COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

REGULAR MEETING OF THE BOARD OF DIRECTORS

Tuesday, October 13, 2020 - 7:00 p.m.

AGENDA

On March 17, 2020, the Governor issued Executive Order N-29-20 suspending certain provisions of the Ralph M. Brown Act in order to allow for local legislative bodies to conduct their meetings telephonically or by other electronic means. Pursuant to the Shelter-in-Place Order issued by the San Mateo County Health Officer on March 16, 2020, as revised on March 31, 2020, the statewide Shelter-in-Place Order issued by the Governor in Executive Order N-33-20 on March 19, 2020, and the CDC's social distancing guidelines which discourage large public gatherings, the Boardroom will not be open for the October 13, 2020 Regular Meeting of the Coastside County Water District. This meeting will be conducted remotely via teleconference.

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

How to Join Online or by Phone

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

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

Online:

Please click the link below to join the webinar:
https://zoom.us/j/98591259316?pwd=bWZFVERjT2NZZkNqWXpRTzkxcGpIQT09

Webinar ID: 985 9125 9316
Passcode: 306732

Or iPhone one-tap:
US: +1-669-900-6833, 98591259316#,,,,,,0#,,306732# or
+12532158782,,98591259316#,,,,,,0#,,306732#

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

- *Please note that this meeting is a Zoom Webinar as opposed to a Zoom Meeting. The difference being that as an attendee you will not be able to activate your webcam nor use your microphone (muted). You will not be able see other attendees in the webinar, only the Board Members and staff that are conducting the webinar will be visible and able to talk. If you have a question during the webinar, please use the "Raise Hand" control at the bottom of your screen.*

- ***From a computer:*** *(1) Using the Zoom App. at the bottom of your screen, click on "Attendees" and then "Raise Hand". Attendees will be called to comment in the order in which they are received. Begin by stating your name and place of residence.*
- ***From a phone:*** *Using your keypad, dial *9, and this will notify the Moderator that you have raised your hand. Begin by stating your name and place of residence. The Moderator will call on you by stating the last 4 digits of your phone number. If you wish to block your phone number dial *67 prior to dialing in. If your phone number is not displayed, the Moderator will call you by Caller number.*

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

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

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

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

1) ROLL CALL

2) PLEDGE OF ALLEGIANCE

3) PUBLIC COMMENT

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

4) CONSENT CALENDAR

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

A. Approval of disbursements for the month ending September 30, 2020: Claims: $1,497,288.68; Payroll: $177,130.22 for a total of $1,674,418.90 (attachment)
- *September 2020 Monthly Financial Claims reviewed by and approved by Director Feldman*

B. Acceptance of Financial Reports (attachment)
C. Approval of Minutes of September 8, 2020 Regular Board of Directors Meeting (attachment)
D. Approval of Minutes of September 18, 2020 Special Board of Directors Meeting (attachment)
E. Installed Water Connection Capacity and Water Meters Report (attachment)
F. Total CCWD Production Report (attachment)
G. CCWD Monthly Sales by Category Report-September 2020 (attachment)
H. Monthly Planned Plant or Tank Discharge and New Water Line Flushing Report (attachment)
I. Monthly Rainfall Reports (attachment)
J. SFPUC Hydrological Report for the Month of August 2020 (attachment)
K. Approval for Director Feldman to attend the Association of California Water Agencies (ACWA) Fall Virtual Conference & Exhibition, December 2-3, 2020 (attachment)
L. Water Service Connection Transfer Report – September 2020 (attachment)

5) MEETINGS ATTENDED / DIRECTOR COMMENTS

6) GENERAL BUSINESS

A. Public Hearing to Consider Proposed Amendment of Rate and Fee Schedule to Increase Water Rates for Fiscal Year 2020-2021 and Fiscal Year 2021-2022; Consideration of Resolution 2020-04 Amending the Rate and Fee Schedule and Finding that the Amendments are Exempt from the California Environmental Quality Act; Approval of Fiscal Year 2021/22 Operations and Maintenance Budget (attachment)
- **a. Presentations by Staff and Raftelis Financial Consultants, Inc.**
- **b. Open Public Hearing**
  - Proposed Amendment of Rate and Fee Schedule to Increase Water Rates up to 5% effective January 1, 2021 and up to 5% effective January 1, 2022
- **c. Close Public Hearing**
- **d. Board Comments/Board Action**
  - Adoption of Resolution 2020-04 - A Resolution of the Board of Directors of Coastside County Water District Amending the Rate and Fee Schedule to Increase Water Rates and Finding that the Amendments are Exempt from the California Environmental Quality Act
  - Approval of Fiscal Year 2021/22 Operations and Maintenance Budget

B. Quarterly Financial Review (attachment)
C. Approval of Laserfiche Software Lease and Support Agreement with Ray Morgan Company (attachment)
D. Approval of Extension of Services Agreement with WaterSmart Software, Inc. (attachment)

E. Approval of Change Order with EKI Environment and Water, Inc. for Additional Engineering Services Provided During Construction on the Denniston Culvert Replacement and Paving Project (attachment)

7) MONTHLY INFORMATIONAL REPORTS

A. Superintendent of Operations Report (attachment)

8) CLOSED SESSION

- Conference with Real Property Negotiators
  Pursuant to California Government Code Section 54956.8
  Property: 170 Del Monte Road, El Granada, CA 94018 [APN 047-181-080]
  Agency Negotiator: Mary Rogren, General Manager
  Negotiating Parties: Steven Zmay and Kathy ZMay
  Under Negotiation: Price and Terms of Payment

9) DIRECTOR AGENDA ITEMS – REQUESTS FOR FUTURE BOARD MEETINGS

10) ADJOURNMENT

COASTSIDE COUNTY WATER DISTRICT
CLAIMS FOR SEPTEMBER 2020

CHECKS				
CHECK DATE	**CHECK NO.**	**VENDOR**		**AMOUNT**
09/11/2020	28652	AT&T	$	6,144.07
09/11/2020	28653	AT&T LONG DISTANCE	$	1,008.87
09/11/2020	28654	JPMORGAN CHASE BANK, N.A.	$	370,586.23
09/11/2020	28655	COMCAST	$	222.31
09/11/2020	28656	JAMES COZZOLINO, TRUSTEE	$	200.00
09/11/2020	28657	CUMMINS, INC	$	93,078.09
09/11/2020	28658	SEAN DONOVAN	$	169.22
09/11/2020	28659	FEDAK & BROWN LLP	$	720.00
09/11/2020	28660	HMB GRADING & PAVING INC.	$	73,806.30
09/11/2020	28661	HASSETT HARDWARE	$	1,661.82
09/11/2020	28662	HUE & CRY, INC.	$	24.00
09/11/2020	28663	DUSTIN JAHNS	$	273.73
09/11/2020	28664	LIQUIVISION TECHNOLOGY, INC.	$	18,699.38
09/11/2020	28665	MASS MUTUAL FINANCIAL GROUP	$	1,050.00
09/11/2020	28666	MILLER SPATIAL SERVICES, LLC	$	16,500.00
09/11/2020	28667	REPUBLIC SERVICES	$	562.20
09/11/2020	28668	SM CTY ENVIRONMENTAL HEALTH	$	283.00
09/11/2020	28669	SM CTY ENVIRONMENTAL HEALTH	$	283.00
09/11/2020	28670	SM CTY ENVIRONMENTAL HEALTH	$	283.00
09/11/2020	28671	SM CTY ENVIRONMENTAL HEALTH	$	283.00
09/11/2020	28672	SM CTY ENVIRONMENTAL HEALTH	$	283.00
09/11/2020	28673	SIMMS PLUMBING & WATER EQUIP, INC.	$	240.00
09/11/2020	28674	SMITH & ASSOCIATES, INC.	$	6,000.00
09/11/2020	28675	STANDARD INSURANCE COMPANY	$	577.17
09/11/2020	28676	TPX COMMUNICATIONS	$	2,122.56
09/11/2020	28677	TRI COUNTIES BANK	$	1,785.05
09/11/2020	28678	VALIC	$	6,230.00
09/11/2020	28679	US BANK NA	$	1,759.81
09/17/2020	28680	ADP, INC.	$	1,017.45
09/17/2020	28681	HEALTH BENEFITS ACWA-JPIA	$	43,859.28
09/17/2020	28682	CATHLEEN BRENNAN	$	300.00
09/17/2020	28683	RECORDER'S OFFICE	$	95.00
09/17/2020	28684	RECORDER'S OFFICE	$	98.00
09/17/2020	28685	MASS MUTUAL FINANCIAL GROUP	$	1,050.00
09/17/2020	28686	VERIZON CONNECT NWF, INC.	$	247.00
09/17/2020	28687	PACIFIC GAS & ELECTRIC CO.	$	42,386.54
09/17/2020	28688	PSI WATER TECHNOLOGIES, INC	$	477.88
09/17/2020	28689	SAN FRANCISCO WATER DEPT.	$	311,841.56
09/17/2020	28690	VALIC	$	6,230.00
09/17/2020	28691	WIENHOFF & ASSOCIATES, INC.	$	150.00
09/29/2020	28692	AMERICAN DEBRIS BOX SERVICE, INC	$	1,052.25
09/29/2020	28693	ANALYTICAL ENVIRONMENTAL SERVICES	$	15,565.94
09/29/2020	28694	ANDREINI BROS. INC.	$	104,206.96
09/29/2020	28695	AT&T	$	698.93

09/29/2020	28696	AZTEC GARDENS, INC.	$	218.00
09/29/2020	28697	BADGER METER, INC.	$	5,689.28
09/29/2020	28698	BALANCE HYDROLOGICS, INC	$	6,221.98
09/29/2020	28699	BAY ALARM COMPANY	$	1,252.53
09/29/2020	28700	BIG CREEK LUMBER	$	257.04
09/29/2020	28701	CALCON SYSTEMS, INC.	$	20,124.19
09/29/2020	28702	CALIFORNIA SURVEYING & DRAFTING SUPPLY INC.	$	287.55
09/29/2020	28703	CEL ANALYTICAL INC.	$	1,392.00
09/29/2020	28704	CENTRAL ROOFING, INC.	$	10,266.00
09/29/2020	28705	CHEMTRADE CHEMICALS US LLC	$	2,472.48
09/29/2020	28706	COUNTY OF SAN MATEO	$	1,220.00
09/29/2020	28707	CURLEY & RED'S INC. BODY SHOP	$	3,980.92
09/29/2020	28708	DATAPROSE, LLC	$	3,577.51
09/29/2020	28709	DE LAGE LANDEN FINANCIAL SERVICES, INC.	$	876.14
09/29/2020	28710	DE LAGE LANDEN FINANCIAL SERVICES, INC.	$	171.57
09/29/2020	28711	ERS INDUSTRIAL SERVICES INC.	$	25,060.00
09/29/2020	28712	GRAINGER, INC.	$	1,935.71
09/29/2020	28713	HACH CO., INC.	$	33,662.39
09/29/2020	28714	HMB BLDG. & GARDEN INC.	$	223.05
09/29/2020	28715	HANSONBRIDGETT. LLP	$	15,110.00
09/29/2020	28716	HDR ENGINEERING, INC	$	130,843.98
09/29/2020	28717	IRON MOUNTAIN	$	894.56
09/29/2020	28718	IRVINE CONSULTING SERVICES, INC.	$	2,543.62
09/29/2020	28719	GLENNA LOMBARDI	$	104.00
09/29/2020	28720	MTA PARTS, INC.	$	38.73
09/29/2020	28721	O'DELL ENGINEERING	$	13,245.00
09/29/2020	28722	OFFICE DEPOT	$	793.49
09/29/2020	28723	PACIFICA COMMUNITY TV	$	300.00
09/29/2020	28724	PAULO'S AUTO CARE	$	740.51
09/29/2020	28725	PITNEY BOWES	$	762.26
09/29/2020	28726	RAFTELIS FINANCIAL CONSULTANTS, INC.	$	1,932.50
09/29/2020	28727	REDWOOD TRADING POST	$	3,460.91
09/29/2020	28728	ROBERTS & BRUNE CO.	$	4,433.24
09/29/2020	28729	ROGUE WEB WORKS, LLC	$	721.60
09/29/2020	28730	SAN MATEO CTY PUBLIC HEALTH LAB	$	110.00
09/29/2020	28731	SAN FRANCISCO PUBLIC UTILITIES COMMISSION	$	2,496.00
09/29/2020	28732	STETSON ENGINEERS, INC.	$	11,552.50
09/29/2020	28733	STRAWFLOWER ELECTRONICS	$	26.70
09/29/2020	28734	TEAMSTERS LOCAL UNION #856	$	1,277.00
09/29/2020	28735	JAMES TETER	$	649.00
09/29/2020	28736	UGSI CHEMICAL FEED, INC.	$	3,197.21
09/29/2020	28737	UNIVAR SOLUTIONS USA INC.	$	3,530.00
09/29/2020	28738	UPS STORE	$	250.22
09/29/2020	28739	USA BLUE BOOK	$	722.29
09/29/2020	28740	VERIZON WIRELESS	$	2,080.35
09/29/2020	28741	WEST YOST ASSOCIATES, INC	$	2,225.00
09/29/2020	28742	JUAN CARLOS SALAZAR	$	3,640.00
09/29/2020	28743	KAREN MASON	$	114.56
09/29/2020	28744	STACY CABANILLA	$	15.20
09/29/2020	28745	PAOLA CARVAJAL	$	9.86

09/29/2020	28746	THERESA MCLAUGHLIN	$	40.07
		SUBTOTAL CLAIMS FOR MONTH	$	1,460,861.30

WIRE PAYMENTS

MONTH		VENDOR		AMOUNT
09/04/2020	DFT0000320	PUB. EMP. RETIRE SYSTEM	$	14,191.60
09/18/2020	DFT0000321	PUB. EMP. RETIRE SYSTEM	$	14,329.62
9/30/2020		BANK AND CREDIT CARD FEES	$	7,906.16
		SUBTOTAL WIRE PAYMENTS FOR MONTH	$	36,427.38

TOTAL CLAIMS FOR THE MONTH $ 1,497,288.68

Coastside County Water District

Monthly Budget Report

Account Summary

For Fiscal: 2020-2021 Period Ending: 09/30/2020

		September Budget	September Activity	Variance Favorable (Unfavorable)	Percent Variance	YTD Budget	YTD Activity	Variance Favorable (Unfavorable)	Percent Variance	Total Budget
Revenue										
RevType: 1 - Operating										
1-4120-00	Water Revenue	1,208,558.00	1,170,099.93	-38,458.07	-3.18 %	3,681,935.00	3,864,966.94	183,031.94	4.97 %	12,096,000.00
	Total RevType: 1 - Operating:	**1,208,558.00**	**1,170,099.93**	**-38,458.07**	**-3.18 %**	**3,681,935.00**	**3,864,966.94**	**183,031.94**	**4.97 %**	**12,096,000.00**
RevType: 2 - Non-Operating										
1-4170-00	Water Taken From Hydrants	4,165.00	7,384.48	3,219.48	77.30 %	12,495.00	20,687.57	8,192.57	65.57 %	50,000.00
1-4180-00	Late Notice - 10% Penalty	0.00	0.00	0.00	0.00 %	0.00	-2.89	-2.89	0.00 %	25,000.00
1-4230-00	Service Connections	833.00	1,143.46	310.46	37.27 %	2,499.00	2,254.65	-244.35	-9.78 %	10,000.00
1-4920-00	Interest Earned	4,688.00	2,095.26	-2,592.74	-55.31 %	14,063.00	10,095.60	-3,967.40	-28.21 %	56,250.00
1-4930-00	Tax Apportionments/County Checks	0.00	2,791.22	2,791.22	0.00 %	0.00	2,791.22	2,791.22	0.00 %	750,000.00
1-4950-00	Miscellaneous Income	1,750.00	0.00	-1,750.00	-100.00 %	1,750.00	96.78	-1,653.22	-94.47 %	7,000.00
1-4955-00	Cell Site Lease Income	14,500.00	39,321.36	24,821.36	171.18 %	43,500.00	48,059.71	4,559.71	10.48 %	179,000.00
1-4965-00	ERAF Refund - County Taxes	0.00	172,976.72	172,976.72	0.00 %	175,000.00	172,976.72	-2,023.28	-1.16 %	375,000.00
	Total RevType: 2 - Non-Operating:	**25,936.00**	**225,712.50**	**199,776.50**	**770.27 %**	**249,307.00**	**256,959.36**	**7,652.36**	**3.07 %**	**1,452,250.00**
	Total Revenue:	**1,234,494.00**	**1,395,812.43**	**161,318.43**	**13.07 %**	**3,931,242.00**	**4,121,926.30**	**190,684.30**	**4.85 %**	**13,548,250.00**
Expense										
ExpType: 1 - Operating										
1-5130-00	Water Purchased	338,140.00	336,453.56	1,686.44	0.50 %	1,029,300.00	1,074,686.18	-45,386.18	-4.41 %	2,341,560.00
1-5230-00	Nunes T P Pump Expense	3,416.00	4,357.19	-941.19	-27.55 %	10,248.00	12,785.56	-2,537.56	-24.76 %	41,000.00
1-5231-00	CSP Pump Station Pump Expense	55,000.00	31,869.13	23,130.87	42.06 %	170,000.00	138,244.42	31,755.58	18.68 %	350,000.00
1-5232-00	Other Trans. & Dist Pump Expense	1,750.00	2,560.54	-810.54	-46.32 %	5,250.00	7,666.58	-2,416.58	-46.03 %	21,000.00
1-5233-00	Pilarcitos Canyon Pump Expense	700.00	699.83	0.17	0.02 %	2,100.00	1,585.14	514.86	24.52 %	43,000.00
1-5234-00	Denniston T P Pump Expense	6,800.00	-2,542.55	9,342.55	137.39 %	20,400.00	3,574.42	16,825.58	82.48 %	110,000.00
1-5242-00	CSP Pump Station Operations	1,375.00	248.88	1,126.12	81.90 %	4,125.00	1,763.23	2,361.77	57.26 %	16,500.00
1-5243-00	CSP Pump Station Maintenance	3,083.00	4,656.70	-1,573.70	-51.04 %	9,249.00	8,216.27	1,032.73	11.17 %	37,000.00
1-5246-00	Nunes T P Operations - General	7,500.00	10,588.18	-3,088.18	-41.18 %	22,500.00	26,241.27	-3,741.27	-16.63 %	90,000.00
1-5247-00	Nunes T P Maintenance	10,416.00	24,561.38	-14,145.38	-135.80 %	31,248.00	31,153.23	94.77	0.30 %	125,000.00
1-5248-00	Denniston T P Operations-General	4,584.00	997.11	3,586.89	78.25 %	13,752.00	4,924.82	8,827.18	64.19 %	55,000.00
1-5249-00	Denniston T.P. Maintenance	9,000.00	16,927.73	-7,927.73	-88.09 %	28,000.00	26,463.07	1,536.93	5.49 %	132,000.00
1-5250-00	Laboratory Expenses	6,250.00	2,409.13	3,840.87	61.45 %	18,750.00	12,716.54	6,033.46	32.18 %	75,000.00
1-5260-00	Maintenance - General	30,000.00	58,544.93	-28,544.93	-95.15 %	90,000.00	109,437.27	-19,437.27	-21.60 %	348,500.00
1-5261-00	Maintenance - Well Fields	1,000.00	0.00	1,000.00	100.00 %	3,000.00	0.00	3,000.00	100.00 %	30,000.00
1-5263-00	Uniforms	0.00	0.00	0.00	0.00 %	2,500.00	0.00	2,500.00	100.00 %	10,000.00
1-5318-00	Studies/Surveys/Consulting	10,000.00	5,157.50	4,842.50	48.43 %	30,000.00	21,702.50	8,297.50	27.66 %	150,000.00
1-5321-00	Water Resources	2,166.00	0.00	2,166.00	100.00 %	6,498.00	110.26	6,387.74	98.30 %	26,000.00

		September Budget	September Activity	Variance Favorable (Unfavorable)	Percent Variance	YTD Budget	YTD Activity	Variance Favorable (Unfavorable)	Percent Variance	Total Budget
1-5322-00	Community Outreach	8,000.00	340.00	7,660.00	95.75 %	17,000.00	10,719.12	6,280.88	36.95 %	58,400.00
1-5381-00	Legal	8,333.00	12,125.00	-3,792.00	-45.51 %	24,999.00	28,065.00	-3,066.00	-12.26 %	100,000.00
1-5382-00	Engineering	5,500.00	12,013.86	-6,513.86	-118.43 %	16,500.00	18,112.66	-1,612.66	-9.77 %	66,000.00
1-5383-00	Financial Services	5,000.00	5,970.00	-970.00	-19.40 %	7,000.00	7,775.00	-775.00	-11.07 %	22,000.00
1-5384-00	Computer Services	17,625.00	13,436.89	4,188.11	23.76 %	52,875.00	53,472.29	-597.29	-1.13 %	211,500.00
1-5410-00	Salaries/Wages-Administration	101,942.00	80,194.34	21,747.66	21.33 %	305,826.00	242,800.73	63,025.27	20.61 %	1,223,311.00
1-5411-00	Salaries & Wages - Field	125,117.00	126,436.67	-1,319.67	-1.05 %	375,351.00	370,993.62	4,357.38	1.16 %	1,501,399.00
1-5420-00	Payroll Tax Expense	15,975.00	14,479.97	1,495.03	9.36 %	47,925.00	41,288.39	6,636.61	13.85 %	191,701.00
1-5435-00	Employee Medical Insurance	41,645.00	38,540.05	3,104.95	7.46 %	124,935.00	115,634.19	9,300.81	7.44 %	511,400.00
1-5436-00	Retiree Medical Insurance	5,661.00	5,405.64	255.36	4.51 %	16,983.00	14,565.34	2,417.66	14.24 %	69,562.00
1-5440-00	Employees Retirement Plan	41,353.00	51,403.63	-10,050.63	-24.30 %	124,059.00	129,607.17	-5,548.17	-4.47 %	496,240.00
1-5445-00	Supplemental Retirement 401a	0.00	0.00	0.00	0.00 %	0.00	0.00	0.00	0.00 %	35,000.00
1-5510-00	Motor Vehicle Expense	6,250.00	9,918.61	-3,668.61	-58.70 %	18,750.00	18,142.17	607.83	3.24 %	75,000.00
1-5620-00	Office & Billing Expenses	30,791.00	29,722.67	1,068.33	3.47 %	94,373.00	86,838.35	7,534.65	7.98 %	363,500.00
1-5625-00	Meetings / Training / Seminars	2,750.00	1,153.54	1,596.46	58.05 %	8,250.00	1,578.53	6,671.47	80.87 %	33,000.00
1-5630-00	Insurance	13,250.00	13,387.96	-137.96	-1.04 %	39,750.00	40,163.88	-413.88	-1.04 %	159,000.00
1-5687-00	Membership, Dues, Subscript.	7,091.00	2,423.00	4,668.00	65.83 %	21,273.00	18,595.18	2,677.82	12.59 %	85,100.00
1-5688-00	Election Expenses	0.00	0.00	0.00	0.00 %	0.00	0.00	0.00	0.00 %	30,000.00
1-5689-00	Labor Relations	500.00	0.00	500.00	100.00 %	1,500.00	0.00	1,500.00	100.00 %	6,000.00
1-5700-00	San Mateo County Fees	2,100.00	2,635.00	-535.00	-25.48 %	6,100.00	2,635.00	3,465.00	56.80 %	25,000.00
1-5705-00	State Fees	3,000.00	0.00	3,000.00	100.00 %	9,000.00	0.00	9,000.00	100.00 %	36,500.00
	Total ExpType: 1 - Operating:	**933,063.00**	**917,076.07**	**15,986.93**	**1.71 %**	**2,809,369.00**	**2,682,257.38**	**127,111.62**	**4.52 %**	**9,301,173.00**
ExpType: 4 - Capital Related										
1-5715-00	Debt Service/CIEDB 11-099	0.00	0.00	0.00	0.00 %	268,811.00	268,811.40	-0.40	0.00 %	335,825.00
1-5716-00	Debt Service/CIEDB 2016	0.00	0.00	0.00	0.00 %	234,969.00	234,968.81	0.19	0.00 %	323,357.00
1-5717-00	Chase Bank - 2018 Loan	370,586.00	370,586.23	-0.23	0.00 %	370,586.00	370,586.23	-0.23	0.00 %	433,567.00
	Total ExpType: 4 - Capital Related:	**370,586.00**	**370,586.23**	**-0.23**	**0.00 %**	**874,366.00**	**874,366.44**	**-0.44**	**0.00 %**	**1,092,749.00**
	Total Expense:	**1,303,649.00**	**1,287,662.30**	**15,986.70**	**1.23 %**	**3,683,735.00**	**3,556,623.82**	**127,111.18**	**3.45 %**	**10,393,922.00**
	Report Total:	**-69,155.00**	**108,150.13**	**177,305.13**		**247,507.00**	**565,302.48**	**317,795.48**		**3,154,328.00**

COASTSIDE COUNTY WATER DISTRICT
MONTHLY INVESTMENT REPORT
September 30, 2020

RESERVE BALANCES	**Current Year as of 9/30/2020**	**Prior Year as of 9/30/2019**
CAPITAL AND OPERATING RESERVE	$8,519,305.17	$8,904,844.86
RATE STABILIZATION RESERVE	$250,000.00	$250,000.00
TOTAL DISTRICT RESERVES	**$8,769,305.17**	**$9,154,844.86**

ACCOUNT DETAIL

ACCOUNTS WITH TRI COUNTIES BANK		
CHECKING ACCOUNT	$3,387,526.21	$3,935,757.04
CSP T & S ACCOUNT	$120,605.57	$64,427.84
MONEY MARKET GEN. FUND (Opened 7/20/17)	$19,447.69	$19,441.05
LOCAL AGENCY INVESTMENT FUND (LAIF) BALANCE	$5,240,925.70	$5,134,418.93
DISTRICT CASH ON HAND	$800.00	$800.00
TOTAL ACCOUNT BALANCES	**$8,769,305.17**	**$9,154,844.86**

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

COASTSIDE COUNTY WATER DISTRICT
CAPITAL IMPROVEMENT PROJECTS - STATUS REPORT
FISCAL YEAR 2020/2021

* Approved June 2020

9/30/2020

		Status	Approved* CIP Budget FY 20/21	Actual To Date FY 20/21	Projected Year-End FY20/21	Variance vs. Budget	% Completed	Project Status/ Comments
Equipment Purchases & Replacement								
06-03	SCADA/Telemetry/Electrical Controls Replacement	ongoing	$ 50,000		$ 50,000	$ -	0%	
19-04	Valve truck	ion order	$ 225,000		$ 225,000	$ -	0%	Board approved September 2020
22-05	Planning Software	open	$ 60,000		$ 60,000	$ -	0%	
Facilities & Maintenance								
99-01	Meter Change Program	ongoing	$ 20,000	$ 703	$ 20,000	$ -	4%	
Pipeline Projects								
13-02	Pipeline Replacement Under Creek at Pilarcitos Ave (Strawflower)	In design	$ 750,000	$ 17,345	$ 750,000	$ -	0%	
14-01	Highway 92 - Replacement of Welded Steel Line	Open	$ 100,000	$ 35,735	$ 100,000	$ -	36%	for design only
21-10	El Granada Tank #2 Pipeline Replacement	Open	$ 500,000		$ 500,000	$ -	n/a	
Pump Stations / Tanks / Wells								
21-07	District-Wide Tank Improvement Project	Open	$ 600,000	$ 3,075	$ 600,000	$ -	n/a	
21-02	Pilarcitos Reservoir Spillway-Pump/Emergency Generator	On order	$ 100,000		$ 100,000		0%	Board approved September 2020
19-05	Tanks - THM Control	Ongoing	$ 60,000		$ 60,000		0%	
21-11	Tank Cathodic Protection Project	Open	$ 40,000		$ 40,000	$ -	0%	
Water Supply Development								
14-25	Denniston/San Vicente Water Supply Development	ongoing	$ 300,000	$ 55,619	$ 300,000	$ -	19%	
Water Treatment Plants								
20-14	Nunes Water Treatment Plant Improvement Project	In Design	$ 700,000	$ 215,671	$ 700,000	$ -	43%	
21-04	Nunes/Denniston Turbidimeter Replacement	Completed	$ 35,000	$ 32,498	$ 35,000	$ -	100%	Board approved August 2020
UNSCHEDULED/NEW CIP ITEMS FOR CURRENT FISCAL YEAR 2020/2021								
NN-00	Unscheduled CIP		$ 100,000		$ 100,000	$ -	0%	
	NEW FY2020/2021 CIP TOTAL		**$ 3,640,000**	**$ 360,647**	**$ 3,640,000**	**$ -**		
FY2019/2020 CIP Carryover Projects								
21-08	Asset Management/GIS software	in process	$ 60,000	16,500	$ 60,000	$ -	50%	
20-07	District Office Improvements	in process	$ 60,000	33,419	$ 60,000	$ -	60%	
18-13	Denniston WTP and Tank Road Repairs and Paving	in process	$ 400,000	$ 285,389	$ 400,000	$ -	90%	
14-01	Highway 92 - Replacement of Welded Steel Line-Phase 1	open	$ 700,000		$ 700,000	$ -	0%	

COASTSIDE COUNTY WATER DISTRICT
CAPITAL IMPROVEMENT PROJECTS - STATUS REPORT
FISCAL YEAR 2020/2021

9/30/2020

* Approved June 2020

		Status	Approved* CIP Budget FY 20/21	Actual To Date FY 20/21	Projected Year-End FY20/21	Variance vs. Budget	% Completed	Project Status/ Comments
20-08	Highway 1 Crossings (Silver/Terrace/Grandview/Spindrift)	pre-design	$ 30,000		$ 30,000	$ -	15%	
13-05	Denniston WTP and Booster Station Standby Power	in process	$ 300,000	384,853	$ 300,000	$ -	90%	
30-00	Computer Software upgrades	ongoing		3,110	$ 3,110	$ (3,110)		
08-08	PRV Replacment Program	in process		19,077	$ 19,077	$ (19,077)		
20-17	Garcia Avenue Emergency Pipeline Replacement	closed		23,792	$ 23,792	$ (23,792)	100%	
14-27	Grandview 2 Inch Replacement	in design		4,973	$ 4,973	$ (4,973)	90%	design only near completion
18-01	Pine Willow Oak Pipeline Replacement	in design		4,992	$ 4,992	$ (4,992)	90%	design only near completion
	FY2019/2020 CARRYOVER PROJECTS		**$ 1,550,000**	**$ 776,105**	**$ 1,605,944**	**$ (55,944)**		

Green = approved by the Board/in process

Legal Cost Tracking Report
12 Months At-A-Glance

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

Month	Admin (General Legal Fees)	Water Supply Develpmnt	Recycled Water	Transfer Program	CIP	LABOR & EMPLOYMENT	Election (CVRA)	Litigation	Infrastructure Project Review (Reimbursable)	TOTAL
Sep-19	4,090					455				4,545
Oct-19	3,360				840		4,612			8,812
Nov-19	3,948						6,905		665	11,518
Dec-19	3,801			365			2,814			6,980
Jan-20	12,289						8,071			20,360
Feb-20	4,256	1,855		245			2,527			8,883
Mar-20	3,990	1,295				1,050	840			7,175
Apr-20	6,353	1,085				665				8,103
May-20	4,011					840				4,851
Jun-20	4,248			70		1,085				5,403
Jul-20	6,940			1,061						8,001
Aug-20	13,125	1,715		270						15,110
TOTAL	**70,409**	**5,950**	**0**	**2,011**	**840**	**4,095**	**25,769**	**0**	**665**	**109,739**

Engineer Cost Tracking Report
12 Months At-A-Glance

Acct. No. 5682
JAMES TETER
Engineer

Month	Admin & Retainer	CIP	Studies & Projects	TOTAL	Reimburseable from Projects
Sep-19	480	676	1,268	**2,424**	1,268
Oct-19	480	845	507	**1,832**	507
Nov-19	480	676		**1,156**	
Dec-19	480	676	254	**1,410**	254
Jan-20	480	4,344	2,197	**7,021**	2,197
Feb-20	480	4,563		**5,043**	
Mar-20	480			**480**	
Apr-20	480			**480**	
May-20	480		1,268	**1,748**	1,268
Jun-20	480		1,183	**1,663**	1,183
Jul-20	480		3,803	**4,283**	3,803
Aug-20	480		169	**649**	169
TOTAL	**5,760**	**11,780**	**10,647**	**28,187**	**10,648**

Calcon T&M Projects Tracking

9/30/2020

Project No.	Name	Status	Proposal Date	Approved Date	Project Budget	Project Actual thru 6/30/20	Project Billings FY2020-2021
Closed Projects:							
CAL-13-01	EG Tank 2 Recoating Project	Closed	9/30/13	10/8/13	$8,220.00	$ 8,837.50	
CAL-13-02	Nunes Control System Upgrades	Closed	9/30/13	10/8/13	$46,141.00	$ 55,363.60	
CAL-13-03	Win 911 and PLC Software	Closed	9/30/13	10/8/13	$9,717.00	$ 12,231.74	
CAL-13-04	Crystal Springs Surge Tank Retrofit	Closed	11/26/13	11/27/13	$31,912.21	$ 66,572.54	
CAL-13-06	Nunes Legacy Backwash System Removal	Closed	11/25/13	11/26/13	$6,516.75	$ 6,455.00	
CAL-13-07	Denniston Backwash FTW Valves	Closed	11/26/13	11/27/13	$6,914.21	$ 9,518.28	
CAL-14-01	Denniston Wash Water Return Retrofit	Closed	1/28/14	2/14/14	$13,607.00	$ 13,591.60	
CAL-14-02	Denniston Calrifier SCADA Data	Closed	4/2/14	4/7/14	$4,125.00	$ 4,077.50	
CAL-14-03	Nunes Surface Scatter Turbidimeter	Closed	4/2/14	4/7/14	$2,009.50	$ -	
CAL-14-04	Phase I Control System Upgrade	Closed	4/2/14	4/7/14	$75,905.56	$ 44,459.14	
CAL-14-06	Miramar Control Panel	Closed	8/28/14	8/28/14	$37,953.00	$ 27,980.71	
CAL-14-08	SFWater Flow & Data Logger/Cahill Tank	Closed	8/20/2014	8/20/2014	$1,370.00	$ 1,372.00	
CAL-15-01	Main Street Monitors	Closed				$ 6,779.42	
CAL-15-02	Dennistion To Do List	Closed				$ 2,930.00	
CAL-15-03	Nunes & Denniston Turbidity Meters	Closed			$6,612.50	$ 12,536.12	
CAL-15-04	Phase II Control System Upgrade	Closed	6/23/2015	8/11/2015	$195,000.00	$ 202,227.50	
CAL-15-05	Permanganate Water Flow	Closed				$ 1,567.15	
CAL-16-04	Radio Network	Closed	12/9/2016	1/10/2017	$126,246.11	$ 139,200.68	
CAL-16-05	El Granada Tank No. 3 Recoating	Closed	12/16/2016		$6,904.50	$ 6,845.00	
CAL-17-03	Nunes Valve Control	Closed	6/29/2017	7/11/2017	$73,281.80	$ 79,034.35	
CAL-17-04	Denniston Booster Pump Station	Closed	7/27/2017	8/8/2017	$21,643.75	$ 29,760.00	
CAL-17-05	Crystal Springs Pump Station #3 Soft Start	Closed	7/27/2017	8/8/2017	$12,213.53	$ 12,178.13	
CAL-18-04	Tank Levels Calibration Special	Closed	3/5/2018	3/5/2018	$8,388.75	$ 10,700.00	
CAL-18-05	Pilarcitos Stream Flow Gauge -Well 1 120 Service Power	Closed	3/22/2018	3/22/2018	$3,558.13	$ 3,997.40	
CAL-17-06	Nunes Flocculartor & Rapid Mix VFD Panels	Closed	12/6/2017	12/12/2017	$29,250.75	$ 30,695.66	
CAL-17-01	Crystal Springs Leak Valve Control	Closed	2/8/2017	2/14/2017	$8,701.29	$ 18,055.88	
CAL-17-02	Crystal Springs Requirements & Addtl Controls	Closed	2/8/2017	2/14/2017	$38,839.50	$ 41,172.06	
CAL-18-02	Nunes Plant HMI V2	Closed	11/12/2018		$10,913.14	$ 9,434.90	
CAL-18-03	CSP Breakers & Handles		3/7/2018	3/7/2018	$25,471.47	$ 49,837.52	
CAL-18-06	Nunes VFD Project		9/6/2018	9/6/2018	$2,381.51	$ 895.50	
CAL-19-01	CSP Cla-Val Power Checks		2/4/2019	2/4/2019	$15,067.91	$ 40,475.94	
CAL-19-02	CSP Wet Well		4/1/2019	4/1/2019	$12,960.24	$ 12,853.20	
CAL-19-03	Pilarcitos Flow Meter Project		4/1/2019	4/1/2019	$14,493.75	$ 17,616.84	
	CSP Main Breaker						
CAL-19-04	SCADA Systems		10/15/2019	10/15/2019	$104,000.00	$ 114,250.00	
	Spare 350/500 Pumps					$ 3,327.09	
	CSP Main Breaker					$ 5,220.00	
		Closed Projects - Subtotal (pre FY2019-2021)			$960,319.86	$1,102,049.95	
FY 2020-2021 Open Projects:							
		Open Projects - Subtotal			$0.00	$0.00	$0.00

Other: Maintenance			
	Tanks		
	Crystal Springs Maintenance		$ 327.76
	Nunes Maintenance		$ 4,825.00
	Denniston Maintenance		$ 3,125.00
	Distribution System		$ 23,876.43
	Wells		
		Subtotal Maintenance	$ 32,154.19
		TOTAL FY 2019/20	$ 32,154.19

EKI Environment & Water
Engineering Services Billed Through September 30, 2020

		Contract Date	Not to Exceed Budget	Status	FY 2018-2019	FY 2019-2020	FY2020-2021
CIP Project Management							
Fiscal Year 2018-2019		10.19.2018	$ 25,000.00	Complete			
Fiscal Year 2018-2019		1.14.2019	$ 40,000.00	Complete			
Fiscal Year 2018-2019		3.12.2019	$ 75,000.00	Complete			
Fiscal Year 2019-2020		7.29.2019	$ 180,000.00	Open	$ 123,410.00	$ 104,108.97	$ 1,138.80
Pipeline Projects (Ferdinand) - T2			$ 2,000.00		$ 18,220.42	$ 13,476.55	
Tank Seismic Projects - T3					$ 16,676.92	$ 19,249.53	
Hydraulic Modeling - T4					$ (4,385.04)	$ 20,570.20	
Fiscal Year 2020-2021		8.13.2020	$ 100,000.00				$ 12,533.86
Sub Total - CIP Project Management Services			$ 422,000.00		$ 163,452.66	$ 157,405.25	$ 13,672.66
Highway 1 South Pipeline Replacement Project	**16-02**	9.20.2018	$ 25,000.00	Complete	$ 17,680.45		
Ferdinand Avenue Pipeline Replacement Design	**14-31**	2.12.2019	$ 29,000.00	Complete	$ 27,824.37	$ 1,169.10	
Casa Del Mar Main Replacement (Phase 1) and Grand Boulevard Pipeline/PRV Loop Design	**14-32**	2.12.2019	$ 28,500.00	Complete	$ 27,297.34	$ 1,195.22	
Denniston Culvert Replacement and Paving Project Design	**18-13**	7.1.2019	$ 16,400.00	Open	$ 804.96	$ 21,296.34	
Denniston Culvert Replacement-Engineering Services during Construction	**18-13**	7.8.2020	$ 19,600.00	Open			$ 36,582.57
Construction Inspection Services for Ferdinand Avenue Water Main Replacement Project	**14-31**	7.1.2019	$ 32,300.00	Complete		$ 32,300.00	
Pine Willow Oak Water Main Replacement Project	**18-01**	7.29.2019	$ 69,700.00	Open		$ 49,906.63	$ 4,991.74
Grandview Water Main Replacement Project (Design, Bid Support, construction support)	**14-27**	7.29.2019	$ 56,100.00	Open		$ 42,095.19	$ 4,972.76
Pilarcitos Creek Crossing Water Main Replacement Preliminary Design	**13-02**	8.27.2019	$ 104,600.00	Open		$ 95,332.59	
Pilarcitos Creek Crossing Water Main Replacement Design	**13-02**	7.14.2020	$ 82,900.00	Open			$ 1,417.00
Grandview/Silver/Terrace/Spindrift Under Hwy 1 PreDesign	**20-08**	10.15.2019	$ 45,600.00	Open		$ 18,217.30	
Total - All Services			**$ 931,700.00**		**$ 237,059.78**	**$ 418,917.62**	**$ 61,636.73**

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS

September 8, 2020

On March 17, 2020, the Governor issued Executive Order N-29-20 suspending certain provisions of the Ralph M. Brown Act in order to allow for local legislative bodies to conduct their meetings telephonically or by other electronic means. Pursuant to the Shelter-in-Place Order issued by the San Mateo County Health Officer on March 16, 2020, as revised on March 31, 2020, the statewide Shelter-in-Place Order issued by the Governor in Executive Order N-33-20 on March 19, 2020, and the CDC's social distancing guidelines which discourage large public gatherings, the Boardroom was not open for the September 8, 2020 Regular Meeting of the Coastside County Water District. The Regular Meeting was conducted remotely via teleconference.

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

1) ROLL CALL – President Chris Mickelsen called the meeting to order at 7:00 p.m. participating in roll call via Zoom Video Conference: Directors Jim Larimer, Bob Feldman, and Vice-President Glenn Reynolds. Director Ken Coverdell was absent for the entire meeting.

Also participating: Mary Rogren, General Manager, Patrick Miyaki, Legal Counsel; James Derbin, Superintendent of Operations; Gina Brazil, Office Manager, Denise Ford, Administrative Assistant/Recording Secretary, Nancy Trujillo, Accounting Manager and Darin Sturdivan, Distribution Supervisor.

2) **PLEDGE OF ALLEGIANCE**

3) PUBLIC COMMENT – There were no public comments

4) CONSENT CALENDAR

A. Approval of disbursements for the month ending August 31, 2020:
   Claims: $1,045,582.17; Payroll: $174,431.22 for a total of $1,220,013.39
B. Acceptance of Financial Reports
C. Approval of Minutes of August 11, 2020 Regular Board of Directors Meeting
D. Installed Water Connection Capacity and Water Meters Report
E. Total CCWD Production Report
F. CCWD Monthly Sales by Category Report-August 2020
G. Monthly Planned Plant or Tank Discharge and New Water Line Flushing Report

H. Monthly Rainfall Reports
I. Notice of Completion – District Shop Sewer Replacement Project
J. Water Service Connection Transfer Report for August 2020

Vice-President Reynolds reported that he had reviewed the monthly financial claims and found all to be in order.

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

Director Larimer	**Aye**
Vice-President Reynolds	**Aye**
Director Feldman	**Aye**
President Mickelsen	**Aye**
Director Coverdell	**Absent**

5) MEETINGS ATTENDED/DIRECTOR COMMENTS

Director Larimer inquired about the ERAF money that was owed to the District. Mary Rogren informed Director Larimer that the District had received the money in early September.

6) GENERAL BUSINESS

A. <u>Fiscal Year 2020/21 and Draft Fiscal Year 2021/22 Operations Budgets; Fiscal Year 2020/21 to 2029/30 Capital Improvement Program (CIP); Draft Fiscal Year 2020/21 to 2024/25 Financial Plan; Proposed Rate Increase for Fiscal Years 2020/21 and 2021/22; Draft Water Financial Plan and Rate Update Study Report</u>

Ms. Rogren briefly discussed the Fiscal Year 2020/21 Operation Budget, Draft Fiscal Year 2021/22 Budget, Fiscal Year 20/21 to 2029/30 Capital Improvement Program, and Draft Water Financial Plan and Rate Update Study Report dated August 3, 2020 prepared by the District's rate consultant, Raftelis Financial Consultants, Inc. The Draft Water Financial Plan and Rate Update Study Report includes the Financing Plan reflecting the proposed rate increases in consideration of targeted reserve balances and the Cost of Service Analysis prepared in 2018 used to develop cost of service-based water rates in order to comply with the substantive requirements of Proposition 218 as interpreted by the courts, including the April 2015 Appellate Court decision in Capistrano Taxpayers Association, Inc. v. City San Juan Capistrano.

This information has not changed since the last Board meeting in August. Ms. Rogren wanted the public to have access to this information due to the upcoming Public Hearing on October 13, 2020.

B. <u>Fiscal Years 2020-2021 and 2021-2022 Budget Process Timeline</u>

Ms. Rogren briefly reviewed the budget process timeline which summarizes the milestones, activities and schedule from November 2019 to the Public Hearing scheduled to occur on October 13, 2020.

C. **Approval of Procurement of Valve Exercising Equipment and Truck Including 1) Purchase of a Ford F-550 Chassis; 2) Purchase of E.H. Wachs Valve Exercising Equipment; 3) Installation of a Customized Flatbed with E. H. Wachs Equipment Installed on the Chassis**

Mr. Derbin explained why valve exercising is a vitally important aspect of a preventative maintenance program and emergency preparedness. The District has over 1,300 valves in the distribution system and the District's current valve exerciser trailer, which was purchased in 2007, is nearing the end of its useful life. E.H. Wachs is the premier manufacturer of valve exercising equipment with excellent product support. Staff has researched other valve exercising equipment and found that E.H. Wachs equipment is the only equipment that satisfies the Districts' requirements for this application. Mr. Derbin also explained that E.H. Wachs is the exclusive vendor for E.H. Wachs equipment, and staff is therefore requesting the Board to waive the competitive bidding requirements of Resolution 2016-09. Because of Scelzi Enterprises' specialized skill for manufacturing this type of custom truck body, staff recommends using Scelzi Enterprises to build the special type of flatbed that is required.

ON MOTION BY Director Feldman and seconded by Vice-President Reynolds, the Board voted by roll call to authorize the General Manager to 1) Purchase a Ford F-550 Chassis from James Ford in the amount of $48,705.85; 2) Waive the requirement in the District's Policies and Procedures for Award of Contracts (Resolution 2016-09) to solicit competitive bids and authorize the General Manager to proceed with sole-source procurement of E.H. Wachs valve exercise equipment to be installed on the F-550 Chassis for $103,345.08; 3) Procure installation services by Scelzi Enterprises to build a custom flatbed and install E.H. Wachs equipment for a not to exceed amount of $75,361.37:

Director Larimer	**Aye**
Vice-President Reynolds	**Aye**
Director Feldman	**Aye**
President Mickelsen	**Aye**
Director Coverdell	**Absent**

D. **Approval of Procurement of an Emergency Portable Diesel Pump for Pilarcitos Dam**

Mr. Derbin summarized the necessity to purchase an emergency portable diesel pump for Pilarcitos Dam. Pilarcitos Dam is of the Districts' primary raw water sources that is gravity flow. In the event of a power outage or major equipment malfunction, the District relies heavily on the Pilarcitos water source to be able to run the Nunes Water Treatment Plant. District staff suggests placing a portable pump at the dam to pump water over the spillway in an emergency should water levels in Pilarcitos Dam fall below the spillway. Staff has worked closely with San Francisco Utilities Commission (SFPUC) staff to arrive at this agreed upon emergency solution in lieu of installing an emergency generator at Crystal Springs Pump Station.

ON MOTION BY Vice-President Reynolds and seconded by President Mickelsen, the Board voted by roll call vote to authorize the General Manager to procure an emergency portable diesel pump and associated equipment from Herc Rentals for a not to exceed amount of $85,875:

Director Larimer	**Aye**
Vice-President Reynolds	**Aye**
Director Feldman	**Aye**
President Mickelsen	**Aye**
Director Coverdell	**Absent**

E. <u>Professional Services Agreement with Balance Hydrologics for Denniston/San Vicente Stream Gaging, Groundwater Monitoring, and Data Analysis</u>

Ms. Rogren introduced this item by stating that the District has been utilizing the services of Balance Hydrologics since Water Year 2011 for stream gaging, monitoring and analysis services for Denniston and San Vicente Creeks. Quantifying the amount of water available for diversion from Denniston and San Vicente Creeks is vitally important to the Districts' efforts to secure its water rights on those streams.

ON MOTION BY Vice-President Reynolds and seconded by Director Larimer, the Board voted by roll call to authorize the General Manager to enter into a Professional Service Agreement with Balance Hydrologics, Inc. for Water Year 2021 steam gaging, groundwater monitoring, and data analysis for the Denniston Creek and San Vincente Creek watersheds for an estimated time-and-materials cost of $98,162:

Director Larimer	**Aye**
Vice-President Reynolds	**Aye**
Director Feldman	**Aye**
President Mickelsen	**Aye**
Director Coverdell	**Absent**

F. <u>Hanson Bridgett Billing Rates – Proposed Increase</u>

Mr. Miyaki, the Districts' legal counsel, explained that in 2017, the District approved a three-year rate schedule for Hanson Bridgett legal services effective to June 30, 2020. Mr. Miyaki presented an updated three-year schedule for the Board's approval. The first scheduled rate increase will be effective starting January 1, 2021. Mr. Miyaki said that this request for the proposed increased billing rates was postponed from earlier this year due to COVID.

ON MOTION BY Vice-President Reynolds and seconded by President Mickelsen, the Board voted by roll call to approve proposed increases to Hanson Bridgett Billing Rates:

Director Larimer	**Aye**
Vice-President Reynolds	**Aye**
Director Feldman	**Aye**
President Mickelsen	**Aye**
Director Coverdell	**Absent**

7) **MONTHLY INFORMATION REPORTS**

A. General Manager's Report

Ms. Rogren reviewed the status of the City of Half Moon Bay's Draft Land Use Plan (LUP). City staff has been working on updating the plan over the last few years with the goal of finalizing the update by October 2020. District staff and Counsel have spent many hours reviewing the latest Draft LUP and District staff have met with City staff on three occasions to submit comments. The City planning staff will present the Draft LUP Update to City Council on September 30, 2020.

B. Superintendent of Operations Report

Mr. Derbin reviewed the operations highlights for the month of August 2020. Mr. Derbin highlighted that due to all the recent wildfires, staff coordinated with San Francisco Public Utility Commission (SFPUC) staff in establishing defensible space fire breaks around the Cahill and Crystal Springs Pump Station sites.

8) DIRECTOR AGENDA ITEMS-REQUESTS FOR FUTURE BOARD MEETINGS

Director Larimer requested two future agenda items. The first item concerns the Districts' water connections and the rules and regulations governing those connections. Director Larimer would like the guidelines for what defines a water connection to be published on the Districts' website. The second item involves looking into short-term loan options (based on the historically low interest rates) to fund the Districts' Capital Improvement Projects (CIP), and to consider moving up the scheduled spending on large CIP projects to take advantage of the savings between the low interest rates and the high construction inflation rates.

9) ADJOURNMENT-The Board Meeting was adjourned at 8:07 p.m.

Respectfully submitted,

_____
Mary Rogren, General Manager
Secretary to the District

_____
Chris Mickelsen, President
Board of Directors

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS

September 18, 2020

On March 17, 2020, the Governor issued Executive Order N-29-20 suspending certain provisions of the Ralph M. Brown Act in order to allow for local legislative bodies to conduct their meetings telephonically or by other electronic means. Pursuant to the Shelter-in-Place Order issued by the San Mateo County Health Officer on March 16, 2020, as revised on March 31, 2020, the statewide Shelter-in-Place Order issued by the Governor in Executive Order N-33-20 on March 19, 2020, and the CDC's social distancing guidelines which discourage large public gatherings, the Boardroom was not open for the September 18, 2020 Special Meeting of the Coastside County Water District. The Special Meeting was conducted remotely via teleconference.

The Public was able to watch and/or participate in the public meeting by joining the meeting through the Zoom Videoconference link provided. The public was also able to join the meeting by calling a provided teleconference phone number.

1) ROLL CALL – President Chris Mickelsen called the meeting to order at 9:05 a.m. Participating in roll call via Zoom Videoconference: Directors Jim Larimer, Bob Feldman, Ken Coverdell.

Vice-President Reynolds joined the meeting approximately at 9:07 a.m.

Also participating: Mary Rogren, General Manager; Patrick Miyaki, Legal Counsel; and Denise Ford, Administrative Assistant/Recording Secretary.

2) PLEDGE OF ALLEGIANCE - The Pledge of Allegiance was recited by the meeting participants.

