NOTICE: Due to the rescheduling of the Regular Meeting of the Coastside County Water District Board of Directors from November 11, 2008 to November 18, 2008 at 7:00 p.m., the meeting will not be televised by Mid-Coast Community Television the following evening as is customary, but will instead be televised on Thursday, November 20, 2008 at 7:00 p.m. Please note this is a one-time only rescheduling and it is expected that the Regular Board Meeting scheduled for Tuesday, December 9, 2008 will be televised on Wednesday, December 10, 2008, in accordance with Mid-Coast Community Television's normal programming schedule.

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

SPECIAL CLOSED SESSION

Tuesday, November 18, 2008 – 6:00 p.m.

AGENDA

1) CLOSED SESSION

A. Conference with Labor Negotiators
(Cal. Govt. Code §54957.6)
Agency Designated Representatives: General Manager, IEDA
Employee Organization: Teamsters Union, Local 856

2) RECONVENE TO OPEN SESSION

Public report of closed session action.

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

MEETING OF THE BOARD OF DIRECTORS

Tuesday, November 18, 2008

AGENDA

The Coastside County Water District does not discriminate against persons with disabilities. Upon request, the agenda and agenda packet 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.

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 ANNOUNCEMENTS

Any person may address the Board of Directors at the commencement of the meeting on any matter within the jurisdiction of the Board that is not on the agenda for this meeting. Any person may address the Board on an agendized item when that item is called. The chair requests that each person addressing the Board limits their presentation to three minutes and complete and submit a Speaker Slip.

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. Requesting the Board to review disbursements for the month ending October 31, 2008 – Claims: $654,258.07; Payroll: $100,972.32; for a total of $755,230.39 (attachment)
B. Acceptance of Financial Reports (attachment)
C. Minutes of the October 14, 2008 Board of Directors Meeting (attachment)
D. Monthly Water Transfer Report (attachment)
E. Installed Water Connection Capacity and Water Meters Report (attachment)
F. Total CCWD Production Report (attachment)
G. CCWD Monthly Sales by Category Report (attachment)
H. October 2008 Leak Report (attachment)
I. Rainfall Reports (attachment)
J. San Francisco Public Utilities Commission Hydrological Conditions Report for October 2008 (attachment)
K. Consideration of General Manager Performance Based Compensation Adjustment (attachment)
L. Approval of Memorandum of Understanding between Coastside County Water District and with Teamsters Union, Local 856 (attachment)

5) DIRECTOR COMMENTS / MEETINGS ATTENDED

6) GENERAL BUSINESS

A. Approval of Basic Financial Statements for the Years Ended June 30, 2008 and 2007 (attachment)

B. Award of Contract for the Nunes Filters 3 & 4 Media Replacement Project (attachment)

C. Discussion and possible adoption of Resolution 2008-__ - A Resolution Declaring the Official Intent to Reimburse Expenditures from the Proceeds of Tax-Exempt Securities (attachment)

D. Discussion of District's Cooperation with Sewer Authority Mid-Coastside (SAM) for Water Reclamation (attachment)

7) GENERAL MANAGER'S REPORT INCLUDING MONTHLY INFORMATIONAL REPORTS (attachment)

A. Monthly Water Resources Report (attachment)

B. Water Shortage and Drought Contingency Plan Update (attachment)

C. Operations Report (attachment)

8) ADJOURNMENT

Check Number	Vendor No	Vendor Name	Check Date	Void Amount	Check Amount
11436	ALL04	ALLIED WASTE SERVICES #925	10/03/2008	0.00	205.65
11437	ALV01	ALVES PETROLEUM, INC.	10/03/2008	0.00	2,393.06
11438	ATT01	AT&T MOBILTY	10/03/2008	0.00	508.66
11439	COA 15	COASTSIDE NET, INC	10/03/2008	0.00	59.95
11440	HAR03	HARTFORD LIFE INSURANCE CO.	10/03/2008	0.00	1,952.15
11441	JMB01	JMB CONSTRUCTION, INC.	10/03/2008	0.00	186,038.78
11442	PAC02	PACIFICA CREDIT UNION	10/03/2008	0.00	687.00
11443	PUB01	PUB. EMP. RETIRE SYSTEM	10/03/2008	0.00	15,521.67
11444	VAL01	VALIC	10/03/2008	0.00	1,305.00
11445	COU05	RECORDER'S OFFICE	10/16/2008	0.00	21.00
11446	COU05	RECORDER'S OFFICE	10/16/2008	0.00	24.00
11447	ASS01	ACWA SERVICES CORPORATION	10/17/2008	0.00	16,631.97
11448	GSO01	GSOLUTIONZ, INC.	10/17/2008	0.00	69.49
11449	HAL04	HALF MOON BAY REVIEW	10/17/2008	0.00	34.00
11450	HAR03	HARTFORD LIFE INSURANCE CO.	10/17/2008	0.00	896.15
11451	KAI01	KAISER FOUNDATION HEALTH	10/17/2008	0.00	8,528.00
11452	PAC01	PACIFIC GAS & ELECTRIC CO.	10/17/2008	0.00	53,322.79
11453	PAC02	PACIFICA CREDIT UNION	10/17/2008	0.00	687.00
11454	PUB01	PUB. EMP. RETIRE SYSTEM	10/17/2008	0.00	15,553.29
11455	SON01	SONIC.NET, INC	10/17/2008	0.00	34.95
11456	STA03	CA DPH DRINKING WATER PROGRAM	10/17/2008	0.00	105.00
11457	VAL01	VALIC	10/17/2008	0.00	1,305.00
11458	DEP02	CALIFORNIA DEPT OF FISH & GAME	10/17/2008	0.00	1,200.00
11459	ADP01	ADP, INC.	10/30/2008	0.00	478.85
11460	ALI01	ALIFANO TECHNOLOGIES LLC	10/30/2008	0.00	216.50
11461	AND01	ANDREINI BROS. INC.	10/30/2008	0.00	857.48
11462	ANG01	ANGELO'S MUFFLER	10/30/2008	0.00	756.24
11463	ASC01	EVERETT ASCHER	10/30/2008	0.00	149.20
11464	ASS04	ASSOC.CALIF.WATER AGENCIES	10/30/2008	0.00	9,641.50
11465	ASS08	ASSOC. CALIF. WATER AGENCY	10/30/2008	0.00	9,830.00
11466	ATC01	ATCHISON, BARISONE	10/30/2008	0.00	2,371.00
11467	ATT02	AT&T	10/30/2008	0.00	1,153.01
11468	ATT03	AT&T LONG DISTANCE	10/30/2008	0.00	31.65
11469	AZT01	AZTEC GARDENS	10/30/2008	0.00	570.00
11470	BAL04	BALANCE HYDROLOGICS, INC	10/30/2008	0.00	9,892.17
11471	BAS01	BASIC CHEMICAL SOLUTION, LLC	10/30/2008	0.00	2,826.25
11472	BAY05	BAY AREA WATER SUPPLY &	10/30/2008	0.00	5,404.80
11473	BFI02	BFI OF CALIFORNIA, INC.	10/30/2008	0.00	432.00
11474	BIO01	BIOVIR LABORATORIES, INC.	10/30/2008	0.00	902.11
11475	BRE01	CATHLEEN BRENNAN	10/30/2008	0.00	56.50
11476	CAL08	CALCON SYSTEMS, INC.	10/30/2008	0.00	2,511.43
11477	CAL15	CALIFORNIA URBAN WATER	10/30/2008	0.00	434.07
11478	CAL20	CALIFORNIA UTILITIES	10/30/2008	0.00	500.00
11479	CAR02	CAROLYN STANFIELD	10/30/2008	0.00	485.00
11480	CLI01	CLIFFORD BECHTEL	10/30/2008	0.00	1,980.00
11481	COA19	COASTSIDE COUNTY WATER DIST.	10/30/2008	0.00	117.60
11482	DEP07	DEPARTMENT OF PUBLIC HEALTH	10/30/2008	0.00	7,419.40
11483	DU001	BING DU	10/30/2008	0.00	158.00
11484	ENR01	ENRIQUEZ MD, JOSEFINA	10/30/2008	0.00	125.00
11485	FIR06	FIRST NATIONAL BANK	10/30/2008	0.00	5,546.42
11486	FRI01	FRISCH ENGINEERING, INC	10/30/2008	0.00	9,810.00
11487	GIB01	JOE GIBSON	10/30/2008	0.00	104.57
11488	GON01	GO NATIVE, INC	10/30/2008	0.00	770.84
11489	GRA03	GRAINGER, INC.	10/30/2008	0.00	342.24
11490	GRA05	GRANITEROCK	10/30/2008	0.00	407.10
11491	GUE01	GUEST ACCESS, INT'L	10/30/2008	0.00	3,591.38
11492	HAL01	HMB BLDG. & GARDEN INC.	10/30/2008	0.00	629.31
11493	HAL04	HALF MOON BAY REVIEW	10/30/2008	0.00	774.00
11494	HAL07	HALF MOON BAY POSTMASTER	10/30/2008	0.00	180.00
11495	HAL24	H.M.B.AUTO PARTS	10/30/2008	0.00	108.51
11496	HAR03	HARTFORD LIFE INSURANCE CO.	10/30/2008	0.00	4,108.15
11497	IAP01	IAPMO	10/30/2008	0.00	42.00

Check Number	Vendor No	Vendor Name	Check Date	Void Amount	Check Amount
11498	IED01	IEDA, INC.	10/30/2008	0.00	1,000.00
11499	INT04	INTELLIGENT TECHNOLOGIES	10/30/2008	0.00	1,142.00
11500	IRO01	IRON MOUNTAIN	10/30/2008	0.00	243.14
11501	IRV01	IRVINE, DAVID E.	10/30/2008	0.00	2,500.00
11502	JAM01	JAMES FORD, INC.	10/30/2008	0.00	403.64
11503	JMB01	JMB CONSTRUCTION, INC.	10/30/2008	0.00	800.00
11504	MAZ01	MAZE & ASSOCIATES, INC.	10/30/2008	0.00	4,030.00
11505	MCT01	MCTV6	10/30/2008	0.00	525.00
11506	MET06	METLIFE SBC	10/30/2008	0.00	1,191.56
11507	MIS01	MISSION UNIFORM SERVICES INC.	10/30/2008	0.00	154.52
11508	MON07	MONTEREY COUNTY LAB	10/30/2008	0.00	6,587.00
11509	OCE04	OCEAN SHORE CO.	10/30/2008	0.00	1,400.78
11510	OFF01	OFFICE DEPOT	10/30/2008	0.00	508.02
11511	ONT01	ONTRAC	10/30/2008	0.00	213.79
11512	PAC02	PACIFICA CREDIT UNION	10/30/2008	0.00	687.00
11513	PAR01	JOHN M. PARSONS	10/30/2008	0.00	5,500.00
11514	PAU01	PAULO'S AUTO CARE	10/30/2008	0.00	49.97
11515	PIT04	PITNEY BOWES	10/30/2008	0.00	231.00
11516	PUB01	PUB. EMP. RETIRE SYSTEM	10/30/2008	0.00	14,766.25
11517	REP01	A. REPETTO NURSERY,INC	10/30/2008	0.00	95.26
11518	ROB01	ROBERTS & BRUNE CO.	10/30/2008	0.00	21,784.36
11519	ROG01	ROGUE WEB WORKS, LLC	10/30/2008	0.00	315.00
11520	SAN03	SAN FRANCISCO WATER DEPT.	10/30/2008	0.00	145,587.81
11521	SAN05	SAN MATEO CTY PUBLIC HEALTH LA	10/30/2008	0.00	482.90
11522	SAN07	SM CTY ENVIRONMENTAL HEALTH	10/30/2008	0.00	1,821.00
11523	SER03	SERVICE PRESS	10/30/2008	0.00	180.44
11524	SEW01	SEWER AUTH. MID- COASTSIDE	10/30/2008	0.00	1,140.00
11525	SIE02	SIERRA CHEMICAL CO.	10/30/2008	0.00	2,340.08
11526	STR02	STRAWFLOWER ELECTRONICS	10/30/2008	0.00	17.21
11527	TAI02	TAIT ENVIRONMENTAL SYSTEMS	10/30/2008	0.00	200.00
11528	TET01	JAMES TETER	10/30/2008	0.00	17,074.32
11529	TRC01	TRC	10/30/2008	0.00	3,950.86
11530	TUR04	SUSAN TURGEON	10/30/2008	0.00	53.58
11531	UB*00551	FRITZ NEIDHARDT	10/30/2008	0.00	7.14
11532	UB*00552	MARK ROBERTS	10/30/2008	0.00	167.67
11533	UB*00553	JAMIE/MARK ALFARO	10/30/2008	0.00	70.13
11534	UB*00554	IRMA MORALES	10/30/2008	0.00	25.14
11535	UB*00555	BECKY JONES	10/30/2008	0.00	10.48
11536	UB*00556	RYAN POPPLE	10/30/2008	0.00	40.47
11537	UB*00557	JIHEA YOON	10/30/2008	0.00	5.04
11538	UB*00558	CLINT HILBERT	10/30/2008	0.00	6.40
11539	UB*00559	ERICKA MERIAUX	10/30/2008	0.00	40.09
11540	UB*00560	MINERVA JIMENEZ	10/30/2008	0.00	40.97
11541	UB*00561	MICHAEL SCHWAHAUER	10/30/2008	0.00	57.29
11542	UB*00562	MORTAGE CONTRACTING SERVICES	10/30/2008	0.00	45.56
11543	UPS01	UPS STORE	10/30/2008	0.00	96.80
11544	VAL01	VALIC	10/30/2008	0.00	1,305.00
11545	WES11	WEST COAST AGGREGATES, INC.	10/30/2008	0.00	795.83
11546	WIL02	WILKINSON ENTERPRISES, INC	10/30/2008	0.00	1,341.81
11547	COU05	RECORDER'S OFFICE	10/31/2008	0.00	12.00
11548	COU05	RECORDER'S OFFICE	10/31/2008	0.00	15.00
11549	ALL04	ALLIED WASTE SERVICES #925	10/31/2008	0.00	205.65
11550	ATT01	AT&T MOBILTY	10/31/2008	0.00	590.35
11551	CAL08	CALCON SYSTEMS, INC.	10/31/2008	0.00	19,603.92
			Report Total:	**0.00**	**654,258.07**

COASTSIDE COUNTY WATER DISTRICT - PERIOD BUDGET ANALYSIS
PERIOD ENDING OCTOBER 31, 2008

ACCOUNT	DESCRIPTION	CURRENT ACTUAL	CURRENT BUDGET	B/(W) VARIANCE	B/(W) % VAR	YTD ACTUAL	YTD BUDGET	B/(W) VARIANCE	B/(W) % VAR
REVENUE									
1-0-4120-00	Water Revenue -All Areas	404,750	423,466	(18,716)	(4.4%)	2,151,488	2,519,623	(368,135)	(14.6%)
1-0-4170-00	Water Taken From Hydrants	7,095	2,083	5,012	240.6%	18,914	8,333	10,581	127.0%
1-0-4180-00	Late Notice -10% Penalty	4,796	4,167	629	15.1%	19,388	16,667	2,721	16.3%
1-0-4230-00	Service Connections	793	667	126	18.9%	3,214	2,667	547	20.5%
1-0-4235-00	CSP Connection T & S Fees	0	0	0	0.0%	6,970	0	6,970	0.0%
1-0-4920-00	Interest Earned	21,429	25,031	(3,602)	(14.4%)	54,393	50,062	4,331	8.7%
1-0-4925-00	Interest Revenue T&S Fees	0	0	0	0.0%	0	0	0	0.0%
1-0-4927-00	Inerest Revenue Bond Funds	0	0	0	0.0%	0	0	0	0.0%
1-0-4930-00	Tax Apportionments/Cnty Checks	598	5,000	(4,402)	(88.0%)	27,955	25,000	2,955	11.8%
1-0-4950-00	Miscellaneous Income	8,573	6,333	2,239	35.4%	32,843	25,333	7,510	29.6%
1-0-4960-00	CSP Assm. Dist. Processing Fee	0	0	0	0.0%	0	0	0	0.0%
1-0-4965-00	ERAF REFUND -County Taxes	0	0	0	0.0%	0	0	0	0.0%
1-0-4970-00	Wavecrest Reserve Conn. Fees	0	0	0	0.0%	0	0	0	0.0%
	REVENUE TOTALS	**448,033**	**466,747**	**(18,713.68)**	**(4.0%)**	**2,315,164**	**2,647,685**	**(332,521)**	**(12.6%)**
EXPENSES									
1-1-5130-00	Water Purchased	145,588	120,574	(25,014)	(20.7%)	465,242	620,099	154,857	25.0%
1-1-5230-00	Pump Exp, Nunes T P	1,728	1,667	(61)	(3.7%)	5,124	6,667	1,543	23.1%
1-1-5231-00	Pump Exp, CSP Pump Station	47,637	23,430	(24,207)	(103.3%)	137,621	146,670	9,049	6.2%
1-1-5232-00	Pump Exp, Trans. & Dist.	1,400	2,756	1,356	49.2%	11,286	11,024	(262)	(2.4%)
1-1-5233-00	Pump Exp, Pilarcitos Can.	267	50	(217)	(433.4%)	763	200	(563)	(281.3%)
1-1-5234-00	Pump Exp. Denniston Proj.	1,716	6,208	4,492	72.4%	8,455	24,832	16,377	66.0%
1-1-5235-00	Denniston T.P. Operations	4,132	7,463	3,331	44.6%	19,558	29,852	10,294	34.5%
1-1-5236-00	Denniston T.P. Maintenance	2,815	3,000	185	6.2%	12,928	12,000	(928)	(7.7%)
1-1-5240-00	Nunes T P Operations	9,396	14,044	4,648	33.1%	37,942	56,176	18,234	32.5%
1-1-5241-00	Nunes T P Maintenance	3,390	4,308	918	21.3%	10,443	17,232	6,789	39.4%
1-1-5242-00	CSP Pump Station Operations	589	708	119	16.8%	1,951	2,832	881	31.1%
1-1-5243-00	CSP Pump Station Maintenance	3,737	2,000	(1,737)	(86.8%)	11,753	8,000	(3,753)	(46.9%)
1-1-5318-00	Studies/Surveys/Consulting	1,000	4,167	3,167	76.0%	5,324	16,668	11,344	68.1%
1-1-5321-00	Water Conservation	4,374	3,333	(1,041)	(31.2%)	6,486	13,332	6,846	51.3%
1-1-5322-00	Community Outreach	567	2,641	2,074	78.5%	3,524	10,564	7,040	66.6%
1-1-5411-00	Salaries & Wages -Field	91,740	95,007	3,267	3.4%	286,136	285,022	(1,114)	(0.4%)
1-1-5412-00	Maintenance -General	4,725	15,066	10,341	68.6%	71,113	60,264	(10,849)	(18.0%)
1-1-5414-00	Motor Vehicle Expense	4,788	4,833	45	0.9%	14,470	19,332	4,862	25.1%
1-1-5415-00	Maintenance -Well Fields	0	2,117	2,117	100.0%	5,738	8,468	2,730	32.2%

Revised: 11/5/2008 8:25 AM

ACCOUNT	DESCRIPTION	CURRENT ACTUAL	CURRENT BUDGET	B/(W) VARIANCE	B/(W) % VAR	YTD ACTUAL	YTD BUDGET	B/(W) VARIANCE	B/(W) % VAR
1-1-5610-00	Salaries/Wages-Administration	66,229	71,275	5,046	7.1%	195,234	213,826	18,592	8.7%
1-1-5620-00	Office Supplies & Expense	3,696	11,613	7,917	68.2%	23,508	46,450	22,942	49.4%
1-1-5621-00	Computer Services	3,437	4,492	1,054	23.5%	12,938	17,967	5,029	28.0%
1-1-5625-00	Meetings / Training / Seminars	1,409	2,708	1,300	48.0%	2,816	10,833	8,017	74.0%
1-1-5630-00	Insurance	40,074	41,112	1,038	2.5%	189,711	164,450	(25,261)	(15.4%)
1-1-5640-00	Employees Retirement Plan	44,383	45,609	1,227	2.7%	133,371	136,828	3,457	2.5%
1-1-5681-00	Legal	1,559	4,750	3,192	67.2%	5,499	19,000	13,501	71.1%
1-1-5682-00	Engineering	480	2,083	1,603	77.0%	2,684	8,333	5,649	67.8%
1-1-5683-00	Financial Services	9,530	3,948	(5,582)	(141.4%)	11,530	15,792	4,262	27.0%
1-1-5684-00	Payroll Tax Expense	10,809	12,178	1,369	11.2%	34,531	36,533	2,003	5.5%
1-1-5687-00	Membership, Dues, Subscript.	16,013	4,330	(11,683)	(269.8%)	22,173	17,322	(4,851)	(28.0%)
1-1-5688-00	Election Expenses	0	0	0	0.0%	0	0	0	0.0%
1-1-5689-00	Labor Relations	0	1,250	1,250	100.0%	0	5,000	5,000	100.0%
1-1-5700-00	San Mateo County Fees	1,821	5,500	3,679	66.9%	2,597	7,200	4,603	63.9%
1-1-5705-00	State Fees	7,419	20,000	12,581	62.9%	7,419	20,000	12,581	62.9%
1-1-5710-00	Deprec, Trucks, Tools, Equipt.	0	0	0	0.0%	0	0	0	0.0%
1-1-5711-00	Debt Srvc/Existing Bonds 1998A	0	0	0	0.0%	235,578	235,610	32	0.0%
1-1-5712-00	Debt Srvc/Existing Bonds 2006B	0	0	0	0.0%	323,446	325,174	1,728	0.5%
1-1-5713-00	Contribution to CIP & Reserves	36,167	36,167	(0)	(0.0%)	144,667	144,667	(0)	(0.0%)
1-1-5745-00	CSP Connect. Reserve Contribu.	0	0	0	0.0%	6,970	0	(6,970)	0.0%
1-1-5746-00	Wavecrest CSP Connt. Reserve	0	0	0	0.0%	0	0	0	0.0%
	EXPENSE TOTALS	**572,615**	**580,388**	**7,772**	**1.3%**	**2,470,529**	**2,774,218**	**303,689**	**10.9%**
	NET INCOME	**(124,582)**	**(113,641)**	**(10,941)**		**(155,365)**	**(126,533)**	**-28,832**	

Revised: 11/5/2008 8:25 AM

COASTSIDE COUNTY WATER DISTRICT

INVESTMENT REPORT

October 31, 2008

		Restricted	*Restricted*	*Restricted for CSP CIP Projects*		
	CASH FLOW & OPERATING RESERVE	**EMERGENCY RESERVES**	**CAPITAL EXPENDITURES**	**DISTRICT CSP CONTRIBUTION**	**CSP T&S FEES**	**TOTAL**
DISTRICT BALANCES						
CASH IN FNB						
OPERATING ACCOUNT			$609,515.99			$609,515.99
CSP T&S ACCOUNT					$15,646.03	$15,646.03
TOTAL FIRST NATIONAL BANK	$0.00	$0.00	$609,515.99	$0.00	$15,646.03	$625,162.02
CASH WITH L.A.I.F	$297,870.00	$700,000.00	$1,323,172.93	$267,655.14	$20,483.25	$2,609,181.32
UNION BANK - Project Fund Balance			$3,338,344.90			$3,338,344.90
						$0.00
CASH ON HAND	$2,130.00					$2,130.00
TOTAL DISTRICT CASH BALANCES	$300,000.00	$700,000.00	$5,271,033.82	$267,655.14	$36,129.28	$6,574,818.24
ASSESSMENT DISTRICT BALANCES						
CASH IN FIRST NATIONAL BANK (FNB)						
REDEMPTION ACCOUNT		$ 85,521.72				
RESERVE ACCOUNT (Closed Account 8-4-04)		$ -				
TOTAL ASSESSMENT DISTRICT CASH		$ 85,521.72				

This report is in conformity with CCWD's Investment Policy and there are sufficient funds to meet CCWD's expenditure requirements for the next three months.

