities for the Coastside.

STAFF REPORT

Agenda: January 11, 2022

Subject: Coastside County Water District Board Committees

PAGE 3

Staff recommends that this committee be renamed the “Water Reuse Committee” to reflect the current industry naming convention.

Strategic Planning Committee

This Committee was created at the June 11, 2019 CCWD Board of Directors meeting under the direction of President Coverdell. The purpose of this Committee is to focus on the District’s planning priorities.

Coastside County Water District External Organization Representatives

In addition to the District’s Standing and Advisory Committees, Board members may also serve as representatives to several external organizations, including the following:

Association of California Water Agencies (ACWA)

ACWA is the largest statewide coalition of public water agencies in the country. It is a leader on California water issues and a respected voice for its members in both Sacramento and Washington, D.C. ACWA’s 450 public agency members are responsible for 90% of the water delivered to communities, farms, and businesses in California. ACWA plays an active role in managing the states’ water resources and promoting investments in water use efficiency, water recycling, ground management and desalination. ACWA’s membership is organized into ten geographic regions. The regions provide a structure in which members can discuss issues of mutual concern, and based on that interaction, provide representative input to the ACWA Board. The District’s ACWA representative typically attends the annual Spring and Fall Conferences and is eligible to vote as the District’s voting designee in ACWA elections. A District Board Member may also serve as an ACWA Region 5 Director.

Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA)

- ACWA/JPIA provides liability coverages tailored to the unique needs of California Water Agencies. The District obtains its property, liability, and worker’s compensation coverage from the JPIA. As a member of the JPIA, the District names one of its directors and at least one alternate to sit on the ACWA/JPIA Board of Directors. The designated representative is able to vote at conferences. If the designated Director cannot attend a conference, then the alternate Director is allowed to vote in his/her absence. The designated Board member’s term coincides with their term on the CCWD Board.

California Special District Association (CSDA)

CSDA was formed in 1969 to provide active representation at the State Capitol for its nearly 900 members, made up of independent special districts, including irrigation, water, parks and recreation, cemetery, fire, police protection, library, utility, harbor, healthcare and community service districts. CSDA pursues statewide policy legislation of benefit to special districts and provides advocacy, training, information, and financial services to help strengthen and increase the efficiency of special district operations. The agency is governed by a 19-member Board of Directors representing 6 regions throughout California. The District designates a CSDA representative to receive information and updates from CSDA.

Bay Area Water Supply & Conservation Agency (BAWSCA)

BAWSCA was created on May 27, 2003 to represent the interests of the cities and water districts, and two private utilities located in Alameda, Santa Clara and San Mateo Counties that purchase water on a wholesale basis from the San Francisco Regional Water System. BAWSCA's goals are to ensure a reliable supply of high-quality water at a fair price. The agency is governed by a 27-member Board of Directors comprised of representatives from all BAWSCA agencies. The District's BAWSCA representative must be appointed by Coastside County Water District Board action. The CCWD Board appointed Director Mickelsen in June of 2013 and again in 2017 to serve as the BAWSCA representative for the current term through June 30, 2021.

Local Agency Formation Commission (LAFCo)

LAFCo is a state-mandated, independent agency with countywide jurisdiction over changes in organization and boundaries of cities and special districts, including annexations, detachments, incorporations and formations. The District annually designates a Board member and an alternate to represent the District for the purposes of participation in the LAFCo election of officers.

American Water Works Association (AWWA)

The American Water Works Association is an international, nonprofit, scientific and educational society dedicated to providing total water solutions assuring the effective management of water. Founded in 1881, membership includes 4,300 utilities that supply 80% of the nation's drinking water. In addition to participating at a national level, the District actively participates in the Cal-Nevada section of the AWWA.

COASTSIDE COUNTY WATER DISTRICT
BOARD COMMITTEES

Updated: January 12, 2021

<u>Standing Committees</u>	<u>Directors</u>
Finance Committee	Coverdell, Feldman
Human Resources Committee	Feldman, Muller
District Facilities Committee	Mickelsen, Reynolds

<u>Advisory Committees</u>	<u>Directors</u>
Urban Water Management Plan Committee (UWMP)	Feldman, Mickelsen
Recycled Water Committee	Coverdell, Muller
Strategic Planning Committee	Coverdell, Reynolds