3) PUBLIC COMMENT – There were no public comments expressed at this time.

4) OPEN SESSION

A. Potential Acquisition of Real Property for Water Pipeline located at 170 Del Monte Road, El Granada, CA 94018 [APN 047-181-080] and Designation of District Real Property Negotiators.

After a brief discussion among the Directors, it was decided that Ms. Rogren should be the real property negotiator for the acquisition of the proportion located at 170 Del Monte Road, El Granada, CA 94018.

ON MOTION BY Director Feldman and seconded by Director Larimer, the Board voted by roll call vote to allow Ms. Rogren to be the real property negotiator for the potential acquisition of Real Property for Water Pipeline located at 170 Del Monte Road, El Granada, CA 94018:

Director Larimer	**Aye**
Vice-President Reynolds	**Aye**
Director Coverdell	**Aye**
Director Feldman	**Aye**
President Mickelsen	**Aye**

5) CLOSED SESSION

A. Conference with Real Property Negotiators
Pursuant to California Government Code Section 54956.8
Property: 170 Del Monte Road, El Granada, CA 94018 [APN 047-181-080]
Agency Negotiators: To be Designated in the Open Session Item above
Negotiating Parties: Steven Zmay and Kathy Zmay
Under Negotiation: Price and Terms of Payment

6) RECONVENE TO OPEN SESSION

A. Public Report of Closed Session Action
Mr. Miyaki reported that no action was taken in the Closed Session.

7) ADJOURNMENT - The Special Meeting was adjourned at 9:32 a.m.

Respectfully submitted,

_____
Mary Rogren, General Manager
Secretary to the District

_____
Chris Mickelsen, President
Board of Directors

COASTSIDE COUNTY WATER DISTRICT

Installed Water Connection Capacity & Water Meters

FY 2021 Meters

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

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

FY 2020 Capacity (5/8" connection equivalents)	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Totals
HMB Non-Priority	1												**1**
HMB Priority													
County Non-Priority	1	2											**3**
County Priority													
Total	2	2	0										**4**

TOTAL CCWD PRODUCTION (MG) ALL SOURCES- FY 2021

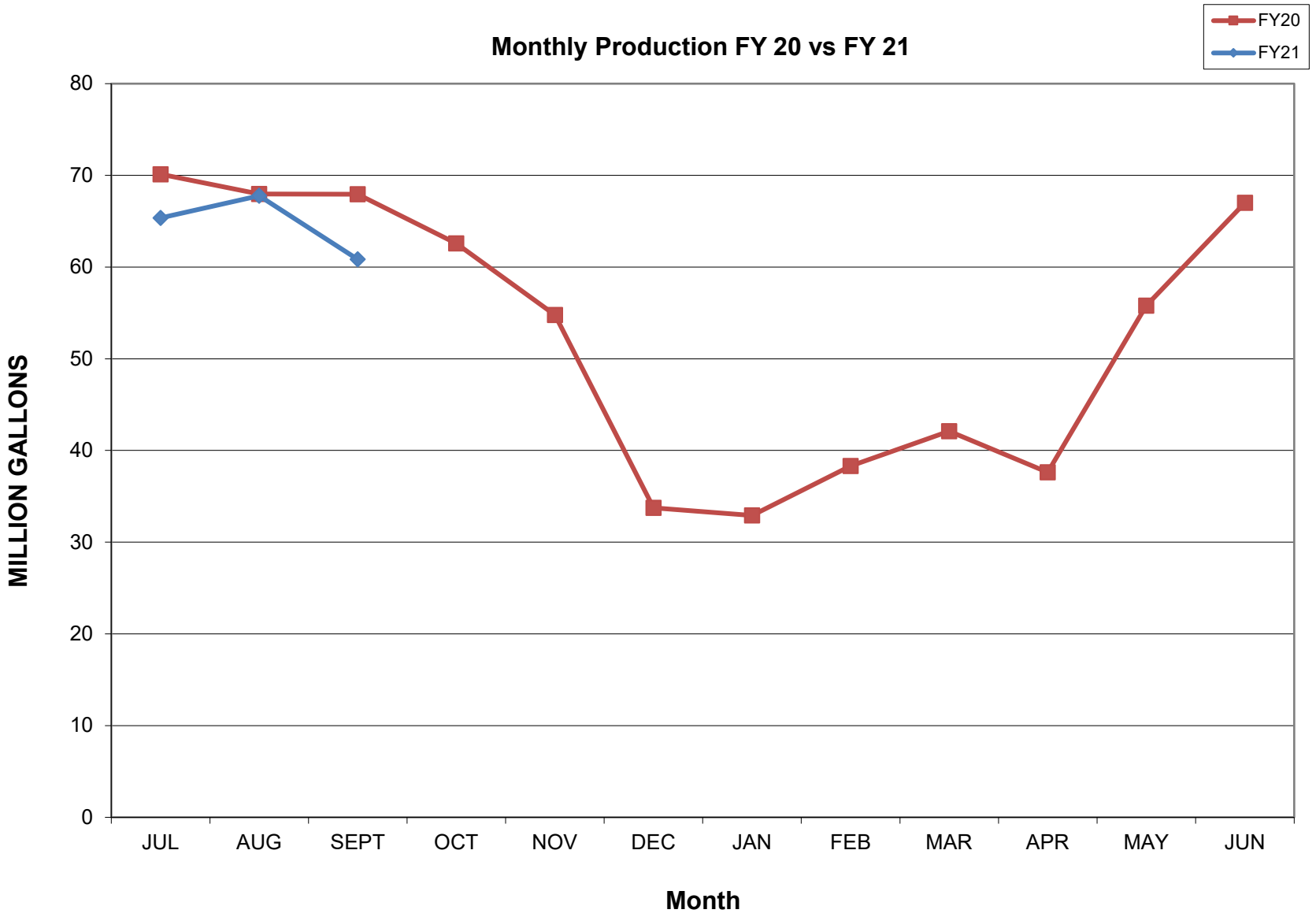
	CCWD Sources			SFPUC Sources				
	DENNISTON WELLS	DENNISTON RESERVOIR	PILARCITOS WELLS	PILARCITOS LAKE	CRYSTAL SPRINGS RESERVOIR	RAW WATER TOTAL	UNMETERED WATER	TREATED TOTAL
JUL	0.02	2.83	0.00	28.80	36.06	67.71	2.35	65.36
AUG	0.00	0.00	0.00	49.75	20.27	70.02	2.25	67.78
SEPT	0.00	0.00	0.00	1.31	60.84	62.15	1.31	60.84
OCT								
NOV								
DEC								
JAN								
FEB								
MAR								
APR								
MAY								
JUN								
TOTAL	0.02	2.83	0.00	79.86	117.17	199.88	5.91	193.98
% MONTHLY TOTAL	0.0%	0.0%	0.0%	2.1%	97.9%	100.0%	2.1%	97.9%
% ANNUAL TO DATE TOTAL	0.0%	1.4%	0.0%	40.0%	58.6%	100.0%	3.0%	97.0%

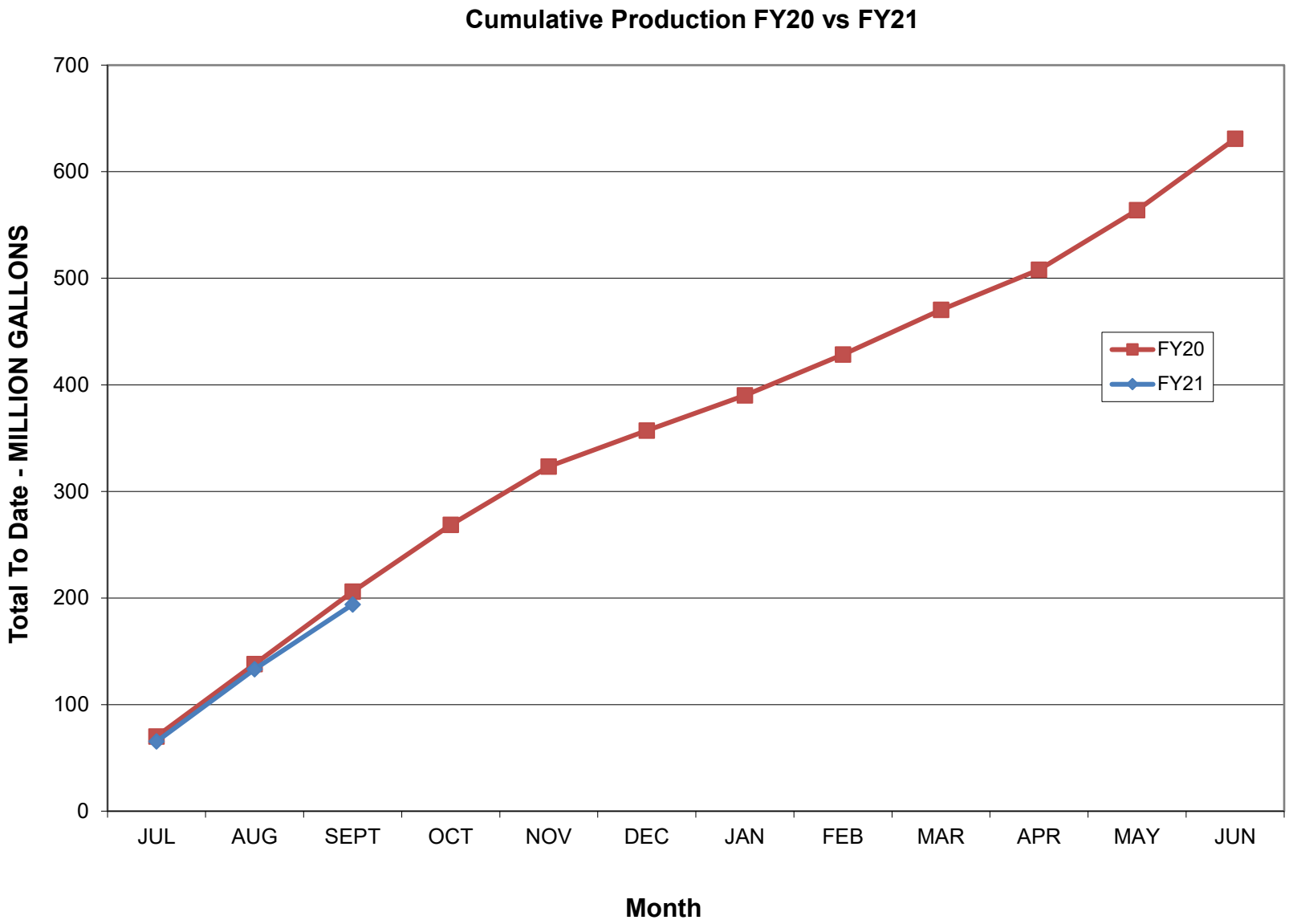
CCWD vs SFPUC- month	0.0%
CCWD vs SFPUC- annual	1.4%

12 Month Running Treated Total **625.95**

TOTAL CCWD PRODUCTION (MG) ALL SOURCES- FY 2020

	CCWD Sources			SFPUC Sources				
	DENNISTON WELLS	DENNISTON RESERVOIR	PILARCITOS WELLS	PILARCITOS LAKE	CRYSTAL SPRINGS RESERVOIR	RAW WATER TOTAL	UNMETERED WATER	TREATED TOTAL
JUL	1.61	28.25	0.00	22.27	20.58	72.71	2.58	70.13
AUG	1.44	22.18	0.00	20.20	26.36	70.18	2.21	67.97
SEPT	1.43	19.67	0.00	19.19	30.98	71.27	3.32	67.95
OCT	0.27	5.45	0.00	9.91	48.70	64.33	1.74	62.59
NOV	0.17	19.16	8.61	0.00	29.39	57.33	2.56	54.77
DEC	0.02	18.87	13.91	0.00	4.10	36.90	3.16	33.74
JAN	0.00	18.92	14.65	0.00	1.79	35.36	2.45	32.92
FEB	1.69	27.02	12.07	1.73	0.23	42.74	4.44	38.30
MAR	0.89	18.88	13.07	3.63	8.30	44.77	2.66	42.11
APR	0.07	16.42	0.00	14.09	10.06	40.64	3.01	37.63
MAY	0.24	18.20	0.00	0.00	41.16	59.60	3.82	55.79
JUN	1.35	10.60	0.00	0.00	58.81	70.76	3.74	67.02
TOTAL	9.18	223.62	62.31	91.02	280.46	666.59	35.68	630.92
% TOTAL	1.4%	33.5%	9.3%	13.7%	42.1%	100.0%	5.35%	0.0%


Monthly Production FY 20 vs FY 21
FY20
FY21
MILLION GALLONS
80
70
60
50
40
30
20
10
0
JUL
AUG
SEPT
OCT
NOV
DEC
JAN
FEB
MAR
APR
MAY
JUN
Month


Cumulative Production FY20 vs FY21
Total To Date - MILLION GALLONS
700
600
500
400
300
200
100
0
JUL
AUG
SEPT
OCT
NOV
DEC
JAN
FEB
MAR
APR
MAY
JUN
Month
FY20
FY21

Coastside County Water District Monthly Sales By Category (MG)
FY2021

	JUL	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	MG to Date
RESIDENTIAL	34.24	32.731	32.186										**99.16**
COMMERCIAL	2.86	2.671	2.640										**8.18**
RESTAURANT	1.01	1.064	1.005										**3.08**
HOTELS/MOTELS	2.19	2.043	2.023										**6.25**
SCHOOLS	0.76	0.680	0.609										**2.05**
MULTI DWELL	3.14	3.014	2.830										**8.99**
BEACHES/PARKS	0.76	0.852	0.598										**2.21**
AGRICULTURE	5.31	4.647	4.731										**14.69**
RECREATIONAL	0.24	0.244	0.235										**0.72**
MARINE	0.64	0.591	0.530										**1.76**
RES. IRRIGATION	1.70	1.663	1.559										**4.93**
DETECTOR CHECKS	0.01	0.004	0.013										**0.02**
NON-RES. IRRIGATION	6.73	5.042	2.225										**14.00**
RAW WATER	7.92	6.887	7.000										**21.80**
PORTABLE METERS	0.53	0.257	0.334										**1.12**
CONSTRUCTION	0.38	0.380	0.310										**1.07**
TOTAL - MG	**68.43**	**62.77**	**58.83**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**190.03**
Non Residential Usage	34.19	30.04	26.64	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Running 12 Month Total			**617.63**										
12 mo Residential			**333.48**										
12 mo Non Residential			**284.15**										

FY2020

	JUL	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	MG to Date
RESIDENTIAL	21.973	44.430	30.293	31.108	27.585	22.403	22.196	20.322	23.925	25.079	28.618	33.083	**331.01**
COMMERCIAL	3.668	3.290	3.330	3.339	3.071	2.968	2.793	2.699	2.810	2.131	2.271	2.461	**34.83**
RESTAURANT	1.821	1.710	1.574	1.671	1.382	1.233	1.432	1.251	1.183	0.478	0.566	0.800	**15.10**
HOTELS/MOTELS	2.736	2.620	2.700	2.786	2.257	1.927	1.949	1.860	1.780	0.474	0.783	1.427	**23.30**
SCHOOLS	0.615	0.600	0.770	0.939	0.595	0.325	0.161	0.303	0.510	0.311	0.229	0.518	**5.88**
MULTI DWELL	2.743	3.020	2.790	2.892	2.530	2.358	2.512	2.366	2.510	2.652	2.737	2.839	**31.95**
BEACHES/PARKS	0.649	0.900	0.809	0.697	0.604	0.241	0.218	0.195	0.301	0.082	0.092	0.322	**5.11**
AGRICULTURE	6.570	6.340	7.374	9.898	7.570	3.857	3.253	4.348	5.841	4.499	6.843	5.903	**72.30**
RECREATIONAL	0.334	0.260	0.252	0.201	0.208	0.184	0.177	0.169	0.175	0.175	0.187	0.231	**2.55**
MARINE	0.658	0.650	0.649	0.519	0.530	0.426	0.572	0.466	0.428	0.323	0.418	0.536	**6.18**
RES. IRRIGATION	1.408	1.930	1.824	1.539	1.431	0.599	0.402	0.412	1.118	0.630	1.315	1.624	**14.23**
NON-RES. IRRIGATION	4.191	4.970	2.457	2.125	2.166	0.097	0.006	0.086	0.139	0.093	0.279	5.663	**22.27**
DETECTOR CHECKS	0.011	0.010	0.006	0.018	0.025	0.013	0.068	0.004	0.006	0.006	0.005	0.004	**0.18**
RAW WATER	7.063	8.620	9.081	8.090	6.007	1.527	0.000	0.000	1.990	2.085	5.617	7.284	**57.36**
PORTABLE METERS	0.255	0.400	0.295	0.263	0.337	0.107	0.019	0.067	0.144	0.049	0.260	0.027	**2.22**
CONSTRUCTION	0.065	0.110	0.143	0.132	0.117	0.082	0.087	0.243	0.255	0.224	0.275	0.364	**2.10**
TOTAL - MG	**54.76**	**79.86**	**64.35**	**66.22**	**56.42**	**38.35**	**35.84**	**34.79**	**43.12**	**39.29**	**50.49**	**63.09**	**626.57**

MONTH **Sep-20**

Coastside County Water District Monthly Discharge Report

EMERGENCY MAIN AND SERVICE REPAIRS

	Date Reported Discovered	Date Repaired	Location	Pipe Class	Pipe Size & Type	Estimated Water Loss (MG)
1						
2						
3						
4						
5						
6						
7						
8						
					Totals	**0.000**

OTHER DISCHARGES

Total Volumes (MG)	
Flushing Program	0.035
Reservoir Cleaning	
Automatic Blowoffs	0.194
Dewatering Operations	
Other (includes flow testing)	0.000

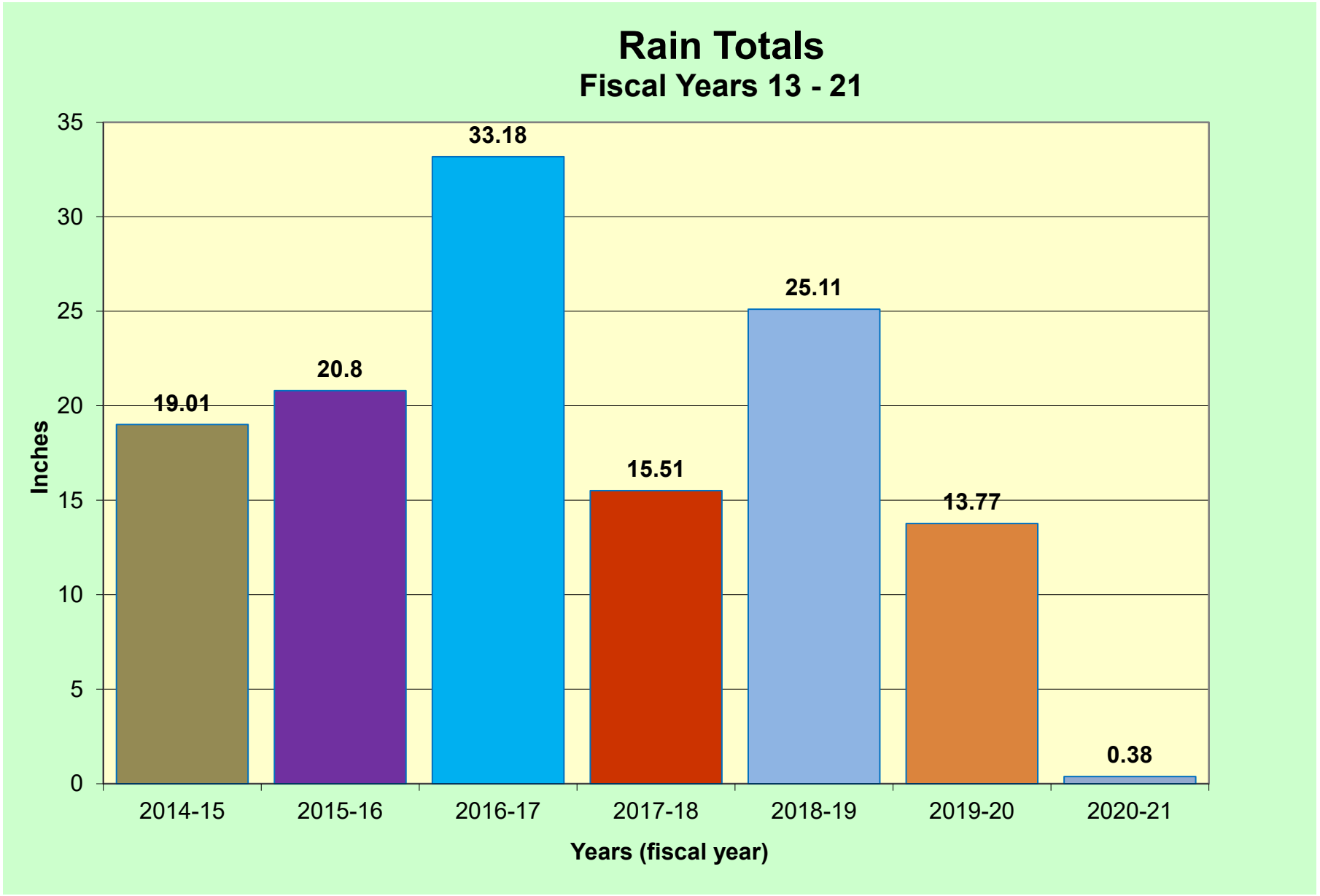
PLANNED DISCHARGES GRAND TOTAL (MG)

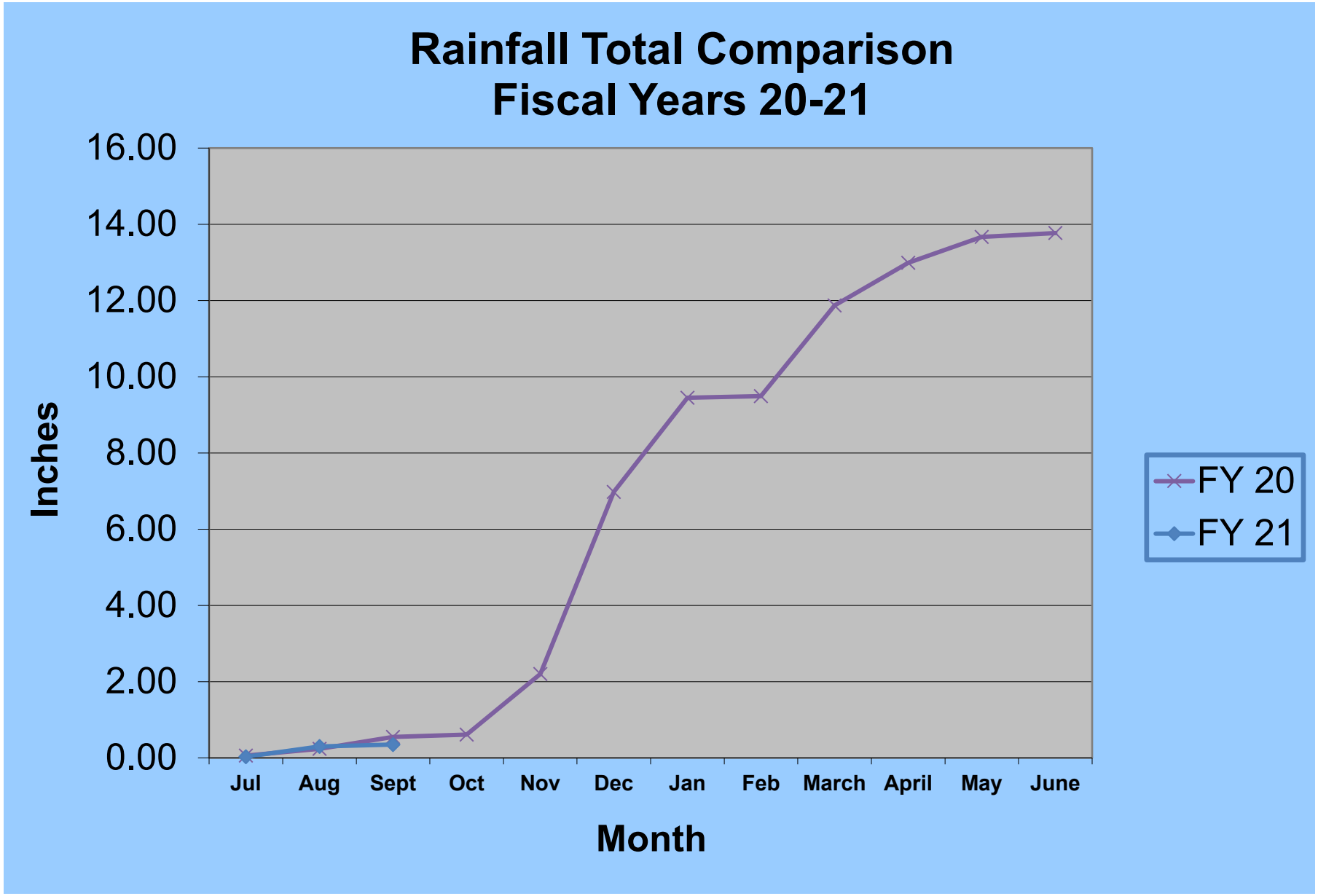
0.229

Coastside County Water District
766 Main Street
July 2020 - June 2021

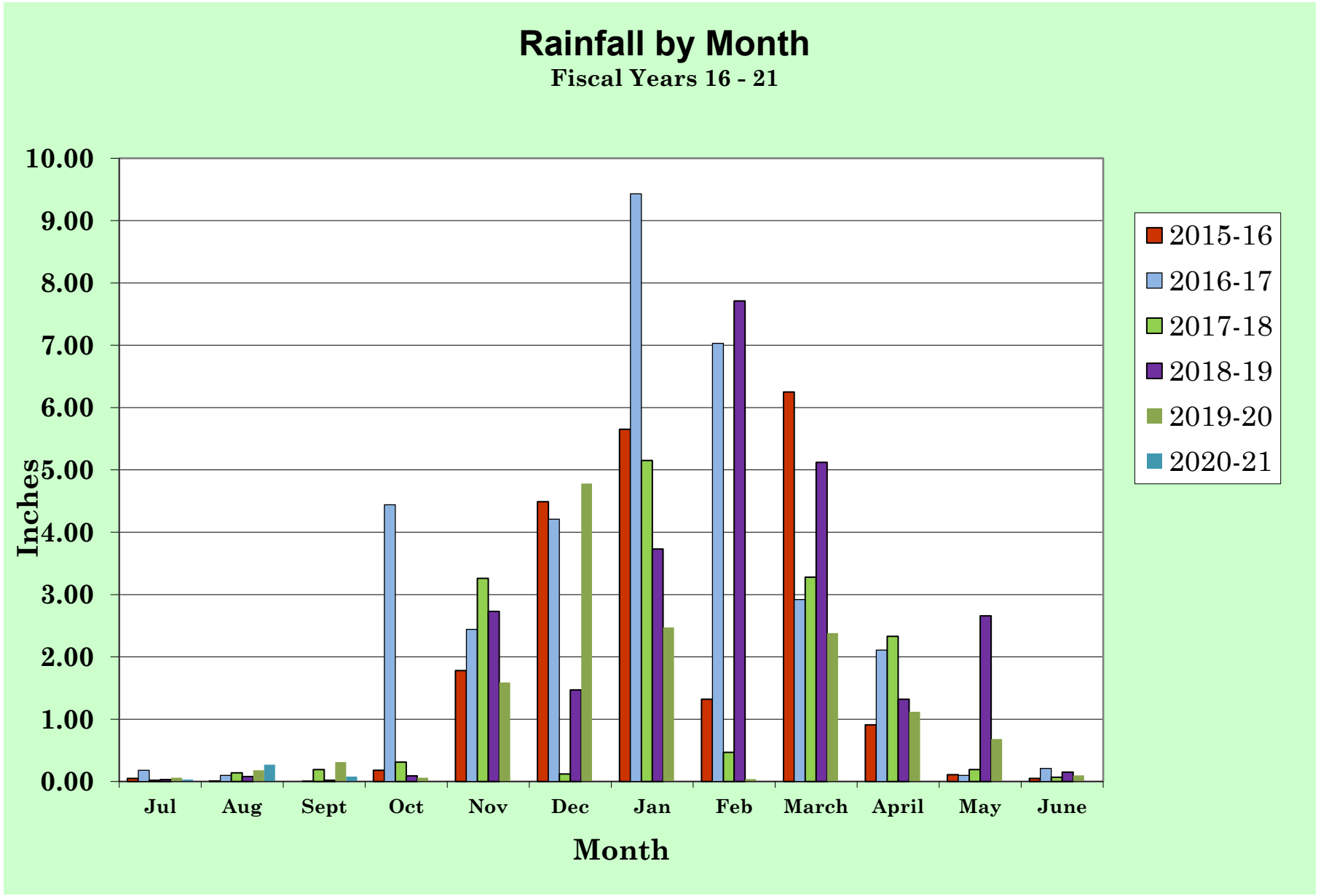
Nunes
Rainfall in Inches

	2020			2021								
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June
1	0	0.01	0									
2	0	0	0									
3	0	0.03	0									
4	0	0.03	0									
5	0	0.02	0									
6	0	0	0									
7	0	0	0									
8	0	0	0									
9	0	0	0.01									
10	0	0	0									
11	0	0	0.01									
12	0	0	0.02									
13	0	0	0.01									
14	0	0	0									
15	0	0	0									
16	0	0.08	0									
17	0	0	0.01									
18	0	0	0									
19	0	0	0									
20	0.01	0	0									
21	0	0.02	0									
22	0	0.01	0									
23	0.02	0	0.01									
24	0	0	0.01									
25	0	0.02	0									
26	0	0.01	0									
27	0	0.02	0									
28	0	0	0									
29	0	0.02	0									
30	0	0	0									
31	0	0										
Mon.Total	0.03	0.27	0.08									
Year Total	0.03	0.30	0.38									


Rain Totals
Fiscal Years 13 - 21
Inches
35
30
25
20
15
10
5
0
19.01
20.8
33.18
15.51
25.11
13.77
0.38
2014-15
2015-16
2016-17
2017-18
2018-19
2019-20
2020-21
Years (fiscal year)


Rainfall Total Comparison
Fiscal Years 20-21
16.00
14.00
12.00
10.00
8.00
6.00
4.00
2.00
0.00
Inches
Jul
Aug
Sept
Oct
Nov
Dec
Jan
Feb
March
April
May
June
Month
FY 20
FY 21

Coastside County Water District



San Francisco Public Utilities Commission
Hydrological Conditions Report
August 2020

J. Chester, C. Graham, N. Waelty, September 11, 2020




On August 20th the Moc Fire started less than 1 mile from Hetch Hetchy Water and Power (HHWP) offices and corporate yard in the Moccasin Compound. The fire burned rapidly towards Priest Reservoir and reached 2857 acres by the time of full containment. At the height of fire suppression efforts thousands of citizens were evacuated in the communities of Moccasin, Big Oak Flat, and Groveland. Ultimately no HHWP facilities were impacted due to the excellent suppression response by local and regional firefighting agencies. To facilitate fire suppression efforts, Cal Fire was permitted to dip from Moccasin and Priest Reservoirs. During this period, we modified our operations, relying on both Priest Reservoir Bypass and the Moccasin Reservoir Bypass. Both reservoirs were returned to service under a restoration plan approved by the California State Water Resources Control Board.

Photos courtesy of HHWP staff and Mymotherlode.com.

System Storage

Current Tuolumne System and Local Bay Area storage conditions are summarized in Table 1.

Table 1
Current System Storage
as of September 1, 2020

	Current Storage		Maximum Storage		Available Capacity		Percentage of Maximum Storage
	acre-feet	millions of gallons	acre-feet	millions of gallons	acre-feet	millions of gallons	
Tuolumne System							
Hetch Hetchy Reservoir[1]	303,850		360,360		56,510		84%
Cherry Reservoir[2]	224,220		273,340		49,125		82%
Lake Eleanor[3]	22,611		27,100		4,489		83%
Water Bank	490,600		570,000		79,400		86%
Tuolumne Storage	1,041,281		1,230,800		189,524		85%
Local Bay Area Storage							
Calaveras Reservoir	62,271	19,965	96,824	31,550	35,553	11,585	63%
San Antonio Reservoir	43,283	14,104	50,496	16,454	7,212	2,350	86%
Crystal Springs Reservoir	54,883	17,884	58,377	19,022	3,494	1,138	94%
San Andreas Reservoir	15,132	4,931	18,996	6,190	3,865	1,259	80%
Pilarcitos Reservoir	2,012	656	2,995	976	982	320	67%
Total Local Storage	176,581	57,539	227,688	74,192	51,106	16,653	78%
Total System	1,217,862		1,458,488		240,630		84%

[1] Maximum Hetch Hetchy Reservoir storage with drum gates activated.
[2] Maximum Cherry Reservoir storage with flash-boards in.
[3] Maximum Lake Eleanor storage with flash-boards in.

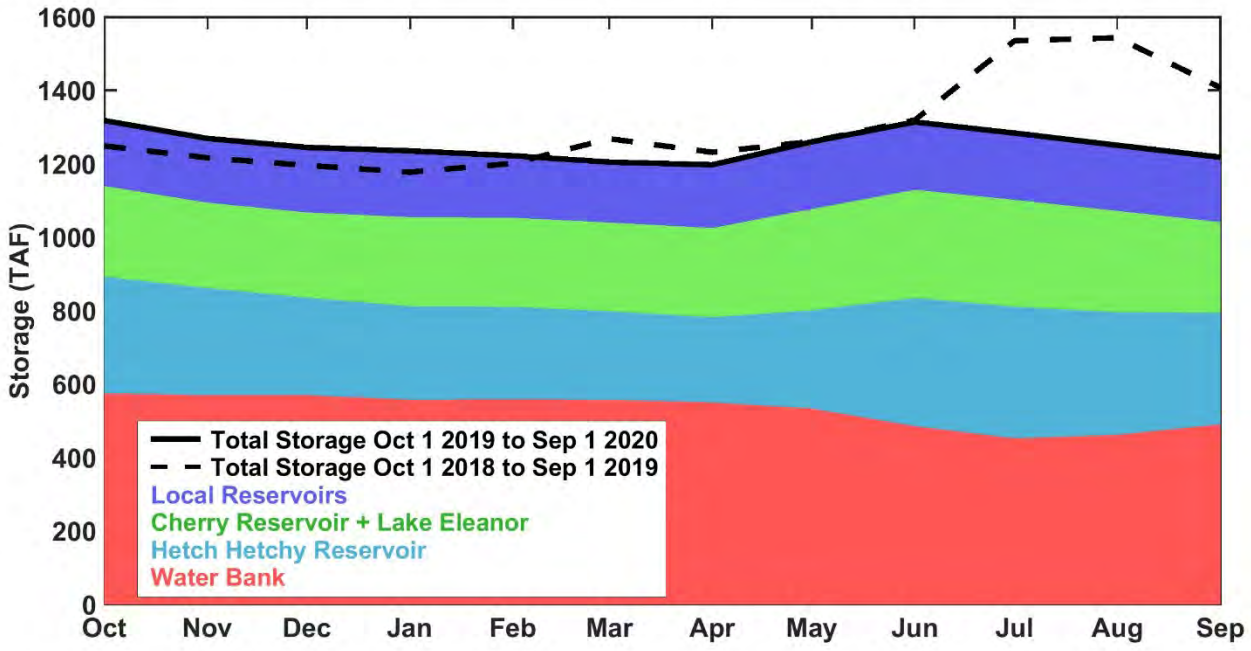


Figure 1: System storage for past 12 months in thousand acre-feet (TAF). Color bands show contributions to total system storage. Solid black line shows total system storage for the past 12 months. Dashed black line shows total system storage the previous 12 months.

Hetch Hetchy System Precipitation Index

Current Month: The August 2020 six-station precipitation index reported 0.04 inches of precipitation for the month. The precipitation index is computed as the average of six Sierra precipitation stations and is an indicator of the overall basin wetness.

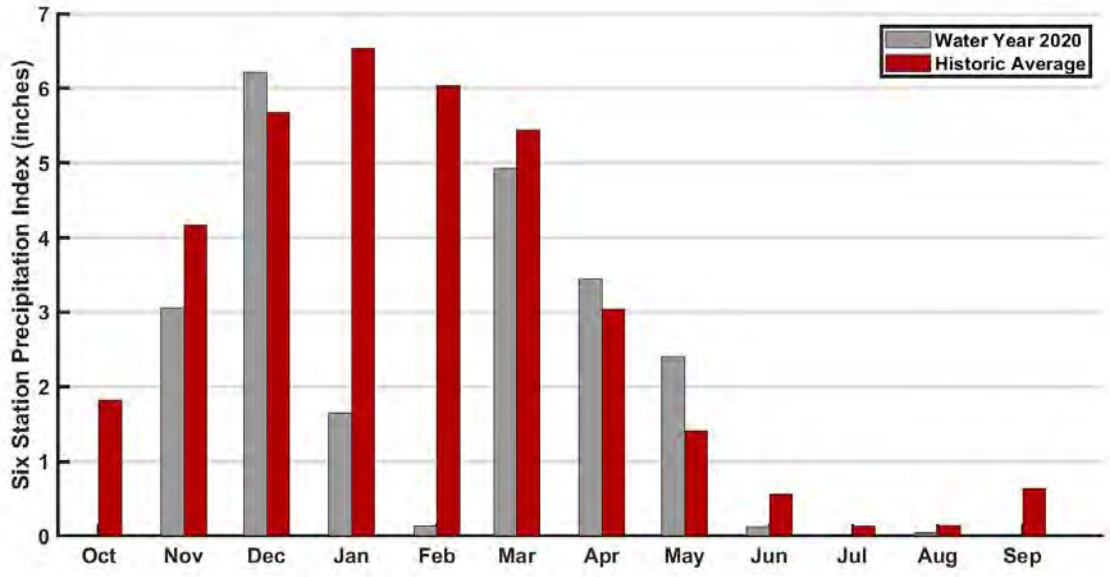


Figure 2: Monthly distribution of the six-station precipitation index relative to the monthly precipitation averages. The precipitation index is computed as the average of six Sierra precipitation stations and is an indicator of the overall basin wetness.

Cumulative Precipitation to Date: As of September 1, the six-station precipitation index for water year (WY) 2020 was 22.04 inches, which is 62% of the average annual water year total. Hetch Hetchy received no precipitation in August for a total of 21.08 inches for WY 2020, or 60% of average to-date. The cumulative Hetch Hetchy precipitation is shown in Figure 3 in red.

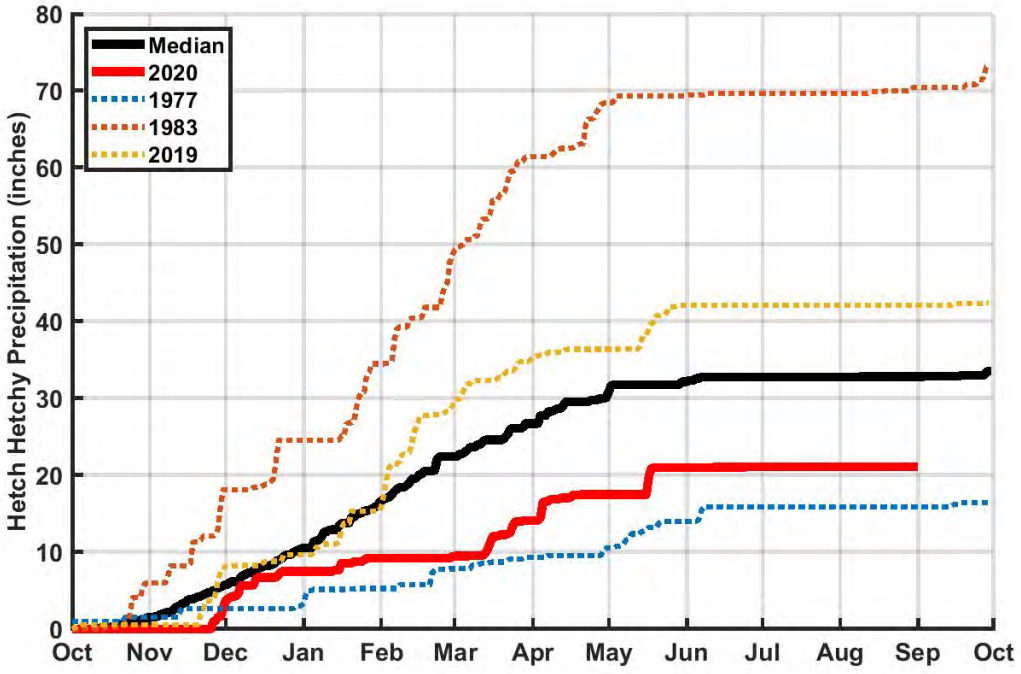


Figure 3: Water Year 2020 cumulative precipitation measured at Hetch Hetchy Weather Station. Median cumulative precipitation measured at Hetch Hetchy Weather Station and example wet and dry years are included with Water Year 2020 for comparison purposes.

Tuolumne Basin Unimpaired Inflow

Unimpaired inflow to SFPUC reservoirs and the Tuolumne River at La Grange for August 2020 and the year to date is summarized below in Table 2.

Table 2
Calculated Reservoir Inflows and Water Available to City

* All flows are in acre-feet	August 2020				October 1, 2019 through September 1, 2020			
	Observed Flow	Median[1]	Mean[1]	Percent of Mean	Observed Flow	Median[1]	Mean[1]	Percent of Mean
Inflow to Hetch Hetchy Reservoir	1,170	6,994	13,698	9%	347,918	699,972	732,221	48%
Inflow to Cherry Reservoir and Lake Eleanor	0	1,648	3,203	0%	248,616	442,832	450,150	55%
Tuolumne River at La Grange	13,460	15,673	24,312	55%	969,161	1,670,349	1,802,942	54%
Water Available to City	0	0	1,392	0%	170,302	580,260	763,870	22%

[1]Hydrologic Record: 1919-2015

Hetch Hetchy System Operations

Hetch Hetchy Reservoir power draft and stream releases during the month totaled 31,018 acre-feet. Hetch Hetchy Reservoir minimum instream release requirements for August were 75 cfs. Total precipitation and inflows thus far for Water Year 2020 have resulted in a Water Year Type C (dry) for Hetch Hetchy Reservoir. Instream release requirements for the first half of September remain at 75 cfs and decrease to 50 cfs on September 15.

Cherry Reservoir valve and power draft releases totaled 26,073 acre-feet for the month and were used to maintain seasonal target elevations. The required minimum instream release from Cherry Reservoir for August was 15 cfs and remain at 15 cfs for September. Lake Eleanor required minimum instream release are 20 cfs for April 15 through September 15 and decrease to 10 cfs for September 16 through September 30.

Regional System Treatment Plant Production

The Harry Tracy Water Treatment Plant average production rate for August was 33 MGD. The Sunol Valley Water Treatment Plant average production for the month was 1 MGD.

Local System Water Delivery

The average August delivery rate was 238 MGD, which is a 1% decrease below the July delivery rate of 240 MGD.

Local Precipitation

The rainfall summary for August 2020 is presented in Table 3.

Table 3
Precipitation Totals at Three Local Area Reservoirs

Weather Station Location	August		October 1, 2019 through September 1, 2020	
	Total (inches)	Percent of Mean for the Month	Total (inches)	Percent of Mean for the Year-To-Date
Pilarcitos Reservoir	0.09	113 %	24.06	64 %
Lower Crystal Springs Reservoir	0.14	280 %	15.11	58 %
Calaveras Reservoir	0.00	0 %	13.37	63 %

Water Supply and Planned Water Supply Management

The upcountry system as of September 1 is 85% full, as reservoirs have been managed through the summer to maximize storage. SJPL1 is out of service for repairs through March 2021. SJPL deliveries remain at 249 MGD for August. Hetch Hetchy Reservoir storage is expected to continue to decrease as deliveries and stream releases exceed inflows. Cherry / Eleanor Pumps are currently off. Cherry Reservoir is dropping as recreational releases, which end September 7, and instream minimum releases exceed inflows. The calculated unimpaired flow at La Grange and the allocation of flows between the Districts and the City are shown in Figure 4. As of September 1 there has been a total of 170,302 acre-feet available to the City in Water Year 2020

Inflows to the reservoirs have reached summer baseflow and Water Bank has begun crediting as Holm Powerhouse powerdraft and reservoir releases exceed inflows.

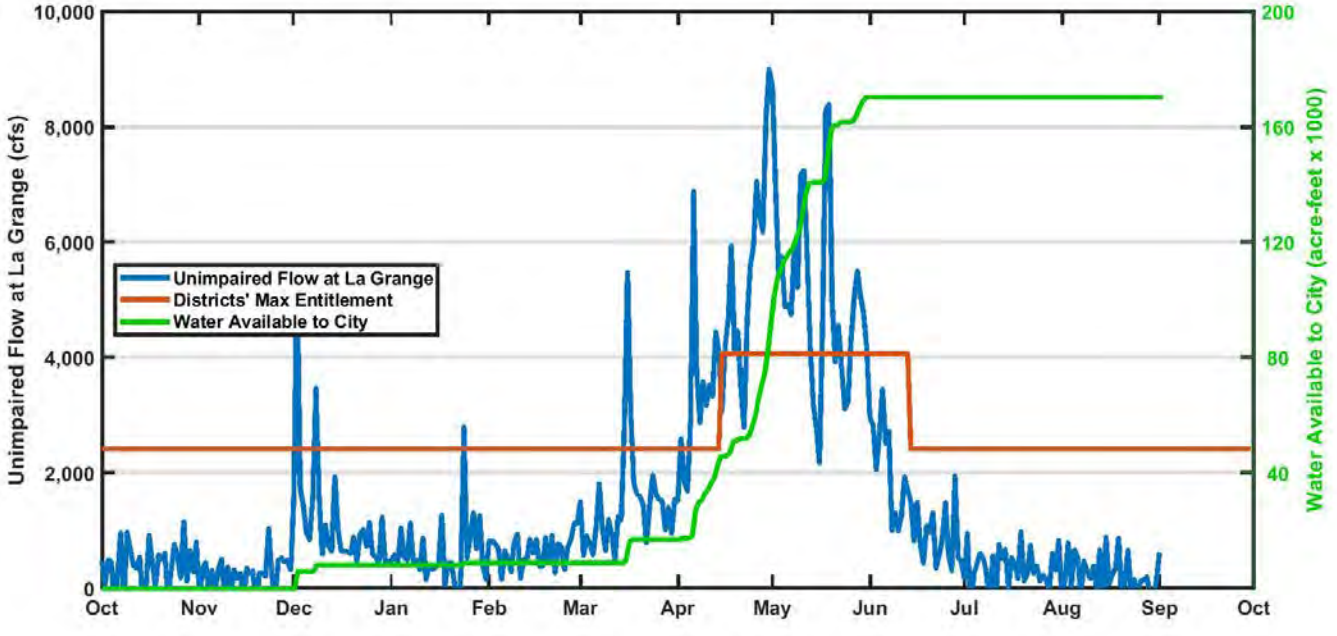


Figure 4: Calculated unimpaired flow at La Grange and the allocation of flows between the Districts and the City.

STAFF REPORT

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

From: **Mary Rogren, General Manager**

Agenda: **October 13, 2020**

Report Date: October 09, 2020

Subject: Approval for Director Feldman to attend the Association of California Water Agencies (ACWA) Fall Virtual Conference & Exhibition, December 2-3, 2020

Recommendation:

Approve expense reimbursement for Director Feldman's two-day virtual conference (Wednesday and Thursday, December 2-3, 2020) at the Association of California Water Agencies (ACWA) Fall Virtual Conference & Exhibition, December 2-3, 2020, registration fee of $350.00.

Background:

District policy in Section XII.b of Resolution 2004-06 (Code of Conduct) states that "Each member of the Board of Directors is encouraged to participate in those outside activities and organizations that in the judgment of the Board further the interests of the District. Expenses incurred by Board members in connection with such activities are reimbursable, where authorized in advance or subsequently ratified by the Board."

Director Feldman plans to attend the ACWA Fall Virtual Conference & Exhibition and requests that the Board approve reimbursement of his expenses.

ACWA conferences provide an excellent opportunity for Directors and water utility staff to learn about California water issues. The District has reimbursed Director's attendance at these conferences in the past.

WATER SERVICE CONNECTION TRANSFER REPORT
TRANSFERS APPROVED FOR THE MONTH OF SEPTEMBER 2020

DONATING APN	PROPERTY OWNER(S)	RECIPIENT APN	PROPERTY OWNER(S)	# OF CONNECTIONS	DATE
047-207-080	John J. Bermingham	047-171-170	Patrick Power	one (1) 5/8"	September 11.2020
047-143-490	GlobalLeaders LLC (Alen Malaki)	056-071-260	Julie McHenry	one (1) 5/8"	September 11.2020

STAFF REPORT

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

From: **Mary Rogren, General Manager**

Agenda: **October 13, 2020**

Report Date: **October 9, 2020**

Subject: **Public Hearing to Consider Proposed Amendment of Rate and Fee Schedule to Increase Water Rates for Fiscal Year 2020-2021 and Fiscal Year 2021-2022; Consideration of Resolution 2020-04 Amending the Rate and Fee Schedule and Finding that the Amendments are Exempt from the California Environmental Quality Act; Approval of Fiscal Year 2021/22 Operations and Maintenance Budget**

Recommendation:

1) Conduct a public hearing on proposed rate increases of up to 5% effective January 1, 2021 and up to 5% effective January 1, 2022.
2) Adopt Resolution 2020-04 Amending the Rate and Fee Schedule and finding that the amendments are exempt from the California Environmental Quality Act (Exhibit E and F).
3) Approve Fiscal Year 2021/22 Operations and Maintenance Budget

Background:

At the March 10, 2020 Regular Board of Directors' Meeting, the District's Rate Consultants, Raftelis Financial Consultants, Inc. ("Raftelis") conducted a Financial Planning and Rate Update Workshop and introduced a Draft Fiscal Year 2020/21 to 2024/25 Financial Plan. At that meeting, given the results of the Financial Planning model, the Board directed Staff to prepare a Proposition 218 notice to be reviewed at the April 14, 2020 meeting for purposes of setting a public hearing for a proposed two year rate increase of 6.5% for each year to be effective July 1, 2020 and July 1, 2021. However, at a Special Meeting on April 3, the District Board voted to table the discussion of the proposed rate increase for three months to the July 2020 Board meeting due to the COVID-19 and the uncertainty of the current economic situation and impact on the District's Coastside customers.

At the July 14, 2020 Regular Board Meeting, Raftelis returned and conducted a second Financial Planning and Rate Update Workshop, utilizing the approved (and updated) Fiscal Year 2020/21 O&M Budget, Draft Fiscal Year 2021/22 O&M Budget, and Fiscal Year 2020/21 to 2029/30 Capital Improvement Program (CIP).

At the August 11, 2020 Regular Board Meeting, the Board authorized Staff to schedule a Public Hearing for Tuesday, October 13, 2020 at the regular Board Meeting and to issue a public hearing notice for "up to 5%" rate increases for the current and the next fiscal years to be effective January 1, 2021 and January 1, 2022 based up the results of the financial model, assuming the District would take on some financing in the next two years. Raftelis has prepared a draft "Water Financial Plan and Rate Update Study" report (See Exhibit A) discussed below.

Inputs for the Water Financial Plan: Fiscal Years 2020/21 and 2021/22 Operations (O&M) Budgets and Fiscal Year 2020/21 to 2029/30 Capital Improvement Program (CIP)

At the June 9, 2020 Regular Board of Directors' Meeting, the Board approved the Fiscal Year 2020/21 Operations (O&M) Budget and at the July 14, 2020 Regular Board meeting, the Board approved the Fiscal Year 2020/21 to 2029/30 Capital Improvement Program (CIP). Leading up to the approvals, drafts of the FY2020/21 O&M Budget and CIP were reviewed in (4) Finance Committee meetings and in (4) Facilities Committee meetings held between January to June 2020, as well in numerous Regular Board meetings as outlined in the Budget Process Timeline (see Exhibit G.)

A summary of the approved Fiscal Year 2020/21 O&M Budget, Draft Fiscal Year 2021/22 O&M Budget and the CIP follows below. Two years of budgets are included as Staff recommends that the Board approve two years of rate increases.

Below is a recap of the projected budgets for the next two fiscal years, without consideration of any rate increases.

