

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

SPECIAL MEETING OF THE BOARD OF DIRECTORS

Tuesday, April 5, 2016 - 2:00 p.m.

AGENDA

1) ROLL CALL

2) PLEDGE OF ALLEGIANCE

3) PUBLIC COMMENT

Members of the public may address the Board of Directors on the items on the agenda for this special meeting. The Chair requests that each person addressing the Board complete and submit a speaker slip, and limit their comments to three (3) minutes.

4) GENERAL BUSINESS

A. Work Session - Proposed Draft Fiscal Year 2016-2017 Operations Budget, and Draft Fiscal Year 2016/2017 to 2025/2026 Capital Improvement Program and District Financing Plan ([attachment](#))

B. Consideration of process to fill vacancy on Board of Directors ([attachment](#))

5) ADJOURNMENT

Accessible Public Meetings - 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.



Coastside County Water District

Budget Working Session

Draft FY2016-2017 O&M Budget Review, CIP & Financing Plan

April 5, 2016

Agenda

- ▶ Draft Operating Budget Review
- ▶ 10 year Financing Model
- ▶ CIP

Operating Budget Summary

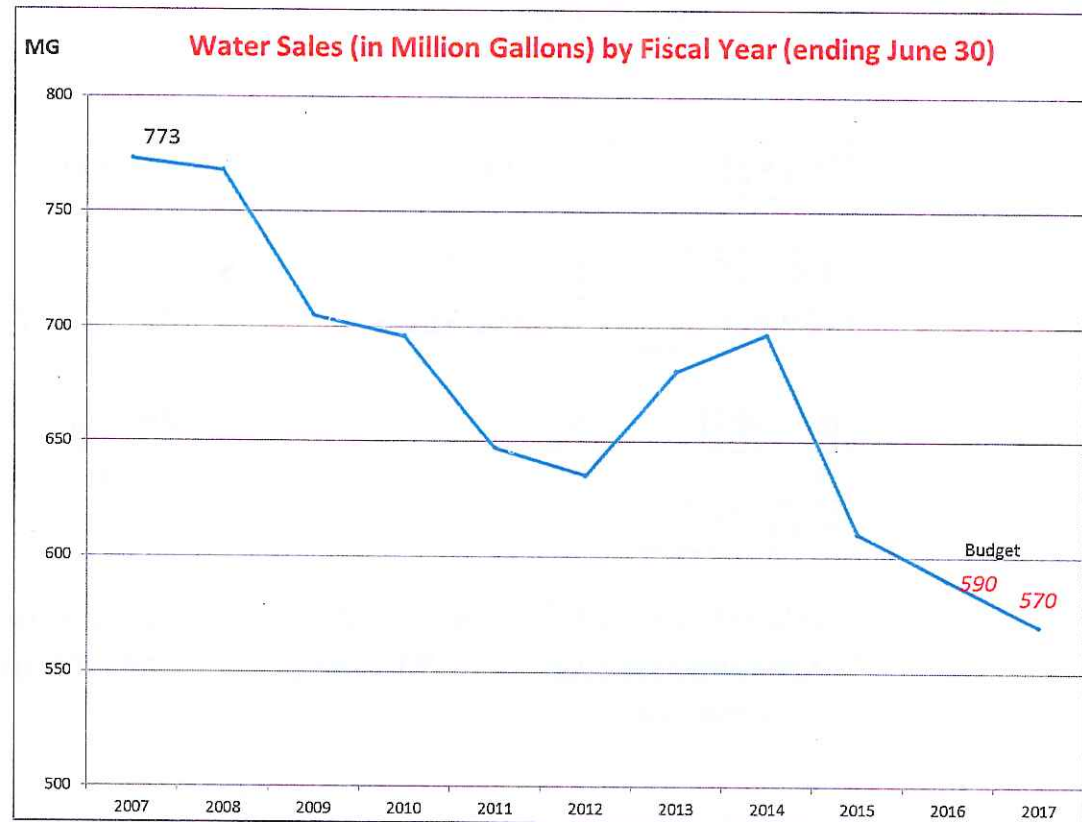
Note: Rate Increase is TBD - No adjustment over FY 2015-16 has been included in this draft

| | Draft Budget FY2016-2017 | Final Budget FY 2015-2016 | Variance FY 16/17 Budget vs. FY 15/16 Budget |
|---|-----------------------------|------------------------------|--|
| Water Sales | \$ 9,280,000 | \$ 9,863,916 | \$ (583,916) |
| Non-Operating Revenue | \$ 1,115,762 | \$ 1,118,795 | \$ (3,033) |
| Total Revenue | \$ 10,395,762 | \$ 10,982,711 | \$ (586,949) |
| Total Operating Expenses | \$ 8,338,340 | \$ 8,358,798 | \$ (20,458) |
| Debt Service | \$ 1,134,003 | \$ 823,913 | \$ 310,090 |
| Contribution to CIP and Reserves | \$ 923,419 | \$ 1,800,000 | \$ (876,581) |

Before any rate adjustment - to be reviewed in conjunction with 10 year-CIP and financing model

Water Sales

- ▶ FY2016/17 sales and operating expenses
 - Based on February 2016 (12) month running average --- 570 M
 - State drought mandates in effect through October 2016
CCWD has far exceeded its 8% mandated reduction goal



Water use is 20% lower than 2013–2014 levels

Draft FY2016–2017 Operating Expenses Highlights

| | Draft Budget FY2016-2017 | Final Budget FY 2015-2016 | Variance FY 16/17 Budget vs. FY 15/16 Budget |
|-----------------|-----------------------------|------------------------------|--|
| Water Purchased | \$ 2,682,362 | \$ 2,871,947 | \$ (189,585) |
| Electricity | \$ 498,730 | \$ 457,452 | \$ 41,278 |
| Salaries | \$ 2,288,079 | \$ 2,180,286 | \$ 107,793 |
| Other Expenses | \$ 2,869,169 | \$ 2,849,113 | \$ 20,056 |
| | \$ 8,338,340 | \$ 8,358,798 | \$ (20,458) |

Water Purchased

| | Draft Budget FY2016-2017 | Final Budget FY 2015-2016 | Variance FY 16/17 Budget vs. FY 15/16 Budget |
|-----------------|-----------------------------|------------------------------|--|
| Water Purchased | \$ 2,682,362 | \$ 2,871,947 | \$ (189,585) |

- Reflects greater reliance on local sources (Denniston, Wells) vs. SFPUC – given recent successes
 - 30 MG increase in local sources over current FY2016 projections (\$150,000 savings)
 - 61 MG over FY2015 actual
 - Opportunities beyond FY2017 with Denniston Booster Station/Bridgeport
- Cost savings from lower volume partially offset by **9.3%** SFPUC projected rate increase

Electricity

| | Draft Budget FY2016-2017 | Final Budget FY 2015-2016 | Variance FY 16/17 Budget vs. FY 15/16 Budget |
|-------------|-----------------------------|------------------------------|--|
| Electricity | \$ 498,730 | \$ 457,452 | \$ 41,278 |

