

**COASTSIDE COUNTY WATER DISTRICT**  
766 Main Street  
Half Moon Bay, CA 94019

**SPECIAL MEETING OF THE BOARD OF DIRECTORS**

**Thursday, June 30, 2016 - 7:00 p.m.**

**AGENDA**

**1) ROLL CALL**

**2) 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.

**3) SPECIAL ORDER OF BUSINESS - FISCAL YEAR 2016-2017 BUDGET, FISCAL YEAR 2016/2017 TO 2025/26 CAPITAL IMPROVEMENT PROGRAM, RESOLUTION AMENDING THE RATE AND FEE SCHEDULE TO INCREASE WATER RATES, AND RESOLUTION AMENDING THE GENERAL REGULATIONS REGARDING WATER SERVICE**

**A. Staff Presentations ([attachment](#))**

- a. Fiscal Year 2016-2017 Operation and Maintenance Budget
- b. Fiscal Year 2016/17 to 2025/26 Capital Improvement Program
- c. Proposed Amendment to Rate and Fee Schedule to Increase Water Rates
- d. Proposed Amendment to General Regulations Regarding Water Service

**B. Public Hearing** regarding the proposed Amendment of Rate and Fee Schedule to increase water rates ([attachment](#))

**Board Comments / Board Action:**

- C.** Adoption of Resolution 2016-07 - A Resolution of the Board of Directors of the Coastside County Water District Amending the Rate and Fee Schedule to Increase Water Rates
- D.** Approval of Fiscal Year 2016-2017 Operation and Maintenance Budget and Capital Improvement Program for Fiscal Year 2016/2017 to 2025/2026
- E.** Adoption of Resolution 2016-08 - A Resolution of the Board of Directors of the Coastside County Water District Amending the General Regulations Regarding Water Service ([attachment](#))

**4) ADJOURNMENT**

*Accessible Public Meetings - Upon request, the Coastside County Water District will provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. Please send a written request, including your name, mailing address, telephone number and brief description of the requested materials and preferred alternative format or auxiliary aid or service at least two (2) days before the meeting. Requests should be sent to: Coastside County Water District, Attn: Alternative Agenda Request, 766 Main Street, Half Moon Bay, CA 94019.*

## **STAFF REPORT**

**To:** Coastside County Water District Board of Directors

**From:** Mary Rogren, Assistant General Manager

**Agenda:** June 30, 2016

### **Report**

**Date:** June 27, 2016

**Subject:** Approval of Fiscal Year 2016/17 Operations and Maintenance Budget and Fiscal Year 2016/17 to 2025/26 Capital Improvement Program (CIP)

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### **Recommendation:**

Approve the Fiscal Year 2016/17 Operations and Maintenance Budget (Exhibit A) and Fiscal Year 2016/17 to 2025/26 Capital Improvement Program (Exhibit B.)

### **Background:**

The Board was first introduced to a draft FY2016/17 Operations and Maintenance Budget and draft FY 2016/17 to 2025/26 CIP at the March 8, 2016 Regular Board Meeting. Since the March 8 meeting, the draft budget and CIP have been reviewed at the April, May, and June Regular Board meetings; at a special Budget Work Session with the Board; and at (2) Finance and (2) Facilities Committee meetings. (See Budget Calendar – Exhibit C.)

### **Operations and Maintenance Budget**

In total, the FY 2016/17 Operating Expense Budget is \$180,000 lower than the FY 2015/16 Operating Expense Budget. Annual Debt Service Obligations are \$144,000 higher than the FY 2015/16 Budget due to servicing a new IBank loan obligation.

### **Budget to Budget Comparison**

- FY2016/17 budget assumes water sales at the March 2016 (12) month running average of 550 MG. (FY2015/16 budget reflected water sales of 590 MG, resulting in a FY2015/16 estimated shortfall in revenue of about \$500,000.)
- FY2016/17 water purchases from San Francisco Public Utilities Commission (SFPUC) are \$293,000 less than the FY2015/16 budget primarily due to:
  - a decrease in year-over-year water sales due to state mandated drought reductions in water use.

- increased use of local sources vs. SFPUC water over prior years. The impact of the SFPUC volume decrease is partially offset by a net 7.4% increase in SFPUC water rates.
- FY2016/17 Operating Expenses in total are \$180,000 less than the prior year's budget, primarily due to:
  - lower SFPUC water purchases;
  - lower medical insurance costs due to renegotiation of plans;
  - lower employer retirement contributions due to employees assuming an additional 2% of pension costs; and
  - lower consulting, outreach and water conservation expenses.
- Cost savings included above offset increases in electricity rates, salary adjustments, and other inflationary increases.

\$10,453,800 is included in the water sales line in the draft FY2016/17 budget based on the 12% rate increase limit approved by the Board on May 10 and reflected in the Proposition 218 notice issued on May 13, 2016. The revenue amount may change based on the amount of the rate increase ultimately approved by the Board.

### **Capital Improvement Program (CIP)**

- \$31,284,000 in total for 10 year CIP
- Reflects a net decrease of \$2,947,500 vs. the Fiscal Year 2015/16 to 2024/25 CIP
- FY 2016/17 CIP = \$6,088,000. \$4,200,000 of the \$6,088,000 will be funded by an IBank loan, and the remaining \$1,888,000 will be funded via revenue and operating reserves.

Please note that due to the volume of paper, the individual detailed sheets for the Operations Budget and Capital Improvement Program are not included in this agenda packet. The individual detailed sheets are available in electronic form on the District's website at [www.coastsidewater.org](http://www.coastsidewater.org) or hard copies may be obtained at the District's office.

## STAFF REPORT

**To:** Coastside County Water District Board of Directors

**From:** Mary Rogren, Assistant General Manager

**Agenda:** June 30, 2016

### Report

**Date:** June 27, 2016

**Subject:** Public Hearing to Consider Proposed Amendment of Rate and Fee Schedule to Increase Water Rates up to 12%; Consideration of Resolution 2016-07 Amending the Rate and Fee Schedule

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### Recommendation:

- 1) Conduct a public hearing on a proposed water rate increase of up to 12% on quantity charges and base charges to be effective July 1, 2016.
- 2) Adopt Resolution 2016-07 Amending the Rate and Fee Schedule (Exhibit E).

### Background:

#### Proposed Rate Increase/Financing Model

The District utilizes a multi-year financing model (originally developed for the District by Bartle Wells Associates in 2009 and considered to be an industry standard approach) to evaluate the impact of its rate increases on the financial reserves of the District. In a presentation on June 30, 2016 at the public hearing, Staff will continue to review the model utilizing the proposed 12% rate increase, focusing on the attached Exhibit D detailing key assumptions and summarizing the series of rate increases needed to fund District operating and capital expenses and to build and maintain an adequate level of reserves.

Because maintaining an adequate level of reserves is vital for the District and represents an important factor in determining future rate increases, staff has incorporated additional cash reserve target levels within the model based upon input received from HF&H Consultants, the District's rate consultants. These target lines include:

<b>Red Line</b>	District policy minimum: 15% of operating revenue (2 months of cash)
<b>Orange Line</b>	New recommended minimum: 25% of operating revenue (3 months of cash - industry standard minimum per HF&H Consultants.)
<b>Purple Line</b>	New recommended target: 3 months of operating expenses + 100% of annual debt service payments + 50% of revenue funded Capital Improvement Program (CIP)

Considering the District's significant debt service obligations (approximately \$1M in FY 2016/17) and the cash flow requirements for debt service and CIP projects ,

staff recommends a minimum reserve target of 3 months of operating revenues (Orange Line), and a future reserve target of 3 months of operating expenses plus 100% of annual debt service plus 50% of revenue funded CIP (Purple Line).

### Cost of Service Analysis

In developing the Fiscal Year 2015/2016 budget, the District retained HF&H Consultants to evaluate the District's rate structure and to develop cost-of-service based rates which would 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. Following recommendations in the HF&H analysis, detailed in a report dated May 8, 2015 and presented to the Board at its May 12, 2015 meeting, the District implemented significant changes to its rate structure that resulted in a realignment of the tier breakpoints to reflect service cost allocations. The revised rate structure went into effect July 1, 2015.

HF&H Consultants issued a Technical Memorandum dated May 17, 2016 entitled "Water Rate Update - FY 2016-17" (see Exhibit G) which updates their findings from the Fiscal Year 2015/16 Rate study and cost-of-service analysis.

As noted in the Technical Memorandum, HF&H, in consultation with staff, determined that the methodology and cost of service allocations used last year are still applicable. Therefore, staff proposes to apply the FY 2016/2017 proposed rate increase uniformly across the District's rate structure based on the following considerations:

- Budgeted Fiscal Year 2016/2017 operating expenses differ by less than 0.5% from the expenses used as the basis for the Fiscal Year 2015/2016 cost-of-service analysis.
- The decline in water sales accounting for the majority of the overall rate increase results from increased conservation across all District customer classes.
- Allocation of FY 2016/2017 capital cost funding resulting from the uniform rate increase would be consistent with the FY 2015/2016 cost-of-service analysis because the allocation factors have not changed significantly.

### Proposition 218 Compliance

The District has complied with the public notice requirements of Proposition 218. Two ads detailing the proposed rate increase were placed in the May 25 and June 1, 2016 editions of the Half Moon Bay Review, and the notice was placed on the District's website. Additionally the notice of the public hearing and proposed rate increase was mailed to all District customers on May 13, 2016.

The May 8, 2015 "Water Rate Structure Update", cost of service analysis, and May 17, 2016 Technical Memorandum "Water Rate Update - FY2016-17" 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 service 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 amendments to the Rate and Fee Schedule comply 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 rate increase 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 21 letters regarding the proposed rate increase. Copies of these letters are attached as Exhibit H.

## **STAFF REPORT**

**To:** Coastside County Water District Board of Directors

**From:** Mary Rogren, Assistant General Manager

**Agenda:** June 30, 2016

### **Report**

**Date:** June 27, 2016

**Subject:** Consideration of Resolution 2016-08 Amending the General Regulations Regarding Water Service

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### **Recommendation:**

Adopt Resolution 2016-08 Amending the General Regulations Regarding Water Service (Exhibit F)

### **Background:**

#### Proposed changes to *General Regulations Regarding Water Service*

Staff recommends the following updates to the General Regulations:

- 1) Modify Section J of the Regulations allowing for any class of customer to be billed either bi-monthly or monthly. Currently, our regulations state that commercial customers may be billed bi-monthly or monthly, and residential customers are billed bi-monthly. As the District anticipates implementing new process and systems enhancements in the near future, the District intends to move some customers, including residential customers, to monthly billing.
- 2) In addition, staff recommends that we increase the number of days before a bill is considered to be delinquent from (21) to (25) days to make our billing cycle more customer-friendly and to be more in line with billing practices of other utilities. Staff does not anticipate a significant impact to cash flow.