	FY 2019/20 Approved Budget	FY 2020/21 Approved Budget	% Change from Prior Budget	FY 2021/22 Draft Budget	% Change from Prior Budget
REVENUE					
Water Sales in Million Gallons	***598 MG***	***580 MG***		***603 MG***	
Water Revenue (1)	$ 12,300,000	$ 12,096,000	-1.7%	$ 12,464,294	3.0%
Non-Operating Revenue	$ 1,385,570	$ 1,452,250	4.8%	$ 1,539,250	6.0%
Total Revenue	$ 13,685,570	$ 13,548,250	-1.0%	$ 14,003,544	3.4%
OPERATING EXPENSES	$ 8,630,824	$ 9,301,174	7.8%	$ 9,396,221	1.0%
DEBT SERVICE	$ 1,144,611	$ 1,092,748	-4.5%	$ 1,093,888	0.1%
CONTRIBUTION TO CIP AND RESERVES	$ 3,910,135	$ 3,154,327	-19.3%	$ 3,513,435	11.4%

1) FY 2020/21 and FY 2021/22 Water Revenue does not include a rate increase - still to be determined

The draft Fiscal Year 2021/22 O&M Budget reflects the assumptions used in the Raftelis Draft Financial Plan and Rate Update Study Report, including:

- Recovery of Water Consumption to 603 MG post COVID-19
- Inflationary adjustments as outlined in the Raftelis report.

Capital Improvement Program (CIP) (Exhibit D):

- $44,930,000 total 10-year CIP (FY2021 dollars)
- $24,825,000 total 5-year CIP (average of $4,965,000 per year)

Coastside County Water District
FY20/21 to FY29/30 Capital Improvement Plan vs. FY18/19 to FY27/28 Plan

Category:	FY20/21 to FY29/30 (approved July 2020)	FY18/19 to FY27/28 (approved June 2018)	Budget Changes
Equipment Purchase & Replacement	$ 1,605,000	$ 1,885,000	$ (280,000)
Facilities and Maintenance	$ 1,460,000	$ 4,550,000	$ (3,090,000)
Pipeline Projects	$ 14,050,000	$ 14,445,000	$ (395,000)
Pipeline Projects Placeholder - Unscheduled CIP in out years	$ 3,800,000	$ 1,000,000	$ 2,800,000
Tanks/Pump Stations/Wells	$ 12,280,000	$ 6,690,000	$ 5,590,000
Water Supply Development	$ 4,000,000	$ 3,400,000	$ 600,000
Water Treatment Plants	$ 7,735,000	$ 990,000	$ 6,745,000
GRAND TOTAL	$ 44,930,000	$ 32,960,000	$ 11,970,000

The Fiscal Year 2020/21 to 2029/30 Capital Improvement Program includes two new significant infrastructure improvement projects (not included in the June 2018 CIP): the District-wide Tank Improvement Project and the Nunes Water Treatment Plant Improvement Project. These projects will significantly enhance the resiliency of the District's infrastructure for the next generation. The result is an increase in the 10 Year CIP of $12M.

Financial Plan, Proposed Rate Increases for Fiscal Years 2020/21 and 2021/22 and Draft Water Financial Plan and Rate Update Study Report (Exhibit A)

In 2018, Raftelis Financial Consultants, Inc. ("Raftelis") prepared a Cost of Service Analysis and Rate Study in order to develop cost of service-based water rates which would meet the requirements of Proposition 218. This Study was used to set the District's rates for Fiscal Years 2018/19 and 2019/20 and to comply with the substantive requirements of Proposition 218 as interpreted by the courts, including the April 2015 Appellate Court decision in Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano.

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

In December 2019, the District engaged Raftelis to provide the analytical support necessary to conduct an updated Study which began a new two-year rate adoption cycle with an updated financial plan and corresponding rates based on the 2018 Cost of Service and Rate Study. The 2020 Study encompasses a five-year financial planning horizon with two years of proposed rates for Fiscal Years 2020/21 and 2021/22.

As noted above, Raftelis initially held a Financial Planning and Rate Update Workshop with the District Board at the March 10, 2020 Regular Board Meeting. Utilizing the results of the Raftelis Financial Planning model (which is supported by the 2018 Cost of Service Analysis), the Board directed Staff to prepare noticing to plan for a 6.5% rate increase to be effective July 1, 2020, and a year 2 increase of 6.5% to be effective July 1, 2021. Also as noted above, out of concern for the community as the pandemic quickly escalated, on April 3, in a Special Meeting, the Board voted to delay discussions on a rate increase for three months to the July 14, 2020 Board Meeting.

At the July 14, 2020, Raftelis held a second Financial Planning and Rate Update Workshop and presented rate increase scenarios of 6.5% per year for the next two years without financing, or 5% per year with financing of capital projects in year 2. Both options can be supported by the Financial Planning model. The Board also asked Raftelis to model the rate increase with a 6-month delay to January 1, 2021 (originally planned for July 1, 2020) and January 1, 2022 (originally planned for July 1, 2021) in order to provide some relief to the District's customers.

At the conclusion of the meeting, the Board directed Staff to prepare noticing for a public hearing to be held on October 13, 2020 for "up to 5%" rate increases to be effective January 1, 2021 and January 1, 2022. Please reference the backup for the rate increase recommendation in the Draft "Water Financial Plan and Rate Study Update" included as Exhibit A.

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 September 16, 2020 and September 23, 2020 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 August 21, 2020.

The "Cost of Service and Rate Study" prepared by Raftelis Financial Consultants (final report dated May 15, 2018) and the subsequent "Water Financial Plan and Rate Update Study (dated August 3, 2020) 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 4 letters regarding the proposed rate increase. Copies of these letters are attached as Exhibit H.

The Draft Resolution 2020-04 (Exhibit E and F) for the Board's consideration provides for the recommended changes in the Rate and Fee Schedules (a 5% increase effective January 1, 2021, and 5% effective January 1, 2022.) The Resolution also provides language finding that the amendments are exempt from the California Environmental Quality Act.

Other Changes

The Draft Resolution also provides for a change to Section 4.D. Non-Complex Pipeline Extensions and increases the non-refundable fee from $150 to $500. The $500 reflects the District's actual costs of reviewing applications.

Please note that due to the volume of paper the individual detailed sheets for the CIP and Operations Budgets are not included in this agenda packet. The study and budget sheets are available in electronic form on the District's website at www.coastsidewater.org or hard copies may be obtained at the District's office.

EXHIBITS

A. Raftelis Financial Consultants, Inc. "Water Financial Plan and Rate Update Study" dated August 3, 2020 and "Cost of Service and Rate Study" Report dated May 15, 2018

B. Approved Fiscal Year 2020-2021 Operations and Maintenance Budget

C. Draft Fiscal Year 2021-2022 Operations and Maintenance Budget

D. Approved Fiscal Year 2020/21 to 2029/30 Capital Improvement Program

E. Resolution 2018-05 Amending the Rate and Fee Schedule to Increase Water Rates and Finding that the Amendments are exempt from the California Environmental Quality Act

F. E-2 Notice of Exemption

G. Fiscal Years 2020/21 and 2021/22 Budget Process Timeline

H. Protest Letters

I. Raftelis Financial Consultants – 13 October 2020 Presentation

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Coastside County Water District

Water Financial Plan and Rate Update Study

Draft Report / August 3, 2020

RAFTELIS

RAFTELIS

August 3, 2020

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

Subject: 2020 Water Financial Plan & Rate Update Study

Dear Ms. Rogren,

Raftelis is pleased to provide this Water Financial Plan and Rate Update Study Report (Report) for Coastside County Water District (District). The Study develops a financial plan for the District's General Fund and calculates water rates for Fiscal Year End (FYE) 2021 through FYE 2025 (Study period).

The major objectives of the study include the following:

1. Develop a financial plan to ensure financial sufficiency, meet operation and maintenance (O&M) costs, and ensure sufficient funding for debt obligations and capital repair and replacement (R&R) needs.
2. Calculate water rates.
3. Conduct a customer impact analysis for the proposed rates.

This report details changes to the Water financial plan that include an updated capital improvement plan, operating budgets, customer billing and water demand data, and future growth and inflationary assumptions for the Study period. This Report summarizes the key findings and recommendations related to the development of the financial plan, the resulting proposed rates, and the customer impact analysis.

It has been a pleasure working with you and we thank you and District staff for the support provided during the course of this study.

Sincerely,

Sanjay Gaur
Vice President

Lauren Demine
Consultant

445 Figueroa Street, Suite 1925
Los Angeles, CA 90071
www.raftelis.com

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1. Executive Summary

1.1. STUDY BACKGROUND

The District provides treated water service to the City of Half Moon Bay and the communities of Princeton, Miramar, and El Granada. The service area is approximately 14 square miles with service provided to roughly 6,400 connections across a population of 17,000. The service area is predominantly residential with other customers including commercial and governmental users, landscape irrigators, and agricultural users.

Raw water is provided from two sources: a mix of local surface water and groundwater and imported water purchased from the San Francisco Public Utility Commission (SFPUC). The long term water supply mix is projected to be comprised of approximately 35 percent local source water and 65 percent purchased water. Raw water from 20 miles of transmission pipelines is treated at one of two treatment plants before distribution through the District's 83 miles of pipeline.

Raftelis conducted the last Cost of Service and Water Rate Study in 2018, included in Appendix A, which resulted in proposed and approved rates for Fiscal Year End (FYE) 2019 and 2020. The District engaged Raftelis to provide the analytical support necessary to conduct the current Study which begins a new two-year rate adoption cycle with an updated financial plan and corresponding rates, based on the 2018 Cost of Service and Rate Study. The 2020 Study encompasses a five-year financial planning horizon with two years of proposed rates in FYE 2021 and 2022.

The major objectives of the study include the following:

1. Develop a financial plan to ensure financial sufficiency, meet operation and maintenance (O&M) costs, and ensure sufficient funding for debt obligations and capital repair and replacement (R&R) needs.
2. Calculate water rates.
3. Conduct a customer impact analysis for the proposed rates.

Findings from the analysis were presented to the District Board of Directors Board Meeting held on July 14, 2020. This Report provides an overview of the study and includes findings and recommendations for the District's financial plan and water rates. This Report incorporates input provided by the District Board of Directors at the July 14, 2020 meeting.

1.2. FINANCIAL PLAN DEVELOPMENT

In this Study, a financial plan model was developed by Raftelis using current financial plan information including: the FYE 2020 and FYE 2021 Operating Budgets, the 10-year Capital Improvement Plan (CIP), updated water supply costs, assumptions associated with cost escalations, available fund balances, and current reserve targets. Use of the financial plan model enables the District to set rates and charges to generate sufficient water revenues to meet the District's short-term and long-term obligations. It also shows the level of revenues that will maintain appropriate reserves and provide adequate debt service coverage.

Raftelis and District staff initially presented three financial plan scenarios to the District Board at a meeting held on March 10, 2020. The financial plan scenarios outlined varying annual increases, CIP expenditures, and debt issuance and Raftelis utilized the financial plan model to illustrate the financial impact for each corresponding scenario to the District Board. At the conclusion of the meeting, the Board gave direction to District staff for water rates based on a 5-year financial plan with revenue adjustments of 6.5 percent in FYE 2021 and FYE 2022 and 7 percent in FYE 2023

through FYE 2025. However, at a special meeting on April 3, 2020, the Board decided to delay discussions of a rate increase until July of 2020 due to the unforeseen circumstances brought upon by the COVID-19 pandemic.

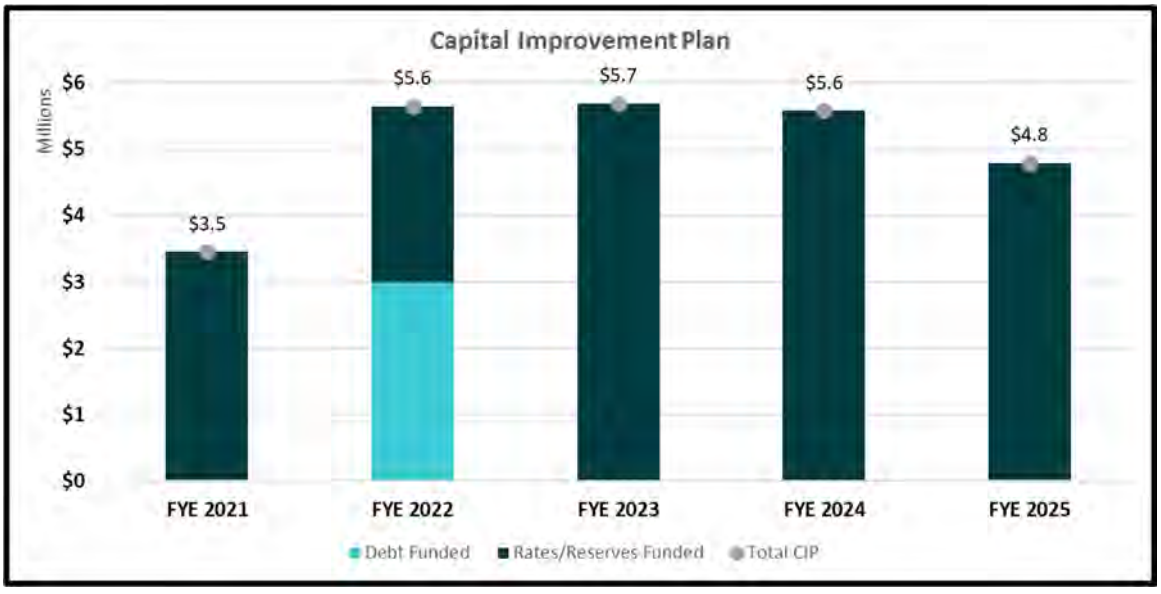
In July of 2020, the District provided Raftelis with an updated FYE 2021 Operating Budget, 10-year CIP, and updated water supply assumptions. Raftelis and District staff presented two revised financial plan scenarios to the District Board at a Board meeting held on July 14, 2020 and utilized the financial plan model to illustrate the financial impact for each corresponding scenario. The revised financial plans aimed to minimize the increase to rate payers while maintaining the financial health of the District. The District Board elected to delay a rate increase until January of 2021, allowing rate payers to recover from the impacts of the COVID-19 pandemic. At the conclusion of the meeting, the Board gave direction to District staff for water rates based on a 5-year financial plan with revenue adjustments of 5 percent in January of FYE 2021 and FYE 2022 and 5 percent in July of FYE 2023 through FYE 2025, as shown in Table 1-1. Details of the financial plan and the District's revenue needs for the next two years are presented in Section 4 of this report.

Table 1-1: Proposed Revenue Adjustments

	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Effective Month	January	January	July	July	July
Revenue Adjustment	5.0%	5.0%	5.0%	5.0%	5.0%

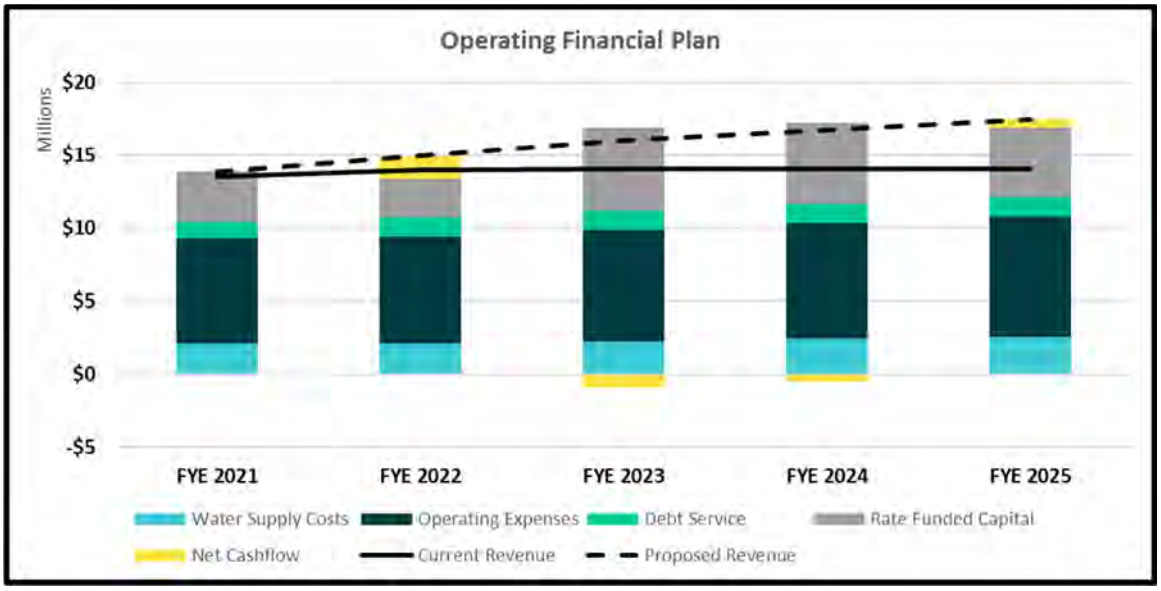
Figure 1-1 shows the District's five-year capital improvement plan (CIP). The average annual CIP is approximately $5 million. The CIP shown in Figure 1-1 is 95 percent of the District's planned CIP for each fiscal year. The District decided to fund less than 100 percent of its CIP because, historically, the District has experienced some carry over of its planned capital projects each year.. Planned capital projects are anticipated to be funded through a combination of cash reserves from rates and the issuance of new debt. The proposed $3 million debt issuance to be used to finance capital projects in FYE 2022 is denoted by the light blue bar in Figure 1-1.

Figure 1-1: Capital Improvement Plan



The proposed 5-year revenue adjustments will help to ensure that the District can cover its operating and capital expenditures. Figure 1-2 shows that the proposed operating financial plan will adequately fund O&M expenses, debt service, and capital improvements, while funding reserves. Current and proposed revenues are indicated by the solid and dashed lines, respectively.

Figure 1-2: Projected Operating Financial Plan



With the proposed financial plan, the District will maintain a debt coverage ratio[1] greater than 120%, which will help the District to maintain its credit rating, as shown in Figure 1-3

Figure 1-3: Projected Water Debt Coverage Ratios

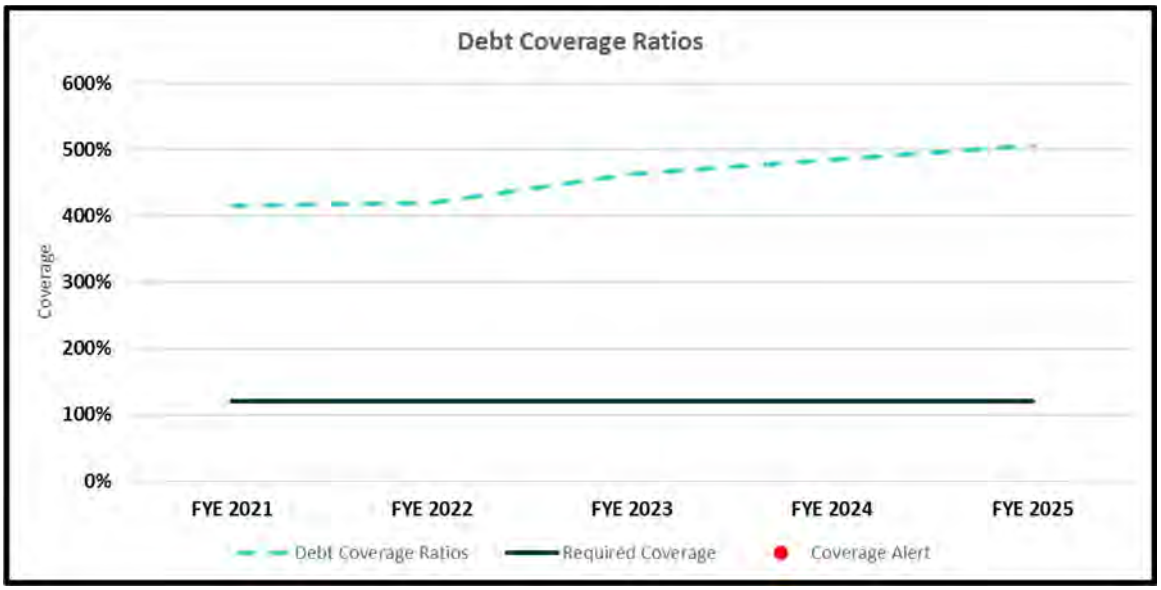
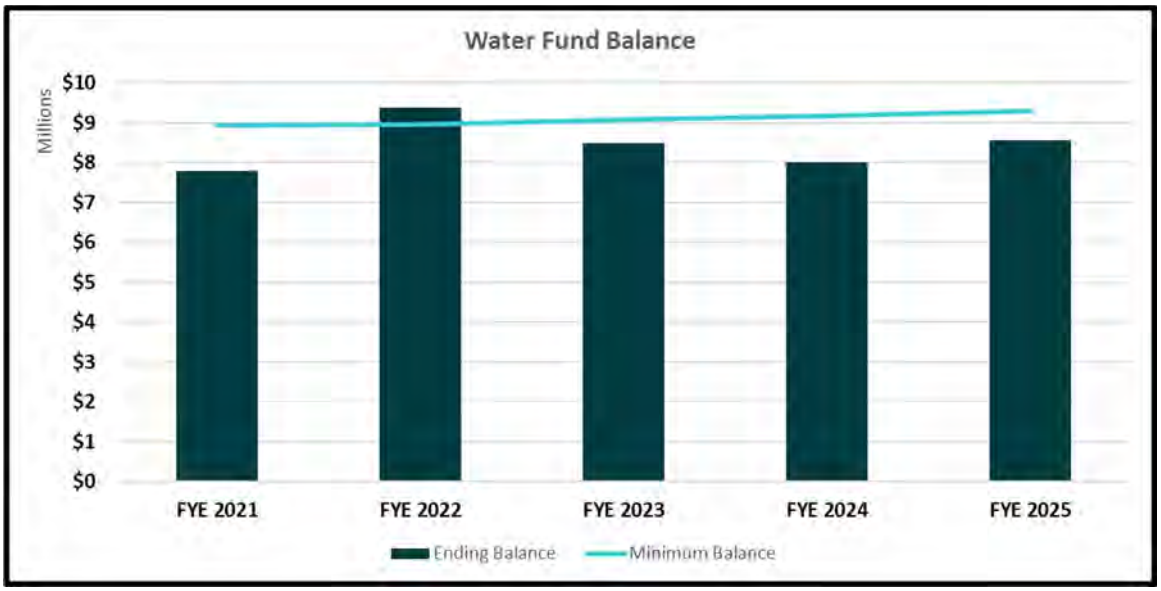


Figure 1-4 shows the projected water fund ending balances, represented by dark blue columns, for each fiscal year of the Study period. Reserve balances are expected to grow during the Study period to meet reserve targets[2], shown by the light blue line.

[1] Debt coverage = (Total Revenues – Total O&M expenses) / Total debt service
[2] Established by the District's current financial policy.

Figure 1-4: Projected Water Fund Ending Balances



1.3. PROPOSED TWO-YEAR RATES

Government Code §54999.7(c) requires that water and wastewater agencies must conduct a cost-of-service study a minimum of every 10 years. The District conducted a comprehensive cost-of-service rate study for its water service in 2018 and documented the results and findings in the "CCWD Cost of Service and Rate Study Report" dated May 15, 2018 (Appendix A). This Study focuses on updating the financial plan to incorporate the latest financial information and cost projections for the next five years. The proposed revenue adjustments of 5% for January of FYE 2021 and FYE 2022 recommended in the financial plan were applied across current rates proportionately to calculate the proposed rates for FYE 2021 and FYE 2022.

1.3.1. FIXED MONTHLY SERVICE CHARGES

Table 1-2 shows the current and proposed charges for meter-based monthly fixed charges and Table 1-3 shows the current and proposed fire service charges. The proposed fire service charges apply to all customers with private fire service. The rates for the current and proposed monthly service charges and fire service charges are calculated based on the meter size and diameter of the fireline serving a property, respectively. All rates are rounded up to the nearest whole penny.

Table 1-2: Proposed FYE 2021-2022 Monthly Service Charges

Meter Size	Current	FYE 2021 January	FYE 2022 January
5/8"	$28.90	$30.35	$31.87
3/4"	$42.70	$44.84	$47.09
1"	$70.30	$73.82	$77.52
1 1/2"	$139.31	$146.28	$153.60
2"	$222.13	$233.24	$244.91
3"	$484.37	$508.59	$534.02
4"	$870.85	$914.40	$960.12

Table 1-3: Proposed FYE 2021-2022 Fire Service Charges

Fire Line Size	Current	FYE 2020 January	FYE 2021 January
3/4"	$4.85	$5.09	$5.35
1"	$6.46	$6.79	$7.13
1 1/2"	$9.69	$10.18	$10.69
2"	$12.92	$13.57	$14.25
3"	$19.38	$20.35	$21.37
4"	$25.84	$27.14	$28.50
6"	$38.76	$40.70	$42.74
8"	$51.68	$54.27	$56.99
10"	$64.60	$67.83	$71.23

1.3.2. COMMODITY RATES

Two years of variable commodity, or volumetric, water rates are shown in Table 1-4. All rates are rounded up to the nearest whole penny.

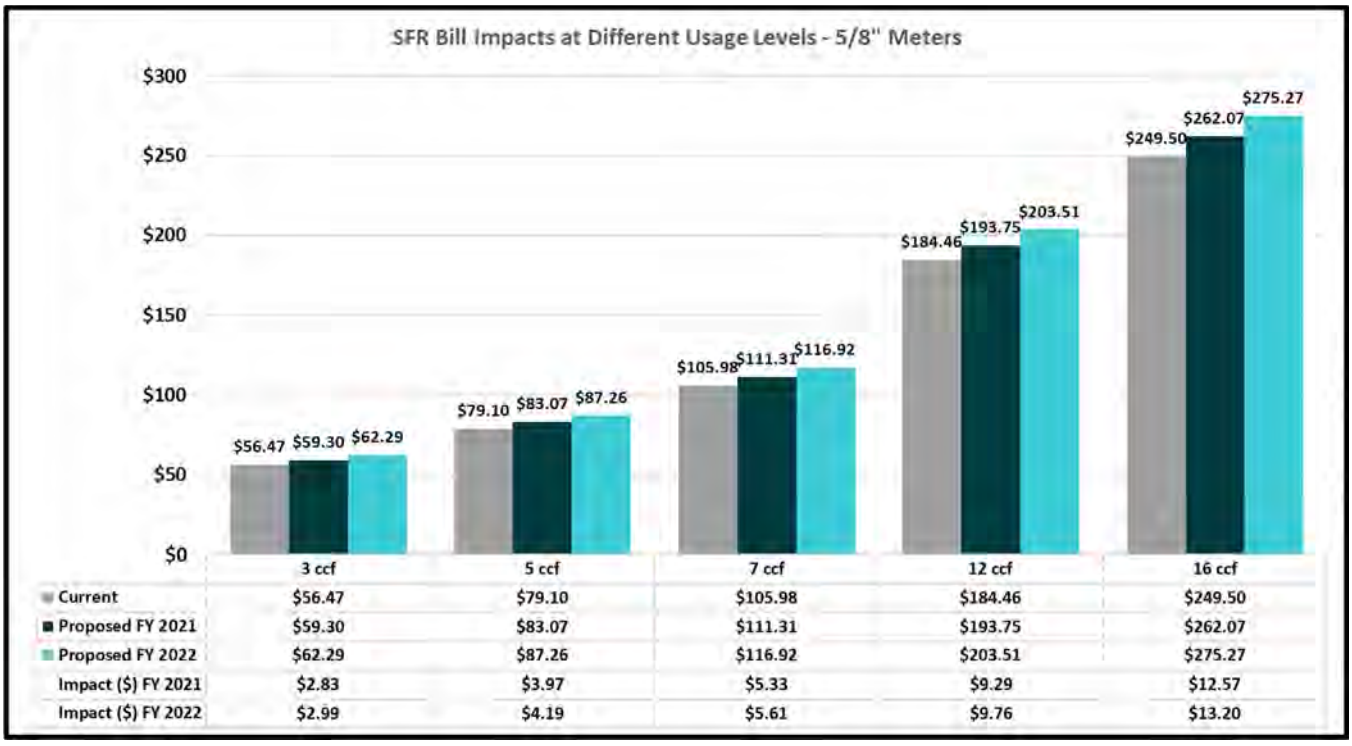
Table 1-4: Proposed FYE 2021-2022 Commodity Rates

Customer Class	Tier Width (hcf)	Current	FYE 2020 January	FYE 2021 January
Single Family Residential				
Tier 1	0 - 4	$9.19	$9.65	$10.14
Tier 2	5 - 8	$13.44	$14.12	$14.83
Tier 3	9+	$16.26	$17.08	$17.94
Multi-Family Residential	Uniform	$12.25	$12.87	$13.52
Non-Residential	Uniform	$13.06	$13.72	$14.41

1.4. CUSTOMER IMPACT ANALYSIS

It is important to understand how the proposed rates would impact the District's customers. Figure 1-5 shows the water bills of typical Single Family Residential (SFR) customers with ⅝" meter for a monthly billing period at various water consumption levels under current and proposed rates. The monthly water bills under the current rates are illustrated by the gray bars and the monthly water bills assuming the proposed rates are shown by the dark blue bars for FYE 2021 and light blue bars for FYE 2022.

Figure 1-5: Single Family Residential Customer Bill Impacts



	3 ccf	5 ccf	7 ccf	12 ccf	16 ccf
Current	$56.47	$79.10	$105.98	$184.46	$249.50
Proposed FY 2021	$59.30	$83.07	$111.31	$193.75	$262.07
Proposed FY 2022	$62.29	$87.26	$116.92	$203.51	$275.27
Impact ($) FY 2021	$2.83	$3.97	$5.33	$9.29	$12.57
Impact ($) FY 2022	$2.99	$4.19	$5.61	$9.76	$13.20

2. Introduction

2.1. STUDY BACKGROUND

The District provides treated water service to the City of Half Moon Bay and the communities of Princeton, Miramar, and El Granada. The service area is approximately 14 square miles with service provided to roughly 6,400 connections across a population of 17,000. The service area is predominantly residential with other customers including commercial and governmental users, landscape irrigators, and agricultural users.

Raw water is provided from two sources: a mix of local surface water and groundwater and imported water purchased from the San Francisco Public Utility Commission (SFPUC). The long term water supply mix is projected to be comprised of approximately 35 percent locally sourced water and 65 percent purchased water. Raw water from 20 miles of transmission pipelines is treated at one of two treatment plants before distribution through the District's 83 miles of pipeline.

Raftelis conducted the last Cost of Service and Water Rate Study in 2018, included in Appendix A, which resulted in proposed and approved rates for FYE 2019 and FYE 2020. The District engaged Raftelis to provide the analytical support necessary to conduct the current study which begins a new two-year rate adoption cycle with an updated financial plan and corresponding rates, based on the 2018 Cost of Service and Rate Study. The 2020 Study encompasses a five-year financial planning horizon with two years of proposed rates in FYE 2021 and FYE 2022.

The major objectives of the study include the following:

1. Develop a financial plan to ensure financial sufficiency, meet operation and maintenance (O&M) costs, and ensure sufficient funding for debt obligations and capital repair and replacement (R&R) needs.
2. Calculate water rates.
3. Conduct a customer impact analysis for the proposed rates.

Findings from the initial analysis were presented to the District Board of Directors Board Meeting held on March 10, 2020. However, at a special meeting on April 3, 2020, the Board decided to delay discussions of a rate increase until July of 2020 due to the unforeseen circumstances brought upon by the COVID-19 pandemic.

In July of 2020, the District provided Raftelis with an updated FYE 2021 Operating Budget, 10-year CIP, and updated water supply assumptions. Findings from the updated analysis were presented to the District Board of Directors Board Meeting held on July 14, 2020. This Report provides an overview of the study and includes findings and recommendations for the District's financial plan and water rates. This Report incorporates input provided by the District Board of Directors at the July 14, 2020 meeting.

2.2. KEY INFORMATION USED IN THE STUDY

The Study utilized the following key information provided by the District:

1. FYE 2020 and FYE 2021 budgets provided by District staff
2. Current reserve policies provided by District staff
3. 10-year CIP provided by District staff
4. Water supply mix and cost projections provided by District staff
5. Beginning fund balances as of July 1, 2019 provided by District staff
6. Required debt coverage assumptions
7. Adjustments to costs and revenue based on updated information

Raftelis used the District's FYE 2020 and FYE 2021 budgets as the baseline for future projections, consistent with best practices. Additional current data[3] concerning water demand, water supply costs, and development activity are also included in the baseline.

2.3. KEY ASSUMPTIONS USED IN THE STUDY

The Study period is from FYE 2021 to FYE 2025. Various types of assumptions and inputs were incorporated into the Study based on directions from District staff. The cost escalation factors utilized in the Study are shown in Table 2-1.

Table 2-1: Cost Escalation Factors

Escalation Factor	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
General	2.7%	2.7%	2.7%	2.7%	2.7%
Salary	4.5%	4.5%	4.5%	4.5%	4.5%
Benefits	6.0%	6.0%	6.0%	6.0%	6.0%
Energy	5.0%	5.0%	5.0%	5.0%	5.0%
SFPUC Water Purchases	0.0%	0.0%	7.1%	7.7%	6.8%
Capital	0.0%	3.2%	3.2%	3.2%	3.2%
Interest	1.5%	1.5%	1.5%	1.5%	1.5%
Non-Rate Revenues	2.0%	2.0%	2.0%	2.0%	2.0%

The general inflation rate of 2.7 percent is based on a 20-year historical average of the Consumer Price Index (CPI) for all urban consumers in San Francisco, Oakland, and Hayward. A salary inflation rate of 4.5 percent, benefits inflation rate of 6 percent, and an energy inflation rate of 5 percent are based on District estimates. SFPUC water cost increases are based on SFPUC's FYE 2019 projections and input from District staff. The capital inflation rate of 3.2 percent is based on a 20-year historical average of the Engineering News Record (ENR) Construction Cost Indices (CCI) for 20 cities. Conservative inflationary factors were applied to non-rate revenues and reserve interest earnings to ensure the District is not relying on these other revenues to occur to meet its revenue requirements. An interest rate of 1.5 percent was used based on District estimates and an inflation rate of 2 percent was used for non-rate revenues since these include property taxes.

2.4. ACCOUNTS AND GROWTH ASSUMPTIONS

To estimate future water rate revenue two factors are used – new connection growth and changes in annual water demand. As shown in Table 2-2, the financial plan projects no growth in new water service connections for the Study period. This is a reasonable assumption given the District is nearly built out with only small in-fill developments remaining.

Table 2-2 also shows the 5-year water demand forecast provided by District staff. District staff projects water sales to decrease to 580 MG in FYE 2021. A portion of this decrease in water demand is due to an anticipated reduction in water sales to the District's Non-residential customer class due to the COVID-19 pandemic. Water sales are projected to increase to approximately 603 MG beginning in FYE 2022. Water demand estimates are based on changes experienced in FYE 2020 and best estimates on per capita demand in coming years.

[3] Based on data available to the District as of July 2020.

Table 2-2: Growth and Demand Assumptions

	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Account Growth (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Water Sales (MG)	580	603	603	603	603

3. Legal Framework

3.1. CALIFORNIA CONSTITUTION – ARTICLE XIII D, SECTION 6 (PROP 218)

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

1. A property-related charge (such as water and recycled water rates) imposed by a public agency on a parcel shall not exceed the costs required to provide the property related service.
2. Revenues derived by the charge shall not be used for any purpose other than that for which the charge was imposed.
3. The amount of the charge imposed upon any parcel shall not exceed the proportional cost of service attributable to the parcel.
4. No charge may be imposed for a service unless that service is actually used or immediately available to the owner of property.
5. A written notice of the proposed charge shall be mailed to the record owner of each parcel at least 45 days prior to the public hearing, when the agency considers all written protests against the charge.

As stated in AWWA's Principles of Water Rates, Fees, and Charges: Manual of Water Supply Practices M1, 6th edition (M1 Manual), "water rates and charges should be recovered from classes of customers in proportion to the cost of serving those customers." Proposition 218 requires that water rates cannot be "arbitrary and capricious," meaning that the rate-setting methodology must be sound and that there must be a nexus between the costs and the rates charged. This study follows industry-standard rate-setting methodologies set forth by the M1 Manual, adhering to Proposition 218 requirements by developing rates that do not exceed the proportionate cost of providing water services.

3.2. CALIFORNIA CONSTITUTION – ARTICLE X, SECTION 2

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

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

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

3.3. COST-BASED RATE-SETTING METHODOLOGY

As stated in the M1 Manual, "the costs of water rates and charges should be recovered from classes of customers in proportion to the cost of serving those customers." The four major steps to develop utility rates that comply with Proposition 218 and industry standards, while meeting other emerging goals and objectives of the utility, are discussed below.

Calculate Revenue Requirement

The rate-making process starts by determining the test year (rate-setting year) revenue requirement. The revenue requirement should sufficiently fund the utility's O&M, debt service, capital expenses, and other identified costs with funding to reserves (positive cash) or using reserves (negative cash), all based on a long-term financial plan.

Cost-of-Service Analysis (COS)

The annual cost of providing water service is distributed among customer classes commensurate with their service requirements. A COS analysis involves the following:

1. Functionalize costs. Examples of functions include storage, treatment, and distribution.
2. Allocate functionalized costs to cost components. Examples of cost components include supply, base delivery, peaking, and meter servicing.
3. Distribute the cost components. Distribute cost components, using unit costs, to customer classes in proportion to their burden on the water system.

Rate Design and Calculations

Rates do more than simply recover costs. Within the legal framework and industry standards, properly designed rates should support and optimize a blend of various utility objectives, such as promoting water conservation, affordability for essential needs, and revenue stability, among other objectives. Rates may also act as a public information tool in communicating these objectives to customers.

Rate Adoption

Rate adoption is the last step of the rate-making process and is part of the procedural requirements of Proposition 218. Raftelis documents the rate study results in this Report to serve as the utility's administrative record and a public education tool about the proposed changes, the rationale and justifications behind the changes, and their anticipated financial impacts.

Government Code §54999.7(c) requires that water and wastewater agencies must conduct a cost-of-service study a minimum of every 10 years. Raftelis conducted a comprehensive cost-of-service rate study for its water service in 2018 and documented the results and findings in the "CCWD Cost of Service and Rate Study Report" dated May 15, 2018 (Appendix A). As the District is retaining the same rate structure and because a cost-of-service study was conducted for the District so recently, an updated cost-of-service study is not needed at this time. Rather, this Study focuses on financial plan development to incorporate the latest financial information and cost projections for the next five years and uses the methodology developed in the 2018 Cost of Service and Rate Study Report as the basis for the proposed rate and charge increases. The proposed revenue adjustments resulting from the financial plan will be applied across all categories of the current rates to calculate the proposed rates for FYE 2021 and FYE 2022.

4. Financial Plan

This section describes the assumptions used in projecting operating and capital expenses as well as reserve policies and debt coverage requirements that determine the overall revenue adjustments required to ensure the financial stability of the District. Revenue adjustments represent the average increase in rates for the District as a whole.

4.1. REVENUES FROM CURRENT RATES

The current water rates were last approved in June 2018 and went into effect in July 2018 and in July 2019. The current rates were originally developed in the 2018 Cost of Service and Rate Study. The District's rate structure has two components – a fixed service charge (monthly service charge) by meter size and a variable volumetric charge for water consumption. The revenues generated from existing rates and charges are assessed for the ability to meet the District's projected revenue requirements. This serves as the basis for any required revenue adjustments.

The District charges customers a monthly service charge based on the customer's meter size. The current charges for FYE 2020 are listed in Table 4-1.

Table 4-1: Current Monthly Service Charges

Meter Size	Current Charge
5/8"	$28.90
3/4"	$42.70
1"	$70.30
1 1/2"	$139.31
2"	$222.13
3"	$484.37
4"	$870.85

Some customers pay a monthly fire line charge for private fire protection. The rates for the monthly fire service charge are calculated to recover the costs associated with private fire service capacity in the water distribution system. The current rates for the fire service charge for private fire lines are shown in Table 4-2.

Table 4-2: Current Monthly Fire Service Charges

Fire Line Size	Current Charge
3/4"	$4.85
1"	$6.46
1 1/2"	$9.69
2"	$12.92
3"	$19.38
4"	$25.84
6"	$38.76
8"	$51.68
10"	$64.60

The District charges customers per hundred cubic feet (hcf) of water consumption. For all Single Family Residential customers, the District employs an inclining 3-tiered rate structure. Multi-Family Residential and Non-Residential customers are charged a uniform rate, by class, for all water use. Volumetric rates are shown in Table 4-3.

Table 4-3: Current Commodity Tiers and Rates

Customer Class	Tier Width (hcf)	Rate
Single Family Residential		
Tier 1	0 - 4	$9.19
Tier 2	5 - 8	$13.44
Tier 3	9+	$16.26
Multi-Family Residential	Uniform	$12.25
Non-Residential	Uniform	$13.06

Table 4-4 shows the projected number of water connections by meter size for each fiscal year of the Study period. The number of connections each year remains the same based on the assumption that the District will experience no growth in new water service connections for the Study period, as discussed in Section 2.4 and Table 2-2. Similarly, Table 4-5 shows the projected number of private fire lines using a zero percent growth assumption. The number of accounts by meter size and fire line size are used to forecast the fixed revenue from monthly service charges.

Table 4-4: Current and Projected Water Accounts

Meter Size	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
5/8"	6,033	6,033	6,033	6,033	6,033
3/4"	197	197	197	197	197
1"	178	178	178	178	178
1 1/2"	28	28	28	28	28
2"	34	34	34	34	34
3"	5	5	5	5	5
4"	2	2	2	2	2
Total	**6,477**	**6,477**	**6,477**	**6,477**	**6,477**

Table 4-5: Current and Projected Private Fire Lines

Fire Line Size	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
3/4"	10	10	10	10	10
1"	677	677	677	677	677
1 1/2"	50	50	50	50	50
2"	88	88	88	88	88
3"	4	4	4	4	4
4"	122	122	122	122	122
6"	59	59	59	59	59
8"	15	15	15	15	15
10"	1	1	1	1	1
Total	**1,026**	**1,026**	**1,026**	**1,026**	**1,026**

As previously shown in Table 2-2, the projected water sales are lower in FYE 2021, but increase beginning in FYE 2022. The total estimated annual usage, measured in hcf, is shown on the last line of Table 4-6.

Table 4-6: Projected Water Usage by Customer Class and Tiers

Class	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Single Family Residential					
Tier 1	232,876	242,191	242,191	242,191	242,191
Tier 2	108,558	112,900	112,900	112,900	112,900
Tier 3	57,204	59,492	59,492	59,492	59,492
Multi-Family Residential	40,069	41,671	41,671	41,671	41,671
Non-Residential	336,009	349,450	349,450	349,450	349,450
Total Water Sales (hcf)	**774,716**	**805,705**	**805,705**	**805,705**	**805,705**

Table 4-7 summarizes the projected revenues from current rates. Annual service charge revenues are calculated by multiplying the current monthly service charge (shown in Table 4-1) and the number of accounts (shown in Table 4-4) by twelve billing periods. The calculation for service charge revenues for ⅝" meters is shown below:

$$M \quad hl\ s \quad cha \times nu \quad o \ a \quad w \ h\ ⅝"\ me \times 12\ b \quad p \quad p \ y$$
$$\$28.90 \times 6{,}033\ a \quad \times 12\ b \quad p \quad = \$2{,}092{,}244$$

This calculation is repeated for all meter sizes and then summed to arrive at the total meter service charge revenues, as shown in Table 4-7. The same process is used to calculate annual fire service charge revenues using the current monthly fire service charges shown in Table 4-2 and the number of private fire line accounts shown in Table 4-5.

Revenues from consumption charges are calculated by multiplying the current consumption charge (shown in Table 4-3) by the projected water use in hcf (shown in Table 4-6). This calculation is repeated for all customer classes and tiers and then summed to arrive at the total commodity rate revenues shown in Table 4-7. The overall adequacy of water revenues is measured by comparing the total projected annual revenue required from rates with projected revenues from the existing rates.

Table 4-7: Projected Revenues from Current Rates

Revenue Source	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Meter Service Charges	$2,530,748	$2,530,748	$2,530,748	$2,530,748	$2,530,748
Fire Service Charges	$148,800	$148,800	$148,800	$148,800	$148,800
Commodity Charges	$9,408,411	$9,784,747	$9,784,747	$9,784,747	$9,784,747
Total Rate Revenue	**$12,087,958**	**$12,464,294**	**$12,464,294**	**$12,464,294**	**$12,464,294**

4.2. MISCELLANEOUS REVENUES

In addition to revenue from rates, the District also receives miscellaneous revenues from different sources such as property taxes, other revenues (including other service charges such as late fees), interest revenues, etc. to offset the water operating costs. These revenues are shown in Table 4-8.

Table 4-8: Projected Miscellaneous Revenues

Revenue Source	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Fees	$35,000	$35,000	$35,000	$35,000	$35,000
Interest	$56,250	$95,391	$59,207	$16,405	$0
Taxes	$750,000	$765,000	$780,300	$795,906	$811,824
Other	$611,000	$611,000	$611,000	$611,000	$611,000
Total Miscellaneous Revenues	**$1,452,250**	**$1,506,391**	**$1,485,507**	**$1,458,311**	**$1,457,824**

4.3. OPERATING AND MAINTENANCE EXPENSES

4.3.1. WATER SUPPLY COSTS

Table 4-9 shows the total water demand (sales) estimated in each year of the Study period (from Table 4-6). Water is lost in the transmission and distribution of water due to a variety of factors, such as real losses from leaks in distribution pipelines and paper losses from meter reading and billing errors. The District must account for this loss in estimating the supply needed to meet its customers' demand. The District has an approximate 8.1 percent water loss on average. To project the required water supply (Line 3), the following equation is used to calculate water production:

Total Water Sales (Line 1) / [1 - Water Loss (Line 2)] = Total Water Production (Line 3)

Table 4-9: Projected Water Supply and Demand (hcf)

Line #		FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
1	Total Water Sales (hcf)	774,716	805,705	805,705	805,705	805,705
2	Water Loss	8.1%	8.1%	8.1%	8.1%	8.1%
3	**Total Water Production (hcf)**	**842,999**	**876,719**	**876,719**	**876,719**	**876,719**

The District currently has two primary sources of water supply to meet customers' demand:

- Local surface water and groundwater
- Purchased water from San Francisco Public Utilities Commission (SFPUC)

Based on projections and inputs from District staff, it is anticipated that the water supply mix for the Study period will consist of 35 to 38 percent of local District water sources and 62 to 65 percent of SFPUC water sources. Table 4-10 shows the supply mix required to meet the projected demand from Table 4-9 over the Study period. The amount for each water source is calculated by multiplying the percent available from each source times the total water production shown in Line 3 of Table 4-9.

Table 4-10: Projected Water Supply by Source

Line #		FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
1	Water Supply to Meet Demand (%)					
2	District Sources	35%	38%	38%	38%	38%
3	SFPUC Sources	65%	62%	62%	62%	62%
4	Water Supply to Meet Demand (hcf)					
5	District Sources	295,050	333,153	333,153	333,153	333,153
6	SFPUC Sources	547,949	543,566	543,566	543,566	543,566
7	**Total Water Production (hcf)**	**842,999**	**876,719**	**876,719**	**876,719**	**876,719**

Table 4-11 shows the fixed and volumetric unit costs associated with the District's water purchases from SFPUC. The unit costs for FYE 2023 and beyond are escalated based on the SFPUC water purchases inflationary assumptions shown in Table 2-1.

Table 4-11: Purchased Water Supply Unit Costs

Line #		FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
1	SFPUC Fixed Monthly Charge	$6,782	$6,782	$7,264	$7,823	$8,355
2	SFPUC Variable Rate ($/hcf)	$3.71	$3.71	$3.97	$4.28	$4.57

Table 4-12 shows the total estimated costs associated with the District's water purchases from SFPUC. The fixed charges are calculated by multiplying the fixed monthly charge in Line 1 of Table 4-11 by twelve billing periods. The variable charges are calculated by multiplying the unit price in Line 2 of Table 4-11 by the quantity of SFPUC water purchases shown in Line 6 of Table 4-10. For the purposes of these calculations, District staff assumes that there will be sufficient water supply from existing sources and, therefore, no supply reduction during the Study period.

Table 4-12: Purchased Water Costs

Line #		FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
1	**SFPUC Fixed Charge**	$81,384	$81,384	$87,162	$93,874	$100,257
2	**SFPUC Variable Charges**	$2,032,892	$2,016,629	$2,159,809	$2,326,114	$2,484,290
3	**Total Purchased Water Supply Costs**	**$2,114,276**	**$2,098,013**	**$2,246,971**	**$2,419,988**	**$2,584,547**

4.3.2. O&M EXPENSES

Using the District's FYE 2021 budget values and inflation factors from Table 2-1, future operations and maintenance (O&M) costs are forecast. Table 4-13 summarizes budgeted and projected O&M expenses during the Study period. Water supply costs are those derived in Table 4-12.

Table 4-13: Budgeted and Projected O&M Expenses[4]

O&M Expense	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Purchased Water Supply Costs	$2,114,276	$2,098,013	$2,246,971	$2,419,988	$2,584,547
Salary	$3,220,950	$3,365,893	$3,517,358	$3,675,639	$3,841,043
Benefits	$580,963	$615,820	$652,770	$691,936	$733,452
Energy	$565,000	$509,780	$535,269	$562,032	$590,134
Other O&M Costs	$2,819,321	$2,806,963	$2,906,451	$2,947,836	$3,051,170
Total Operating Expenses	**$9,300,510**	**$9,396,469**	**$9,858,819**	**$10,297,431**	**$10,800,346**

4.4. DEBT SERVICE

The District currently has existing debt service payments for three revenue bonds:

- CIEDB 11-099
- CIEDB 16-111
- Chase – 2018 Loan (Refunding of 2006B Bonds)

The existing annual debt service schedule for each is shown in Table 4-14.

Table 4-14: Existing Debt Service

Debt Service	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Existing Bond-CIEDB 11-099	$335,825	$335,669	$335,508	$335,343	$335,173
CIEDB 16-111	$323,357	$322,895	$322,417	$321,923	$321,412
Chase - 2018 Loan (Refunding of 2006B Bonds)	$433,567	$435,168	$436,027	$437,233	$432,821
Total Existing Debt Service	**$1,092,748**	**$1,093,732**	**$1,093,952**	**$1,094,498**	**$1,089,406**

[4] The amounts in this table are rounded to the nearest dollar.

The District is considering a new debt issuance to fund a total of $3 million in capital expenditures in FYE 2022 and to mitigate rate increases to customers. The proposed new debt incorporates the proposed debt and financing assumptions shown in Table 4-15.

Table 4-15: Proposed Debt

	FYE 2022
Debt Assumptions	
Interest	3.5%
Term (# of Years)	20
Issuance Cost	1.5%
Debt Reserve Requirement	7.0%
Proposed Debt Issue	$3,279,983
Debt Proceeds for CIP	$3,000,000
Proposed Annual Debt Service	$230,783

The proposed debt issuance balances rate adjustments and moderate debt obligations. Issuing debt not only allows the District to provide a more immediate response to infrastructure needs, but also stabilizes the financial impact of such expenses. Rather than requiring larger rate increases in the short term in order to pay as they go (PAYGO), loan repayments are equally spread over a longer period and thereby spread costs amongst future users. This supports the District's ability to provide a more stable rate schedule with generally lower rate increases. This is the only additional debt issuance assumed in the analysis at this time. The Board of Directors will review the need to issue additional debt in FYE 2022.

4.5. CAPITAL IMPROVEMENT PLAN

The District has proposed approximately $25.2 million in capital expenditures over the Study period. These capital expenditures are shown in Table 4-16. The CIP shown below represents 95 percent of the District's planned CIP for each fiscal year. The District decided to fund less than 100 percent of its CIP because, historically, the District has experienced some carry over of its planned capital projects each year. Table 4-16 shows the total anticipated CIP for each fiscal year, the cumulative inflationary factor[5], and the resulting total anticipated CIP costs. Raftelis indexed the capital expenditures by the compounding inflationary rate shown in Table 2-1 to account for increased construction costs in future years.