COASTSIDE COUNTY WATER DISTRICT
CRYSTAL SPRINGS PROJECT
CAPITAL PROJECTS FY 08/09

October 31, 2008

PROJECT	Actual to date	FY 08/09 CIP Budget	% Completed
El Granada Pipeline Phase 3			
1128-03	$1,647,145	$2,300,000	71.6%
TOTALS	**$1,647,145**	**$2,300,000**	71.6%

COASTSIDE COUNTY WATER DISTRICT
APPROVED CAPITAL IMPROVEMENT PROJECTS
FISCAL YEAR 2008-2009

8-Oct-08

	Acct No.	Approved CIP Budget FY 08/09	Actual To Date FY 08-09	% Completed
PIPELINE PROJECTS				
Highway #1 South Phase I / II	1121-46	$ 100,000	$ 11,812	11.8%
Highway 92 - Main Line Replacement (Spanishtown)		$ 100,000		0.0%
Main Street/Hwy 92 Widening Project	1120-93	$ 50,000	$ 4,600	9.2%
WATER TREATMENT PLANTS				
Denniston Intake Maintenance	1120-03	$ 27,000	$ 34,295	127.0%
Denniston Sludge Ponds		$ 100,000		0.0%
Denniston WTP- Filter Flow Meters		$ 6,000		0.0%
Nunes- Replace Cl2/pH Analyzer	1118-10	$ 15,000	$ 4,131	27.5%
Nunes Filter Media Replacement	1121-25	$ 50,000	$ 46,240	92.5%
Nunes UST removal and replaced with AGST	1121-44	$ 15,000	$ 68	0.5%
Nunes WTP - Head Loss System Replacement	1118-10	$ 15,000	$ 15,064	100.4%
FACILITIES & MAINTENANCE				
AMR Program	1121-41	$ 50,000	$ 721	1.4%
PRV Valves Replacement Project	1121-43	$ 20,000	$ 12,072	60.4%
Meter Change Program	1117-06	$ 17,000	$ 6,846	40.3%
Main Office - Replace Skylights (repair leaks)		$ 25,000		0.0%
Fire Hydrant Replacement		$ 40,000	$ 9,015	22.5%
Pilarcitos Culvert Repair	1121-48	$ 100,000	$ 2,880	2.9%
District Digital Mapping		$ 75,000		0.0%
EQUIPMENT PURCHASE & REPLACEMENT				
Vehicle Replacement	1118-04	$ 27,000		0.0%
Computer System	1118-02	$ 25,000	$ 1,436	5.7%
Office Equipment/Furniture	1118-02	$ 20,000	$ 1,435	7.2%
SCADA/Telemetry	1120-82	$ 500,000	$ 5,227	1.0%
PUMP STATIONS / TANKS / WELLS				
Crystal Springs VFD Project		$ 68,000		0.0%

COASTSIDE COUNTY WATER DISTRICT
APPROVED CAPITAL IMPROVEMENT PROJECTS
FISCAL YEAR 2008-2009

8-Oct-08

	Acct No.	Approved CIP Budget FY 08/09	Actual To Date FY 08-09	% Completed
Well Rehabilitation		$ 60,000		0.0%
Alves Tank Recoating, Interior+Exterior		$ 150,000		0.0%
Miramar Tank Interior Recoat + Mixing		$ 300,000		0.0%
Cahill Tank Exterior Recoat + Ladder		$ 160,000		0.0%
El Granada Pump Station #2 Removal Project	1120-48	$ 50,000	$ 1,288	2.6%
EG Tank #3 Recoating Interior + Exterior		$ 260,000		0.0%
CSP Pump #2 Rehabilitation		$ 75,000		0.0%
Tank Staff Gauge Repair		$ 15,000		0.0%
Intrusion Alarms at all Tanks		$ 50,000		0.0%
New Pilarcitos Well		$ 10,000		0.0%
Pilarcitos Canyon Blending Station		$ 50,000		0.0%
Tank Ladder Project		$ 50,000		0.0%
NUNES/ DENNISTON WTP PRIORITY (SHORT-TERM) IMPROVEMENTS				
Nunes / Denniston Short Term WTP Modifications	1121-21	$ 1,651,000	$ 80,925	4.9%
DENNISTON WTP PRIORITY (SHORT-TERM) IMPROVEMENTS				
Denniston Storage Tank Modification Project		$ 686,000	$ 21,078	3.1%
DENNISTON WTP (LONG-TERM) IMPROVEMENTS (MEMBRANE FILTRATION)				
Denniston Electrical System Upgrade/Expansion		$ 30,000		0.0%
Denniston Pre/Post Treatment Study	1127-04	$ 200,000	$ 189	0.1%
NUNES WTP (LONG-TERM) IMPROVEMENTS (UV DISINFECTION)				
Modify Filters for Rate of Flow Control		$ 10,000		0.0%
WATER SUPPLY DEVELOPMENT				
Reclamation Project Planning		$ 100,000	$ 5,452	5.5%
Water Supply Alternatives Evaluation		$ 50,000		0.0%
TOTALS		**$ 5,402,000**	**$ 264,775**	**4.9%**

COASTSIDE COUNTY WATER DISTRICT
APPROVED CAPITAL IMPROVEMENT PROJECTS
FISCAL YEAR 2008-2009

8-Oct-08

Acct No.	Approved CIP Budget FY 08/09	Actual To Date FY 08-09	% Completed
FY 07/08 CIP Projects - paid in FY 08/09			
Nunes WTP Raw Water Turbidimeter	$ 10,000	$ 8,016	
NON-BUDGETED ITEMS (CAPITAL EXPEDITURES)			
Denniston Emergency Shut Down		$ 11,204	
Denniston Valve Replacement		$ 3,246	

Legal Cost Tracking Report
12 Months At-A-Glance

Acct. No.5681
ANTHONY CONDOTTI
Legal

Month	Admin (General Legal Fees)	CSP	Transfer Program	CIP	Personnel	Lawsuits 62% Reimbursable	Infrastructure Project Review (Reimbursable)	TOTAL
Nov-07	2,916	544	254	156	1,424			5,293
Dec-07	3,710			566	59			4,334
Jan-08	3,854	1,386						5,240
Feb-08	1,630	1,305		1,956				4,891
Mar-08	2,353	312		59				2,724
Apr-08	4,718	293	78	1,014				6,102
May-08	3,774	995		234				5,003
Jun-08	1,379	1,373	78	196	176			3,200
Jul-08	1,895	624	78	68				2,666
Aug-08	2,843	156	137	39				3,174
Sep-08	1,312		156	20			20	1,507
Oct-08	1,636	351	78	189			117	2,371
TOTAL	**32,020**	**7,337**	**858**	**4,495**	**1,658**	**0**	**137**	**46,504**

Engineer Cost Tracking Report
12 Months At-A-Glance

Acct. No. 5682
JAMES TETER
Engineer

Month	Admin & Retainer	Phase 3 EG Pipeline	CIP	Short Term WTP Imprv.	Studies & Projects	TOTAL	Reimburseable from Projects
Nov-07	1,190	813		18,697		**20,700**	
Dec-07	1,347	1,279		5,269		**7,894**	
Jan-08	1,268	4,593		7,585	3,249	**16,696**	3,249
Feb-08	1,190	7,099	1,051	6,246		**15,586**	
Mar-08	954	1,413	314	18,019	157	**20,857**	157
Apr-08	2,210	1,413	5,535	15,681	1,131	**25,970**	1,131
May-08	611			14,644		**15,255**	
Jun-08	454		1,440	9,392	2,544	**13,829**	2,544
Jul-08	963	681		403	2,254	**4,300**	2,254
Aug-08	1,563		782	8,782	1,486	**12,613**	1,486
Sep-08	641		531	12,930	2,887	**16,988**	2,887
Oct-08	480		11,603	3,220	1,771	**17,074**	1,771
TOTAL	**12,870**	**17,292**	**21,256**	**120,867**	**15,478**	**187,763**	**15,478**

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

MINUTES OF THE SPECIAL CLOSED SESSION

Tuesday – October 14, 2008

1) CLOSED SESSION

A. Public Employee Performance Evaluation
(Cal. Govt. Code Section §54957) Title: General Manager

B. Conference with Labor Negotiators
(Cal. Govt. Code Section §54957.6) Agency Designated Representatives: General Manager, IEDA
Employee Organization: Teamsters Union, Local 856

2) RECONVENE TO OPEN SESSION

The Closed Session convened at 5:30 p.m. with President Ascher and Directors Larimer, Mickelsen, Coverdell and Feldman. The Closed Session concluded at approximately 7:00 p.m., immediately prior to commencement of the regular meeting, at which time President Ascher announced that the matter of the General Manager's Public Employee Performance Evaluation would be placed as a item on the next regular meeting agenda of the CCWD Board of Directors, and that no reportable action had been taken during the closed session on Item 1B.

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

MINUTES OF THE BOARD OF DIRECTORS MEETING

Tuesday, October 14, 2008

1) ROLL CALL: President Ascher called the meeting to order at 7:12 p.m. Present at roll call were Directors Ken Coverdell, Jim Larimer, Chris Mickelsen and Bob Feldman.

Also present were: David Dickson, General Manager; Anthony Condotti, Legal Counsel; Joe Guistino, Superintendent of Operations; Cathleen Brennan, Public Outreach/Program Development /Water Resources Analyst; JoAnne Whelen, Administrative Assistant/Recording Secretary and Gina Brazil, Office Manager.

2) PLEDGE OF ALLEGIANCE

3) PUBLIC ANNOUNCEMENTS: None

4) SPECIAL ORDER OF BUSINESS

Resolution 2008- 07 - A Resolution of the Board of Directors of the Coastside County Water District expressing its gratitude to Anthony Condotti of Atchison, Barisone, Condotti & Kovacevich for his leadership and dedicated service to CCWD in his capacity as District Legal Counsel

President Ascher explained that due to the fact that the firm of Atchison, Barisone, Condotti & Kovacevich is now also providing legal services to the City of Half Moon Bay, that it had been decided that it would be in the best interest of all parties if CCWD terminated their agreement for services with Mr. Condotti's law firm, effective November 1, 2008. President Ascher proceeded to read and present the Resolution.

ON MOTION by President Ascher and seconded by Director Larimer, the Board voted as follows, by roll call vote, to adopt Resolution 2008-07 - A Resolution of the Board of Directors of the Coastside County Water District expressing its gratitude to Anthony Condotti of Atchison, Barisone, Condotti & Kovacevich for his leadership and dedicated service to CCWD in his capacity as District Legal Counsel:

Director Coverdell	**Aye**
Vice President Mickelsen	**Aye**
Director Larimer	**Aye**
Director Feldman	**Aye**
President Ascher	**Aye**

Mr. Condotti stated that it had been an honor and privilege to serve CCWD over the past seven and one half years and that he had enjoyed the opportunity to work with such a talented and dedicated Board of Directors and District Staff. He expressed that leaving this position to represent the City of Half Moon Bay was bittersweet, but he felt that the District is in good hands with the current Board of Directors at the helm, with the support of District staff and with Patrick Miyaki of the Hanson Bridgett law firm to represent the District. He also thanked everyone for the recognition and noted that he was looking forward to a long relationship with the District and the community.

5) CONSENT CALENDAR

- **A.** Requesting the Board to review disbursements for the month Ending September 30, 2008– Claims: $1,218,361.25; Payroll: $67,568.24; for a total of $1,285,929.49
- **B.** Acceptance of Financial Reports
- **C.** Minutes of the September 9, 2008 Board of Directors Meeting
- **D.** Minutes of the September 12, 2008 Special Board of Directors Meeting
- **E.** Minutes of the October 2, 2008 Special Board of Directors Meeting
- **F.** Monthly Water Transfer Report
- **G.** Installed Water Connection Capacity and Water Meters Report
- **H.** Total CCWD Production Report
- **I.** CCWD Monthly Sales by Category Report
- **J.** September 2008 Leak Report
- **K.** Rainfall Reports

L. San Francisco Public Utilities Commission Hydrological Conditions Report for September 2008

M. Request for Board to Provide Authorization to Write Off Bad Debts for Fiscal year 2007-2008

President Ascher reported that he had reviewed the monthly claims and found all to be in order.

ON MOTION by Director Coverdell and seconded by Director Feldman, the Board voted as follows, to accept the Consent Calendar in its entirety:

Director Coverdell	**Aye**
Vice President Mickelsen	**Aye**
Director Larimer	**Aye**
Director Feldman	**Aye**
President Ascher	**Aye**

6) DIRECTOR COMMENTS / MEETINGS ATTENDED

President Ascher then re-ordered the agenda, placing item 6 – "Director Comments/Meetings Attended" to the end of the agenda prior to adjournment, and moved item 7D as the first General Business item for discussion.

7) GENERAL BUSINESS

D. <u>Bartle Wells Proposal for Financing Plan and Water Rate Update</u>

Mr. Dickson reviewed the details contained in his staff report. He advised the Board that he felt this financing plan and water rate update is essential, that a number of factors had changed since this item was last proposed in July 2008, and that a plan needs to be developed to continue to finance the District. He informed the Board that the information developed in this study will assist the Board in decision-making, and reviewed a number of the issues that would be addressed in the proposed study.

Board discussion ensued, with Mr. Dickson addressing several questions and comments. At the Board's request, Mr. John Parsons, the District's Certified Public Accountant, also provided comments on the proposed financing plan and water rate update, stating that he was in support of the project, felt it was very necessary, and was very impressed with Mr. Dickson's pro-active approach in searching for a comprehensive solution. He added that he does not feel that the District can afford not to pursue this type of project.

ON MOTION by Director Feldman and seconded by Director Coverdell, the Board voted as follows, by roll call vote, to authorize execution of an agreement with Bartle Wells Associates for a Financing Plan and Water Rate Update at an estimated non-to exceed cost of $38,500.00:

Director Coverdell	**Aye**
Vice President Mickelsen	**Aye**
Director Larimer	**No**
Director Feldman	**Aye**
President Ascher	**Aye**

A. <u>909 Miramontes – Water Service Agreement and Resolution Nos. 2008- 08 and 2008-09 accepting grants of easement for same</u>

Mr. Dickson explained the details of this proposed pipeline extension to serve the property, which consists of a modification extending the District's infrastructure, without incurring any costs to the District. Mr. Dickson and Mr. Condotti then answered a few questions from the Board.

ON MOTION by Director Coverdell and seconded by Director Larimer, the Board voted as follows, by roll call vote, to approve the Water Service Agreement between CCWD and Wayne and Dana Pastorino for construction of a pipeline extension to serve real property at 900 Miramontes, and Resolutions 2008-08 and 2008-09 accepting grants of easement for same:

Director Coverdell	**Aye**
Vice President Mickelsen	**Aye**
Director Larimer	**Aye**
Director Feldman	**Aye**
President Ascher	**Aye**

B. Proposal from Frisch Engineering for SCADA System Pre-Design Services

Mr. Dickson referred discussion of this item to Mr. Guistino, which included the background of the District's Supervisory Control and Data Acquisition (SCADA) system and the need to proceed with an interactive pre-design process. Discussion ensued with Mr. Dickson and Mr. Guistino addressing the Board's questions and comments.

ON MOTION by Vice-President Mickelsen and seconded by Director Feldman, the Board voted as follows, by roll call vote, to authorize the execution of a contract with Frisch Engineering for SCADA system pre-design services, for a total estimated cost of $35,015:

Director Coverdell	**Aye**
Vice President Mickelsen	**Aye**
Director Larimer	**Aye**
Director Feldman	**Aye**
President Ascher	**Aye**

C. Discussion and possible adoption of Ordinance 2008-01 Establishing Rules and Regulations Prohibiting Wasteful Water Use During Normal Water Supply Situations and Providing for Enforcement Thereof

Mr. Dickson announced that Ms. Cathleen Brennan, Public Outreach/Program Development /Water Resources Analyst; would be discussing her work on this ordinance. She explained the purpose and intent of the ordinance, noting that it was last adopted by the District in 1997. She advised the Board that in order to be in compliance with the requirements of the Urban Water Management Planning Act (California Water Code) and the California Water Conservation Council; the District is required to update its ordinance on water waste prohibitions during "normal" water supply conditions. She informed the Board that the changes to the existing ordinance are significant enough to require the current ordinance (1997-01) be rescinded and a new revised ordinance be adopted. She then briefly reviewed the recommended revisions.

ON MOTION by Director Coverdell and seconded by Vice-President Mickelsen, the Board voted as follows, by roll call vote, to accept the revisions and adopt Water Waste Prohibition Ordinance 2008-01:

Director Coverdell	**Aye**
Vice President Mickelsen	**Aye**
Director Larimer	**Aye**
Director Feldman	**Aye**
President Ascher	**Aye**

E. Resolution Adopting Policy Regarding Distribution of Recycled Water Within District Service Boundary

Mr. Dickson explained that this is part of an on-going process and numerous recent discussions, to establish the District's appropriate leadership in water reclamation. He stated that, based on the guidance the Board received at the last meeting, this Resolution establishes the District's statutory authority in water reclamation, expresses the District's desire to cooperate with the Sewer Authority Mid-Coastside as the recycled water producer to develop the project, states the District's desires to distribute and sell recycled water to customers within the District's service boundary, and states it's abilities to exercise the District's statutory authority as appropriate to lead this project. The Board members all briefly commented on the elements of the proposed resolution.

ON MOTION by Vice-President Mickelsen and seconded by Director Larimer, the Board voted as follows, by roll call vote, to approve and adopt Resolution 2008-10 - Adopting Policy Regarding Distribution of Recycled Water Within District Service Boundary:

Director Coverdell	**Aye**
Vice President Mickelsen	**Aye**
Director Larimer	**Aye**
Director Feldman	**Aye**
President Ascher	**Aye**

F. First Quarter Financial Review – Revenue and Expense Budget

Mr. Dickson reviewed the Period Budget Analysis Spreadsheet, which summarized the District's financial performance through the first quarter of Fiscal year 2008-2009 and each of the Board members provided a few brief comments.

7) GENERAL MANAGER'S REPORT INCLUDING MONTHLY INFORMATIONAL REPORTS

Mr. Dickson referenced his staff report, which included results of the investigation into customer concerns expressed at the September 9, 2008 Board meeting. He reported that he had met with Mr. Clifford, answered his questions, and explained the procedures for the District's reading and re-reading of meters. He also advised the Board, that as a result of the recent discussions, new procedures were going to be implemented and with staff's further analysis of meter reading, billing, and collection procedures, anticipated possibly bringing new recommendations to the Board for changes in policy. Mr. Dickson also informed the Board and complimented Sue Turgeon, Office Specialist, on a poster she had recently designed and displayed in the lobby, in a positive and pro-active effort to educate the District's customers about water use.

Mr. Dickson also confirmed that the regular November Board of Directors meeting would be rescheduled to Tuesday, November 18, 2008, due to the Veterans Day holiday.

A. Monthly Water Resources Report
B. Water Shortage and Drought Contingency Plan Update
C. Operations Report

Mr. Dickson noted that the above referenced written reports were contained in the Board packet and he or staff could address any questions or comments from the Board about the subject matter.

Director Coverdell commented that he had attended a recent meeting sponsored by the Coastside Chamber of Commerce on the subject of sustainable business and that he had an opportunity to view Ms. Brennan's presentation for CCWD. He stated that he was very impressed by her preparedness, the topics she discussed, and the content of her presentation and complimented Ms. Brennan and stated that in his opinion she is doing an outstanding of representing the District in regards to water conservation efforts.

6) DIRECTOR COMMENTS / MEETINGS ATTENDED – (re-ordered)

President Ascher announced that on September 18th and 19th, the Association of California Water Agencies, Region 5 division conducted a conference in Half Moon Bay that was very well attended. He recognized Nurserymen's Exchange for the remarkable tour they provided and added that the evening reception was a wonderful opportunity to meet and talk to colleagues from other parts of California President Ascher also commented on the committee meeting he had participated in with the Montara Water & Sanitary District, in regards to mutual interests.

9) ADJOURNMENT

The meeting was adjourned at 8:50 p.m. The next regular meeting of the Coastside County Water District's Board of Directors is scheduled for Tuesday, November 18, 2008.

Respectfully submitted,

_____
David Dickson, General Manager
Secretary of the Board

_____
Everett Ascher, President
Board of Directors
Coastside County Water District

STAFF REPORT

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

From: **David Dickson, General Manager**

Agenda: **November 3, 2008**

Report Date: November 18 , 2008

Subject: **Monthly Water Transfer Report**

Recommendation:

None. For Board information purposes only.

Background:

At the December 10, 2002 Board meeting and November 18, 2003 Special Board meeting, the Board made several changes to the District's water transfer policy. One of the changes directed the General Manager to approve routine water transfer applications that met the District's criteria as embodied in Resolution 2002-17 and Resolution 2003-19. The General Manager was also directed to report the number of water transfers approved each month as part of the monthly Board packet information.

Since the last Board meeting in October 2008, two transfer applications were approved for two—5/8" (20 gpm) non-priority water service connections. A spreadsheet reporting the transfers for the month of October 2008 follows this report as well as the approval letters from Anthony Condotti and the confirmation letters from Glenna Lombardi.

APPROVED WATER SERVICE CONNECTION TRANSFERS FOR THE 2008 CALENDAR YEAR

DONATING APN	RECIPIENT APN	PROPERTY OWNERS	# OF CONNECTIONS	DATE
047-116-080	047-122-230	Milan, TR (Spears) to Bracciotti	one--5/8" non-priority	Oct-08
064-352-330	056-058-320	Jamison to McGregor	one--5/8" non-priority	Oct-08

LAW OFFICES

ATCHISON, BARISONE, CONDOTTI & KOVACEVICH

A PROFESSIONAL CORPORATION

333 CHURCH STREET

SANTA CRUZ, CALIFORNIA 95060

WEBSITE: WWW.ABC-LAW.COM

TELEPHONE: (831) 423-8383

FAX: (831) 423-9401

EMAIL: ADMIN@ABC-LAW.COM

JOHN G. BARISONE

ANTHONY P. CONDOTTI

GEORGE J. KOVACEVICH

BARBARA H. CHOI

SUSAN E. BARISONE

CELESTIAL S.D. CASSMAN

October 27, 2008

Via Facsimile (650) 726-5245
And United States Mail

Glenna Lombardi, Ex. Assistant
Coastside County Water District
766 Main Street
Half Moon Bay, California 94019

Re: Non-Priority Transfer Application:
Deanne K. Milan, TR (aka Deanne K. Spears) to David Bracciotti
APN 047-116-080 to APN 047-122-230

Dear Glenna:

This will confirm my review of the Application to Transfer Uninstalled Water Service capacity concerning the above-referenced properties. From my review, it appears that the application is in order and in compliance with the District's transfer policy.