# EXHIBITS

- A. Fiscal Year 2016/17 Operations and Maintenance Budget**
- B. Fiscal Year 2016/17 to 2025/26 Capital Improvement Program**
- C. Fiscal Year 2016/17 Budget Calendar**
- D. CCWD Financing Model**
- E. Resolution 2016-07 Amending the Rate and Fee Schedule  
E-2 Notice of Exemption**
- F. Resolution 2016-08 Amending the General Regulations Regarding  
Water Service**
- G. HF&F Consultants Technical Memorandum dated May 17, 2016  
entitled “Water Rate Update – FY2016-17”**
- H. Protest Letters**





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Updated: 6/24/2016 2:48 PM

## Operations &amp; Maintenance Budget - FY 2016-2017

<i>Note: Used Placeholder 12% increase (per 218 notice)</i>		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 March 31, 2016
Account Number	Description								
<b>OPERATING REVENUE</b>									
4120	Water Sales (1)	\$10,453,800	\$9,863,916	\$589,884	6.0%	\$9,200,000	\$1,253,800	13.6%	\$6,800,306
<b>Total Operating Revenue</b>		<b>\$10,453,800</b>	<b>\$9,863,916</b>	<b>\$589,884</b>	<b>6.0%</b>	<b>\$9,200,000</b>	<b>\$1,253,800</b>	<b>13.6%</b>	<b>\$6,800,306</b>
<b>NON-OPERATING REVENUE</b>									
4170	Hydrant Sales	\$50,000	\$40,000	\$10,000	25.0%	\$75,000	-\$25,000	-33.3%	\$67,229
4180	Late Penalty	\$72,000	\$90,000	-\$18,000	-20.0%	\$60,000	\$12,000	20.0%	\$56,099
4230	Service Connections	\$10,000	\$10,000	\$0	0.0%	\$14,000	-\$4,000	-28.6%	\$9,501
4920	Interest Earned	\$3,070	\$2,550	\$520	20.4%	\$4,000	-\$930	-23.3%	\$2,438
4930	Property Taxes	\$600,000	\$600,000	\$0	0.0%	\$713,000	-\$113,000	-15.8%	\$466,617
4950	Miscellaneous	\$37,000	\$37,000	\$0	0.0%	\$25,000	\$12,000	48.0%	\$23,005
4955	Cell Site Lease Income	\$143,692	\$139,245	\$4,447	3.2%	\$141,000	\$2,692	1.9%	\$107,417
4965	ERAF Refund	\$200,000	\$200,000	\$0	0.0%	\$325,710	-\$125,710	-38.6%	\$325,710
<b>Total Non-Operating Revenue</b>		<b>\$1,115,762</b>	<b>\$1,118,795</b>	<b>-\$3,033</b>	<b>-0.3%</b>	<b>\$1,357,710</b>	<b>-\$241,948</b>	<b>-17.8%</b>	<b>\$1,058,016</b>
<b>TOTAL REVENUES</b>		<b>\$11,569,562</b>	<b>\$10,982,711</b>	<b>\$586,851</b>	<b>5.3%</b>	<b>\$10,557,710</b>	<b>\$1,011,852</b>	<b>9.6%</b>	<b>\$7,858,322</b>
<b>OPERATING EXPENSES</b>									
5130	Water Purchased	\$2,578,474	\$2,871,947	-\$293,474	-10.2%	\$2,500,000	\$78,474	3.1%	\$1,842,196
5230	Electrical Exp. Nunes WTP	\$31,270	\$29,500	\$1,770	6.0%	\$29,500	\$1,770	6.0%	\$22,748
5231	Electrical Expenses, CSP	\$325,420	\$307,052	\$18,368	6.0%	\$307,000	\$18,420	6.0%	\$224,586
5232	Electrical Expenses/Trans. & Dist.	\$18,020	\$12,800	\$5,220	40.8%	\$16,000	\$2,020	12.6%	\$12,967
5233	Elec Exp/Pilarcitos Cyn	\$26,000	\$18,000	\$8,000	44.4%	\$25,000	\$1,000	4.0%	\$21,370
5234	Electrical Exp., Denn	\$85,000	\$90,100	-\$5,100	-5.7%	\$90,000	-\$5,000	-5.6%	\$36,170
5242	CSP - Operation	\$10,500	\$8,500	\$2,000	23.5%	\$8,500	\$2,000	23.5%	\$7,270
5243	CSP - Maintenance	\$37,000	\$37,000	\$0	0.0%	\$37,000	\$0	0.0%	\$4,713
5246	Nunes WTP Oper	\$57,000	\$52,764	\$4,236	8.0%	\$53,000	\$4,000	7.5%	\$44,242
5247	Nunes WTP Maint	\$80,500	\$55,500	\$25,000	45.0%	\$80,500	\$0	0.0%	\$45,595
5248	Denn. WTP Oper.	\$35,000	\$30,000	\$5,000	16.7%	\$35,000	\$0	0.0%	\$26,311
5249	Denn WTP Maint	\$53,000	\$32,000	\$21,000	65.6%	\$53,000	\$0	0.0%	\$33,957
5250	Laboratory Expenses	\$53,000	\$40,000	\$13,000	32.5%	\$53,000	\$0	0.0%	\$31,720
5260	Maintenance Expenses	\$281,700	\$268,500	\$13,200	4.9%	\$268,500	\$13,200	4.9%	\$180,142
5261	Maintenance, Wells	\$50,000	\$40,000	\$10,000	25.0%	\$50,000	\$0	0.0%	\$25,992
5263	Uniforms	\$10,000	\$0	\$10,000		\$9,000	\$1,000	11.1%	\$5,126
5318	Studies/Surveys/Consulting	\$150,000	\$240,000	-\$90,000	-37.5%	\$200,000	-\$50,000	-25.0%	\$113,336
5321	Water Resources	\$47,000	\$37,000	\$10,000	27.0%	\$45,000	\$2,000	4.4%	\$35,792
5322	Community Outreach	\$50,000	\$95,100	-\$45,100	-47.4%	\$65,000	-\$15,000	-23.1%	\$7,616
5381	Legal	\$60,000	\$60,000	\$0	0.0%	\$65,000	-\$5,000	-7.7%	\$47,159
5382	Engineering	\$14,000	\$14,000	\$0	0.0%	\$14,000	\$0	0.0%	\$7,577
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%	\$64,201
5410	Salaries, Admin.	\$1,100,800	\$1,061,780	\$39,020	3.7%	\$960,000	\$140,800	14.7%	\$691,344
5411	Salaries - Field	\$1,217,375	\$1,118,506	\$98,869	8.8%	\$1,118,506	\$98,869	8.8%	\$842,681

**Operations & Maintenance Budget - FY 2016-2017**

<i>Note: Used Placeholder 12% increase (per 218 notice)</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 March 31, 2016
Account Number	Description			\$ Change	% Change		\$ Change	% Change	
5420	Payroll Taxes	\$162,245	\$153,056	\$9,189	6.0%	\$145,000	\$17,245	11.9%	\$107,613
5435	Employee Medical Insurance	\$412,904	\$527,457	-\$114,553	-21.7%	\$470,000	-\$57,096	-12.1%	\$340,561
5436	Retiree Medical Insurance	\$59,976		\$59,976		\$55,677	\$4,299	7.7%	\$12,832
5440	Employee Retirement	\$508,257	\$505,321	\$2,936	0.6%	\$485,000	\$23,257	4.8%	\$362,846
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%	\$56,000	\$700	1.3%	\$32,923
5620	Office Expenses	\$170,775	\$164,475	\$6,300	3.8%	\$173,000	-\$2,225	-1.3%	\$135,068
5625	Meetings/Training/Seminars	\$24,000	\$24,000	\$0	0.0%	\$24,000	\$0	0.0%	\$12,099
5630	Insurance	\$120,000	\$115,000	\$5,000	4.3%	\$115,000	\$5,000	4.3%	\$75,930
5687	Memberships & Subscriptions	\$74,000	\$71,290	\$2,710	3.8%	\$71,000	\$3,000	4.2%	\$41,075
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%	\$19,000	\$0	0.0%	\$16,985
5705	State Fees	\$16,000	\$16,000	\$0	0.0%	\$16,000	\$0	0.0%	\$10,982
<b>Total Operating Expenses</b>		<b>\$8,179,215</b>	<b>\$8,358,798</b>	<b>-\$179,583</b>	<b>-2.2%</b>	<b>\$7,878,183</b>	<b>\$301,032</b>	<b>3.8%</b>	<b>\$5,533,085</b>
<b>CAPITAL ACCOUNTS</b>									
5712	Existing Bonds - 2006B	\$486,426	\$485,889	\$537	0.1%	\$482,492	\$3,934	0.8%	\$482,492
5715	Existing Bond-CIEDB 11-099	\$336,409	\$338,024	-\$1,615	-0.5%	\$336,546	-\$136	0.0%	\$336,546
5716	New Bond	\$145,203	\$0	\$145,203		\$56,280	\$88,923		
<b>Total Capital Accounts</b>		<b>\$968,039</b>	<b>\$823,913</b>	<b>\$144,126</b>	<b>17.5%</b>	<b>\$875,318</b>	<b>\$92,721</b>	<b>10.6%</b>	<b>\$819,038</b>
<b>TOTAL REVENUE LESS TOTAL EXPENSE</b>		<b>\$2,422,308</b>	<b>\$1,800,000</b>	<b>\$622,308</b>	<b>34.6%</b>	<b>\$1,804,209</b>	<b>\$618,098</b>	<b>34.3%</b>	<b>\$1,506,199</b>
5713	Cont. to CIP & Reserves	\$2,422,308							