- Reflects similar use as FY2016 plus 6%+ rate PG&E rate increase

Salaries

| | Draft Budget FY2016-2017 | Final Budget FY 2015-2016 | Variance FY 16/17 Budget vs. FY 15/16 Budget |
|----------|-----------------------------|------------------------------|--|
| Salaries | \$ 2,288,079 | \$ 2,180,286 | \$ 107,793 |

- Assumes same staffing levels as FY2016 budget
 - Includes (2) vacant positions; GM @ 100%
 - COLA - 3% + 1% (contractual)
 - Step increases (including change in effective date)

Other Expenses

| Draft Budget FY2016-2017 | Final Budget FY 2015-2016 | Variance FY 16/17 Budget vs. FY 15/16 Budget |
|-----------------------------|------------------------------|--|
|-----------------------------|------------------------------|--|

| | | | |
|----------------|--------------|--------------|-----------|
| Other Expenses | \$ 2,869,169 | \$ 2,849,113 | \$ 20,056 |
|----------------|--------------|--------------|-----------|

- Employee retirement – Employees will pay 100% of the employee portion of the premium effective July 1, 2016
 - Offset by \$30K additional contribution to CAL PERS for unfunded pension liability
- Medical insurance – upside opportunity to decrease costs
- FY2017 expense budget includes reductions in studies/consulting; community outreach

Budget Risks

| Risks | \$ Impact |
|--|-----------|
| Reduced water sales to 550 MG (from 570 MG plan) – net impact | \$200K |
| Heavier reliance on SFPUC (vs. District owned sources) than projected . . . <ul style="list-style-type: none">Budget assumes significant production from local sources (much greater than experienced in the last few years) | \$300K |
| Continued increases in SFPUC water – (9.3% FY2017; SFPUC is projecting 30%+ FY2018–2021) due to debt service coverage | Future |

Draft: 10 year Financing Plan

- ▶ Model – allows us to look beyond one year
- ▶ Balance combination of:
 - Operating budget requirements and risk
 - CIP (and “pay as you go”)
 - Level of reserves
 - Emergency funds

Reserves

- ▶ What's the right level?
 - District policy – 15% – ap.. 1½ months of cash
 - Also need coverage for \$1.3M of annual debt service coverage
 - Current – ap. \$2.5M
- ▶ HF&H will offer input as part of rate study
 - Base level cash – *bi-monthly billing* – 3 months cash
 - Capital reserve
 - Emergency funds
 - Rate stabilization

Comparison of Unrestricted Cash and Net Position for Water Districts

| Audit year end Service | Granada Sanitary District | | Westborough | | Mid Peninsula | | Soquel Creek |
|---|----------------------------|--------------------------------|--|--------------------------------|---|--------------------------|--------------------------|
| | CCWD 6/30/2014 water | District 6/30/2013 sewer | Montara WD 6/30/2014 water-sewer | WD 6/30/2014 water-sewer | Scotts Valley WD 6/30/2014 water/recycled | WD 6/30/2014 water | WD 6/30/2014 water |
| Operating Revenues | \$ 8,375,436 | \$ 1,251,192 | \$ 3,680,519 | \$ 4,037,656 | \$ 5,144,598 | \$ 9,814,351 | \$ 14,801,338 |
| Operating Expenses before Depreciation | \$ 6,727,150 | \$ 1,859,089 | \$ 2,684,330 | \$ 4,264,969 | \$ 5,445,573 | \$ 8,155,965 | \$ 8,003,864 |
| <i>Operating Income before Depreciation</i> | \$ 1,648,286 | \$ (607,897) | \$ 996,189 | \$ (227,313) | \$ (300,975) | \$ 1,658,386 | \$ 6,797,474 |
| Depreciation | \$ (1,350,881) | \$ (244,435) | \$ (1,239,783) | \$ (247,721) | \$ (1,023,055) | \$ (837,048) | \$ (2,083,832) |
| Non Operating Revenue/(Expense) | \$ 519,352 | \$ 432,812 | \$ 1,408,742 | \$ 498,650 | \$ 365,358 | \$ 590,516 | \$ (6,040,682) |
| <i>Net Income/(Loss) before capital contributions and transfers</i> | \$ 816,757 | \$ (419,520) | \$ 1,165,148 | \$ 23,616 | \$ (958,672) | \$ 1,411,854 | \$ (1,327,040) |
| Unrestricted Net position | \$ 2,281,198 | \$ 10,754,694 | \$ 9,816,579 | \$ 3,174,869 | \$ 5,266,242 | \$ 4,888,254 | \$ 12,591,006 |
| Restricted for capital improvements | | | | \$ 709,652 | | | \$ 1,674,100 |
| Crystal Springs Restricted | \$ 373,447 | | | | | | |
| Cash on Hand | \$ 2,100,310 | \$ 3,323,195 | \$ 6,662,975 | \$ 3,991,246 | \$ 5,903,538 | \$ 4,465,380 | \$ 13,908,769 |
| Restricted cash on hand | \$ 609,427 | | | \$ 709,312 | \$ 918,709 | | \$ 22,395,087 |
| Average Operating Revenue/Month | \$ 697,953 | \$ 104,266 | \$ 306,710 | \$ 336,471 | \$ 428,717 | \$ 817,863 | \$ 1,233,445 |
| # months of available cash (from Operating Revenue) | 3.0 | 31.9 | 21.7 | 11.9 | 13.8 | 5.5 | 11.3 |
| Average Operating Expense/Month (before Depreciation) | \$ 560,596 | \$ 154,924 | \$ 223,694 | \$ 355,414 | \$ 453,798 | \$ 679,664 | \$ 666,989 |
| # months coverage of operating expenses | 3.7 | 21.5 | 29.8 | 11.2 | 13.0 | 6.6 | 20.9 |