Please feel free to contact me with any questions or comments. It has been a pleasure working with you this past seven plus years. I wish you the best.

Sincerely,

ANTHONY P. CONDOTTI

October 29, 2008

Deanne K. Milan, TR (aka Deanne K. Spears)
P.O. Box 1294
El Granada, CA 94018

David Bracciotti
P.O. Box 145
El Granada, CA 94018

Dear Property Owners:

RE: Request to Transfer An Uninstalled Non-Priority Crystal Springs Project Water Service Connection

Dear Property Owners:

We are pleased to confirm that the Coastside County Water District has **approved** your request to transfer a one---5/8" (20 gpm) uninstalled, non-priority Crystal Springs Project water service connection. The result of this transfer is as follows:

- **APN 047-116-080** no longer has the right to a water service connection from the Coastside County Water District; and

- **APN 047-122-230** now has a one---5/8" (20 gpm) uninstalled non-priority water service connecton assigned to it from the Crystal Springs Project.

Please be advised that the City Council of the City of Half Moon Bay has taken the position that the transfer of a water service connection meets the definition of "development" so as to require a coastal development permit from the City. Applicants are advised to investigate this issue further with the Half Moon Bay Planning Department if applicable. The Coastside County Water District, in approving this application, does not make any representations or warranties with respect to further permits or approvals required by other governmental agencies, including the City of Half Moon Bay.

Sincerely,

G. Lombardi

Glenna Lombardi

Cc: David Dickson, General Manager

LAW OFFICES

ATCHISON, BARISONE, CONDOTTI & KOVACEVICH

A PROFESSIONAL CORPORATION

333 CHURCH STREET

SANTA CRUZ, CALIFORNIA 95060

WEBSITE: WWW.ABC-LAW.COM

TELEPHONE: (831) 423-8383

FAX: (831) 423-9401

EMAIL: ADMIN@ABC-LAW.COM

JOHN G. BARISONE

ANTHONY P. CONDOTTI

GEORGE J. KOVACEVICH

BARBARA H. CHOI

SUSAN E. BARISONE

CELESTIAL S.D. CASSMAN

October 27, 2008

Via Facsimile (650) 726-5245
And United States Mail

Glenna Lombardi, Ex. Assistant
Coastside County Water District
766 Main Street
Half Moon Bay, California 94019

Re: Non-Priority Transfer Application:
Gregory Jamison to Paul McGregor
APN 064-352-330 to APN 056-058-320

Dear Glenna:

This will confirm my review of the Application to Transfer Uninstalled Water Service capacity concerning the above-referenced properties. From my review, it appears that the application is in order and in compliance with the District's transfer policy.

Please feel free to contact me with any questions or comments.

Sincerely,

ANTHONY P. CONDOTTI
District Legal Counsel

October 29, 2008

Gregory S. Jamison
P.O. Box 3095
Half Moon Bay, CA 94019

Paul McGregor
P.O. Box 370490
Montara, CA 94037

RE: Request to Transfer An Uninstalled Non-Priority Crystal Springs Project Water Service Connection

Dear Property Owners:

We are pleased to confirm that the Coastside County Water District has **approved** your request to transfer a one---5/8" (20 gpm) uninstalled, non-priority Crystal Springs Project water service connection. The result of this transfer is as follows:

- **APN 064-352-330** has the remaining rights to an installed one—5/8" (20 gpm) nonpriority water service connection from the Crystal Springs Project; and

- **APN 056-058-320** now has a one---5/8" (20 gpm) uninstalled non-priority water service capacity assigned to it from the Crystal Springs Project.

Please be advised that the City Council of the City of Half Moon Bay has taken the position that the transfer of a water service connection meets the definition of "development" so as to require a coastal development permit from the City. Applicants are advised to investigate this issue further with the Half Moon Bay Planning Department if applicable. The Coastside County Water District, in approving this application, does not make any representations or warranties with respect to further permits or approvals required by other governmental agencies, including the City of Half Moon Bay.

Sincerely,

G. Lombardi

Glenna Lombardi

Cc: David Dickson, General Manager

COASTSIDE COUNTY WATER DISTRICT

Installed Water Connection Capacity & Water Meters

2008

Installed Water Connection Capacity	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Total
HMB Non-Priority													
5/8" meter	1	1		6	1	2	3	2	3	1			**20**
3/4" meter		1											**1**
HMB Priority													
5/8" meter		1											**1**
3/4" meter													**0**
1" meter													**0**
County Non-Priority													
5/8" meter				4					3				**7**
3/4" meter													**0**
1" meter													**0**
County Priority													
5/8" meter													**0**
3/4" meter		1											**1**
1" meter													**0**
Monthly Total	**1**	**4**	**0**	**10**	**1**	**2**	**3**	**2**	**6**	**1**	**0**	**0**	**30**

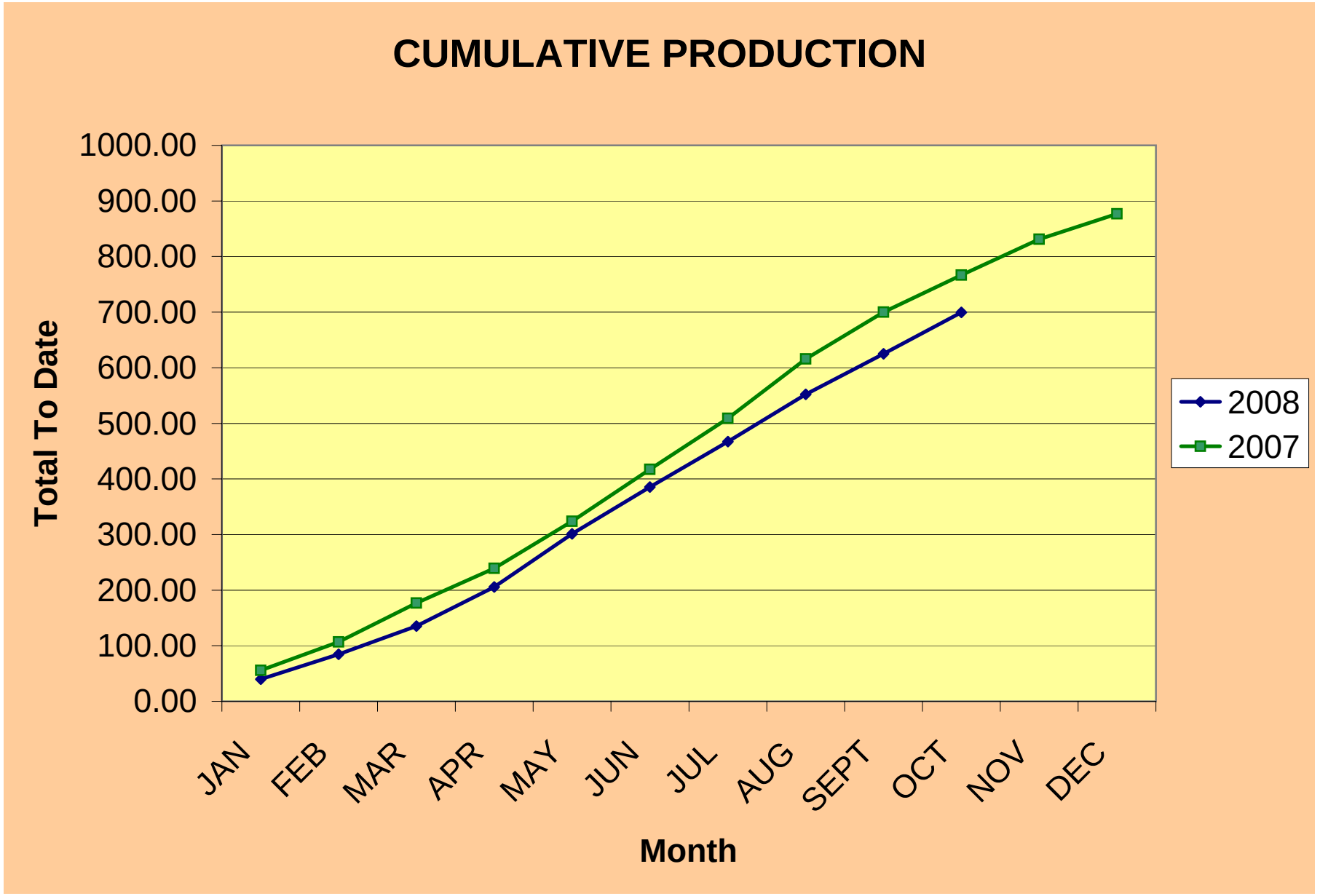
5/8" meter = 1 connection
3/4" meter = 1.5 connections
1" meter = 2.5 connections

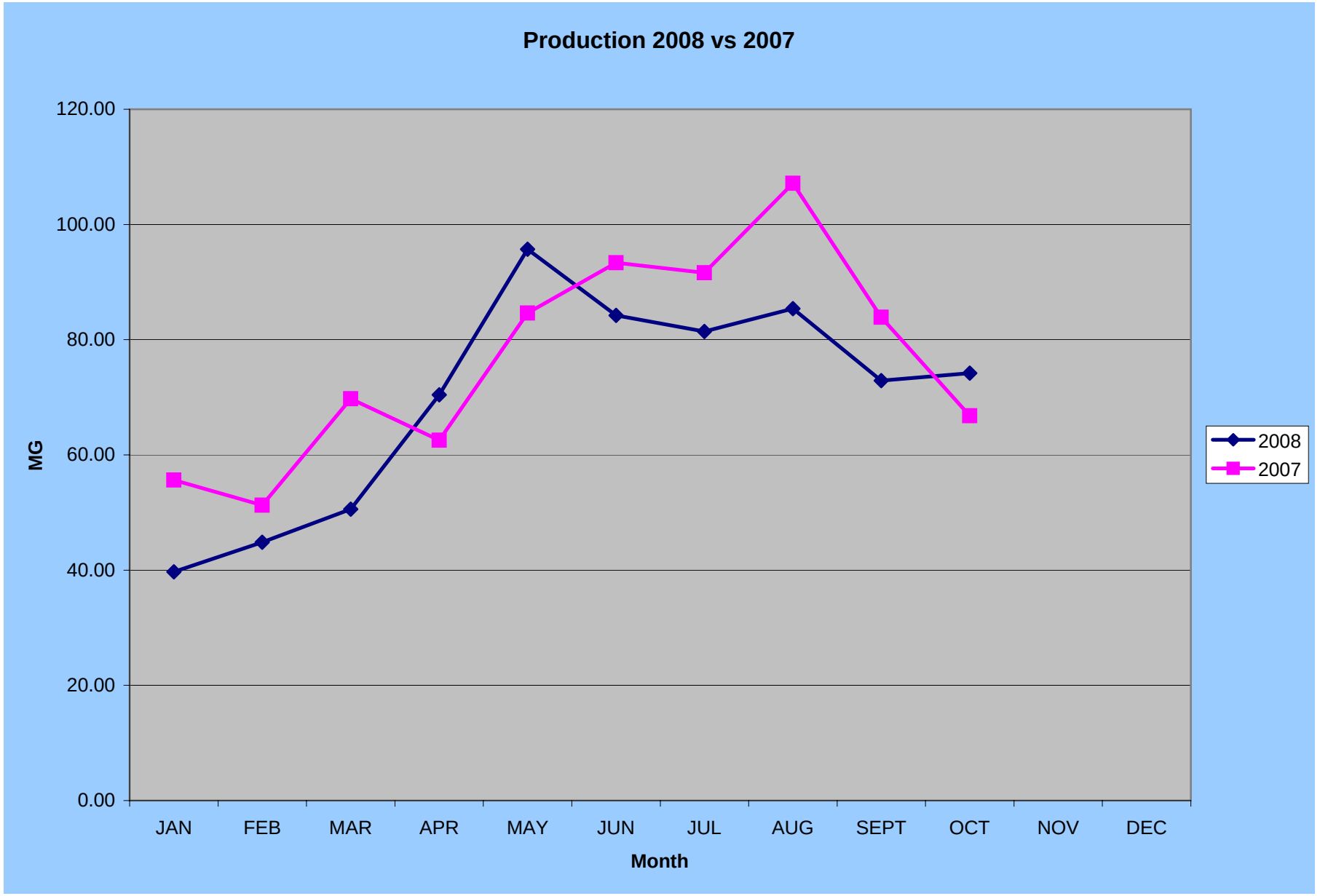
Installed Water Meters	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Totals
HMB Non-Priority	**1**	2.5		**6**	1	**2**	3	2	3	1			**21.5**
HMB Priority		1											**1**
County Non-Priority				4					3				**7**
County Priority		1.5											**1.5**
Monthly Total	**1**	**5**	**0**	**10**	**1**	**2**	**3**	**2**	**6**	**1**	**0**	**0**	**31**

TOTAL CCWD PRODUCTION (MG) ALL SOURCES-2008

	PILARCITOS		DENNISTON		CRYSTAL SPRINGS	RAW WATER	UNMETERED	TREATED
	WELLS	LAKE	WELLS	RESERVOIR	RESERVOIR	TOTAL	USAGE	TOTAL
JAN	6.47	29.20	0.00	0.00	7.03	42.70	2.99	39.71
FEB	9.39	38.24	0.00	0.00	0.00	47.63	2.78	44.85
MAR	9.04	40.42	1.01	3.94	0.00	54.41	3.83	50.58
APR	0.00	58.26	0.88	13.53	1.84	74.51	4.06	70.45
MAY	0.00	29.32	2.89	14.00	54.87	101.08	5.36	95.72
JUN	0.00	0.00	3.32	9.15	77.34	89.81	5.6	84.21
JUL	0.00	0.00	3.50	9.75	75.32	88.57	7.136	81.43
AUG	0.00	0.00	0.33	2.55	87.00	89.88	4.492	85.39
SEPT	0.00	0.00	0.00	0.00	76.90	76.90	4	72.90
OCT	0.00	0.00	0.00	0.00	77.73	77.73	3.53	74.20
NOV						0.00		
DEC						0.00		
TOTAL MG	24.90	195.44	11.93	52.92	458.03	743.22	43.781	**699.44**
% TOTAL	3.4%	26.3%	1.6%	7.1%	61.6%	100.0%	5.9%	94.1%

12 Month Running Total **809.62**


CUMULATIVE PRODUCTION
Total To Date
1000.00
900.00
800.00
700.00
600.00
500.00
400.00
300.00
200.00
100.00
0.00
JAN
FEB
MAR
APR
MAY
JUN
JUL
AUG
SEPT
OCT
NOV
DEC
Month
2008
2007


Production 2008 vs 2007
120.00
100.00
80.00
60.00
40.00
20.00
0.00
MG
JAN
FEB
MAR
APR
MAY
JUN
JUL
AUG
SEPT
OCT
NOV
DEC
Month
2008
2007

Coastside County Water District Monthly Sales By Category (MG)
2008

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	MG to Date
RESIDENTIAL	21.17	31.05	19.64	36.623	28.871	53.578	30.064	53.703	29.785	46.449			350.93
COMMERCIAL	5.38	1.1	6.17	1.23	6.781	1.477	7.938	1.441	7.877	1.238			40.63
RESTAURANT	1.96	0.04	2.13	0.053	2.887	0.045	3.231	0.026	2.673	0.127			13.17
HOTELS/MOTELS	4.48	0.24	4.5	0.138	5.305	0.136	5.671	0.158	5.778	0.126			26.53
SCHOOLS	0.93	0.07	0.86	0.068	2.224	0.171	3.515	0.115	3.428	0.103			11.48
MULTI DWELL	4.51	6.08	4.38	5.921	5.146	6.365	5.762	6.217	5.382	6.054			55.82
BEACHES/PARKS	0.38	0.01	0.28	0.025	0.786	0.064	1.173	0.079	0.993	0.094			3.88
FLORAL	17.55	0.21	17.31	0.227	22.968	0.293	16.961	0.35	15.601	0.306			91.78
RECREATIONAL	0.07	0.16	0.06	0.174	0.096	0.209	0.111	0.228	0.12	0.2			1.43
MARINE	1.15	0	0.32	0	0.402	0	0.37	0	1.143	0			3.39
IRRIGATION	3.12	0.48	0.12	1.476	14.77	3.251	28.197	3.333	17.651	2.634			75.03
Portable Meters	0	0.33	0	0.284	0	1.296	0	1.587	0	1.735			5.23
MG	60.70	39.77	55.77	46.22	90.24	66.89	102.99	67.24	90.43	59.07	0.00	0.00	679.31

Running 12 Month Total 787.21

Coastside County Water District Monthly Sales By Category (MG)
2007

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	MG to Date
RESIDENTIAL	21.27	34.33	18.74	27.400	22.997	49.261	33.276	52.936	29.526	47.223	21.889	30.912	389.75
COMMERCIAL	6.32	1.38	5.73	1.098	6.465	1.358	8.888	1.390	7.543	1.407	5.943	1.072	48.60
RESTAURANT	2.29	0.00	2.19	0.000	2.256	0.001	2.431	0.012	2.576	0.022	2.133	0.016	13.93
HOTELS/MOTELS	4.66	0.13	4.11	0.125	10.163	0.152	5.008	0.186	6.057	0.150	5.441	0.096	36.28
SCHOOLS	0.53	0.13	0.77	0.094	1.153	0.286	3.389	0.171	3.043	0.272	2.162	0.070	12.08
MULTI DWELL	5.37	6.38	4.57	5.776	4.674	6.513	5.709	6.594	5.859	6.468	4.623	5.172	67.71
BEACHES/PARKS	0.29	0.02	0.41	0.094	0.842	0.114	1.093	0.076	1.461	0.079	0.613	0.016	5.11
FLORAL	14.73	0.24	14.69	0.222	21.682	0.256	22.718	0.269	18.705	0.280	15.882	0.212	109.88
RECREATIONAL	0.08	0.18	0.06	0.204	0.061	0.242	0.099	0.242	0.082	0.187	0.063	0.222	1.72
MARINE	1.35	0.00	0.98	0.000	1.363	0.000	1.438	0.000	1.423	0.000	1.068	0.000	7.62
IRRIGATION	0.30	0.69	0.11	0.887	3.939	2.339	25.280	3.226	26.044	2.697	9.324	0.981	75.81
PORTABLE METERS	0.00	0.30	0.11	0.171	0.000	0.278	0.000	1.468	0.000	1.069	0.000	0.711	4.11
MG	57.18	43.78	52.48	36.07	75.59	60.80	109.33	66.57	102.32	59.85	69.14	38.77	771.88

Coastside County Water District

Monthly Leak Report

OCTOBER 2008

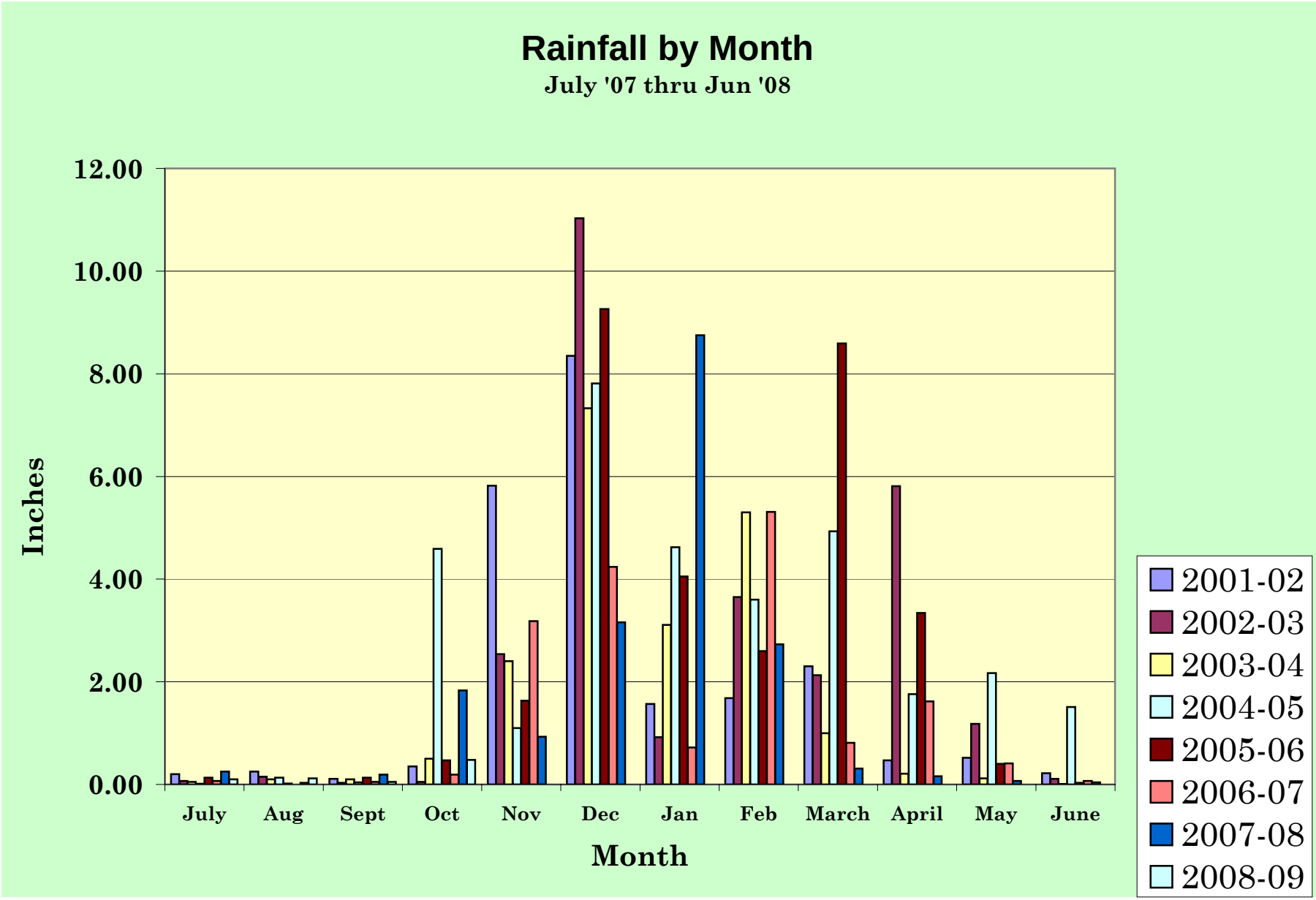
Date	Location	City	Pipe Type/Size	Repair Material	Estimated Water Loss (gallons)	Repair Material Costs	Manpower and Equipment Costs	Estimated Cost of Repair (dollars)
06-Oct-08	Palma & Valencia	EG	3/4" blue plastic service	3/4" angle stop/ 40' 3/4" copper/ B-9 meter box w/lid	5,600	$541.80	$1,000.00	$1,542
08-Oct-08	54 Ventura St	EG	1" black plastic service	1" comp nuts/ 40' 1" copper	5600	412.55	1,200.00	$1,613
11-Oct-08	Columbus St	EG	2" galv pipe	15" full circle	12800	118.67	1,100.00	$1,219
13-Oct-08	Sevilla St.	EG	1" black plastic service	1" copxcop/ 1' 1" copper	3600	56.45	775.00	$831
14-Oct-08	Spruce St.	HMB	3/4" blue plastic service	3/4" copxcop/ 3' 3/4" cop	1600	69.64	625.00	$695
14-Oct-08	Myrtle @ 1st	HMB	1" black plastic service	1" copxcop	1600	31.30	375.00	$406
15-Oct-08	Hwy 92	HMB	1" plastic service	2 - 1" copxcop/ 10' 1" copper/ 1" mip/slip pvc	1600	101.90	700.00	$802
17-Oct-08	Garcia St	HMB	6" DI	6" x 7 1/2" full circle	12000	187.10	1,500.00	$1,687
20-Oct-08	Spruce St.	HMB	1" blue plastic service	1" copxcop/ 2' 1" copper/ meter box	1600	88.24	650.00	$738
28-Oct-08	Casa Del Mar	HMB	6" CI	6" full circle	35000	200.00	1,400.00	$1,600
								$0
								$0
				TOTAL	**81,000.00**	**1,807.65**		**$11,133**