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
<b>Equipment Purchase &amp; Replacement</b>												
06-03	SCADA/Telemetry/Electrical Controls Replacement	50,000										50,000
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
<b>8</b>	<b>Equipment Purchase &amp; Replacement Totals</b>	<b>88,000</b>	<b>208,000</b>	<b>388,000</b>	<b>88,000</b>	<b>38,000</b>	<b>38,000</b>	<b>8,000</b>	<b>38,000</b>			<b>894,000</b>
<b>Facilities &amp; Maintenance</b>												
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	65,000										65,000
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
<b>9</b>	<b>Facilities &amp; Maintenance Totals</b>	<b>790,000</b>	<b>675,000</b>	<b>675,000</b>	<b>145,000</b>	<b>85,000</b>	<b>85,000</b>	<b>85,000</b>	<b>85,000</b>	<b>85,000</b>	<b>3,080,000</b>	<b>5,790,000</b>
<b>Pipeline Projects</b>												
06-01	Avenue Cabrillo Phase 2 & 3 Pipeline Replacement Project	650,000										650,000
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.	100,000					400,000					500,000
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								500,000	1,000,000		1,500,000
16-09	Slipline 10-inch Pipeline in Magellan at Hwy 1			100,000								100,000
NN-00	Pipeline Replacement								1,050,000	750,000	500,000	2,300,000
<b>16</b>	<b>Pipeline Projects Totals</b>	<b>1,250,000</b>	<b>380,000</b>	<b>665,000</b>	<b>1,385,000</b>	<b>1,000,000</b>	<b>2,400,000</b>	<b>2,150,000</b>	<b>2,560,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>14,790,000</b>
<b>Pump Stations/Tanks/Wells</b>												
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
<b>14</b>	<b>Pump Stations/Tanks/Wells Totals</b>	<b>1,000,000</b>	<b>480,000</b>	<b>700,000</b>	<b>215,000</b>							<b>2,395,000</b>
<b>Water Supply Development</b>												
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
<b>5</b>	<b>Water Supply Development Totals</b>	<b>2,700,000</b>	<b>100,000</b>	<b>300,000</b>	<b>2,000,000</b>	<b>1,000,000</b>						<b>6,100,000</b>
<b>Water Treatment Plants</b>												
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
<b>8</b>	<b>Water Treatment Plants Totals</b>	<b>260,000</b>	<b>125,000</b>	<b>565,000</b>	<b>65,000</b>	<b>65,000</b>	<b>65,000</b>	<b>65,000</b>	<b>35,000</b>	<b>35,000</b>	<b>35,000</b>	<b>1,315,000</b>
<b>Grand Total</b>		<b>6,088,000</b>	<b>1,968,000</b>	<b>3,293,000</b>	<b>3,898,000</b>	<b>2,188,000</b>	<b>2,588,000</b>	<b>2,308,000</b>	<b>2,718,000</b>	<b>1,620,000</b>	<b>4,615,000</b>	<b>31,284,000</b>



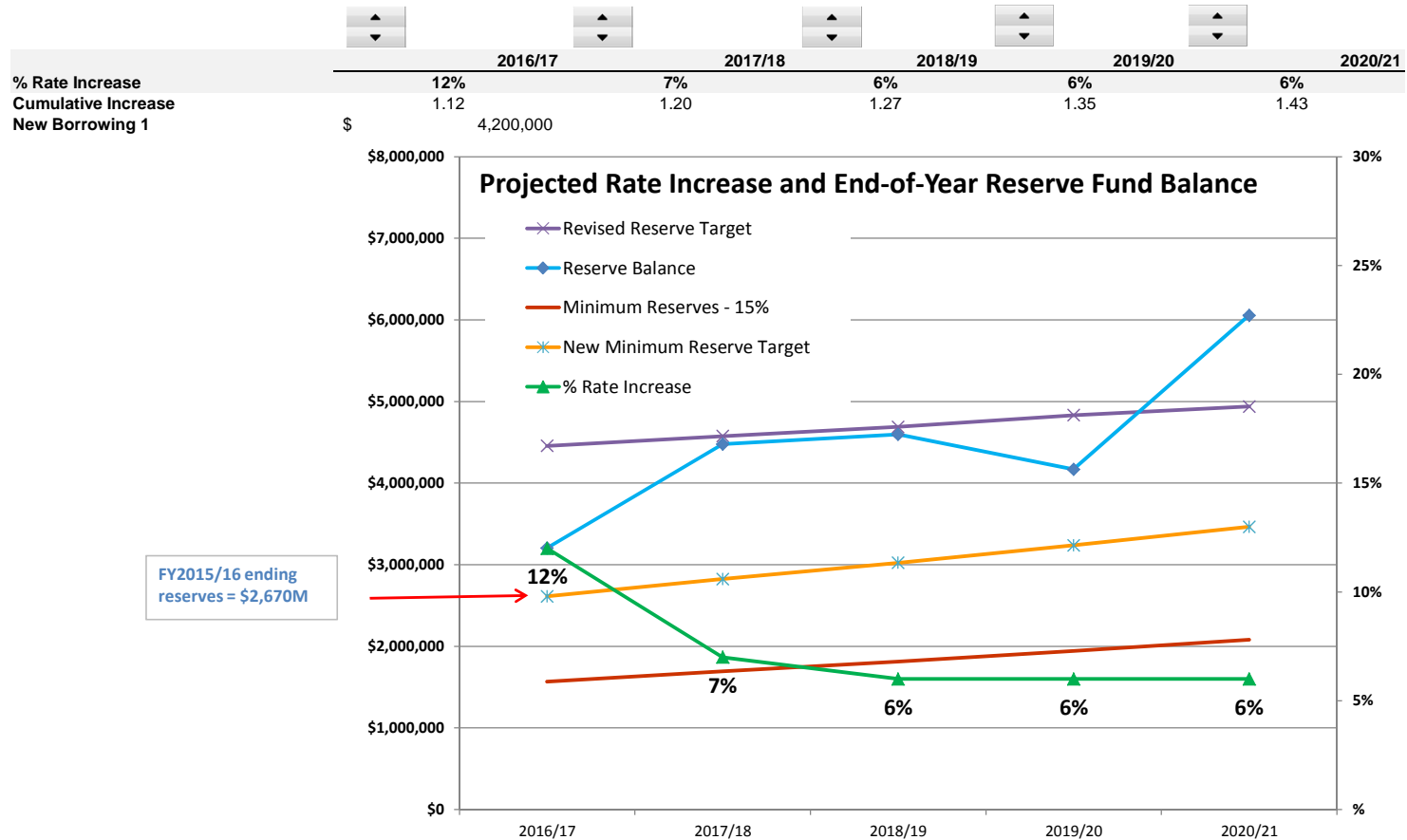
**Coastside County Water District**  
**BUDGET (CIP and O&M) PROCESS TIMELINE**  
**Fiscal Year 2016/2017**

Description	Date
Staff Internal Budget Review – Distribute O&M Budget Worksheets and Update CIP budget spreadsheet	January 2016
Staff Internal Budget Review – Worksheets Due/Review CIP Budget	February 5, 2016
Present Budget Timeline for Board approval	February 9, 2016 Regular Board Meeting
Facility Committee Meeting – Introduction to CIP Budget Process/Timeline	February 24, 2016 10:00am
Present “Draft” CIP and O&M Budget to Board of Directors at Board Meeting	March 8, 2016 Regular Board Meeting
Finance Committee Meeting – Introduction to CIP and O&M Budget Process/Timeline	March 23, 2016 3:00 p.m.
Customer Outreach – Website Draft Budget and Finance Plan FY 2017	March 2016
Budget Work Session with Board of Directors	April 5, 2016 2:00 p.m.
Present “Draft” CIP and O&M Budget to Board of Directors at Board Meeting	April 12, 2016 Regular Board Meeting
Finance Committee Meeting	April 28, 2016 3:00 p.m.
Present & Discuss “Draft” CIP and O&M Budgets at Workshop- Approve Notice of Rate Increase (Prop 218)	May 10, 2016 Regular Board Meeting
Mail Notice of Rate Increase (Prop 218) – Minimum 45-Day Notice Before Public Hearing	May 13, 2016
Customer Outreach – E-Newsletter Message: Understanding Budget and Proposed Rate Increase	May 23, 2016
Facility Committee Meeting – CIP Review	June 3, 2016 10:00 AM
Present & Discuss “Draft” CIP and O&M Budgets	June 14, 2016 Regular Board Meeting
Rate Increase Hearing - Approve CIP and O&M Budgets – Approve Rate Increase	Special Board Meeting June 30 <sup>th</sup> - 7:00 p.m.



# Exhibit D -- CCWD Financing Model

## CCWD Rate Increases Needed to Meet Revenue Requirements - FY16/17 to FY20/21



**RESERVE TARGETS**

- RED LINE** Historic District Policy --- 15% of Operating Revenues (equivalent to ap. 2 months of cash)
- ORANGE LINE** Recommended Minimum Target --25% of Operating Revenue (3 months of cash - per industry standard -per HF&H Consultants)
- PURPLE LINE** Recommended Target -- 3 months of cash for operating expenses + 100% of annual debt service + 50% of revenue funderd capital spend

Contribution to CIP and Reserves:	\$ 2,422,575	\$ 3,318,219	\$ 3,681,682	\$ 3,957,373	\$ 4,446,456
"Escalated" CIP	\$ 6,088,000	\$ 2,047,000	\$ 3,562,000	\$ 4,385,000	\$ 2,560,000
Ending Reserve Balance	\$ 3,204,904	\$ 4,476,123	\$ 4,595,805	\$ 4,168,178	\$ 6,054,634

**Flow** 550 556 561 567 572

**Coastside County Water District - Financing Plan  
Five Year Cash Flow Projections**

<b>Cash Flow Projection</b>					
	<b>Budget</b>		<b>Estimated</b>		
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
<b>Beginning Fund Balance</b>					
Operating & Capital Fund Balance	\$2,670,329	\$3,204,904	\$4,476,123	\$4,595,805	\$4,168,178
Rate Stabilization Fund Balance	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
<b>Rate Adjustment at Beginning of FY</b>	<b>12.0%</b>	<b>7.0%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>
<b>SOURCES OF FUNDS</b>					
<b>REVENUES</b>					
Water Sales	10,452,800	11,296,300	12,093,800	12,947,600	13,861,700
Property Taxes	600,000	600,000	600,000	600,000	600,000
ERAF Refund	200,000	200,000	200,000	200,000	200,000
Service Connections	10,000	8,000	25,000	25,000	25,000
Interest	2,550	7,423	7,720	8,030	8,350
Other Revenues	<u>304,477</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
Subtotal Revenues	11,569,827	12,411,723	13,226,520	14,080,630	14,995,050
<b>LONG-TERM BORROWING</b>					
I-Bank Loan					
New Loan 2	4,200,000				
New Loan 3		0	0	0	0
<b>TOTAL SOURCES</b>	<b>15,769,827</b>	<b>12,411,723</b>	<b>13,226,520</b>	<b>14,080,630</b>	<b>14,995,050</b>
<b>USES OF FUNDS</b>					
<b>Operating Expenses</b>					
Subtotal Operating Expenses	<u>8,179,215</u>	<u>7,950,090</u>	<u>8,400,926</u>	<u>8,979,558</u>	<u>9,405,847</u>
<b>Non-Operating (Capital-Related) Expenses</b>					
Existing Water Revenue Bonds	486,426	482,494	483,553	483,919	483,566
I-Bank Loan + New Loans	481,611	660,920	660,359	659,780	659,181
Capital Projects (Escalated)	6,088,000	2,047,000	3,562,000	4,385,000	2,560,000
Contribution to Rate Stabilization Fund (Transfer)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal Non-Operating Expenses	7,056,037	3,190,414	4,705,912	5,528,699	3,702,747
<b>TOTAL USES</b>	15,235,252	11,140,504	13,106,838	14,508,257	13,108,594
<b>Surplus (Deficiency)</b>	<b>534,575</b>	<b>1,271,219</b>	<b>119,682</b>	<b>(427,627)</b>	<b>1,886,456</b>
<b>Ending Fund Balance</b>					
Operating & Capital Fund Balance	3,204,904	4,476,123	4,595,805	4,168,178	6,054,634
Rate Stabilization Fund Balance	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
Total Fund Balance	3,454,904	4,726,123	4,845,805	4,418,178	6,304,634
Debt Service Coverage Target = 1.2	3.50	3.90	4.22	4.47	4.89
Target Met	yes	yes	yes	yes	yes
Minimum Capital and Operating Reserve Target - 15%	1,567,920	1,694,445	1,814,070	1,942,140	2,079,255
Target Met	yes	yes	yes	yes	yes