<u>External Organizations</u>	<u>Directors</u>
Association of California Water Agencies (ACWA)	Feldman
Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA)	Feldman
California Special District Association (CSDA)	Muller
Bay Area Water Supply & Conservation Agency (BAWSCA) - 4 year term - July 1, 2021 to June 30, 2025	Mickelsen
Local Agency Formation Commission (LAFCo)	Board President *
American Water Works Association (AWWA)	Reynolds

** All other Directors are designated as alternates for the purpose of participation in LAFCo's election of officers*

STAFF REPORT

To: Coastside County Water District Board of Directors
From: Mary Rogren, General Manager
Agenda: January 11, 2022
Subject: Appointment of CCWD Board Member Representative Alternate(s) to participate in San Mateo Local Agency Formation Commission (LAFCo) election of officers

Recommendation:

Appoint CCWD Board Member Representative alternate(s) to participate in San Mateo Local Agency Formation Commission (LAFCo) election of officers.

Background:

The Local Agency Formation Commission (LAFCo) is a state mandated, independent agency with countywide jurisdiction over changes in organization and boundaries of cities and special districts, including annexations, detachments, incorporations and formations. The Commission is comprised of two county supervisor members appointed by the Board of Supervisors, two city council members appointed by the City Selection Committee, two special district members selected by the Special Districts Selection Committee (comprised of the presiding officers of the independent special districts) and one public member appointed by the six members of the Commission.

Pursuant to Government Code Section 56332, the Independent Special District Selection Committee shall consist of the Presiding Officer/President of the legislative body of each of the independent special districts. The legislative body of the district may appoint one of its board members to attend and vote in the presiding officer's place if the presiding officer will not be present at the meeting. (Government Code Section 56332(b)). Since only the District's Board President or a Board appointed alternate member may vote in LAFCo's election of officers, LAFCo recommends that standing voting representatives and alternates by referenced by name, in case a special district selection committee is called due to a vacancy and the District's presiding officer is not able to attend the meeting.

Past practice of the District has been to revisit this particular item on an agenda of each new year and appoint the alternate representatives in succession by naming the Vice-President, followed by Board members in order of seniority. Staff notifies LAFCo of the appointments by forwarding a copy of the approved minutes.

STAFF REPORT

To: Coastside County Water District Board of Directors

From: Mary Rogren, General Manager

Agenda: January 11, 2022

Report

Date: January 7, 2022

Subject: Consider and Reaffirm Resolution 2021-06 “Making Findings Pursuant to Assembly Bill 361 That the Proclaimed State of Emergency Continues to Impact the Ability to Meet Safely in Person.”

Recommendation:

Reaffirm, by motion, Resolution 2021-06, making findings pursuant to Assembly Bill 361 that the proclaimed State of Emergency continues to impact the ability to meet safely in person.

Background:

On March 4, 2020, Governor Newsom declared a State of Emergency to exist in California as a result of the threat of COVID 19, and on March 17, 2020, the Governor issued Executive Order N-29-20 suspending certain provisions of the Ralph M. Brown Act relating to teleconferencing to allow legislative bodies to conduct meetings remotely to help protect the spread of COVID-19 and to protect the health and safety to the public. On June 11, 2021, the Governor issued Executive Order N-08-21 which specified that Executive Order N-29-20 remained in effect through September 30, 2021.

On September 16, 2021, the Governor signed Assembly Bill 361 (AB361) into law to allow legislative bodies to continue to meet remotely during a proclaimed State of Emergency after September 30, 2021.

On October 8, 2021, the Board of the Directors of the Coastside County Water District adopted Resolution 2021-06. Per AB361, the Board will need to consider and reaffirm the findings of Resolution 2021-06 monthly.

By reaffirming Resolution 2021-06, the Board has considered the circumstances of the proclaimed State of Emergency and finds that the State of Emergency continues to directly impact the ability of the members to meet safely in person, and state or local officials continue to impose or recommend measures to promote social distancing.

RESOLUTION NO. 2021-06

MAKING FINDINGS PURSUANT TO ASSEMBLY BILL 361 THAT THE PROCLAIMED STATE OF EMERGENCY CONTINUES TO IMPACT THE ABILITY TO MEET SAFELY IN PERSON

COASTSIDE COUNTY WATER DISTRICT

WHEREAS, on March 4, 2020, Governor Newsom declared a State of Emergency to exist in California as a result of the threat of COVID-19;

WHEREAS, on March 17, 2020, the Governor issued Executive Order N-29-20 suspending certain provisions of the Ralph M. Brown Act related to teleconferencing to allow legislative bodies to conduct meetings remotely to help protect against the spread of COVID-19 and to protect the health and safety of the public;