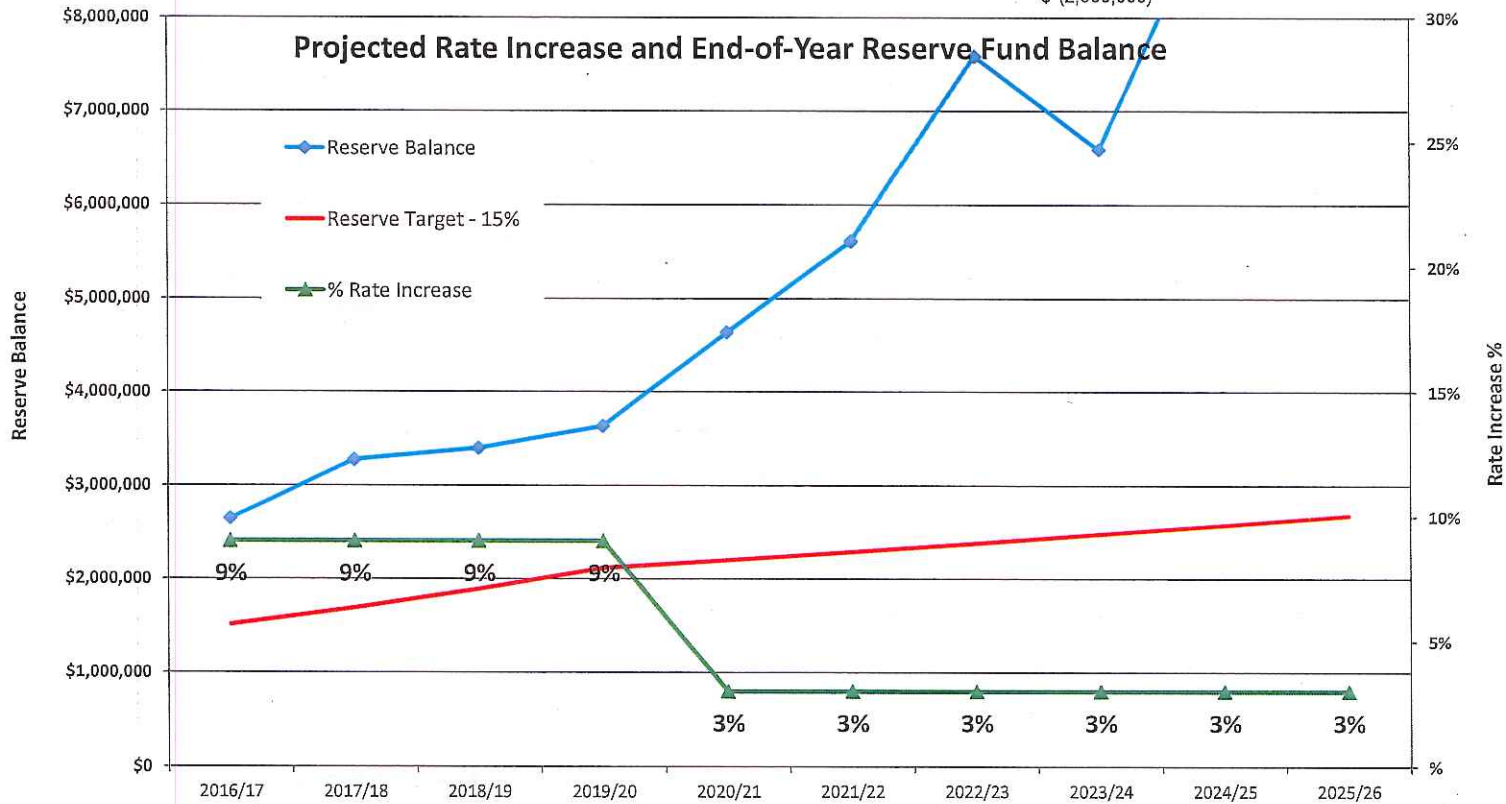
Draft: 10 year Financing Plan

▶ First Pass Assumptions

- Flat growth – limited sales recovery
 - Flat sales (FY2017); 2.5% growth “recovery” next three years; 1% thereafter
- Denniston Booster Station/Bridgeport – fully online in FY2018 (200MG + pulled out of Denniston)
- SFPUC increases (FY2017 – 9.3%; FY2018 – 5.7%; FY2019 – 9.3%; FY2020 – 13.9%; *5% thereafter**)
- *\$3.6M remaining proceeds from IBank in FY2017 – no additional loans thereafter*
- *Allows for possible early payback of loans or other event in out years . . . Or increase in reserves*

% Rate Increase
 Cumulative Increase
 New Borrowing 1
 New Borrowing 2

| | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|---------------------|--------------|---------|---------|---------|---------|---------|---------|---------|---------|----------------|
| % Rate Increase | 9% | 9% | 9% | 9% | 3% | 3% | 3% | 3% | 3% | 3% |
| Cumulative Increase | 1.09 | 1.19 | 1.30 | 1.41 | 1.45 | 1.50 | 1.54 | 1.59 | 1.64 | 1.69 |
| New Borrowing 1 | \$ 3,600,000 | | | | | | | | | |
| New Borrowing 2 | | | | | | | | | | \$ (2,500,000) |



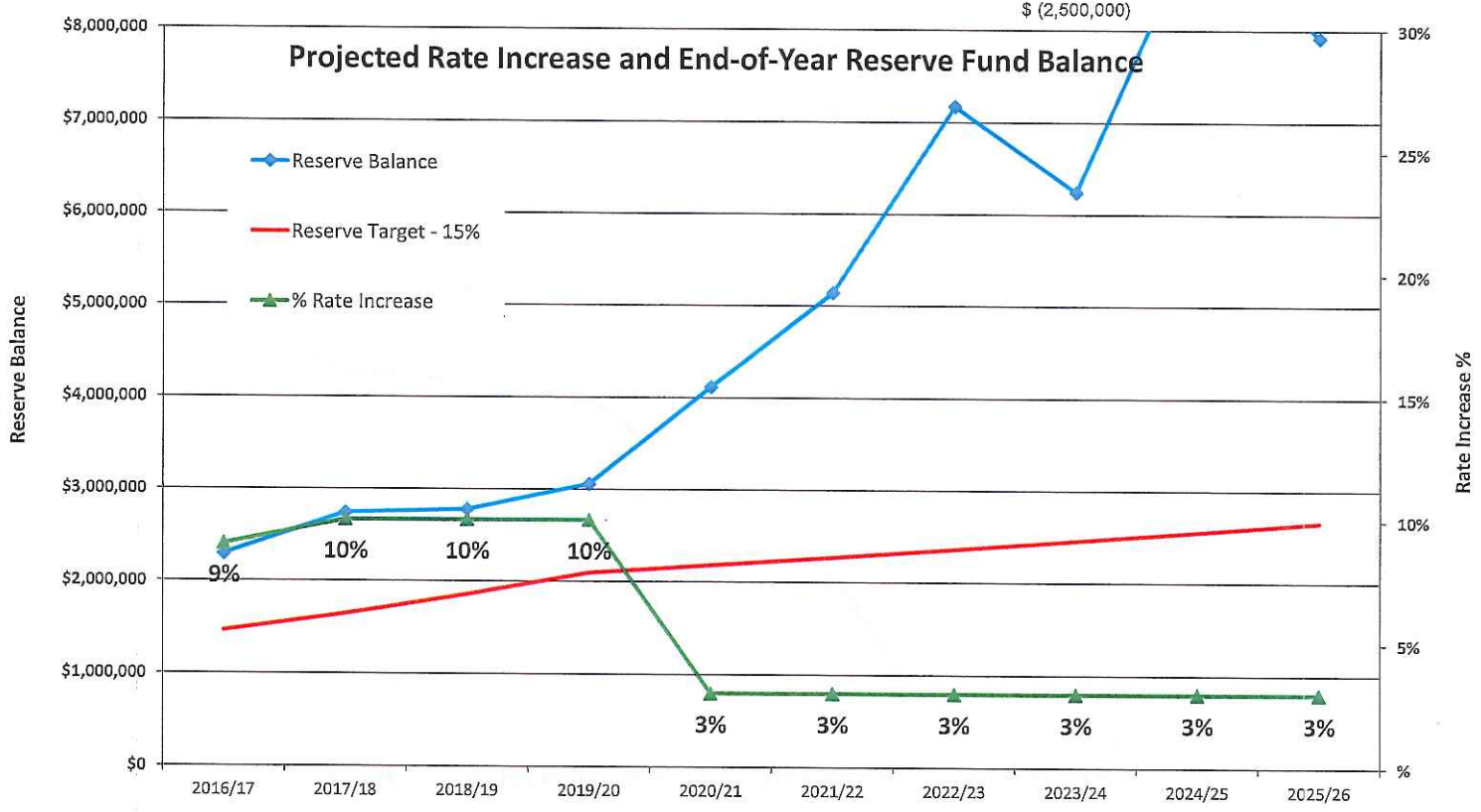
| | | | | | | | | | | |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|--------------|--------------|
| Contribution to CIP and Reserves | \$ 1,752,785 | \$ 3,048,538 | \$ 3,846,172 | \$ 4,624,085 | \$ 4,737,695 | \$ 4,852,554 | \$ 4,894,442 | \$ 4,998,372 | \$ 5,101,459 | \$ 5,202,708 |
| "Escalated" CIP | \$ 6,333,000 | \$ 2,421,000 | \$ 3,724,000 | \$ 4,385,000 | \$ 3,730,000 | \$ 3,879,000 | \$ 2,920,000 | \$ 3,498,000 | \$ 2,217,000 | \$ 6,569,000 |
| Loan Prepayment | | | | | \$ - | \$ - | \$ - | \$ (2,500,000) | \$ - | \$ - |
| Ending Reserve Balance | \$ 2,644,214 | \$ 3,271,752 | \$ 3,393,924 | \$ 3,633,009 | \$ 4,640,704 | \$ 5,614,258 | \$ 7,588,701 | \$ 6,589,073 | \$ 9,473,531 | \$ 8,107,239 |