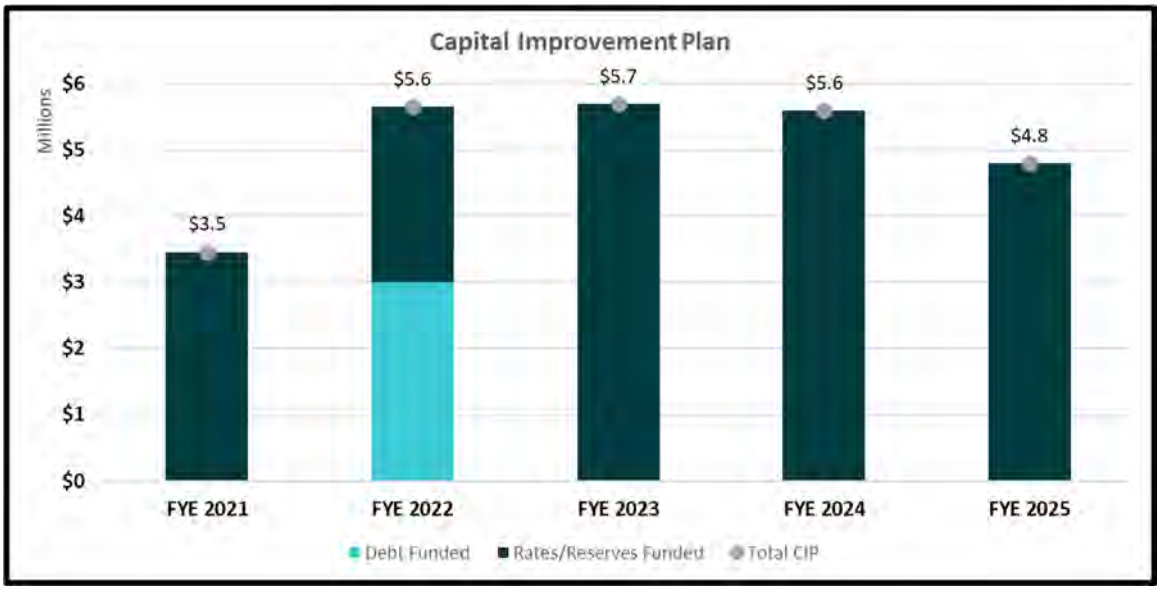
[5] Note that the cumulative inflationary factors used in the financial plan model were determined based on an annual inflationary factor of 3.2% and were not rounded to the nearest whole percentage. There may be differences due to rounding.

Table 4-16: Projected Capital Improvement Plan

CIP Expense	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Equipment Purchase & Replacement	$318,250	$47,500	$85,500	$85,500	$85,500
Facilities & Maintenance	$19,000	$152,000	$152,000	$152,000	$152,000
Pipeline Projects	$1,377,500	$1,662,500	$688,750	$95,000	$95,000
Pump Stations/Tanks/Wells	$722,000	$570,000	$237,500	$3,800,000	$1,995,000
Water Supply Development	$285,000	$285,000	$285,000	$950,000	$1,900,000
Water Treatment Plants	$736,250	$2,755,000	$3,895,000	$0	$0
Total CIP	**$3,458,000**	**$5,472,000**	**$5,343,750**	**$5,082,500**	**$4,227,500**
Cumulative Inflationary Factor	100.0%	103.2%	106.5%	109.9%	113.4%
Inflated CIP	**$3,458,000**	**$5,647,104**	**$5,691,222**	**$5,586,200**	**$4,795,152**

Figure 4-1 summarizes the projected capital expenditures during the Study period. The District plans to fund its CIP through a combination of cash reserves from rates and the issuance of new debt. The proposed $3 million debt issuance to be used to finance capital projects in FYE 2022 is denoted by the light blue bar in Figure 4-1.

Figure 4-1: Projected CIP and Funding Sources



4.6. FINANCIAL RESERVES POLICY TARGETS

The target reserves for the District are summarized below in Table 4-17. The current reserve targets consist of four components: an operating reserve to provide working capital for routine expenses; a rate stabilization reserve to guard against periods of reduced demand or mandatory water conservation; a capital reserve to provide funds for planned capital expenditures; and a debt service reserve for repaying previously issued bonds.

Table 4-17: Reserve Policies

Reserve	Policy	Reserve Target FYE 2021
Operating Reserve	25% of Annual O&M expenses	$2.33 million
Rate Stabilization Reserve	$250,000	$250,000
Capital Reserve	Average Annual CIP over 5 years	$5.04 million
Debt Service Reserve	Following Year's Debt Service	$1.32 million
Total Reserves		**$8.94 million**

4.7. STATUS QUO FINANCIAL PLAN (NO REVENUE INCREASE)

Table 4-18 displays the operating cash flow detail for the District from current rates over the Study period. The cash flow incorporates the revenues from current rates (Table 4-7), miscellaneous revenues (Table 4-8), O&M expenses (Table 4-13), existing annual debt service payments (Table 4-14) and capital improvement projects (Table 4-16) for the District to project the debt coverage ratio and projected ending balances for the Study period. All projections shown in the table are based upon the District's current rate structure and do not include rate adjustments. Under the "status-quo" financial plan scenario, the District will face negative net income[6] starting in FYE 2021. Revenues generated from rates and other miscellaneous revenues will be inadequate to sufficiently recover operating expenses, capital expenditures, debt obligations, and to maintain adequate reserves throughout the Study period, as shown by negative net cash balance in Table 4-18. The District will be unable to maintain fiscal sustainability and solvency under the current rates.

[6] Net Income = Total Revenues – Total Expenses

Table 4-18: Status Quo Financial Plan

	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Revenues					
Revenue from Existing Rates	$12,087,958	$12,464,294	$12,464,294	$12,464,294	$12,464,294
Total Revenue Adjustments	$0	$0	$0	$0	$0
Fees	$35,000	$35,000	$35,000	$35,000	$35,000
Interest Income	$56,250	$95,391	$59,207	$16,405	$0
Taxes	$750,000	$765,000	$780,300	$795,906	$811,824
Other Revenue	$611,000	$611,000	$611,000	$611,000	$611,000
Total Revenues	**$13,540,208**	**$13,970,686**	**$13,949,801**	**$13,922,605**	**$13,922,119**
Expenses					
Water Purchases	$2,114,276	$2,098,013	$2,246,971	$2,419,988	$2,584,547
Other O&M Expenses	$7,186,234	$7,298,456	$7,611,847	$7,877,443	$8,215,798
Existing Debt Service	$1,092,748	$1,093,732	$1,093,952	$1,094,498	$1,089,406
Proposed Debt Service	$0	$0	$0	$0	$0
CIP Expenditures (Rate Funded)	$3,458,000	$5,647,104	$5,691,222	$5,586,200	$4,795,152
Total Expenses	**$13,851,258**	**$16,137,304**	**$16,643,992**	**$16,978,130**	**$16,684,904**
Net Cash Balance (Net Income)	**($311,050)**	**($2,166,618)**	**($2,694,191)**	**($3,055,524)**	**($2,762,785)**
Beginning Balance	$7,801,475	$7,490,425	$5,323,806	$2,629,615	($425,909)
Net Cashflow	($311,050)	($2,166,618)	($2,694,191)	($3,055,524)	($2,762,785)
Ending Balance	**$7,490,425**	**$5,323,806**	**$2,629,615**	**($425,909)**	**($3,188,695)**
Target Balance[7]	*$8,704,395*	*$8,728,605*	*$8,844,739*	*$8,949,299*	*$9,074,384*
Calculated Debt Coverage Ratio[8]	**388%**	**418%**	**374%**	**331%**	**287%**
Required Debt Coverage Ratio	120%	120%	120%	120%	120%

4.8. PROPOSED FINANCIAL PLAN

The proposed financial plan calls for the adoption of 5 percent revenue adjustments to be implemented in January of the first two fiscal years (FYE 2021 and FYE 2022), with corresponding 5 percent rate increases. The District Board elected to delay the rate increase in until January of the first two fiscal years to allow rate payers to recover from the impact of the COVID-19 pandemic. For the remaining fiscal years (FYE 2023 through FYE 2025), 5 percent revenue adjustments are proposed to be implemented in July of each fiscal year. The use of the financial plan model enables the District to set rates and charges to generate sufficient water revenues to meet the District's short-term and long-term obligations and to avoid significant rate fluctuations. It also shows the level of revenues that will maintain appropriate reserves and provide adequate debt service coverage. During the Board Meeting, the Board directed District staff and Raftelis to proceed with the Proposition 218 rate adoption process necessary to adopt the two-year rates consistent with the financial plan for the five-year revenue adjustments shown below in Table 4-19. The revenue adjustments shown for FYE 2023 through FYE 2025 are for planning purposes only and are subject to the District Board's approval in future years.

Table 4-19: Proposed Revenue Adjustments

	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Effective Month	January	January	July	July	July
Revenue Adjustment	5.0%	5.0%	5.0%	5.0%	5.0%

[7] Based on the District's current reserve policies.
[8] Debt coverage = (Total Revenues – Total O&M Expenses) / Total Debt Service

Similar to the Status Quo Financial Plan (Table 4-18), Table 4-20 shows the proposed financial plan but with the revenue adjustments shown in Table 4-19. The cash flow incorporates the revenues from current rates (Table 4-7), the revenue from increases in rates consistent with the proposed adjustments (Table 4-19), miscellaneous revenues (Table 4-8), O&M expenses (Table 4-13), existing and proposed annual debt service payments (Table 4-14 and Table 4-15), and capital improvement projects (Table 4-16) for the District to project the debt coverage ratio and projected ending balances for the Study period.

Although the net cash balance shows a deficit in FYE 2021, FYE 2023, and FYE 2024 due to the planned expenditures in capital facilities during those years, the overall reserve account balance will remain within a fiscally healthy range. Additionally, the debt coverage ratio exceeds the target debt coverage ratio of 120%, allowing the District to maintain its financial bond rating. In summary, the proposed financial plan ensures financial sufficiency and solvency for the District to meet projected expenditures and financial obligations including debt service, debt coverage, and reserve targets while funding CIP projects.

Table 4-20: Proposed Financial Plan

	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Revenues					
Revenue from Existing Rates	$12,087,958	$12,464,294	$12,464,294	$12,464,294	$12,464,294
Total Revenue Adjustments	$302,199	$950,402	$1,964,684	$2,686,133	$3,443,655
Fees	$35,000	$35,000	$35,000	$35,000	$35,000
Interest Income	$56,250	$127,821	$133,025	$122,749	$123,342
Taxes	$750,000	$765,000	$780,300	$795,906	$811,824
Other Revenue	$611,000	$611,000	$611,000	$611,000	$611,000
Total Revenues	**$13,842,407**	**$14,953,518**	**$15,988,303**	**$16,715,083**	**$17,489,115**
Expenses					
Water Purchases	$2,114,276	$2,098,013	$2,246,971	$2,419,988	$2,584,547
Other O&M Expenses	$7,186,234	$7,298,456	$7,611,847	$7,877,443	$8,215,798
Existing Debt Service	$1,092,748	$1,093,732	$1,093,952	$1,094,498	$1,089,406
Proposed Debt Service	$0	$230,783	$230,783	$230,783	$230,783
CIP Expenditures (Rate Funded)	$3,458,000	$2,647,104	$5,691,222	$5,586,200	$4,795,152
Total Expenses	**$13,851,258**	**$13,368,087**	**$16,874,776**	**$17,208,913**	**$16,915,687**
Net Cash Balance (Net Income)	**($8,851)**	**$1,585,431**	**($886,472)**	**($493,830)**	**$573,428**
Beginning Balance	$7,801,475	$7,792,624	$9,378,055	$8,491,583	$7,997,753
Net Cashflow	($8,851)	$1,585,431	($886,472)	($493,830)	$573,428
Ending Balance	**$7,792,624**	**$9,378,055**	**$8,491,583**	**$7,997,753**	**$8,571,181**
Target Balance[9]	*$8,935,178*	*$8,959,388*	*$9,075,522*	*$9,180,083*	*$9,305,167*
Calculated Debt Coverage Ratio[10]	**416%**	**420%**	**463%**	**484%**	**507%**
Required Debt Coverage Ratio	120%	120%	120%	120%	120%

Aspects of the proposed financial plan are also displayed graphically in Figure 4-2, Figure 4-3, and Figure 4-4, below. Figure 4-2 shows how the proposed revenue adjustments along with revenues from current rates and other miscellaneous revenues are projected to generate adequate revenues to fund O&M expenses, including water supply costs, debt service obligations for current bonds, and the proposed capital projects. Current revenues (shown by the solid black line) are inadequate to recover O&M expenses, debt service, and capital expenditures starting in FYE

[9] Based on the District's current reserve policies.
[10] Debt coverage = (Total Revenues – Total O&M Expenses) / Total Debt Service

2021, as shown by the black line falling below the combined height of light blue, dark blue, green, and gray bars in Figure 4-2.

Figure 4-2: Proposed Operating Financial Plan

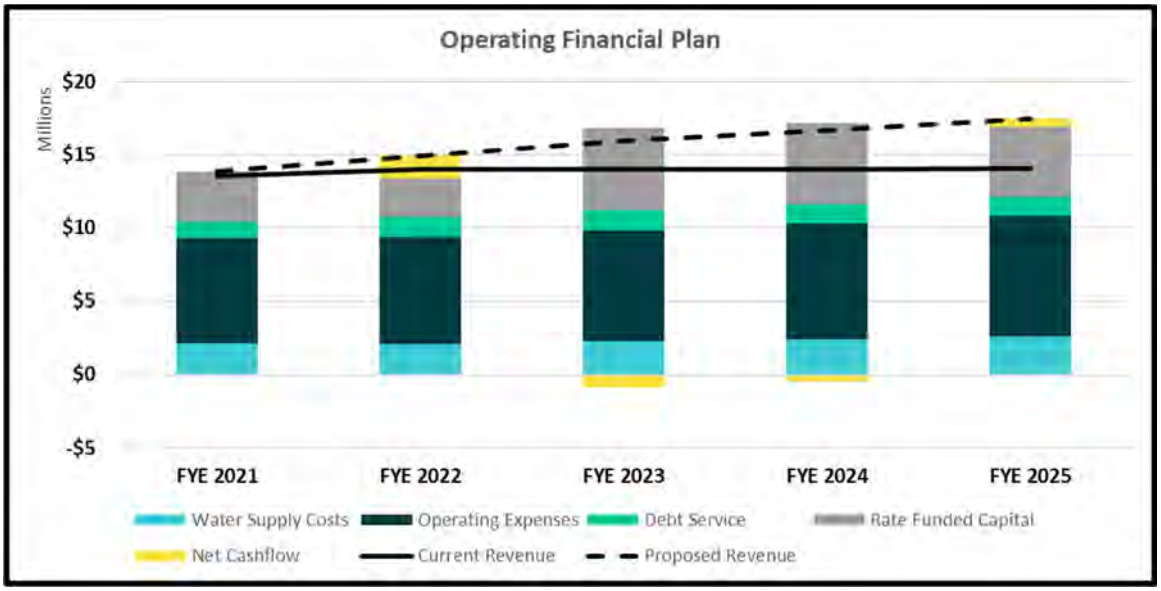
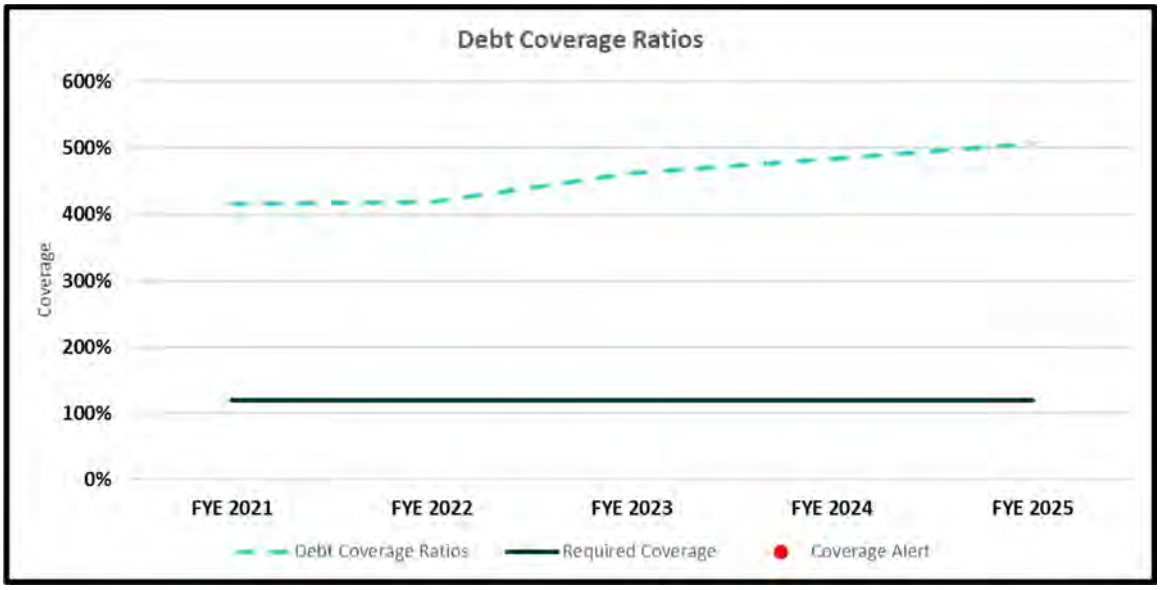


Figure 4-3 illustrates how the proposed revenue adjustments ensure that the District will meet its bond covenants by maintaining at least a 120% debt coverage ratio. Thus, these proposed adjustments will also assist in maintaining the District's current credit ratings.

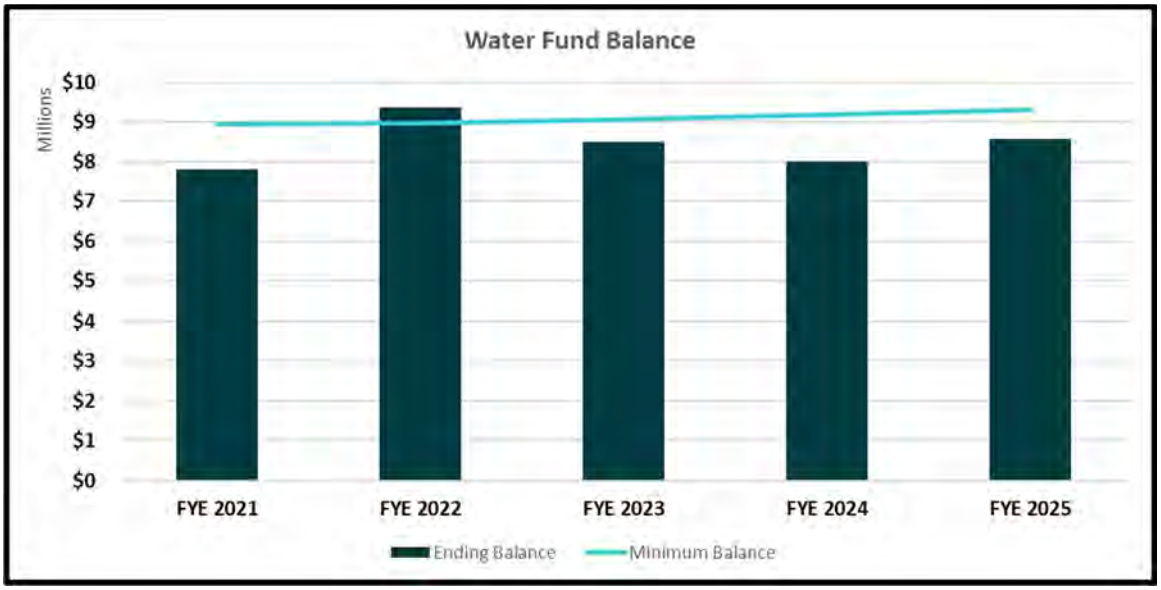
Figure 4-3: Projected Debt Coverage Ratios



Finally, Figure 4-4 shows the District's ending fund balance by fiscal year. The dark blue bars indicate the total ending balance under the proposed financial plan while the light blue line indicates the total target balance. Reserve balances are expected to grow during the Study period to meet the minimum target balances[11] (light blue line)..

[11] Established by the District's current financial policy.

Figure 4-4: Projected Water Fund Ending Balances



5. Proposed Water Rates & Customer Impact Analysis

Government Code §54999.7(c) requires that water agencies must conduct a cost-of-service study a minimum of every 10 years. The District conducted a comprehensive cost-of-service rate study for its water service in 2018 and documented the results and findings in the "CCWD Cost of Service and Rate Study Report" dated May 10, 2018 (Appendix A). The proposed revenue adjustments resulting from the financial plan, shown in Table 5-1, will be applied across all categories of the current rates to calculate the proposed rates, resulting in a 5 percent rate increase for FYE 2021 and FYE 2022.

Table 5-1: Proposed Revenue Adjustments

	FYE 2021	FYE 2022
Effective Month	January	January
Revenue Adjustment	5.0%	5.0%

5.1. PROPOSED TWO-YEAR RATES

5.1.1. FIXED MONTHLY SERVICE CHARGES

Two years of monthly service charge rates are shown in Table 5-2 and Table 5-3 shows the current and proposed fire service charges. The proposed fire service charges apply to all customers with private fire service connections. The rates for the current and proposed monthly service charges and fire service charges are calculated based on the meter size and diameter of the fire line serving a property, respectively. All rates are rounded up to the nearest whole penny.

Table 5-2: Proposed FYE 2021-2022 Monthly Service Charges

Meter Size	Current	FYE 2021 January	FYE 2022 January
5/8"	$28.90	$30.35	$31.87
3/4"	$42.70	$44.84	$47.09
1"	$70.30	$73.82	$77.52
1 1/2"	$139.31	$146.28	$153.60
2"	$222.13	$233.24	$244.91
3"	$484.37	$508.59	$534.02
4"	$870.85	$914.40	$960.12

Table 5-3: Proposed FYE 2021-2022 Fire Service Charges

Fire Line Size	Current	FYE 2021 January	FYE 2022 January
3/4"	$4.85	$5.09	$5.35
1"	$6.46	$6.79	$7.13
1 1/2"	$9.69	$10.18	$10.69
2"	$12.92	$13.57	$14.25
3"	$19.38	$20.35	$21.37
4"	$25.84	$27.14	$28.50
6"	$38.76	$40.70	$42.74
8"	$51.68	$54.27	$56.99
10"	$64.60	$67.83	$71.23

5.1.2. COMMODITY RATES

Two years of variable commodity, or volumetric, water rates are shown in Table 5-4. Volumetric rates are charged for each unit (hcf) of water. All rates are rounded up to the nearest whole penny.

Table 5-4: Proposed FYE 2021-2022 Commodity Rates

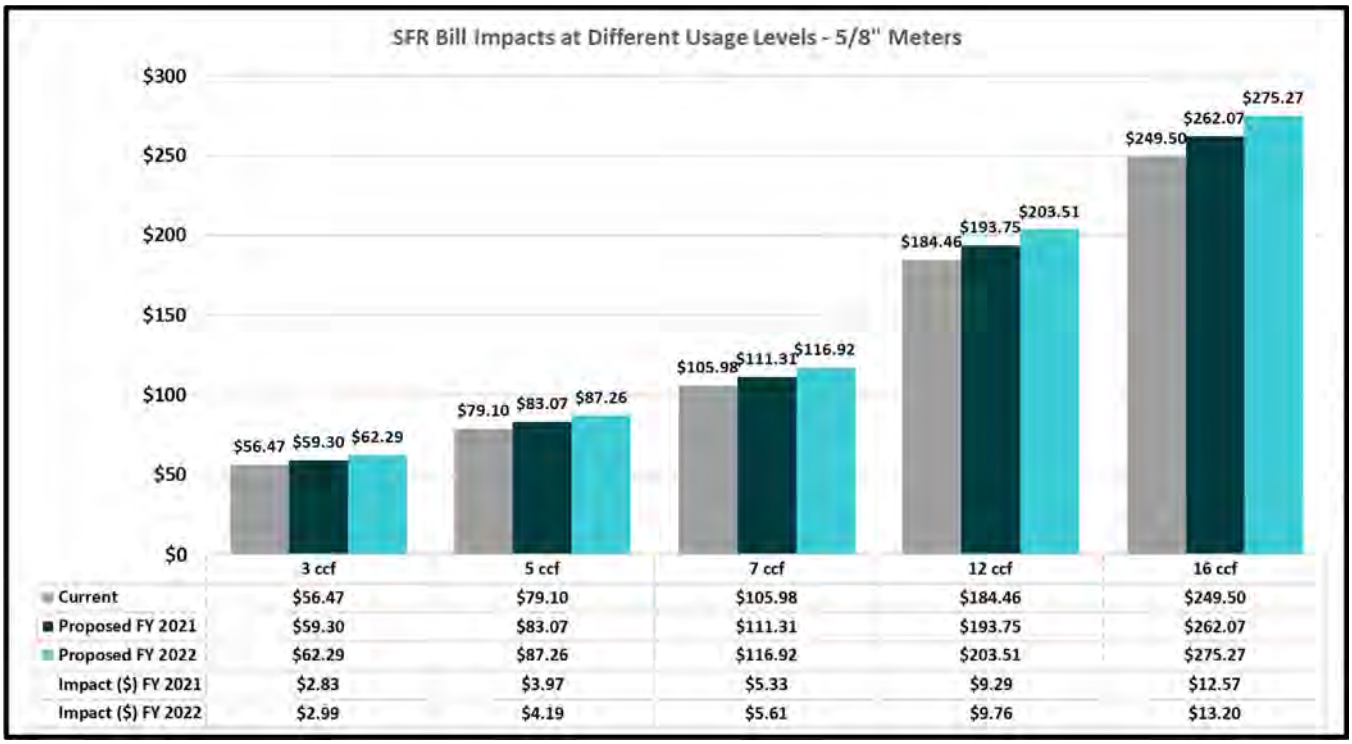
Customer Class	Tier Width (hcf)	Current	FYE 2021 January	FYE 2022 January
Single Family Residential				
Tier 1	0 - 4	$9.19	$9.65	$10.14
Tier 2	5 - 8	$13.44	$14.12	$14.83
Tier 3	9+	$16.26	$17.08	$17.94
Multi-Family Residential	Uniform	$12.25	$12.87	$13.52
Non-Residential	Uniform	$13.06	$13.72	$14.41

5.2. CUSTOMER IMPACT ANALYSIS

It is important to understand how the proposed rates would impact the District's customers. The customer impact analysis is a powerful tool, which can be used to assist elected officials in making informed decisions.

Figure 5-1 shows the water bills for typical Single Family residential (SFR) customers with a ⅝" meter for a monthly billing period at various water consumption levels under current and proposed rates. The monthly water bills under the current rates are illustrated by the gray bars and the monthly water bills assuming the proposed rates are shown by the dark blue bars for FYE 2021 and light blue bars for FYE 2022.

Figure 5-1: Single Family Residential Customer Bill Impacts



	3 ccf	5 ccf	7 ccf	12 ccf	16 ccf
Current	$56.47	$79.10	$105.98	$184.46	$249.50
Proposed FY 2021	$59.30	$83.07	$111.31	$193.75	$262.07
Proposed FY 2022	$62.29	$87.26	$116.92	$203.51	$275.27
Impact ($) FY 2021	$2.83	$3.97	$5.33	$9.29	$12.57
Impact ($) FY 2022	$2.99	$4.19	$5.61	$9.76	$13.20

APPENDIX A:

CCWD Cost of Service and Rate Study Report

COASTSIDE COUNTY WATER DISTRICT

Cost of Service and Rate Study

Final Report / May 15, 2018

RAFTELIS

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May 15, 2018

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

Subject: Cost of Service and Rate Study Report

Dear Ms. Rogren,

Raftelis Financial Consultants, Inc. (Raftelis) is pleased to provide this Cost of Service and Rate Study Report (Study) for Coastside County Water District (CCWD or District) to develop cost of service based water rates with a technically sound methodology which meets the requirements of California Constitution Article XIII D, Section 6 (commonly referred to as "Proposition 218"). In particular, this Study contains thorough details on the following:

1. The legal framework surrounding Proposition 218, particularly with respect to potable water service
2. Recommended revisions and modifications to rate structures and customer classes
3. Equitable cost of service based potable water commodity rates, bi-monthly fixed charges, and private fire service charges that meet the requirements of Proposition 218

The Study summarizes the key findings and results related to the cost allocations to customer classes and development of rates and charges for water service.

It has been a pleasure working with you and we thank you, Mr. David Dickson, and District staff for the support provided during the course of this Study.

Sincerely,
Raftelis Financial Consultants, Inc.

Sanjay Gaur
Vice President

Kevin Kostiuk
Senior Consultant

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1. EXECUTIVE SUMMARY

1.1 STUDY BACKGROUND

In 2018, Coastside County Water District (CCWD or District) contracted with Raftelis to conduct a Cost of Service and Rate Study (Study) across all water services. This Study presents the cost allocations for the respective customer classes and services and resulting water rates for implementation in July 2018.

This Executive Summary compiles the proposed water rates and charges and contains a description of the rate study process, methodology, results, and recommendations for CCWD rates. CCWD's last rate adjustment was effective July 1, 2017. CCWD wishes to establish fair and equitable rates that:

- Proportionately allocate the costs of providing service in accordance with California Constitution Article XIII D, Section 6 (commonly referred to as Proposition 218)
- Meet the District's fiscal needs in terms of operational expenses, reserve targets, and capital investment to maintain the water system
- Maintain affordable charges for customers that are fair and equitable
- Preserve an indirect price signal for those whose higher usage creates greater demands and burdens on CCWD's water system
- Are easy for customers to understand and easy for CCWD staff to implement and update in the future

1.2 STUDY OBJECTIVES

The major objectives of the Study include the following:

1. Evaluate the existing rate structures and propose revisions to tiered rate structures
2. Ensure recovery of all operations and maintenance (O&M) costs, ensure sufficient funding of financial reserves, and funding of capital repair and replacement (R&R) collectively
3. Conduct a cost of service analysis for the water system
4. Allocate costs between user classes
5. Develop fair and equitable water rates that adequately recover costs, provide revenue stability for recovering fixed costs, and maintain affordable water service while remaining compliant with the requirements of Proposition 218

This Study was prepared using the principles established by the American Water Works Association's (AWWA) *Principles of Water Rates, Fees, and Charges: Manual of Water Supply Practices M1*, *Sixth Edition* (M1 Manual). The M1 Manual's general principles of rate structure design and the objectives of the Study are described in Section 1.3.3.

1.3 WATER SYSTEM AND SERVICE AREA CHARACTERISTICS

The District provides treated water service to the City of Half Moon Bay and the communities of Princeton, Miramar, and El Granada. The service area is approximately 14 square miles with service provided to roughly 6,400 connections across a population of 17,000. The service area is heavily residential with other customers including commercial and governmental users, landscape irrigators, and agricultural users.

Raw water is provided from two sources: a mix of local surface water and groundwater and imported water purchased from the San Francisco Public Utility Commission (SFPUC). Long term water supply

mix is approximately 50 percent local source and 50 percent purchased water. Raw water from 20 miles of transmission pipelines is treated at one of two treatment plants before distribution through the District's 83 miles of pipeline.

1.4 LEGAL REQUIREMENTS AND RATE SETTING METHODOLOGY

1.4.1 *California Constitution - Article XIII D, Section 6 (Proposition 218)*

Proposition 218 was enacted by voters in 1996 to ensure, in part, that fees and charges imposed for ongoing delivery of a service to a property (property-related fees and charges) are proportional to, and do not exceed, the cost of providing service. Water service fees and charges are property-related fees and charges subject to the provisions of California Constitution Article XIII D, Section 6. The principal requirements, as they relate to public water service fees and charges are as follows:

1. Revenues derived from the fee or charge shall not exceed the costs required to provide the property-related service.
2. Revenues derived by the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed.
3. The amount of the fee or charge imposed upon any parcel shall not exceed the proportional cost of service attributable to the parcel.
4. No fee or charge may be imposed for a service unless that service is actually used or immediately available to the owner of property.
5. A written notice of the proposed fee or charge shall be mailed to the record owner of each parcel not less than 45 days prior to a public hearing, when the agency considers all written protests against the charge.

The restructured tiered rates presented in this report comply with the substantive requirements of Proposition 218 as interpreted by the courts, including the April 2015 appellate court decision Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano (2015) 235 Cal.App.4th 1493., which requires calculating the cost of providing service among the different tiers for tiered rate structures.

As stated in AWWA's M1 Manual, "water rates and charges should be recovered from classes of customers in proportion to the cost of serving those customers." Raftelis follows industry standard rate setting methodologies set forth by the AWWA M1 Manual to ensure this Study meets Proposition 218 requirements for potable customers and creates rates that do not exceed the proportionate cost of providing water services on a parcel basis.

1.4.2 *California Constitution - Article X, Section 2*

Article X, Section 2 of the California Constitution states the following:

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

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

To meet the objectives of Article X, Section 2 a water purveyor may utilize its water rate design to incentivize the efficient use of water. CCWD utilizes inclining tier (also known as "conservation based" or simply "tiered") water rates to incentivize customers to use water in an efficient manner. The tiered rates (as well as rates for uniform rate classes) need to be based on the proportionate costs incurred to provide water to customer classes and on a parcel basis within each customer class to achieve compliance with Proposition 218.

CCWD is a signatory to the Memorandum of Understanding (MOU) of the California Water Efficiency Partnership, formerly the California Urban Water Conservation Council (CUWCC). As a member agency, CCWD recognizes the importance of water conservation in its portfolio of water supplies and is committed to use water efficiently throughout its service area.

In addition to being a member of the California Water Efficiency Partnership, CCWD is charged with mandates by the State of California to achieve reduced per capita water use. In 2008, Governor Schwarzenegger signed into law a bill referred to as SBX7-7. In addition to providing a plan for improving the Sacramento-San Joaquin Delta through co-equal goals for the environment and people, SBX7-7 required all urban water suppliers to reduce per capita water use by 20 percent by the year 2020. CCWD's rate structure is one of the means by which the District is able to achieve this mandate.

When properly designed and differentiated by customer class, tiered rates allow a water utility to send indirect conservation price signals to customers while proportionately allocating the costs of service. Due to heightened interest in water use efficiency and conservation, tiered water rates are ubiquitous, especially in California. Tiered rates meet the requirements of Proposition 218 as long as the tiers reasonably reflect the proportionate cost of providing service on a parcel basis in each tier.

1.4.3 *Cost-Based Rate-Setting Methodology*

As stated in the AWWA M1 Manual, "the costs of water rates and charges should be recovered from classes of customers in proportion to the cost of serving those customers." To develop utility rates that comply with Proposition 218 and industry standards while meeting other emerging goals and objectives of the utility, there are four major steps discussed below and previously addressed in Section 1.2.

1) Calculate the Revenue Requirement

The rate-making process starts by determining the base year (rate setting year) revenue requirement, which for this Study is Fiscal Year (FY) 2018-2019. The revenue requirement should sufficiently fund the utility's operations and maintenance (O&M), debt service, capital expenses (Repair and Replacement abbreviated as R&R), and reserve funding.

2) Cost of Service Analysis (COS)

The annual cost of providing water service is distributed among customer classes commensurate with their service requirements. A COS analysis involves the following:

1. Functionalize costs. Examples of functions are supply, treatment, transmission, distribution, storage, meter servicing, and customer billing and collection.
2. Allocate functionalized costs to cost components. Cost components include variable supply, base delivery, maximum day, maximum hour[1], conservation, public fire protection, meter service, and customer servicing and billing costs.
3. Develop unit costs for each cost component using appropriate units of service for each component.
4. Distribute the cost components. Distribute cost components, using unit costs, to customer classes in proportion to their demands and burdens on the water system. This is described in the M1 Manual published by AWWA.

A COS analysis considers both the average quantity of water consumed (base costs) and the peak rate at which it is consumed (peaking or capacity costs as identified by maximum day and maximum hour demands)[2]. Peaking costs are costs that are incurred during peak times of consumption. There are additional costs associated with designing, constructing, operating and maintaining, and replacing facilities to meet peak demands. These peak demand costs need to be allocated to those customers whose water usage patterns generate additional costs for the utility. In other words, not all customer classes and not all customers share the same responsibility for peaking related costs.

3) Rate Design and Calculations

Rates do more than simply recover costs. Within the legal framework and industry standards, properly designed rates should support and optimize a blend of various utility objectives, such as conservation, affordability for essential needs, and revenue stability, among others. Rates may also act as a public information tool in communicating these objectives to customers.

4) Rate Adoption

Rate adoption is the last step of the rate-making process. Raftelis documents the rate study results in this Study which reflect the basis upon which the rates were calculated, the rationale and justifications behind the proposed changes, and their anticipated financial impacts to ratepayers.

1.5 RESULTS AND RECOMMENDATIONS

1.5.1 Factors Affecting Revenue Adjustments

The following items affect the water system's revenue requirement (i.e., costs), thus its water rates. CCWD's expenses include Operation and Maintenance (O&M) expenses and capital expenses (including debt service).

[1] Collectively maximum day and maximum hour costs are known as peaking costs or capacity costs.

[2] System capacity is the system's ability to supply water to all delivery points at the time when demanded. Coincident peaking factors are calculated for each customer class at the time of greatest system demand. The time of greatest demand is known as peak demand. Both the operating costs and capital asset related costs incurred to accommodate the peak flows are generally allocated to each customer class based upon the class's relative demands during the peak month, day, and hour event.

- **Operating & Maintenance Expenses:** CCWD incurs costs to operate and maintain the water system including water supply costs, personnel and customer service costs, water pumping and treatment facilities costs, and technical services costs. Inflationary pressure on these expenses is generally between two and four percent per year. This is comparable to the long-term consumer price index (CPI) of approximately 2.8 percent per year.

  Water supply costs have increased substantially in the past several years as the cost of imported purchased water from the San Francisco Public Utility Commission (SFPUC) increased by 41 percent from FY 2012-2013 to FY 2016-2017.

- **Capital Funding:** CCWD requires approximately $3.6 million in annual capital expenditures to maintain the existing system at the same level of service. These capital expenditures include both capital projects and capitalized expenses. For the purpose of this Study, capital projects are expected to be fully funded by rate revenue (cash reserves). Management may elect to expedite or postpone annual Capital Improvement Projects (CIP) based on system demand, funding availability, and other conditions.

- **Reserve Funding:** CCWD has adopted reserve policies for the utility to meet cash flow needs (operating), ensure adequate funding of capital repairs and replacements (capital), and to fund certain liabilities as part of bond covenants (debt). The targeted reserve policy for the Operating Reserve is 25 percent of annual expenses to fund short term variations in operating costs and for unanticipated changes in revenues and expenses. The Operating Reserve for FY 2018-2019 is $2.09 million. The capital reserve allows the utility to award contracts and provide flexibility in the timing of projects. The defined policy for the Capital Reserve is one year of long term annual CIP or $3.63 million. The Debt Service Reserve policy is one year of debt service which is $1.14 million for the District. The total target for all reserves is approximately $6.86 million in FY 2018-2019. The District's current reserve balance is approximately $5.1 million. Modest additions in annual reserve funding will allow the District to achieve the target over a long horizon.

- **Conservation:** The recent drought, mandated water conservation, and public outreach efforts have reduced water demand within CCWD's service area and, therefore, the revenues of the utility. Customers reduced water use by approximately 20 percent when comparing FY 2016-2017 to FY 2012-2013. CCWD anticipates permanent demand reductions from behavioral changes, increased efficiencies, and permanent conservation actions and measures taken during the drought, such as the installation of water efficient appliances and landscape changes that have occurred. Total long-term demand is estimated at 1,810 acre-feet per year.

Given the factors detailed above and the FY 2018-2019 revenue requirement of $11.71 million, CCWD has proposed a revenue adjustment of 2.3 percent for FY 2018-2019 when compared to FY 2017-2018. Table 1-1 shows the proposed revenue adjustment, which is used to allocate costs to the service classes and calculate proposed rates. The revenue adjustment is proposed for implementation on July 1, 2018 with a second-year increase of 4 percent on July 1, 2019 based on the District's FY 2019-2020 budget. The assumptions used in calculating the FY 2018-2019 revenue adjustments are described in more detail in Section 2 and the rationale for the FY 2019-2020 revenue requirement is discussed in Section 7.

Table 1-1: Proposed Revenue Adjustments

Year	Revenue Requirement	Revenue Adjustment
FY 2018-2019	$11.71 Million	2.3%
FY 2019-2020	$12.18 Million	4.0%

1.5.2 *Proposed Rates and Charges*

The following subsections summarize the final rates and charges derived through the cost of service study. All rates are proposed to be implemented on July 1, 2018.

Table 1-2 shows the current and proposed meter-based fixed charges. The proposed rates are applicable to all metered users. The rates for the current and proposed fixed charge are calculated on the basis of a property's meter size. The proposed FY 2018-2019 rates account for the revenue adjustment found in Table 1-1.

Table 1-2: Current and Proposed Rates for Bi-Monthly Base Charges ($/Meter Size)

Meter Size	Proposed Base Charge	Current Base Charge	$ Difference	% Difference
5/8"	$55.55	$52.20	$3.35	6%
3/4"	$82.09	$78.45	$3.64	5%
1"	$135.18	$130.76	$4.42	3%
1-1/2"	$267.90	$252.52	$15.38	6%
2"	$427.16	$418.48	$8.68	2%
3"	$931.48	$915.50	$15.98	2%
4"	$1,674.70	$3,139.22	($1,464.52)	-47%

Table 1-3 shows the current and proposed charges for private fire service customers. The proposed rates are applicable to all users with private fire service. The rates for the current and proposed fire service charge are calculated on the basis of the diameter of the fireline serving a property. The proposed FY 2018-2019 rates are inclusive of the revenue adjustment found in Table 1-1.

Table 1-3: Current and Proposed Rates for Bi-Monthly Private Fire Service Charges ($/Line Size)

Fireline Size	Proposed Fire Service Charge	Current Fire Service Charge	$ Difference	% Difference
3/4"	$9.31	$8.57	$0.74	9%
1"	$12.42	$11.43	$0.99	9%
1-1/2"	$18.62	$17.15	$1.48	9%
2"	$24.83	$22.86	$1.97	9%
3"	$37.24	$34.29	$2.95	9%
4"	$49.65	$45.72	$3.93	9%
5”	$62.07	$57.15	$4.92	9%
6"	$74.48	$68.58	$5.90	9%
8"	$99.30	$91.44	$7.86	9%
10"	$124.13	$114.30	$9.83	9%

Table 1-4 shows the current and proposed water rates (commodity charges) for all customers. The rates for the current and proposed commodity charges are calculated on the basis of customer class and tier and are expressed in dollars per hundred cubic feet ($/hcf).

Raftelis recommends certain rate structure changes to better reflect similarities and differences across customer classes as well as usage characteristics within customer classes. In addition to the class rate structure modifications, Raftelis recommends new tier definitions as shown in Table 1-4. Changes to the existing customer classes and tier definition modifications are discussed in detail in Section 5. The proposed FY 2018-2019 rates are inclusive of the revenue adjustment found in Table 1-1.

Table 1-4: Current and Proposed Rates for the Water Commodity Charges ($/hcf)

Customer Class & Tier	Proposed Tier Definition	Current Tier Definition	Proposed Rate	Current Rate
SFR				
Tier 1	0-8	0-4	$8.83	$9.65
Tier 2	9-16	5-16	$12.92	$10.77
Tier 3	>16	17-30	$15.63	$13.89
Tier 4		>30	N/A	$18.41
MFR	Uniform	N/A	$11.77	$11.88
All Other Customers	Uniform	Uniform	$12.55	$11.88

Together, the components of the proposed water service charges are structured to recover the proportionate costs of providing water service to each customer class and each connection within the service area.

2. DISTRICT BUDGET

The Study year is Fiscal Year (FY) 2018-2019[3], with proposed revenue adjustments and rates presented for the same year. CCWD staff provided Raftelis with budgeted FY 2018-2019 operating expenditures and estimated capital and reserve contribution (net cash). The combination of the two becomes the total revenue required to operate and maintain the utility at the existing level of service. For FY 2018-2019 the operating requirement is $8.19 million. The capital requirement is $3.52 million[4]. The total revenue required from rates is $11.71 million and is summarized in Table 2-1. The revenue requirement is discussed in detail in Table 4-1 in Section 4: Cost of Service Analysis.

Table 2-1: FY 2018-2019 Proposed Budget

REVENUE REQUIREMENTS	FY 2018-2019 BUDGET
REVENUES	
Operating Revenues	
Water Sales	$11,450,000
Total Operating Revenues	***$11,450,000***
Non-Operating Revenues	
Hydrant Sales	$50,000
Late Penalty	$60,000
Service Connections	$10,000
Interest Earned	$6,236
Property Taxes	$725,000
Miscellaneous	$25,000
Cell Site Lease Income	$165,000
ERAF Refund	$325,000
Total Non-Operating Revenues	**$1,366,236**
TOTAL REVENUES	**$12,816,236**
OPERATING EXPENDITURES	
Water Purchased	$1,900,998
Electrical Exp. Nunes WTP	$42,697
Electrical Expenses, CSP	$337,080
Electrical Expenses/Trans. & Dist.	$26,966
Elec Exp/Pilarcitos Cyn	$39,248
Electrical Exp., Denn	$130,000
CSP - Operation	$10,700
CSP - Maintenance	$37,000
Nunes WTP Oper	$77,850
Nunes WTP Maint	$122,500

[3] CCWD's fiscal year is July 1 through June 30.

[4] The capital requirement includes $3.62 million in long term annual CIP repair and replacement and use of $100,000 in reserves in FY 2018-2019.

Denn. WTP Oper.	$47,000
Denn WTP Maint	$101,850
Laboratory Expenses	$71,450
Maintenance Expenses	$291,700
Maintenance, Wells	$40,000
Uniforms	$12,500
Studies/Surveys/Consulting	$160,000
Water Resources	$25,200
Community Outreach	$54,700
Legal	$100,000
Engineering	$60,000
Financial Services	$20,000
Computer Services	$163,600
Salaries, Admin.	$1,133,881
Salaries - Field	$1,400,505
Payroll Taxes	$177,733
Employee Medical Insurance	$444,246
Retiree Medical Insurance	$50,659
Employee Retirement	$598,859
SIP 401a Plan	$35,000
Motor Vehicle Exp.	$60,000
Office & Billing Expenses	$261,600
Meetings/Training/Seminars	$26,000
Insurance	$129,000
Memberships & Subscriptions	$75,970
Election Expense	$25,000
Union Expenses	$6,000
County Fees	$20,000
State Fees	$36,500
TOTAL OPERATING EXPENDITURES	**$8,353,991**
REVENUES LESS OPERATING EXPENSES	**$4,462,245**
DEBT SERVICE	
Existing Bonds - 2006B	$486,383
Existing Bond-CIEDB 11-099	$336,126
CIEDB 16-111	$324,235
TOTAL DEBT SERVICE	**$1,146,744**
Net Revenue to CIP & Reserves Contribution	**$3,315,501**

3. PROJECTED WATER DEMAND AND ACCOUNT INFORMATION

FY 2018-2019 is the baseline consumption year within the cost of service and rate model using billed water consumption for FY 2016-2017. Table 3-1 through Table 3-3 shows the total number of connections and water demand. Total potable water demand is assumed to increase by seven and a half percent relative to FY 2016-2017, based on District staff estimates.

Table 3-1 shows the count of meters by meter size. The overwhelming majority of customers are Single Family Residential (SFR) and the most common meter size is 5/8". The District has 6,439 active meters subject to the bi-monthly base charge[5]. No growth in meters or customer accounts is assumed.

Table 3-1: FY 2018-2019 Potable Meter Count

Meter Size	Total by Meter Size
5/8"	6,000
3/4"	194
1"	175
1-1/2"	28
2"	34
3"	5
4"	3
Total	**6,439**

Table 3-2 shows the firelines and sizes subject to private fire service charges. The vast majority of firelines are 1" in diameter. The District has 995 firelines subject to charges. No growth in fireline accounts is assumed.

Table 3-2: FY 2018-2019 Private Fireline Count

Fireline Size	Total by Fireline Size
3/4"	10
1"	658
1-1/2"	49
2"	82
3"	4
4"	123
5"	0
6"	55
8"	13
10"	1
Total	**995**

Table 3-3 shows estimated water demand for FY 2018-2019, by customer class. FY 2016-2017 actual water sales are increased by seven and a half percent to arrive at staff's estimated FY 2018-2019

[5] Certain customers are billed by the District monthly instead of bi-monthly

water sales. Total estimated water deliveries in FY 2018-2019 are 788,525 hundred cubic feet (hcf) or 1,810 acre-feet (AF). FY 2018-2019 represents the estimate for long term baseline demand. The totals do not account for system water loss, which is discussed in Section 6.

Table 3-3: Annual Water Demand by Proposed Rate Class

Delivery	Water Sales FY 2016-2017 (Actual) hcf	Water Demand Factor	Water Sales FY 2018-2019 (Estimated) hcf	Water Sales FY 2018-2019 (Estimated) AF
Single Family Residential (SFR)	386,887	107.5%	415,904	955
Multi-Family Residential (MFR)	40,919	107.5%	43,988	101
All Other Customers	305,706	107.5%	328,634	754
Total	**733,512**		**788,525**	**1,810**

4. COST OF SERVICE ANALYSIS

4.1 METHODOLOGY

The principles and methodology of a cost of service analysis were described in Section 1.4 and are summarized in this sub-section. The annual cost of providing water service is distributed among customer classes commensurate with their service requirements. A COS analysis involves the following:

1. Functionalize costs. Examples of functions are supply, treatment, transmission, distribution, storage, meter servicing, and customer billing and collection.
2. Allocate functionalized costs to cost components. Cost components include variable supply, base delivery, maximum day, maximum hour, conservation, public fire protection, meter service, and customer servicing and billing costs.
3. Develop unit costs for each cost component using appropriate units of service for each component.
4. Distribute the cost components. Distribute cost components, using unit costs, to customer classes in proportion to their demands and burdens on the water system. This is described in the M1 Manual published by AWWA.

A COS analysis considers both the average quantity of water consumed (base costs) and the peak rate at which it is consumed (peaking or capacity costs as identified by maximum day and maximum hour demands). Peaking costs are costs that are incurred during peak times of consumption. There are additional costs associated with designing, constructing, and operating and maintaining facilities to meet peak demands. These peak demand costs need to be allocated to those customers whose water usage patterns generate additional costs for the utility. In other words, not all customer classes and not all customers share the same responsibility for peaking related costs.

The functionalization of costs allows us to better allocate to the **cost causation components** (plainly, cost components). Organizing the costs in terms of end function allows direct correlation between the cost component and the rate, coupling the cost incurred by the utility to the demand and burden that the customer places on the utility's system and/or water resources. The costs incurred are generally responsive to the specific service requirements or cost drivers imposed on the system and its water resources by its customers. The **functions** (i.e., cost categories) for the cost of service analysis include:

1. Water Supply
2. Reservoir
3. Pumping
4. Transmission
5. Treatment
6. Distribution
7. Meters
8. Hydrants
9. Conservation
10. Operations, Meters, and Customer[6]

[6] This function reflects the specific accounting of District cost categories which include personnel and costs related to water operations, meter maintenance, and customer service duties.

11. General

The functionalized costs are then allocated to the **cost causation components** which become the rate components in Section 6.[7] The cost components include:

1. **Supply** costs are related to the production of local raw water and purchase of imported raw water supplies. As explained in previous sections, CCWD acquires water from two primary sources of supply, local and imported.
2. **Base** (average) costs vary with the total quantity of water used within the water system under average conditions. These costs may include treatment, transmission and distribution facilities, storage costs, and capital costs associated with serving customers at a constant, or average, annual rate of use. Base costs are, therefore, spread over all units of water equally.
3. **Peaking** (maximum day and maximum hour) costs are divided into maximum day and maximum hour demand. The maximum day demand is the maximum amount of water used in a single day in a year. The maximum hour demand is the maximum usage in an hour on the maximum usage day. Different facilities, such as distribution and storage facilities, and the capital and O&M costs associated with those facilities, are designed to meet the peak demands placed on the system by customers. Therefore, extra capacity costs include the O&M and capital costs associated with meeting peak customer demand in excess of average annual rate of use, or base use, requirements.
4. **Meter Service** costs include maintenance and capital costs related to meters and associated services.
5. **Customer** costs are directly associated with serving customers, irrespective of the amount of water used, and generally include meter reading, bill generation, accounting, customer service, and collection expenses.
6. **Fire Protection** are costs of providing public and private fire protection service. They include both direct and indirect capital and maintenance costs for fire hydrants and private fire connections, as well as indirect costs for source of supply, treatment, transmission, and distribution of water as these facilities and infrastructure must be upsized to meet fire flow demand.
7. **Conservation** costs include all costs of funding, administering, and executing water conservation and efficiency related programs and services, as well as development of alternative and/or supplemental water supplies.
8. **General** and administrative costs are incurred in operating and maintaining the water system not otherwise recovered in the other functionalized cost components. These costs are distributed to the other cost components in proportion to the cost responsibility of the other components.