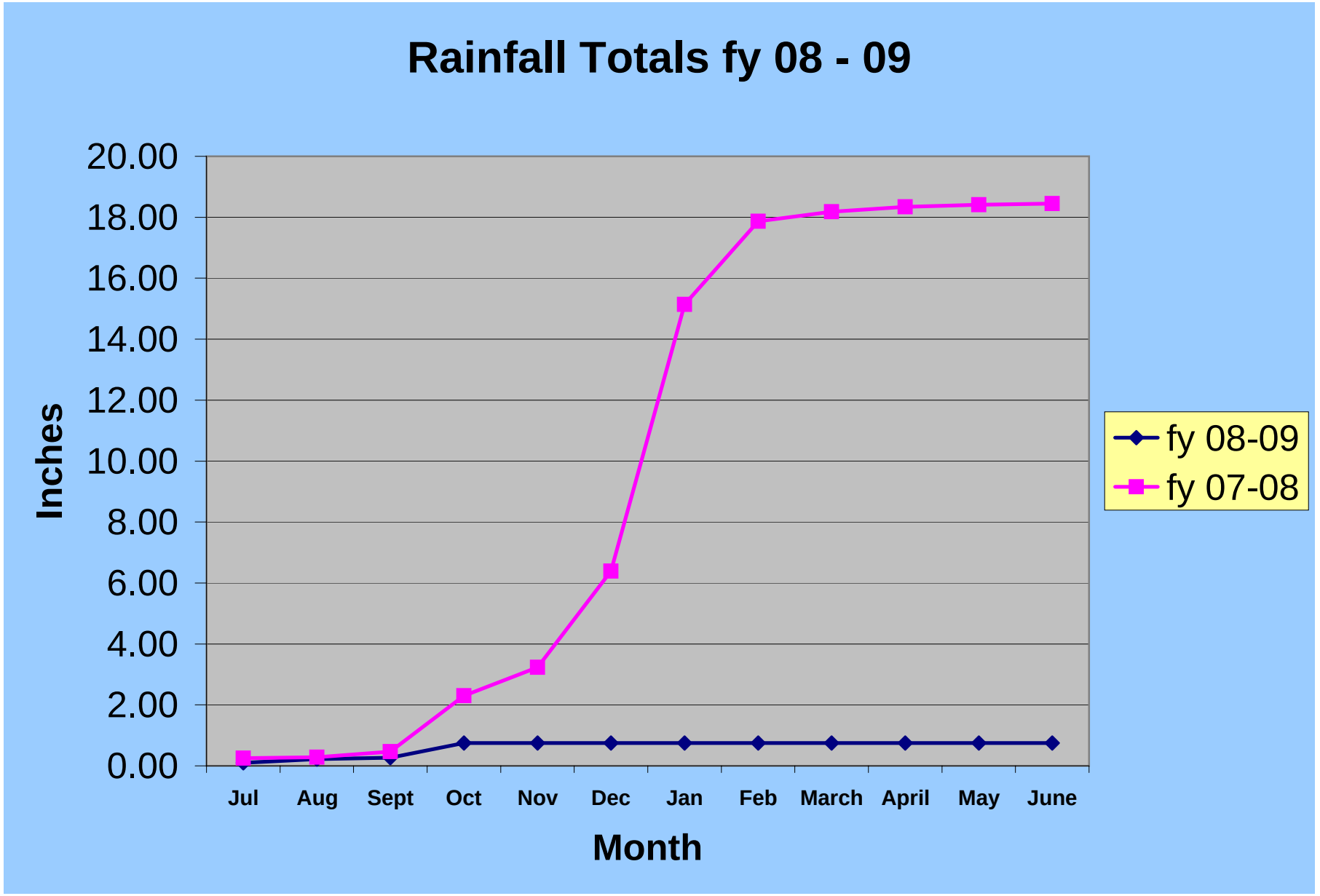
Coastside County Water District
766 Main Street
July 2007 - June 2008

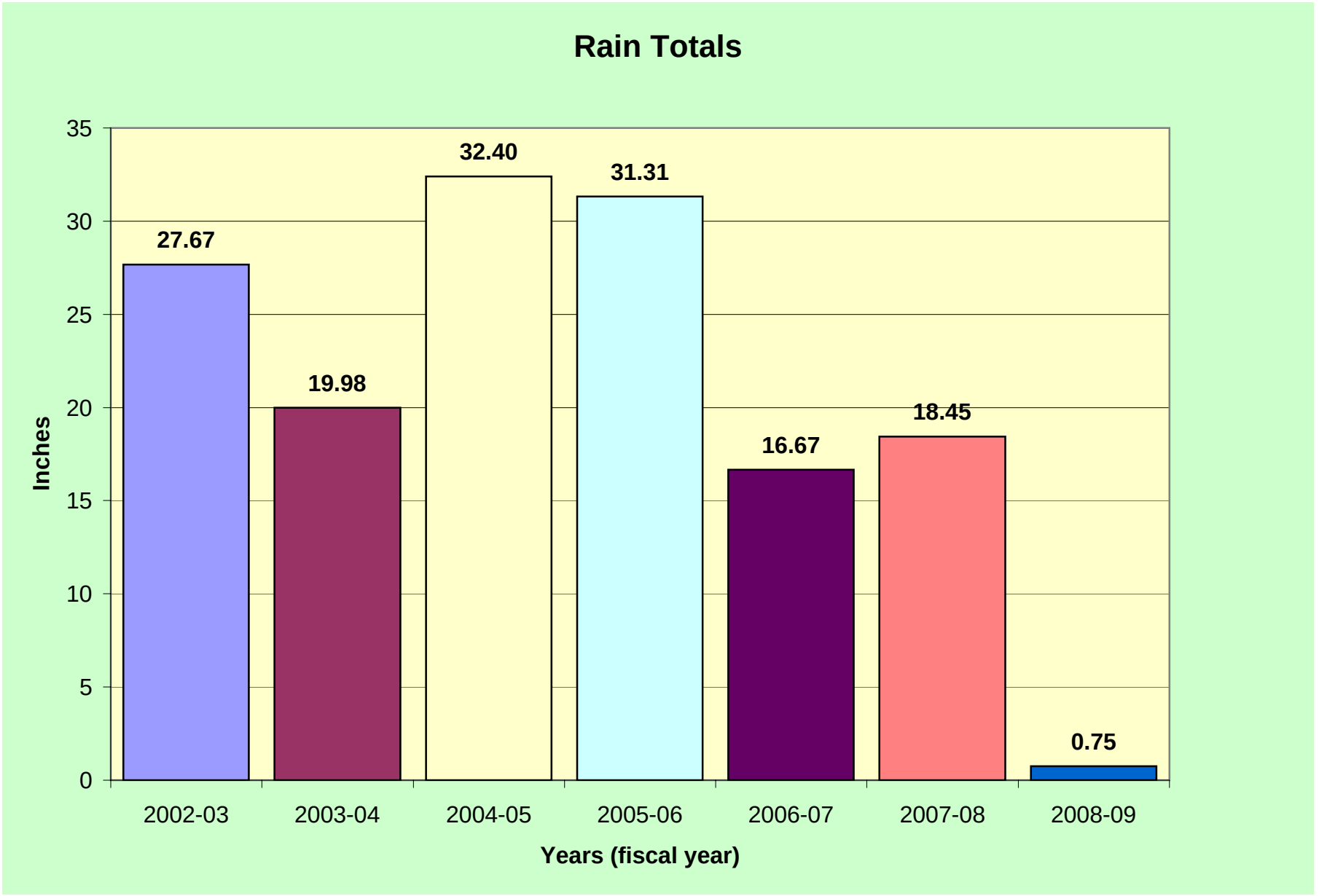
District Office
Rainfall in Inches

	2008						2009					
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June
1	0	0	0	0								
2	0	0	0	0								
3	0	0	0	0.21								
4	0.01	0	0	0.05								
5	0.01	0.01	0	0								
6	0.01	0	0	0								
7	0	0	0	0								
8	0	0	0	0								
9	0	0.03	0	0.01								
10	0	0	0.01	0								
11	0	0	0	0								
12	0	0.01	0	0								
13	0	0	0	0								
14	0	0	0	0								
15	0	0	0	0								
16	0	0	0	0								
17	0	0	0	0								
18	0	0.01	0	0								
19	0	0.01	0.01	0								
20	0	0	0.01	0								
21	0.01	0.02	0	0								
22	0	0	0	0								
23	0	0	0.01	0								
24	0	0.01	0	0								
25	0	0	0	0								
26	0	0.01	0	0								
27	0.03	0	0	0								
28	0.03	0	0	0								
29	0	0	0.01	0								
30	0	0.01	0	0.02								
31	0	0		0.19								
Mon.Total	0.10	0.12	0.05	0.48	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Year Total	0.10	0.22	0.27	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75

Coastside County Water District




Rainfall Totals fy 08 - 09
20.00
18.00
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 08-09
fy 07-08


Rain Totals
Inches
35
30
25
20
15
10
5
0
27.67
19.98
32.40
31.31
16.67
18.45
0.75
2002-03
2003-04
2004-05
2005-06
2006-07
2007-08
2008-09
Years (fiscal year)

MONTHLY CLIMATOLOGICAL SUMMARY for OCT. 2008

NAME: Office CITY: Half Moon Bay STATE: CA ELEV: 80 LAT: 37 38' 00" LONG: 122 25'59"

TEMPERATURE (°F), RAIN (in), WIND SPEED (mph)

DAY	MEAN TEMP	HIGH	TIME	LOW	TIME	HEAT DEG DAYS	COOL DEG DAYS	RAIN	AVG WIND SPEED	HIGH	TIME	DOM DIR
1	61.0	72.4	2:30p	51.1	5:30a	5.2	1.1	0.00	0.8	10.0	12:30p	SW
2	65.9	75.1	12:00p	58.9	12:30a	1.5	2.4	0.00	0.7	8.0	11:30a	SSW
3	65.4	74.1	3:00p	58.0	5:30a	1.8	2.2	0.21	2.2	16.0	10:00p	SE
4	64.6	71.4	12:00p	59.1	10:30p	1.5	1.1	0.05	1.5	12.0	12:30a	SW
5	62.6	72.0	1:30p	55.5	6:30a	3.6	1.2	0.00	0.8	8.0	12:30p	SSW
6	61.1	69.6	10:30a	55.8	6:30a	4.3	0.4	0.00	1.7	11.0	4:30a	N
7	61.8	71.7	4:00p	53.7	7:00a	4.3	1.0	0.00	1.2	10.0	4:30p	SE
8	59.0	67.4	12:30p	51.0	3:30a	6.3	0.2	0.00	1.2	14.0	1:00p	SW
9	55.2	64.8	2:00p	46.3	6:00a	9.8	0.0	0.01	1.5	18.0	3:30p	WSW
10	51.9	59.4	11:00a	43.2	6:00a	13.1	0.0	0.00	2.1	19.0	1:30p	NNW
11	51.9	61.8	11:00a	43.9	5:00a	13.1	0.0	0.00	1.5	14.0	10:00a	NE
12	54.8	65.5	12:30p	45.3	12:00m	10.2	0.0	0.00	2.5	16.0	10:00a	N
13	56.7	72.3	11:30a	45.4	12:30a	8.9	0.7	0.00	2.0	23.0	10:30a	N
14	55.6	69.2	4:30p	44.3	4:00a	9.8	0.4	0.00	0.9	9.0	5:30p	SSW
15	57.1	79.7	1:00p	46.7	6:00a	8.9	1.0	0.00	0.9	15.0	4:30p	SW
16	63.5	84.9	2:00p	48.9	2:30a	6.0	4.6	0.00	1.4	15.0	11:30a	N
17	62.2	74.0	3:00p	52.7	12:00m	5.0	2.2	0.00	0.5	7.0	5:00a	SW
18	58.2	67.3	3:00p	50.9	2:30a	6.9	0.0	0.00	1.3	10.0	2:00p	SSW
19	56.3	62.6	12:30p	53.2	7:30a	8.7	0.0	0.00	1.2	10.0	12:00p	SSW
20	56.9	63.0	3:00p	51.4	7:00a	8.1	0.0	0.00	1.6	11.0	12:00p	SW
21	59.0	76.2	1:30p	49.2	4:00a	7.4	1.4	0.00	1.2	14.0	11:00a	N
22	65.8	83.0	3:30p	49.5	3:00a	3.7	4.6	0.00	2.4	22.0	11:00a	N
23	66.6	84.2	12:30p	53.7	12:00m	3.2	4.9	0.00	1.9	21.0	10:30a	NNE
24	56.3	66.0	3:30p	48.2	6:30a	8.7	0.0	0.00	0.6	6.0	11:00a	SSW
25	56.4	69.6	3:00p	47.1	6:00a	9.1	0.4	0.00	0.0	5.0	1:30a	SSW
26	54.5	62.8	1:00p	49.0	4:00a	10.5	0.0	0.00	0.2	5.0	11:30a	SW
27	55.0	62.4	1:30p	50.5	2:30a	10.0	0.0	0.00	0.8	12.0	2:30p	SW
28	54.6	64.1	2:00p	46.9	6:30a	10.4	0.0	0.00	0.8	8.0	4:00p	SW
29	53.5	63.2	12:30p	45.7	5:30a	11.5	0.0	0.00	0.4	6.0	1:30p	SW
30	57.4	63.0	4:00p	48.6	4:00a	7.6	0.0	0.02	2.5	27.0	10:00p	SE
31	64.7	72.5	1:00p	60.6	4:00a	1.5	1.3	0.19	4.2	26.0	5:00a	SE
	58.9	84.9	16	43.2	10	220.6	31.1	0.48	1.4	27.0	30	SW

Max >= 90.0: 0
Max <= 32.0: 0
Min <= 32.0: 0
Min <= 0.0: 0
Max Rain: 0.21 ON 10/03/08
Days of Rain: 4 (>.01 in) 2 (>.1 in) 0 (>1 in)
Heat Base: 65.0 Cool Base: 65.0 Method: Integration

STATION (Climatological) Half Moon Bay (River Station, if different) | MONTH Oct | 2008

STATE CA | COUNTY San Mateo | RIVER Pacific Ocean

TIME (local) OF OBSERVATION RIVER 08:30 | TEMP. | PRECIPITATION | STANDARD TIME IN USE Pacific

TYPE OF RIVER GAGE | ELEVATION OF RIVER GAGE ZERO Ft. | FLOOD STAGE Ft. | NORMAL POOL STAGE Ft.

WS FORM B-91
(7-89)

U.S. DEPARTMENT OF COMMERCE
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
NATIONAL WEATHER SERVICE

RECORD OF RIVER AND CLIMATOLOGICAL OBSERVATIONS

RECEIVED
OCT 31 2008
COASTSIDE COUNTY WATER DISTRICT

DATE	TEMPERATURE F. 24 HRS. ENDING AT OBSERVATION MAX.	MIN.	AT OBSN.	PRECIPITATION 24-HR AMOUNTS Rain, melted snow, etc. (ins. and hundredths)	Snow, ice pellets, (ins. and tenths)	At Ob. Snow, ice pellets, hail, ice on ground (ins.)	Draw a straight line (——) through hours precipitation was observed, and a waved line (~~~) through hours precipitation probably occurred unobserved. A.M. NOON P.M.	WEATHER (Calendar Day) Mark 'X' for all types occurring each day. Fog	Ice Pellets	Glaze	Thunder	Hail	Damaging Winds	Time of observation if different from above	RIVER STAGE CONDITION	GAGE READING AT ___ A.M.	TENDENCY	REMARKS (Special observations, etc.,)
1	67	44	56	0.00														08:45 CDO
2	69	54	62	0.00														08:35 CG
3	69	55	60	T														0830 T
4	67	58	61	0.24														09:00 CG
5	66	50	59	0.01														08:45 CDO
6	68	51	59	0.00														08:30 CDO
7	66	53	56	0.00														0830 T
8	70	45	52	0.00														08:20 CG
9	66	41	49	0.00														08:30 CG
10	64	40	53	0.00														08:25 CG
11	60	38	57	0.00														09:00 CG
12	63	37	54	0.00														08:30 CDO
13	68	36	59	0.00														08:30 CDO
14	78	37	48	0.00														08:35 CDO
15	69	38	50	0.00														08:30 CDO
16	71	41	52	0.00														0830 T
17	73	43	50	0.00														0825 T
18	72	43	53	0.00														09:00 CG
19	61	51	53	0.00				X										08:40 CDO
20	58	51	55	0.00				X										08:45 CDO
21	61	49	54	0.00				X										08:50 CDO
22	74	40	58	0.00														08:30 CDO
23	87	44	51	0.00														0825 T
24	83	34	54	0.00														09:00 CG
25	64	39	54	0.00														09:00 CG
26	65	44	49	.01				X										0833 JW
27	57	47	49	.01				X										0838 JW
28	56	46	51	0.0				X										0935 JW
29	59	45	49	T				X										0850 T
30	57	45	52	0.00														08:55 CG
31	64	50	60	0.15														08:40 CG
SUM			SUM															

CHECK BAR (For wire-weight) NORMAL CK. BAR

READING	DATE

CONDITION OF RIVER AT GAGE

A. Obstructed by rough ice.
B. Frozen, but open at gage.
C. Upper surface of smooth ice.
D. Ice gorge above gage.
E. Ice gorge below gage
F. Shore ice.
G. Floating ice.
H. Pool stage.

OBSERVER

SUPERVISING OFFICE

STATION INDEX NO. 04-3714

San Francisco Public Utilities Commission
Hydrological Conditions Report
For October 2008

J. Chester, B. McGurk, A. Mazurkiewicz, M. Tsang, November 4, 2008

Current System Storage

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

Table 1
Current Storage
As of November 1, 2008

Reservoir	Current Storage		Maximum Storage		Available Capacity		Percent of Maximum Storage
	Acre-Feet	Millions of Gallons	Acre-Feet	Millions of Gallons	Acre-Feet	Millions of Gallons	
Tuolumne System							
Hetch Hetchy [1/]	244,523		340,830		96,307		71.7%
Cherry [2/]	218,273		268,810		50,537		81.2%
Lake Eleanor [3/]	19,600		23,541		3,941		83.3%
Water Bank	363,253		570,000		206,747		63.7%
Tuolumne Storage	845,649		1,203,181		357,532		70.3%
Local Bay Area Storage							
Calaveras [4/]	32,660	10,642	96,824	31,550	64,163	20,908	33.7%
San Antonio	45,951	14,973	50,496	16,454	4,545	1,481	91.0%
Crystal Springs	45,154	14,713	58,377	19,022	13,223	4,309	77.3%
San Andreas	17,952	5,850	18,996	6,190	1,044	340	94.5%
Pilarcitos	1,988	648	3,100	1,010	1,111	362	64.1%
Total Local Storage	143,705	46,826	227,793	74,226	84,086	27,400	63.1%
Total System	989,354		1,430,974		441,618		69.1%

[1/] Maximum Hetch Hetchy Reservoir storage with drum gates deactivated.
[2/] Maximum Cherry Reservoir storage with flash-boards out.
[3/] Maximum Lake Eleanor storage with all stop-logs out.
[4/] Available capacity does not take into account current DSOD storage restrictions.

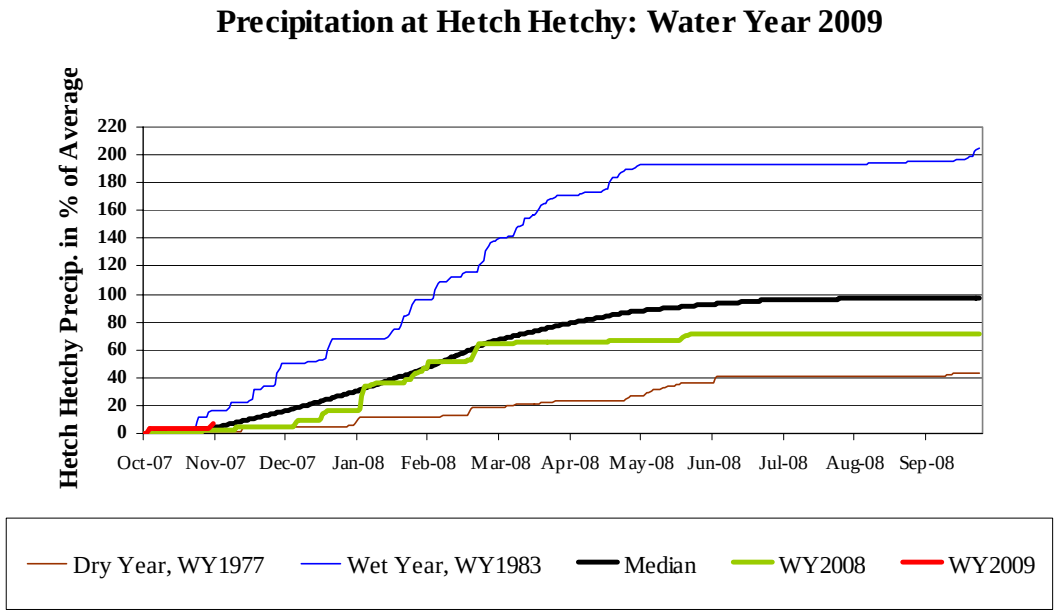
Hetch Hetchy System Precipitation Index [5/]

Current Month: The October precipitation index is 1.29 inches, or 68% of the average index for the month.

Cumulative Precipitation to Date: The accumulated precipitation index for water year 2009 is 1.29 inches, which is 3.6% of the average annual water year total, or 68% of the season-to-date precipitation. The cumulative precipitation for the Hetch Hetchy gauge is shown in Figure 1 in red.

[5/]The precipitation index is computed using six Sierra precipitation stations and is an indicator of the wetness of the basin for the water year to date. The index is computed as the average of the six stations and is expressed in inches and in percent.

Figure 1: Water year 2009 cumulative precipitation received at Hetch Hetchy Reservoir through the end-of-month October. Precipitation curves for wet, dry, median, and WY 2008 years for the station at Hetch Hetchy are included for comparison purposes.