| | | | | | | | | | | |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Flow | 570 | 584 | 599 | 614 | 620 | 626 | 632 | 639 | 645 | 652 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|

15

% Rate Increase
 Cumulative Increase
 New Borrowing 1
 New Borrowing 2

| | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|---------------------|--------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| % Rate Increase | 9% | 10% | 10% | 10% | 3% | 3% | 3% | 3% | 3% | 3% |
| Cumulative Increase | 1.09 | 1.20 | 1.32 | 1.45 | 1.49 | 1.54 | 1.59 | 1.63 | 1.68 | 1.73 |
| New Borrowing 1 | \$ 3,600,000 | | | | | | | | | |
| New Borrowing 2 | | | | | | | | | | |



| | | | | | | | | | | |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|--------------|--------------|
| Contribution to CIP and Reserves | \$ 1,398,085 | \$ 2,871,874 | \$ 3,762,285 | \$ 4,665,115 | \$ 4,783,584 | \$ 4,903,687 | \$ 4,956,652 | \$ 5,086,971 | \$ 5,177,964 | \$ 5,286,576 |
| "Escalated" CIP | \$ 6,333,000 | \$ 2,421,000 | \$ 3,724,000 | \$ 4,385,000 | \$ 3,730,000 | \$ 3,879,000 | \$ 2,920,000 | \$ 3,498,000 | \$ 2,217,000 | \$ 6,569,000 |
| Loan Prepayment | | | | | \$ - | \$ - | \$ - | \$ (2,500,000) | \$ - | \$ - |
| Ending Reserve Balance | \$ 2,289,514 | \$ 2,740,388 | \$ 2,778,674 | \$ 3,058,788 | \$ 4,112,372 | \$ 5,137,058 | \$ 7,173,710 | \$ 6,242,681 | \$ 9,203,645 | \$ 7,921,221 |

| | | | | | | | | | | |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Flow | 550 | 564 | 578 | 592 | 598 | 604 | 610 | 616 | 623 | 629 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|

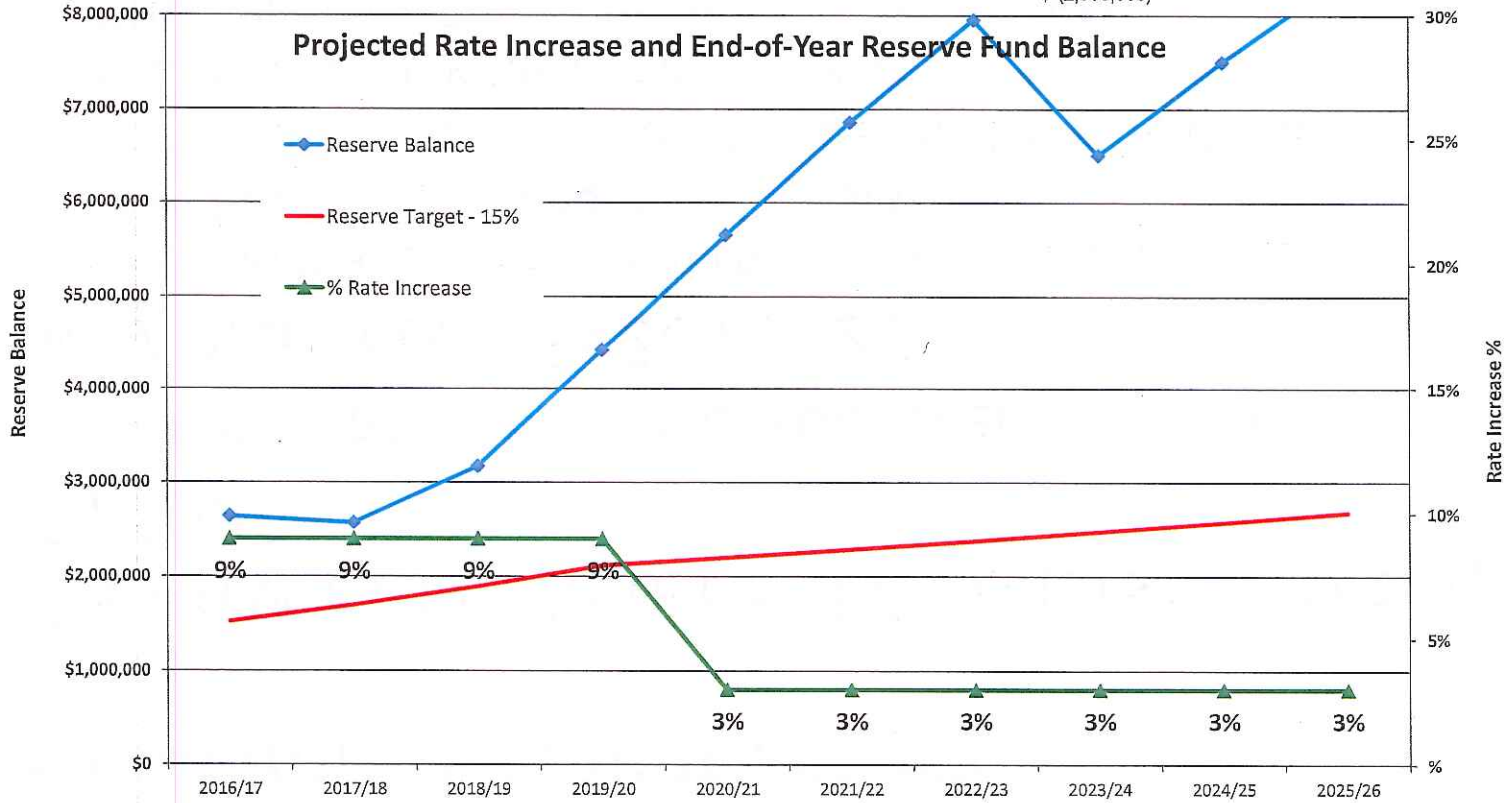
110

CCWD Rate Increases Needed to Meet Revenue Requirements - FY16/17 to FY25/26

BASE CASE (570 MG) --- AND \$6.3M CIP in FY2017; \$3M PER YEAR THEREAFTER

% Rate Increase
 Cumulative Increase
 New Borrowing 1
 New Borrowing 2

| | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|---------------------|--------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| % Rate Increase | 9% | 9% | 9% | 9% | 3% | 3% | 3% | 3% | 3% | 3% |
| Cumulative Increase | 1.09 | 1.19 | 1.30 | 1.41 | 1.45 | 1.50 | 1.54 | 1.59 | 1.64 | 1.69 |
| New Borrowing 1 | \$ 3,600,000 | | | | | | | | | |
| New Borrowing 2 | | | | | | | | | | |



| | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|--------------|--------------|
| Contribution to CIP and Reserves | \$ 1,752,785 | \$ 3,048,538 | \$ 3,846,172 | \$ 4,624,085 | \$ 4,737,695 | \$ 4,852,554 | \$ 4,894,442 | \$ 4,998,372 | \$ 5,101,459 | \$ 5,202,708 |
| "Escalated" CIP | \$ 6,333,000 | \$ 3,120,000 | \$ 3,245,000 | \$ 3,375,000 | \$ 3,510,000 | \$ 3,650,000 | \$ 3,796,000 | \$ 3,948,000 | \$ 4,106,000 | \$ 4,270,000 |
| Loan Prepayment | | | | | \$ - | \$ - | \$ - | \$ (2,500,000) | \$ - | \$ - |
| Ending Reserve Balance | \$ 2,644,214 | \$ 2,572,752 | \$ 3,173,924 | \$ 4,423,009 | \$ 5,650,704 | \$ 6,853,258 | \$ 7,951,701 | \$ 6,502,073 | \$ 7,497,531 | \$ 8,430,239 |

| Flow | 570 | 584 | 599 | 614 | 620 | 626 | 632 | 639 | 645 | 652 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|

17

Draft: FY2016/FY2017 to FY 2025/2026 Capital Improvement Program

- ▶ \$33.6M total CIP (FY2017 dollars) – through FY2026
 - Net decrease of \$662,500 over prior CIP
- ▶ Key projects – FY2016–2017
 - Meter Replacement + AMI (Advanced Metering Infrastructure) (\$.6M in FY17; staged over 3 years)
 - Denniston Booster Station/Bridgeport Pipeline (\$2.6M)
 - El Granada Tank Recoating (\$.6M)
 - Other Pipeline Replacement Projects (\$1.4M)

Draft: FY2016/FY2017 to FY 2025/2026
Capital Improvement Program

- ▶ FY2016–2017 Plan = \$6.3M
 - \$4.0M to be funded from IBank loan proceeds
 - \$2.3M to be funded out of operating revenue and reserves

Operations & Maintenance Budget - FY 2016-2017

| Note: Rate Increase is TBD -- No adjustment over FY2015-16 has been included. | | Proposed Budget FY 16/17 | Approved FY 15/16 Budget | FY16/17 Budget Vs. FY 15/16 Budget \$ Change | FY16/17 Budget Vs. FY 15/16 Budget % Change | Proj Year End Actual FY 15/16 | FY 16/17 Budget Vs. FY 15/16 Actual \$ Change | FY 16/17 Budget Vs. FY 15/16 Actual % Change | YTD Actual FY 15/16 as of February 28, 2016 |
|---|------------------------------------|--------------------------|--------------------------|---|--|-------------------------------|--|---|---|
| Account Number | Description | | | | | | | | |
| OPERATING REVENUE | | | | | | | | | |
| 4120 | Water Sales (1) | \$9,280,000 | \$9,863,916 | -\$583,916 | -5.9% | \$9,280,000 | \$0 | 0.0% | \$6,254,781 |
| Total Operating Revenue | | \$9,280,000 | \$9,863,916 | -\$583,916 | -5.9% | \$9,280,000 | \$0 | 0.0% | \$6,254,781 |
| NON-OPERATING REVENUE | | | | | | | | | |
| 4170 | Hydrant Sales | \$50,000 | \$40,000 | \$10,000 | 25.0% | \$70,000 | -\$20,000 | -28.6% | \$64,210 |
| 4180 | Late Penalty | \$72,000 | \$90,000 | -\$18,000 | -20.0% | \$70,000 | \$2,000 | 2.9% | \$47,180 |
| 4230 | Service Connections | \$10,000 | \$10,000 | \$0 | 0.0% | \$11,000 | -\$1,000 | -9.1% | \$8,519 |
| 4920 | Interest Earned | \$3,070 | \$2,550 | \$520 | 20.4% | \$4,000 | -\$930 | -23.3% | \$2,439 |
| 4930 | Property Taxes | \$600,000 | \$600,000 | \$0 | 0.0% | \$625,000 | -\$25,000 | -4.0% | \$465,494 |
| 4950 | Miscellaneous | \$37,000 | \$37,000 | \$0 | 0.0% | \$25,000 | \$12,000 | 48.0% | \$17,715 |
| 4955 | Cell Site Lease Income | \$143,692 | \$139,245 | \$4,447 | 3.2% | \$141,000 | \$2,692 | 1.9% | \$95,288 |
| 4965 | ERAF Refund | \$200,000 | \$200,000 | \$0 | 0.0% | \$325,710 | -\$125,710 | -38.6% | \$325,710 |
| Total Non-Operating Revenue | | \$1,115,762 | \$1,118,795 | -\$3,033 | -0.3% | \$1,271,710 | -\$155,948 | -12.3% | \$1,026,555 |
| TOTAL REVENUES | | \$10,395,762 | \$10,982,711 | -\$586,949 | -5.3% | \$10,551,710 | -\$155,948 | -1.5% | \$7,281,335 |
| OPERATING EXPENSES | | | | | | | | | |
| 5130 | Water Purchased | \$2,682,362 | \$2,871,947 | -\$189,585 | -6.6% | \$2,530,000 | \$152,362 | 6.0% | \$1,730,237 |
| 5230 | Electrical Exp. Nunes WTP | \$31,270 | \$29,500 | \$1,770 | 6.0% | \$31,000 | \$270 | 0.9% | \$22,024 |
| 5231 | Electrical Expenses, CSP | \$325,420 | \$307,052 | \$18,368 | 6.0% | \$307,000 | \$18,420 | 6.0% | \$224,696 |
| 5232 | Electrical Expenses/Trans. & Dist. | \$18,020 | \$12,800 | \$5,220 | 40.8% | \$16,000 | \$2,020 | 12.6% | \$11,015 |
| 5233 | Elec Exp/Pilarcitos Cyn | \$26,000 | \$18,000 | \$8,000 | 44.4% | \$22,000 | \$4,000 | 18.2% | \$14,228 |
| 5234 | Electrical Exp., Denn | \$98,020 | \$90,100 | \$7,920 | 8.8% | \$62,000 | \$36,020 | 58.1% | \$22,381 |
| 5242 | CSP - Operation | \$10,500 | \$8,500 | \$2,000 | 23.5% | \$10,000 | \$500 | 5.0% | \$6,596 |
| 5243 | CSP - Maintenance | \$37,000 | \$37,000 | \$0 | 0.0% | \$37,000 | \$0 | 0.0% | \$4,273 |
| 5246 | Nunes WTP Oper | \$57,000 | \$52,764 | \$4,236 | 8.0% | \$57,000 | \$0 | 0.0% | \$38,783 |
| 5247 | Nunes WTP Maint | \$80,500 | \$55,500 | \$25,000 | 45.0% | \$63,000 | \$17,500 | 27.8% | \$37,715 |
| 5248 | Denn. WTP Oper. | \$35,000 | \$30,000 | \$5,000 | 16.7% | \$35,000 | \$0 | 0.0% | \$21,025 |
| 5249 | Denn WTP Maint | \$53,000 | \$32,000 | \$21,000 | 65.6% | \$40,000 | \$13,000 | 32.5% | \$22,370 |
| 5250 | Laboratory Expenses | \$40,000 | \$40,000 | \$0 | 0.0% | \$40,000 | \$0 | 0.0% | \$26,012 |
| 5260 | Maintenance Expenses | \$281,700 | \$268,500 | \$13,200 | 4.9% | \$270,000 | \$11,700 | 4.3% | \$168,495 |
| 5261 | Maintenance, Wells | \$50,000 | \$40,000 | \$10,000 | 25.0% | \$50,000 | \$0 | 0.0% | \$19,603 |
| 5263 | Uniforms | \$10,000 | \$0 | \$10,000 | #DIV/0! | \$9,000 | \$1,000 | 11.1% | \$2,568 |
| 5318 | Studies/Surveys/Consulting | \$150,000 | \$240,000 | -\$90,000 | -37.5% | \$200,000 | -\$50,000 | -25.0% | \$106,316 |
| 5321 | Water Resources | \$47,000 | \$37,000 | \$10,000 | 27.0% | \$45,000 | \$2,000 | 4.4% | \$32,282 |
| 5322 | Community Outreach | \$50,000 | \$95,100 | -\$45,100 | -47.4% | \$65,000 | -\$15,000 | -23.1% | \$6,581 |
| 5381 | Legal | \$60,000 | \$60,000 | \$0 | 0.0% | \$60,000 | \$0 | 0.0% | \$30,865 |
| 5382 | Engineering | \$14,000 | \$14,000 | \$0 | 0.0% | \$14,000 | \$0 | 0.0% | \$5,286 |
| 5383 | Financial Services | \$20,000 | \$24,000 | -\$4,000 | -16.7% | \$24,000 | -\$4,000 | -16.7% | \$9,360 |
| 5384 | Computer Services | \$125,300 | \$103,800 | \$21,500 | 20.7% | \$103,000 | \$22,300 | 21.7% | \$57,213 |
| 5410 | Salaries, Admin. | \$1,076,704 | \$1,061,780 | \$14,924 | 1.4% | \$940,000 | \$136,704 | 14.5% | \$622,016 |
| 5411 | Salaries - Field | \$1,211,375 | \$1,118,506 | \$92,869 | 8.3% | \$1,118,506 | \$92,869 | 8.3% | \$753,883 |