This method of functionalizing costs is consistent with the AWWA M1 Manual and is widely used in the water industry to perform cost of service analyses.

4.2 REVENUE REQUIREMENT

Table 4-1 shows the FY 2018-2019 revenue requirement of $11,710,499. The total represents all O&M and capital revenue requirements. O&M expenses include costs directly related to the supply, treatment, and distribution of water, as well as routine maintenance of system facilities. To arrive at the rate revenue requirement, we subtract revenue offsets (non-rate revenues) and adjustment for

[7] This Study uses the Base-Extra Capacity methodology set forth in the M1 Manual for functionalizing and allocating costs.

annual net cash balances which fund R&R capital and District reserves. The result is the total revenue required from rates. This total is the amount that meter base charges, private fire service charges, and commodity rates are designed to collect.

Table 4-1: FY 2018-2019 Revenue Required from Rates

Revenue Requirements	Operating	Capital	Total
Operating Expenses	$8,353,991		$8,353,991
Debt Service		$1,146,744	$1,146,744
Sub-total Revenue Requirements	**$8,353,991**	**$1,146,744**	**$9,500,735**
Rate Revenue Offsets			
Property Taxes		$725,000	$725,000
Cell Site Lease Income	$165,000		$165,000
Other Non-Rate Revenue		$426,236	$426,236
Total Rate Revenue Offsets	**$165,000**	**$1,151,236**	**$1,316,236**
Adjustments			
Annual Capital Funding		$3,626,000	$3,626,000
Annual Reserve Funding[8]		($100,000)	($100,000)
Total Adjustments	**$0**	**$3,526,000**	**$3,726,000**
COS to be Recovered from Water Rates	**$8,188,991**	**$3,521,508**	**$11,710,499**

4.1 FUNCTIONALIZATION OF O&M EXPENSES

Table 4-2 shows the functionalization of CCWD O&M expenses for the rate setting year, FY 2018-2019. Functionalizing O&M expenses allows Raftelis to follow the principles of rate setting theory in which the goal is to allocate the O&M expenses to cost causation components. The totals by function are presented in Table 4-2.

Table 4-2: Functionalization of O&M Expenses

Cost Category	O&M Expenses by Function ($)
Supply	$2,238,078
Pumping	$169,247
Transmission	$74,666
Treatment	$503,347
Distribution	$424,200
Conservation	$79,900
Ops/Meters/Customer	$1,133,881
General	$3,730,672
Total	**$8,353,991**

[8] The District anticipates drawing upon $100,000 in reserves in FY 2018-2019 to help fund capital during the fiscal year. Annual Reserve Funding is, therefore, shown as a negative number.

4.2 ALLOCATION OF FUNCTIONALIZED EXPENSES TO COST COMPONENTS

After functionalizing expenses, the next step is to allocate the functionalized expenses to cost components. To do so, we must identify system-wide peaking factors. The system-wide factors for base and max day were calculated using CCWD daily water production records. Daily production record values and ratios are shown in Table 4-3. The ratio in the column furthest right is the maximum day production in million gallons per day (mgd) divided by the average production in million gallons per day.

Table 4-3: Water Production Factors

	Max Day (mgd)	Avg Day (mgd)	Min Day (mgd)	Max Day/ Avg Day
FY 2016	2.28	1.54	0.79	1.49
FY 2017	2.64	1.51	0.77	1.75
Average	**2.46**	**1.52**	**0.78**	**1.62**

Calculated water system peaking factors are shown in column B of Table 4-4. The system-wide peaking factors are used to derive the cost causation component allocation bases (i.e., percentages) shown in columns C, D, and E of Table 4-4. Line 1 "Base" represents the average day demand throughout the year and is, therefore, a factor of 1.00. Line 2 "Max day" is the ratio of maximum day demand (calculated in Table 4-3) to base demand or 1.62. The incremental responsibility due to max day is therefore 0.62 (1.62-1.00)/1.62) or 38 percent. Similarly, Line 3, "max hour" is the ratio of maximum hour demand, on the maximum day, to base demand. In the absence of hourly data, we rely on industry standards for similarly sized systems of 1.66 times the max day demand. The max hour factor is, therefore, 1.66 X 1.62 or 2.68. 1.00 out of 2.68 of the max hour factor is attributable to base demand (1.00/2.68 or 37 percent) and 0.62 out of 2.68 or 23 percent is attributable to max day. The remainder ((2.68-1.62)/2.68 or 1.06) represents the incremental amount attributable to max hour (1.06/2.68 or 40 percent). These factors indicate how much additional capacity is required to meet demand above average daily use. As demand, and therefore capacity, increases, so must the sizing of facilities and pipelines, which incur greater costs to construct, maintain, and replace. Functionalized expenses are then allocated to the cost components using these bases. To understand the interpretation of the percentages shown in columns C through E we must first establish the base use as the average daily demand during the year.

These allocation bases are used to assign certain functionalized costs to the cost causation components including reservoir, transmission, treatment, distribution, and Ops/Meters/Customer functions.

Table 4-4: System-Wide Peaking Factors

		System Wide Factors	Base	Max Day	Max Hour
	A	B	C	D	E
1	Base	1.00	100%		
2	Max Day	1.62[9]	62%	38%	
3	Max Hour	2.68[10]	37%	23%	40%

Table 4-5 shows the allocation basis for CCWD O&M costs. The top row of Table 4-5 shows the cost causation components and the leftmost column shows the cost functions. For example, transmission related costs are allocated 62 percent to base and 38 percent to max day (allocation based upon the max day calculation in Table 4-4). This means that 62 percent of transmission costs are due to meeting base customer demands and 38 percent of costs are due to meeting max day demands.

[9] Max Day to Average Day from Table 4-3

[10] Max Hour factor is estimated using the calculated Max Day factor multiplied by an industry standard of 1.66. 1.66 represents the increase in demand on the maximum day during the maximum hour

Table 4-5: Allocation of Functionalized O&M Expenses to Cost Causation Components

Function	FY 2018-2019	Supply	Base	Max Day	Max Hour	Fire Protection	Meters	Customer	Conservation	General
Supply	$2,238,078	100%								
Pumping	$169,247	100%								
Transmission	$74,666		62%	38%						
Treatment	$503,347		62%	38%						
Distribution	$424,200		31%	19%	33%	18%				
Conservation	$79,900								100%	
Ops/Meters/Customer	$1,133,881		35.3%	21.8%	37.7%			5.2%		
General	$3,730,672									100%
Total	**$8,353,991**	**$2,407,325**	**$887,686**	**$547,696**	**$565,863**	**$76,356**	**$0**	**$58,493**	**$79,900**	**$3,730,672**

4.1 ALLOCATION OF FUNCTIONALIZED EXPENSES TO COST COMPONENTS

A similar allocation is performed for the District's capitalized assets. Capital costs are allocated based on the asset base of the system in recognition that assets need to be replaced over time. Correspondingly, capital expenses over time should correlate to the asset base. This ensures that the allocations to the cost causation components, and ultimately the rates, remain relatively stable over time. Table 4-6 shows the functionalized assets allocated to the cost components in both dollar and percentage terms.

Table 4-6: Allocation of Functionalized Asset Valuation to Cost Causation Components

Function	Value ($)	Supply	Base	Max Day	Max Hour	Fire Protection	Meters	General
Supply	$1,269,937	100%	0%	0%	0%	0%	0%	0%
Treatment	$11,642,869	0%	62%	38%	0%	0%	0%	0%
Reservoir	$4,475,361	0%	51%	31%	0%	18%	0%	0%
Distribution	$20,200,260	0%	31%	19%	33%	18%	0%	0%
Transmission	$10,895,890	0%	62%	38%	0%	0%	0%	0%
Meters	$865,783	0%	0%	0%	0%	0%	100%	0%
General	$1,685,904	0%	0%	0%	0%	0%	0%	100%
Wells	$246,949	100%	0%	0%	0%	0%	0%	0%
Fire	$390,647	0%	0%	0%	0%	100%	0%	0%
Total ($)	**$51,673,601**	**$1,516,886**	**$22,379,195**	**$13,807,803**	**$6,585,772**	**$4,832,259**	**$865,783**	**$1,685,904**
Total (%)		2.9%	43.3%	26.7%	12.7%	9.4%	1.7%	3.3%

4.1 PRELIMINARY COST ALLOCATION OF REVENUE REQUIREMENT

Table 4-7 shows the revenue requirement, by cost component, before adjustments for public fire protection and capacity costs (discussed further in the next sub-section). The operating expenses come directly from the allocation in Table 4-5. The capital expense allocation uses the capital revenue requirement[11] from Table 4-1 and the percentages from the bottom of Table 4-6. General costs are distributed to the cost causation components on a pro rata basis.

Table 4-7: Preliminary Revenue Requirement by Cost Component

Cost of Service	Supply	Base	Max Day	Max Hour	Fire Protection	Meters	Customer	Conservation	General	Revenue Offsets	Total
Operating Expenses	$2,407,325	$887,686	$547,696	$565,863	$76,356	$0	$58,493	$79,900	$3,730,672		$8,353,991
Capital Expenses	$124,657	$1,839,110	$1,134,718	$541,215	$397,112	$71,150	$0	$0	$138,547		$4,246,508
Revenue Offsets	$0	$0	$0	$0	$0	$0	$0	$0	$0	($890,000)	($890,000)
Sub-total Cost of Service	**$2,531,982**	**$2,726,796**	**$1,682,413**	**$1,107,078**	**$473,468**	**$71,150**	**$58,493**	**$79,900**	**$3,869,219**	**($890,000)**	**$11,710,499**
Allocation of General Cost		$1,701,897	$1,050,059	$690,970	$295,510	$44,407	$36,507	$49,869	($3,869,219)		$0
Allocated Cost of Service	**$2,531,982**	**$4,428,693**	**$2,732,472**	**$1,798,048**	**$768,978**	**$115,557**	**$95,000**	**$129,769**	**$0**	**($890,000)**	**$11,710,499**

4.2 REVENUE RECOVERY BY COST COMPONENTS

The cost components are recovered from customers through fixed bi-monthly base service charges and variable volumetric commodity charges. Table 4-8 shows the total revenue requirement, calculated in Table 4-1, to be collected through rates in the second column from

[11] The capital revenue requirement in Table 4-1 is reduced by the amount of property taxes ($725,000), which is added back to Table 4-7 to show the gross capital requirement. The property tax and cell site lease income from Table 4-1 ($165,000) represent the revenue offset in Table 4-7 and are shown as their own cost component.

the left (and transposed from the bottom of Table 4-7). While Table 4-8 shows the allocation to rate components in percentage terms, Table 4-9 shows the allocation in dollars. The sum of all rate components under the blue header represents the revenue required from commodity charges. The sum of all rate components under the orange header represents the revenue required from service charges. Max day and max hour capacity cost recovery is split between the variable components (max day and max hour columns) and the fixed charge components (meter column) to balance between affordability and revenue stability. Service Charge components include the two fixed charge components, meter and customer, as well as the private fire protection costs. In total, commodity charge revenue represents 78.1 percent of the total revenue requirement, while bi-monthly service charges and private fire service charges account for the remaining 21.9 percent. This proposed revenue split reduces the revenue recovery from fixed charges relative to current rates. The District currently recovers approximately 22.5 percent of revenue from fixed charges.

Table 4-8: Cost Recovery, Cost Components (Percentage)

Cost Components	FY 2018-2019	Commodity Rate Components (78.1%)						Service Charge Components (21.9%)		
	Revenue Requirement	Supply	Base Delivery	Max Day	Max Hour	Conservation	Rev Offsets	Meters	Customer	Fire Protection
Supply	$2,531,982	100%								
Base Delivery	$4,428,693		100%							
Max Day	$2,732,472			65%				35%		
Max Hour	$1,798,048				65%			35%		
Fire Protection	$768,978									100%
Meters	$115,557							$100		
Customer	$95,000								100%	
Conservation	$129,769					100%				
Rev. Offsets	($890,000)						100%			
Total	**$11,710,499**	**$2,531,982**	**$4,428,693**	**$1,776,107**	**$1,168,731**	**$129,769**	**($890,000)**	**$1,701,239**	**$95,000**	**$768,978**

Table 4-9: Cost Recovery, Cost Components (Values)

Cost Components	FY 2018-2019	Commodity Rate Components (78.1%)						Service Charge Components (21.9%)		
	Revenue Requirement	Supply	Base Delivery	Max Day	Max Hour	Conservation	Rev Offsets	Meters	Customer	Fire Protection
Supply	$2,531,982	$2,531,982								
Base Delivery	$4,428,693		$4,428,693							
Max Day	$2,732,472			$1,776,107				$956,365		
Max Hour	$1,798,048				$1,168,731			$629,317		
Fire Protection	$768,978									$768,978
Meters	$115,557							$115,557		
Customer	$95,000								$95,000	
Conservation	$129,769					$129,769				
Rev. Offsets	($890,000)						($890,000)			
Total	**$11,710,499**	**$2,531,982**	**$4,428,693**	**$1,776,107**	**$1,168,731**	**$129,769**	**($890,000)**	**$1,701,239**	**$95,000**	**$768,978**

4.1 ALLOCATION OF FIRE PROTECTION COSTS – PUBLIC VERSUS PRIVATE

Water systems provide two types of fire protection: public fire protection for firefighting, which is generally visible as hydrants on a street, and private fire protection which provides fire flow to building and other structure sprinkler systems for fire suppression within private improvements. To determine the share of total fire costs responsible to each, Raftelis performs an analysis of the public hydrants and private firelines. Table 4-10 shows the steps of allocating costs between public and private. Each connection size has a fire flow demand factor similar to a hydraulic capacity factor of potable meters. The diameter of the connection is raised to the 2.63 power to determine the fire flow demand factor. The count of connections of a specific size is multiplied by the fire flow demand factor to derive total equivalent connections. Total fire costs of $768,978 are allocated based on the percentage share of total equivalent fire connections between public and private. From the analysis it is determined that 82 percent of fire costs relate to public fire and will be included and recovered on the bi-monthly fixed charges. The remaining 18 percent is attributable to private fire and will be recovered through private fire protection charges.

Table 4-10: Fire Analysis

Connection Size	Demand Factor	Unit Counts	Equivalent Connections	Percent Allocation	Fire Protection Costs	Fire Exponent
					$768,978	**2.63**
Public Hydrants						
2.5"	11.1					
4"	38.3					
6"	111.3	647	72,018			
10"	426.6					
Total Public Hydrants		**647**	**72,018**	82%	**$631,127**	
(Private Fire Lines)						
3/4"	0.47	10	5			
1"	1	658	658			
1 1/2"	3	49	142			
2"	6	82	508			
3"	18	4	72			
4"	38	123	4,713			
5"	69					
6"	111	55	6,122			
8"	237	13	3,084			
10"	427	1	427			
Total Private Lines		**995**	**15,730**	18%	**$137,851**	
Total Fire Connections		**1,642**	**87,748**	100%	**$768,978**	

4.1 FINAL COST ALLOCATION OF REVENUE REQUIREMENT

The total revenue recoverable from each cost causation component through water rates is shown in Table 4-11 using the revenue requirement from Table 4-1, the O&M and asset allocations in Table 4-5 and Table 4-6, the capacity cost recovery adjustment in Table 4-8 and Table 4-9, and the fire cost analysis in Table 4-10. Public fire protection costs are reallocated to the meter component, along with a portion of the max day and max hour peaking costs.

Table 4-11: Revenue Requirement by Cost Component

Cost of Service	Supply	Base	Max Day	Max Hour	Fire Protection	Meters	Customer	Conservation	General	Revenue Offsets	Total
Operating Expenses	$2,407,325	$887,686	$547,696	$565,863	$76,356	$0	$58,493	$79,900	$3,730,672		$8,353,991
Capital Expenses	$124,657	$1,839,110	$1,134,718	$541,215	$397,112	$71,150	$0	$0	$138,547		$4,246,508
Revenue Offsets	$0	$0	$0	$0	$0	$0	$0	$0	$0	($890,000)	($890,000)
Sub-total Cost of Service	**$2,531,982**	**$2,726,796**	**$1,682,413**	**$1,107,078**	**$473,468**	**$71,150**	**$58,493**	**$79,900**	**$3,869,219**	**($890,000)**	**$11,710,499**
Allocation of General Cost		$1,701,897	$1,050,059	$690,970	$295,510	$44,407	$36,507	$49,869	($3,869,219)		$0
Allocated Cost of Service	**$2,531,982**	**$4,428,693**	**$2,732,472**	**$1,798,048**	**$768,978**	**$115,557**	**$95,000**	**$129,769**	**$0**	**($890,000)**	**$11,710,499**
Re-allocation of Public Fire					**($631,127)**	**$631,127**					
Reallocation of Capacity Components			**($956,365)**	**($629,317)**		**$1,585,682**					
Adjusted Cost of Service	**$2,531,982**	**$4,428,693**	**$1,776,107**	**$1,168,731**	**$137,851**	**$2,332,366**	**$95,000**	**$129,769**	**$0**	**($890,000)**	**$11,710,499**

4.2 UNIT COST COMPONENT DERIVATION

The end goal of a cost of service analysis is to proportionately distribute the cost components to each user class and tier. To do so, we must first calculate the cost component unit costs, which starts by assessing the total water demanded (or equivalent service units) for each cost component. Projected usage (base units of service) for FY 2018-2019 is shown in Table 4-12. Demand is detailed by proposed rate class.

Table 4-12: FY 2018-2019 Projected Water Usage by Class

Class	hcf/year
SFR	415,904
MFR	43,988
All Other Customers	328,634
Total	**788,525**

Second, peaking factors are established for the maximum day and maximum hour requirements, which become the basis for the peaking unit rate differentials developed in Section 6.

Analyzing usage characteristics gives a better understanding of how the peaking costs should be allocated. In the absence of maximum day data, the maximum billing period values are used. Since peaking costs are proportional to the peaking experienced by each tier, the relative values are more important than the actual values. Therefore, max billing period data derived from the usage patterns are a good proxy for the max day factors. The max day factor is equal to the max month factor. Similarly, since max hour factors are not available, we use the District's system wide max hour factor to approximate the max hour factor.

Table 4-13 shows the calculation of cost component units for average (daily) demand, max day demand, and max hour demand, for each class.

Daily use is calculated as annual use divided by 365 days. For example, SFR is estimated to use 415,904 hcf annually, or 1,139 hcf daily. The max day demand is then calculated as the daily demand multiplied by the max day factor (1,139 X 1.97). However, we must subtract the anticipated daily usage (1,139) from the max day usage (2,247) to calculate the incremental max day units of service (1,108). Max hour units of service are calculated similarly and the same calculations are completed for the MFR and All Other Customers classes.

Table 4-13: Derivation of Cost Component Units of Service

Tier	Annual Usage (hcf)	Daily Usage (hcf)	Max Day Factor	Max Day Demand (hcf)	Max Day Units (hcf)	Max Hour Factor	Max Hour Demand (hcf)	Max Hour Units (hcf)
SFR	415,904	1,139	1.97	2,247	1,108	3.27	3,730	1,483
MFR	43,988	121	1.73	209	88	2.88	347	138
All Other Customers	328,634	900	2.06	1,851	950	3.41	3,072	1,221
Total	**788,525**	**2,160**		**4,307**	**2,146**		**7,149**	**2,842**

Table 4-14 shows the total equivalent meters (discussed in detail in Section 6.2) and annual number of bills issued (also discussed in Section 6.2). Table 4-15 shows the total equivalent fireline connections (further discussed in Section 6.3.) These totals are used as the denominator in developing unit costs for the rate components of the bi-monthly base charges and private fire service charges.

Table 4-14: Derivation of Equivalent Meters

Meter Size	Meter Count	Hydraulic Capacity Factor	Equivalent Meters	Annual Bills
5/8"	6,000	1.00	6,000	36,000
3/4"	194	1.50	291	1,164
1"	175	2.50	438	1,050
1.5"	28	5.00	140	168
2"	34	8.00	272	204
3"	5	17.50	88	30
4”	3	31.50	95	18
Total	**6,439**		**7,323**	**38,634**

Table 4-15: Derivation of Equivalent Firelines

Fireline Size	Fireline Count	Inch-Diameter Demand Factor	Equivalent Firelines
3/4"	10	0.75	8
1"	658	1.00	658
1 1/2"	49	1.50	74
2"	82	2.00	164
3"	4	3.00	12
4"	123	4.00	492
5"	-	5.00	-
6"	55	6.00	330
8"	13	8.00	104
10"	1	10.00	10
Total	**995**		**1,851**

Utilizing the adjusted cost of service at the bottom of Table 4-11 as the numerator and Table 4-13, Table 4-14, and Table 4-15 as the denominators allows us to derive unit costs of service in Table 4-16. The total cost of service is divided by the respective units of service to calculate the unit cost of each cost component. For example, the unit cost for the base component is determined by dividing the total base cost ($4,428,693) by total water use (788,525 hcf) to derive a base unit cost of $5.62. Max day and max hour costs are divided by the total max day and max hour requirements to determine a unit rate in hcf/day. Meter costs are divided by total meter equivalencies from Table 4-14 to determine a cost per equivalent meter and annual customer costs are divided by the estimated number of annual bi-monthly bills, also from Table 4-14. Fire protection costs are divided by total fire equivalencies from Table 4-15 to determine a cost per inch of fireline. The unit costs are used to distribute the cost components to the meter classes and commodity classes and tiers.

Table 4-16: Cost Causation Component Unit Cost Calculation

Cost of Service	Supply	Base Delivery	Max Day	Max Hour	Fire Protection	Meters	Customer	Conserv -ation	Revenue Offsets	Total
Cost of Service	$2,531,982	$4,428,693	$1,776,107	$1,168,731	$137,851	$2,332,366	$95,000	$129,769	($890,000)	$11,710,499
Unit of Measure	hcf	hcf	hcf/day	hcf/day	Equivalent Firelines	Equivalent Meters	Number of Bills	hcf	hcf	
Units of Service	788,525	788,525	2,146	2,842	1,851	7,323	38,634	788,525	788,525	
Unit Cost	**$3.21**	**$5.62**	**$827.56**	**$411.19**	**$12.41**	**$53.09**	**$2.46**	**$0.16**	**($1.13)**	

4.3 DISTRIBUTION OF COST COMPONENTS TO CUSTOMER CLASSES

The final step in a cost of service analysis is to distribute the cost components to the customer classes using the unit costs derived in Table 4-16. This is the end goal of a cost of service analysis and yields the cost to serve each class. Table 4-17 shows the derivation of the cost to serve (i.e., cost of service) for each class. The cost components from Supply through Revenue Offsets are collected through the commodity (volumetric) charges ($/hcf). Fire Protection, Meters, and Customer components are collected through the District's bi-monthly base service and private fire service charges.

To derive the cost to serve each class, the unit costs from Table 4-16 are multiplied by the respective units of service for each class. For example, the base costs for the Single Family Residential (SFR) class are calculated by multiplying the base unit cost ($5.62) by the annual SFR use (415,904 hcf) to arrive at a total of $2,335,891. Similar calculations for each of the remaining user classes and cost components yield the total cost to serve each user class shown in the furthest right column of Table 4-17. Note that the total cost of service is equal to the revenue requirement in Table 4-1 as intended. With the cost to serve each user class calculated we can proceed to derive rates to collect the cost to serve each commodity class, tier, and meter size.

Table 4-17: Derivation of the Cost to Serve Each Class

Customer Class	Supply	Base	Max Day	Max Hour	Conservation	Revenue Offsets	Fire Protection	Meters	Customer	Total
SFR	$1,335,480	$2,335,891	$916,662	$609,838	$68,446	($469,426)				$4,796,891
MFR	$141,247	$247,055	$73,007	$56,647	$7,239	($49,649)				$475,546
All Other Customers	$1,055,255	$1,845,748	$786,438	$502,246	$54,084	($370,926)				$3,872,845
Meters								$2,332,366	$95,000	$2,427,366
Private Fire							$137,851			$137,851
Total	**$2,531,982**	**$4,428,693**	**$1,776,107**	**$1,168,731**	**$129,769**	**($890,000)**	**$137,851**	**$2,332,366**	**$95,000**	**$11,710,499**

5. RATE STRUCTURE DEFINITIONS AND PROPOSED REVISIONS

CCWD has an inclining tier rate structure for residential users (SFR and some MFR) and a uniform rate for all other users[12]. The most recent update to these rate structures occurred with the last Cost of Service Study in May 2015. Existing rates and charges were implemented July 1, 2017.

5.1 EXISTING RATE STRUCTURE AND RATES

CCWD water service charges have two components for most customers – a fixed bi-monthly base meter service charge and a volumetric charge (water use). Some customers requiring fire protection have a third charge related to private firelines serviced by CCWD. The bi-monthly fixed charge and private fire service charge increases with meter size or fireline size as larger meters/fire conduits consume more water on average and tend to have higher rates of peaking (required for instantaneous demand in terms of irrigation of firefighting); therefore, the costs to provide service to these customers are higher.

A typical single family home with a 5/8" meter has a bi-monthly fixed charge of $52.20. CCWD has a different bi-monthly base charge for certain Multi-Family Residential (MFR) customers with two dwelling units. Current base meter charges are shown in Table 5-1. Current private fire service charges are shown in Table 5-2.

Table 5-1: Existing Bi-Monthly Base Charges

Meter Size	Fixed Charge
5/8"	$52.20
3/4"	$78.45
1"	$130.76
1-1/2"	$252.52
2"	$418.48
3"	$915.50
4"	$3,139.22
5/8" MFR	$104.39
3/4" MFR	$156.89

[12] Multi-Family residential accounts are billed on either the tiered residential structure or the uniform "all other customer" structure dependent on the type of multi-family customer and meter type serving the connection.

Table 5-2: Existing Bi-Monthly Private Fire Service Charges

Fireline Size	Fixed Charge
3/4"	$8.57
1"	$11.43
1-1/2"	$17.15
2"	$22.86
3"	$34.29
4"	$45.72
5”	$57.15
6"	$68.58
8"	$91.44
10"	$114.30

The volumetric component of a customer’s water charge is the number of units delivered in one hundred cubic feet, or “hcf”, multiplied by rates that vary by customer class and tier. Single Family Residential (SFR) refers to stand alone houses with a single dwelling unit. MFR refers to residential housing with two or more dwelling units, such as duplexes, triplexes, certain condominiums, and apartment complexes.

Table 5-3: Existing Commodity Rates and Tiers

Current Commodity Rates	Definition (hcf)	Rate ($/hcf)
Residential		
Tier 1	0-4	$9.65
Tier 2	5-16	$10.77
Tier 3	17-30	$13.89
Tier 4	31+	$18.41
All Other Customer Classes	N/A	$11.88

5.2 PROPOSED CHANGES TO RATE STRUCTURES

Raftelis has identified several recommendations for the District. Throughout the Study, Raftelis worked with CCWD staff and Board direction to refine proposed revisions to the rate structures.

Raftelis recommends changes to the rate structures and tier definitions for the commodity charges. Raftelis proposes to reduce the Residential (proposed SFR rate class) rate structure from four tiers to three and justify those tiers based upon usage characteristics of the class consistent with how water is used. The proposed changes and rationale are detailed in the following subsections.

5.2.1 *SFR Class*

The existing Residential rate structure includes SFR and some MFR customers. While tiering works well for SFR customers due to fairly homogenous use across the class, MFR customers exhibit different characteristics. For example, MFR customers may or may not be individually metered, MFR customers may have separate domestic and landscape meters, and one domestic meter may serve many dwelling units. Therefore, a tiered rate structure for MFR customers is only fair and equitable when considering the number of dwelling units served by each metered connection. Raftelis

recommends separating the existing Residential class into one rate structure for SFR and one rate structure for MFR. The proposed tiers and rationale are as follows:

5.2.1.1 *Tier 1 Definition – 0-8 hcf monthly*

Raftelis recommends using average low winter use as the Tier 1 definition. The average low winter use isolates the effects of outdoor irrigation in the warmer and drier use periods. Raftelis calculated approximately 8 hcf bi-monthly (4 hcf monthly) as the average low winter use for residential customers using FY 2016-2017 data.

5.2.1.2 *Tier 2 Definition – 8-16 hcf monthly*

Raftelis recommends using an efficiency standard for an average user to define Tier 2. An additional eight units (16 units total in Tier 2) represents the efficient summer water demand of a median size parcel in the District's service area. To derive the volume of water for efficient outdoor use Raftelis makes assumptions of the percent of irrigated area and incorporates local evapotranspiration data and a crop coefficient

The irrigable landscape area is measured as the square footage of landscape surface on a customer's property that is being actively irrigated. The weather data are based on the reference evapotranspiration (ET_0), which is the amount of water lost to the atmosphere over a given time period at given specific atmospheric conditions. ET_0 is the amount of water (in inches of water) needed for a reference crop (in this case cool season turf grass). The ET Adjustment Factor (ETAF) is a coefficient that adjusts the ET_0 values based on plant factor and irrigation system efficiency. The formula to calculate the eight units of water is as follows:

$$\text{hcf} = \left(\frac{\text{Lot Size} * \% \text{ Lot Size} * ET_0 * \text{ETAF}}{1200} \right)$$

Where:

- Lot Size is the median parcel area identified for the service area in square feet. The median lot size is estimated at 8,398 square feet.
- % of lot size – is the estimated area of a median sized parcel that is actively irrigated which is assumed at 25 percent. % of lot size multiplied by the median lot size yields an estimate for actively irrigated landscape area of 1,470 square feet .
- ET_0 is measured in inches of water during the billing period based on actual ET measurements taken from California Irrigation Management Information System (CIMIS) Station 253 at Pescadero, CA.
- ETAF (% of ET_0): The current California Model Water Efficient Landscape Ordinance[13] is 70 percent. It is based upon plant factor divided by irrigation efficiency.
- 1,200 is the conversion unit from inch*ft^2 to billing unit of hundred cubic feet (hcf).

5.2.1.3 *Tier 3 Definition – Greater than 16 hcf monthly*

All water use greater than Tier 2. Tier 3 represents demand in excess of peak summer demands for the average SFR user.

[13] *California Code of Regulations Title 23, Division 2, Chapter 2.7. Model Water Efficient Landscape Ordinance.*

5.2.1 *MFR*

The vast majority of MFR customers are currently billed using the All Other Customers uniform rate, with a minority billed on the tiered Residential rate structure. MFR customers have very low peaking compared to commercial or irrigation customers as most use is domestic and consistent throughout the year; and MFR customers are distinct from SFR users which have seasonal peaking due to irrigation demands. To increase equity between the customer classes, Raftelis recommends the class be charged a MFR specific uniform rate derived using MFR usage and peaking data.

5.2.2 *All Other Customer Classes*

The existing structure charges a uniform rate to all customer classes that are not residential. These accounts consist of commercial users, landscape irrigators, and agricultural users. Raftelis analyzed water use and peaking characteristics of non-residential customers. The usage patterns and peaking characteristics among commercial, irrigation, and agricultural users are very similar and we propose to keep the existing uniform rate structure for all users that are not SFR or MFR.

5.2.3 *Multi-Family Residential Fixed Charge*

The existing rate structure charges two dwelling unit (duplex) multi-family accounts a fixed charge that is two times that of a comparable 5/8" or 3/4" meter. Raftelis proposes to eliminate the per-dwelling unit charge in favor of a charge based solely on the size of the meter. This eliminates the conflict of some customers being charged by capacity (i.e, meter size) and some by dwelling unit counts. The effect is to simplify the rate structure so that all connections are charged based on the capacity- utilized or potential- of their connection.

Table 5-4 summarizes the proposed changes to the commodity rate structures.

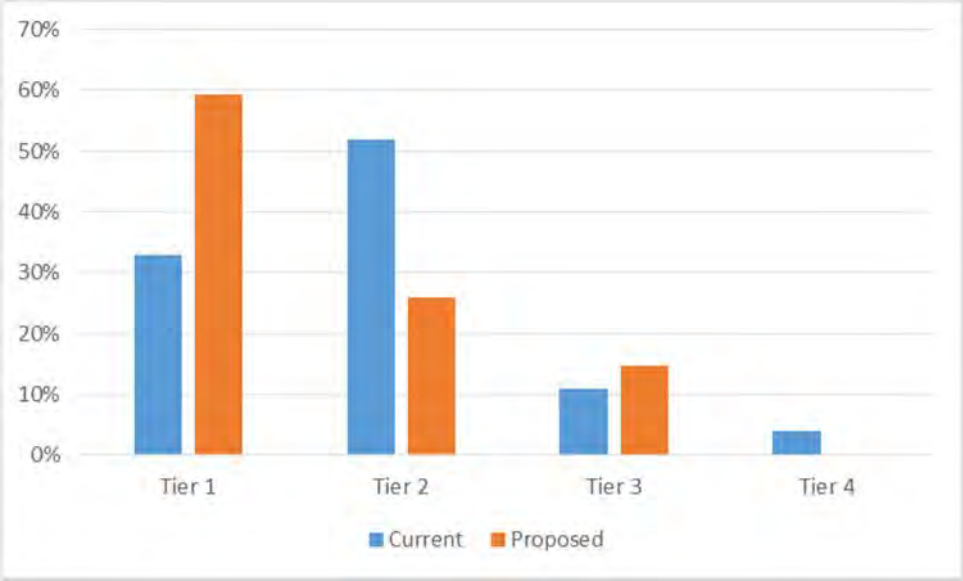
Table 5-4: Existing and Proposed Water Commodity Definitions

Proposed Rate Classes	Current Definition (hcf)	Proposed Definition (hcf)
SFR		
Tier 1	0-4	0-8
Tier 2	5-16	8-16
Tier 3	17-30	17+
Tier 4	31+	N/A
MFR		
Tier 1	0-4	Uniform
Tier 2	5-16	
Tier 3	17-30	
Tier 4	31+	
All Other Customer Classes (Commercial, Irrigation, Agriculture)	Uniform	Uniform

5.3 USAGE ANALYSIS AND USAGE PROJECTIONS

Figure 5-1 compares the distribution of SFR usage under the existing rate structure to the proposed structure. Under the revised tiers, 59 percent of use will occur in Tier 1 versus 33 percent in the current structure. Since the proposed definition doubles the allotment in Tier 1, more use will fall in the first tier. The opposite is true for the proposed Tier 2 versus the current Tier 2, since Tier 2 will now have a width of eight hcf versus the current 12 hcf. The proposed Tier 3 includes all the use in the current Tier 3 and Tier 4 (15 percent). Note, the comparisons in Figure 5-1 utilize historical water use. Predicting future water use relies on several factors and is difficult to determine. Therefore, this analysis does not attempt to forecast changes by customers due to changes in tier definition or price.

Figure 5-1: Current and Proposed SFR Usage Distribution



5.3.1 *Projected Water Use FY 2018-2019*

Using the proposed tier definitions, projected usage in FY 2018-2019 for all classes and tiers is shown in Table 5-5. FY 2018-2019 demand includes an assumed seven and a half percent demand increase from FY 2016-2017 water use. Any sales from fire flow or construction/temporary meters is not counted since revenue from these sources is variable and unreliable.

Table 5-5: Projected FY 2018-2019 Demand by Customer Class (Proposed Tier Definitions)

Class	FY 2018-2019 Demand (hcf)
SFR	
Tier 1	246,360
Tier 2	108,265
Tier 3	61,278
MFR	43,988
All Other Customers	328,634
Total	**788,525**

6. WATER RATE DERIVATION

6.1 EXISTING RATE STRUCTURE AND RATES

As previously explained, the rate structure for CCWD's water service charges have three components – a fixed base charge by meter size, a variable volumetric commodity charge, and, for certain customers, a fixed charge by fireline diameter. The rates for the bi-monthly fixed meter charge are determined on the basis of the size of the water meter serving a property and increase with meter size. Larger meters generally consume more water on average and tend to have higher rates of peaking. Therefore, the costs to provide service to these customers are higher. The rates for the current commodity charges are calculated on the basis of the amount of water delivered in hcf.

6.2 PROPOSED FIXED METER CHARGES

Utilities invest in and continuously maintain facilities to provide capacity to meet all levels of water consumption, including peak demand plus fire protection. These costs must be recovered regardless of the amount of water used during a given period. Generally, an agency with access to a significant portion of local water sources have high fixed costs. In many cases, greater than 80 percent of total costs are fixed water system costs and do not vary based on the amount of water sold. To balance between affordability and revenue stability, it is a common practice that a portion of the capacity related costs are recovered in the bi-monthly service charge, along with customer-related costs and meter-related costs. The cost of service analysis allocates 35 percent of peak capacity costs (max day and max hour) to the base meter charge, along with all meter, customer, and public fire protection costs.

There are two components that comprise the fixed meter charge: meter servicing costs and customer service costs. The meter service charge recognizes the fact that even when a customer does not use water, CCWD incurs ongoing costs in order to operate and maintain the system for each connection at all times.

6.2.1 *Meter Services Component*

The meter services component collects service related costs as well as a portion of system capacity costs. Larger meters are more expensive to maintain and replace and have the potential to demand more capacity, or, said differently, larger meters exert greater peaking demand compared to smaller meters. The capacity (peaking) is proportional to the potential flow through each meter size as established by the American Water Works Association (AWWA) hydraulic capacity ratios. For example, the flow through a 4" meter is 31.5 times that of a 5/8" meter and, therefore, the meter capacity component of the fixed meter charge should be 31.5 times that of the 5/8" meter.

In order to create parity across the various meter sizes, each meter size is assigned a factor relative to a 5/8" meter, which has a value of 1.00. This establishes the "base" meter size. A given meter size's ratio of meter servicing costs relative to the base (that of a 5/8" meter) determines the *meter equivalency*. Summation of all meter equivalencies for a given size yields total equivalent meters. For this Study, Raftelis uses standard AWWA hydraulic capacity ratios as found in the *Manual M22 – Sizing Water Service Lines and Meters, Third Edition*.

Table 6-1 shows total meter equivalencies in the system. The total equivalent meters are derived by multiplying the number of meters at each size by the respective capacity ratio (relative to the 5/8" base meter) and summing across all meter sizes. The total number of equivalent meters within CCWD's system is 7,323.

Table 6-1: Meter Equivalents Calculation

Meter Size	Meter Count (a)	Capacity Ratio (5/8" Base) (b)	Equivalent Meters (Capacity) (a)*(b)
5/8"	6,000	1.00	6,000
3/4"	194	1.50	291
1"	175	2.50	438
1-1/2"	28	5.00	140
2"	34	8.00	272
3"	5	17.50	88
4"	3	31.50	95
Total Count/ Equivalencies	**6,439**		**7,323**

Table 6-2 shows the calculation of the meter service component of the fixed meter charge. It is calculated by dividing the total meter costs (inclusive of meter servicing costs and the portion of capacity costs previously discussed) from Table 4-16 by the total number of equivalent meters in Table 6-1 and the total number of billing periods (six). The cost is $53.09 per equivalent meter per billing period rounded up to the nearest penny.

Table 6-2: Fixed Base Charge Meter Service Component Calculation

	FY 2018-2019
Meter Services Costs	$2,332,366
Equivalent Meters	7,323
Cost per Equivalent Meter (per bill)	**$53.09**

6.2.2 *Billing and Customer Service Component*

The customer service component recovers costs associated with meter reading, customer billing and collection, as well as answering customer service calls. These costs are uniform for all meter sizes as it costs the same to bill a small meter as it does a large meter.

Table 6-3 shows the customer service component calculation. To calculate the customer component, Raftelis divides the total billing and customer service costs from Table 4-16 by the total annual bills (active meters multiplied by six billing periods) prepared by CCWD to determine the bi-monthly customer service charge component of $2.46.

Table 6-3: Billing and Customer Service Component Calculation

	FY 2018-2019
Customer Service Costs	$95,000
Annual Bills	38,634
Customer Component (per bill)[14]	**$2.46**

[14] Billing & Customer Service calculation includes all potable water accounts.

Table 6-4 shows the calculation of the proposed FY 2018-2019 rates for the fixed meter charges. The proposed rates are the sum of the meter service component and the billing and customer service component (shown as customer component). The customer component is uniform for all meter sizes. The meter services component is the cost per equivalent meter calculated in Table 6-2 multiplied by the respective meter ratio in Table 6-1. The rate comparison is relative to existing rates implemented in July 2017. The most common meter size of 5/8" experiences an increase of $3.35 relative to the current charge. All other meter sizes other than the 4" also experience increases due to recovering more rate revenue overall. The varying differences are due to harmonizing the hydraulic capacity ratios across all meter sizes using the most current industry guidance as well as the inclusion of the uniform customer component which is currently not included in the District's fixed charge calculation. While Raftelis has calculated meter charges up to 8", charges are only shown up to 4", the largest meter size currently active in the water system.

Table 6-4: Calculation of Fixed Base Charges

Meter Size	Meter Service Component	Customer Component	Proposed FY 2018-2019 Fixed Charge	Current Charge	Difference ($)	Difference (%)
5/8"	$53.09	$2.46	$55.55	$52.20	$3.35	6%
3/4"	$79.63	$2.46	$82.09	$78.45	$3.64	5%
1"	$132.72	$2.46	$135.18	$130.76	$4.42	3%
1 1/2"	$265.43	$2.46	$267.90	$252.52	$15.38	6%
2"	$424.69	$2.46	$427.16	$418.48	$8.68	2%
3"	$929.02	$2.46	$931.48	$915.50	$15.98	2%
4"	$1,672.23	$2.46	$1,674.70	$3,139.22	($1,464.52)	-47%

6.3 PROPOSED PRIVATE FIRE SERVICE CHARGES

Table 6-5 shows the derivation of the private fire service charges. The private fire costs are determined to be $137,851 (see Table 4-16). This cost is divided by the total equivalent firelines calculated in Table 4-15. Similar to rates for the fixed meter charges, private firelines use the count of total firelines (995 lines) and the ratio between the various fireline sizes to determine total equivalent lines. The fireline ratios are similar to the hydraulic capacity ratios used to determine the fixed meter charges. The fireline factor is the ratio of the specific fireline diameter relative to the base fireline diameter of 3/4". The calculated total equivalent fireline inches is 1,851.

Table 6-5: Fireline Equivalents Calculation

Fireline Diameter	Fireline Count (a)	Fire Ratio (3/4" Base) (b)	Equiv. Lines (Capacity) (a)*(b)
3/4"	10	0.75	8
1"	658	1.00	658
1 1/2"	49	1.50	74
2"	82	2.00	164
3"	4	3.00	12
4"	123	4.00	492
5"	-	5.00	-
6"	55	6.00	330
8"	13	8.00	104
10"	1	10.00	10
Total Count/ Equivalencies	**995**		**1,851**

Table 6-6 shows the calculation of the fireline service component. Dividing the total private fireline costs ($137,851) by total equivalent lines (1,851) yields the bi-monthly cost per equivalent fireline inch of $12.42 (rounded up to the nearest whole penny).

Table 6-6: Fire Service Component Calculation

	FY 2018-2019
Fire Protection Costs	$137,851
Equivalent Lines	1,851
Cost per Equivalent Fireline Inch (per bill)	**$12.42**

Table 6-7 shows the derivation of the bi-monthly rates by fireline size for the fire service charges. The cost per inch ($12.42) is multiplied by the respective fireline ratio to derive the charge for each fireline size. All firelines experience the same increase in rates due to using the same methodology in the fire flow analysis as from the prior rate study.

Table 6-7: Calculation of Private Fire Service Charges

Fireline Size	Fire Ratio (1" Base)	Proposed Fire Service Charge FY 2018-2019	Current Fire Service Charge	Difference ($)	Difference (%)
3/4"	0.75	$9.31	$8.57	$0.74	9%
1"	1.00	$12.42	$11.43	$0.99	9%
1 1/2"	1.50	$18.62	$17.15	$1.48	9%
2"	2.00	$24.83	$22.86	$1.97	9%
3"	3.00	$37.24	$34.29	$2.95	9%
4"	4.00	$49.65	$45.72	$3.93	9%
5"	5.00	$62.07	$57.15	$4.92	9%
6"	6.00	$74.48	$68.58	$5.90	9%
8"	8.00	$99.30	$91.44	$7.86	9%
10"	10.00	$124.13	$114.30	$9.83	9%

6.4 PROPOSED RATES FOR COMMODITY CHARGES

6.4.1 *Unit Cost Components Definitions*

The rates for the commodity charges for each customer class and tier are derived by summation of the unit rates ($/hcf) for:

1. Supply costs (Variable Supply cost component)
2. Delivery costs (Base cost component)
3. Max Day and Max Hour capacity costs (Peaking component)
4. Conservation costs (Conservation component)
5. Revenue Offsets (Non-Rate revenue component)

Variable Supply are costs related to the production of local water and purchase of imported water to meet customer demand. CCWD maintains two sources of supply. These variable supply costs form the foundation of the rate components.

Delivery, also known as base, are the costs associated with obtaining and treating water to make it ready for transmission and distribution, as well as the operating costs associated with delivering water to all customers at a constant and average rate of use – also known as serving customers under average daily demand conditions. Therefore, base costs are spread over all units of water uniformly, irrespective of customer class or tier.

Peaking, or extra-capacity, costs are costs incurred to meet customer peak demands in excess of base use (or average daily demand). Total extra capacity costs are comprised of maximum day and maximum hour demands. The peaking costs are distributed to each class and tier using peaking factors derived from customer use data.

Conservation costs cover water conservation and efficiency programs and efforts. These programs are targeted to high volume water users. Allocation of conservation costs to the commodity rates helps provide a price signal for conservation, consistent with Article X Section 2 of the State of California Constitution

Revenue Offsets are the non-rate revenues available to the District to reduce the commodity rates in the lower tiers to promote affordability and efficient use. Revenue offsets consist of direct property tax revenue and cell site lease income. These funds allow flexibility in the rate design process to achieve policy objectives while maintaining cost of service principles.

6.4.1.1 Variable Supply Unit Cost

The variable supply cost is the cost to produce and purchase water supply. The costs in Table 6-8 are based on FY 2018-2019 water supply costs from the respective sources and were provided by CCWD staff as part of the draft budget. The water unit cost is the cost of purchasing SFPUC water and includes estimated fixed and variable charges from the purveyor. Additional supply costs to SFPUC relate to Crystal Springs Reservoir pump station. Additional supply costs to surface water and groundwater represent the remainder of the supply component from Table 4-16 not attributable to SFPUC purchases. These costs include operations and maintenance of the District's local intakes and wells as well as capital facilities associated with the Denniston water supplies.

Table 6-8: Water Supply Costs, FY 2018-2019

Source of Supply	Average Production/ Purchase (AF)	Average Production/ Purchase (hcf)	Water Cost ($)	Additional Supply Costs ($/AF)	Total Cost ($/AF)
Surface Water	598	260,556	$0	$203,964	$341
Groundwater	264	114,896	$0	$89,940	$341
SFPUC	1,039	452,500	$1,900,998	$337,080	$2,155

The water supply unit cost converts the cost per AF to cost per hcf (748 gallons). The unit cost for each source is calculated to include a five percent water system loss. The water supply costs and water availability in Table 6-9 are used in the water supply unit cost calculation for each class and tier.

Table 6-9: Water Supply Unit Costs, FY 2018-2019

	Surface Water	Groundwater	Purchased SFPUC
Supply to Meet Demand (hcf)	260,556	114,896	452,500
Cost ($/AF)	$341	$341	$2,155
Unit Cost ($/hcf)	$0.78	$0.78	$4.95
Unit Cost ($/hcf) after loss[15]	$0.83	$0.83	$5.21

Table 6-10 shows estimated total demand in FY 2018-2019 for all customer classes and tiers.

Table 6-10: Estimated Water Demand in FY 2018-2019

Class	hcf
SFR	
Tier 1	246,360
Tier 2	108,265
Tier 3	61,278
MFR	43,988
All Other Customers	328,634
Total	**788,525**

Given the water available from each source (Table 6-9), and allocating available water proportional to the demands of each class, the estimated water required to meet demand for each class is shown in Table 6-11.

Table 6-11: Supply to Meet Demand, by Source

	Annual Usage	Surface Water	Groundwater	Purchased SFPUC
SFR	415,904	130,557	57,571	227,775
MFR	43,988	13,808	6,089	24,091
All Other Customers	328,634	103,162	45,491	179,981
Total	**788,525**	**247,528**	**109,151**	**431,846**

[15] Unit cost accounts for an estimated 5 percent system-wide water loss. The loss is allocated to all sources.

The unit rates for variable supply costs are derived in Table 6-12. Total costs are determined as the sum-products of the unit rates (after loss) from Table 6-9 and the water required in each tier from Table 6-12. For example, meeting demand in SFR Tier 1 requires all local surface and groundwater allocated to the class (130,557 hcf surface and 57,571 hcf groundwater) as well as SFPUC purchased water (58,231 hcf) with respective unit costs of $0.83, $0.83, and $5.21 per hcf, respectively. The blended cost of meeting demand in Tier 1 is $1.87 per hcf.

Table 6-12: Variable Supply Unit Cost Calculation, by Class and Tier ($/hcf)

Class	Annual Usage	Surface Water	Groundwater	Purchased SFPUC	Unit Cost ($/hcf)
Unit Cost of Supply		$0.83	$0.83	$5.21	
SFR					
Tier 1	246,360	130,557	57,571	58,231	$1.87
Tier 2	108,265	-	-	108,265	$5.21
Tier 3	61,278	-	-	61,278	$5.21
Total	**415,904**	**130,557**	**57,571**	**227,775**	
MFR	**43,988**	**13,808**	**6,089**	**24,091**	**$3.23**
All Other Customers	**328,634**	**103,162**	**45,491**	**179,981**	**$3.23**
Total	**788,525**	**247,528**	**109,151**	**431,846**	

6.4.1.2 *Delivery Unit Cost*

Base delivery costs are the costs to deliver water under average daily demand conditions. Dividing estimated annual usage by total base costs (Table 4-16) derives the cost to provide water delivery during average conditions. The calculated base unit cost is presented in Table 6-13. The base unit cost is the same for all classes and tiers. The unit cost is rounded up to the nearest whole penny.

Table 6-13: Base Delivery Unit Cost Calculation

Class and Tier	Projected Demand
SFR	
Tier 1	246,360
Tier 2	108,265
Tier 3	61,278
MFR	43,988
All Other Customers	328,634
Total	**788,525**
Delivery Costs ($)	**$4,763,701**
Delivery Unit Cost ($/hcf)	**$5.62**

6.4.1.3 *Peaking Unit Cost*

Table 6-14 provides customer class peaking factors. These factors are determined by analyzing FY 2016-2017 data and identifying the maximum billing period of use and dividing that amount by the average period use. For the derivation of intra-class peaking cost components, we must derive peaking factors *within* the tiers. The peaking ratios shown are derived by analyzing CCWD water

usage while utilizing the revised tier definitions (Table 5-4). As with calculating the class peaking factor, the tier factors are calculated by dividing the maximum period of use by the average period of use. For each tier, Raftelis determined the average use within the tier throughout the year (six billing periods). Next, Raftelis identified the maximum use period for the tier during the year. Dividing the maximum and average gives a factor of max-to-average. Table 6-14 shows the calculated class and tier peaking factors.

Table 6-14: Class and Tier Peaking Factors

Usage	Max Billing Period Use	Average Billing Period Use	Max / Average
Residential			
Tier 1	39,777	38,195	1.04
Tier 2	21,644	16,785	1.29
Tier 3	17,221	9,500	1.81
MFR	7,305	6,820	1.07
All Other Customers[16]	51,983	40,890	1.27

Table 6-15 shows the unit cost calculation for peaking. Projected demand in each class (Column A) is multiplied by the respective peaking factor (Column B) to derive total weighted units (peaking units) in Column C for each class. The relative share of peaking units (Column D) is calculated for each class which allows the total peaking costs ($2,944,838) to be distributed in proportion to peak demand. Once the peaking costs are distributed to each class, the unit cost is calculated by dividing the revenue required (column E) by the water demanded by each class (Column A). The same process is repeated to determine the unit cost for each tier of the SFR class. Unit costs are rounded to the nearest whole penny.

[16] Excludes demand from the District's single raw water customer as their use is highly variable and not representative of other commercial or irrigation users.