WHEREAS, on June 11, 2021, the Governor issued Executive Order N-08-21, which specified that Executive Order N-29-20 remains in effect through September 30, 2021, and then expires;

WHEREAS, on September 16, 2021, the Governor signed Assembly Bill 361 (AB 361) in to law, as urgency legislation that goes into effect immediately, that amends Government Code Section 54953 to allow legislative bodies to continue to meet remotely during a proclaimed state of emergency provided certain conditions are met and certain findings are made;

WHEREAS, on September 20, 2021, the Governor issued Executive Order N-15-21 that generally suspends the AB 361 amendments to Government Code Section 54953 until October 1, 2021, and therefore clarifying that Executive Order N-29-20 controls through the end of September 2021;

WHEREAS, the Governor's proclaimed State of Emergency remains in effect, and state and local officials, including the San Mateo County Health Officer, the California Department of Public Health, and the Department of Industrial Relations, have imposed or recommended measures to promote social distancing; and

WHEREAS, to help protect against the spread of COVID-19 and its variants, and to protect the health and safety of the public, the Board of Directors desires to take the actions necessary to comply with AB 361 and to continue to hold its Board and committee meetings remotely.

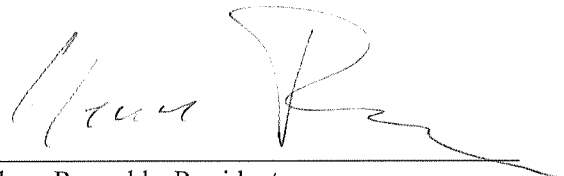
NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Coastside County Water District has considered the circumstances of the proclaimed State of Emergency, and finds that the State of Emergency continues to directly impact the ability of the members to meet safely in person, and state or local officials continue to impose or recommend measures to promote social distancing.

BE IT FURTHER RESOLVED that the District will comply with the requirements of Government Code Section 54953(e)(2) when holding Board and committee meetings pursuant to this Resolution.

BE IT FURTHER RESOLVED that the Board will consider the findings in this Resolution every 30 days and may, by motion, reaffirm these findings.

PASSED AND ADOPTED this 12th day of October, 2021, by the following vote:

AYES: President Reynolds, Vice-President Feldman, Directors Mickelsen, Coverdell and Muller



Glenn Reynolds, President
Board of Directors

ATTEST:



Mary Rogren, General Manager
Secretary of the Board of Directors

STAFF REPORT

To: Coastside County Water District Board of Directors

From: Mary Rogren, General Manager

Agenda: January 11, 2022

Report

Date: January 7, 2022

Subject: Consider Resolution 2022-02 Amending the General Regulations Regarding Water Service To Address Property Owner/Landlord Responsibility for Water Bill After Tenant Default

Recommendation:

Approve Resolution 2022-02 amending the District's General Regulations Regarding Water Service to address property owner/landlord responsibility for water bill after tenant default.

Background:

Section 31007.5 of the California Water Code provides in full as follows: "No district furnishing water for residential use to a tenant shall seek to recover any charges or penalties for the furnishing of water to or for the tenant's residential use from any subsequent tenant on account of nonpayment of charges by a previous tenant. The district may, however, require that service to subsequent tenants be furnished on the account of the landlord or property owner."

Occasionally, the District may incur a bad debt from a tenant for nonpayment of water bill. Staff recommends that Section G be added the General Regulations Regarding Water Service to clarify that pursuant to the California Water Code section 31007.5, if a residential tenant who is a water service customer defaults on the payment of their water bill, the District may require that water service to subsequent tenants be furnished on the account of the property owner.

RESOLUTION NO. 2022-02

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE COASTSIDE COUNTY WATER DISTRICT
AMENDING THE GENERAL REGULATIONS REGARDING WATER SERVICE
TO ADDRESS PROPERTY OWNER/LANDLORD RESPONSIBILITY FOR WATER
BILL AFTER TENANT DEFAULT**

WHEREAS, Section 31007.5 of the California Water Code provides in full as follows: "No district furnishing water for residential use to a tenant shall seek to recover any charges or penalties for the furnishing of water to or for the tenant's residential use from any subsequent tenant on account of nonpayment of charges by a previous tenant. The district may, however, require that service to subsequent tenants be furnished on the account of the landlord or property owner."