Tuolumne Basin Unimpaired Inflow

Unimpaired inflow to SFPUC reservoirs and Tuolumne River at La Grange as of October 31st is summarized below in Table 2. Natural flow at LaGrange for October was 26% of average. Water available to the City is also shown in Table 2.

Table 2
Unimpaired Inflow
Acre-Feet

	October 2008				October 1, 2008 through October 31, 2008			
	Observed Flow	Median[6]	Average[6]	Percent of Average	Observed Flow	Median[6]	Average[6]	Percent of Average
Inflow to Hetch Hetchy Reservoir	2,309	3,221	6,085	37.9%	2,309	3,221	6,085	37.9%
Inflow to Cherry Reservoir and Lake Eleanor	137	2,194	5,127	2.6%	137	2,194	5,127	2.6%
Tuolumne River at La Grange	4,328	10,604	16,823	25.7%	4,328	10,604	16,823	25.7%
Water Available to the City	0	0	1,875	0.0%	0	0	1,875	0.0%

[6] Hydrologic Record: 1919 – 2005.

Hetch Hetchy System Operations

October 1st marked the beginning of water year 2009. The total October inflow was 2,309 acre-feet at Hetch Hetchy, 38% of the long-term average. The Type B schedule for minimum streamflow releases from Hetch Hetchy will continue at least through January 1.

Draft from Hetch Hetchy Reservoir in October was made only to meet SJPL delivery and the fishery release, and totaled 29,395 acre-feet. During October, about 6,319 acre-feet of powerdraft was made from Cherry Reservoir to support the City's Municipal load and District Class 1. All water released to the channel from Cherry and Hetch Hetchy was transferred to the City's Water Bank account in Don Pedro Reservoir.

Only minimum streamflow releases were made at Lake Eleanor in October. No water was transferred from Lake Eleanor to Cherry Reservoir in October.

SJPL Delivery

The average rate of the San Joaquin Pipeline delivery during October was 285 MGD. All three pipelines were in service for the entire month.

Local System Operations

The average rate at the Sunol Valley Water Treatment Plant for October was 12 MGD. The Harry Tracy Water Treatment Plant for the same period averaged 26 MGD. October water demand averaged 227 MGD, an 11% decrease from the September average rate of 255 MGD.

October was generally dry across the local watersheds except for the last day of the month, and seasonably mild temperatures occurred. On average, precipitation totals were half of normal for the month. October precipitation totals are presented in Table 3.

Table 3 - Precipitation Totals for October at Three Local Reservoirs

Reservoir	Month Total (inches)	Percentage of Normal for the Month	Year To Date [7] (inches)	Percentage of Normal for the Year to Date [7]
Pilarcitos	1.42	63 %	1.42	48 %
Lower Crystal Springs	0.78	53 %	0.78	41 %
Calaveras	0.43	39 %	0.43	28 %

[7] Since 7-1-2008

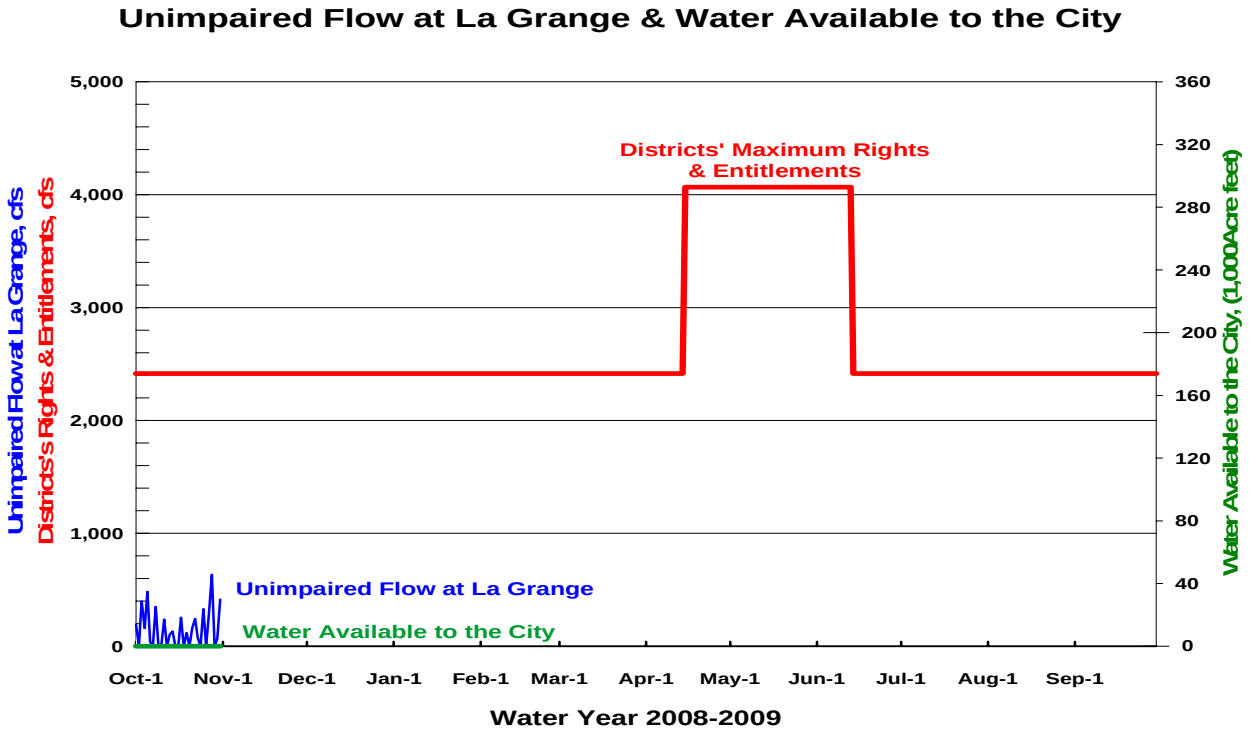
Snowmelt and Water Supply

Water year 2009 began with continued seasonal dry conditions. Inflows into the reservoirs remained below median, while precipitation accumulated to just above median during the last day of the month. The end of October brought the first significant precipitation since May. While this event did mark the end of a significant dry period, it did not significantly replenish the depleted soil moisture and groundwater conditions. The City did not receive entitlements during October (Table 2).

Current weather conditions in the high country are unsettled. The first few days of November brought significant precipitation and some snowfall to the high country. Snow stations are reporting as much as 14 inches of snow depth. Current forecasts are calling for clear conditions

for the next few days. The 5-day outlook indicates that another weather system may move across the northern third of the state during the second weekend in November, but little precipitation is expected in the Local Area or the Tuolumne basin. The unsettled pattern is expected to continue to the middle of November.

Figure 2: Calculated unimpaired flow at La Grange and the allocation of flows between the Districts and the City. Water available to the City for the period from October 1st, 2008 through October 31st, 2008 was zero acre-feet.



cc	HHWP Records	Dufour, Alexis	Mazurkiewicz, Adam	Sandkulla, Nicole
	Briggs, David	Gibson, Bill	McGurk, Bruce	Sanguinetti, Dave
	Cameron, David	Hale, Barbara	Meier, Steve	Tsang, Michael
	Carlin, Michael	Hannaford, Margaret	Ramirez, Tim	Winnicker, Tony
	Chester, John	Jensen, Art	Rickson, Norman	
	DeGraca, Andrew	Kehoe, Paula	Riffel, Dave	
	Dhakal, Amod	Levin, Ellen	Samii, Camron	

STAFF REPORT

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

From: **David Dickson, General Manager**

Agenda: **November 18, 2008**

Report Date: November 13, 2008

Subject: **Consideration of General Manager Performance Based Compensation Adjustment**

Recommendation:
Approve a compensation adjustment of 4.5% for the General Manager, as recommended by the Board following its annual review of General Manager performance on October 14, 2008.

Background:
The Board met in closed session on October 14, 2008, to review performance of the General Manager. Based on its discussion, the Board recommended a compensation adjustment of 4.5%, effective July 1, 2008.

Fiscal Impact:
Increase in District salary and benefit costs of approximately $10,000 per year.

STAFF REPORT

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

From: **David Dickson, General Manager**

Agenda: **November 18, 2008**

Report Date: November 13, 2008

Subject: **Memorandum of Understanding Between Coastside County Water District and Teamsters Local 856**

Recommendation:
Approve the attached Memorandum of Understanding.

Background:
The attached Memorandum of Understanding for the period July 1, 2008 through June 30, 2011 is consistent with the approach the District's labor negotiators have discussed with the Board and has been approved by the bargaining unit.

The agreement continues the pay and benefits the District's employees have received, including an annual CPI-based cost-of-living adjustment (3.2% for FY 08-09). Significant changes to established policies under this new agreement include:

- Employees hired after November 1, 2008 will have a defined-contribution plan for retirement and post-retirement medical benefits in place of the defined-benefit plans provided to employees hired before November 1, 2008.
- Employees hired before November 1, 2008 will receive monthly Supplemental Income Program payments of $48 in the first year of the contract and $96 and $144 in the second and third years.

Fiscal Impact:
This agreement will cause a modest increase in District costs in the near-term, which should be offset by substantial savings in retirement and medical-after-retirement benefits in the long term.

MEMORANDUM OF UNDERSTANDING

between

COASTSIDE COUNTY WATER DISTRICT

and

TEAMSTERS LOCAL 856

for the period

July 1, 2008 through June 30, 2011

TABLE OF CONTENTS

PREAMBLE

This Memorandum of Understanding (MOU) is entered into pursuant to the Meyers-Milias-Brown Act, California Government Code Section 3500 et. seq. by COASTSIDE COUNTY WATER DISTRICT (District) and Teamsters Local 856 (Union). This agreement shall become effective upon approval by the Board of Directors of the District.

ARTICLE 1. RECOGNITION

The District recognizes the Teamsters Local 856 as the certified majority representative of the employees in the unit consisting of those classifications set forth in the attached Exhibit "A.".

ARTICLE 2. TERM

The effective date of this MOU shall be July 1, 2008 through June 30, 2011.

ARTICLE 3. DISCRIMINATION

Neither the District nor the Union will interfere with the right of its employees to become members of or participate in, or to not become members of or participate in, the Union. Neither the District nor Union, nor any of their agents will discriminate against, interfere with, restrain, or coerce any employee because of their membership or lack of membership, or participation or lack of participation in the Union.

ARTICLE 4. EMPLOYEE RIGHTS

A. Representation

Local 856 may designate up to two (2) employees to serve as employee representatives. The Union shall provide the District Manager each calendar year with a list of the designated employee representatives.

Employee representatives shall be granted a reasonable amount of time with pay to investigate and process grievances during working hours, to bring about a prompt disposition of the matter. Before leaving their work location assignment to act as employee representatives, they must first obtain permission from their immediate supervisor and inform the supervisor of the nature of the business. Permission will be granted promptly unless absence would cause an undue interruption of work.

Upon entering a work location, an employee representative shall inform the proper supervisor of the general nature of the Union representative's

business. Permission to leave the job will be granted to the employee involved unless such absence would cause an undue interruption of work.

B. Membership

Within thirty-one (31) days after the beginning of this Memorandum of Understanding, or within thirty-one (31) days of date of hire, whichever occurs later, each employee of the District covered by this Memorandum of Understanding shall be required as a condition of continued employment to:

(a) Become and remain a member of the Union, or

(b) Pay to the Union a service fee in an amount that will be established by the Union each year and communicated to the District Manager. The Union will use the service fee only for the purposes of labor relations' activities.

(c) Employees who qualify under the National Labor Relations Act for an exemption from (a) or (b) above, will contribute the amount specified in (b) above, to a charity designated by the parties to this Memorandum of Understanding.

Notification to the Union

The District shall supply the Union with names, classifications and work locations of newly hired employees and terminated employees in represented classes within fifteen (15) calendar days of hire or termination. The District will provide the Union with an up to date seniority and classification list for all bargaining unit employees upon reasonable request.

Payroll Deduction

During the term of this Memorandum of Understanding, the District will deduct Union dues, service fee or charitable contribution from an employee's wages for any employee covered by this Memorandum of Understanding who has voluntarily provided the District with a written authorization for such deduction. The District shall provide authorization forms to all current and new employees. Such deductions will continue for the term of this Memorandum of Understanding. The monies deducted will be transmitted by the District to the Union within fifteen (15) calendar days of the payroll period pay date.

Indemnification

The Union understands and agrees that the District assumes no liability in connection with any provision of this Section. Any question as to the correctness of the deductions authorized and made will be a matter to be resolved between the Union and the employee. The Union shall

indemnify and hold the District harmless from any claims, demands, suits or any other action arising from any provisions of this Section.

C. Personnel Files

Personnel files shall be made available for inspection by an employee, or by a Local 856 representative with the written consent of an employee, within a reasonable time (for the purposes of this section 24 hours) after an employee's request and without loss of pay, provided that the employee makes arrangements with the District Manager if the inspection occurs on duty. Upon written request, an employee may obtain copies of the materials subject to inspection. The District may preclude inspection of certain information in accordance with the law, such as background and other pre-employment information, and materials relating to confidential investigations.

The District shall furnish the employee copies of all performance evaluation reports and letters of reprimand or warning prior to placement of such documents into the employee's personnel file. The employee may be required to acknowledge the receipt of any document entered into his personnel file without prejudice to subsequent arguments concerning the contents of such documents.

An employee who disagrees with the contents of a letter of reprimand or warning which is placed in the employee's personnel file may submit a written response thereto and have such response placed in the employee's personnel file.

D. Work Access

A Local 856 representative desiring access to a work location shall state the purpose of the visit and request the District Manager or his/her designee's authorization prior to the intended visit. If authorization for such access is not granted, the Union representative will be informed when time will be made available. Authorized Union representatives may be given access to work locations during working hours solely for the purpose of conducting grievance investigations, posting literature on bulletin boards, and/or observing working conditions. The Union agrees that its representatives will not interfere with operations of the District or any of its facilities.

E. Bulletin Boards

The District shall furnish reasonable bulletin board space to the Union at all work locations. The boards may be used for the following subjects:

1. Union recreational, social and related Union news bulletins;

2. Scheduled Union meetings;

3. Information concerning Union election or results thereof; and

4. Reports of official business of Union, including newsletters and reports of committees.

Any other written material must first be approved and initialed by the District Manager or a designee. Material must be properly posted and shall be timely removed by Union representatives.

ARTICLE 5. MANAGEMENT RIGHTS

Teamsters Local 856 recognizes that the District continues as the sole and exclusive manager of the Districts facilities, having all the power, rights, functions, and authority formerly or usually held by management, except to the extent these are limited by a specific expressed provision of this MOU.

ARTICLE 6. WORK CURTAILMENT

The purpose of this section is to insure that the Health and Safety of the public are not compromised due to a failure of District employees to properly operate and maintain District facilities and equipment.

Under no conditions or circumstances shall the Union or any of the employees it represents individually or collectively cause, sanction, honor or engage in any strike, sit-down, stay-in, sick-out, slow-down, speed-up, work to rule or in any other type of job action, curtailment of work, restriction of production or restriction of service during the term of this Agreement.

ARTICLE 7. WORK SCHEDULE

A. Hours of Work

The District Manager or designee shall determine the work schedule. The District Manager or designee shall schedule employees to work on regular work shifts, having regular starting and quitting times, currently set at 0700 and 1530, with one additional coverage shift from 0800 and 1630. The District Manager may implement a work schedule that provides for weekend work.

The parties have agreed to convene a Customer Service Committee on December 3, 2008 to review how to improve the service levels to the District's customers. Included in this review are the various work shifts and work tasks. In the interim the parties have agreed that the shift from 0800 to 1630 will be staffed by the non-certified and non-standby employees in the bargaining unit. In the event there are no non-certified and no non-standby eligible employees the District may assign other employees in the bargaining unit to work that shift.

B. Standby Duty

Because of the potential consequences of an operating failure in the District's treatment plants and pumping stations, it is necessary that all qualified and certified District employees must be available during non-working hours to receive and respond to emergency calls pursuant to Personnel Manual (11-06) Section 2.07 C. The District Manager may require work specific qualified employees to be on call during non-working hours, including Saturdays, Sundays and holidays.

The District may also contact an employee by phone and each employee who is contacted by phone outside their regular work hours to engage in a work related situation will receive a minimum of thirty (30) minutes of pay.

There will be only one two (2) hour payment for each two hour call out measured home portal to home portal.

Stand-by employees must also be prepared to comply with all District safety and substance abuse policies.

C. Changes in Work Shifts

The District shall have the sole discretion to determine the number, type, duration and start time of regular shifts for any classification and will provide employees a three (3) day notice.

D. Lunch and Meal Break

Lunch and Meal Breaks will be in accordance with Section 2.05 of the Personnel Manual (11-06).

ARTICLE 8. OVERTIME

Overtime is defined as work outside of the employee’s regular work hours. It is the District’s general policy to avoid the need for overtime work whenever possible. Overtime will be paid in quarter hour increments. All overtime work must be authorized in advance by the appropriate supervisor, except in cases of emergency.

ARTICLE 9. COMPENSATORY TIME OFF

A non-exempt employee may elect to be compensated for overtime with compensatory time off on the basis of 1.5 hours of time off for each hour of overtime worked at the discretion of the immediate supervisor, and approval of the District Manager, with due regard to District needs.

Compensatory time off may be accrued up to a maximum of eighty (80) hours of compensatory time in a calendar year. Once an employee accrues eighty (80) hours of compensatory time off, the employee ceases accruing compensatory time off. Compensatory time off may be carried over from one year to the next but an employee may not have more than 80 hours of compensatory time on the books at any time. Excess compensatory time off shall be considered overtime and paid for on the first paycheck after the accumulated total exceeds 80 hours. An employee, who wishes to use compensatory time off, must fill out a "Leave Request" form. Use of compensatory time off must be approved in advance by the employee's supervisor.

Any employee who separates from District employment shall be paid for all unused compensatory time at the employee's salary at the time of the separation.

ARTICLE 10. PROBATIONARY PERIOD

A. All regular employee initial and promotional appointments to permanent full-time positions shall be subject to a probationary period. The probationary period shall for six (6) months from the date of hire or promotion. An employee's probationary period may be extended by the District Manager, upon recommendation of the employee's immediate supervisor, for a period of up to six (6) months to allow further observation of an employee's work performance or as otherwise appropriate. Periods of time during unpaid absences shall automatically extend the probationary period by the number of days of the absence. Further, periods of time on paid leave exceeding ten (10) working days shall automatically extend the probationary period by that number of days the employee is on leave.

B. Employees may be terminated during the probationary period for any reason and at any time, without cause, without notice, and without any right of appeal.

C. When a permanent employee is promoted, a promotional probationary period shall begin on the effective date of the promotion. During the probationary period of a promoted employee, the department manager may recommend that the employee be demoted to the former position, range and salary if the employee's performance and/or conduct do not meet the standards set for the position to which the employee was promoted. An employee on

promotional probation shall have no rights of tenure in the promotional position and may be returned to his/her former position without cause, without notice and without any right of appeal.

D. Successful completion of the probationary period does not provide the employee any additional, or greater, rights to employment than those held by regular employees.

E. An employee will not under any circumstances have successfully passed probation until the employee receives written notification from the District Manager, prior to the expiration of the employee's probationary period.

ARTICLE 11. JOB CLASSIFICATIONS

Classified Positions

The District Manager, or his/her designee, shall recruit and appoint personnel to classified positions. The District may use any legitimate recruitment procedure for attracting qualified applicants.

The District Manager is the only District employee authorized to hire District employees. All candidates recommended for appointment by a department head are to be interviewed by the District Manager or his/her designee prior to appointment. This includes part-time, temporary, seasonal and promotional appointments.

COMPENSATION AND BENEFITS

ARTICLE 12. WAGES

The District's current Classification Plan and Salary Plan is attached as Exhibit A to this MOU.

ARTICLE 13. DEFERRED COMPENSATION PLAN

Employees may contribute a portion of their salary in accordance with Internal Revenue Service (IRS) regulations to be invested into a Deferred Compensation Plan. Plan information may be obtained from the General Manager or designee.

Supplemental Income Trust Fund/SIP 401(k) Plan

In recognition of the changes in Article 21, for employees hired prior to November 1, 2008 the District shall contribute to the WCT Supplemental Income Trust Fund for the purpose of providing a defined contribution plan for each employee monthly sums to be effective and computed as set forth below:

Effective July 1, 2008 the District shall contribute Forty Eight Dollars ($48.00) per month for each employee who has worked or been paid for one hundred sixty hours (160) straight-time

hours or more during said month. For employees working less than said one hundred sixty (160) straight-time hours, the payment shall be computed at the rate of Thirty Cents ($0.30) for each straight-time hour worked or paid for.

Effective July 1, 2009 the District shall contribute Ninety Six Dollars ($96.00) per month for each employee who has worked or been paid for one hundred sixty hours (160) straight-time hours or more during said month. For employees working less than said one hundred sixty (160) straight-time hours, the payment shall be computed at the rate of Thirty Cents ($0.60) for each straight-time hour worked or paid for.

Effective July 1, 2010 the District shall contribute One Hundred and Forty Four Dollars ($144.00) per month for each employee who has worked or been paid for one hundred sixty hours (160) straight-time hours or more during said month. For employees working less than said one hundred sixty (160) straight-time hours, the payment shall be computed at the rate of Thirty Cents ($0.90) for each straight-time hour worked or paid for.

ARTICLE 14. VACATION

All full time employees (probationary and regular) are eligible to accrue vacation as follows:

Years of Service Completed	*Days Of Vacation Earned Annually*
One Year service	10 days
Five Years service	15 days
Fifteen Years Service	20 days

Once an employee has reached the maximum cap on accrual for his/her particular years of service, as specified in 3.03.K of the Personnel Manual (11-06), the employee ceases accruing vacation. When the employee's vacation accrual falls below the maximum cap on accrual, the employee will resume accruing paid vacation time.

Part-time regular employees (both benefited and non-benefited) are eligible to accrue vacation leave on a pro rata basis. Temporary, seasonal, and emergency employees are not eligible to accrue paid vacation leave.

Eligible employees begin accruing paid vacation time as of the date of hire. Employees may request to take accrued vacation upon completion of at least six months of continuous service with the District, subject to approval by their supervisor. Employees may not request to take vacation that they have not yet accrued.

If a District-paid holiday falls within the employee's scheduled vacation, the employee will be credited with the holiday pay, and will not be charged vacation for that day.

Employees who separate from District service will be paid for any accrued but unused vacation time at the time of separation from District service.

Use of vacation leave must be approved in advance by the employee's supervisor. Employees shall give at least two (2) weeks notice of a vacation leave request of five or more days and fill out a "Leave Request" form.