Table 6-15: Peaking Unit Cost Calculation

Customer Class/Tier	Annual Usage	Peaking Factor	Weighted Use	% Allocated	Revenue Requirement	Unit Rate ($/hcf)
	A	B	C = A x B	D = C_i/C_{Total}	E = D_i x Peaking Costs[17]	F = E/A
SFR	415,904	1.97	820,205	52.2%	$1,536,601	$3.70
MFR	43,988	1.73	76,188	4.8%	$142,734	$3.25
All Other Customers	328,634	2.06	675,499	43.0%	$1,265,503	$3.86
Total	**788,525**		**1,571,892**	**100%**	**$2,944,838**	**$3.73**
Residential	**Usage by Tier**	**Peaking Factor**	**Weighted Use**	**% Allocated**	**Revenue Requirement**	**Unit Rate ($/hcf)**
SFR Tier 1	246,360	1.04	256,562	50.6%	$777,210	$3.16
SFR Tier 2	108,265	1.29	139,604	27.5%	$422,906	$3.91
SFR Tier 3	61,278	1.81	111,075	21.9%	$336,484	$5.50
Total	**415,904**		**507,241**	**100%**	**$1,536,601**	**$3.69**

6.4.1.4 *Conservation Unit Cost*

CCWD's water conservation programs offer a variety of solutions to reduce water use for all customers served by the District. Water conservation offsets the demand for potable water and more expensive imported water and is a low-cost water supply available to all utilities. These programs ensure reliable future water supply for all rate payers and reduce expensive imported water purchases. Accordingly, CCWD finds it appropriate to allocate conservation costs to SFR Tier 3 use, MFR use, and All Other Customers use. Conservation unit costs are derived similarly to peaking unit costs by distributing the conservation revenue requirement first to the class and then to the SFR tier based on units demanded. Table 6-16 shows the calculation for the conservation unit cost, with each unit rate rounded to the nearest whole penny.

[17] Max Day and Max Hour costs from Table 4-16

Table 6-16: Conservation Unit Cost Calculation

Customer Class/Tier	Annual Usage	% Allocated	Revenue Requirement	Unit Rate ($/hcf)
	A	B	C = B_i x Conserv. Costs[18]	D = C/A
SFR	415,904	53%	$68,446	$0.17
MFR	43,988	6%	$7,239	$0.17
All Other Customers	328,634	42%	$54,084	$0.17
Total	**788,525**	**100%**	**$129,769**	
Residential	**Usage by Tier**	**% Allocated**	**Revenue Requirement**	**Unit Rate ($/hcf)**
SFR Tier 1		0%	$0	$0.00
SFR Tier 2		0%	$0	$0.00
SFR Tier 3	61,278	100%	$68,446	$1.12
Total	**61,278**	**100%**	**$68,446**	

[18] Max Day and Max Hour costs from Table 4-16

6.4.1.5 *Revenue Offset Unit Cost*

Revenue offsets are applied to all units of water demanded by all classes and tiers. Table 6-17 shows the revenue offset unit cost and revenue offset component rate calculation. Revenue offsets are allocated based on the share of accounts in each of the three customer classes. For example, SFR accounts represent 85 percent of total accounts and, therefore, receive 85 percent of the revenue offset value. The amount of revenue offset for each class is divided by the respective annual usage to derive the unit cost. Unit costs are rounded to the nearest whole penny.

Table 6-17: Revenue Offset Unit Cost Calculation

Class and Tier	Allocation %	Revenue Offset ($)	Annual Usage (hcf)	Unit Cost ($/hcf)
SFR	85%	($758,837)	415,904	($1.82)
MFR	3%	($22,257)	43,988	($0.50)
All Other Customers	12%	($108,907)	328,634	($0.33)
Total	**100%**	**($890,000)**	**788,525**	

6.4.2 *Final Commodity Rates Derivation*

The cost of service based rates are shown in Column H of Table 6-18. To determine the commodity rates, the components detailed above are added together. The summation of columns C through G of Table 6-18 constitutes the final rates. Note the COS rates represent FY 2018-2019 rates inclusive of the proposed increase in revenue over FY 2017-2018.

Table 6-18: Proposed Commodity Rates ($/hcf)

Class and Tier	Tier Definition	Supply	Base	Peaking	Conservation	Revenue Offset	COS Rates ($/hcf)
A	B	C	D	E	F	G	H
	Table 5-4	Table 6-12	Table 6-13	Table 6-15	Table 6-16	Table 6-17	
SFR							
Tier 1	0-8	$1.87	$5.62	$3.16	$0.00	($1.82)	**$8.83**
Tier 2	9-16	$5.21	$5.62	$3.91	$0.00	($1.82)	**$12.92**
Tier 3	>16	$5.21	$5.62	$5.50	$1.12	($1.82)	**$15.63**
MFR	Uniform	$3.23	$5.62	$3.25	$0.17	($0.50)	**$11.77**
All Other Customers	Uniform	$3.23	$5.62	$3.86	$0.17	($0.33)	**$12.55**

6.5 WATER CUSTOMER IMPACTS

The rate model calculates water customer impacts for all classes and meter sizes. Customer impacts from the proposed new rates are presented below for each class.

Figure 6-1 illustrates the current and proposed tier breakpoints and corresponding rate per hcf. The proposed structure has three tiers versus the existing structure of four tiers. The proposed rate structure doubles Tier 1 from 4 hcf to 8 hcf bi-monthly and has the same breakpoint for Tier 2 (16 hcf bi-monthly). The proposed Tier 3 is all units greater than 16 hcf bi-monthly with a price that is between that of the existing Tier 3 and Tier 4.

Figure 6-1: Current and Proposed SFR Tiers

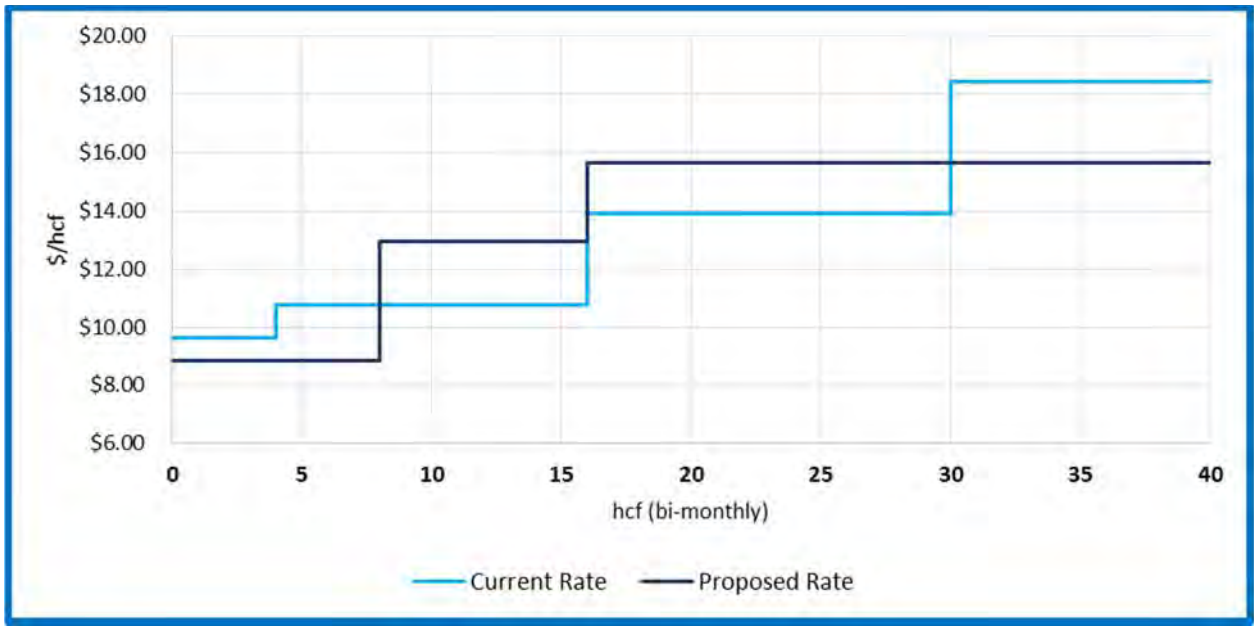


Figure 6-2 shows a range of bill impacts to SFR customers. Raftelis recalculates each bill for every customer using FY 2017-2018 rates to determine the billed amount under current and proposed rates. This allows us to calculate the difference between the two for every bill generated and provide a distribution across the class.

Figure 6-2: Bill Impacts - SFR

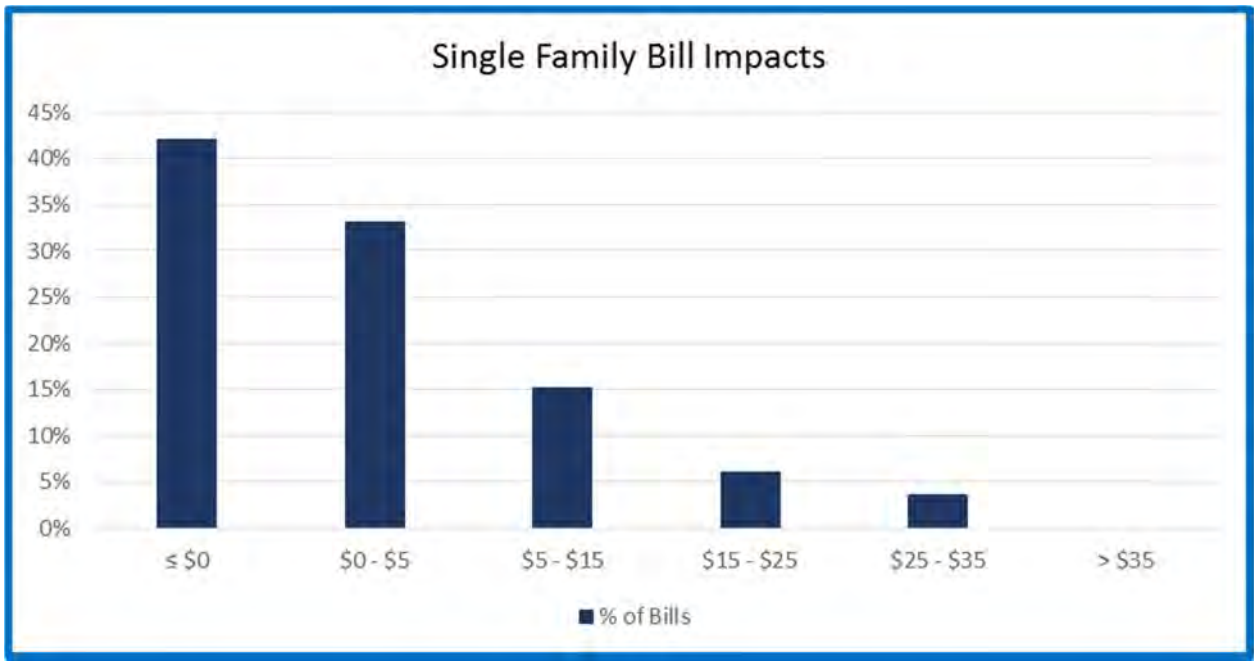


Figure 6-3 shows the impacts to a SFR customer with a 5/8" meter using 12 hcf bi-monthly, near the District' median. With the proposed rates, the customer will experience an increase of $0.91 or 0.5 percent bi-monthly compared to existing rates. This is due to a $3.35 increase in the base charge and a $2.44 decrease in the commodity charge.

Figure 6-3: Bill Impacts – Median SFR Use

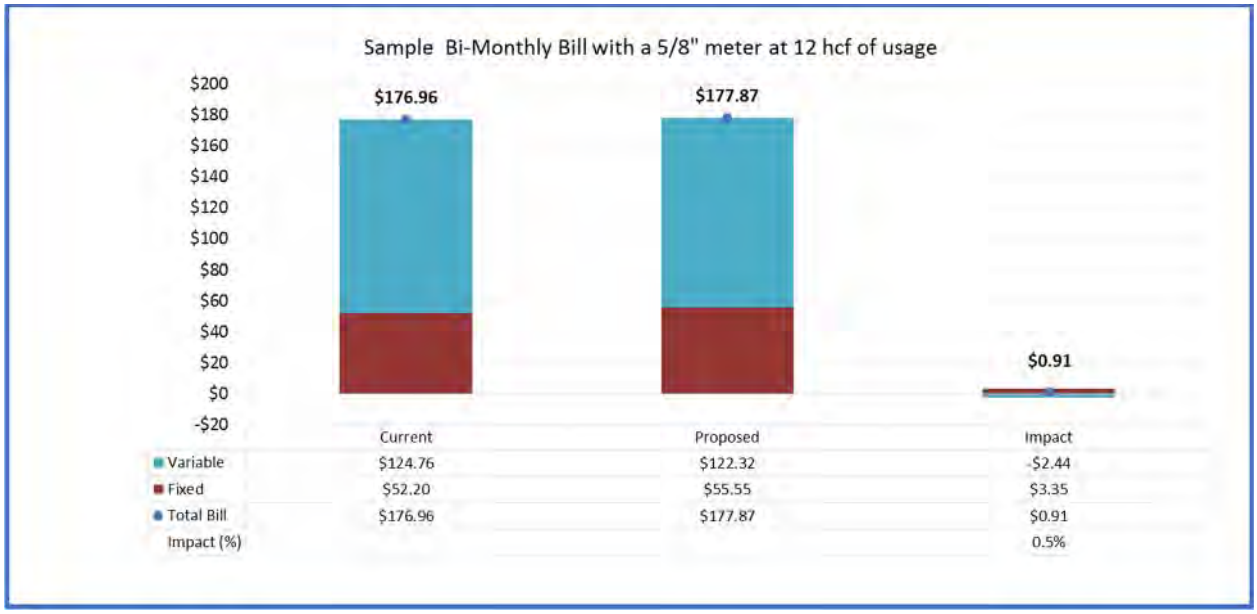
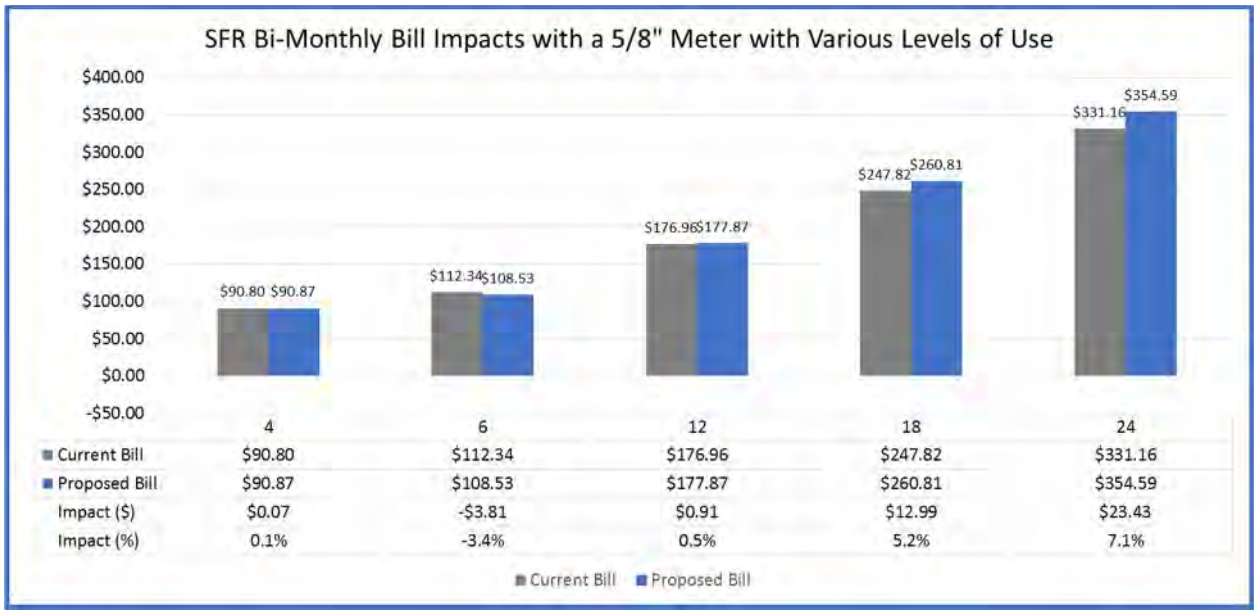


Figure 6-4 calculates bills for a SFR account with a 5/8" meter at different levels of use. Bills are calculated at current rates and tiers and compared to proposed rates and tiers. The figure shows the percentage and dollar change between current and proposed rates and tiers. The levels of use shown represent very low, low, median, high, and very high users.

Figure 6-4: Bill Impacts - Single Family Residential with 5/8" Meter



7. SECOND YEAR RATES

The District has adopted a budget for FY 2019-2020 which estimates a four percent increase in revenue requirement. This increase is due in part to inflationary pressures on operating and capital costs and in part due to additional reserve funding to achieve the District's financial reserves policies over the long term.

The second year rates will use the cost of service and rates developed in Section 4 and Section 6 as the basis and will increase all rates "across the board" by four percent relative to FY 2018-2019 rates. Major cost drivers of an agency generally do not change year to year. That is, sources of supply, supply mix, customer base, and usage characteristics among others may change slowly over time necessitating an updated cost of service. From our experience, a best practice is to perform an updated cost of service every three to five years to ensure system costs are recovered appropriately and adequately.

Table 7-1, Table 7-2, and Table 7-3 show all proposed rates and charges for FY 2018-2019 and FY 2020.

Table 7-1: Proposed Two-Year Rates for Bi-Monthly Base Charges ($/Meter Size)

Meter Size	FY 2018-2019	FY 2020	$ Difference	% Difference
5/8"	$55.55	$57.78	$2.23	4%
3/4"	$82.09	$85.38	$3.29	4%
1"	$135.18	$140.59	$5.41	4%
1-1/2"	$267.90	$278.62	$10.72	4%
2"	$427.16	$444.25	$17.09	4%
3"	$931.48	$968.74	$37.26	4%
4"	$1,674.70	$1,741.69	$66.99	4%

Table 7-2: Proposed Two-Year for the Water Commodity Rates ($/hcf)

Customer Class & Tier	FY 2018-2019	FY 2020	$ Difference	% Difference
SFR				
Tier 1	$8.83	$9.19	$0.36	4%
Tier 2	$12.92	$13.44	$0.52	4%
Tier 3	$15.63	$16.26	$0.63	4%
MFR	$11.77	$12.25	$0.48	4%
All Other Customers	$12.55	$13.06	**$0.51**	4%

Table 7-3: Proposed Two-Year Rates for Private Fire Service Charges ($/Line Size)

Fireline Size	FY 2018-2019	FY 2020	$ Difference	% Difference
3/4"	$9.31	$9.69	$0.38	4%
1"	$12.42	$12.92	$0.50	4%
1-1/2"	$18.62	$19.37	$0.75	4%
2"	$24.83	$25.83	$1.00	4%
3"	$37.24	$38.73	$1.49	4%
4"	$49.65	$51.64	$1.99	4%
5”	$62.07	$64.56	$2.49	4%
6"	$74.48	$77.46	$2.98	4%
8"	$99.30	$103.28	$3.98	4%
10"	$124.13	$129.10	$4.97	4%

8. APPENDICES

8.1 FY 2018-2019 O&M EXPENSE ALLOCATION DETAIL

Description	Function	Supply	Base	Max Day	Max Hour	Fire Protection	Meters	Customer	Conservation	General	Total
Water Purchased	Supply	100%	0%	0%	0%	0%	0%	0%	0%	0%	100%
Electrical Exp. Nunes WTP	Treatment	0%	62%	38%	0%	0%	0%	0%	0%	0%	100%
Electrical Expenses, CSP	Supply	100%	0%	0%	0%	0%	0%	0%	0%	0%	100%
Electrical Expenses/Trans. & Dist.	Transmission	0%	62%	38%	0%	0%	0%	0%	0%	0%	100%
Elec Exp/Pilarcitos Cyn	Pumping	100%	0%	0%	0%	0%	0%	0%	0%	0%	100%
Electrical Exp., Denn	Pumping	100%	0%	0%	0%	0%	0%	0%	0%	0%	100%
CSP - Operation	Transmission	0%	62%	38%	0%	0%	0%	0%	0%	0%	100%
CSP - Maintenance	Transmission	0%	62%	38%	0%	0%	0%	0%	0%	0%	100%
Nunes WTP Oper	Treatment	0%	62%	38%	0%	0%	0%	0%	0%	0%	100%
Nunes WTP Maint	Treatment	0%	62%	38%	0%	0%	0%	0%	0%	0%	100%
Denn. WTP Oper.	Treatment	0%	62%	38%	0%	0%	0%	0%	0%	0%	100%
Denn WTP Maint	Treatment	0%	62%	38%	0%	0%	0%	0%	0%	0%	100%
Laboratory Expenses	Treatment	0%	62%	38%	0%	0%	0%	0%	0%	0%	100%
Maintenance Expenses	Distribution	0%	31%	19%	33%	18%	0%	0%	0%	0%	100%
Maintenance, Wells	Treatment	0%	62%	38%	0%	0%	0%	0%	0%	0%	100%
Uniforms	Distribution	0%	31%	19%	33%	18%	0%	0%	0%	0%	100%
Studies/Surveys/Consulting	General	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Water Resources	Conservation	0%	0%	0%	0%	0%	0%	0%	100%	0%	100%
Community Outreach	Conservation	0%	0%	0%	0%	0%	0%	0%	100%	0%	100%
Legal	General	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Engineering	Distribution	0%	31%	19%	33%	18%	0%	0%	0%	0%	100%
Financial Services	General	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Computer Services	General	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Salaries, Admin.	Ops/Meters/Customer	0%	35%	22%	38%	0%	0%	5%	0%	0%	100%
Salaries - Field	General	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Payroll Taxes	General	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee Medical Insurance	General	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Retiree Medical Insurance	General	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Employee Retirement	General	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
SIP 401a Plan	General	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Motor Vehicle Exp.	Distribution	0%	31%	19%	33%	18%	0%	0%	0%	0%	100%
Office & Billing Expenses	General	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Meetings/Training/Seminars	General	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Insurance	General	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Memberships & Subscriptions	General	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Election Expense	General	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Union Expenses	General	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
County Fees	General	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
State Fees	General	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%

8.1 FY 2018-2019 O&M EXPENSE ALLOCATION DETAIL

Description		Supply	Base	Max Day	Max Hour	Fire Protection	Meters	Customer	Conservation	General	Total
Water Purchased	Supply	$1,900,998	$0	$0	$0	$0	$0	$0	$0	$0	$1,900,998
Electrical Exp. Nunes WTP	Treatment	$0	$26,405	$16,292	$0	$0	$0	$0	$0	$0	$42,697
Electrical Expenses, CSP	Supply	$337,080	$0	$0	$0	$0	$0	$0	$0	$0	$337,080
Electrical Expenses/Trans. & Dist.	Transmission	$0	$16,677	$10,290	$0	$0	$0	$0	$0	$0	$26,966
Elec Exp/Pilarcitos Cyn	Pumping	$39,248	$0	$0	$0	$0	$0	$0	$0	$0	$39,248
Electrical Exp., Denn	Pumping	$130,000	$0	$0	$0	$0	$0	$0	$0	$0	$130,000
CSP - Operation	Transmission	$0	$6,617	$4,083	$0	$0	$0	$0	$0	$0	$10,700
CSP - Maintenance	Transmission	$0	$22,882	$14,118	$0	$0	$0	$0	$0	$0	$37,000
Nunes WTP Oper	Treatment	$0	$48,145	$29,705	$0	$0	$0	$0	$0	$0	$77,850
Nunes WTP Maint	Treatment	$0	$75,758	$46,742	$0	$0	$0	$0	$0	$0	$122,500
Denn. WTP Oper.	Treatment	$0	$29,066	$17,934	$0	$0	$0	$0	$0	$0	$47,000
Denn WTP Maint	Treatment	$0	$62,987	$38,863	$0	$0	$0	$0	$0	$0	$101,850
Laboratory Expenses	Treatment	$0	$44,187	$27,263	$0	$0	$0	$0	$0	$0	$71,450
Maintenance Expenses	Distribution	$0	$89,112	$54,981	$95,101	$52,506	$0	$0	$0	$0	$291,700
Maintenance, Wells	Treatment	$0	$24,737	$15,263	$0	$0	$0	$0	$0	$0	$40,000
Uniforms	Distribution	$0	$3,819	$2,356	$4,075	$2,250	$0	$0	$0	$0	$12,500
Studies/Surveys/Consulting	General	$0	$0	$0	$0	$0	$0	$0	$0	$160,000	$160,000
Water Resources	Conservation	$0	$0	$0	$0	$0	$0	$0	$25,200	$0	$25,200
Community Outreach	Conservation	$0	$0	$0	$0	$0	$0	$0	$54,700	$0	$54,700
Legal	General	$0	$0	$0	$0	$0	$0	$0	$0	$100,000	$100,000
Engineering	Distribution	$0	$18,329	$11,309	$19,561	$10,800	$0	$0	$0	$0	$60,000
Financial Services	General	$0	$0	$0	$0	$0	$0	$0	$0	$20,000	$20,000
Computer Services	General	$0	$0	$0	$0	$0	$0	$0	$0	$163,600	$163,600
Salaries, Admin.	Ops/Meters/Customer	$0	$400,635	$247,189	$427,564	$0	$0	$58,493	$0	$0	$1,133,881
Salaries - Field	General	$0	$0	$0	$0	$0	$0	$0	$0	$1,400,505	$1,400,505
Payroll Taxes	General	$0	$0	$0	$0	$0	$0	$0	$0	$177,733	$177,733
Employee Medical Insurance	General	$0	$0	$0	$0	$0	$0	$0	$0	$444,246	$444,246
Retiree Medical Insurance	General	$0	$0	$0	$0	$0	$0	$0	$0	$50,659	$50,659
Employee Retirement	General	$0	$0	$0	$0	$0	$0	$0	$0	$598,859	$598,859
SIP 401a Plan	General	$0	$0	$0	$0	$0	$0	$0	$0	$35,000	$35,000
Motor Vehicle Exp.	Distribution	$0	$18,329	$11,309	$19,561	$10,800	$0	$0	$0	$0	$60,000
Office & Billing Expenses	General	$0	$0	$0	$0	$0	$0	$0	$0	$261,600	$261,600
Meetings/Training/Seminars	General	$0	$0	$0	$0	$0	$0	$0	$0	$26,000	$26,000
Insurance	General	$0	$0	$0	$0	$0	$0	$0	$0	$129,000	$129,000
Memberships & Subscriptions	General	$0	$0	$0	$0	$0	$0	$0	$0	$75,970	$75,970
Election Expense	General	$0	$0	$0	$0	$0	$0	$0	$0	$25,000	$25,000
Union Expenses	General	$0	$0	$0	$0	$0	$0	$0	$0	$6,000	$6,000
County Fees	General	$0	$0	$0	$0	$0	$0	$0	$0	$20,000	$20,000
State Fees	General	$0	$0	$0	$0	$0	$0	$0	$0	$36,500	$36,500
Total O&M Allocated		**$2,407,325**	**$887,686**	**$547,696**	**$565,863**	**$76,356**	**$0**	**$58,493**	**$79,900**	**$3,730,672**	**$8,353,991**
% O&M Allocated		28.8%	10.6%	6.6%	6.8%	0.9%	0.0%	0.7%	1.0%	44.7%	100%
		Supply	Base	Max Day	Max Hour	Fire Protection	Meters	Customer	Conservation	General	Total

8.1 ASSET SCHEDULE SUMMARY (AS OF FY 2018-2019)

Asset Category	Function	Original Cost (OC)	Accumulated Depreciation (AD)	Book Value (OC -AC)	Work In Progress	Net Value
breakout	GENERAL	$0	$0	$0		$0
BUILDINGS	GENERAL	$1,006,051	$310,014	$696,037		$696,037
DISTRIBUTION	DISTRIBUTION	$26,439,163	$8,772,503	$17,666,659	$2,533,601	$20,200,260
FIRE	HYDRANTS	$526,726	$136,078	$390,647		$390,647
GENERAL	GENERAL	$1,400,458	$495,638	$904,821		$904,821
Land/Easements	N/A	$138,975	$0	$138,975		$138,975
METERS	METERS	$546,266	$125,715	$420,552	$445,231	$865,783
TANKS	RESERVOIR	$5,267,330	$1,539,410	$3,727,920	$747,441	$4,475,361
TRANSMISSION	TRANSMISSION	$19,111,820	$8,683,403	$10,428,416	$467,474	$10,895,890
TREATMENT	TREATMENT	$19,499,091	$8,366,281	$11,132,810	$510,059	$11,642,869
VEHICLES	GENERAL	$491,834	$406,787	$85,046		$85,046
WATER SUPPLY	PUMPING	$188,217	$111,913	$76,304	$1,193,633	$1,269,937
WELLS	PUMPING	$568,499	$321,550	$246,949		$246,949
	Total	**$75,184,429**	**$29,269,292**	**$45,915,136**	**$5,897,439**	**$51,812,575**
		TRUE	TRUE	TRUE	Less Land	$51,673,601

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EXHIBIT B

FINAL - APPROVED 6.9.2020

Updated: 7/29/2020 4:22 PM

YEAR 1 Operations & Maintenance Budget - FY 2020-2021

Account Number	Description	Approved 6.9.2020 FY2020/21 Budget	Approved FY 2019/20 Budget	FY20/21 Budget Vs. FY 19/20 Budget $ Change	FY20/21 Budget Vs. FY 19/20 Budget % Change	Proj Year End FY19/20	FY 20/21 Budget Vs. FY 19/20 Projected Actual $ Change	FY 20/21 Budget Vs. FY 19/20 Projected Actual % Change	YTD Actual FY 19/20 as of May 31, 2020
OPERATING REVENUE									
4120	*Water Sales **	***$12,096,000***	***$12,300,000***	*-$204,000*	-1.7%	**$12,300,000**	-$204,000	**-1.7%**	$11,388,827
	Water Sales in MG	*580 MG*	*598 MG*						
Total Operating Revenue		***$12,096,000***	***$12,300,000***	***-$204,000***	**-1.7%**	**$12,300,000**	**-$204,000**	**-1.7%**	**$11,388,827**
NON-OPERATING REVENUE									
4170	Hydrant Sales	**$50,000**	$50,000	$0	0.0%	$55,000	-$5,000	-9.1%	$53,501
4180	Late Penalty	**$25,000**	$60,000	-$35,000	-58.3%	$52,889	-$27,889	-52.7%	$52,889
4230	Service Connections	**$10,000**	$10,000	$0	0.0%	$10,494	-$494	-4.7%	$10,494
4920	Interest Earned	**$56,250**	$6,270	$49,980	797.1%	$80,000	-$23,750	-29.7%	$87,461
4930	Property Taxes	**$750,000**	$725,000	$25,000	3.4%	$860,647	-$110,647	-12.9%	$860,647
4950	Miscellaneous	**$7,000**	$25,000	-$18,000	-72.0%	$28,863	-$21,863	-75.7%	$28,863
4955	Cell Site Lease Income	**$179,000**	$171,300	$7,700	4.5%	$171,300	$7,700	4.5%	$154,113
4965	ERAF Refund	**$375,000**	$338,000	$37,000	10.9%	$501,486	-$126,486	-25.2%	$501,487
Total Non-Operating Revenue		**$1,452,250**	**$1,385,570**	**$66,680**	**4.8%**	**$1,760,679**	**-$308,429**	**-17.5%**	**$1,749,455**
TOTAL REVENUES		**$13,548,250**	**$13,685,570**	**-$137,320**	**-1.0%**	**$14,060,679**	**-$512,429**	**-3.6%**	**$13,138,282**
OPERATING EXPENSES									
5130	Water Purchased	**$ 2,114,940**	$1,771,945	$342,995	19.4%	$1,842,720	$272,220	14.8%	$1,620,822
5130A	BAWSCA Bond Surcharge	**$226,620**	$170,003	$56,617	33.3%	$107,280	$119,340	111.2%	$98,340
5230	Electrical Exp. Nunes WTP	**$41,000**	$45,259	-$4,259	-9.4%	$39,000	$2,000	5.1%	$34,614
5231	Electrical Expenses, CSP	**$350,000**	$357,305	-$7,305	-2.0%	$300,000	$50,000	16.7%	$256,689
5232	Electrical Expenses/Trans. & Dist.	**$21,000**	$28,584	-$7,584	-26.5%	$20,000	$1,000	5.0%	$15,680
5233	Elec Exp/Pilarcitos Cyn	**$43,000**	$42,000	$1,000	2.4%	$42,000	$1,000	2.4%	$32,322
5234	Electrical Exp., Denn	**$110,000**	$137,800	-$27,800	-20.2%	$120,000	-$10,000	-8.3%	$107,310
5242	CSP - Operation	**$16,500**	$11,128	$5,372	48.3%	$16,000	$500	3.1%	$14,270
5243	CSP - Maintenance	**$37,000**	$37,000	$0	0.0%	$37,000	$0	0.0%	$29,419
5246	Nunes WTP Oper	**$90,000**	$80,964	$9,036	11.2%	$85,000	$5,000	5.9%	$70,857
5247	Nunes WTP Maint	**$125,000**	$122,500	$2,500	2.0%	$85,000	$40,000	47.1%	$90,365
5248	Denn. WTP Oper.	**$55,000**	$49,000	$6,000	12.2%	$60,000	-$5,000	-8.3%	$57,829
5249	Denn WTP Maint	**$132,000**	$104,000	$28,000	26.9%	$150,000	-$18,000	-12.0%	$141,670
5250	Laboratory Expenses	**$75,000**	$75,000	$0	0.0%	$75,000	$0	0.0%	$54,594
5260	Maintenance Expenses	**$348,500**	$300,000	$48,500	16.2%	$335,000	$13,500	4.0%	$295,904
5261	Maintenance, Wells	**$30,000**	$40,000	-$10,000	-25.0%	$44,630	-$14,630	-32.8%	$44,630
5263	Uniforms	**$10,000**	$12,500	-$2,500	-20.0%	$10,000	$0	0.0%	$5,230
5318	Studies/Surveys/Consulting	**$150,000**	$160,000	-$10,000	-6.3%	$125,000	$25,000	20.0%	$87,171
5321	Water Resources	**$26,000**	$26,200	-$200	-0.8%	$6,000	$20,000	333.3%	$3,399
5322	Community Outreach	**$58,400**	$56,900	$1,500	2.6%	$55,000	$3,400	6.2%	$33,630
5381	Legal	**$100,000**	$100,000	$0	0.0%	$145,000	-$45,000	-31.0%	$128,985
5382	Engineering	**$66,000**	$62,000	$4,000	6.5%	$100,000	-$34,000	-34.0%	$74,495
5383	Financial Services	**$22,000**	$22,000	$0	0.0%	$22,000	$0	0.0%	$11,382
5384	Computer Services	**$211,500**	$167,600	$43,900	26.2%	$195,000	$16,500	8.5%	$152,638
5410	Salaries, Admin.	**$1,223,311**	$1,179,832	$43,479	3.7%	$1,050,000	$173,311	16.5%	$922,333
5411	Salaries - Field	**$1,501,399**	$1,461,020	$40,380	2.8%	$1,450,000	$51,399	3.5%	$1,280,906
5420	Payroll Taxes	**$191,701**	$183,582	$8,119	4.4%	$190,000	$1,701	0.9%	$163,561
5435	Employee Medical Insurance	**$511,400**	$481,419	$29,982	6.2%	$455,000	$56,400	12.4%	$410,372
5436	Retiree Medical Insurance	**$69,562**	$55,274	$14,288	25.8%	$54,000	$15,562	28.8%	$46,335
5440	Employee Retirement	**$496,240**	$619,321	-$123,082	-19.9%	$450,000	$46,240	10.3%	$398,523

FINAL - APPROVED 6.9.2020

Updated: 7/29/2020 4:22 PM

YEAR 1 Operations & Maintenance Budget - FY 2020-2021

Account Number	Description	Approved 6.9.2020 FY2020/21 Budget	Approved FY 2019/20 Budget	FY20/21 Budget Vs. FY 19/20 Budget $ Change	FY20/21 Budget Vs. FY 19/20 Budget % Change	Proj Year End FY19/20	FY 20/21 Budget Vs. FY 19/20 Projected Actual $ Change	FY 20/21 Budget Vs. FY 19/20 Projected Actual % Change	YTD Actual FY 19/20 as of May 31, 2020
5445	SIP 401a Plan	**$35,000**	$35,000	$0	0.0%	$35,000	$0	0.0%	$0
5510	Motor Vehicle Exp.	**$75,000**	$63,000	$12,000	19.0%	$95,000	-$20,000	-21.1%	$88,104
5620	Office & Facilities Expenses	**$163,500**	$146,219	$17,281	11.8%	$170,000	-$6,500	-3.8%	$157,203
5620A	Credit Card/bank Fees & Billing Expenses	**$150,000**	$107,000	$43,000	40.2%	$140,000	$10,000	7.1%	$122,453
5620B	Bad Debt Expense	**$50,000**	$10,000	$40,000	400.0%	$10,000	$40,000	400.0%	$6,424
5625	Meetings/Training/Seminars	**$33,000**	$27,000	$6,000	22.2%	$23,000	$10,000	43.5%	$19,940
5630	Insurance	**$159,000**	$137,000	$22,000	16.1%	$135,000	$24,000	17.8%	$114,610
5687	Memberships & Subscriptions	**$85,100**	$78,970	$6,130	7.8%	$78,970	$6,130	7.8%	$74,035
5688	Election Expense	**$30,000**	$0	$30,000		$0	$30,000		$0
5689	Labor Relations	**$6,000**	$6,000	$0	0.0%	$0	$6,000		$0
5700	County Fees	**$25,000**	$24,000	$1,000	4.2%	$24,000	$1,000	4.2%	$17,349
5705	State Fees	**$36,500**	$36,500	$0	0.0%	$36,500	$0	0.0%	$32,453
Total Operating Expenses		**$9,301,174**	**$8,630,824**	**$670,351**	**7.8%**	**$8,413,100**	**$888,074**	**10.6%**	**$7,316,846**
	CAPITAL ACCOUNTS								
5712	Existing Bonds - 2006B	**$0**	$484,831	-$484,831	-100.0%	$0	$0		$0
5715	Existing Bond-CIEDB 11-099	**$335,825**	$335,977	-$152	0.0%	$335,977	-$152	0.0%	$335,977
5716	CIEDB 16-111	**$323,357**	$323,803	-$446	-0.1%	$323,803	-$446		$323,803
5717	Chase-2018 Loan	**$433,567**		$433,567		$433,567	$0		$435,951
Total Capital Accounts		**$1,092,748**	**$1,144,611**	**-$51,863**	**-4.5%**	**$1,093,347**	**-$598**	**-0.1%**	**$1,095,731**
TOTAL REVENUE LESS TOTAL EXPENSE		**$3,154,327**	**$3,910,135**	**-$755,808**	**-19.3%**	**$4,554,232**	**-$1,399,905**	**-30.7%**	**$4,725,705**
5713	Cont. to CIP & Reserves	**$3,154,327**							

% Budgeted Increase *0%*

EXHIBIT C

Draft FY 2020/2021

Updated: 8/6/2020 11:32 AM

DRAFT Year 2 Operations & Maintenance Budget - FY 2021-2022

Account Number	Description	DRAFT FY2021/22 Budget	Approved 6.9.2020 FY2020/21 Budget	FY21/22 Budget Vs. FY 20/21 Budget $ Change	FY21/22 Budget Vs. FY 20/21 Budget % % Change
OPERATING REVENUE					
4120	*Water Sales **	***$12,464,294***	***$12,096,000***	*$368,294*	3.0%
	Water Sales in MG	*603 MG*	*580 MG*		
Total Operating Revenue		***$12,464,294***	***$12,096,000***	***$368,294***	**3.0%**
NON-OPERATING REVENUE					
4170	Hydrant Sales	**$52,000**	$50,000	$2,000	4.0%
4180	Late Penalty	**$50,000**	$25,000	$25,000	100.0%
4230	Service Connections	**$10,000**	$10,000	$0	0.0%
4920	Interest Earned	**$56,250**	$56,250	$0	0.0%
4930	Property Taxes	**$780,000**	$750,000	$30,000	4.0%
4950	Miscellaneous	**$7,000**	$7,000	$0	0.0%
4955	Cell Site Lease Income	**$184,000**	$179,000	$5,000	2.8%
4965	ERAF Refund	**$400,000**	$375,000	$25,000	6.7%
Total Non-Operating Revenue		**$1,539,250**	**$1,452,250**	**$87,000**	**6.0%**
TOTAL REVENUES		**$14,003,544**	**$13,548,250**	**$455,294**	**3.4%**
OPERATING EXPENSES					
5130	Water Purchased	**$ 2,095,101**	$2,114,940	-$19,840	-0.9%
5130A	BAWSCA Bond Surcharge	**$226,620**	$226,620	$0	0.0%
5230	Electrical Exp. Nunes WTP	**$44,800**	$41,000	$3,800	9.3%
5231	Electrical Expenses, CSP	**$275,000**	$350,000	-$75,000	-21.4%
5232	Electrical Expenses/Trans. & Dist.	**$23,000**	$21,000	$2,000	9.5%
5233	Elec Exp/Pilarcitos Cyn	**$47,000**	$43,000	$4,000	9.3%
5234	Electrical Exp., Denn	**$120,000**	$110,000	$10,000	9.1%
5242	CSP - Operation	**$17,000**	$16,500	$500	3.0%
5243	CSP - Maintenance	**$38,000**	$37,000	$1,000	2.7%
5246	Nunes WTP Oper	**$92,500**	$90,000	$2,500	2.8%
5247	Nunes WTP Maint	**$128,400**	$125,000	$3,400	2.7%
5248	Denn. WTP Oper.	**$56,500**	$55,000	$1,500	2.7%
5249	Denn WTP Maint	**$135,600**	$132,000	$3,600	2.7%
5250	Laboratory Expenses	**$77,000**	$75,000	$2,000	2.7%
5260	Maintenance Expenses	**$358,000**	$348,500	$9,500	2.7%
5261	Maintenance, Wells	**$30,800**	$30,000	$800	2.7%
5263	Uniforms	**$10,300**	$10,000	$300	3.0%
5318	Studies/Surveys/Consulting	**$154,000**	$150,000	$4,000	2.7%
5321	Water Resources	**$26,700**	$26,000	$700	2.7%
5322	Community Outreach	**$60,000**	$58,400	$1,600	2.7%
5381	Legal	**$100,000**	$100,000	$0	0.0%
5382	Engineering	**$67,800**	$66,000	$1,800	2.7%
5383	Financial Services	**$22,600**	$22,000	$600	2.7%
5384	Computer Services	**$217,300**	$211,500	$5,800	2.7%

Updated: 8/6/2020 11:32 AM

DRAFT Year 2 Operations & Maintenance Budget - FY 2021-2022

Account Number	Description	DRAFT FY2021/22 Budget	Approved 6.9.2020 FY2020/21 Budget	FY21/22 Budget Vs. FY 20/21 Budget $ Change	FY21/22 Budget Vs. FY 20/21 Budget % % Change
5410	Salaries, Admin.	**$1,278,400**	$1,223,311	$55,089	4.5%
5411	Salaries - Field	**$1,569,000**	$1,501,399	$67,601	4.5%
5420	Payroll Taxes	**$196,900**	$191,701	$5,199	2.7%
5435	Employee Medical Insurance	**$542,100**	$511,400	$30,700	6.0%
5436	Retiree Medical Insurance	**$73,700**	$69,562	$4,138	5.9%
5440	Employee Retirement	**$518,600**	$496,240	$22,360	4.5%
5445	SIP 401a Plan	**$35,000**	$35,000	$0	0.0%
5510	Motor Vehicle Exp.	**$77,100**	$75,000	$2,100	2.8%
5620	Office & Facilities Expenses	**$168,500**	$163,500	$5,000	3.1%
5620A	Credit Card/bank Fees & Billing Expenses	**$150,000**	$150,000	$0	0.0%
5620B	Bad Debt Expense	**$10,000**	$50,000	-$40,000	-80.0%
5625	Meetings/Training/Seminars	**$33,000**	$33,000	$0	0.0%
5630	Insurance	**$163,300**	$159,000	$4,300	2.7%
5687	Memberships & Subscriptions	**$87,400**	$85,100	$2,300	2.7%
5688	Election Expense	**$0**	$30,000	-$30,000	-100.0%
5689	Labor Relations	**$6,000**	$6,000	$0	0.0%
5700	County Fees	**$25,700**	$25,000	$700	2.8%
5705	State Fees	**$37,500**	$36,500	$1,000	2.7%
Total Operating Expenses		**$9,396,221**	**$9,301,174**	**$95,046**	**1.0%**
	CAPITAL ACCOUNTS				
5712	Existing Bonds - 2006B	**$0**	$0	$0	#DIV/0!
5715	Existing Bond-CIEDB 11-099	**$335,825**	$335,825	$0	0.0%
5716	CIEDB 16-111	**$322,895**	$323,357	-$462	-0.1%
5717	Chase-2018 Loan	**$435,168**	$433,567	$1,601	
Total Capital Accounts		**$1,093,888**	**$1,092,748**	**$1,140**	**0.1%**
TOTAL REVENUE LESS TOTAL EXPENSE		**$3,513,435**	**$3,154,327**	**$359,108**	**11.4%**
5713	Cont. to CIP & Reserves	**$3,513,435**			

** Water Revenue reflect 0% rate adjustments for FY2020-2021 and FY2021-2022 pending rate increases. Budget will be adjusted at a future date with approved rate increases.*

COASTSIDE COUNTY WATER DISTRICT
CIP Projects FY 20/21 to FY 29/30

FINAL - APPROVED July 14, 2020
FY20/21 to FY29/30

EXHIBIT D
8/6/2020

Project #	Project Name	FY19/20 Carryover to FY 20/21	Projected FY 20/21 to FY 29/30 Total	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY26/27	FY27/28	FY28/29	FY 29/30	Projected FY 20/21 to FY 29/30 Total
Equipment Purchase & Replacement														
06-03	SCADA/Telemetry/Electric Controls Replacement		**$ 500,000**	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 500,000
15-04	Vactor Truck/Trailer		**$ 500,000**						$ 500,000					$ 500,000
19-04	Valve truck		**$ 225,000**	$ 225,000										$ 225,000
21-08/22-05	Asset Management/ESRI GIS Software/Planning Software	$ 60,000	**$ 60,000**	$ 60,000										$ 60,000
99-02	Vehicle Fleet Replacement		**$ 320,000**			$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 320,000
	Equipment Purchase & Replacement Totals	**$ 60,000**	**$ 1,605,000**	**$ 335,000**	**$ 50,000**	**$ 90,000**	**$ 90,000**	**$ 90,000**	**$ 590,000**	**$ 90,000**	**$ 90,000**	**$ 90,000**	**$ 90,000**	**$ 1,605,000**
Facilities & Maintenance														
09-09	Fire Hydrant Replacement		**$ 1,260,000**		$ 140,000	$ 140,000	$ 140,000	$ 140,000	$ 140,000	$ 140,000	$ 140,000	$ 140,000	$ 140,000	$ 1,260,000
15-03	*District Admin/Operations Center (moved from FY25/26 to 10+ years)*		**$ -**											$ -
20-07	District Office Improvements	$ 60,000	**$ -**											$ -
18-13	Denniston WTP and Tank Road Repairs and Paving	$ 400,000	**$ -**											$ -
99-01	Meter Change Program		**$ 200,000**	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 200,000
	Facilities and Maintenance Totals	**$ 460,000**	**$ 1,460,000**	**$ 20,000**	**$ 160,000**	**$ 160,000**	**$ 160,000**	**$ 160,000**	**$ 160,000**	**$ 160,000**	**$ 160,000**	**$ 160,000**	**$ 160,000**	**$ 1,460,000**
Pipeline Projects														
13-02	Pipeline Replacement Under Creek at Pilarcitos Ave. (Strawflower)		**$ 750,000**	$ 750,000										$ 750,000
14-01	Highway 92 - Replacement of Welded Steel Line	$ 700,000	**$ 3,100,000**	$ 100,000					$ 1,000,000	$ 2,000,000				$ 3,100,000
14-27	Grandview Pipeline Replacement Project		**$ 1,650,000**		$ 1,650,000									$ 1,650,000
14-29	Replacement of Galvanized Steel Pipeline - Purissima Way		**$ 125,000**								$ 125,000			$ 125,000
14-33	Miramar Cast Iron Pipeline Replacement		**$ 2,550,000**							$ 50,000	$ 1,000,000	$ 1,500,000		$ 2,550,000
16-09	Magellan at Hwy 1/Miramar Dead Ends		**$ 450,000**								$ 450,000			$ 450,000
18-01	Pine Willow Oak Pipeline Replacement		**$ 2,300,000**							$ 2,300,000				$ 2,300,000
20-08	Highway 1 (Silver/Terrace/Grandview/Spindrift) -Replacement of Highway 1 crossings	$ 30,000	**$ 2,000,000**								$ 200,000	$ 1,800,000		$ 2,000,000
21-01	Redondo Beach Loop to St Andrews Road		**$ 125,000**			$ 125,000								$ 125,000
21-09	Miramar Tank/Pipeline Replacement (700 ft)		**$ 500,000**			$ 500,000								$ 500,000
21-10	El Granada Tank #2 Pipeline Replacement		**$ 500,000**	$ 500,000										$ 500,000
NN-00	Unscheduled CIP		**$ 3,800,000**	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 1,000,000	$ 100,000	$ 2,000,000	$ 3,800,000
	Pipeline Projects Totals	**$ 730,000**	**$ 17,850,000**	**$ 1,450,000**	**$ 1,750,000**	**$ 725,000**	**$ 100,000**	**$ 100,000**	**$ 1,100,000**	**$ 4,450,000**	**$ 2,775,000**	**$ 3,400,000**	**$ 2,000,000**	**$ 17,850,000**

COASTSIDE COUNTY WATER DISTRICT
CIP Projects FY 20/21 to FY 29/30

FINAL - APPROVED July 14, 2020
FY20/21 to FY29/30

EXHIBIT D
8/6/2020

Project #	Project Name	FY19/20 Carryover to FY 20/21	Projected FY 20/21 to FY 29/30 Total	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY26/27	FY27/28	FY28/29	FY 29/30	Projected FY 20/21 to FY 29/30 Total
Pump Stations/Tanks/Wells														
21-07	Carter Hill Tank Improvement Project		**$ 6,700,000**	$ 600,000			$ 4,000,000	$ 2,100,000						$ 6,700,000
08-14	Alves Tank Rehabilitation/Replacement		**$ 3,300,000**		$ 300,000				$ 3,000,000					$ 3,300,000
19-01	EG#1 Tank Improvement Project/New Pump Station		**$ 1,000,000**							$ 1,000,000				$ 1,000,000
14-33	Miramar Tank Rehabilitation		**$ 200,000**									$ 200,000		$ 200,000
08-16	Cahill Tank Rehabilitation		**$ 125,000**		$ 125,000									$ 125,000
20-16	Denniston Tank Rehabilitation		**$ 125,000**		$ 125,000									$ 125,000
09-18	Pilarcitos Well Field Improvements		**$ 250,000**			$ 250,000								$ 250,000
16-08	Denniston Well Field Improvements		**$ 150,000**						$ 150,000					$ 150,000
21-02	Pilarcitos Reservoir Spillway - Pump/Emergency Generator		**$ 100,000**	$ 100,000										$ 100,000
20-01	CSP Pump #1 Replacement		**$ 100,000**								$ 100,000			$ 100,000
21-03	CSP Pump #3 Replacement		**$ 80,000**								$ 80,000			$ 80,000
19-05	Tanks - THM Control		**$ 110,000**	$ 60,000	$ 50,000									$ 110,000
21-11	Tank Cathodic Protection Project		**$ 40,000**	$ 40,000										$ 40,000
	Pump Stations/Tanks/Wells Totals	**$ -**	**$ 12,280,000**	**$ 800,000**	**$ 600,000**	**$ 250,000**	**$ 4,000,000**	**$ 2,100,000**	**$ 3,150,000**	**$ 1,000,000**	**$ 180,000**	**$ 200,000**	**$ -**	**$ 12,280,000**
Water Supply Development														
12-12	San Vicente/Denniston Water Supply Project		**$ 2,900,000**	$ 300,000	$ 300,000	$ 300,000	$ 1,000,000	$ 1,000,000						$ 2,900,000
13-04	Denniston Reservoir Restoration		**$ 1,000,000**					$ 1,000,000						$ 1,000,000
17-12	Recycled Water Project Development		**$ 100,000**						$ 100,000					$ 100,000
			$ -											
	Water Supply Development Totals	**$ -**	**$ 4,000,000**	**$ 300,000**	**$ 300,000**	**$ 300,000**	**$ 1,000,000**	**$ 2,000,000**	**$ 100,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 4,000,000**
Water Treatment Plants														
20-14	Nunes Water Treatment Plant Improvement Project		**$ 7,600,000**	$ 700,000	$ 2,900,000	$ 4,000,000								$ 7,600,000
21-04	Nunes/Denniston Turbidimeter Replacement		**$ 35,000**	$ 35,000										$ 35,000
21-06	Nunes - Effluent Meter		**$ 100,000**			$ 100,000								$ 100,000
13-05	Denniston WTP and Booster Standby Power	$ 300,000	**$ -**	$ -										$ -
	Water Treatment Plants Totals	**$ 300,000**	**$ 7,735,000**	**$ 735,000**	**$ 2,900,000**	**$ 4,100,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**		**$ 7,735,000**
	GRAND TOTAL	**$ 1,550,000**	**$ 44,930,000**	**$ 3,640,000**	**$ 5,760,000**	**$ 5,625,000**	**$ 5,350,000**	**$ 4,450,000**	**$ 5,100,000**	**$ 5,700,000**	**$ 3,205,000**	**$ 3,850,000**	**$ 2,250,000**	**$ 44,930,000**

* red highlight = design

5 years $ 24,825,000
5 year average $ 4,965,000

Estimated CIP used for Raftelis 3/2020 study				*$ 5,465,000*	*$ 4,780,000*	*$ 5,485,000*	*$ 5,350,000*	*$ 4,400,000*	$ 25,480,000					

Exhibit E

RESOLUTION NO. 2020-04

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE COASTSIDE COUNTY WATER DISTRICT AMENDING THE RATE AND FEE SCHEDULE TO INCREASE WATER RATES AND FINDING THAT THE AMENDMENTS ARE EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

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

1. The General Manager and Finance Committee, during consideration and preparation of the budgets for Fiscal Year 2020-2021 and Fiscal Year 2021-2022, 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, Raftelis Financial Consultants, Inc. ("Raftelis"), prepared a "Cost of Service and Rate Study" report dated May 15, 2018 that analyzed the District's Fiscal Year 2018-2019 and Fiscal Year 2019-2020 revenue requirements based upon a cost of service analysis, that was used to set the District's rates for Fiscal Year's 2018-2019 and 2019-2020 and to comply with the substantive requirements of Proposition 218. Subsequently, Raftelis prepared a "Water Financial Plan And Rate Update Study" dated August 2, 2020 (and utilizing the 2018 Cost of Service and Rate Study) which encompassed developing a five-year financial plan to meet the District's revenue requirements for covering operations and maintenance costs, debt obligations, and capital repair and replacement needs, and to develop two years of proposed water rate increases to be effective January 1, 2021 and January 1, 2022. District staff prepared staff reports and presentations for the July 14, 2020, August 11, 2020 and the September 8, 2020 Board of Directors Regular Meetings that summarized Raftelis' analysis, reviewed the District's financing model, and evaluated the District's reserves and proposed reserve target levels. The Cost of Service and Rate Study dated May 15, 2018, the Water Financial Plan and Rate Update Study dated August 2, 2020, staff reports, and staff presentations are incorporated into this Resolution by this reference.