Operations & Maintenance Budget - FY 2016-2017

| <i>Note: Rate Increase is TBD -- No adjustment over FY2015-16 has been included.</i> | | Proposed Budget FY 16/17 | Approved FY 15/16 Budget | FY16/17 Budget Vs. FY 15/16 Budget | | Proj Year End Actual FY 15/16 | FY 16/17 Budget Vs. FY 15/16 Actual | | YTD Actual FY 15/16 as of February 28, 2016 |
|--|-----------------------------|--------------------------|--------------------------|------------------------------------|---------------|-------------------------------|-------------------------------------|---------------|---|
| Account Number | Description | | | \$ Change | % Change | | \$ Change | % Change | |
| 5420 | Payroll Taxes | \$159,943 | \$153,056 | \$6,887 | 4.5% | \$145,000 | \$14,943 | 10.3% | \$95,507 |
| 5435 | Employee Medical Insurance | \$471,999 | \$527,457 | -\$55,458 | -10.5% | \$470,000 | \$1,999 | 0.4% | \$303,749 |
| 5436 | Retiree Medical Insurance | \$93,620 | | \$93,620 | #DIV/0! | \$55,677 | \$37,943 | 68.1% | \$6,579 |
| 5440 | Employee Retirement | \$503,132 | \$505,321 | -\$2,189 | -0.4% | \$475,000 | \$28,132 | 5.9% | \$323,070 |
| 5445 | SIP 401a Plan | \$33,000 | \$30,000 | \$3,000 | 10.0% | \$33,000 | \$0 | 0.0% | \$0 |
| 5510 | Motor Vehicle Exp. | \$56,700 | \$55,650 | \$1,050 | 1.9% | \$55,000 | \$1,700 | 3.1% | \$28,477 |
| 5620 | Office Expenses | \$170,775 | \$164,475 | \$6,300 | 3.8% | \$173,000 | -\$2,225 | -1.3% | \$121,192 |
| 5625 | Meetings/Training/Seminars | \$24,000 | \$24,000 | \$0 | 0.0% | \$24,000 | \$0 | 0.0% | \$9,568 |
| 5630 | Insurance | \$120,000 | \$115,000 | \$5,000 | 4.3% | \$115,000 | \$5,000 | 4.3% | \$69,296 |
| 5687 | Memberships & Subscriptions | \$74,000 | \$71,290 | \$2,710 | 3.8% | \$71,000 | \$3,000 | 4.2% | \$39,743 |
| 5688 | Election Expense | \$0 | \$25,000 | -\$25,000 | -100.0% | \$0 | \$0 | | \$0 |
| 5689 | Union Expenses | \$6,000 | \$6,000 | \$0 | 0.0% | \$6,000 | \$0 | 0.0% | \$0 |
| 5700 | County Fees | \$19,000 | \$17,700 | \$1,300 | 7.3% | \$17,700 | \$1,300 | 7.3% | \$16,985 |
| 5705 | State Fees | \$16,000 | \$16,000 | \$0 | 0.0% | \$16,000 | \$0 | 0.0% | \$10,982 |
| Total Operating Expenses | | \$8,338,340 | \$8,358,798 | -\$20,458 | -0.2% | \$7,804,883 | \$533,457 | 6.8% | \$5,020,969 |
| CAPITAL ACCOUNTS | | | | | | | | | |
| 5712 | Existing Bonds - 2006B | \$486,426 | \$485,889 | \$537 | 0.1% | \$477,852 | \$8,574 | 1.8% | \$350,896 |
| 5715 | Existing Bond-CIEDB 11-099 | \$336,409 | \$338,024 | -\$1,615 | -0.5% | \$336,546 | -\$136 | 0.0% | \$336,546 |
| | New Bond | \$311,167 | \$0 | \$311,167 | #DIV/0! | \$0 | \$311,167 | #DIV/0! | |
| Total Capital Accounts | | \$1,134,003 | \$823,913 | \$310,090 | 37.6% | \$814,398 | \$319,604 | 39.2% | \$687,442 |
| TOTAL REVENUE LESS TOTAL EXPENSE | | \$923,419 | \$1,800,000 | -\$876,581 | -48.7% | \$1,932,429 | -\$1,009,010 | -52.2% | \$1,572,925 |
| 5713 | Cont. to CIP & Reserves | \$923,419 | | | | | | | |