## Coastside County Water District - Financing Plan Water Production and Purchase Costs

Projected Future Water Production and Purchases					
	Budget	Estimated			
	2016/17	2017/18	2018/19	2019/20	2020/21
Total CCWD Water Demand (Production (MG))	598	604	610	616	622
<b>Projected Water Sales (MG)</b>	<b>550</b>	<b>556</b>	<b>561</b>	<b>567</b>	<b>572</b>
Year-year change	1.9%	1.0%	1.0%	1.0%	1.0%
CCWD Pilarcitos Wells (MG)	77	77	77	77	77
Denniston Wells (MG)	8	10	10	10	10
Denniston Surface Water (MG)	87	200	200	200	200
Total Denniston	95	210	210	210	210
Denniston year-year change	14.5%	121.1%	0.0%	0.0%	0.0%
Total CCWD Sources (MG)	172	287	287	287	287
Total SFPUC (max 794 MG)	426	317	323	329	335
SFPUC year-year change	-3.9%	-25.6%	1.9%	1.9%	1.9%
SFPUC Water Cost					
Base Charge	\$81,384	\$84,639	\$88,025	\$91,546	\$95,208
Consumption Charge	\$2,066,509	\$1,628,451	\$1,825,001	\$2,140,074	\$2,291,523
BAWSCA Surcharge	\$343,955	\$345,000	\$351,900	\$358,938	\$366,117
Total SFPUC Water Purchase	\$2,491,848	\$2,058,090	\$2,264,926	\$2,590,558	\$2,752,847
% SFPUC Water	71%	52%	53%	53%	54%
SFPUC Projected Rate Increase	9.3%	5.7%	9.3%	13.9%	5.0%
SFPUC Unit Charge (\$/hcf)	\$ 4.10	\$4.33	\$4.74	\$5.40	\$5.66
Untreated Water Discount	\$ 0.47	0.49	0.51	0.53	0.55
SFPUC Rate w/Discount	\$3.63	\$3.84	\$4.23	\$4.87	\$5.12
Untreated Water Discount Savings	\$267,565	\$207,024	\$219,409	\$232,495	\$246,323

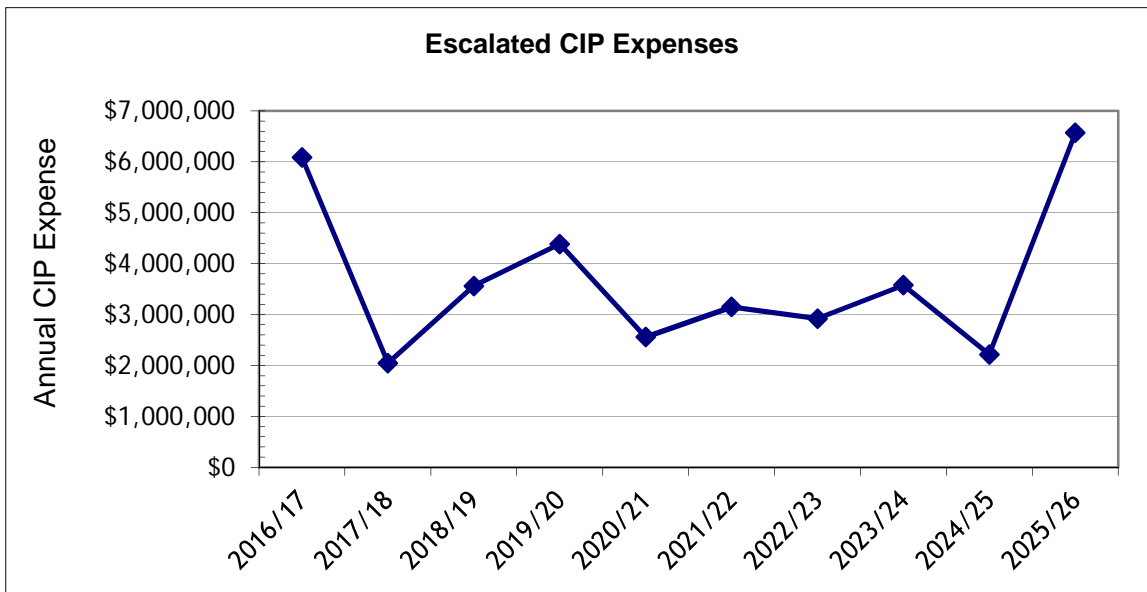
\*MG = Million Gallons

**Coastside County Water District - Financing Plan  
Ten-Year Capital Improvement Plan - Escalated CIP**

Escalation

4% per year

<b>Escalated 10-Year Capital Improvement Plan</b>			
	<b>FY</b>	<b>CIP in Current Year Dollars</b>	<b>Escalated CIP</b>
0	2016/17	\$6,088,000	\$6,088,000
1	2017/18	\$1,968,000	\$2,047,000
2	2018/19	\$3,293,000	\$3,562,000
3	2019/20	\$3,898,000	\$4,385,000
4	2020/21	\$2,188,000	\$2,560,000
5	2021/22	\$2,588,000	\$3,149,000
6	2022/23	\$2,308,000	\$2,920,000
7	2023/24	\$2,718,000	\$3,577,000
8	2024/25	\$1,620,000	\$2,217,000
9	2025/26	\$4,615,000	\$6,569,000
	<b>Total</b>	<b>\$31,284,000</b>	<b>\$37,074,000</b>



**RESOLUTION NO. 2016-07**

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE COASTSIDE COUNTY WATER DISTRICT  
AMENDING THE RATE AND FEE SCHEDULE  
TO INCREASE WATER RATES**

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

1. The General Manager and Finance Committee, during consideration and preparation of the budget for Fiscal Year 2016-2017, determined that financing the District's operating expenses, debt service, and capital improvement program, as well as maintaining the District's existing reserve levels, will require an increase in water rates. California Water Code Section 31007 authorizes the District to establish rates and charges to yield an amount sufficient to pay operating expenses, to provide for repairs and depreciation of works owned and operated by the District, to pay interest on bonded debt, and to provide a fund to pay principal on bonded debt.

2. The District's financial consultant, HF&H Consultants, LLC., prepared a "Water Rate Structure Update" dated May 8, 2015 that analyzed the District's Fiscal Year 2015/2016 revenue requirements based upon a cost of service analysis, provided a recommendation for increasing the water rates and re-alignment of the tiers, and established a rationale for the increased charges. The revised rate structure went into effect July 1, 2015. Subsequently, HF&H Consultants issued a Technical Memorandum dated May 17, 2016 entitled "Water Rate Update - FY 2016/2017" which updates their findings since the Fiscal Year 2015/2016 "Water Rate Structure Update" dated May 8, 2015. In its Technical Memorandum, HF&H Consultants determined that the methodology for the cost of service analysis remains applicable and the proposed rate increase to meet the District's revenue requirements can be applied uniformly to all rates and charges. District staff prepared a staff report and presentation for the June 14, 2016 Board of Directors meeting that summarizes HF&H Consultant's analysis, reviewed the District's financing model, and evaluated the District's reserves and proposed reserve target levels. The Water Rate Structure Update, Technical Memorandum, staff report, and staff presentation are incorporated into this Resolution by this reference.

3. The Board has considered the May 8, 2015 Water Rate Structure Update and May 17, 2016 Technical Memorandum in light of the proposed Fiscal Year 2016-2017 budget and Fiscal Years 2016/17 to 2025/26 Capital Improvement Program and determined that the projects identified are important for the safe and efficient operation of the District's water system and to preserve and improve the reliability of the water system. The proposed Budget and Capital

Improvement Program have been discussed at several Board meetings and have been available to the public since March 8, 2016 and by this reference are incorporated into this resolution.

4. The anticipated increases in expenses are attributable to a number of factors including but not limited to, increased cost of water supplied by the San Francisco Public Utilities Commission, payment of capital project costs, debt service for financing of necessary capital improvements and replacement of aging facilities, higher costs for personnel, materials and services, and a decrease in water sale revenue due to the state mandated reductions in potable urban water usage given drought conditions.

5. On May 10, 2016, the Board of Directors at its regular Board meeting evaluated the proposed modifications to the District's Rate and Fee Schedule and set a public hearing for June 30, 2016 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 increased rates and charges, and identified the date, time, and location for the public hearing on the increased 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 for responding to this situation at a public hearing at which the specific rate proposal enacted herein was addressed. Notice of the public hearing was provided to each parcel subject to the proposed rate increase. Notice of the public hearing was also advertised in the May 25, 2016 and June 1, 2016 editions 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 rate modification, and written protests against the proposed rate increase were not presented by a majority of owners of the parcels subject to the proposed rate increase.

8. After discussion and consideration of the comments received before and at the public hearing, the Board finds the rates 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 rates 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 increases in rates effected by this Resolution are reasonable and required for the proper operation of the District, 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. Section 1.A., Base Charge, of the Rate and Fee Schedule, is amended to read as follows:

**“A. BASE CHARGE**

The following base charge is the minimum charge to be paid by all customers either on a bi-monthly or monthly basis. Customers may be billed on a bi-monthly or monthly basis depending on type of meter, customer class, service address, or water usage:

<b>Size of Meter</b>	<b>Bi-Monthly Base Charge</b>	<b>Monthly Base Charge</b>
5/8 x 3/4 inch	\$53.14	\$26.57
5/8 – 2 Dwelling Units	\$106.29	\$53.15
3/4 inch	\$79.88	\$39.94
3/4 - 2 Dwelling Units	\$159.75	\$79.88
1 inch	\$133.13	\$66.57
1-1/2 inch	\$257.11	\$128.56
2 inch	\$426.09	\$213.05
3 inch	\$932.14	\$466.07
4 inch	\$3,196.30	\$1,598.15

Meters larger than 4 inches will be subject to base charges as determined by the Board of Directors.”

2. Section 1.B, Quantity Charge, of the Rate and Fee Schedule is hereby amended to read as follows:

**“B. QUANTITY CHARGE**

In addition to the base charge set forth in Section 1A, the following quantity charges shall be paid per one hundred cubic feet (hcf) of water delivered:

**1. Residential Customers**

<b>Quantity Delivered (During Bi-Monthly Billing Period)</b>	<b>Bi-Monthly Water Consumption Charge per hcf</b>	<b>Quantity Delivered (During Monthly Billing Period)</b>	<b>Monthly Water Consumption Charge per hcf</b>
1 - 4 hcf	\$9.35	1 - 2 hcf	\$9.35
5 - 16 hcf	\$10.45	3 - 8 hcf	\$10.45
17 - 30 hcf	\$13.47	9 - 15 hcf	\$13.47
31 or more hcf	\$17.85	16 or more hcf	\$17.85

2. *All Other Customers*: \$11.51 per hcf

3. *Definition of Residential Customers*: For purposes of Section 1, Residential Customers are single family homes, duplexes, condominiums, townhouses and all apartment buildings with individual meters for separate residential dwelling units. Apartment houses with a single "master meter" measuring consumption within multiple dwelling units are not "Residential Customers" for purposes of this Section 1."