Deficit vacation leave requests (requesting vacation leave when an employee has a negative leave accrual balance) will not be approved. Leave taken in excess of that which is accrued will be considered leave without pay

ARTICLE 15. HOLIDAYS

The following are the official District holidays and the date of their observance during which regular full-time employees shall be entitled to receive time off with pay:

Holiday	***Date of Observance***
New Years Day	January 1
Martin Luther King Day	3rd Monday in January
President's Day	3rd Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	1st Monday in September
Columbus Day	2nd Monday in October
Veteran's Day	November 11
Thanksgiving Day	4th Thursday in November
Day after Thanksgiving	Friday after Thanksgiving
Christmas Day	December 25
Floating Holiday	

Each employee shall be entitled to one full day "Floating" holiday per calendar year. The floating holiday must (1) be scheduled so as not to interfere with work requirements, and (2) be approved in writing at least 15 days in advance by the employee's immediate supervisor.

When a holiday falls on a Sunday, the following Monday will be observed as the holiday. When a holiday falls on a Saturday, the preceding Friday will be observed as the holiday.

Only full-time probationary and regular employees of the District are eligible to receive paid holidays. Full time employees will be paid eight hours per holiday. Employees working an alternate work schedule, such as a 9/80, will also receive 8 hours of paid leave per holiday.

In addition to the holidays listed above, full-time regular employees who have served at least one full year of continuous employment with the District are entitled to receive two (2) floating holidays per fiscal year. Depending on the date of the anniversary of their appointment, new regular employees will be entitled to receive a pro-rated number of "floating holiday hours" during their first eligible year. Floating holidays may not be carried over to another fiscal year, and are lost unless used prior to the end of the fiscal year. Use of a floating holiday is subject to approval by the employee's supervisor.

ARTICLE 16. SICK LEAVE

A. Accrual

Eligible employees may accrue paid sick leave time off to be used only in the event of the illness or injury of the employee or the employee's family (parent, spouse, domestic partner, or children only), or for the employee's or the employee's family's medical/dental or other appointment with a licensed health care provider for examination or treatment.

Full time employees (regular and probationary) earn paid sick leave at the rate of eight (8) hours for each calendar month of service. Part-time regular employees (both benefited and non-benefited) accrue paid sick leave on a pro-rata basis. Temporary and seasonal employees do not accrue paid sick leave.

B. Certification

If an employee is absent because of illness, he/she must notify his/her supervisor within one half hour of the time the employee is scheduled to report for work. An ill or injured employee is expected to call personally. Should the employee be hospitalizes and if for some reason it is not possible to call, the employee must explain the reason upon return to work.

The District typically requires an employee who has been absent from work for three (3) consecutive workdays to provide certification of illness or injury from a healthcare provider before returning to work. As provided for in Section 3.03 of the Personnel Manual (11-06) the District Manager may require such certification after an absence shorter than three days.

C. Integration with Workers Compensation Benefits

An employee receiving workers' compensation insurance benefits will have his/her sick leave, vacation and compensatory time off benefits integrated, unless the employee indicates in writing that the employee does not desire that to occur, so that the employee's pay equals, but does not exceed, the employee's regular straight-time earnings **with employee's permission.**

D. Use of Sick Leave

In cases where the employee knows in advance of the need to take sick leave, the employee shall complete the Leave Request Form in advance of the requested time off and receive approval for the use of sick leave time prior to its use. Employees on unanticipated sick leave shall complete the leave request form immediately upon return to work. The District reserves the right to require a statement from a certified healthcare provider whenever an employee misses work and takes sick leave under this policy. This statement must contain: 1) a verification that the employee had a health justification for his/her absence from work; 2) the beginning and ending dates of the health-related absence; and 3) a statement that the employee is released to work. If the health care provider recommends any work restrictions be placed on the employee, the certification must set forth those restrictions, as well as the anticipated duration of those restrictions. Violation of sick leave provisions will result in disciplinary action.

E. Separation From Employment

Upon separation from District employment, an employee is entitled to receive payment for any unused sick leave pursuant to Section 3.03 A. d. of the Personnel Manual (11-06).

F. Sick Leave Abuse

Sick leave is to be used only in the case of real sickness, disability, medical or dental care for the employee or to attend to the health needs of an immediate family member. If the supervisor finds that an employee is abusing the sick leave program, those findings will be reviewed by the District Manager or designee and presented to the employee. The employee may request the presence of the Shop Steward. The employee shall be notified in writing that he/she will be required to provide a doctor's certification for any additional sick leave. This requirement, once invoked, will remain in effect for a period of six (6) months. At the end of the six month period, the employee and his/her immediate supervisor and the District Manager will review the employee's sick leave record and decide if the requirement should be continued or discontinued. In any case, the employee shall receive a written notice outlining the decision. Failure of an employee to provide a doctor's certification when required under these terms may result in a loss of pay for the day(s) or time in question.

ARTICLE 17. OTHER LEAVE WITH PAY

A. Bereavement Leave

Leave will be granted in accordance with Section 3.03 H. of the Personnel Manual (11-06).

B. Jury Duty and Court Witness Leave

An employee who receives a jury duty summons or a witness subpoena shall bring the summons or subpoena to the employee's supervisor within three (3) working days of receipt so that arrangements can be made to accommodate the employee's need for time off. Employees must keep their supervisors informed of jury or witness service schedule. If called to jury duty or witness duty, any regular full-time employee will be paid up to a maximum of ten (10) working days per year for the working hours lost while on jury or witness duty. Payment for working days lost while on Jury Duty in excess of (10) working days will be at the discretion of the District Board.

This policy does not apply to witnesses testifying as an expert in any matter. Employees wishing to testify as an expert witness must apply for unpaid leave or use vacation, floating holiday, or compensatory time off. For the period of District-paid jury or witness leave, any Court-issued payment, with the exception of travel pay, shall be submitted to the District.

C. Military Leave

Military leave shall be granted in accordance with applicable state and federal law.

ARTICLE 18. PERSONAL LEAVE WITHOUT PAY

The District, in its sole discretion and such discretion is not grievable, may permit employees to be on personal leave without pay for a maximum of six (6) months. Employees must obtain permission in writing for personal leave without pay from the District Manager. Leave without pay in excess of six (6) months will not be granted unless specifically approved by the District Board upon recommendation of the District Manager Engineer. Personal Leave without pay shall be granted only after all other applicable available accrued leave time is exhausted.

Employees on personal leave without pay will not accrue vacation, sick leave or other benefits, or receive service credit. Depending on the length of leave, the employee's anniversary date may be adjusted to thereby delay any scheduled date for salary increase. Health and life insurance benefits ordinarily provided by the District, and for which the employee is otherwise eligible, will be continued but not to exceed thirty (30) days. After thirty (30) days, an employee may elect to continue health insurance benefits at their own expense.

Failure of an employee on leave without pay to report to work promptly at the conclusion of the approved leave without pay shall be considered a voluntary resignation effective as of the scheduled return to work date.

ARTICLE 19. INDUSTRIAL INJURY LEAVE

Incidents involving injury or illness of an employee in connection with District employment must be reported promptly to the employee's supervisor.

Employees suffering injuries in the course and scope of their work may be entitled to workers' compensation benefits in accordance with state law. To the extent that earned compensatory time off, or vacation leave and sick leave time is available, an employee on workers' compensation leave may choose to be paid the difference between his/her full salary and the compensation insurance payment he/she receives. Or, an employee may elect to receive only the workers' compensation benefits to which the employee is entitled under state law rather than have his/her available accumulated leave charged while on workers' compensation leave.

ARTICLE 20. SPECIAL PAYMENTS

A. Certificates/Licenses

When certificates are required for a position, the District will reimburse the employee for the cost of renewing the certificate.

The District will provide reimbursement for employees who renew/maintain their Class B Drivers Licenses that are required by their job description.

Employees who receive certification reimbursement or awards are responsible for keeping that certificate current.

Payment of Certificates will be in accordance with Personnel Rules 2.01

B. Safety Shoes

The District provides an allowance of $200 /year for safety shoes in conformance with the District's safety policy.

C. Meal Allowance

Employees will be reimbursed in accordance with IRS guidelines.

ARTICLE 21. HEALTH & WELFARE BENEFITS AND RETIREMENT

A. Health and Welfare Coverage

The Health and Welfare coverage for current active employees will be in accordance with Personnel Manual (11-06) Section 4 as of the date the Board of Directors adopts this MoU.

B. Retirement

The retirement coverage for current active employees hired by the District prior to November 1, 2008 will be in accordance with Personnel Manual (11-06) Section 5 as of the date the Board of Directors adopts this MoU.

C. Retiree Medical and Retirement for new hires through SIP

For employees hired prior to November 1, 2008 the District shall provide a Medical-After-Retirement benefit in accordance with the MAR Plan as it is currently structured on October 31, 2008.

D. Supplemental Income Trust Fund/SIP

For employees hired on or after November 1, 2008 the District shall contribute to the WCT Supplemental Income Trust Fund for the purpose of providing a defined contribution plan for each employee monthly sums to be effective and computed as set forth below:

In recognition of the changes in Article 21, for employees hired after November 1, 2008 the District shall contribute to the WCT Supplemental Income Trust Fund for the purpose of providing a defined contribution plan for each employee monthly sums to be effective and computed as set forth below:

Effective November 1, 2008 the District shall contribute Forty Eight Dollars ($48.00) per month for each employee who has worked or been paid for one hundred sixty hours (160) straight-time hours or more during said month. For employees working less than said one hundred sixty (160) straight-time hours, the payment shall be computed at the rate of Thirty Cents ($0.30) for each straight-time hour worked or paid for.

Effective July 1, 2009 the District shall contribute Ninety Six Dollars ($96.00) per month for each employee who has worked or been paid for one hundred sixty hours (160) straight-time hours or more during said month. For employees working less than said one hundred sixty (160) straight-time hours, the payment shall be computed at the rate of Thirty Cents ($0.60) for each straight-time hour worked or paid for.

Effective July 1, 2010 the District shall contribute One Hundred and Forty Four Dollars ($144.00) per month for each employee who has worked or been paid for one hundred sixty hours (160) straight-time hours or more during said month. For employees working less than said one hundred sixty (160) straight-time hours, the payment shall be computed at the rate of Thirty Cents ($0.90) for each straight-time hour worked or paid for.

E. Medicare

All employees hired after April 1, 1986 shall be required to participate in Social Security's Medicare Coverage Program. The cost of the program will be deducted from the employee's salary.

F. Health and Welfare Committee

The parties have agreed to convene a Health and Welfare Committee on or about February 1, 2009 to review option to improve the current active and retiree medical plans. Included in this review will be the Consultant from the Local 856 Health and Welfare Trust.

ARTICLE 22. EVALUATIONS

All regular employees shall receive an annual performance evaluation. This evaluation will be reviewed with the employee in a pre-planned private counseling session. A copy of the final evaluation shall be given to the employee. All evaluations will be performed in a timely manner, no later than thirty (30) days after the evaluation is due.

ARTICLE 23. DISCIPLINE

A. General Rules of Conduct.

It is expected that all employees shall render the best possible service and reflect credit on the District. Therefore, the highest standards of professional conduct are essential and expected of all employees.

B. Disciplinary Actions.

The District may invoke the following types of disciplinary actions:

1. Oral Counseling or Reprimand;
2. Written Reprimand;
3. Suspension without Pay;
4. Reduction in Pay;
5. Demotion;
6. Disciplinary Probation; and
7. Discharge/Termination

C. Grounds for Discipline

Personnel Manual (11-06) Section 6.03 shall be the appropriate authority for this section C.

D. Authority to Discipline.

Any authorized supervisory employee may institute disciplinary action for cause against an employee under his/her supervision in accordance with the procedures outlined in these Rules.

E. Pre-Discipline Procedure.

1. For an oral counseling, oral reprimand or written reprimand, an employee may submit a written response to the discipline which shall be lodged in the employee's personnel file. No further appeal shall be permitted.

2. For all other discipline, the District shall issue a notice of intent to impose discipline, which shall describe the intended discipline, include a summary of the facts on which the intended discipline is based, and attach any documents upon which the intended discipline is based. The notice shall state that the employee has a right to respond, orally and/or in writing, before the discipline is imposed. A meeting with the District Manager or designee who shall be a neutral decision-maker shall be scheduled approximately one (1) week from the date of the notice, unless a different time and/or date is set by mutual agreement. The employee may bring a representative of his/her choice; however, the inability of a particular representative to attend the meeting shall be cause requiring continuance of the meeting. The meeting shall not be an evidentiary hearing, and the employee shall not have the right to call or examine witnesses at this meeting. Rather, the employee shall be provided the opportunity to respond to the charges and to present any new information the employee believes the District should consider.

3. At some reasonable time after the employee has been provided the opportunity to respond to the notice of intent, the District shall render a written decision. If the decision is to issue discipline, the notice shall be a final notice of discipline. The notice shall include the final decision, the effective date of the discipline, and the facts upon which the discipline is based.

F. Post-Discipline Appeal

For suspensions of five (5) working days or more, demotions and terminations, employees shall have the right to appeal from the final notice of discipline.

1. The notice of appeal must be in writing and must be received by the District Manager within seven (7) working days from the date of the final notice of discipline. Failure to timely file a written notice of appeal shall constitute a forfeiture of the employee's right to appeal the discipline.

2. The appeal shall be heard by an independent hearing officer selected by the District.

3. The District shall pay the cost of the hearing officer. Either party or the hearing officer may request that the hearing be transcribed. If the hearing officer or the District requests that a court reporter transcribe the hearing, the District shall pay the cost of the court reporter and one transcript for each party. If only the employee desires that the hearing be transcribed, the employee shall pay the cost of the court reporter and for the cost of the employee's copy of the transcript.

4. The hearing officer shall have the authority to convene the hearing, receive evidence through testimony and documents and to make findings of fact and conclusions about the discipline. Within two (2) months of the close of the hearing, the hearing officer shall serve a recommended decision on the District Manager and the employee. The hearing officer's decisions must contain detailed findings of fact relating to the disciplinary charges. The decision may include a recommendation regarding outcome, but the final decision regarding discipline rests with the District Manager. After consideration of the hearing officer's recommended decision, the District Manager shall issue a final decision in writing. The District Manager's decision is reviewable by administrative writ of mandamus within the timeframes established by law.

ARTICLE 24. GRIEVANCE PROCEDURE

A. Definitions

A "grievance", shall mean a complaint concerning the interpretation or application of this Memorandum of Understanding. This grievance procedure may not be used for any of the following: to change wages, hours or working conditions; to challenge the content of performance evaluations, to contest discipline; or to challenge a reclassification, layoff, transfer, denial of reinstatement or denial of salary increase. If any party initiates litigation, including but not limited to, administrative proceedings with a state or federal agency such as OSHA, EEOC, DFEH, PERB, etc. concerning a matter which is otherwise subject to the grievance process, the other party may (at their discretion) deem the litigating party as having elected judicial/administrative remedies and waived any rights under this grievance procedure.

A "grievant" is any employee adversely affected by an alleged violation of the specific provisions of the MOU, or the Union, on behalf of one or more represented employees adversely affected by an alleged violation of the specific provisions of the MOU. An employee has the right to the assistance of a representative in the preparation of a written grievance and to be represented in all grievance meetings.

B. Procedure

1. Grievances must be in writing, and initiated within ten (10) working days following the occurrence, or knowledge of the events on which the grievance is based. Failure to do so will result in the grievant being barred from advancing the grievance. A grievance, or a copy of the grievance, should be provided to the grievant's supervisor and the District Manager.

2. Elements of a Grievance

The written grievance should include:

a. a description of the specific facts and grounds upon which the grievance is based including the names, dates, and places necessary for a complete understanding of the grievance;
b. a specific explanation of how the grievant has been adversely affected;
c. listing of the provisions of the MOU which are alleged to have been violated;
d. a listing of specific actions requested by the grievant of the District which will remedy the grievance, including a specific dollar amount, and the basis for the dollar amount, of any alleged damages at issue, provided the employee has access to relevant financial data;
e. a statement declaring self representation or the selection of representation by the Union for said grievance
f. the printed name and signature of the grievant
g. the name, address and telephone number of the persons(s) to whom notices may be sent regarding the grievance; and
h. date of grievance

Grievances that fail to include these elements may not be considered or appealed unless the District waives this section.

3. Waiver of Timelines

Any level or review, or any time limits established in this procedure may be waived or extended by mutual agreement confirmed in writing. If a particular grievance is of an unusual or unique nature, which may place it outside the scope of authority of an immediate supervisor, the grieving party may contact the District Manager to determine the appropriate level for filing such grievance. The determination of the District Manager in this regard shall be final.

4. Level I - Informal Resolution

It is the intent to deal with and resolve grievances informally, at the nearest practical organizational level, and as promptly and fairly as possible.

An employee who has a grievance shall first try to settle it through discussions with the employee's immediate supervisor. The immediate supervisor shall respond within thirty (30) working days which may be extended ten (10) working days with notice to the grievant. Any decisions rendered shall be consistent with the authority to do so.

5. Level II – District Manager

If the employee is not satisfied with the outcome of the informal resolution, the employee may file a formal written appeal to the District Manager within five (5) working days after the date a decision was rendered by the supervisor. The appeal shall contain an explanation why the grievant believes the decision of the supervisor was unsatisfactory.

In considering the grievance the District Manager or designee may, but is not required, to schedule a meeting with the grievant and/or other relevant persons. If the District Manager or designee schedules a meeting, the District Manager or designee shall have the right to decide how the meeting is conducted. The meeting shall not be a formal hearing, and examination and cross-examination of witnesses typically shall not be permitted.

The District Manager or designee shall submit a written decision within the later of either twenty (20) working days after receipt of the grievance or the grievance meeting(s).

6. Level III – Appeal to Non-Binding State Mediation

If the Union is dissatisfied with the District Manager's or designee's response, the Union has the sole right to appeal the decision by submitting a request for non-binding mediation. The appeal must be received by the District Manager within ten (10) working days of the District Manager's or designee's response to the grievance.

The Union and District shall attempt to agree upon an mediator. If no agreement can be reached, they shall request that the State Conciliation Service to supply a mediator experienced in hearing grievances involving public employees.

If either the District or the Union so requests, a mediator shall hear the merits of any issue raised regarding process first. No hearing on the merits of the grievance will be conducted until the issue of process has been decided.

The mediator shall, as soon as possible, hold a hearing and hear evidence regarding the grievance.

Following the hearing, and receipt of post-hearing written argument, if any, the mediator shall submit written findings if requested by both parties and a non-binding recommendation to the District's Board of Directors. The District Manager and the Union shall receive a copy. The Board of Directors may

accept, reject or modify the recommendation(s). The Board shall issue a written decision which shall be provided to the Union. The decision of the Board of Directors shall be final.

ARTICLE 25. FULL UNDERSTANDING

A. The parties agree that this MOU sets forth the full and entire understanding of the parties regarding the matters set forth herein.

B. Except as specifically otherwise provided herein, it is agreed that neither the District nor Union shall be required to meet and confer with respect to any subject or matter covered in this MOU

C. All Ordinances, Resolutions, Rules and Practices not inconsistent with this MOU, whether known by the parties at the time this MOU was negotiated and signed or not, shall not be superseded, modified or repealed by implication or otherwise by this MOU.

ARTICLE 26. SEVERABILITY

If any provisions of this agreement should be held invalid or restrained by operation of law or by any court of competent jurisdiction, the remainder of this agreement shall not be affected thereby and the parties shall enter into negotiations for the sole purpose of arriving at a mutually satisfactory replacement for such provision.

_____	_____
District Manager	Teamsters, Local 856
Dated: _____	Dated: _____

EXHIBIT "A"

JOB CLASSIFICATIONS & SALARY STRUCTURE

Effective the pay period closest to July 1, 2008 the classifications listed below will receive an across the board wage increase of Three point Two percent (3.2).

Effective the pay period closest to July 1, 2009 the classifications listed below will receive an across the board wage increase determined by the Consumer Price Index movement, with a minimum of three percent (3.0%) and a maximum of five percent (5.0%). For the purposes of this increase the SF-Bay Area Index W, 82-84=100 April 2008 to April 2009 will be measured. For identification purposes the April 2008 index stood at **217.913** points.

Effective the pay period closest to July 1, 2010 the classifications listed below will receive an across the board wage increase determined by the Consumer Price Index movement, with a minimum of three percent (3.0%) and a maximum of five percent (5.0%). For the purposes of this increase the SF-Bay Area Index W, 82-84=100 April 200
9 to April 2010 will be measured.

On or about July 1, 2010 the District will do a market survey of the bargaining unit classifications and share the results of the survey with the Union.

STAFF REPORT

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

From: **David Dickson, General Manager**

Agenda: **November 18, 2008**

Report Date: November 14, 2008

Subject: **Basic Financial Statements for the Years Ended June 30, 2008 and 2007**

Recommendation:
Approve the Basic Financial Statements.

Background:
Maze and Associates, the District's Independent Auditor, has completed their work on the Basic Financial Statements for the Years Ended June 30, 2008 and 2007. The Auditor's letter attests that the financial statements fairly represent the financial position of the District. No exceptions or concerns were noted.

The Board's Finance Advisory Committee met on November 7, 2008 to review and discuss the Financial Statements.

Vikki Rodriguez of Maze and Associates will discuss the Financial Statements and answer the Board's questions.

Fiscal Impact:
No fiscal impact.

COASTSIDE COUNTY WATER DISTRICT

BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

COASTSIDE COUNTY WATER DISTRICT
BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2008 and 2007

Table of Contents

COASTSIDE COUNTY WATER DISTRICT

ELECTED OFFICIALS AND ADMINISTRATIVE PERSONNEL

JUNE 30, 2008

BOARD OF DIRECTORS

Everett Ascher - President
Chris Mickelsen – Vice President
Ken Coverdell – Director
Bob Feldman- Director
Jim Larimer – Director

MANAGEMENT

David Dickson– General Manager

MAZE & ASSOCIATES

ACCOUNTANCY CORPORATION
3478 Buskirk Ave. - Suite 215
Pleasant Hill, California 94523
(925) 930-0902 · FAX (925) 930-0135
maze@mazeassociates.com
www.mazeassociates.com

INDEPENDENT AUDITOR'S REPORT

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

We have audited the basic financial statements of the Coastside County Water District as of and for the years ended June 30, 2008 and 2007, as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly in all material respects the financial position of the Coastside County Water District at June 30, 2008 and 2007 and the results of its operations and cash flows for the years then ended, in conformity with generally accepted accounting principles in the United States of America.

Management's Discussion and Analysis is required by the Government Accounting Standards Board, but is not part of the basic financial statements. We have applied certain limited procedures to this information, principally inquiries of management regarding the methods of measurement and presentation of this information, but we did not audit this information and we express no opinion on it.

Maze + Associates

October 2, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Governmental Accounting Standards Board (GASB) recently issued GASB 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. GASB 34 establishes financial reporting standards for state and local governments, including states, cities, villages and special purpose governments such as school districts and public utilities. This standard has minor impacts upon the financial reporting and accounting performed by the Coastside County Water District, which includes the addition of this section, entitled Management's Discussion and Analysis (MDA).

The MDA presents management's analysis of the Coastside County Water District's (the District) financial condition and activities as of and for the year ended June 30, 2008. The MDA is intended to serve as an introduction to the District's basic financial statements. Readers are encouraged to consider the information presented here in conjunction with the information contained in the accompanying financial statements.