Notes:

CIP Projects FY16/17 to FY25/26

| NO. | PROJECT NAME | FY 16/17 | FY 17/18 | FY 18/19 | FY 19/20 | FY 20/21 | FY 21/22 | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | CIP Total |
|---|--|----------------|----------------|----------------|----------------|---------------|---------------|---------------|---------------|---------------|------------------|------------------|
| Equipment Purchase & Replacement | | | | | | | | | | | | |
| 06-03 | SCADA/Telemetry/Electrical Controls Replacement | 150,000 | 150,000 | | | | | | | | | 300,000 |
| 08-10 | Backhoe | | | | 80,000 | | | | | | | 80,000 |
| 08-12 | New Service Truck | | 200,000 | | | | | | | | | 200,000 |
| 15-04 | Vactor Truck/Trailer | | | 350,000 | | | | | | | | 350,000 |
| 17-02 | Forklift for Nunes, Miscellaneous Tools | 30,000 | | | | | | | | | | 30,000 |
| 99-02 | Vehicle Replacement | | | 30,000 | | 30,000 | 30,000 | | 30,000 | | | 120,000 |
| 99-03 | Computer Systems | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | | | 40,000 |
| 99-04 | Office Equipment/Furniture | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | | | 24,000 |
| 8 | Equipment Purchase & Replacement Totals | 188,000 | 358,000 | 388,000 | 88,000 | 38,000 | 38,000 | 8,000 | 38,000 | | | 1,144,000 |
| Facilities & Maintenance | | | | | | | | | | | | |
| 08-08 | PRV Valves Replacement Project | 30,000 | 30,000 | 30,000 | 30,000 | | | | | | | 120,000 |
| 09-07 | Advanced Metering Infrastructure | 300,000 | 300,000 | 300,000 | 50,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 1,070,000 |
| 09-09 | Fire Hydrant Replacement | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 400,000 |
| 09-23 | District Digital Mapping | 10,000 | | | | | | | | | | 10,000 |
| 14-14 | Pilarcitos Canyon Road Improvements | 50,000 | | | | | | | | | | 50,000 |
| 15-03 | District Administration/Operations Center | | | | | | | | | 3,000,000 | | 3,000,000 |
| 16-07 | Sample Station Replacement Project | | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | | 40,000 |
| 17-11 | Pilarcitos PRV Station Valve Replacement | 45,000 | | | | | | | | | | 45,000 |
| 99-01 | Meter Change Program | 300,000 | 300,000 | 300,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 1,040,000 |
| 9 | Facilities & Maintenance Totals | 775,000 | 675,000 | 675,000 | 145,000 | 85,000 | 85,000 | 85,000 | 85,000 | 85,000 | 3,080,000 | 5,775,000 |
| Pipeline Projects | | | | | | | | | | | | |
| 06-01 | Avenue Cabrillo Phase 2 & 3 Pipeline Replacement Project | 300,000 | | | | | | | | | | 300,000 |
| 06-02 | Highway 1 South Pipeline Replacement Project | | 80,000 | 100,000 | 1,200,000 | | | | | | | 1,380,000 |
| 07-03 | Pilarcitos Canyon Pipeline Replacement | | | | | | | 150,000 | 1,000,000 | | | 1,150,000 |
| 07-04 | Bell Moon Pipeline Replacement Project | | 60,000 | 250,000 | | | | | | | | 310,000 |
| 13-02 | Replace 8 Inch Pipeline Under Creek at Pilarcitos Ave. | 200,000 | | | | | | | | | | 200,000 |
| 14-01 | Replace 12" Welded Steel Line on Hwy 92 with 8" DI | 300,000 | | | | 1,000,000 | 1,000,000 | 1,000,000 | | | | 3,300,000 |
| 14-26 | Replace 2 Inch Pipe Downtown Half Moon Bay | 500,000 | | | | | | | | | | 500,000 |

| NO. | PROJECT NAME | FY 16/17 | FY 17/18 | FY 18/19 | FY 19/20 | FY 20/21 | FY 21/22 | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | CIP Total |
|----------------------------------|---|------------------|----------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| 14-27 | Grandview 2 Inch Replacement | | 450,000 | | | | | | | | | 450,000 |
| 14-28 | Replace 2 Inch Hilltop Market to Spanishtown | | | 240,000 | | | | | | | | 240,000 |
| 14-29 | Replace 2 Inch GS Purisima Way | | | | 125,000 | | | | | | | 125,000 |
| 14-30 | Replace Miscellaneous 2 Inch GS El Granada | | | | 60,000 | | | | | | | 60,000 |
| 14-31 | Ferdinand Avenue - Replace 4" WS Ferdinand Ave. to Columbus St. | | | 225,000 | | | | | | | | 225,000 |
| 14-32 | Casa Del Mar - Replace Cast Iron Mains | | | | | | 1,000,000 | 1,000,000 | | | | 2,000,000 |
| 14-33 | Miramar Cast Iron Pipeline Replacement | | | | | 1,000,000 | 1,000,000 | | | | | 2,000,000 |
| 16-09 | Slipline 10-inch Pipeline in Magellan at Hwy 1 | 100,000 | | | | | | | | | | 100,000 |
| NN-00 | Pipeline Replacement | | | | | | | | 1,500,000 | 1,500,000 | 1,500,000 | 4,500,000 |
| 16 | Pipeline Projects Totals | 1,400,000 | 590,000 | 815,000 | 1,385,000 | 2,000,000 | 3,000,000 | 2,150,000 | 2,500,000 | 1,500,000 | 1,500,000 | 16,840,000 |
| Pump Stations/Tanks/Wells | | | | | | | | | | | | |
| 06-04 | Hazen's Tank Replacement | 30,000 | | | | | | | | | | 30,000 |
| 08-14 | Alves Tank Recoating, Interior + Exterior | | | 600,000 | | | | | | | | 600,000 |
| 08-16 | Cahill Tank Exterior Recoat | | | | 15,000 | | | | | | | 15,000 |
| 08-18 | EG Tank #3 Recoating Interior + Exterior | 600,000 | | | | | | | | | | 600,000 |
| 09-18 | New Pilarcitos Well | | 150,000 | | | | | | | | | 150,000 |
| 11-02 | CSPS Stainless Steel Inlet Valves | | | 100,000 | | | | | | | | 100,000 |
| 11-05 | Half Moon Bay Tank #2 Interior + Exterior Recoat | | 200,000 | | | | | | | | | 200,000 |
| 11-06 | Half Moon Bay Tank #3 Interior + Exterior Recoat | | | | 200,000 | | | | | | | 200,000 |
| 13-08 | Crystal Springs Spare 350 HP Pump & Motor | | 50,000 | | | | | | | | | 50,000 |
| 13-11 | EG Tank #1 & Tank #2 Emergency Generators | 200,000 | | | | | | | | | | 200,000 |
| 16-08 | New Denniston Well | | 80,000 | | | | | | | | | 80,000 |
| 17-03 | Pilarcitos Wells 3 and 3a Rehabilitation | 90,000 | | | | | | | | | | 90,000 |
| 17-05 | Crystal Springs Pump Station Motor Controls | 50,000 | | | | | | | | | | 50,000 |
| 17-06 | Crystal Springs Pump Station Discharge Valve Replacement | 30,000 | | | | | | | | | | 30,000 |
| 14 | Pump Stations/Tanks/Wells Totals | 1,000,000 | 480,000 | 700,000 | 215,000 | | | | | | | 2,395,000 |
| Water Supply Development | | | | | | | | | | | | |
| 10-02 | Bridgeport Drive Pipeline Replacement Project | 1,300,000 | | | | | | | | | | 1,300,000 |
| 12-04 | Denniston Treated Water Booster Station | 1,300,000 | | | | | | | | | | 1,300,000 |
| 12-12 | San Vicente Diversion and Pipeline | | | 300,000 | 1,000,000 | 1,000,000 | | | | | | 2,300,000 |
| 13-04 | Denniston Reservoir Restoration | | | | 1,000,000 | | | | | | | 1,000,000 |
| 17-12 | Recycled Water Project Development | 100,000 | 100,000 | | | | | | | | | 200,000 |