3. Section 3.D, Portable Meters, of the Rate and Fee Schedule, is hereby amended to read as follows:

“D. PORTABLE METERS

Customers requesting water service through portable meters shall pay:

1. a *deposit* in an amount, as estimated by the General Manager, equal to the replacement cost of the meter;
2. a *monthly rental charge* of \$100.00
3. a *consumption charge* of \$11.51 per hcf of water delivered.”

4. Section 3.E, Detector Check Valves, of the Rate and Fee Schedule, is hereby amended to read as follows:

“E. DETECTOR CHECK VALVES

The bi-monthly service charge for detector check valves is \$11.64 per inch of valve diameter, or \$5.82 per inch, if billed monthly. In addition, the customer must pay the actual cost of installation including the cost of the check valve. The estimated cost of installation must be deposited prior to commencement of work.”

5. This Resolution shall be effective for water delivered and services provided on or after July 1, 2016, and any billing for the current billing cycle that includes water delivered before the effective date shall be pro-rated.

6. The General Manager shall arrange for the Rate and Fee Schedule to be re-codified to incorporate the changes effected by this Resolution.

7. 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** 30th day of June, 2016, by the following vote of the Board:

**AYES:**

**NOES:**

**ABSENT:**

---

Arnie Glassberg, President  
Board of Directors

ATTEST:

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David R. Dickson, General Manager  
Secretary of the District

**NOTICE OF EXEMPTION**  
**COASTSIDE COUNTY WATER DISTRICT**

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

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

**PROJECT TITLE:** Increase of Certain District Rates and Fees

**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 amend and increase certain District rates and fees. The purpose of the project is to 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 project is exempt because the District’s consultant, HF&H Consultants, LLC., prepared a Water Rate Structure Update (dated May 8, 2015, and subsequently updated May 17, 2016 in a Technical Memorandum “Water Rate Update – FY2016-17) and determined that certain rates and fees should be increased in order for the District (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

| Exhibit E-2

the existing service area. The HF&H Consultants Water Rate Structure Update, (dated May 8, 2015) and Technical Memorandum "Water Rate Update – FY2016-17" (dated May 17, 2016) are available at the District. The District considered the Water Rate Structure Update and subsequent Technical Memorandum, Water Rate Update – FY2016-17 in light of the District's budget and Capital Improvement Program and determined that all projects are necessary for the safe and efficient operation of the District's water system and to preserve and improve water system reliability. The District's budget and capital improvement program are available at the District. All projects to be funded by the increased rates and fees are to maintain the existing water service provided within the District's service area.

**Contact Person**

**Area Code**

**Telephone**

David R. Dickson

(650)

726-4405

Date: June 30, 2016

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David R. Dickson, General Manager

**RESOLUTION NO. 2016 - 08**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
COASTSIDE COUNTY WATER DISTRICT AMENDING THE GENERAL  
REGULATIONS REGARDING WATER SERVICE**

**WHEREAS**, the Board of Directors would like to amend the General Regulations Regarding Water Service to allow for either bi-monthly or monthly billing for any District customer and to increase the number of days a bill can be outstanding from 21 to 25 days before the bill is considered to be delinquent.

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

- I. Section J, Bills and Payment, in the General Regulations Regarding Water Service is amended to read as follows:

“ J. Bills and Payment

1. All water services are metered, and all meters are read on either a monthly or a bi-monthly basis.
1. Bills are rendered monthly or bi-monthly and are mailed approximately fifteen (15) days after meter reading date. Customers may be billed on a bi-monthly or monthly basis depending on type of meter, customer class, service address, or water usage.
3. Periodic bills are due and payable on presentation. Twenty-five (25) days will be allowed after bills are mailed before the bill becomes delinquent.”

- II. This Resolution shall be effective on July 1, 2016.

- III. The General Manager shall update the General Regulations Regarding Water Service to incorporate the changes set forth in this Resolution.

**PASSED AND ADOPTED** this 30<sup>th</sup> day of June, 2016 by the following votes of the Board of Directors:

AYES:

NOES:

Exhibit F

ABSENT:

---

Arnie Glassberg,  
President, Board of Directors

ATTEST:

---

David Dickson, General Manager  
Secretary of the Board



HILTON FARNKOPF & HOBSON

**HF&H CONSULTANTS, LLC**  
*Managing Tomorrow's Resources Today*

201 North Civic Drive, Suite 230  
Walnut Creek, California 94596  
Tel: (925) 977-6950  
Fax: (925) 977-6955  
[hfh-consultants.com](http://hfh-consultants.com)

Robert D. Hilton, CMC  
John W. Farnkopf, PE  
Laith B. Ezzet, CMC  
Richard J. Simonson, CMC  
Marva M. Sheehan, CPA  
Robert C. Hilton, CMC

## TECHNICAL MEMORANDUM

To: David Dickson, General Manager, Coastside County Water District  
Mary Rogren, Assistant General Manager, Coastside County Water District

From: John Farnkopf, Senior Vice President, HF&H  
Rick Simonson, Vice President, HF&H

Date: May 17, 2016

Subject: Water Rate Update - FY 2016-17

---

This memorandum provides our recommendation for updating the District's water rates for FY 2016-17.

### I. INTRODUCTION

Last year, HF&H assisted the District in updating its rates by performing a cost-of-service analysis to ensure that its rates allocated costs to each customer class in proportion to each class' demand on the District's facilities. The analysis also estimated the need to increase rates to ensure that revenue from rates was sufficient in light of the conservation anticipated from customers in response to the drought conditions.

Within the residential class, the quantity charges were restructured to conform with the cost of providing service across the tiers. The size of each tier was determined based on recent customer billing data from residential customer metered water use, which indicated the amount of demand within each range of base and peak demand. The rate per tier was determined based on costs attributable to providing service at each level of service ranging from low demand with minimal peaking for essential indoor needs to high peak demands for irrigation.

The results of the analysis completed last year realigned the rate structure with the cost of providing service. This realignment should remain accurate for several years unless there are significant changes in the relative demands among customer classes or

residential tiers, or changes in significant costs. Therefore, we do not recommend re-evaluating the methodology for determining the cost of service at this time. The rate increase that is needed this year to provide water service to District customers should be applied equally, across-the-board to the basic service charges and quantity charges.

Having made the cost-of-service adjustments to the rates for FY 2015-16, the rate update for FY 2016-17 can focus on overall revenue needs with any increase in rates applied uniformly to all rates.

## II. FY 2016-17 REVENUE REQUIREMENTS AND RATE INCREASE

The revenue required from rates in FY 2016-17 depends on the revenue projected from rates compared with the projected revenue requirements. The variance between revenue from current rates compared with the revenue requirements impacts the fund balance as either a surplus or deficit. The resulting reserve balance is compared with the District's target balance. If the balance is high enough, a rate increase is not warranted.

**Figure 1** summarizes the rate revenue projected for FY 2015-16, the revenue requirement, and the ending reserve balance. The FY 2015-16 projected rate revenue increase is anticipated to cover the District's costs without increasing reserves.

**Figure 1** also summarizes the estimated year-end FY 2015-16 rate revenue, revenue requirement, and fund balance and the variance between last year's projection and the current year-end estimate. It can be seen that revenue from quantity charges was \$710,000 less than projected because of greater than projected conservation by customers. Conservation was also responsible for reducing operating expenses and the cost of SFPUC water. In addition, the District spent less on capital projects. As a result, the revenue requirement was reduced \$766,000. With an additional \$153,000 in non-operating revenue, there was a net addition to reserves of \$218,000.

**Figure 1** also shows the projections for FY 2016-17. The \$9,332,900 revenue projection is based on the current (FY 2015-16) rates and the projected demand for FY 2016-17, which is slightly greater than the estimated year-end demand for FY 2015-16. The \$10,254,000 revenue requirement is greater than last year's projected net revenue requirement. As a result, a \$921,000 operating shortfall is projected without a rate increase.



**Figure 1. Summary of Rate Revenues, Revenue Requirements, and Fund Balances**

	Projected FY 2015-16	Estimated FY 2015-16[a]	Est. Minus Proj. FY 2015-16	Projected FY 2016-17[b]
<b>Rate Revenue</b>				
Base Charges	\$ 2,057,413	\$ 2,066,962	\$ 9,549	\$ 2,066,962
Quantity Charges	7,806,504	7,096,238	(710,266)	7,265,938
<b>Total Rate Revenue</b>	<b>\$ 9,863,917</b>	<b>\$ 9,163,200</b>	<b>\$ (700,717)</b>	<b>\$ 9,332,900</b>
<b>Revenue Requirement</b>				
Operating Expenses	\$ 5,199,401	\$ 4,904,683	\$ (294,718)	\$ 5,192,590
SFPUC Water	2,871,946	2,530,000	(341,946)	2,637,789
Electricity	457,452	467,500	10,048	498,730
Debt Service	823,913	814,398	(9,515)	968,037
Capital Projects	1,630,000	1,500,000	(130,000)	2,073,000
Subtotal	\$ 10,982,712	\$ 10,216,581	\$ (766,131)	\$ 11,370,145
Less: Non-operating Revenue	(1,118,795)	(1,271,710)	(152,915)	(1,115,762)
<b>Net Revenue Requirement</b>	<b>\$ 9,863,917</b>	<b>\$ 8,944,871</b>	<b>\$ (919,046)</b>	<b>\$ 10,254,383</b>
<b>Total Revenue Surplus/(Shortfall)</b>	<b>\$ -</b>	<b>\$ 218,329</b>	<b>\$ 218,329</b>	<b>\$ (921,483)</b>
<b>Percent of Total Rate Revenue</b>				<b>-9.87%</b>
Beginning Reserve Balance	\$ 2,342,000	\$ 2,342,000		\$ 2,560,329
Revenue Surplus/(Shortfall)	\$ -	\$ 218,329		\$ (921,483)
<b>Ending Reserve Balance</b>	<b>\$ 2,342,000</b>	<b>\$ 2,560,329</b>		<b>\$ 1,638,846</b>

[a] Estimated year end based on actuals through March 31, 2016.

[b] Rate revenue based on current FY 2015-16 rates and projected FY 2016-17 demand.

Without a rate increase, the \$921,000 projected operating shortfall would reduce the District's unrestricted reserve balance to \$1,638,000. In other words, an approximate 10% increase is required to avoid reducing reserves. A balance of \$1,639,000 is greater than the District's current reserve target. In order to understand whether it is appropriate to allow reserves to decline, an evaluation was conducted of the District's reserves compared with industry standards, as described in the following section.