WHEREAS, the District may incur a bad debt from a tenant for nonpayment of charges, and the District would like to amend its General Regulations Regarding Water Service to provide that the District may require that subsequent tenants be furnished water service on the account of the property owner or landlord per Section 31007.5 of the California Water Code.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Coastsides County Water District as follows:

1. Section G, which currently is "Reserved," is amended as follows:

"G. Property Owner/Landlord Responsibility for Water Bill After Tenant Default

Pursuant to California Water Code section 31007.5, if a residential tenant who is a water service customer defaults on the payment of their water bill, the District may require that water service to subsequent tenants be furnished on the account of the property owner."

2. This Resolution amending the General Regulations for Water Service shall be effective January 12, 2022.
3. The General Manager shall update the General Regulations Regarding Water Service to incorporate the changes set forth in this Resolution.

PASSED AND ADOPTED THIS 11th day of January, 2022, by the following vote of the Board:

AYES:

NOES:

ABSENT:

Robert Feldman President
Board of Directors

ATTEST:

Mary Rogren, General Manager
Secretary of the District

STAFF REPORT

To: Coastside County Water District Board of Directors

From: Mary Rogren, General Manager

Agenda: January 11, 2022

Report

Date: January 7, 2022

Subject: Quarterly Financial Review

Recommendation:

Information Only.

Background:

The attached Period Budget Analysis summarizes year-to-date revenue and expenses for the first six months of Fiscal Year 2021-2022. Key highlights include:

- Year-to-date total revenue is \$198,000 or 2.5% below budget due to:
 - (\$444,000) - Lower revenue than budget due to lower residential usage and raw water usage given the recent heavy rains and water conservation
 - \$ 261,000 - Higher county tax and ERAF receipts than plan
 - (\$ 15,000) - Lower interest income than plan

- Year-to-date total expenses are \$426,000 or 8% below budget. Key cost savings include:
 - \$345,000 savings in SFPUC water purchases due to lower water usage
 - \$133,000 savings in salaries & benefits due to open positions
 - (\$64,000) higher maintenance costs primarily related to well repairs and pump replacements.
 - (\$41,000) higher consulting costs (including Emergency Response Plan Preparation and Local Source Planning)
 - \$22,000 lower electricity costs than plan
 - \$31,000 in timing differences of spending.

Capital Improvement Projects

For the first six months of the 2021-2022 Fiscal Year, the District spent \$2,400,000. The Nunes Water Treatment Plant Improvement Project is well underway, and the District anticipates an additional \$2M cash outlay for the remainder of the Fiscal Year and \$4M in the 2022-2023 Fiscal Year for this project. Upcoming projects include the Pipeline Replacement at Pilarcitos Creek/Strawflower Shopping Center and the Grandview Pipeline Replacement Project which will be going out to bid in Winter/Spring 2022.

STAFF REPORT

Agenda: January 11, 2022

Subject: Quarterly Financial Review

Page Two

Cash

The current cash balance is at \$11,072,000.

Accounts Receivable

Governor Newsom's Executive Order that placed a moratorium on water shut offs due to the pandemic expired as of December 31, 2021, and to date, there has not been an indication that the moratorium will be extended again. The District must continue to promote payment plans (as per the State Water Resources Control Board Arrearages Program) and follow SB998 protocols that became effective in early 2020 in order to shut off customers for non-payment. Staff will be reviewing current processes for shut-off in the upcoming weeks.

The District received \$28,000 as part of the SWRCB Arrearages Program for COVID related debt (prior to May 2021), and credits have been applied to customer accounts.

The District's Accounts Receivable balance for inactive accounts is \$93,000 which includes \$81,000 of an agricultural customer who is no longer in business.

The District's Accounts Receivable for active accounts greater than 3 months past due is \$32,000+.

COASTSIDE COUNTY WATER DISTRICT - PERIOD BUDGET ANALYSIS
For Six Months Ending December 31, 2021