3. The Board has considered the May 15, 2018 Cost of Service and Rate Study and the August 3, 2020 Water Financial Plan And Rate Update Study in light of the approved Fiscal Year 2020-2021 and proposed Fiscal Year 2021-2022 Operation and Maintenance Budgets and Fiscal Years 2020/21 to 2029/30 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 Fiscal Year 2020-2021 Budget was approved at the June 9, 2020 Regular Board Meeting, and the proposed Fiscal Year 2021-2022 Budget was available to the public since the August 11, 2020 Regular Board Meeting. The Fiscal Year 2020/21 to 2029/30 Capital Improvement Program was first introduced at the February 11, 2020 Regular Meeting and was updated and approved at the July 14, 2020 Regular Meeting. These approved and proposed budgets and Capital Improvement program documents, 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, 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.

5. On August 11, 2020, the Board of Directors at its special Board meeting evaluated the proposed modifications to the District's Rate and Fee Schedule and set a scheduled public hearing for October 13, 2020 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 restructured and adjusted rates and charges, and identified the date, time, and location for the public hearing on the restructured and adjusted rates and charges, and the procedures for submitting a protest. The District mailed the written notice to the property owners and customers in the District at least 45 days before the date of the public hearing.

7. The Board considered its options at a public hearing at which the specific 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 September 16, 2020 and September 23, 2020 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 hereby amended to read as follows:

"A. Base Charge

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

Size of Meter	Effective January 1, 2021 Monthly Base Charge	Effective January 1, 2022 Monthly Base Charge
5/8 x ¾ inch	$30.35	$31.87
3/4 inch	$44.84	$47.09
1 inch	$73.82	$77.52
1-1/2 inch	$146.28	$153.60
2 inch	$233.24	$244.91
3 inch	$508.59	$534.02
4 inch	$914.40	$960.12

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

Quantity Delivered (During Monthly Billing Period)	Effective January 1, 2021 Monthly Water Consumption Charge per hcf	Effective January 1, 2022 Monthly Water Consumption Charge per hcf
1 - 4 hcf	$9.65	$10.14
5 - 8 hcf	$14.12	$14.83
9 or more hcf	$17.08	$17.94

Definition of Residential Customers: For purposes of Sections 1 and 2, 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 Sections 1 and 2 but are classified as "Multi-Family" in Section 3 below.

2. All Other Customers

	Water Rate Quantity Charge Per Unit	
Customer Type	Effective January 1, 2021	Effective January 1, 2022
Multi-Family	$12.87	$13.52
All Other Customers	$13.72	$14.41

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
3a.effective January 1, 2021, a consumption charge of $13.72 per hcf of water delivered.
3b. effective January 1, 2022, a consumption charge of $14.41 per hcf of water delivered.

4. Section 3.E, Fire Service Charge, is hereby amended to read as follows:

"E. Fire Service Charge

Effective January 1, 2021, monthly service charge for a fire service is $6.79 per inch of service line size. Effective January 1, 2022, the monthly service charge for a fire service is $7.13 per inch of service line size. In addition, the customer must pay the actual cost of installation of the fire service. The estimated cost of installation must be deposited prior to commencement of work.

5. Section 4.D., Non-Complex Pipeline Extensions, is hereby amended to read as follows:

"D. Non-Complex Pipeline Extensions

The non-refundable fee for processing applications for water service determined by the Manager to be non-complex under Resolution No. 730 is $500.00."

6. This Resolution shall be effective for water delivered and services provided on or after January 1, 2021 for the Fiscal Year 2020-2021 changes, and January 1, 2020 for the Fiscal Year 2021-2022 changes and any billing for the current billing cycle that includes water delivered before the effective date shall be pro-rated.

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

8. 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 13th day of October, 2020, by the following vote of the Board:

AYES:

NOES:

ABSENT:

_____
Chris Mickelsen, President
Board of Directors

ATTEST:

_____
Mary Rogren, General Manager
Secretary of the District

[Blank]

Exhibit F

NOTICE OF EXEMPTION

COASTSIDE COUNTY WATER DISTRICT

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

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

PROJECT TITLE: Increase of Certain District Rates and Fees for Fiscal Year 2020-2021 and Fiscal Year 2021-2022

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)**

__X__ 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, Raftelis Financial Consultants Inc. prepared a "Cost of Service and Rate Study" Report dated May 15, 2018 and "Water Financial Plan and Rate Update Study" dated August 3, 2020 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 the existing service area. The Raftelis Cost of Service and Rate Study (dated May 15, 2018) and Water Financial Plan and Rate Update Study (dated August 2, 2020) is available at the District. The District considered the Cost of Service and Rate Study in light of the District's budgets 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 budgets 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**
Mary Rogren	(650)	726-4405

Date: October 13, 2020

_____

Mary Rogren, General Manager

Exhibit G

Coastside County Water District
BUDGET (O&M and CIP) PROCESS TIMELINE
Fiscal Year 2020-2021 and Fiscal Year 2021-2022

Light blue = task completed

Description	Date
Finance Committee – Introduction to Budget Process / Timeline Rate Study Update / Overview SB998	November 25, 2019
Present Budget Timeline for Board Review / Approve Rate Study (with Raftelis Financial Consultants, Inc.)	December 10, 2019 Regular Board Meeting
Staff Internal Budget Review – Distribute O&M Budget Worksheets	Week of December 16, 2019
Present any revisions to Budget Timeline / Process	January 14, 2020 Regular Board Meeting
Facilities Committee Meeting – Review Draft FY2020/21 to FY2029/30 Capital Improvement Program ("CIP") Budget	January 15, 2020
Staff Internal Budget Review – Worksheets Due/Review CIP Budget	January 20, 2020
Finance Committee Meeting – Review Draft O&M Budget & CIP	January 29, 2020
Facilities Committee Meeting – Review Draft CIP Budget	February 4, 2020
Present "Draft" O&M Budget and CIP to Board of Directors at Board Meeting	February 11, 2020 Regular Board Meeting
Finance Committee Meeting – Review Draft O&M Budget & CIP	March 10, 2020
Present "Draft" O&M Budget, CIP, and Financing Plan to Board of Directors at Board Meeting / **Raftelis Workshop with Board** *(Board authorizes Staff to prepare Prop 218 noticing for increase to be effective July 1, 2020)*	March 10, 2020 Regular Board Meeting
COVID-19 Pandemic declared by World Health Organization (WHO) *San Mateo County Shelter-in-Place Order*	March 11, 2020 March 16, 2020
Board votes to postpone rate increase (planned for July 1, 2020) due to pandemic and unforeseen economic situation in community	*April 3, 2020* *Special Board Meeting*
Present "Draft" O&M Budget and CIP to Board of Directors at Board Meeting	May 12, 2020 Regular Board Meeting

Description	Date
Facilities Committee Meeting - Review Draft CIP Budget	May 28, 2020
Finance Committee Meeting - Review Draft O&M Budget & CIP	June 3, 2020
Board Approval of FY2020-2021 O&M Budget; Review of Draft CIP	June 9, 2020 Regular Board Meeting
Facilities Committee Meeting - Review Draft CIP Budget	June 25, 2020
Board Approval of FY2020/21 to FY2029/30 Capital Improvement Program	July 14, 2020 Regular Board Meeting
Second Financial Planning and Rate Update Workshop with Raftelis Financial Consultants (Board authorizes Staff to prepare Prop 218 noticing for rate increase to be effective January 1, 2020)	July 14, 2020 Regular Board Meeting
Review "Water Financial Plan and Rate Update Study" prepared by Raftelis Financial Consultants; O&M Budgets for FY2020-2021 and FY2021-2022 (Draft), CIP, and Financing Plan; Approve Notice of Public Hearing (Prop. 218)	August 11, 2020 Regular Board Meeting
Mail Notice of Rate Increase (Prop 218) – Minimum 45-Day Notice Before Public Hearing and post Notice on Bulletin Board	August 21, 2020
Customer Outreach – E-Newsletter – Shared with Facebook and Twitter Message: Public Meeting Schedule for Budget –Links to Operations Budget and CIP	September 1, 2020
Review "Water Financial Plan and Rate Update Study" prepared by Raftelis Financial Consultants; O&M Budgets for FY2020-2021 and FY2021-2022 (Draft), CIP, and Financing Plan – in anticipation of October 13, 2020 Public Hearing	September 8, 2020 Regular Board Meeting
Proposition 218 Notice Published in the Half Moon Bay Review	September 16, 2020 and September 23, 2020
Public Hearing Approve Rate Adjustments to be effective January 1, 2021 and January 1, 2022; Approve FY2021-2022 O&M Budget	October 13, 2020 – 7:00 p.m. Regular Board Meeting / Public Hearing
New Year 1 Rates Effective	January 1, 2021

Exhibit H

Protest Letters

August 30, 2020

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

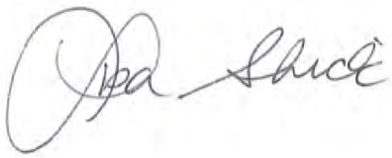
Lisa Shick
311 Correas Street
Half Moon Bay, CA 94019

Dear General Manager,

We received notice of the proposed water increase of 5% each year for the next two fiscal years. After having lived in other states, we are already paying higher water rates and believe this increase is excessive. On July 1, 2019 the Base and Water Quantity charges were already increased.

We are opposed to a 10% increase over two years.

Thank you.
Lisa Shick



September 8, 2020

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

RE: Proposed Rate Increase for year 2021 and 2022

I vote no rate increase for year 2021 and 2022.

Avery T Allen

Avery Allen
163 Sevilla Ave
El Granada, CA 94018
Parcel Number 047-045-140

argaret Allen
Ave / PO Box 128
, CA 94018-0128

SAN FRANCISCO CA 940
9 SEP 2020 PM 3 L

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

94019-19959

Sept. 25, 2020

To General Manager, Coastside County Water District
account # 141-02313-00

I protest the rate increase proposal for Jan 2021

mer

CALTRUST
A PUBLIC AGENCY

RECEIVED
SEP 25 2020
COASTSIDE COUNTY
WATER DISTRICT

141-02313-00

Teresa Hernandez
335 Spruce St.
Hmb

Matt Allen
P.O. Box 1134
El Granada, CA 94018

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

Deart Coastside County Water District,

I am writing to protest and in opposition to another rate increase. Don't do it. My address is 231 Carmel Ave. in El Granada. Count me among those opposed to your endless series of rate increases. The stated reason in the past was due to the drought. When the drought was over, the rates were not lowered.

No more rate increases,

Matt Allen

To Whom it May Concern,

October 12, 2020

We are writing to protest the prosed water rate increase. We feel this is not the appropriate time to increase rates. Other companies are actually reimbursing a portion of their rates or offer subsidies to help accommodate people. I manage a house over the hill and Coastside County Water District's rate is already much higher than other water companies in the area and your rates are continuously being raised!

At this time there are so many people that are struggling in many ways, including our household. We feel that in this economic climate it is an audacious decision to increase rates in our community!

Thank you,

528 Spruce Street
Half Moon Bay

Thomas M & Daphne Snyder
141-04993-01

October 12, 2020

To: Coastside County Water District Board of Directors

Please accept this letter as our formal notice protest to the proposed rate increase for our water service. After reviewing the Half Moon Bay current and proposed water rates and comparing them with other Bay Area cities, we have discovered that Half Moon Bay rates are significantly higher!

Half Moon Bay	Redwood City	Foster City
1-4 units $9.65	1-4 units $6.13	1-4 units $5.59
5-8 units $14.12	5-8 units $6.13	5-8 units $5.59
9+ units $17.08	9-20 units $7.35	9-20 units $6.20

At the 1-4 unit range Half Moon Bay's rate is 64% higher than Foster City and 57% higher than Redwood City. Also both Redwood City and Foster City only have two tires at significantly lower rates.

The reason given for the "Proposed Rate Adjustments" is the District's capital improvement program. All water districts have infrastructure upgrade projects. I think the Coastside County Water district owes us a better explanation as to why our current and proposed rates are so much higher than other bay areas.

Why does Half Moon Bay have three tiers in the rate structure instead of two like most cities in the Bay Area?

The water is not great coming out of the tap in our opinion. We have installed a water filter to improve the taste of our expensive Half Moon Bay tap water to make it drinkable.

Sincerely

Joe and Diane Harris

4 Fairway Place

Half Moon Bay CA 94019

October 12, 2020

To: Coastside County Water District Board of Directors

Please accept this letter as our formal notice of protest to the proposed rate increases for water services. In reviewing Half Moon Bay's current and proposed rates and comparing them with another Bay Area city and a southern California coastal city, we discovered that Half Moon Bay's rates are *significantly* higher!

Half Moon Bay (Proposed Rate)	Redwood City (Current Rate)	Manhattan Beach (Current Rate)* *rate has been stable since 2014
1-4 units $9.65	1-4 units $6.13	1-4 units $5.51
5-8 units $14.12	5-8 units $6.13	1-4 units $5.51
9+ units $17.08	9-20 units $7.35	9-14 units $5.51

At the 1-4unit range, Half Moon Bay is 57% more expensive than Redwood City, CA and 75% more expensive than Manhattan Beach, CA. At the 5-8 unit range, the cost difference is even more glaring. The proposed rates are 130% more than Redwood City and 156% more than Manhattan Beach. The 9+unit rate comparison is eye popping: 132% higher than Redwood City and 209% higher than Manhattan Beach.

The reason given for the "Proposed Rate Adjustments" is the District's capital improvement program. All water districts have infrastructure upgrade projects. Based on the comparisons above, I think the Coastside County Water District owes the "rate payers" of Half Moon Bay more of an explanation, as our *current* rates are substantially higher than many cities and municipalities in California. As for "drinkability", with the rates that Half Moon Bay residents currently pay, one would think that the water coming right out of the tap would be good tasting, but that is *not* the case.

Sincerely,
Dianne and Dave Peranich
341 Cypress Point Rd
Half Moon Bay, CA
94019

Dianne M Peranich

DM Peranich

[Blank]

EXHIBIT I

Coastside County Water District

Financial Plan and Rate Update Study
Public Hearing

October 13, 2020

RAFTELIS

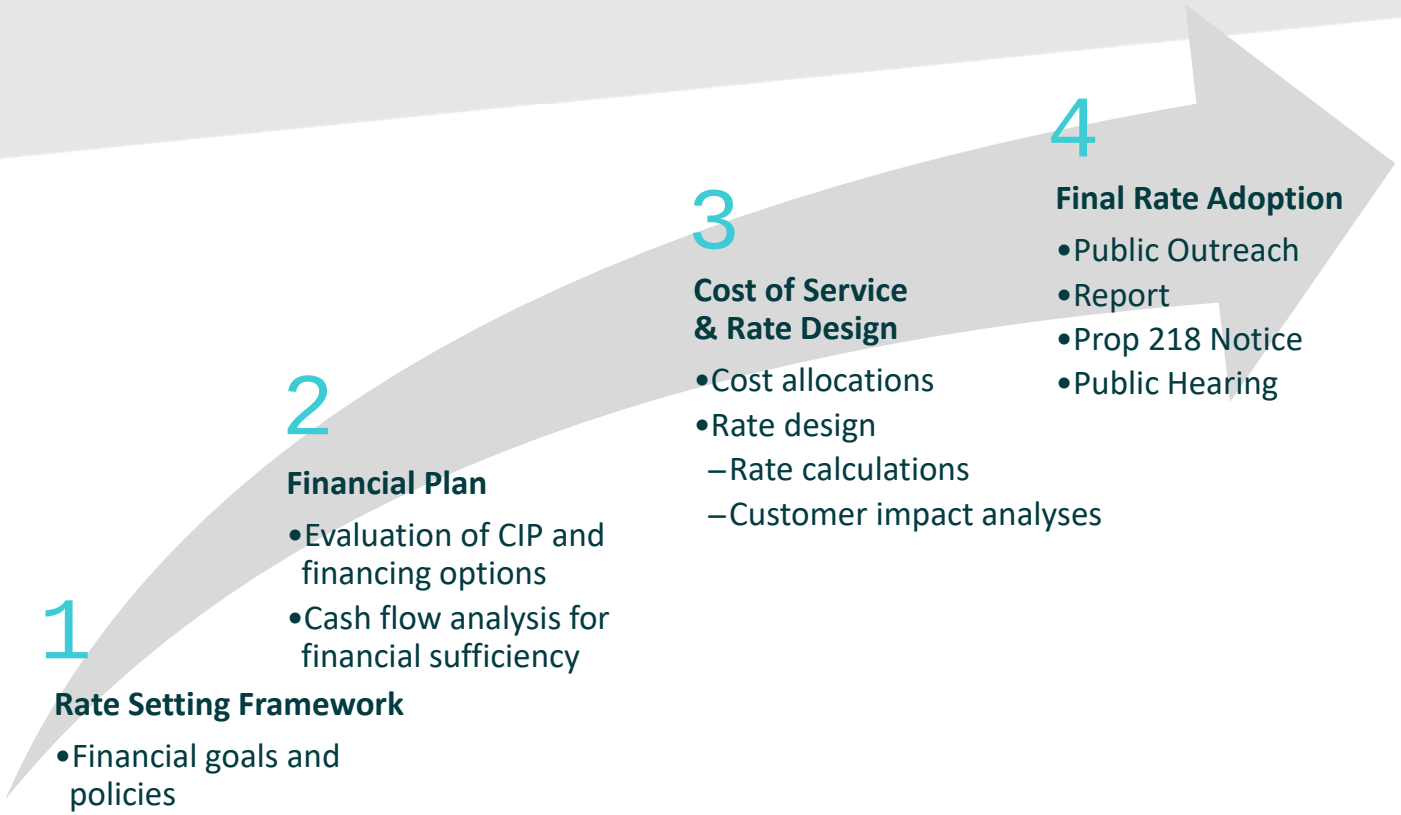
Raftelis Team

- Sanjay Gaur
- **Vice President**

- Lauren Demine
- **Consultant**

- 120+ Consultants Nationwide
- Assisted hundreds of agencies in CA set water rates

STEPS IN CONDUCTING A RATE STUDY



Agenda

- Study Objectives
- Study History & Drivers
- Financial Plan
- Proposed Water Rates
- Customer Impacts
- Questions

Study Objectives

- Develop a financial plan to meet operating and capital costs
- Calculate updated water rates
- Conduct customer impact analysis on proposed rates

Legal Environment of Rate Making

1. **Cost of Service Requirements**
   - Proposition 218 and Proposition 26 (Article XIIIC and XIIID of California Constitution)

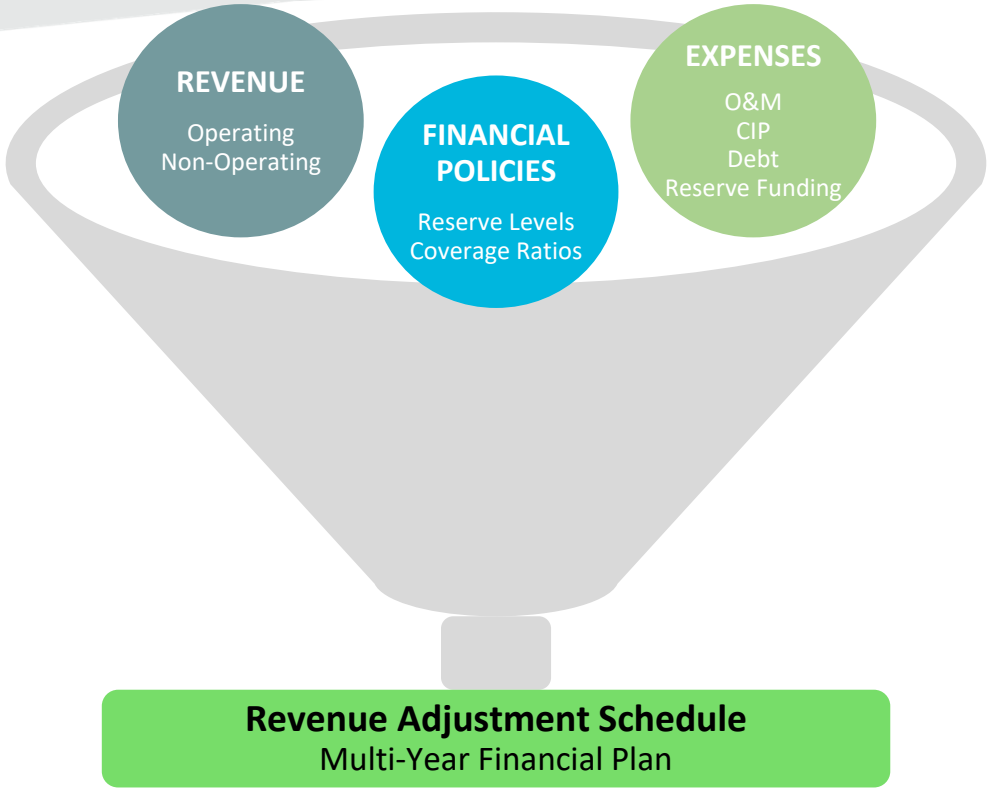
2. **Water Conservation**
   - Article X of California Constitution – prohibits water waste
   - SB X7-7 – 20% reduction by 2020
   - New SWRCB regulations call for each agency to self certify that they have adequate supplies for three years assuming drought of 2012-2015 and set conservation standards equal to their projected supply shortage
   - EO B-37-16 – Each water agency will have a target based on an indoor and outdoor water budget

Study History & Drivers

- The last Cost of Service & Water Rate Study was conducted in 2018
- The District's costs to provide water increase every year
  - The District has two sources of water, local and San Francisco Public Utility Commission (SFPUC)
    - SFPUC is ~62 % of the supply mix
  - Increased operating and maintenance costs (salaries, labor, chemicals)
  - Total operating costs are projected to increase an average of 5% a year
- The District needs to reinvest in system capital (pipes, pumps, tanks)
  - Replace aging infrastructure
  - An average cost of $5M a year

Financial Plan

Financial Plan



Financial Plan

- How are revenue needs projected?
  1. District's expenses are projected using FYE 2021 budget
  2. Expenses are compared to projected revenue
  3. Adjust revenue to cover expenses
- Revenue adjustments needed in each fiscal year:

	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Effective Month	January	January	July	July	July
Revenue Adjustment	5.0%	5.0%	5.0%	5.0%	5.0%

Proposed Water Rates

Proposed Monthly Fixed Service Charges

- Apply revenue adjustment of 5% to current fixed charge to determine rates effective January 1, 2021

Meter Size	Current	FYE 2021 January	FYE 2022 January
5/8"	$28.90	$30.35	$31.87
3/4"	$42.70	$44.84	$47.09
1"	$70.30	$73.82	$77.52
1 1/2"	$139.31	$146.28	$153.60
2"	$222.13	$233.24	$244.91
3"	$484.37	$508.59	$534.02
4"	$870.85	$914.40	$960.12

Proposed Monthly Fire Service Charges

- Apply revenue adjustment of 5% to current fire service charge to determine rates effective January 1, 2021

Fire Line Size	Current	FYE 2020 January	FYE 2021 January
3/4"	$4.85	$5.09	$5.35
1"	$6.46	$6.79	$7.13
1 1/2"	$9.69	$10.18	$10.69
2"	$12.92	$13.57	$14.25
3"	$19.38	$20.35	$21.37
4"	$25.84	$27.14	$28.50
6"	$38.76	$40.70	$42.74
8"	$51.68	$54.27	$56.99
10"	$64.60	$67.83	$71.23

Proposed Commodity Rates

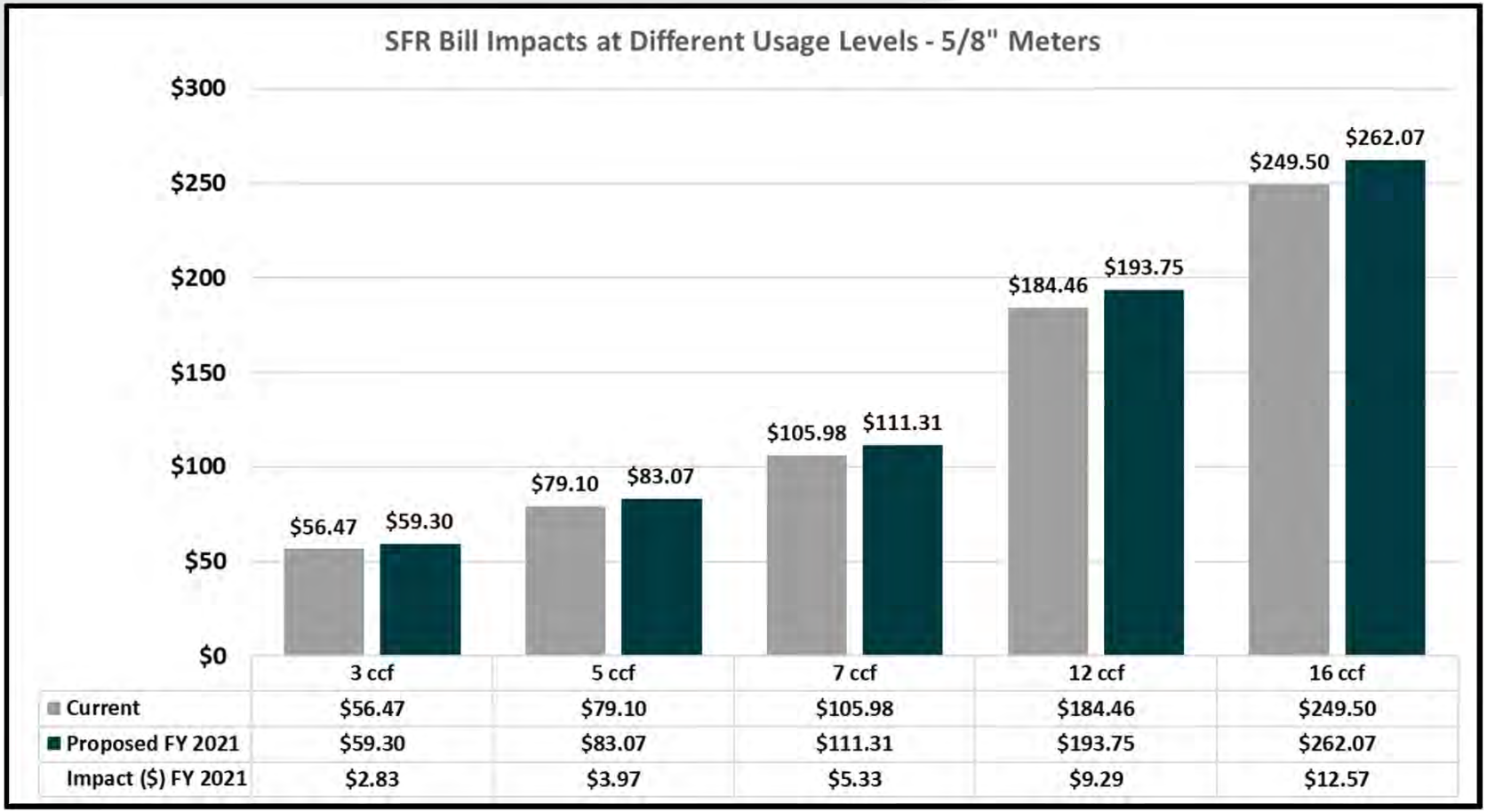
- Apply revenue adjustment of 5% to current commodity rates to determine rates effective January 1, 2021

Customer Class	Tier Width (hcf)	Current	FYE 2020 January	FYE 2021 January
Single Family Residential				
Tier 1	0 - 4	$9.19	$9.65	$10.14
Tier 2	5 - 8	$13.44	$14.12	$14.83
Tier 3	9+	$16.26	$17.08	$17.94
Multi-Family Residential	Uniform	$12.25	$12.87	$13.52
Non-Residential	Uniform	$13.06	$13.72	$14.41

Customer Impacts

MONTHLY SFR WATER BILL IMPACTS – 5/8” Meter

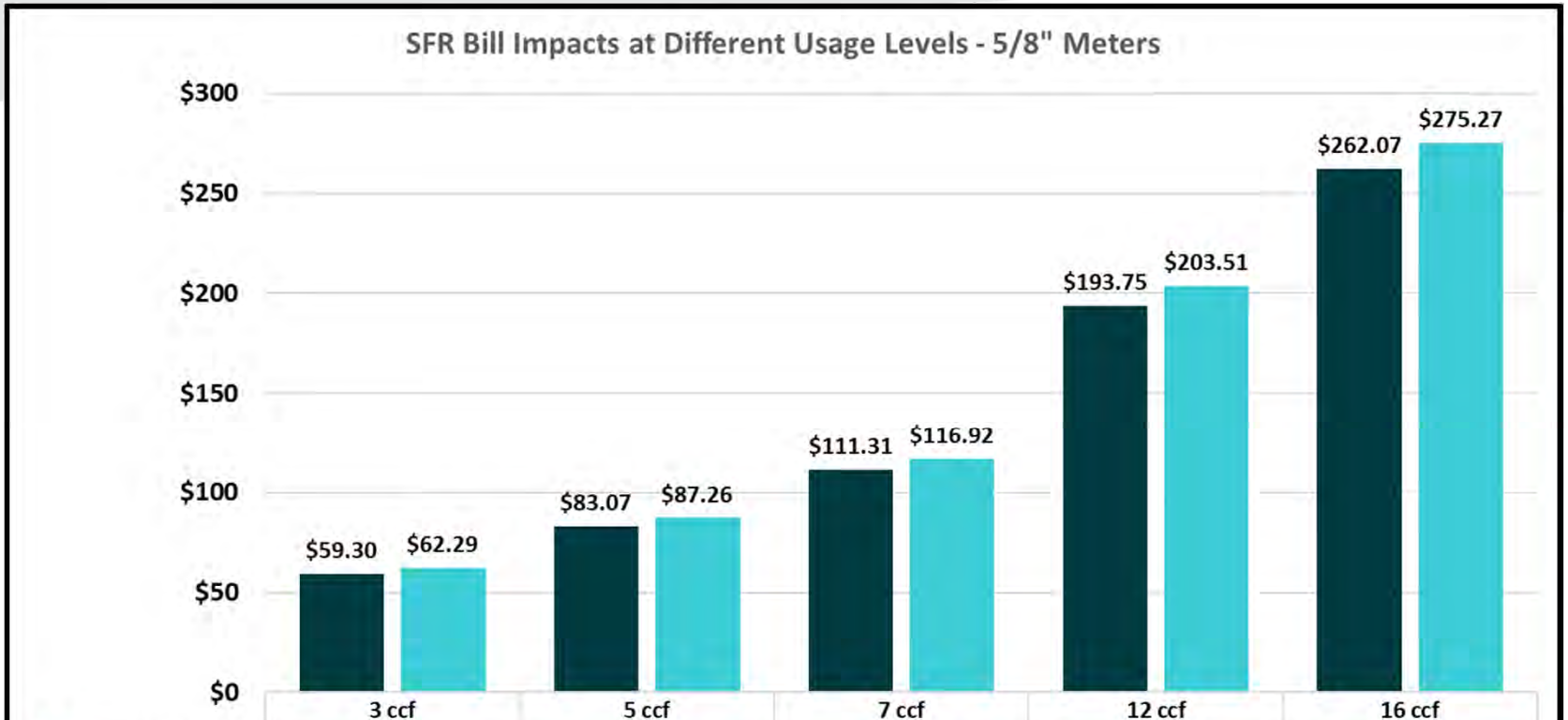
- Effective January 1, 2021



	3 ccf	5 ccf	7 ccf	12 ccf	16 ccf
Current	$56.47	$79.10	$105.98	$184.46	$249.50
Proposed FY 2021	$59.30	$83.07	$111.31	$193.75	$262.07
Impact ($) FY 2021	$2.83	$3.97	$5.33	$9.29	$12.57

MONTHLY SFR WATER BILL IMPACTS – 5/8” Meter

- Effective January 1, 2022



	3 ccf	5 ccf	7 ccf	12 ccf	16 ccf
Proposed FY 2021	$59.30	$83.07	$111.31	$193.75	$262.07
Proposed FY 2022	$62.29	$87.26	$116.92	$203.51	$275.27
Impact ($) FY 2022	$2.99	$4.19	$5.61	$9.76	$13.20


Q&A

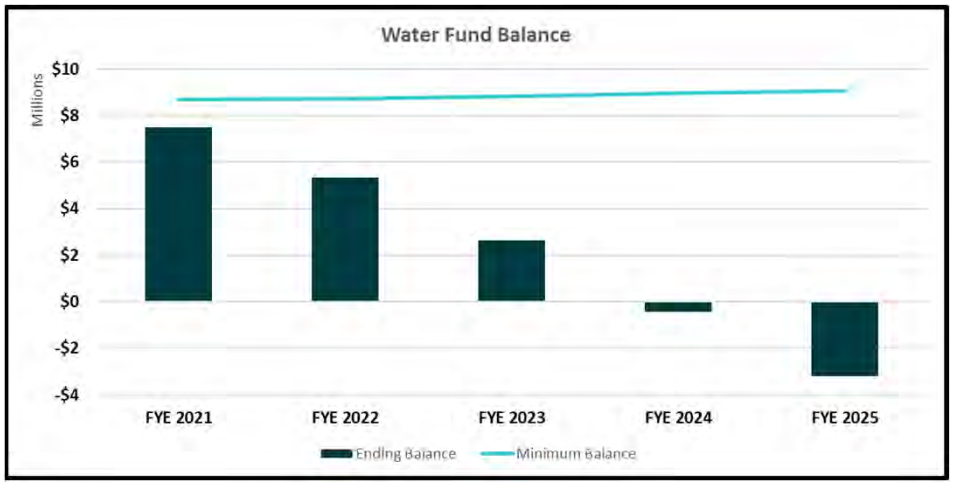
THANK YOU!

Contact Info:

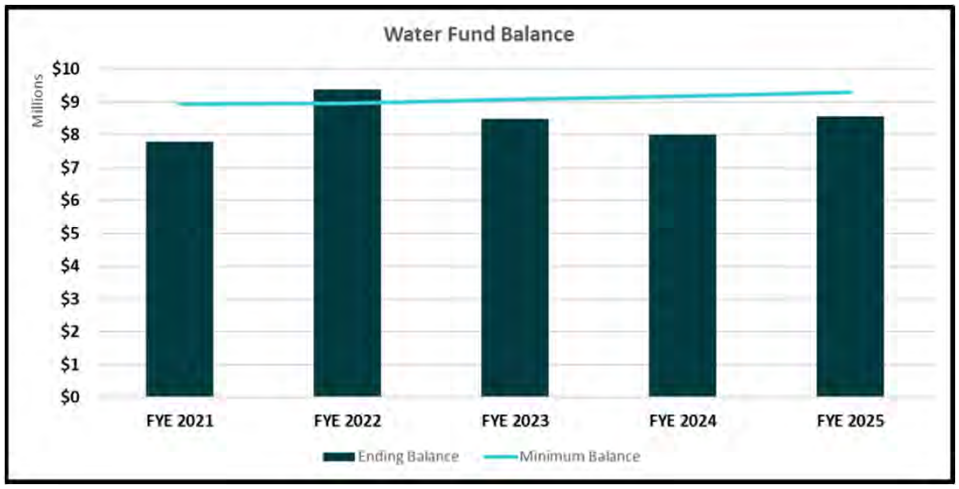
Sanjay Gaur – P: 213.262.9304 / E: sgaur@raftelis.com

Financial Plans

- Status Quo Financial Plan



- Proposed Financial Plan



STAFF REPORT

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

From: **Mary Rogren, General Manager**

Agenda: **October 13, 2020**

Report Date: **October 9, 2020**

Subject: **Quarterly Financial Review**

Recommendation:
Information Only.

Background:

Period Budget Analysis
The attached Period Budget Analysis summarizes year-to-date revenue and expenses for the first three months of Fiscal Year 2020-2021. Key highlights include:

- Year-to-date revenue is $191,000 due to higher Water Revenue than planned primarily due to higher residential and irrigation usage.

- Year-to-date expenses are $127,000 under budget, primarily due to $80,000 savings in payroll and benefit costs due to (2) open positions. Other savings primarily reflect timing differences of expenses as the District is only three months into the new fiscal year.

Capital Improvement Program (CIP)
The District spent $1,136,000 during the first quarter on CIP. Key projects included the Denniston Water Treatment Plant and Booster Pump Station Generator Project ($385,000); the Denniston Culvert Replacement and Paving Project ($285,000); and Nunes Water Treatment Plant Improvement Project Design and Engineering Services ($216,000.)

Cash Reserves
The District's cash balance on September 30 was $8,769,000.

COASTSIDE COUNTY WATER DISTRICT - PERIOD BUDGET ANALYSIS

Quarter Ending September 30, 2020

ACCOUNT	DESCRIPTION	YTD BUDGET	YTD ACTUAL	Variance Favorable (Unfavorable)	% Variance
OPERATING REVENUE					
1-0-4120-00	Water Revenue -All Areas	3,681,935.00	3,864,966.94	183,031.94	5.0%
1-0-4170-00	Water Taken From Hydrants	12,495.00	20,687.57	8,192.57	65.6%
TOTAL OPERATING REVENUE		**3,694,430.00**	**3,885,654.51**	**191,224.51**	**5.2%**
NON-OPERATING REVENUE					
1-0-4180-00	Late Notice -10% Penalty	0.00	(2.89)	(2.89)	
1-0-4230-00	Service Connections	2,499.00	2,254.65	(244.35)	-9.8%
1-0-4920-00	Interest Earned	14,063.00	10,095.60	(3,967.40)	-28.2%
1-0-4930-00	Tax Apportionments/Cnty Checks	0.00	2,791.22	2,791.22	0.0%
1-0-4950-00	Miscellaneous Income	1,750.00	96.78	(1,653.22)	-94.5%
1-0-4955-00	Cell Site Lease Income	43,500.00	48,059.71	4,559.71	10.5%
1-0-4965-00	ERAF REFUND -County Taxes	175,000.00	172,976.72	(2,023.28)	0.0%
TOTAL NON-OPERATING REVENUE		**236,812.00**	**236,271.79**	**(540.21)**	**-0.2%**
TOTAL REVENUES		**3,931,242.00**	**4,121,926.30**	**190,684.30**	**4.9%**
OPERATING EXPENSES					
1-1-5130-00	Water Purchased	1,029,300.00	1,074,686.18	(45,386.18)	-4.4%
1-1-5230-00	Pump Exp, Nunes T P	10,248.00	12,785.56	(2,537.56)	-24.8%
1-1-5231-00	Pump Exp, CSP Pump Station	170,000.00	138,244.42	31,755.58	18.7%
1-1-5232-00	Pump Exp, Trans. & Dist.	5,250.00	7,666.58	(2,416.58)	-46.0%
1-1-5233-00	Pump Exp, Pilarcitos Canyon	2,100.00	1,585.14	514.86	24.5%
1-1-5234-00	Pump Exp. Denniston	20,400.00	3,574.42	16,825.58	82.5%
1-1-5242-00	CSP Pump Station Operations	4,125.00	1,763.23	2,361.77	57.3%
1-1-5243-00	CSP Pump Station Maintenance	9,249.00	8,216.27	1,032.73	11.2%
1-1-5246-00	Nunes T P Operations	22,500.00	26,241.27	(3,741.27)	-16.6%
1-1-5247-00	Nunes T P Maintenance	31,248.00	31,153.23	94.77	0.3%
1-1-5248-00	Denniston T.P. Operations	13,752.00	4,924.82	8,827.18	64.2%
1-1-5249-00	Denniston T.P. Maintenance	28,000.00	26,463.07	1,536.93	5.5%
1-1-5250-00	Laboratory Services	18,750.00	12,716.54	6,033.46	32.2%
1-1-5260-00	Maintenance -General	90,000.00	109,437.27	(19,437.27)	-21.6%
1-1-5261-00	Maintenance -Well Fields	3,000.00	0.00	3,000.00	100.0%
1-1-5263-00	Uniforms	2,500.00	0.00	2,500.00	0.0%
1-1-5318-00	Studies/Surveys/Consulting	30,000.00	21,702.50	8,297.50	27.7%

Revised: 10/9/2020 9:32 AM

ACCOUNT	DESCRIPTION	YTD BUDGET	YTD ACTUAL	Variance Favorable (Unfavorable)	% Variance
1-1-5321-00	Water Resources	6,498.00	110.26	6,387.74	98.3%
1-1-5322-00	Community Outreach	17,000.00	10,719.12	6,280.88	36.9%
1-1-5381-00	Legal	24,999.00	28,065.00	(3,066.00)	-12.3%
1-1-5382-00	Engineering	16,500.00	18,112.66	(1,612.66)	-9.8%
1-1-5383-00	Financial Services	7,000.00	7,775.00	(775.00)	-11.1%
1-1-5384-00	Computer Services	52,875.00	53,472.29	(597.29)	-1.1%
1-1-5410-00	Salaries/Wages-Administration	305,826.00	242,800.73	63,025.27	20.6%
1-1-5411-00	Salaries & Wages -Field	375,351.00	370,993.62	4,357.38	1.2%
1-1-5420-00	Payroll Tax Expense	47,925.00	41,288.39	6,636.61	13.8%
1-1-5435-00	Employee Medical Insurance	124,935.00	115,634.19	9,300.81	7.4%
1-1-5436-00	Retiree Medical Insurance	16,983.00	14,565.34	2,417.66	14.2%
1-1-5440-00	Employees Retirement Plan	124,059.00	129,607.17	(5,548.17)	-4.5%
1-1-5445-00	Supplemental Retirement 401a	0.00	0.00	0.00	0.0%
1-1-5510-00	Motor Vehicle Expense	18,750.00	18,142.17	607.83	3.2%
1-1-5620-00	Office Supplies & Expense	94,373.00	86,838.35	7,534.65	8.0%
1-1-5625-00	Meetings / Training / Seminars	8,250.00	1,578.53	6,671.47	80.9%
1-1-5630-00	Insurance	39,750.00	40,163.88	(413.88)	-1.0%
1-1-5687-00	Membership, Dues, Subscript.	21,273.00	18,595.18	2,677.82	12.6%
1-1-5688-00	Election Expenses	0.00	0.00	0.00	0.0%
1-1-5689-00	Labor Relations	1,500.00	0.00	3,000.00	200.0%
1-1-5700-00	San Mateo County Fees	6,100.00	2,635.00	3,465.00	56.8%
1-1-5705-00	State Fees	9,000.00	0.00	9,000.00	100.0%
TOTAL OPERATING EXPENSES		**2,809,369.00**	**2,682,257.38**	**127,111.62**	**4.5%**
CAPITAL ACCOUNTS					
1-1-5712-00	Debt Srvc/Existing Bonds 2006B	0.00	0.00	0.00	0.0%
1-1-5715-00	Debt Srvc/CIEDB 11-099 (I-BANK)	268,811.00	268,811.40	(0.40)	0.0%
1-1-5716-00	Debt Srvc/CIEDB 2016 (I-BANK)	234,969.00	234,968.81	0.19	0.0%
1-1-5717-00	Chase Bank - 2018 Loan	370,586.00	370,586.23	(0.23)	
TOTAL CAPITAL ACCOUNTS		**874,366.00**	**874,366.44**	**(0.44)**	**0.0%**
TOTAL EXPENSES		**3,683,735.00**	**3,556,623.82**	**127,111.18**	**3.5%**
	CONTRIBUTION TO CIP/RESERVES	**247,507.00**	**565,302.48**		

STAFF REPORT

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

From: **Mary Rogren, General Manager**

Agenda: **October 13, 2020**

Report Date: **October 9, 2020**

Subject: **Approval of Laserfiche Software Lease and Support Agreement with Ray Morgan Company**

Recommendation:

Authorize the General Manager to enter into a Laserfiche Software Lease and Support Agreement with Ray Morgan Company for five years in the amount of $839/month or $50,340 in total over five years (plus applicable sales taxes.)

Background:

Currently the District stores documents physically in file cabinets and/or electronically on a shared server, however electronic file setups and naming formats are inconsistent at the user level; documents are often duplicated or are difficult to locate; and content cannot be easily queried.

The District would like to implement a Document Management System to manage the District's documents and records electronically in a centralized and unified repository. Features of a Document Management System and Laserfiche include:

- Allows for digitizing documents within a structured digital storage environment that allows for each search and retrieval (and going paperless!)
- Provides for structured workflows for naming and cataloging of documents and connecting related records while ensuring version control
- Utilizes OCR Scanning to allow for document searches by keyword and other identifying information
- Configurable security and ability to securely send/route files electronically
- Can be integrated with other software including the District's enterprise software
- Provides for ongoing implementation of the District's retention policy

Laserfiche is an established software company (since 1987) and specializes in the local government document management space. Note that the City of Half Moon Bay utilizes Laserfiche. The District looked at other options including Tyler Technology's content manager option (the District's enterprise system used for financials and utility billing)

and also consulted with an expert who works with local public agencies on document management. Staff concluded that Laserfiche will best suit the District's priorities.

The agreement includes 12 user licenses for the software, software updates, ongoing support, and initially 60 hours of setup and workflow design services. The District "owns" the software at the end of the (5) years (but would likely need to consider an ongoing support agreement.) Initially, the District may also incur consulting costs to update the District's retention policy; costs for integration with the District's enterprise system (Accounts Payable); and costs for scanning historical documents (including Board meeting minutes, resolutions, etc.) The District will ultimately see savings with reduction in "paper" offsite storage costs.

Fiscal Impact: $10,068 (plus applicable taxes) annually, or $50,340 over five years.

Ray Morgan Company

Equipment Lease Agreement

APPLICATION NO.	AGREEMENT NO.

3131 Esplanade • Chico, CA 95973 • Phone: 530.343.6065 • Fax: 530.343.9470

The words "**User**," "**Lessee**," "**you**" and "**your**" refer to **Customer**. The words "**Owner**," "**Lessor**," "**we**," "**us**" and "**our**" refer to **Ray A. Morgan Company**.

CUSTOMER INFORMATION

FULL LEGAL NAME			STREET ADDRESS	
Coastside County Water District			766 Main St	
CITY	STATE	ZIP	PHONE	FAX
Half Moon Bay	CA	94019-1995	(650) 726-4405	
BILLING NAME (IF DIFFERENT FROM ABOVE)			BILLING STREET ADDRESS	
CITY	STATE	ZIP	E-MAIL	

EQUIPMENT LOCATION (IF DIFFERENT FROM ABOVE)

EQUIPMENT DESCRIPTION

	MAKE/MODEL/ACCESSORIES		SERIAL NO.
1	Laserfiche	Avante Server Solution with SQL Express Standard Workflow & Web Access	
12	Laserfiche	Full User Licenses	
1	Laserfiche	Import Agent	
5	Laserfiche	Annual Laserfiche Software Assurance Plan (LSAP)	
		Payment below includes 5 years of LSAP based on # of users and Laserfiche Modules.	
		Lease based on $1 Out Software Lease	

☐ See attached Schedule A

TERM AND PAYMENT INFORMATION

60 Payments* of $ $839.00

If you are exempt from sales tax, attach your certificate. **plus applicable taxes*

The payment ("Payment") period is monthly unless otherwise indicated.

Upon acceptance of the Equipment, THIS AGREEMENT IS NONCANCELABLE, IRREVOCABLE AND CANNOT BE TERMINATED.

OWNER ACCEPTANCE

Ray A. Morgan Company			
OWNER	SIGNATURE	TITLE	DATED

CUSTOMER ACCEPTANCE

BY SIGNING BELOW OR AUTHENTICATING AN ELECTRONIC RECORD HEREOF, YOU CERTIFY THAT YOU HAVE REVIEWED AND DO AGREE TO ALL TERMS AND CONDITIONS OF THIS AGREEMENT ON THIS PAGE AND ON PAGE 2 ATTACHED HERETO.

Coastside County Water District	X		
CUSTOMER (as referenced above)	SIGNATURE	TITLE	DATED

FEDERAL TAX I.D. # PRINT NAME

1. **AGREEMENT:** You agree to rent from us the goods, together with all replacements, parts, repairs, additions, and accessions incorporated therein or attached thereto and any and all proceeds of the foregoing, including, without limitation, insurance recoveries ("Equipment") and, if applicable, finance certain software, software license(s), software components and/or professional services in connection with software (collectively, the "Financed Items," which are included in the word "Equipment" unless separately stated) from software licensor(s) and/or supplier(s) (collectively, the "Supplier"), all as described in this Agreement and in any attached schedule, addendum or amendment hereto ("Agreement"). You represent and warrant that you will use the Equipment for business purposes only. You agree to all of the terms and conditions contained in this Agreement, which, with the acceptance certification, is the entire agreement between you and us regarding the Equipment and which supersedes any purchase order, invoice, request for proposal, response or other related document. This Agreement becomes valid upon execution by us. The term shall start on the date we pay Supplier. The first Payment is due 30 days after the start of this Agreement and each Payment thereafter shall be due on the same day of each month (the "Scheduled Due Date") unless a different due date is mutually agreed to by us and you. If the parties agree to adjust the Payment due date (an "Adjusted Due Date"), in addition to all Payments and other amounts due hereunder, you will pay an interim payment in an amount equal to 1/30th of the Payment, multiplied by the number of days between the Scheduled Due Date and the Adjusted Due Date. In addition, should this Agreement replace a previous Ray A. Morgan Company generated equipment lease, a CLOSING BILL on the agreement being replaced, up to the installation date of the new equipment, will be sent approximately (10) days after delivery of the new equipment. You agree to pay this CLOSING BILL charges as they represent valid charges for product and services provided under the prior agreement up to the installation date of the new equipment. If any provision of this Agreement is declared unenforceable, the other provisions herein shall remain in full force and effect to the fullest extent permitted by law.