## II. EVALUATION OF RESERVES

### IIa. General

Water utilities maintain reserve funds to account for and manage sources of revenue. There are two general types of reserves: unrestricted and restricted reserves. **Figure 2** summarizes common types of reserves that water utilities may have, indicating the revenue source, the use to which the revenue can be put, and the priority for funding the reserve.

**Figure 2. Common Types of Reserves**

Types of Reserves	Revenue Source	Use of Revenue	Funding Priority
<b>Unrestricted</b>			
Operating	Rate revenue	Operations cash flow	Highest
Capital	Rate revenue	Cash-funded capital projects	High
Emergency	Rate revenue	Asset failure, disaster recovery	Lower
Stabilization	Rate revenue	Demand fluctuations	Lower
Replacement	Rate Revenue	Vehicles, equipment, IT	Lowest
<b>Restricted</b>			
Debt	Bond or loan proceeds	Debt-funded capital projects	Legally required
Retirement	Rate revenue	Pensions	Legally required
Development	Connection fees	Capital projects	Legally required
	Developer contributions	In-tract facilities	Legally required
Grants	Grants, matching funds	Specified by source	Legally required

Not all reserves are of equal importance. Higher priority reserves should be funded before lower priority reserves. Some lower priority reserves may not be needed because they are included in higher priority reserves. Restricted reserves are all high priority because they are legally required. Unrestricted reserves are established as needed. The types of unrestricted reserves and the target balances that are deemed appropriate for each unrestricted reserve depend on the utility's policy toward managing risk.

The following discussion is tailored to the needs of a utility of the District's size, customer base, and level of planned capital improvements. The discussion focuses on the unrestricted reserves, which is where the District has discretion in determining the types of reserves and the target balances. All utilities maintain at least one unrestricted reserve as the District does. Many utilities maintain separate reserves for operations and capital purposes. Some utilities maintain other reserves for emergencies, rate stabilization, and sometimes even for asset replacement for equipment or vehicles.

Moreover, because unrestricted reserves are typically funded by rate revenue, they are of primary interest in rate setting. Certain restricted reserves can be funded from rate revenue but are often funded from other sources such as proceeds from loans or bonds, connection fees, developer contributions, and grants, for example. The District has little discretion in determining the types of restricted reserves it needs because of the legal requirements associated with the funding sources.

### **Iib. Operating Reserve**

Operating reserves serve multiple purposes ranging from monthly to annual cash flow management. On a monthly basis, the Operating Reserve provides working capital to cover the lag between when the District incurs operating expenses and when it receives revenue from customers. Providing adequate funding for Operating Reserves is the highest priority.

The amount of reserves needed for short-term working capital depend on the billing frequency. Whereas most of the District's expenses are incurred monthly, the District currently bills most of its customers bi-monthly, allowing 30 days for payment. Some large utilities conduct lead-lag time studies in which they monitor fluctuations in their account balance to estimate what their working capital requirements are. In most cases, a rule of thumb used by the California PUC is sufficient for determining the minimum working capital that is needed. The rule states that the allowance for working capital should equal 1.50 times the billing frequency. In the District's case, this equals three months or 90 days, which is roughly 25% of annual operating revenue.

Setting the target balance for the Operating Reserve at the working capital requirement is a minimal level of reserves. Rates should always be set to maintain at least this much in Operating Reserves. This level of Operating Reserves should provide sufficient liquidity for meeting monthly cash flow, which is not even during the year. Seasonal

variations in water demand and subsequent revenue from rate payers differs from the seasonal fluctuations in expenses.

The Operating Reserve also provides for a certain amount of annual cash flow needs, which can be affected by other conditions that are outside the District's control:

- Variances between projected and actual expenditures.
- Variances between projected and actual revenue, which is dependent on climate and water supply conditions and any associated conservation.
- Unpredictable changes in pass-through costs such as the cost of SFPUC purchased water, chemicals, and power.

The Operating Reserve may also have the ability to buffer these annual conditions without the need for rate increases. In this way, the Operating Reserve can be used to smooth rate increases from year to year.

## **Iic. Capital Reserve**

The purpose of Capital Reserves is analogous to Operating Reserves. Capital Reserves are intended to provide working capital liquidity for making capital expenditures. Providing adequate funding for Operating Reserves is the next highest priority after the target balance is met for the Operating Reserve.

The amount of reserves needed for the Capital Reserve varies widely as an industry practice. We recommend limiting the target balance to provide working capital for projects that are funded from rate revenue only<sup>1</sup>. Debt-funded projects are usually provided for by a separate debt reserve, which is where the bond or loan proceeds are accounted for as well as any debt service reserve (i.e., one year's maximum debt service).

The reason there is no absolute standard for the amount of prudent capital reserves is there are many factors that should be considered in managing the risk exposure:

- The annual fluctuations in capital improvements.

<sup>1</sup> Projects funded from rate revenue are sometimes referred to as "pay-as-you-go" or "PAYGo" projects. By contrast, debt-funded projects are "pay-as-you-use" projects.

- The magnitude of the capital expenditures as a portion of the total revenue requirement.
- The utility's preference for funding capital improvements from cash instead of from debt.
- Uncertain regulatory requirements.
- The presence of large capital assets such as treatment plants.
- Uncertain bidding environment for construction projects.
- Policies toward asset management and the tolerance for asset failures, natural disasters, and other emergencies.
- The currency of facility master plans.

To provide working capital so that sufficient funds are available to pay contractors so that work can proceed without delay, we recommend a minimum target balance equal to an average annual capital expenditure based on the PAYGo projects projected over the coming five years. This target also provides a buffer from debt service payments, which are highest in July.

#### **IId. Other Unrestricted Reserves**

There are other possible unrestricted reserves that can be established once the higher priority Operating and Capital Reserves are fully funded.

Emergency Reserves help manage risks associated with sudden asset failures caused by emergencies such as natural disasters or human error. Emergency Reserves are a form of capital reserve that can provide a measure of self insurance so that immediate funding is available for disaster recovery until loans can be arranged and rates increased. The target balance for the Emergency Reserve can be targeted for a specific asset failure (e.g., treatment plant) or fixed dollar amount.

Stabilization Reserves help manage risks associated with revenue shortfalls due to unusually low water sales during climatic extremes. Stabilization Reserves are another form of Operating Reserve that can be funded from years of surplus revenue, which can be retained until needed. Because Stabilization Reserves are used to reduce the need for rate increases during periods of low water use, they should not be funded with rate increases. Instead, they should be funding from operating surpluses or non-rate revenue.

Replacement Reserves are a form of Operating or Capital Reserve that act as revolving funds for purchasing assets with relatively short service lives. Such funds may be helpful in managing budgets for equipment that should be replaced on a regular cycle.

### **Iie. Current District Policy**

The District maintains a single unrestricted cash reserve fund for meeting its cash flow. The District maintains other restricted reserves for other purposes including \$250,000, rate stabilization reserve, which is essentially functioning as a restricted debt reserve. This \$250,000 restricted rate stabilization reserve is currently one-quarter of one year's loan \$1,000,000 repayment.

The District's target balance for its Operating Reserve is 15% of operating revenue, which is currently about \$1,500,000. The District's fund balance has historically exceeded this target balance.

The District does not maintain other unrestricted reserves. As such, the District's current policy of maintaining a single unrestricted reserve is very simple. In our experience, it is not uncommon for districts the District's size to have a simpler reserve structure.

### **Iif. Recommended Reserve Policy**

Evaluating the appropriate size for the unrestricted reserves should consider the critical risks that could stress the District's financial ability to cover O&M and capital expenses. The target balances should reflect the funding needed to manage each risk taking into account the priority of each risk.

We recommend that the District create additional unrestricted reserves to help set and maintain the appropriate target balances. As we previously discussed, most utilities reach a point where separate Operating and Capital Reserves are needed. We believe the District would benefit by itemizing these reserves separately, which would not preclude it from also combining them as a total.

With a separate Operating Reserve, the District would have funds available to handle cash flow fluctuations as well as a certain amount of unplanned increases in SFPUC purchased water and power and chemicals at its treatment facilities. We recommend a

minimum target balance of 25% of operating *revenue*. Rates should always be set to stay above this minimum target balance.

We recommend that the District also create a separate Capital Reserve for PAYGo capital projects with a target balance of the average annual PAYGo projects identified in its facilities master plan, which is \$3,000,000 per year. Unlike the minimum target balance for the Operating Reserve, the target balance for the Capital Reserve is not regarded as a minimum requirement. Rates do not have to be set to stay above this target in all years. Rates should be set to achieve this target balance within no more than five years but it is permissible to drop below the target.

By meeting the Capital Reserve target, however, the District is in the best position to not only provide for construction cost cash flow but also to provide for significant fluctuations in capital expenditures from year to year. A higher balance also provides a measure of funding for emergency recovery.

**Figure 3** compares the District's current reserve policies and target balances with our recommendations. With respect to unrestricted reserves, the \$5,500,000 recommended target is considerably greater than the current \$1,500,000 target. The recommended target is also considerably greater than the estimated \$2,560,000 June 30, 2016 fund balance. Furthermore without a rate increase in FY 2016-17, the estimated \$1,638,000 fund balance (see **Figure 1**) is still slightly above the current \$1,500,000 target but well below the minimum \$2,500,000 recommended balance and far below the \$5,500,000 target balance. In order to close the gap between the projected and recommended reserve balances, significant rate increases will be needed in the coming years.

We note also that the District's \$250,000 restricted reserves for its current loan is only one quarter of an average year's \$1,000,000 loan repayment. The purpose of a debt reserve is to provide funding to avoid defaulting on the loan if the District failed to make a loan payment. We recommend maintaining a full year's loan repayment if possible. Given the low state of the District's reserves at this time, setting rates to increase the reserves can only bolster its ability to avoid a default on its loan, even if it is infeasible to fully fund the full debt reserve.

**Figure 3. Current and Proposed Reserve Policies**

Types of Reserves	Current District Policy	Current Target Balance	Recommended Policy	Recommended Target Balance
<b>Unrestricted</b>				
Operating	15% of operating expenses	\$1,500,000	25% of operating revenue	\$2,500,000
Capital	Included in Operating Reserve	\$0	Average annual PAYGo CIP	\$3,000,000
Emergency	Included in Operating Reserve	\$0	Defer funding until target balances are met for Operating and Capital Reserves	\$0 for now
Stabilization	Included in Operating Reserve	\$0		\$0 for now
Replacement	Included in Operating Reserve	\$0		\$0 for now
		\$1,500,000		\$5,500,000
<b>Restricted</b>				
Debt	Limited to loan requirement	\$250,000	Annual debt service	\$1,000,000

### III. RATE MODIFICATIONS

Given the \$4,000,000 gap between the District’s current policy and the recommended policy, it is clear that rate increases are warranted to close the gap over the coming years. As shown in **Figure 1**, a 10% increase is projected to hold reserves at their current level.