ACCOUNT	DESCRIPTION	YTD BUDGET	YTD ACTUAL	Variance Favorable (Unfavorable)	% Variance
OPERATING REVENUE					
1-0-4120-00	Water Revenue -All Areas	7,080,182.00	6,628,715.81	(451,466.19)	-6.38%
1-0-4170-00	Water Taken From Hydrants	25,998.00	33,328.52	7,330.52	28.20%
TOTAL OPERATING REVENUE		7,106,180.00	6,662,044.33	(444,135.67)	-6.25%
NON-OPERATING REVENUE					
1-0-4180-00	Late Notice -10% Penalty	15,000.00	0.00	(15,000.00)	-100.00%
1-0-4230-00	Service Connections	5,000.00	6,637.27	1,637.27	32.75%
1-0-4920-00	Interest Earned	28,125.00	6,210.29	(21,914.71)	-77.92%
1-0-4930-00	Tax Apportionments/Cnty Checks	450,000.00	526,563.30	76,563.30	17.01%
1-0-4950-00	Miscellaneous Income	3,500.00	19,253.29	15,753.29	450.09%
1-0-4955-00	Cell Site Lease Income	91,800.00	96,498.12	4,698.12	5.12%
1-0-4965-00	ERAF REFUND -County Taxes	175,000.00	359,746.81	184,746.81	105.57%
TOTAL NON-OPERATING REVENUE		768,425.00	1,014,909.08	246,484.08	32.08%
TOTAL REVENUES		7,874,605.00	7,676,953.41	(197,651.59)	-2.51%
OPERATING EXPENSES					
1-1-5130-00	Water Purchased	1,732,627.00	1,387,552.07	345,074.93	19.92%
1-1-5230-00	Pump Exp, Nunes T P	23,100.00	23,293.78	(193.78)	-0.84%
1-1-5231-00	Pump Exp, CSP Pump Station	240,000.00	218,282.75	21,717.25	9.05%
1-1-5232-00	Pump Exp, Trans. & Dist.	13,500.00	10,577.35	2,922.65	21.65%
1-1-5233-00	Pump Exp, Pilarcitos Canyon	11,300.00	9,537.54	1,762.46	15.60%
1-1-5234-00	Pump Exp. Denniston	14,000.00	18,382.21	(4,382.21)	-31.30%
1-1-5242-00	CSP Pump Station Operations	9,100.00	2,898.32	6,201.68	68.15%
1-1-5243-00	CSP Pump Station Maintenance	19,200.00	12,666.85	6,533.15	34.03%
1-1-5246-00	Nunes T P Operations	46,500.00	33,968.15	12,531.85	26.95%
1-1-5247-00	Nunes T P Maintenance	64,200.00	30,510.15	33,689.85	52.48%
1-1-5248-00	Denniston T.P. Operations	24,000.00	4,577.96	19,422.04	80.93%
1-1-5249-00	Denniston T.P. Maintenance	90,600.00	117,970.45	(27,370.45)	-30.21%
1-1-5250-00	Laboratory Services	35,750.00	21,821.92	13,928.08	38.96%
1-1-5260-00	Maintenance -General	170,000.00	236,353.16	(66,353.16)	-39.03%
1-1-5261-00	Maintenance -Well Fields	15,800.00	78,866.12	(63,066.12)	-399.15%
1-1-5263-00	Uniforms	9,300.00	12,063.26	(2,763.26)	-29.71%
1-1-5318-00	Studies/Surveys/Consulting	57,000.00	110,312.30	(53,312.30)	-93.53%

ACCOUNT	DESCRIPTION	YTD BUDGET	YTD ACTUAL	Variance Favorable (Unfavorable)	% Variance
1-1-5321-00	Water Resources	13,500.00	2,465.00	11,035.00	81.74%
1-1-5322-00	Community Outreach	31,000.00	26,805.48	4,194.52	13.53%
1-1-5325-00	Water Shortage Program	0.00	5,022.68	(5,022.68)	0.00%
1-1-5381-00	Legal	49,998.00	58,602.00	(8,604.00)	-17.21%
1-1-5382-00	Engineering	33,900.00	31,002.45	2,897.55	8.55%
1-1-5383-00	Financial Services	12,000.00	10,564.00	1,436.00	11.97%
1-1-5384-00	Computer Services	106,300.00	101,211.93	5,088.07	4.79%
1-1-5410-00	Salaries/Wages-Administration	590,700.00	505,112.93	85,587.07	14.49%
1-1-5411-00	Salaries & Wages -Field	821,000.00	782,424.29	38,575.71	4.70%
1-1-5420-00	Payroll Tax Expense	96,300.00	85,972.88	10,327.12	10.72%
1-1-5435-00	Employee Medical Insurance	264,000.00	246,996.69	17,003.31	6.44%
1-1-5436-00	Retiree Medical Insurance	30,000.00	27,670.97	2,329.03	7.76%
1-1-5440-00	Employees Retirement Plan	257,600.00	278,163.27	(20,563.27)	-7.98%
1-1-5445-00	Supplemental Retirement 401a	0.00	0.00	0.00	0.00%
1-1-5510-00	Motor Vehicle Expense	38,550.00	34,998.83	3,551.17	9.21%
1-1-5620-00	Office Supplies & Expense	170,000.00	163,647.22	6,352.78	3.74%
1-1-5625-00	Meetings / Training / Seminars	16,500.00	5,666.96	10,833.04	65.65%
1-1-5630-00	Insurance	81,000.00	68,831.63	12,168.37	15.02%
1-1-5687-00	Membership, Dues, Subscript.	43,300.00	56,966.08	(13,666.08)	-31.56%
1-1-5689-00	Labor Relations	3,000.00	0.00	3,000.00	100.00%
1-1-5700-00	San Mateo County Fees	19,400.00	8,204.60	11,195.40	57.71%
1-1-5705-00	State Fees	20,000.00	18,338.79	1,661.21	8.31%
TOTAL OPERATING EXPENSES		5,274,025.00	4,848,303.02	425,721.98	8.07%
CAPITAL ACCOUNTS					
1-1-5715-00	Debt Srvc/CIEDB 11-099 (I-BANK)	271,045.00	271,044.86	0.14	0.00%
1-1-5716-00	Debt Srvc/CIEDB 2016 (I-BANK)	236,795.00	236,794.72	0.28	0.00%
1-1-5717-00	Chase Bank - 2018 Loan	376,657.00	376,657.43	(0.43)	0.00%
TOTAL CAPITAL ACCOUNTS		884,497.00	884,497.01	(0.01)	0.00%
TOTAL EXPENSES		6,158,522.00	5,732,800.03	425,721.97	6.91%
CONTRIBUTION TO CIP/RESERVES		1,716,083.00	1,944,153.38		