2. **OWNERSHIP; PAYMENTS; TAXES AND FEES:** We own the Equipment, excluding any Financed Items. Ownership of any Financed Items shall remain with Supplier thereof. You will pay all Payments, as adjusted, when due, without notice or demand and without abatement, set-off, counterclaim or deduction of any amount whatsoever. If any part of a Payment is more than 5 days late, you agree to pay a late charge of 10% of the Payment which is late or, if less, the maximum charge allowed by law. The Payment may be adjusted proportionately upward or downward: (i) if the shipping charges or taxes differ from the estimate given to you; and/or (ii) to comply with the tax laws of the state in which the Equipment is located. You shall pay all applicable taxes, assessments and penalties related to this Agreement, whether levied or assessed on this Agreement, on us (except on our income) or you, or on the Equipment, its rental, sale, ownership, possession, use or operation. If we pay any taxes or other expenses that are owed hereunder, you agree to reimburse us when we request. You agree to pay us a yearly processing fee of up to $50 for personal property taxes we pay related to the Equipment. You agree to pay us a fee of up to $50 for filing and/or searching costs required under the Uniform Commercial Code ("UCC") or other laws. You agree to pay us an origination fee of $125 for all closing costs. We may apply all sums received from you to any amounts due and owed to us under the terms of this Agreement. If for any reason your check is returned for insufficient funds, you will pay us a service charge of $30 or, if less, the maximum charge allowed by law. We may make a profit on any fees, estimated tax payments and other charges paid under this Agreement.

3. **EQUIPMENT; SECURITY INTEREST:** At your expense, you shall keep the Equipment: (i) in good repair, condition and working order, in compliance with applicable laws, ordinances and manufacturers' and regulatory standards; (ii) free and clear of all liens and claims; and (iii) at your address shown on page 1, and you agree not to move it unless we agree in writing. You grant us a security interest in the Equipment to secure all amounts you owe us under this Agreement or any other agreement with us ("Other Agreements"), except amounts under Other Agreements which are secured by land and/or buildings. You authorize and ratify our filing of any financing statement(s) to show our interest. You will not change your name, state of organization, headquarters or residence without providing prior written notice to us. You will notify us within 30 days if your state of organization revokes or terminates your existence.

4. **INSURANCE; COLLATERAL PROTECTION; INDEMNITY; LOSS OR DAMAGE:** You agree to keep the Equipment fully insured against all risk, with us named as lender's loss payee, in an amount not less than the full replacement value of the Equipment until this Agreement is terminated. You also agree to maintain commercial general liability insurance with such coverage and from such insurance carrier as shall be satisfactory to us and to include us as an additional insured on the policy. You will provide written notice to us within 10 days of any modification or cancellation of your insurance policy(s). You agree to provide us certificates or other evidence of insurance acceptable to us. If you do not provide us with acceptable evidence of property insurance within 30 days after the start of this Agreement, we may, at our sole discretion, to do so as provided in either (A) or (B) below, as determined in our discretion: (A) We may obtain insurance covering our interest (and only our interest) in the Equipment for the Agreement term and renewals. Any insurance we obtain will not insure you against third party or liability claims and may be cancelled by us at any time. You may be required to pay us an additional amount each month for the insurance premium and an administrative fee. The cost may be more than the cost of obtaining your own insurance; or (B) We may charge you a monthly property damage surcharge of up to .0035 of the Equipment cost as a result of our credit risk and administrative and other costs, as would be further described on a letter from us to you. We may make a profit on this program. NOTHING IN THIS PARAGRAPH WILL RELIEVE YOU OF RESPONSIBILITY FOR LIABILITY INSURANCE ON THE EQUIPMENT. We are not responsible for, and you agree to hold us harmless and reimburse us for and to defend on our behalf against, any claim for any loss, expense, liability or injury caused by or in any way related to delivery, installation, possession, ownership, renting, manufacture, use, condition, inspection, removal, return or storage of the Equipment. All indemnities will survive the expiration or termination of this Agreement. You are responsible for any loss, theft, destruction or damage to the Equipment ("Loss"), regardless of cause, whether or not insured. You agree to promptly notify us in writing of any Loss. If a Loss occurs and we have not otherwise agreed in writing, you will promptly pay to us the unpaid balance of this Agreement, including any future Payments to the end of the term plus the anticipated residual value of the Equipment, both discounted to present value at 2%. Any proceeds of insurance will be paid to us and credited against the Loss. You authorize us to sign on your behalf and appoint us as your attorney-in-fact to endorse in your name any insurance drafts or checks issued due to a Loss.

5. **ASSIGNMENT: YOU SHALL NOT SELL, TRANSFER, ASSIGN, ENCUMBER, PLEDGE OR SUBRENT THE EQUIPMENT OR THIS AGREEMENT, without our prior written consent which will not be unreasonably withheld.** You shall not consolidate or merge with or into any other entity, distribute, sell or dispose of all or any substantial portion of your assets other than in the ordinary course of business, without our prior written consent, and the surviving, or successor entity or the transferee of such assets, as the case may be, shall assume all of your obligations under this Agreement by a written instrument acceptable to us. No event shall occur which causes or results in a transfer of majority ownership of you while any obligations are outstanding hereunder. We may sell, assign, or transfer this Agreement without notice to or consent from you. You agree that if we sell, assign or transfer this Agreement, our assignee will have the same rights and benefits that we have now and will not have to perform any of our obligations. **You agree that our assignee will not be subject to any claims, defenses, or offsets that you may have against us.** This Agreement shall be binding on and inure to the benefit of the parties hereto and their respective successors and assigns.

6. **DEFAULT AND REMEDIES:** You will be in default if: (i) you do not pay any Payment or other sum due to us or you fail to perform in accordance with the covenants, terms and conditions of this Agreement or any other agreement with us or any of our affiliates or fail to perform or pay under any material agreement with any other entity; (ii) you make or have made any false statement or misrepresentation to us; (iii) you or any guarantor dies, dissolves, liquidates, terminates existence or is in bankruptcy; (iv) you or any guarantor suffers a material adverse change in its financial, business or operating condition; or (v) any guarantor defaults under any guaranty for this Agreement. If you are ever in default, at our option, we can cancel this Agreement and require that you pay the unpaid balance of this Agreement, including any future Payments to the end of term plus the anticipated residual value of the Equipment, both discounted to present value at 2%. We may recover default interest on any unpaid amount at the rate of 12% per year. Concurrently and cumulatively, we may also use any remedies available to us under the UCC and any other law and we may require that you immediately stop using any Financed Items. If we take possession of the Equipment, you agree to pay the costs of repossession, moving, storage, repair and sale. The net proceeds of the sale of any Equipment will be credited against what you owe us under this Agreement and you will be responsible for any deficiency. In the event of any dispute or enforcement of our rights under this Agreement or any related agreement, you agree to pay our reasonable attorneys' fees (including any incurred before or at trial, on appeal or in any other proceeding), actual court costs and any other collection costs, including any collection agency fee. WE SHALL NOT BE RESPONSIBLE TO PAY YOU ANY CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES FOR ANY DEFAULT, ACT OR OMISSION BY ANYONE. Any delay or failure to enforce our rights under this Agreement will not prevent us from enforcing any rights at a later time. You agree that this Agreement is a "Finance Lease" as defined by Article 2A of the UCC and your rights and remedies are governed exclusively by this Agreement. You waive all rights under sections 2A-508 through 522 of the UCC. If interest is charged or collected in excess of the maximum lawful rate, we will refund such excess to you, which will be your sole remedy.

7. **INSPECTIONS AND REPORTS:** We have the right, at any reasonable time, to inspect the Equipment and any documents relating to its installation, use, maintenance and repair. Within 30 days after our request (or such longer period as provided herein), you will deliver all requested information (including tax returns) which we deem reasonably necessary to determine your current financial condition and faithful performance of the terms hereof. This may include: (i) compiled, reviewed or audited annual financial statements (including, without limitation, a balance sheet, a statement of income, a statement of cash flow, a statement of changes in equity and notes to financial statements) within 120 days after your fiscal year end, and (ii) management-prepared interim financial statements within 45 days after the requested reporting period(s). Annual statements shall set forth the corresponding figures for the prior fiscal year in comparative form, all in reasonable detail without any qualification or exception deemed material by us. Unless otherwise accepted by us, each financial statement shall be prepared in accordance with generally accepted accounting principles consistently applied and shall fairly and accurately present your financial condition and results of operations for the period to which it pertains. You authorize us to obtain credit bureau reports for credit and collection purposes and to share them with our affiliates and agents.

8. **END OF TERM:** At the end of the initial term, this Agreement shall renew for successive 12-month renewal term(s) under the same terms hereof unless you send us written notice between 90 and 150 days before the end of the initial term or at least 30 days before the end of any renewal term that you want to return the Equipment, and you timely return the Equipment. You shall continue making Payments and paying all other amounts due until the Equipment is returned. As long as you have given us the required written notice, you will return all of the Equipment to a location we specify, at your expense, in retail re-saleable condition, full working order and complete repair. YOU ARE SOLELY RESPONSIBLE FOR REMOVING ANY DATA THAT MAY RESIDE IN THE EQUIPMENT, INCLUDING BUT NOT LIMITED TO HARD DRIVES, DISK DRIVES OR ANY OTHER FORM OF MEMORY.

9. **USA PATRIOT ACT NOTICE; ANTI-TERRORISM AND ANTI-CORRUPTION COMPLIANCE:** To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each customer who opens an account. When you enter into a transaction with us, we ask for your business name, address and other information that will allow us to identify you. We may also ask to see other documents that substantiate your business identity. You and any other person who you control, own a controlling interest in, or who owns a controlling interest in or otherwise controls you in any manner ("Representatives") are and will remain in full compliance with all laws, regulations and government guidance concerning foreign asset control, trade sanctions, embargoes, and the prevention and detection of money laundering, bribery, corruption, and terrorism, and neither you nor any of your Representatives is or will be listed in any Sanctions-related list of designated persons maintained by the U.S. Department of Treasury's Office of Foreign Assets Control or successor or the U.S. Department of State. You shall, and shall cause any Representative to, provide such information and take such actions as are reasonably requested by us in order to assist us in maintaining compliance with anti-money laundering laws and regulations.

10. **MISCELLANEOUS:** Unless otherwise stated in an addendum hereto, the parties agree that: (i) this Agreement and any related documents hereto may be authenticated by electronic means; (ii) the "original" of this Agreement shall be the copy that bears your manual, facsimile, scanned or electronic signature and that also bears our manually or electronically signed signature and is held or controlled by us; and (iii) to the extent this Agreement constitutes chattel paper (as defined by the UCC), a security interest may only be created in the original. You agree not to raise as a defense to the enforcement of this Agreement or any related documents that you or we executed or authenticated such documents by electronic or digital means or that you used facsimile or other electronic means to transmit your signature on such documents. Notwithstanding anything to the contrary herein, we reserve the right to require you to sign this Agreement or any related documents hereto manually and to send to us the manually signed, duly executed documents via overnight courier on the same day that you send us the facsimile, scanned or electronic transmission of the documents. You agree to execute any further documents that we may request to carry out the intents and purposes of this Agreement. Whenever our consent is required, we may withhold or condition such consent in our sole discretion, except as otherwise expressly stated herein. From time to time, Supplier may extend to us payment terms for Equipment financed under this Agreement that are more favorable than what has been quoted to you or the general public, and we may provide Supplier information regarding this Agreement if Supplier has assigned or referred it to us. All notices shall be mailed or delivered by facsimile transmission or overnight courier to the respective parties at the addresses shown on this Agreement or such other address as a party may provide in writing from time to time. By providing us with a telephone number for a cellular phone or other wireless device, including a number that you later convert to a cellular number, you are expressly consenting to receiving communications, including but not limited to prerecorded or artificial voice message calls, text messages, and calls made by an automatic telephone dialing system, from us and our affiliates and agents at that number. This express consent applies to each such telephone number that you provide to us now or in the future and permits such calls for non-marketing purposes. Calls and messages may incur access fees from your cellular provider. You authorize us to make non-material amendments (including completing and conforming the description of the Equipment) on any document in connection with this Agreement. Unless stated otherwise herein, all other modifications to this Agreement must be in writing and signed by each party or in a duly authenticated electronic record. This Agreement may not be modified by course of performance.

11. **WARRANTY DISCLAIMERS:** WE ARE RENTING THE EQUIPMENT TO YOU "AS-IS." YOU HAVE SELECTED SUPPLIER AND THE EQUIPMENT BASED UPON YOUR OWN JUDGMENT. IN THE EVENT WE ASSIGN THIS AGREEMENT, OUR ASSIGNEE DOES NOT TAKE RESPONSIBILITIES FOR THE INSTALLATION OR PERFORMANCE OF THE EQUIPMENT. SUPPLIER IS NOT AN AGENT OF OURS AND WE ARE NOT AN AGENT OF SUPPLIER, AND NOTHING SUPPLIER STATES OR DOES CAN AFFECT YOUR OBLIGATIONS HEREUNDER. **YOU WILL MAKE ALL PAYMENTS UNDER THIS AGREEMENT REGARDLESS OF ANY CLAIM OR COMPLAINT AGAINST ANY SUPPLIER, LICENSOR OR MANUFACTURER, AND ANY FAILURE OF A SERVICE PROVIDER TO PROVIDE SERVICES WILL NOT EXCUSE YOUR OBLIGATIONS TO US UNDER THIS AGREEMENT. WE MAKE NO WARRANTIES, EXPRESS OR IMPLIED, OF, AND TAKE ABSOLUTELY NO RESPONSIBILITY FOR, MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE, CONDITION, QUALITY, ADEQUACY, TITLE, DATA ACCURACY, SYSTEM INTEGRATION, FUNCTION, DEFECTS, INFRINGEMENT OR ANY OTHER ISSUE IN REGARD TO THE EQUIPMENT, ANY ASSOCIATED SOFTWARE AND ANY FINANCED ITEMS.** SO LONG AS YOU ARE NOT IN DEFAULT UNDER THIS AGREEMENT, WE ASSIGN TO YOU ANY WARRANTIES IN THE EQUIPMENT GIVEN TO US.

12. **LAW; JURY WAIVER: LAW; JURY WAIVER:** This Agreement will be governed by and construed in accordance with the law of the principal place of business of Owner or, if assigned, its assignee. You consent to jurisdiction and venue of any state or federal court in the state the Owner or, if assigned, its assignee has its principal place of business and waive the defense of inconvenient forum. For any action arising out of or relating to this Agreement or the Equipment, **BOTH PARTIES WAIVE ALL RIGHTS TO A TRIAL BY JURY**.

3131 Esplanade, Chico CA 95973
Phone: (530) 343-6065
Email: info@raymorgan.com

QUOTE

Date: 8/18/2020
Expires on: 9/18/2020
Order Type: Lease
Sales Rep: Kristen Sparkes
Phone: 925-984-9256
Email: ksparks@raymorgan.com

Bill To:
Coastside County Water
766 Main Street
Half Moon Bay, CA 94019

Proposed Software

Quantity	Product Name	Product Description
1	MSE10 - Laserfiche Avante Server for SQL Express with Workflow	MSE10 - Laserfiche Avante Server for SQL Express with Workflow
12	MNF16 - Laserfiche Named Full User with Web Client, Mobile, Snapshot and Email	MNF16 - Laserfiche Named Full User with Web Client, Mobile, Snapshot and Email
1	MCA01 Laserfiche Import Agent	MCA01 Laserfiche Import Agent

Laserfiche Software Assurance Plan - 5 Years Support

Quantity	Product Name	Product Description
1	LSAP - MSE10 - Laserfiche Avante Server for SQL Express with Workflow	LSAP - MSE10 - Laserfiche Avante Server for SQL Express with Workflow
12	LSAP - MNF16 - Laserfiche Named Full User with Web Client, Mobile, Snapshot and Email	LSAP - MNF16 - Laserfiche Named Full User with Web Client, Mobile, Snapshot and Email
1	LSAP - MCA01 Laserfiche Import Agent	LSAP - MCA01 Laserfiche Import Agent

Professional IT Services

Quantity	Product Name	Product Description
10	LF User Install and setup	LF User Install and setup
50	Labor Project	Laserfiche Project. Block of time as Scope has not been created.

60 Month Lease - Monthly Payment: $839.00

**Plus Applicable Taxes*

This quote is valid for 30 days post issue. 100% of all licensing, software, hardware and/or Block Time to be invoiced and due upon signed Scope of Work. LSAP coverage starts upon signed Scope of Work. The commencement of your lease and the invoicing thereof willbegin ten (10) days from the "Date" below.

Payment terms for this order are NET10. _____Initial here

Signature:_____ Date:_____

Name (Print):_____ Title:_____

RMC SOFTWARE ORDER-TERMS AND CONDITIONS / PROIT SOFTWARE ORDER-TERMS AND CONDITIONS

The terms on this Software Order Form constitute the software purchase agreement between the purchaser and the seller. This is a binding order, not subject to cancellation. The Buyer grants to PROIT a security interest in the above described goods to secure payment of the purchase price. Buyer authorizes PROIT to file a UCC-1 Financing Statement, and authorizes PROIT, as Buyer's attorney-in-fact, to execute and file the financing statement. Buyer agrees to pay all of Professional IT Solutions (PROIT) costs in the collection of any amount due hereunder in the recovery of any property, pursuant hereto or in the enforcement of its right against Buyer, including reasonable attorney's fees, whether or not suit be brought. Customer agrees that in the event of any default of this agreement, PROIT may remove products affected by the default from customer's premises with or without process of law.

Payment terms are upon receipt of invoice (URI) unless otherwise specified. Late charges of 1.5% per month on the outstanding balance will be added if payments are not received within 15 days of the invoice date. The minimum late charge is $9.50. Late charges will not exceed the maximum permitted by law. Buyer agrees to pay seller a returned check charge of $25.00 per occurrence if any of buyer's checks are returned to seller unpaid. Upon default of any payment or any other aspect of this agreement, seller may, at its option, declare the entire outstanding balance immediately due and payable. Other than the obligations set forth herein, PROIT disclaims all warranties, express or implied, including any implied warranties of merchantability, fitness for use, or fitness for a particular purpose. PROIT shall not be responsible for direct, incidental, or consequential damages, including but not limited to damages arising out of the use or performance of the equipment or the loss of use of the equipment. PROIT shall be temporarily relieved of its obligation in the event that labor disturbance, acts of God, unavailability of product, or other circumstances beyond PROIT's control prevent PROIT from fulfilling the terms of this agreement. No goods may be returned without PROIT's approval or prior written consent. A) Only consumable goods invoiced within 60 days will be considered for return. B) On authorized returns, buyer agrees to pay a restocking charge equivalent to 30% of the purchase price. C) Merchandise returned without authorization may not be accepted at the receiving dock, and is the sole responsibility of the buyer. D) All non-saleable merchandise (that has been partially used or opened) will be deducted from any credit amount due the buyer. All claims regarding shipments and receipt of goods must be made within 7 days of delivery. Applicable taxes shall be added to the purchase price unless the customer has supplied a tax exemption or resale certificate (prior to shipment) acceptable to the proper taxing authorities.

I acknowledge the above stated Terms & Conditions:_____ Date:_____

ProIT Laserfiche Service Agreement

1. Terms of Agreement

This Agreement between the above stated purchasing party, herein referred to as Client, and Ray Morgan ProIT, herein referred to as Consultant is effective upon the date signed, shall remain in force for the terms specified on the attached quote.

a) This Agreement may be terminated by either party upon ninety (90) day's written notice if the other Party:
   I. Fails to fulfill in any material respect its obligations under this agreement and does not cure such failure within ninety (90) days of receipt of such written notice.
   II. Breaches any material term or condition of this agreement and fails to remedy such breach within ninety (90) days of receipt of such written notice.
   III. Terminates or suspends its business operations, unless it is succeeded by a permitted assignee under this agreement.

2. Coverage

During the term of the Client's Laserfiche Support Agreement, the Consultant will provide the following:

- Remote helpdesk and regular updates of Client's Laserfiche Software installation will be provided to the Client by Consultant through remote means between the hours of 8:00 am – 5:00 pm Monday through Friday, excluding public holidays. Details about SLA response times and the escalation process can be found in *Appendix A.*
- The Client is entitled to two (2) hours of remote Laserfiche Administrator training per contractual year. An outline of the training topics and video recording of the training session will be provided after each training session. This training time cannot be accrued, and will reset upon the annual renewal date.
- All benefits of the Laserfiche Software Assurance Program (LSAP) are included in the ProIT Laserfiche Support Agreement including patches, updates and version upgrades as well as access to the Laserfiche knowledgebase and certified technicians. RMC ProIT will be the primary agent of support. All services qualifying under these conditions, as well as services that fall outside this scope will fall under the provisions of *Appendix B*.

Support and Escalation

Consultant will respond to Client's trouble tickets under the provisions of *Appendix A*, and with best effort after hours or on holidays. Trouble tickets must be submitted by email to helpdesk@raymorgan.com or by phone if internet is unavailable. Each call will be assigned a trouble ticket number for tracking. Our escalation process is detailed in *Appendix A*.

Service outside Normal Working Hours

Emergency services performed outside of the hours of 8:00 am – 5:00 pm Monday through Friday, excluding public holidays, shall be subject to provisions of *Appendix B*.

I have read and agree with this page
Consultant_____
Client_____

Exclusions
The following services are not included in this agreement, and would be considered billable services and/or subject to provisions of *Appendix B*:

- Additional training sessions (beyond included 2 hours per year)
- Customizations, such as custom workflows, custom Quick Fields sessions, and data migrations -
- Customizations will require a Statement of Work from our engineer that must be signed by the client and will be scheduled based off hours scoped. This work will be treated as a new project.
- Parts, equipment or software for Client's network, computing or telecommunications systems which are not covered by Consultant warranty or support.
- The cost of any software or licensing.
- The cost of any 3rd party vendor outside of Laserfiche, or manufacturer support or incident fees of any kind.
- The cost to bring Client's environment up to minimum standards required for services.
- Failure due to acts of God, building modifications, power failures or other adverse environmental conditions or factors.
- Service and repair made necessary by the alteration or modification of equipment other than that authorized by Consultant, including alterations, software installations or modifications of equipment made by Client's employees or anyone other than Consultant

Limitation of Liability
In no event shall Consultant be held liable for indirect, special, incidental or consequential damages arising under this contract, including but not limited to loss of profits or revenue, loss of use of equipment, lost data, costs of substitute equipment, or any other costs.

Consultant or its suppliers shall not be liable for any indirect, incidental, consequential, punitive, economic or property damages whatsoever (including any damages for loss of business profits, business interruption, loss of data or other pecuniary loss) arising out of this Agreement.

Use of Subcontractors
Client agrees to allow Consultant to assign, delegate, and subcontract services to third party competent contractors approved by Consultant.

Service Disclaimer
Client grants Consultant authorization to view any data within the regular routine of the repair or system improvement. Client also authorizes Consultant to reasonably delete, change, and/or rewrite any necessary information to complete the system repair or improvement that is consistent with the standards and practices in the industry**.**

3. Limitations of Technology

The Client acknowledges that technologies are not universally compatible, and that there may be particular services or devices that the Consultant may be unable to manage or patch. The Consultant agrees to inform the Client when such a situation arises. The Client agrees to correct the situation if applicable, and to hold the Consultant harmless in any case.

Patches and updates are distributed by their respective software vendors, and as such, the Consultant has no direct control over the effectiveness or lack thereof of the software being applied. The Consultant shall not be held responsible for interruptions in service due to patches released by software vendors.

I have read and agree with this page
Consultant_____
Client_____

The performance and suitability of any hardware and software products are the responsibility of the manufacturer or vendor, in any case the consultant shall not be held responsible for the performance or suitability of such third party products.

4. Minimum Standards Required for Services

In order for Client's existing environment to qualify for Consultant's ProIT Laserfiche Agreement, the following requirements must be met:

1. All servers must have vendor-supported versions of Microsoft Windows Operating Systems and have all of the latest Microsoft Service Packs and critical updates installed.
2. All desktop and notebooks/laptops must have vendor supported versions of Microsoft Windows Operating Systems and have all of the latest Microsoft Service Packs and critical updates installed.
3. All server and desktop software must be genuine, licensed and vendor supported.
4. Laserfiche LSAP contract must be current and paid.
5. Any changes that are made to the covered equipment must be approved by both parties.

5. Access

Client agrees to maintain, where required, a full time, dedicated internet connection and to allow the Consultant access to the Client's network via that internet connection. Client agrees to allow the Consultant employees or subcontractors access to its facilities in order to perform services under this agreement. Client agrees to allow the Consultant access to the covered equipment. Facility access may be denied for any reason at any time, however if access to facilities is denied, the Client understands the Consultant may be unable to perform their duties adequately and if such a situation should exist, the Consultant will be held harmless.

In the case of the Client residing in a facility with access controlled by a third party, the Client is responsible for obtaining proper and adequate permissions for the Consultant to enter and operate on the premises designated as the Client's work area. Client agrees to allow the Consultant to load any necessary management software on their systems. Client agrees to furnish the Consultant with administrator-level password access for all covered equipment and servers, where necessary.

6. Price Adjustments

Consultant shall have the right to propose an adjustment to the rate specified on the attached quote in the event of additional purchases, substantial changes in the demand for IT services initiated by Client, or material increases in costs to Consultant. If an adjustment occurs, an addendum detailing the adjustment will be signed by both parties and attached to this contract.

It is understood that any and all Services requested by Client that fall outside of the terms of this Agreement will be considered Projects and/or Time and Materials Labor, and will be billed outside of this contract.

7. Taxes

It is understood that any Federal, State, Local, or Property Taxes applicable shall be added to each invoice for services or materials rendered under this Agreement. Client shall pay any such taxes unless a valid exemption certificate is furnished to Consultant for the state of use.

8. Contract Termination

I have read and agree with this page
Consultant_____
Client_____

If either party terminates this Agreement, Consultant will assist Client in the orderly termination of services, including timely transfer of the services to another designated provider. Client agrees to pay

Consultant the actual costs of rendering such assistance. Actual costs could include but are not limited to: training, data transfer, and license transfers.

9. Non-Diversion

Client agrees that during the term of this agreement and for a period of five years following the termination of this agreement, Client will not recruit or hire any employee, agent, representative or subcontractor of the Consultant ("Consultant personnel"), nor will Client directly or indirectly contact or communicate with Consultant personnel for the purpose of soliciting or inducing such Consultant personnel (a) to accept employment with, or perform work for any person, firm, or entity other than Consultant; or (b) to provide services to Client or any other person, firm or entity except as an employee or representative of the Consultant. Client agrees that, in the event of a breach or threatened breach of this provision, in addition to any remedies at law, Consultant, without posting any bond, shall be entitled to obtain equitable relief in the form of specific performance, a temporary restraining order, a temporary or permanent injunction or any other equitable remedy which may then be available.

10. Confidentiality

It is understood and agreed to that the Client may provide certain information that is and must be kept confidential. Consultant and its agents may use Client information, as necessary to or consistent with providing the contracted services, and will use best efforts to protect against unauthorized use. The Consultant agrees not to disclose the confidential information obtained from the discloser to anyone unless required to do so by law.

11. Authority:

Client signatory represents and warrants that it has full corporate power and authority to execute this Agreement to bind their company. Only individuals with title of Chief Executive, Chief Financial Officer, Owner or any person designated by any of those individuals shall have power and authority to bind Client.

12. Miscellaneous

This agreement shall be governed by, construed, and enforced in accordance with the laws of the State of California. Jurisdiction and venue shall exclusively lie in the County of Butte. It constitutes the entire agreement between Client and Consultant for monitoring/maintenance/service of Laserfiche software. This agreement can be modified by a signed written Addendum by both parties.

If any collection action litigated or otherwise, is necessary to enforce the terms of this agreement, Consultant shall be entitled to reasonable attorneys' fees and costs in addition to any other relief to which it may be entitled.

If any provision in this agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any way.

I have read and agree with this page
Consultant_____
Client_____

13. Acceptance of Service Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Service Agreement to be signed by their duly authorized representatives as of the date set forth below.

Authorized
Signature

Client

Date

Authorized
Signature

Consultant

Date

I have read and agree with this page
Consultant_____
Client_____

STAFF REPORT

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

From: **Mary Rogren, General Manager**

Agenda: **October 13, 2020**

Report Date: **October 9, 2020**

Subject: **Approval of Extension of Services Agreement with WaterSmart Software, Inc.**

Recommendation:

Authorize the General Manager to extend the Software Service Agreement with WaterSmart Software Inc. for three years to 11/7/2023 in the amount of $41,040.

Background:

In 2017, the District entered into a three-year agreement with WaterSmart Software, Inc. to provide an online customer engagement web portal where our customers can view their hourly and daily water usage and to receive real-time leak alerts based upon our AMI (Advanced Metering Infrastructure) data.

19% of our residential customers have signed up for the portal. In addition, our Customer Service Specialists are able to review customer data for leaks via the WaterSmart portal on a daily basis and alert customers by phone, e-mail, or text regarding possible leaks. Since implementing the software three years ago, District staff have notified customers of nearly 3,000 leaks.

Customer response to the program as well as our personal contact with customers on leaks have been extremely positive as we have been able to save our customers from huge water bills, and in some cases, possible disasters resulting from burst pipes.

The agreement calls for payments to WaterSmart Software Inc. annually:

Date	Annual Amount
Year 1 (due 11/7/2020)	$13,300
Year 2 (due 11/7/2021)	$13,680
Year 3 (due 11/7/2022)	$14,060

Fiscal Impact:

These amounts are included in the District's FY2020/21 and FY2021/22 Operations and Maintenance Budget.

Extension of Services Agreement

WaterSmart Software, Inc. ("WaterSmart") and Coastside County Water District ("Utility") would like to confirm an extension of their Services Agreement originally dated 8/7/2017 (the "Agreement"). The current term of the Agreement ends on 11/7/2020. WaterSmart and Utility agree to extend the Agreement for an additional period, which begins immediately upon the expiration of the current term and ends on 11/7/2023.

Unless otherwise specified herein, WaterSmart provides the same services previously listed in Exhibit A, the Scope of Work, of the Agreement. Pricing for this extension term and any changes in scope are listed below. All other terms and conditions previously agreed to in the Agreement, including insurance requirements and provisions, remain in force.

Changes in Scope:
None.

UPDATED PROGRAM AT A GLANCE

The pricing for services during this extension term are shown below in Table 1. All fees are paid for annually in advance.

Table 1: Fee and Invoicing Schedule

Product	Quantity	Sales Price	Total Price
WaterSmart Platform	7,600.00	$1.75	$13,300.00
WaterSmart Platform Renewal Year 2	7,600.00	$1.80	$13,680.00
WaterSmart Platform Renewal Year 3	7,600.00	$1.85	$14,060.00
Totals			
	Software Recurring		$13,300.00
	Service Recurring		$0.00
	Services One Time Fee		$0.00
	Order Total		$13,300.00
Renewals			
	Year 2 Renewal		$13,680.00
	Year 3 Renewal		$14,060.00

IT IS SO AGREED.

_____

Keith Foerster, CFO
WATERSMART SOFTWARE, INC.
Date:

_____

Mary Rogren, GENERAL MANAGER
COASTSIDE COUNTY WATER DISTRICT
Date:

STAFF REPORT

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

From: **Mary Rogen, General Manager**

Agenda: **October 13, 2020**

Report Date: **October 9, 2020**

Subject: **Approval of Change Order with EKI Environment and Water, Inc. for Additional Engineering Services During Construction for the Denniston Culvert Replacement and Paving Project**

Recommendation:

Authorize the General Manager to amend the professional services agreement with EKI Environment and Water, Inc. (EKI) for engineering services during construction for the Denniston Culvert Replacement and Paving Project. The original agreement amount was $19,600 plus a change order for an additional $29,200, for an adjusted total budget of $48,800.

Background:

The Denniston potable water storage tank was originally constructed in 1972. The paved access road to the tank is quite steep and has only been patch paved over the past 50 years. After some investigation it was found the road was starting to fail due to corroded corrugated metal pipe (CMP) culverts undermining the road. EKI was hired to evaluate options and prepare plans and specifications for bidding and provide engineering services during construction.

At the May 12, 2020 Regular Board Meeting, the Board awarded the Denniston Culvert Replacement and Paving Project construction contract to Half Moon Bay Paving and Grading in the amount of $383,342. The agreement with EKI for engineering services during construction ($19,600) was approved by the General Manager under the General Manager's purchasing authority.

This project included the removal of six (CMP) storm drains ranging from 10-24" and replacement with HDPE , including removal of existing inlet and outlet structures; removal of an existing vertical CMP manhole, and replacement with a new manhole; reconstruction of approximately 9,200 SF of Denniston Tank Road and 15,000 SF of the roadway around the Water Treatment Plant.

During construction it was discovered the outlet of the top storm drain was exposed and cantilevered off the steep slope with evidence of past erosion below the outfall. Staff reached out to EKI for field engineering support services and engaged the contractor. Granted the discovered field conditions, it was decided to have EKI subcontract with BAGG Engineering for Geotech support services to assist in developing a value engineered modified plan. This collaborative effort with District staff, EKI, BAGG Engineers and the contractor required several additional field meetings and design renditions. In the end, a very sound and economical plan was developed and minimized the magnitude of the change order with the contractor. Construction was substantially complete October 8th. Final unit prices are being confirmed and staff expect the contract change order to be in the range of ~$18,000.

EKI's original agreement for engineering support during construction was in the amount of $19,600. (See Attachment A.) EKI's change order for an additional $29,200 included design modifications, Geotechnical Services (BAGG Engineers) and contractor coordination with Storm Drain #6 at the bottom of the tank road. (See Attachment B.)

Staff is pleased with the final product and outcome of the cooperative efforts of EKI, District staff and the contractor.

Fiscal Impact: Additional $29,200 for EKI's services charged to the CIP project.

Attachment A

Corporate Office
577 Airport Boulevard, Suite 500
Burlingame, CA 94010
(650) 292-9100
ekiconsult.com

29 June 2020

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

Subject: **Proposal for Engineering Services During Construction for the Denniston Culvert Replacement and Paving**
Coastside County Water District, Half Moon Bay, California
(EKI C0-133)

Dear Ms. Rogren:

EKI Environment & Water, Inc. (EKI) is pleased to provide this proposal to Coastside County Water District (District) for Engineering Services During Construction (ESDC) for the Denniston Culvert Replacement and Paving Project (Project) at the Denniston Water Treatment Plant and Tank site in El Granada, California. This proposal is being prepared in response to the District's request.

PROJECT UNDERSTANDING

EKI prepared the Construction Documents for the Project in March 2020. The bid open was held remotely on Friday 10 April 2020. Half Moon Bay Grading and Paving (HMBGP) was determined to be the lowest responsive, responsible bidder, with a total base bid price of $383,342.00. The District requested EKI to provide ESDC services at a meeting on 24 June 2020. EKI assumes that the District will provide construction management, including field inspection.

PROPOSED SCOPE OF WORK

EKI proposes the following tasks as part of this scope of work. For each of these tasks, EKI will also be providing project management services, including budget tracking, invoicing, preparation of progress reports, and staff management.

Engineering Support During Construction

EKI will provide limited engineering services during construction. These services will focus on the following: pre-construction meeting, submittal reviews, responses to requests for information (RFIs), tracking and negotiating potential change orders (PCOs) and finalizing contract change orders (CCOs). EKI will have scope to attend two progress meetings or other site visits in the field, as needed. EKI will also prepare record drawings from the Contractor's record drawing submittal at the end of the project.

Deliverables:

- Preconstruction meeting agenda and minutes.
- Conformed contract drawings in electronic format (PDF).
- Submittal review letters and submittal log.
- RFI response letters and RFI log.
- PCO tracking log and CCO form and documentation.
- Record drawings in electronic format (PDF).

EKI Assumptions:

- EKI will attend the preconstruction meeting and prepare minutes.
- EKI will prepare conformed drawings and specifications that incorporate Addenda 1 through 5.
- Submittals and RFI communication shall be electronic using EKI's standard forms for submittal and RFI review.
- EKI will review 10 submittals and four (4) resubmittals at a level of effort of 3 hours per review.
- EKI will review two (2) RFIs at a level of effort of 4 hours per review.
- EKI will prepare one (1) CCO.
- EKI will attend up to two (2) site visits during construction.
- EKI will prepare record drawings based on the redline drawings provided by the Contractor.
- The District will provide construction management, including field inspection.
- EKI assumes it will not attend any regular progress meeting.

PROJECT SCHEDULE

EKI anticipates that construction will be completed within three (3) months of notice to proceed.

COMPENSATION FOR CONSULTING SERVICES

We propose that compensation for consulting services by EKI be on a time and expense reimbursement basis in accordance with our attached current Schedule of Charges, dated 1 January 2020. Based on the proposed Scope of Work described above, we estimate a budget of $19,600 for the completion deliverables as seen in Table 1 attached.

TERMS AND CONDITIONS

Other than the scope of work, budget, and schedule herein, the work will be performed in accordance with our current Agreement dated 20 September 2018.

Thank you for the opportunity to work with the District on this project. Please contact Jonathan Sutter at 650-292-9100 with any questions.

Very truly yours,

EKI Environment & Water, Inc.

Jenn Hyman, P.E., LEED AP
Vice President

Jonathan Sutter, P.E.
Project Manager

Estimated Fee - Engineering Services During Construction for the Denniston Culvert Replacement and Paving Project

Task Order No. 13
Coastside County Water District, Half Moon Bay, California
(EKI C0-133)

TASKS	ESTIMATED HOURLY LABOR			LABOR COST ($)	DIRECT COSTS					TOTAL	
	EKI Staff										
	Taylor Allen	Jonathan Sutter, P.E.	Mike Vasquez, P.E., P.L.S.		UNIT	QUANTITY	UNIT COST	TOTAL COST	MARKUP ON DIRECT COSTS	TOTAL DIRECT COSTS	TASK BUDGET TOTALS ($)	ROUNDED BUDGET TOTALS ($)
	146	219	275						10%			
Project management	4	3		$1,241							$1,241	
Attend Pre-Construction Meeting and Prepare Minutes		3		$657							$657	
Preparation of Conformed Drawings	4	1		$803							$803	
Review submittals (10 submittals and 4 resubmittals assumed)	40	6	2	$7,704							$7,704	
Respond to Requests for Information, RFIs (2 RFIs assumed)	8	4	2	$2,594							$2,594	
Prepare Contract Change Order (1 Change Order assumed)	4	2	1	$1,297							$1,297	
Attend progress meetings or other site visits (2 meetings or visits assumed)	4	4		$1,460							$1,460	
Preparation of Record Drawings	16	2	1	$3,049							$3,049	
Communications Fee (EKI Labor Only)						4%	$18,805			$752	$752	
TOTALS:	**80**	**25**	**6**	**$18,805**						**$752**	**$19,557**	**$19,600**

Client: Coastside County Water District

Proposal/Agreement Date: 29 June 2020 **EKI Proposal/Project # C0-133**

SCHEDULE OF CHARGES FOR EKI ENVIRONMENT & WATER, INC. **1 January 2020**

Personnel Classification	Hourly Rate
Officer and Chief Engineer-Scientist	290
Principal Engineer-Scientist	280
Supervising I, Engineer-Scientist	270
Supervising II, Engineer-Scientist	260
Senior I, Engineer-Scientist	250
Senior II, Engineer-Scientist	240
Associate I, Engineer-Scientist	230
Associate II, Engineer-Scientist	215
Engineer-Scientist, Grade 1	200
Engineer-Scientist, Grade 2	188
Engineer-Scientist, Grade 3	173
Engineer-Scientist, Grade 4	154
Engineer-Scientist, Grade 5	135
Engineer-Scientist, Grade 6	119
Technician	109
Senior GIS Analyst	140
CADD Operator / GIS Analyst	124
Senior Administrative Assistant	137
Administrative Assistant	108
Secretary	89

Direct Expenses

Reimbursement for direct expenses, as listed below, incurred in connection with the work will be at cost plus ten percent (10%) for items such as:

a. Maps, photographs, reproductions, printing, equipment rental, and special supplies related to the work.
b. Consultants, soils engineers, surveyors, drillers, laboratories, and contractors.
c. Rented vehicles, local public transportation and taxis, travel and subsistence.
d. Special fees, insurance, permits, and licenses applicable to the work.
e. Outside computer processing, computation, and proprietary programs purchased for the work.

A Communication charge for e-mail access, web conferencing, cellphone calls, messaging and data access, file sharing, local and long distance telephone calls and conferences, facsimile transmittals, standard delivery U.S. postage, and incidental in-house copying will be charged at a rate of 4% of labor charges. Large volume copying of project documents, e.g., bound reports for distribution or project-specific reference files, will be charged as a project expense as described above.

Reimbursement for company-owned automobiles, except trucks and four-wheel drive vehicles, used in connection with the work will be at the rate of sixty cents ($0.60) per mile. The rate for company-owned trucks and four-wheel drive vehicles will be seventy-five cents ($0.75) per mile. There will be an additional charge of thirty dollars ($30.00) per day for vehicles used for field work. Reimbursement for use of personal vehicles will be at the federally allowed rate plus fifteen percent (15%).

CADD Computer time will be charged at twenty dollars ($20.00) per hour. In-house material and equipment charges will be in accordance with the current rate schedule or special quotation. Excise taxes, if any, will be added as a direct expense.

Rate for professional staff for legal proceedings or as expert witnesses will be at a rate of one and one-half times the Hourly Rates specified above.

The foregoing Schedule of Charges is incorporated into the Agreement for the Services of EKI Environment & Water, Inc. and may be updated annually.

Attachment B

Corporate Office
2001 Junipero Serra Boulevard, Suite 300
Daly City, CA 94104
(650) 292-9100
ekiconsult.com

6 October 2020

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

Subject: **Budget Augmentation for Additional Engineering Services During Construction for the Denniston Culvert Replacement and Paving**
Coastside County Water District, Half Moon Bay, California
(EKI B80108.10)

Dear Ms. Rogren:

EKI Environment & Water, Inc. (EKI) is pleased to provide this proposal to Coastside County Water District (District) for a budget augmentation for additional engineering services during construction (ESDC) for the Denniston Culvert Replacement and Paving Project (Project) at the Denniston Water Treatment Plant and Tank site in El Granada, California.

PROPROSED SCOPE OF WORK

At the request of the District, EKI provided additional engineering services above those included in the original scope of work for ESDC for the Project. These additional tasks are described below.

Task 1 – Design Modifications to Culvert Replacements

This task included engineering services related to culvert design modifications. The original design for the culvert replacements called for the culverts be removed and replaced in their existing locations. The outfalls for each of culverts could not be accessed and the culvert alignments could not be verified during the design phase due to heavy vegetation along the hill slope. Field reconnaissance by the Contractor during construction revealed several conditions that made removal and replacement challenging for three of the six culverts:

- Approximately 20’ of the downstream end of existing storm drain #1 was exposed and cantilevered off the steep slope, and there was evidence of past erosion at the outfall. It would have been impractical to construct the proposed outfall structure at this location.

- Existing storm drain #2 was approximately 100' longer than assumed in the bid documents[1] and the existing outfall location was located on steep terrain where it would be difficult to construct the outfall structure.
- The existing outfall location for storm drain #4 was located on steep terrain that would be difficult to construct the outfall structure.

Based on these field observations, EKI prepared several iterations of design modifications to improve the constructability and longevity of the culverts and outfall structures. The multiple iterations were based on comments from the District, input from the geotechnical engineer (see Task 2), suggestions from the Contractor, and value engineering efforts. As part of these efforts, EKI performed three field visits and prepared drainage calculations to confirm that there was enough capacity in the culverts with the proposed changes. This task also includes preparation of the responses to requests for information, requests for quotes, and contract change orders, communications with District and Contractor, and negotiations with the Contractor.

Task 2 – Geotechnical Services and Coordination

At the request of the District, EKI sought the services of its geotechnical subcontractor BAGG Engineers during construction. BAGG Engineers provided the following geotechnical services related to design modifications and additional soil testing:

- Three (3) site visits to assess the site conditions and proposed recommendations;
- One (1) conference call and other communications;
- Engineering design and development of recommendations; and
- Additional soil testing and construction observation outside of the Contractor's contract requirements.

This task also included management and coordination efforts between BAGG Engineers and EKI.

Task 3 – Storm Drain #6 Related Items

This task is related to additional efforts required to address construction issues related to storm drain #6. During construction, the contractor's trench collapsed due to improper shoring when the contractor encountered unforeseen drain rock. After consulting with the District, EKI issued a Stop Work Notice to the contractor because they had failed to submit their trenching plan and Occupational Safety and Health Administration (OSHA) permit. This task included the following:

- Communications with the District and Contractor;

[1] Culvert lengths included in the bid documents were based on quantities included in a quote from Andreini Bros, Inc. dated 3 June 19. Andrieni Bros, Inc. based their quantities on data from a closed-circuit television (CCTV) inspection. The CCTV inspection advanced 20' in storm drain, which Andreini Bros, Inc. assumed to be the end of the pipe. However, the CCTV inspection did not advance further because of pipe voids at this location, not because this was the outlet.

- Preparation of the stop work notice;
- Review of the Contractor's trench safety plan and its conformance with field conditions;
- One field visit and meeting with the District and Contractor to discuss options to resolve the trench construction; and
- Preparation of a release of the stop work notice.

PROJECT SCHEDULE

All tasks have been completed per a mutually agreed upon schedule.

TERMS AND CONDITIONS

Other than the scope of work, budget, and schedule herein, the work will be performed in accordance with our current Agreement dated 8 July 2020.

COMPENSATION

Compensation for EKI's services will be on a time and expense reimbursement basis in accordance with attached the Schedule of Charges dated 1 January 2020.

On the basis of the proposed scope of work described above, we propose a budget amendment of $29,200 for the completion of Tasks 1 through 3 as outlined by task in Table 1, below, in attached Table 2. This budget will not be exceeded without additional authorization from the Client.

Task	Description	Fee
1	Design Modifications to Culvert Replacements	$ 15,900
2	Geotechnical Services and Coordination	$ 9,300
3	Storm Drain #6 Related Items	$ 4,000
	Total	**$ 29,200**

If this Task Order meets with your approval, please sign where noted below and return an executed copy to our office to confirm your authorization to proceed.

Very truly yours,

EKI ENVIRONMENT & WATER, INC.

Jenn Hyman, P.E., LEED AP
Vice President

Jonathan Sutter, PE
Project Manager

AUTHORIZATION
COASTSIDE COUNTY WATER DISTRICT

By_____

Title_____

Date_____

Attachments

Table 2 - Estimated Fee - Budget Augmentation for Additional Engineering Services During Construction for the Denniston Culvert Replacement and Paving Project
Schedule of Charges dated 1 January 2020

Estimated Fee - Budget Augmentation for Additional Engineering Services During Construction for the Denniston Culvert Replacement and Paving Project

Task Order No. 14

Coastside County Water District, Half Moon Bay, California

(EKI B80108.10)

TASKS	ESTIMATED HOURLY LABOR					SUBS	OTHER DIRECT COSTS						TOTAL	
	EKI Staff													
	Taylor Allen	Jonathan Sutter, P.E.	Mike Vasquez, P.E., P.L.S.	LABOR COST ($)	EKI COMM. CHARGES	BAGG Engineers	UNIT	QUANTITY	UNIT COST	TOTAL COST	MARKUP ON DIRECT COSTS	TOTAL DIRECT COSTS	TASK BUDGET TOTALS ($)	**ROUNDED BUDGET TOTALS ($)**
	154	230	280		4%						10%			
Task 1 - Design Modification to Culvert Replacements	16	34	18	$15,324	$613								$15,937	$15,900
Task 2 - Geotechnical Services and Coordination (BAGG Engineers)		4	4	$2,040	$82	6,600					$660	$7,260	$9,382	$9,400
Task 3 - Storm Drain #6 Related Items		9	6	$3,750	$150								$3,900	$3,900
TOTALS:	**16**	**47**	**28**	**$21,114**	**$845**	**$6,600**					**$660**	**$7,260**	**$29,219**	**$29,200**

Client: Coastside County Water District

Proposal/Agreement Date: 5 October 2020 **EKI Proposal/Project # B80108.10**

SCHEDULE OF CHARGES FOR EKI ENVIRONMENT & WATER, INC. **1 January 2020**

Personnel Classification	Hourly Rate
Officer and Chief Engineer-Scientist	290
Principal Engineer-Scientist	280
Supervising I, Engineer-Scientist	270
Supervising II, Engineer-Scientist	260
Senior I, Engineer-Scientist	250
Senior II, Engineer-Scientist	240
Associate I, Engineer-Scientist	230
Associate II, Engineer-Scientist	215
Engineer-Scientist, Grade 1	200
Engineer-Scientist, Grade 2	188
Engineer-Scientist, Grade 3	173
Engineer-Scientist, Grade 4	154
Engineer-Scientist, Grade 5	135
Engineer-Scientist, Grade 6	119
Technician	109
Senior GIS Analyst	140
CADD Operator / GIS Analyst	124
Senior Administrative Assistant	137
Administrative Assistant	108
Secretary	89

Direct Expenses

Reimbursement for direct expenses, as listed below, incurred in connection with the work will be at cost plus ten percent (10%) for items such as:

a. Maps, photographs, reproductions, printing, equipment rental, and special supplies related to the work.
b. Consultants, soils engineers, surveyors, drillers, laboratories, and contractors.
c. Rented vehicles, local public transportation and taxis, travel and subsistence.
d. Special fees, insurance, permits, and licenses applicable to the work.
e. Outside computer processing, computation, and proprietary programs purchased for the work.

A Communication charge for e-mail access, web conferencing, cellphone calls, messaging and data access, file sharing, local and long distance telephone calls and conferences, facsimile transmittals, standard delivery U.S. postage, and incidental in-house copying will be charged at a rate of 4% of labor charges. Large volume copying of project documents, e.g., bound reports for distribution or project-specific reference files, will be charged as a project expense as described above.

Reimbursement for company-owned automobiles, except trucks and four-wheel drive vehicles, used in connection with the work will be at the rate of sixty cents ($0.60) per mile. The rate for company-owned trucks and four-wheel drive vehicles will be seventy-five cents ($0.75) per mile. There will be an additional charge of thirty dollars ($30.00) per day for vehicles used for field work. Reimbursement for use of personal vehicles will be at the federally allowed rate plus fifteen percent (15%).

CADD Computer time will be charged at twenty dollars ($20.00) per hour. In-house material and equipment charges will be in accordance with the current rate schedule or special quotation. Excise taxes, if any, will be added as a direct expense.

Rate for professional staff for legal proceedings or as expert witnesses will be at a rate of one and one-half times the Hourly Rates specified above.

The foregoing Schedule of Charges is incorporated into the Agreement for the Services of EKI Environment & Water, Inc. and may be updated annually.

MONTHLY REPORT

To: **Mary Rogren, General Manager**

From: **James Derbin, Superintendent of Operations**

Agenda: **October 13, 2020**

Report Date: **October 5, 2020**

Monthly Highlights

- Rebuilt Chlorine booster stands at El Granada Tanks (EG) 1, 2 and 3
- Built rain shelters for generator ATS cabinets at EG 1, EG 2 and Alves
- Flushed 37 Blow Offs
- Replaced 7 Hydrants
    - Beach House Hotel/Route 1
    - Corner of San Pedro Rd./San Clemente Rd.
    - 424 El Granada Blvd.
    - 139 Cypress Pt Rd.
    - 52 Fairway Pl.
    - 50 Seacrest Ct.
    - 121 Shelter Cove Dr.

Sources of Supply

- **September Sources:**
    - Pilarcitos/Crystal Springs

Projects

- Denniston Tank Road Culvert Replacement project is near complete
- Denniston Generators set, electrical contractor finishing up for scheduled November 9 factory startup/testing
- Emergency pump for Pilarcitos dam ordered
- HDR – Bi-weekly progress meetings with staff ongoing. Geotech and survey complete. 60% design was submitted in September. Staff is very pleased with HDR's work to date
- EKI
    - Pine Willow Oak pipeline replacement project design near complete
    - Pilarcitos Crossing 90% design is complete, 100% pending CEQA