At the District’s May 9, 2016 Board of Directors meeting, the Board authorized District staff to mail notices of a proposed 12% rate increase to rate payers as required by California Constitution Article XIID, Section 6. By comparison with a 10% increase, a 12% increase will add \$200,000 to reserves to a projected \$2,800,000 balance by year-end FY 2016-17. This is a slight increase that can easily be justified because it maintains a reserve balance that at least slightly exceeds the \$2,500,000 minimum recommend balance.

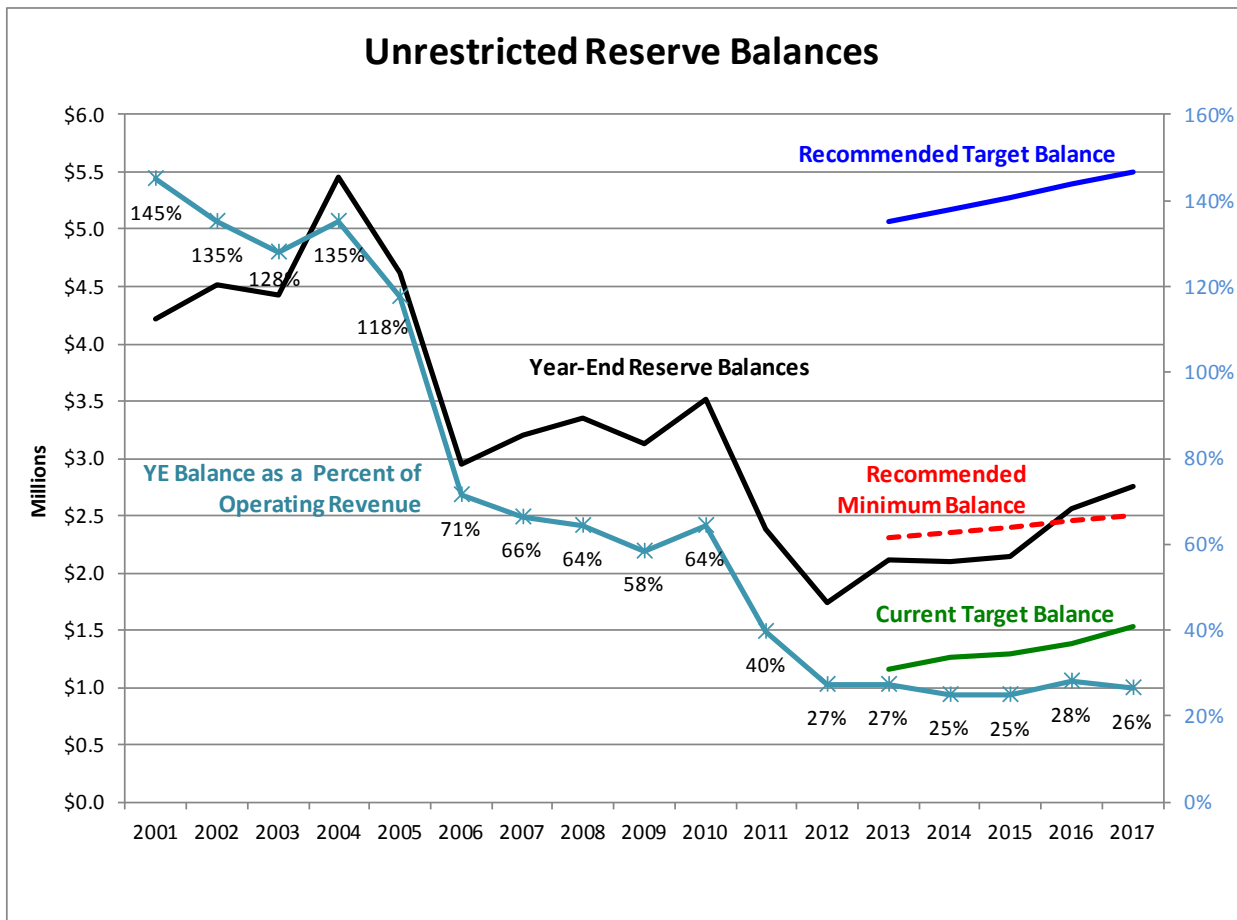
While far from the recommended \$5,500,000 target balance, a 12% rate increase is headed in the right direction as shown in **Figure 4**. This graph shows the actual reserve balance since FY 2000-01 through the projected balance in FY 2016-17 with a 12% rate increase. The graph shows the current target balance and the recommended minimum and target balances. The District has a history of maintaining reserves that are comparable to the recommended \$5,500,00 target balance. However, when the District’s reserve was \$5,500,000 in FY 2003-04, that reserve was 135% of the annual operating



revenue at that time. Now, if the District’s reserves were at \$5,500,000, that reserve would be 59% of the FY 2016-17 annual operating revenue.

We conclude by concurring with the Board’s proposed 12% rate increase because (1) it should keep the reserve balance above the recommended minimum balance and (2) it should aim the reserves toward the target balance, which will take a number of years of rate increases to reach.

**Figure 4. Reserve Balance and Targets**



Source: CCWD 2001-2015 historical results; 2016 and 2017 are projections

Exhibit H  
Proposition 218 Protest Letters  
(Received as of 6/27/16)

RECEIVED

JUN 24 2016

COASTSIDE COUNTY  
WATER DISTRICT

June 20, 2016

TIME TO HELP SENIORS

David Dickson

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

Re: 2016-2017 Rate Increase for Water

Attn: General Manager

I am living in HUD Affordable Housing complex at 701 Arnold Way, Apt. [REDACTED], in Half Moon Bay.  
My monthly income is \$ 896

This proposed increase in water rates again along with rising cost of other necessities is making my survival a hardship.

I only ask that you reconsider raising my rates or consider calculating the base rate on my income, rather than a flat rate.

Sincerely,

Leslie Ross

SIGN YOUR NAME

[Type here]



COASTSIDE COUNTY WATER DISTRICT  
 766 MAIN STREET  
 HALF MOON BAY, CA 94019-1925

2016

PHONE: (650) 726-4405  
 WEB SITE: www.coastsidewater.org

\*\*AUTO\*\*5-DIGIT 94019 5 PS5 94952RB23-A-1  
 1221 1 AV 0.388



I. MIKULA  
 10 RIVER OAKS BL  
 HALF MOON BAY, CA 94019-2272



1230  
 01-20

**YOUR MONTHLY WATER USAGE (IN UNITS)**

Account

**Statement**

**ACCOUNT INFORMATION**

ACCOUNT: 143490  
 SERVICE ADDRESS: 10 RIVER OAKS BL  
 SERVICE PERIOD: From: 11/01/15 To: 12/30/15  
 BILLING DATE: 12/30/15  
 DUE DATE: 01/21/16

**CURRENT WATER USAGE**

Meter Number	Previous Reading Date	Previous Reading	Current Reading Date	Current Reading	Usage Unit
6683136	10/21/15	528	12/18/15	534	6

**CURRENT CHARGES**

BASE CHARGE	\$47.45
WATER CHARGE	\$52.06

THIS LETTER IS IN PROTEST OF  
 THE PROPOSED 2016-2017 RATE  
 INCREASE FOR WATER SERVICES

Sincerely,  
 Irena Mikula

**RECEIVED**  
 JUN 24 2016  
 COASTSIDE COUNTY  
 WATER DISTRICT

RECEIVED

JUN 24 2016

COASTSIDE COUNTY  
WATER DISTRICT

June 7<sup>th</sup>, 2016

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

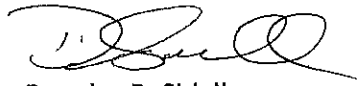
To Whom It May Concern:

I am writing in opposition to the CCWD proposed amendments to the water rate schedule as per the May 13, 2016 written notice.

Address:

[REDACTED]  
[REDACTED]

Sincerely,

  
Douglas R. Sidell

To whom it may concern:

My name is Elizabeth Flores-Zavallos  
the parcel number is ~~018-015-550~~  
I write to disagree with the increase  
in water rates.

RECEIVED

thank you.

JUN 21 2016

COASTSIDE COUNTY  
WATER DISTRICT

RECEIVED

JUN 20 2016

COASTSIDE COUNTY  
WATER DISTRICT

June 18, 2016

General Manager

Coastside Water District

766 Main Street

Half Moon Bay, CA 94019

To the Coastside Water District Board:

**I protest the proposed rate increase of up to 12%.**

My protest is for two main reasons:

1.) The size of the budget's programmed 4% Cost of Living salary adjustment is not justified. Last year saw no increase in the CPI. Since most of your water users are not getting a 4% CPI, why should the Water District employees get such a large adjustment? I am not against merit or step raises, only against un-needed and un-justified CPI adjustments.

2.) Most of the proposed rate increase is going to be used to increase the District's reserves. Your supporting documents do not justify why it is necessary to increase the District's reserves by a multiple of at least three times the current level over the next ten years. What crisis are you trying to protect against?

  
Doug Johnson

[REDACTED]

575 Avenida Aramburo

[REDACTED]

RECEIVED

JUN 16 2016

COASTSIDE COUNTY  
WATER DISTRICT

Monica Ackeerma  
701 Arnold Way #8D  
Half Moon Bay CA 94019  
650-729-3167  
[Redacted]

June 13, 2016

David Dickson  
Coastside County Water District  
766 Main Street  
Half Moon Bay CA 94019

Re: 2016-2017 Rate Increase for Water  
Attn.: General Manager

Dear Sir:

I am living in HUD Affordable Housing at Wesley Gardens, 701 Arnold Way, Half Moon Bay CA.

My monthly income from Social Security is \$940.00.

This proposed increase in water rates again, along with rising cost of other necessities is making my survival a hardship. Add to that no cost of living increase received from Social Security again this year.

I am opposed to an increase in monthly water rates and ask you to consider calculating my base rate on my income rather than an exorbitant flat rate. I see no reason why my water bill which is already much too high in my opinion for the water I actually use, should increase at all. I do understand that with everyone saving water, the demand is down so your costs go up. It is unfair to inflict this upon our senior community which is struggling to survive.

Ours is the only senior complex in this area with individual meters whereas water is included in the rent for all other complexes.

Please note my opposition to a proposed increase in water rates.

Sincerely,





RECEIVED

JUN 14 2016

COASTSIDE COUNTY  
WATER DISTRICT

June 14, 2016

Mr. David Dickson  
Coastside County Water District  
766 Main St.  
Half Moon Bay CA 94019

Dear Mr. Dickson:

Re: 2016-2017 Rate Increase

I am currently living in HUD affordable housing at ~~766 Main St., Half Moon Bay, CA~~, in Half Moon Bay. My monthly income is \$2265.

The proposed increase in water rates again, along with rising costs of other necessities is making my survival more of a hardship especially with no SSI COLA increase for 2016.

Please reconsider raising my rates, or at least a fairer and more just way would be to calculate my rates based on my income, rather than a flat rate.