STAFF REPORT

To: Coastside County Water District Board of Directors

From: James Derbin, Superintendent of Operations

Agenda: January 11, 2022

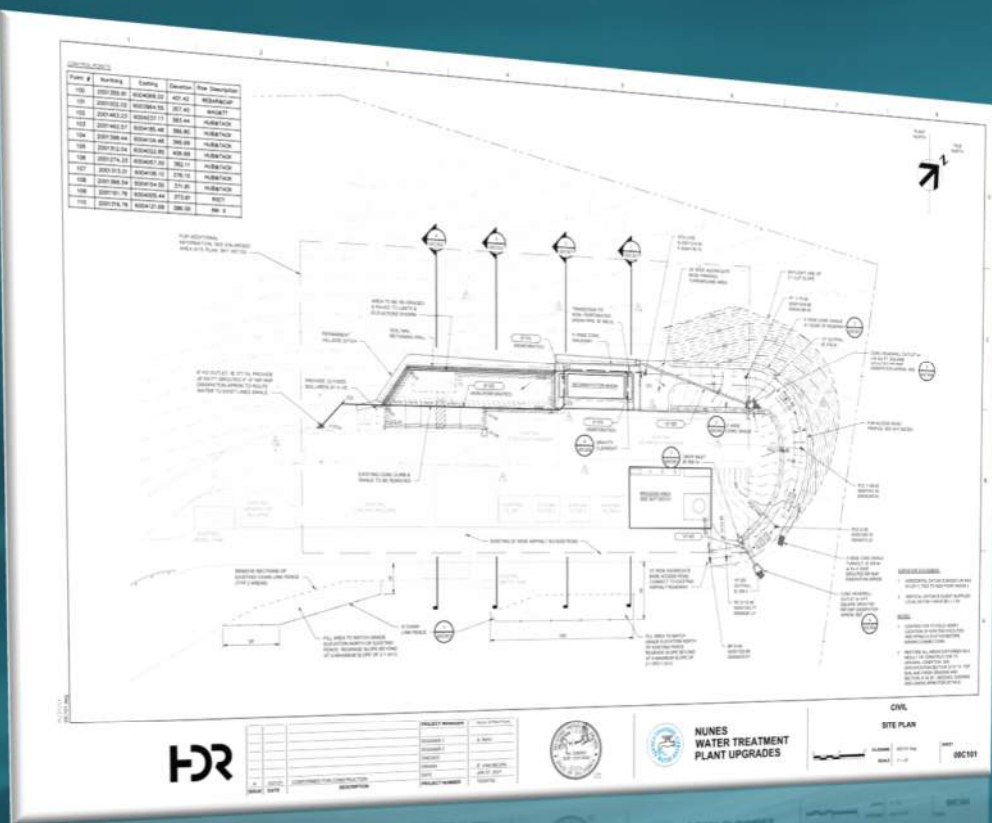
Date: January 6, 2022

Subject: Nunes Water Treatment Plant Upgrades Project Update #5

Informational Item

The Nunes Water Treatment Plant Upgrade Project official contractual start date was August 16, 2021. This monthly project update is the fifth of several updates staff plans to present to the Board on progress of this important project.