The information in this MDA is presented in the following order:

- Organization and Overview of Financial Statements
- Financial Analysis
- Capital Assets
- Debt Administration
- Request for Information

Organization and Overview of Financial Statements:

The Coastside County Water District is organized under the Water Code provisions of the general laws of the State of California and is governed by a five-member Board of Directors elected at large by the registered voters of the District. The District is located along the Pacific Ocean in San Mateo County; it purchases more than half of its water supply from the San Francisco Water Department. The balance is developed from local sources, including surface diversion and wells. Water is distributed to customers inside and outside the District's boundaries.

The District is a proprietary entity; it uses an enterprise fund format to report its activities for financial statement purposes. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs and expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Financial Analysis

	2008	2007	(Decrease)
treatment plants, pipelines, etc.)	$36,655,542	$32,477,231	$4,178,311
tments	8,661,209	12,432,462	(3,771,253)
	1,089,723	1,055,821	33,902
Total assets	46,406,474	45,965,514	440,960
bilities (long term debt)	8,218,291	8,605,451	(387,160)
ies (accounts payable, accrued expenses)	1,892,076	1,000,492	891,584
Total liabilities	10,110,367	9,605,943	504,424
Invested in capital assets	24,023,271	23,607,231	416,040
Restricted (Crystal & Unspent Projects)	5,310,556	9,167,119	(3,856,563)
Unrestricted	6,962,280	3,585,221	3,377,059
Total net assets	$36,296,107	$36,359,571	($63,464)

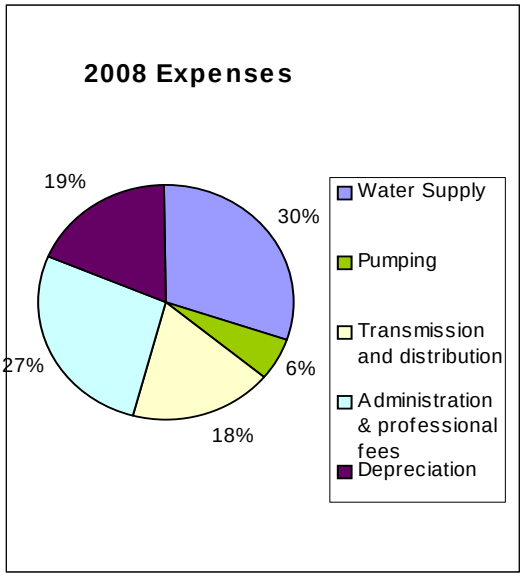
Comparison of fiscal year 2008 to fiscal year 2007: Total assets increased by $440,960 in fiscal year 2008 to $46,406,474, while total liabilities increased by $504,424, resulting in an overall decrease in net assets of $63,464.

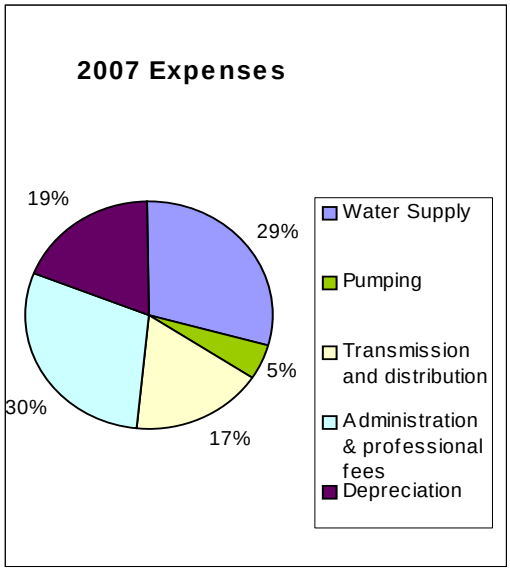
Results of Operations

Revenues & Expenses

June 30, 2008 and 2007

	2008	2007	Increase (Decrease)	% Increase (Decrease)
Operating revenue	5,199,490	4,819,554	379,936	7.88%
Operating expenses				
Water Supply	1,900,644	1,724,986	175,658	10.18%
Pumping	372,943	296,399	76,544	25.82%
Transmission and distribution	1,117,384	978,608	138,776	14.18%
Administration & professional fees	1,702,551	1,731,019	(28,468)	-1.64%
Depreciation	1,185,727	1,121,749	63,978	5.70%
Total operating expenses	6,279,249	5,852,761	426,488	7.29%
Operating income (loss)	(1,079,759)	(1,033,207)	(46,552)	4.51%



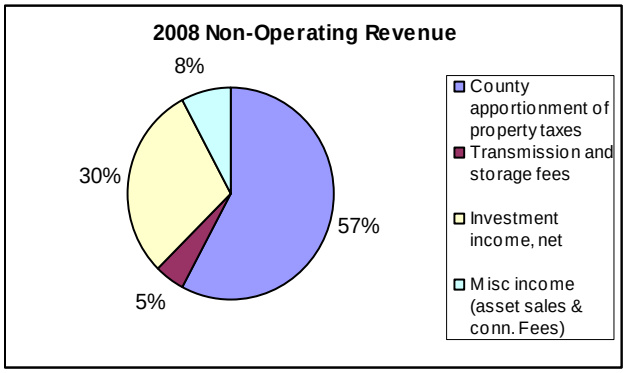


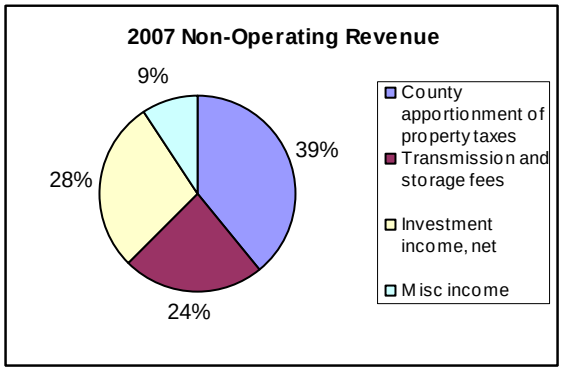
Comparison of fiscal year 2008 to fiscal year 2007: Operating revenue increased by $379,936 in fiscal year 2008, while expenses increased by $426,488, resulting in an overall $46,552 decrease in operating income during fiscal year 2008.

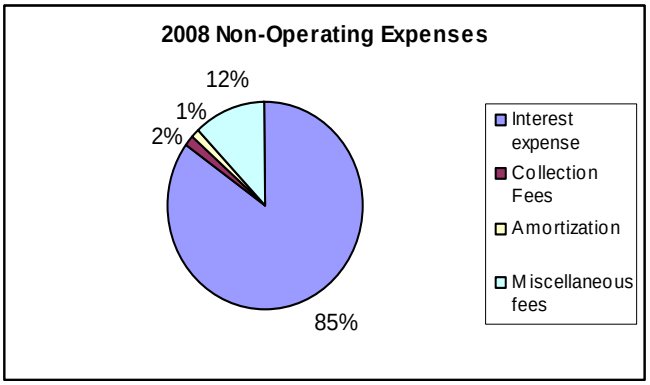
Non-Operating Revenues & Expenditures

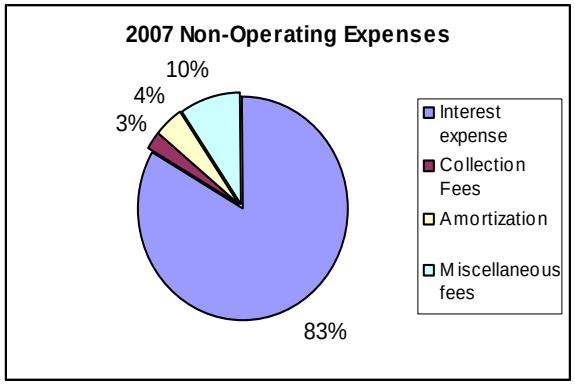
The governmental accounting standards divided Revenue and Expenses for agencies between "Operating" and "Non-Operating" sources. The Non-Operating sources are summarized below:

	2008	2007	$ Change Increase / (Decrease)	% Change
County apportionment of property taxes	$856,774	$868,226	($11,452)	-1.3%
Transmission and storage fees	70,984	525,214	(454,230)	-86.5%
Investment income, net	439,408	628,749	(189,341)	-30.1%
Misc income (asset sales & conn. Fees)	116,756	205,199	(88,443)	-43.1%
Total non-operating revenue	1,483,922	2,227,388	(743,466)	-33.4%
Interest expense	397,450	359,248	38,202	10.6%
Collection Fees	7,269	12,159	(4,890)	-40.2%
Amortization	6,982	18,629	(11,647)	-62.5%
Miscellaneous fees	55,926	41,271	14,655	35.5%
total non-operating expense	467,627	431,307	36,320	8.4%
Net from non-operating	$1,016,295	$1,796,081	($779,786)	-43.4%









Comparison of fiscal year 2008 to fiscal year 2007: Non-operating revenue decreased by $743,466 while non-operating expense increased by $36,320, resulting in an overall decrease of $779,786 during fiscal year 2008.

Capital Assets

Utility plant and construction in progress balances and activity are summarized below:

	Balance Beginning of Year	Additions and Transfers, net	Retirements	Balance End of Year
Utility Plant in Service:				
Land	$ 160,612			$ 160,612
Buildings	665,806	$ 10,923		676,729
Furniture & Equipment	755,090	138,285		893,375
Vehicles	668,688	142,789	(87,842)	723,635
Treatment plants, pipelines wells, pump stations	19,949,955	286,376		20,236,331
Crystal Springs Project				
West pipeline	4,126,272			4,126,272
Nunes treatment plant	3,402,563			3,402,563
East pipeline	3,197,786			3,197,786
Pump station	7,738,337			7,738,337
Casa Del Mar pipeline	873,745			873,745
Carter Hill Tank pipeline	50,000	795,508		845,508
El Granada Phase 3	308,593			308,593
Design, engineering and intangible costs	3,265,466			3,265,466
Utility plant at cost	45,162,913	$ 1,373,881	$ (87,842)	46,448,952
Less accumulated depreciation	(16,581,617)	(1,185,727)	87,842	(17,679,502)
Utility plant, net	$ 28,581,296	$ 188,154		$ 28,769,450
Construction in progress	$ 3,895,935	$ 3,990,157		$ 7,886,092

Debt Administration

On May 12, 1998 the District issued ABAG Water and Wastewater Revenue Refunding Bonds, Series 1998A in an original principal amount of $2,855,000. Proceeds of the 1998 Bonds were placed in an irrevocable trust to advance refund the outstanding balance of the Water Revenue Refunding Bond, Series 1993; a portion was also used to finance water pipeline replacements. The remaining balance of the 1993 Bonds was paid off as of June 30, 2004.

All revenues generated by the Utility Plant and a debt service insurance policy serving as a reserve fund are pledged for the repayment of the 1998 Bonds. The 1998 Bonds bear interest at 3.75% to 5.3% and require semiannual interest payments on October 1 and April 1 and annual principal payments on October 1. A final installment is due October 1, 2013.

Any 1998 Bonds maturing on or after October 1, 2009 may be redeemed at par plus a 2% premium on or after October 1, 2008. The premium decreases 1% each year until October 1, 2010 at which time the 1998 Bonds may be redeemed at par. 1998 Bonds maturing on or after October 1, 2010 and 2021 are subject to mandatory annual redemption commencing October 1, 2006 and 2011, respectively, at par.

2006B Bonds bear interest at 3.50% to 4.75% and require semiannual interest payments on October 1 and April 1 and annual principal payments on October 1, beginning October 1, 2007. A final installment is due October 1, 2032.

Future annual repayment requirements are as follows:

For the Years ended June 30:	Principal	Interest	Total
2009	$ 365,000	$ 383,680	$ 748,680
2010	390,000	367,245	757,245
2011	405,000	349,811	754,811
2012	420,000	331,274	751,274
2013	435,000	311,569	746,569
2014-2018	1,345,000	1,341,604	2,686,604
2019-2023	1,340,000	1,065,818	2,405,818
2024-2028	1,690,000	709,346	2,399,346
2029-2033	2,125,000	261,845	2,386,845
Total future repayments due	$ 8,515,000	$ 5,122,192	$ 13,637,192

Request for Information

This report is designed to provide customers and creditors with a general overview of the District's finances and demonstrate the District's accountability for the monies it receives. If you have any questions about this report or need additional information, you may contact David Dickson, General Manager, or Gina Brazil, Office Manager at (650) 726-4405. By mail, you may contact: Coastside County Water District, 766 Main Street, Half Moon Bay, CA 94019.

COASTSIDE COUNTY WATER DISTRICT
COMPARATIVE STATEMENTS OF NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

ASSETS	2008	2007
Utility plant (Note 3)	$46,448,952	$45,162,913
Less: accumulated depreciation	(17,679,502)	(16,581,617)
Utility Plant, Net	28,769,450	28,581,296
Construction in progress (Note 3)	7,886,092	3,895,935
Restricted cash and investments (Note 2)	5,310,556	9,234,169
Current assets:		
Cash and investments (Note 2)	3,350,653	3,198,293
Accounts receivable from customers	577,542	538,133
Taxes receivable	42,111	20,409
Interest receivable	33,595	74,082
Prepaid expenses	18,798	18,553
Materials and supplies	157,511	147,594
Unamortized bond issuance costs (Note 1H)	260,166	257,050
Total Current Assets	4,440,376	4,254,114
Total Assets	46,406,474	45,965,514
LIABILITIES		
Noncurrent Liabilities:		
Long-term debt (Note 5)	8,093,800	8,458,800
Accrued vacation and sick leave (Note 1G)	124,491	146,651
Total Noncurrent Liabilities	8,218,291	8,605,451
Current liabilities:		
Due to Crystal Springs Assessment District (Note 4)	68,535	67,050
Accounts payable and accrued liabilities	1,263,410	390,085
Customer deposits	51,560	55,677
Accrued payroll	55,741	25,140
Deferred revenue	87,830	109,788
Current portion of long-term debt (Note 5)	365,000	352,752
Total Current Liabilities	1,892,076	1,000,492
Total Liabilities	10,110,367	9,605,943
NET ASSETS (Note 8)		
Invested in capital assets, net of related debt	24,023,271	23,607,231
Restricted for:		
Transmission and storage fees-Crystal Springs Project	1,137,085	3,616,010
District contribution to Crystal Springs Project		235,154
Various capital improvements	4,173,471	5,315,955
Total Restricted	5,310,556	9,167,119
Unrestricted (Board designations):		
Operating capital	300,000	300,000
Emergency and contingency	1,669,005	1,564,103
Capital expenditures	4,993,275	1,721,118
Unrestricted, undesignated by Board		
Total Unrestricted	6,962,280	3,585,221
Net Assets	$36,296,107	$36,359,571

See accompanying notes to financial statements

COASTSIDE COUNTY WATER DISTRICT
COMPARATIVE STATEMENTS OF REVENUES AND EXPENSES
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
OPERATING REVENUES		
Water sales	$5,199,490	$4,819,554
OPERATING EXPENSES		
Source of supply	1,900,644	1,724,986
Pumping	372,943	296,399
Transmission and distribution	1,117,384	978,608
Administrative and general	1,702,551	1,731,019
Depreciation (Note 3)	1,185,727	1,121,749
Total Operating Expenses	6,279,249	5,852,761
OPERATING LOSS	(1,079,759)	(1,033,207)
NONOPERATING REVENUES (EXPENSES)		
County apportionment of property taxes	856,774	868,226
Transmission and storage fees	70,984	525,214
Investment income, net	439,408	628,749
Connection fees	20,074	40,147
Interest expense	(397,450)	(359,248)
Amortization	(6,982)	(18,629)
Collection fees	(7,269)	(12,159)
Miscellaneous fees	(55,926)	(41,271)
Miscellaneous income	96,682	80,642
Contributions in aide of construction		84,410
Net Nonoperating Revenues	1,016,295	1,796,081
Net Income (Loss)	($63,464)	$762,874

See accompanying notes to financial statements

COASTSIDE COUNTY WATER DISTRICT
COMPARATIVE STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	Invested in Capital Assets, Net of Related Debt	Restricted		
		Crystal Springs Project		
		Transmission & Storage Fees	District Contribution	Various Capital Projects
Balance June 30, 2006	$29,249,345	$2,941,191	$235,154	
Reduction reflecting District expenditure on Crystal Springs Project		194,261		
Transmission and Storage Fees		286,916		
Interest on Accumulated Transmission and Storage Fees		193,642		
Debt service payment	185,000			
Net (loss)				
Unspent bond proceeds restricted for capital projects	(5,315,955)			$5,315,955
Increase in designation for capital expenditures				
Increase in Utility Plant, net	(511,159)			
Balance June 30, 2007	23,607,231	3,616,010	235,154	5,315,955
Reduction reflecting District expenditure on Crystal Springs Project		(2,836,040)	(235,154)	
Transmission and Storage Fees		59,245		
Interest on Accumulated Transmission and Storage Fees		297,870		
Debt service payment	355,000			
Net income (loss)				
Unspent bond proceeds restricted for capital projects	1,142,484			(1,142,484)
Increase in Board designations capital expenditures				
Increase in Utility Plant, net	(1,081,444)			
Balance June 30, 2008	$24,023,271	$1,137,085		$4,173,471

(Continued)

See accompanying notes to basic financial statements

Unrestricted			
Operating Capital	Emergency and Contingency	Capital Expenditures	Undesignated
$300,000	$700,000	$1,652,354	$518,653
			(194,261)
			(286,916)
			(193,642)
			(185,000)
			762,874
	864,103	(442,395)	(421,708)
		511,159	
300,000	1,564,103	1,721,118	
		235,154	2,836,040
			(59,245)
			(297,870)
			(355,000)
	(864,103)	864,103	(63,464)
	969,005	1,091,456	(2,060,461)
		1,081,444	
$300,000	$1,669,005	$4,993,275	

COASTSIDE COUNTY WATER DISTRICT
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash collections from customers	$5,134,006	$4,654,238
Cash payments to vendors	(2,975,027)	(3,352,020)
Payments to employees	(1,246,891)	(1,306,103)
Cash Flows from Operating Activities	912,088	(3,885)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	479,895	611,980
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes received	835,072	859,850
County collection fees	(7,269)	(12,159)
Miscellaneous receipts	96,682	80,642
Miscellaneous payments	(55,926)	(41,271)
Cash Flows from Noncapital Financing Activities	868,559	887,062
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributions in aide of construction	0	84,410
Collection of transmission and storage fees	70,984	525,214
Collection of connection fees	20,074	40,147
Change in restricted cash & investments	3,923,613	957,176
Acquisition of capital assets	(5,364,038)	(2,309,636)
Redemption of Crystal Springs Project Bond	1,485	930
Principal and interest paid on long-term debt	(760,300)	(544,248)
Cash Flows from Capital and Related Financing Activities	(2,108,182)	(1,246,007)
NET CASH FLOWS	152,360	249,150
Cash and investments at beginning of year	3,198,293	2,949,143
Cash and investments at end of year	$3,350,653	$3,198,293

(continued)

COASTSIDE COUNTY WATER DISTRICT
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
RECONCILIATION OF OPERATING INCOME TC		
CASH FLOWS FROM OPERATIONS		
Operating (loss)	($1,079,759)	($1,033,207)
Adjustments to reconcile operating loss to cash flows from operating activities:		
Depreciation	1,185,727	1,121,749
Decrease (increase) in:		
Accounts receivable from customers	(39,409)	(146,935)
Prepaid expenses	(245)	2,413
Materials and supplies	(9,917)	(19,917)
Increase (decrease) in:		
Due to Crystal Springs Assessment District		
Accounts payable and accrued liabilities	873,325	141,164
Customers' deposits	(4,117)	3,577
Accrued vacation and sick leave	(22,160)	(50,622)
Deferred revenue	(21,958)	(21,958)
Accrued payroll	30,601	(149)
Cash Flows from Operating Activities	$912,088	($3,885)

See accompanying notes to basic financial statements

COASTSIDE COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Coastside County Water District is organized under the Water Code provisions of the general laws of the State of California and is governed by a five-member Board of Directors elected at large by the registered voters of the District. The District is located along the Pacific Ocean in San Mateo County; it purchases more than half of its water supply from the San Francisco Water Department. The balance is developed from local sources, including surface diversion and wells. Water is distributed to customers inside and outside the District's boundaries.

A. Reporting Entity

The District's financial statements reflect only its own activities; it has no component units (other government units overseen by the District).

B. Enterprise Fund Accounting

The District is a proprietary entity; it uses an enterprise fund format to report its activities for financial statement purposes. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs and expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

An enterprise fund is used to account for activities similar to those in the private sector, where the proper matching of revenues and costs is important and the full accrual basis of accounting is required. With this measurement focus, all assets and all liabilities of the enterprise are recorded on its balance sheet, all revenues are recognized when earned and all expenses, including depreciation, are recognized when incurred. Enterprise fund equity includes retained earnings and contributed capital.

For its proprietary activities, the District does not apply Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989. The proprietary funds apply all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as statements and interpretations of FASB, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

C. Utility Plant

Utility plant is stated at cost. Utility plant contributed to the District, including meters, pipelines and mains contributed by contractors, is stated at estimated fair value at the time of contribution. Expenditures which materially increase the value or life of utility plant assets are capitalized and depreciated over the remaining useful life of the asset.

D. Depreciation

The purpose of depreciation is to spread the cost of utility plant assets equitably among all customers over the life of these assets, so that each customer’s bill includes a pro rata share of the cost of these assets. The amount charged to depreciation expense each year represents that year’s pro rata share of utility plant cost.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation of all utility plant in service is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the balance sheet as a reduction in the book value of the utility plant assets.

Depreciation of utility plant in service is provided using the straight-line method, which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The District has assigned the useful lives listed below to utility plant assets:

	Years
Water Treatment Plants and Pipelines	22-50
Buildings	23-33
Furniture and Equipment	10
Vehicles	5

E. Cash Flows Defined

For purposes of the statement of cash flows the District defines cash and investments to include unrestricted cash and temporary investments.

F. Property Taxes

Property tax revenue is recognized in the fiscal year for which the tax is levied. The County of San Mateo levies, bills and collects property taxes for the District; all material amounts are collected by June 30.

Secured and unsecured property tax is due in two installments on November 1 and February 1, becomes a lien on January 1, and becomes delinquent on December 10 and April 10, respectively. Delinquent accounts are assessed a penalty of 10 percent. Accounts which remain unpaid on June 30 are charged an additional one and one half percent per month. Unsecured property tax is due on July 1 and becomes delinquent on August 31. The penalty percentage rates are the same as secured property tax.

G. Accrued Vacation and Sick Leave

The liability for vested vacation pay is recorded as an expense when the vacation is earned. District employees have a vested interest of up to 240 hours of accrued vacation time and up to 120 days of accrued sick time for employees that retire and are hired prior to December 31, 1990. Employees hired after that date have a vested interest in up to fifty percent of their sick time up to 60 days, based upon retirement and time with the District.

H. Unamortized Bond Issue Costs

Costs incurred in issuing long-term debt are capitalized and amortized over the life of the debt.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Reclassification

For the year ended June 30, 2008, certain classifications have been changed to improve financial statement presentation. For comparative purposes, prior year balances have been reclassified to conform with the fiscal year 2008 presentation.