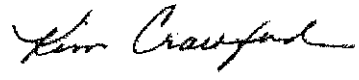
Sincerely,  
Dena Reiner

June 9, 2016

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

RECEIVED  
JUN 10 2016  
COASTSIDE COUNTY  
WATER DISTRICT

**I protest the proposed rate increase.**



Kim Crawford

400 [REDACTED]  
[REDACTED]

June 9, 2016

Mr David Dickson  
Coastside County Water Dist.  
766 Main Street  
Half Moon Bay, CA 94019

RECEIVED

JUN 10 2016

COASTSIDE COUNTY  
WATER DISTRICT

RE: 2016 - 2017 Rate Increase for water

Dear David Dickson,

I am living in HUD Affordable Housing complex,  
at ~~701 Arnold Way in Half Moon Bay~~. My monthly  
income is \$ 877.<sup>00</sup>,

This proposed increase in water rates again,  
along with rising cost of other necessities is  
making my survival a hardship.

I only ask that you re-consider raising the  
rates, OR consider calculating the base rate  
on my income, rather than a flat rate.

Sincerely,

Linda J. Evans

~~701 Arnold Way~~

~~Half Moon Bay, CA 94019~~

~~Half Moon Bay, CA 94019~~

June 9<sup>th</sup>, 2016

RECEIVED

JUN 10 2016

Mr. David Dechem  
Coastside County Water District  
766 Main Street  
Half Moon Bay CA 94019

COASTSIDE COUNTY  
WATER DISTRICT

RE. - 2016-2017 Rate increase for Water.

ATTN General Manager

I am living in HUD Affordable Housing at  
~~201 Arnold Way~~ June 9, 2016 in Half Moon Bay.  
my monthly income is \$900.

This proposed increase in Water rates again along  
with rising cost of other necessities is making  
my survival a hardship

I only ask that you reconsider raising my  
rates or consider calculating the base rate  
on my income, rather than a flat rate

Sincerely,

Craig R. Lavigne

6/9/16

To: CCWD board,

I am writing to protest the  
the proposed rate change for  
water use.

Thank you,

Adelitz Stanton

~~1000 1st St~~

~~1000 1st St~~

RECEIVED

JUN 13 2016

COASTSIDE COUNTY  
WATER DISTRICT

RECEIVED

JUN 13 2016

COASTSIDE COUNTY  
WATER DISTRICT

June 9 - 16

Mr David Dickson  
Coastside County Water District  
766 Main Street  
Half Moon Bay, CA 94019

Re: 2016-2017 Rate Increase for Water

ATTN: General Manager

I am living in HUD affordable  
housing complex at ~~111 Grand St~~  
in Half Moon Bay, My monthly  
income is 800.00.

This proposed increase in  
water rates, again along with  
rising cost of other necessities  
is making my survival a  
hardship.

I only ask that you reconsider  
raising my rates or consider  
calculating the base rate  
on my income, rather than  
a flat rate.

Sincerely  
Sharon Coster

(2) parcels

RECEIVED

MAY 31 2016

COASTSIDE COUNTY  
WATER DISTRICT

May 26, 2016

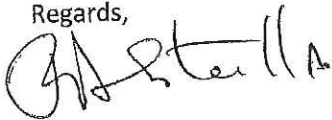
Attn: General Manager, Coastside County Water District

I am writing to protest the proposed 2015 – 2017 rate increase for water services. This protest is in reference to the following 2 properties:

~~320 St. Andrews Lane, Half Moon Bay, CA 94019~~

~~10 Patrick Way, Half Moon Bay, CA 94019~~

Regards,



Roger Estrella



LESLEY SENIOR COMMUNITIES  
A non-profit California Corporation

May 25, 2016

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MAY 27 2016

COASTSIDE COUNTY  
WATER DISTRICT



LESLEY GARDENS

701 Arnold Way  
Half Moon Bay, CA 94019-2709

Tel: (650) 726-2741

Fax: (650) 726-5888

[www.lesleyseniorcommunities.org](http://www.lesleyseniorcommunities.org)

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

Dear Mr. Dickson,

I am writing on behalf of the residents of Lesley Gardens located at 701 Arnold Way in Half Moon Bay. Lesley Gardens is a HUD affordable housing complex for adults 62 and older. Our residents have an average monthly income of \$913. While a 12% increase in water rates may seem inconsequential to those of us with higher incomes, it is very consequential to our residents. Although HUD does provide a modest utility allowance to our residents, it is not designed to cover the total cost of water, PG&E, telephone, cable and internet services.

Our residents depend on their Social Security payments as their primary source of income. As you may know there was no increase in Social Security benefits for 2016. Their rents are based on income and thus remain affordable; however this proposed substantial increase in water rates, along with the continually rising cost of food and other necessities, is making survival on the coast extremely difficult for the very poor.

Our residents live in one-bedroom apartments. They use very little water as they have no yards or gardens and no dish washers or laundry machines. Their use is pretty much limited to toilet flushing, several short showers a week, teeth brushing and washing of a few dishes each day. Despite their low incomes and minimal use they pay the same base rate as other more affluent customers.

We all are grateful for the high quality of water and service provided by the Coastside County Water District. We only ask that you reconsider raising the rates this year, or consider calculating the base rate based on customer income, rather than a flat rate.

Sincerely,

  
Galyn Evans  
Administrator

- cc: Sarah Carrington, Executive Director  
Lesley Senior Communities  
Arnie Glassberg, President CCWD Board of Directors  
Glenn Reynolds, Director CCWD Board of Directors  
Ken Coverdell, Director CCWD Board of Directors  
Chris Mickelsen, Director CCWD Board of Directors  
Bob Feldman, Director, CCWD Board of Directors



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MAY 27 2016

COASTSIDE COUNTY  
WATER DISTRICT

May 26, 2016

Coastside County Water District

We are writing to protest the proposed rate increases. We are senior citizens and live on a fixed income. We cannot continue to pay increases on all the utilities that serve our property, especially for water.

We continuously try to find ways to save water, but the water rates just keep going up. We've had lawn in our front yard for 38 years and are researching for a landscaping alternative that is cost effective and nice looking.

In the meantime, we hope that more homeowners will join in this protest so that the proposed rate increases will not be imposed.

Dave & Sue Schultz

~~261 Grandview Ave.~~

~~Hillview, CA 94019~~

~~Phone: 415-452-0000~~

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May 24, 2016

MAY 27 2016

COASTSIDE COUNTY  
WATER DISTRICT

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

*Avery Allen.*

~~188 S. Mill St.~~

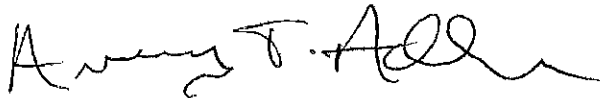
~~Half Moon Bay, CA 94019~~

~~Parcel number: 017-045-140~~

*I am against the proposed rate increase.*

*Thank you,*

*Avery Allen, owner*



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

Dear Mr. Dickson,

May 17, 2016

This letter serves as my objection to the latest 12% rate increase proposed for CCWD for the 2016-2017 service year. While I understand that the water shortage has an impact on costs, I feel that the rate increases every year for well over a decade have outpaced inflation by a significant margin.

Further, regarding the move to a monthly billing cycle, I have no objection as long as CCWD can finally unify the online billing for water and fire sprinklers. It is extremely annoying to pay two different bills.

Finally, it should be possible to provide you this formal feedback and objection by some electronic means – having to spend money, time and materials to mail you a letter is just unnecessary bureaucracy.

Sincerely,

*Brian Dantes*

5/17/16

Brian Dantes

P.O. Box 146

El Granada, CA 94018

APN: 047-169-000

~~bdantes@icloud.com~~

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MAY 20 2016

COASTSIDE COUNTY  
WATER DISTRICT

Attn: General Managers

My husband and I protest  
This 12% water increase. We  
seem to be getting punished  
for trying to save water.

We are both retired and  
it seems that we have tried to

be very conservative with water.  
Social Security only goes so far.  
Base charge  $\frac{47.25}{}$  to 53.14 is quite a jump  
for us retired people, we do not  
even water yard, etc. We mostly use  
a watering can.

~~541-455-0000 ext. #.~~

LAWRENCE L. STANDAERT

PHYLLIS STANDAERT

~~541-455-0000 ext. #.~~

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MAY 20 2016

COASTSIDE COUNTY  
WATER DISTRICT

Stephanie Mischak Lyons

~~240 Grand Boulevard, Account # 060-02465-03~~

~~Half Moon Bay, CA 94019~~

May 19, 2016

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MAY 19 2016

COASTSIDE COUNTY  
WATER DISTRICT

Coastside County Water District

766 Main Street

Half Moon Bay, CA 94019

Attention: General Manager:

By this letter, I wish to have recorded my opposition to the proposed rate increase for 2016-2017 as described in the notice sent May 13, 2016.

While I agree that we must all continue to conserve water and continue the frugal habits of the past few years, I cannot agree that the ratepayers must cover the costs of reducing water usage. You can't have it both ways, but you have had it both ways in the past two years: on the one hand, imposing severe restrictions on water usage, and then charging us more because the revenue has decreased.

You must find another way to reduce the expenses of the District besides gouging the ratepayers.

We do our part: we have cut water usage. We collect shower water. We will have brown lawns (or no lawns) once the rain stops. We will have dirty cars and driveways. We water our plants with dirty dishwater. We plant native species that are drought-tolerant. Some have incurred the expense of tearing out lawns and landscaping to replace them with rocks and ugly bark. Now, you want us to pay more for using less - again.

Well, please count me against this proposal. The state has agreed that counties and districts may adjust their restrictions due to our very welcome winter rains. What is this District going to do to give the ratepayers a break? You're going to raise our rates. If the San Francisco PUC is going to raise the rates charged to the District, do what you have notified us that we may do - protest it.

Sincerely,



Stephanie Mischak Lyons

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MAY 19 2016

COASTSIDE COUNTY  
WATER DISTRICT

Warren W Jones

[REDACTED]

[REDACTED]

May 16, 2016

RE: Proposed rate hike; account # [REDACTED], service address [REDACTED] 718 Main Street, El  
Cerrito, CA

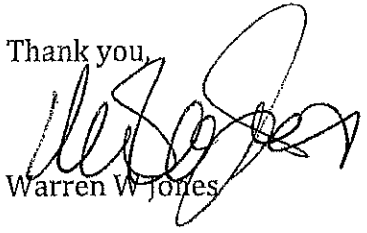
Coastside County Water District Office  
766 Main Street  
Half Moon Bay, CA 94019

I am writing to protest the proposed rate increase. This is burdensome for many rate-payers.

The District has a track record of raising water rates every two years, and here we are yet again. For obvious reasons, this is an unsustainable approach to financing the water system. The District needs to establish a better system to manage the financial needs of the District.

The District should cancel the proposed rate increase.

Thank you,

  
Warren W Jones