Freyer and Loretta, Inc., the Construction Management firm on this project has put together a brief summary of progress to date. See Attachment A.



Coastside County Water District
Nunes Water Treatment Plant Upgrades
January 11, 2022 Board Meeting

Contract Data as of Board Meeting Date

Contract Time (Calendar Days)		Contract Value	
Base Contract Duration	720	Base Contract	\$8,339,915.00
<i>Approved Change Order Days Added</i>	0	Approved Change Order Added	\$0
<i>Approved Change Order Days Subtracted</i>	0	Approved Change Order %	0%
Total Contract Duration	720	Total Contract Approved	\$8,339,915.00
Elapsed (Start Date 8/16/2021)	148	Billed to Date ¹	\$1,462,900.00
Remaining Days	572	Remaining Value	\$6,877,015.00

¹ Billed to date value is the contract work complete including the 10% retention that will be paid to Contractor upon project completion.

Construction Progress Update #5

Progress since Previous Board Meeting:

- Pouring concrete for sedimentation basin stem wall footings and buttresses.
- Soil backfill around sedimentation basin.
- Ongoing Contractor Submittals, engineering reviews, ordering materials.
- Ongoing Contractor Requests for Information (RFIs) and team responses.

Construction Progress Update #5

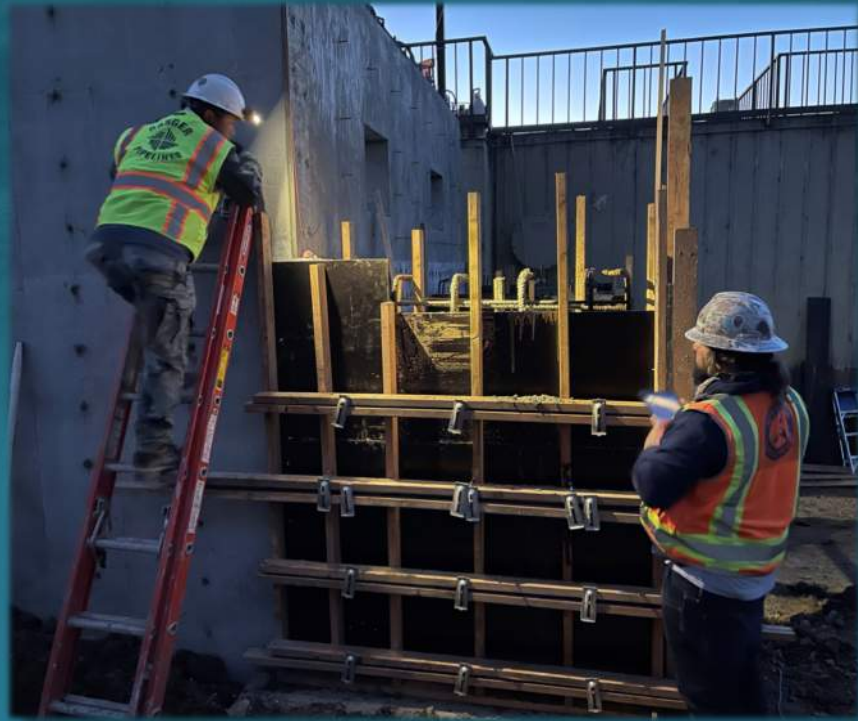
Three-Week Look Ahead Schedule:

Major items of work anticipated over next 3-4 weeks are as follows:

- Rebar and concrete for sedimentation basin stem walls.
- Formwork and rebar for suspended slab and outlet channel slab for sedimentation basin.
- Backfill around sedimentation basin.
- Drainage mat and drainage piping installation against sedimentation basins.
- Grading, clearing, and excavation for new caustic soda process area.
- Conduit installation, forming, rebar and concrete for process area slabs-on-grade and foundations.
- Installation of new treated water line inside filter gallery.

Overall Project Schedule:

- Anticipated completion August 2023.
- Good progress so far, but supply-chain issues are a challenge. Overall project schedule will be assessed again this month.



Construction Photos

STAFF REPORT

To: Coastside County Water District Board of Directors

From: Mary Rogren, General Manager

Agenda: January 11, 2022

Report

Date: January 7, 2022

Subject: General Manager's Report

Recommendation:

Information Only.