| NO. | PROJECT NAME | FY 16/17 | FY 17/18 | FY 18/19 | FY 19/20 | FY 20/21 | FY 21/22 | FY 22/23 | FY 23/24 | FY 24/25 | FY 25/26 | CIP Total |
|-------------------------------|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| 5 | Water Supply Development Totals | 2,700,000 | 100,000 | 300,000 | 2,000,000 | 1,000,000 | | | | | | 6,100,000 |
| Water Treatment Plants | | | | | | | | | | | | |
| 08-07 | Nunes Filter Valve Replacement | | | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | | | | 150,000 |
| 13-05 | Denniston WTP Emergency Power | | | 500,000 | | | | | | | | 500,000 |
| 17-01 | Nunes Water Treatment Plant Treated Water Meter | 50,000 | | | | | | | | | | 50,000 |
| 17-04 | Denniston Dam Spillway Repairs | 10,000 | 90,000 | | | | | | | | | 100,000 |
| 17-07 | Denniston WTP Site Improvements for Erosion Control | 50,000 | | | | | | | | | | 50,000 |
| 17-08 | Nunes Filter Surface Wash Repairs | 50,000 | | | | | | | | | | 50,000 |
| 17-10 | Nunes Backwash Pond Sand Replacement | 65,000 | | | | | | | | | | 65,000 |
| 99-05 | Denniston Maintenance Dredging | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 350,000 |
| 8 | Water Treatment Plants Totals | 260,000 | 125,000 | 565,000 | 65,000 | 65,000 | 65,000 | 65,000 | 35,000 | 35,000 | 35,000 | 1,315,000 |
| Grand Total | | 6,323,000 | 2,328,000 | 3,443,000 | 3,898,000 | 3,188,000 | 3,188,000 | 2,308,000 | 2,658,000 | 1,620,000 | 4,615,000 | 33,569,000 |

STAFF REPORT

To: Coastside County Water District Board of Directors

From: David Dickson, General Manager
Patrick Miyaki, District Counsel

Agenda: April 5, 2016

Report

Date: March 31, 2016

Subject: Consideration of the Process for Filling a Vacancy on the Board of Directors

Recommendation:

Staff recommends that the Board act as follows:

1. Decide whether the vacancy on the Board of Directors created by the resignation of Director Steve Flint will be filled by appointment or by election.
2. If the vacancy is to be filled by appointment, direct staff to post the required notice of the vacancy and specify what to include in the notice.

Background:

Director Steve Flint has relocated to a residence outside the District and has submitted his resignation from the Board effective as of the next regular meeting on April 12. Therefore, as of April 12, there is a vacancy on the Board of Directors.

Statutory Framework

The following statutes apply to vacancies on the Board of Directors of a county water district.

- Each CCWD director must be a voter within the District and have his or her place of residence within the District (Water Code Sections 30500 and 30508).
- All vacancies on the Board will be filled pursuant to Government Code Section 1780 (Water Code Section 30504).
- The main elements of Government Code Section 1780 are as follows:
 - The District must notify the County elections official of the vacancy within 15 days from the effective date of the vacancy.
 - The Board has 60 days from the effective date of the vacancy to (1) appoint a successor; or (2) call an election to fill the vacancy.
 - If the Board does not appoint a successor or call an election within this 60 day period, then the County Board of Supervisors may appoint a successor or call an election. If the County Board of

Supervisors does not act within 90 days from the effective date of the vacancy, then the District must call an election to fill the vacancy.

- If the Board decides to appoint a successor, the District must post a notice of the vacancy in three or more conspicuous places in the District at least 15 days before the Board makes the appointment. The Board has a significant amount of flexibility in determining how it wants to select a successor. For example, the Board may request and evaluate applications and qualification statements from applicants, with whatever level of detail the Board desires to obtain from the applicants, and base the selection on those documents alone. The Board also could conduct interviews with some or all of the applicants, either in a panel interview with all candidates participating at the same time or individual, sequential interviews. Once an appointment is made, the District must notify the County elections official of the appointment within 15 days from the date of the appointment.
- If the Board decides to call an election, the election will be held on the next established election date, as determined by Elections Code sections 1000 *et seq.*, that is 130 or more days after the date the District Board calls an election.
- If the vacancy occurs in the first half of a term of office and at least 130 days prior to the next general district election, the person appointed to fill the vacancy shall hold office until the next general district election that is scheduled 130 or more days after the date the District Board is notified of the vacancy. If the vacancy occurs in the first half of a term of office but less than 130 days prior to the next general election or in the second half of a term of office, the person appointed to fill the vacancy shall serve the balance of the unexpired term of office.

Options

The term for Director Flint's seat on the Board expires in December 2017. Because Director Flint resigned in the second half of his term of office, the person who fills the vacancy will serve the balance of Director Flint's term, i.e., until December 2017.

1. Appoint a New Director. Within 60 days from April 12, the effective date of the vacancy, the Board may appoint a new director to serve until December 2017. This option is available to the Board only until June 10, 2016.
2. Call an Election. The Board may call an election on the next established election date that is 130 or more days after the date the Board calls the election (Government Code Section 1780). The established election dates are (1) the second Tuesday of April in each even-numbered year; (2) the first

STAFF REPORT

Agenda: April 12, 2016

Subject: Vacancy on the Board of Directors

Page 3

Tuesday after the first Monday in March of each odd-numbered year; (3) the first Tuesday after the first Monday in June of each year; and (4) the first Tuesday after the first Monday in November of each year (Elections Code Section 1000). Therefore, the earliest that an election may be held to fill the vacancy on the Board is November 8, 2016.