Emergency Response Plan Update

America's Water Infrastructure Act of 2018 ("AWIA") requires all community water systems serving populations greater than 3,300 persons to assess the risks to and resiliency of its system and to prepare an updated Emergency Response Plan by December 31, 2021.

As reported in July 2021, the District completed its Risk and Resiliency Assessment and certified it with the Environmental Protection Agency (EPA) as mandated by law by June 30, 2021.

District staff, with the assistance of Launch Consulting Inc, prepared an updated Emergency Response Plan document and certified it with the EPA as mandated by December 31, 2021.

The preparation of the Emergency Response Plan was a huge effort by District staff requiring multiple meetings per month (since August) with Launch Consulting. The resulting 277-page document provides comprehensive checklists and protocols for handling emergencies. Staff participating in this effort included: James Derbin; Gina Brazil; Darin Sturdivan; Sean Donovan; Todd Schmidt; Dustin Jahns; and Mary Rogren.

Coastal Development Permit - Water Main Replacement Under Pilarcitos Creek at Strawflower

On December 14, 2021, the City of Half Moon Bay Planning Commission approved the District's application for a Coastal Development Permit for the Water Main Replacement Under Pilarcitos Creek at Strawflower Shopping Center and Oak Street.

STAFF REPORT

Agenda: January 11, 2022

General Manager's Report

Page Two

75th Anniversary Preparations

The District turns 75 years old in July 2022 and staff has been working with a graphic designer to come up with a special logo. Staff will show a preview of the logo at the Board meeting.

MONTHLY REPORT

To: Mary Rogren, General Manager
From: James Derbin, Superintendent of Operations
Agenda: January 11, 2022
Report Date: January 6, 2022

Monthly Highlights

- Pilarcitos wells @ ~670 gpm
- Denniston Raw water P2 motor scheduled to be reinstalled later in January.
- Nunes Backwash Pump #2 auto transformer failure. Replacement with modern soft start is complete.
- Christmas Storm Events:
 - Crystal Springs Pumpstation (CSP) communication lines on Cahill Ridge hit by lightning during Christmas winter storms and damaged modems at Cahill and CSP. Backup communications came on automatically as designed. Staff deployed spare modems day after Christmas and had the primary communications re-established early on 12/26/21.
 - The District also experienced a ~36 hr power outage in the Pilarcitos Canyon due to downed lines, Alves ran on backup power for a few hours on 12/25/21.
 - Access road to Denniston WTP above the reservoir will need some repairs in the Spring. Staff has placed rock on the road as a temporary measure until a more permanent fix can be implemented.
 - Staff is actively looking at redundant internet service providers for CSP as additional backup for SCADA.

Sources of Supply

- **December Sources:**
 - Crystal Springs, Pilarcitos Wells, Denniston Reservoir and Wells

Projects

- CalOES PSPS Grant - Blue1 Energy construction scheduled late January 2022. Will only take 7-10 days to complete work.
- Nunes Water Treatment Plant Improvement Project - Ranger mobilized on 8/16/21.

- Sedimentation basin backfilling has started, pouring concrete for stem wall footing and buttresses. RFIs and submittals are winding down.

Projects Continued:

- EKI
 - Grandview/Hwy 1 crossing design, 100% complete. Cal Trans Encroachment Permit (EP) arrived, applying for EP with the City of HMB
 - Pilarcitos Crossing - Planning Commission Approved the CDP on 12/14/21. Working on bid schedule with EKI.
 - Miramontes Point Road - Design due to be complete in Early 2022
- HDR
 - Half Moon Bay Tank replacement project - HDR has started design to replace HMB tanks 1&2 first. BDR submitted and under review. 100% design expected in June of 2022.

Unmetered Water Calculation

- The District calculation for unmetered water takes into consideration various known ways potable water is used in the District without proper metering and has the following inputs:
 - Plant water use includes: running sample taps, turbidimeters, backwash, surface wash and rinse water.
 - This water use varies at each plant due to the nature of the differing operating conditions and tends to be a higher percentage of production at Denniston than Nunes.
 - Leaks and Main flushing
 - Fire Department use
 - Automatic blow offs
 - Miscellaneous planned discharges
 - Tank levels
- Granted the above listed inputs can vary from month to month due to the water sources available and the needs of the District. For example, potable water entering or leaving storage can impact this number by as much as 1/2 MG month to month.