NOTE 2 - CASH AND INVESTMENTS

A. Composition

The District's cash and temporary investments are carried at market, and include:

	June 30, 2008		June 30, 2007
	Current	Restricted	
Cash in Bank:			
Operating Account	$310,158		$391,781
Crystal Springs Project Transmission & Storage Account		$1,048,365	961,818
Reassessment Reserve Fund		68,535	67,050
Cash on hand - Petty Cash	1,930		3,948
Money Market Funds (bond proceeds)		4,173,471	5,315,955
Local Agency Investment Fund:			
Crystal Springs Project		20,185	2,654,192
District contribution to Crystal Springs Project			235,154
Operating capital reserve	300,000		300,000
Emergency and contingency reserve	1,564,103		1,564,103
Capital expenditures reserves	1,174,462		938,461
Total	$3,350,653	$5,310,556	$12,432,462

B. Policies

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the District's cash on deposit or first trust deed mortgage notes with a value of 150% of the District's cash on deposit as collateral for these deposits. Under California Law this collateral is held in an investment pool by an independent financial institution in the District's name and places the District ahead of general creditors of the institution pledging the collateral. The District has waived collateral requirements for the portion of deposits covered by federal deposit insurance.

The District's investments are carried at fair value, as require by generally accepted accounting principles. The District adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

NOTE 2 - CASH AND INVESTMENTS (Continued)

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

The District's Investment Policy and the California Government Code allow the District to invest in the following, provided the credit ratings of the issuers are acceptable to the District and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the District's Investment Policy where the District's Investment Policy is more restrictive.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio
California Local Agency Investment Fund	N/A	None
U.S. Treasury Obligations	5 years	None
Negotiable Certificates of Deposit	1 year	30%

D. Investments Authorized by Debt Agreements

The District must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the District fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with District resolutions, bond indentures or State statutes. The table below identifies the investment types that are authorized for investments held by fiscal agents. The bond indentures contain no limitations for the maximum investment in any one issuer or the maximum percentage of the portfolio that may be invested in any one investment type. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
U.S. Treasury Obligations	N/A	Aaa
U.S. Agency Securities	N/A	Aaa
Bankers' Acceptances	30 days	A-1
Commercial Paper	270 days	A-1+
Money Market Funds	N/A	Aam
Pre-Funded Municipal Obligations	N/A	AAA
Repurchase Agreements	270 days	A
State Direct General Obligation	N/A	AA-
Special Revenue Bonds	N/A	AA
California Local Agency Investment Fund	N/A	None

NOTE 2 - CASH AND INVESTMENTS (Continued)

E. Interest Rate and Credit Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The District is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The District reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are maintained on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2008, these investments matured in an average of 212 days.

Money market funds are available for withdrawal on demand and at June 30, 2008, matured in an average of 26 days.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's only investments are in the California Local Agency Investment Fund and in Money Market accounts which are not rated at June 30, 2008.

F. Reassessment Redemption Fund

The cash balance in the Reassessment Redemption and Reassessment Reserve Fund accounts represent receipts of the Crystal Springs Assessment District, held by the Water District as the Assessment District's agent as discussed at Note 4.

NOTE 3 - UTILITY PLANT AND CONSTRUCTION IN PROGRESS

Utility plant and construction in progress balances and activity are summarized below:

	Balance Beginning of Year	Additions and Transfers, net	Retirements	Balance End of Year
Utility Plant in Service:				
Land	$160,612			$160,612
Buildings	665,806	$10,923		676,729
Furniture & equipment	755,090	138,285		893,375
Vehicles	668,688	142,789	($87,842)	723,635
Treatment plants, pipelines, wells, pump stations	19,949,955	286,376		20,236,331
Crystal Springs Project:				
West pipeline	4,126,272			4,126,272
Nunes treatment plant	3,402,563			3,402,563
East pipeline	3,197,786			3,197,786
Pump station	7,738,337			7,738,337
Casa Del Mar pipeline	873,745			873,745
Carter Hill Tank pipeline	50,000	795,508		845,508
El Granada Phase 3	308,593			308,593
Design, engineering and intangible costs	3,265,466			3,265,466
Utility plant at cost	45,162,913	1,373,881	(87,842)	46,448,952
Less accumulated depreciation	(16,581,617)	(1,185,727)	87,842	(17,679,502)
Utility plant, net	$28,581,296	$188,154		$28,769,450
Construction in progress	$3,895,935	$3,990,157		$7,886,092

Construction in progress at June 30, 2008 consisted primarily of pipeline replacement costs.

NOTE 4 - CRYSTAL SPRINGS ASSESSMENT DISTRICT

The Crystal Springs Water Supply Project (CSP) constructed by the Coastside County Water District (Water District) was financed by purchasers of CSP water service connections who either paid cash for their water service connections or have agreed to place their properties in the Crystal Springs Assessment District, which was formed for the sole purpose of providing funding to construct the Project.

At June 30, 2008, the Assessment District had fully repaid the balance of its Limited Obligation Refunding Bonds issued in 1999. Property owners were solely responsible for repayment of these Bonds. Security for the Bonds was provided by a lien against each property to which a CSP water service connection is assigned. The County of San Mateo acted as the agent for the Assessment District, collecting assessments and forwarding bond payments to the Assessment District. The Assessment District was responsible for submitting monies collected by the County to a paying agent, which in turn paid the bond holders. In the event of non-payment of an assessment by a property owner, the Water District was responsible only for initiating foreclosure action on the property encumbered by the CSP assessment.

Since the Water District has never assumed any legal or moral liability to pay any of the Assessment District's bonded indebtedness, the Water District's financial statements do not include the Assessment District bonds or related balances. However, as the Assessment District's agent, the Water District uses the cash discussed at Note 2 A to make the required payments on the Assessment District Bonds.

NOTE 5 – LONG-TERM DEBT

A. Long-Term Debt Activity

	Original Issue Amount	Balance June 30, 2007	Retirements	Balance June 30, 2008	Amount due within one year
1998A ABAG Water and Wastewater Revenue Refunding Bonds, 3.75-5.3%, due 10/01/2013	$2,855,000	$1,575,000	$195,000	$1,380,000	$200,000
2006B Water Revenue Bonds 3.5-4.75%, due 10/01/32	7,295,000	7,295,000	160,000	7,135,000	165,000
Discounts	(58,459)	(58,448)	(2,248)	(56,200)	
Total Long-Term Debt		8,811,552	$352,752	8,458,800	$365,000
Less: Amount due within one year		(352,752)		(365,000)	
Total Long-Term Debt, net		$8,458,800		$8,093,800	

NOTE 5 – LONG TERM DEBT (Continued)

B. 1998A ABAG Water and Wastewater Revenue Refunding Bonds

On May 12, 1998 the District issued ABAG Water and Wastewater Revenue Refunding Bonds, Series 1998A in an original principal amount of $2,855,000. Proceeds of the 1998 Bonds were placed in an irrevocable trust to advance refund the outstanding balance of the Water Revenue Refunding Bonds, Series 1993; a portion was also used to finance water pipeline replacements.

All revenues generated by the Utility Plant and a debt service insurance policy serving as a reserve fund are pledged for the repayment of the 1998 Bonds. The 1998 Bonds bear interest at 3.75% to 5.3% and require semiannual interest payments on October 1 and April 1 and annual principal payments on October 1. A final installment is due October 1, 2013.

Any 1998 Bonds maturing on or after October 1, 2009 may be redeemed at par plus a 2% premium on or after October 1, 2008. The premium decreases 1% each year until October 1, 2010 at which time the 1998 Bonds may be redeemed at par. 1998 Bonds maturing on or after October 1, 2010 and 2021 are subject to mandatory annual redemption commencing October 1, 2006 and 2011, respectively, at par.

C. 2006B Water Revenue Bonds

On June 1, 2006 the District issued Water Revenue Bonds, Series 2006B in an original principal amount of $7,295,000 to finance and refinance certain public capital improvements. The bonds are payable from revenues of the District. The 2006B Bonds bear interest at 3.50% to 4.75% and require semiannual interest payments on October 1 and April 1 and annual principal payments on October 1, beginning October 1, 2007. A final installment is due October 1, 2032.

D. Repayment Schedule

Future annual repayment requirements are as follows:

	Enterprise Activities		
For The Year Ending June 30	Principal	Interest	Total
2009	$365,000	$383,680	$748,680
2010	390,000	367,245	757,245
2011	405,000	349,811	754,811
2012	420,000	331,274	751,274
2013	435,000	311,569	746,569
2014-2018	1,345,000	1,341,604	2,686,604
2019-2023	1,340,000	1,065,818	2,405,818
2024-2028	1,690,000	709,346	2,399,346
2029-2033	2,125,000	261,845	2,386,845
Total payments due	8,515,000	$5,122,192	$13,637,192
Less: Unamortized discounts	(56,200)		
Total Long-Term Debt, net	$8,458,800		

NOTE 6 - PENSION PLAN

All employees meeting CALPERS membership requirements must participate in pension plans offered by California Public Employees Retirement System (CALPERS), an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The District's employees participate in the Miscellaneous Employee Plan. Benefit provisions under the Plan are established by State statute and District resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CALPERS; the District must contribute these amounts. The Plans' provisions and benefits in effect at June 30, 2008, are summarized as follows:

	Miscellaneous
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50
Monthly benefits, as a % of annual salary	2.0% - 2.5%
Required employee contribution rates	8%
Required employer contribution rates	22.95%

The District's labor contracts require it to pay employee contributions as well as its own.

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the District's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this method is the level amount the District must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the pension benefit obligation. The District does not have a net pension obligation since it pays these actuarially required contributions monthly.

CALPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.75% is assumed, including inflation at 3.0%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over twenty years. Investment gains and losses are accumulated as they are realized and amortized over a rolling thirty year period.

As required by State law, effective July 1, 2005, the District's Miscellaneous Plan was terminated, and the employees in the plan were required by CALPERS to join new State-wide pools. One of the conditions of entry to these pools was that the District true-up any unfunded liabilities in the former Plans, either by paying cash or by increasing its future contribution rates through a Side Fund offered by CALPERS. The District satisfied its Miscellaneous Plan's unfunded liability of $1,193,435 by agreeing to contribute that amount to the Side Fund through an addition to its normal contribution rates over the next 11 years.

NOTE 6 -- PENSION PLAN (Continued)

The required contribution rates for the year ended June 30 are as follows:

	Employer Contribution Amount	Employer Contribution Rate
2006	$258,530	22.66%
2007	312,839	25.34%
2008	300,547	22.95%

The latest available actuarial values of the above State-wide pools (which differs from market value) and funding progress were set forth as follow. The information presented below relates to the State-wide pools as a whole, of which the City is one of the participating employers.

Miscellaneous Plan:

Actuarial Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll	Unfunded Liability as % of Payroll
6/30/2004	$434,267,445	$379,807,592	$54,459,853	87.5%	$97,227,479	56.0%
6/30/2005	579,276,103	500,388,523	78,887,580	86.4%	129,379,492	61.0%
6/30/2006	912,988,585	787,758,909	125,229,676	86.3%	200,320,145	62.5%

Audited annual financial statements are available from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

Actuarially required contributions which were equal to net pension costs, for fiscal years 2008, 2007, and 2006 were $300,547, $312,839, and $258,530 respectively. The District made these contributions as required, together with certain immaterial amounts required as the result of the payment of overtime and other additional employee compensation.

NOTE 7 - DEFERRED COMPENSATION PLAN

District employees may defer a portion of their compensation under a District sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the Plan.

The District's Plan administration agreements require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the District's property and are not subject to claims by general creditors of the District, they have been excluded from these financial statements.

NOTE 8 – NET ASSETS

Net Assets is the excess of all the District's assets over all its liabilities. Net Assets are divided into three captions under GASB Statement 34. These captions apply only to Net Assets, which are described below:

Invested in Capital Assets, net of related debt describes the portion of Net Assets which is represented by the current net book value of the District's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the District cannot unilaterally alter. The Restricted Net Assets are presented below:

Transmission and Storage Fees collected but not yet expended on the Crystal Springs Project, plus interest earned on the balance. These funds have been held in a separate bank account and in LAIF since the inception of the Project.

The District Contribution to Crystal Springs Project, representing the amount pledged by the District at inception of the project, net of subsequent District expenditures on the Project.

Various capital improvements represent the 2006B Water Revenue Bond proceeds that remain unspent to finance and refinance certain public capital improvements.

Unrestricted describes the portion of Net Assets which is not restricted to use. Included here are "Reserves" which the Board can unilaterally alter. Net Assets have been reserved by the Board of Directors for specific uses in the future. These reserves are presented below:

Operating Capital, representing minimum operating cash requirements.

Emergency and Contingency, to be used in the event of economic uncertainty.

Capital Expenditures, for planned capital expenditures and depreciation expense.

NOTE 9 - RISK MANAGEMENT

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority. ACWAJPIA covers general liability claims in an amount up to $50,000,000. The District has worker's compensation insurance with ACWAJPIA which provides coverage of worker's compensation claims from the first dollar up to statutory limits. During the fiscal year ended June 30, 2008 the District contributed $91,313 for current year coverage.

ACWAJPIA is governed by a board consisting of representatives from member municipalities. The board controls ACWAJPIA's operations, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the board.

The District's contributions to ACWAJPIA equal the ratio of the District's payroll to the total payrolls of all entities participating in the same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

ACWAJPIA's audited financial statements may be obtained from them at 5620 Birdcage Street, #200, Citrus Heights, CA 95610-7632.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS

The District provides certain health care and dental benefits for retired employees. These benefits are provided through insurance companies whose premiums are based on the benefits paid during the year. The District recognizes the cost of providing those benefits by expensing the annual insurance premiums, which was $80,572 for eligible retirees for the year ended June 30, 2008.

COASTSIDE COUNTY WATER DISTRICT
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS
FOR THE YEAR ENDED JUNE 30, 2008

COASTSIDE COUNTY WATER DISTRICT
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS

For the Year Ended June 30, 2008

Table of Contents

MAZE & ASSOCIATES

ACCOUNTANCY CORPORATION
3478 Buskirk Ave. - Suite 215
Pleasant Hill, California 94523
(925) 930-0902 · FAX (925) 930-0135
maze@mazeassociates.com
www.mazeassociates.com

MEMORANDUM ON INTERNAL CONTROLS

October 2, 2008

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

In planning and performing our audit of the financial statements of the Coastside County Water District as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Included in the Schedule of Other Matters is information not meeting the above definitions that we believe to be of potential benefit to the District.

This communication is intended solely for the information and use of management, Board of Directors, others within the District, and agencies and pass-through entities requiring compliance with generally accepted government auditing standards, and is not intended to be and should not be used by anyone other than these specified parties.

Maze & Associates

COASTSIDE COUNTY WATER DISTRICT
SCHEDULE OF OTHER MATTERS
JUNE 30, 2008

Purchasing Policy

During our testing of District disbursements, we noted several cases where a purchase order was not prepared as required by the District's current purchasing policy. Under the Purchasing Policy approved by the Board on May 8, 2007, all items over $300 require an approved purchase order.

The District's policy also requires two informal bids for purchases between $500-$5,000. The disbursements we reviewed between these dollar amounts did not have any notation as to whether these bids had been obtained.

We recommend staff prepare purchase orders and document informal bids, as required by the District's current Purchasing Policy. If clarification needs to be made, the Purchasing Policy should be updated.

COASTSIDE COUNTY WATER DISTRICT
SCHEDULE OF OTHER MATTERS
JUNE 30, 2008

Upcoming GASBs

GASB Statement No. 49 - *Accounting and Financial Reporting for Pollution Remediation Obligations* (Effective for Fiscal Year 2008-2009)

This Statement addresses accounting and financial reporting for pollution remediation obligations (including contamination), which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. This Statement excludes pollution prevention and landfill closure or post-closure costs. A municipality must estimate expected outlays for pollution remediation if it knows a site is polluted and any of the following recognition triggers occur:

- Pollution poses an imminent danger to the public or environment and a government has little or no discretion to avoid fixing the problem.
- A government has violated a pollution prevention-related permit or license.
- A regulator has identified (or evidence indicates it will identify) a government as responsible (or potentially responsible) for cleaning up pollution, or for paying all or some of the cost of the clean up.
- A government is named (or evidence indicates that it will be named) in a lawsuit to compel it to address the pollution.
- A government begins or legally obligates itself to begin cleanup or post-cleanup activities (limited to amounts the government is legally required to complete).

Liabilities and expenses would be estimated using an "expected cash flows" measurement technique, which is used by environmental professionals but will be employed for the first time by governments. Statement 49 also will require governments to disclose information about their pollution obligations associated with clean up efforts in the notes to the financial statements.

Pollution remediation outlays should be capitalized in the proprietary fund statements when goods and services are acquired if acquired for any of the following circumstances:

a. To prepare property for sale. Capitalized costs (including pollution remediation costs) continue to be limited to lower of cost or net realizable value

b. To prepare property for use when the property was acquired with known or suspected pollution that was expected to be remediated. Governments should capitalize only those pollution remediation outlays expected to be necessary to place the asset into its intended location and condition for use.

c. To perform pollution remediation that restores a pollution-caused decline in service utility that was recognized as an asset impairment. Governments should capitalize only those pollution remediation outlays expected to be necessary to place the asset into its intended location and condition for use.

d. To acquire property, plant, and equipment that has a future alternative use. Outlays should be capitalized only to the extent of the estimated service utility that will exist after pollution remediation activities uses have ceased.

For outlays under criteria a and b, capitalization is appropriate only if the outlays take place within a reasonable period prior to the expected sale or following acquisition of the property, respectively, or are delayed, but the delay is beyond the government's control.

GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets (Effective for fiscal 09/10) - Retroactive Application Required

Governments have different types of intangible assets, such as easements, water rights, patents, trademarks, and computer software. Easements are referred to in the GASB 34 description of capital assets, which has raised questions about whether and when intangible assets should be considered capital assets for financial reporting purposes.

The absence of specific authoritative guidance has resulted in inconsistencies in the recognition, initial measurement, and amortization of intangible assets among governments. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to reduce inconsistencies and enhance comparability.

A summary of the statement:

- Intangible assets should be classified, accounted for and reported as capital assets, unless excluded from the scope. Guidance in this statement is in addition to existing capital asset guidance.
- GASB 51 specifically addresses the nature of intangible assets.
  - *Lack of physical substance.* An asset may be contained in or on an item with physical substance, for example, a compact disc in the case of computer software. An asset also may be closely associated with another item that has physical substance, for example, the underlying land in the case of a right-of-way easement. These modes of containment and associated items should not be considered when determining whether or not an asset lacks physical substance.
  - *Nonfinancial nature*. In the context of this Statement, an asset with a nonfinancial nature is one that is not in a monetary form similar to cash and investment securities, and it represents neither a claim or right to assets in a monetary form similar to receivables, nor a prepayment for goods or services.
  - *Initial useful life greater than one year*.
- GASB 51 excludes:
  - Assets acquired or created primarily for the purpose of directly obtaining income or profit.
  - Assets resulting from capital lease transactions reported by lessees.
  - Goodwill created through the combination of a government and another entity.

COASTSIDE COUNTY WATER DISTRICT
SCHEDULE OF OTHER MATTERS
JUNE 30, 2008

- Recognition of an intangible asset occurs only if it is considered identifiable. That is when either of the following apply:
  - The asset is separable from the government. That is it can be sold, transferred, licensed, rented, or exchanged.
  - The asset arises from contractual or other legal rights, regardless of whether transferable or separable.
- Specific conditions must present to recognize internally generated intangibles. Capitalization of costs begins after all of the following criteria are met:
  - Determination of specific objectives of the project and the nature of the service capacity expected upon the completion.
  - Demonstration of the feasibility that the completed project will provide its expected service capacity
  - Demonstration of the current intention, ability, and effort to complete or continue development of the intangible asset.
  - Internally generated computer software is used as an example in applying the specific conditions approach.
- Amortization lives are addressed:
  - Limited by contractual or legal provisions.
    - Renewal periods for rights may be considered if there is evidence that the government will seek and be able to achieve renewal and that any anticipated outlays to be incurred as part of achieving the renewal are nominal. Such evidence should consider the required consent of a third party and the satisfaction of any conditions required to achieve renewal.
  - An indefinite life (no amortization) is permitted so long as there are:
    - No limiting legal, contractual, regulatory, technological, or other factors, and
    - No subsequent change in circumstances.
    - A permanent right-of-way easement is an example.

Retroactive Application. For GASB 34 Phase I & II governments, retroactive reporting is required for intangible assets acquired in fiscal years ending after June 30, 1980. Retroactive reporting is not required for intangible assets with indefinite useful lives or internally generated intangibles, as of the effective date of this Statement.

MAZE & ASSOCIATES

ACCOUNTANCY CORPORATION
3478 Buskirk Ave. - Suite 215
Pleasant Hill, California 94523
(925) 930-0902 · FAX (925) 930-0135
maze@mazeassociates.com
www.mazeassociates.com

REQUIRED COMMUNICATIONS

October 2, 2008

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

We have audited the financial statements of the Coastside County Water District as of and for the year ended June 30, 2008 and have issued our report thereon dated October 2, 2008. Professional standards require that we advise you of the following matters relating to our audit.

Financial Statement Audit Assurance: Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit in accordance with generally accepted auditing standards does not provide absolute assurance about, or guarantee the accuracy of, the financial statements. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is an inherent risk that material errors, fraud, or illegal acts may exist and not be detected by us.

Other Information Included with the Audited Financial Statements: Pursuant to professional standards, our responsibility as auditors for other information in documents containing the District's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. Our responsibility also includes communicating to you any information that we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements. This other information and the extent of our procedures is explained in our audit report.

Accounting Policies: Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during 2008.

Unusual Transactions, Controversial or Emerging Areas: No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during 2008.

Estimates: Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimate affecting the financial statements is depreciation expense. Management's estimate of the useful lives of its capital assets is based on industry averages. We evaluated the key factors and assumptions used to develop the depreciation expense and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Disagreements with Management: For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Retention Issues: We did not discuss any major issues with management regarding the application of accounting principles and auditing standards that resulted in a condition to our retention as the District's auditors.

Difficulties: We encountered no serious difficulties in dealing with management relating to the performance of the audit.

Audit Adjustments: For purposes of this communication, professional standards define an audit adjustment, whether or not recorded by the District, as a proposed correction of the financial statements that, in our judgment, may not have been detected except through the audit procedures performed. These adjustments may include those proposed by us but not recorded by the District that could potentially cause future financial statements to be materially misstated, even though we have concluded that the adjustments are not material to the current financial statements.

We did not propose any audit adjustments that, in our judgment, could have a significant effect, either individually or in the aggregate, on the entity's financial reporting process.

Uncorrected Misstatements: Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to management.

******

This report is intended solely for the information and use of the finance committee, Board of Directors, and management and is not intended to be and should not be used by anyone other than these specified parties.

Maze + Associates

REQUIRED COMMUNICATIONS

October 2, 2008

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

We have audited the financial statements of the Coastside County Water District as of and for the year ended June 30, 2008 and have issued our report thereon dated October 2, 2008. Professional standards require that we advise you of the following matters relating to our audit.

Financial Statement Audit Assurance: Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit in accordance with generally accepted auditing standards does not provide absolute assurance about, or guarantee the accuracy of, the financial statements. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is an inherent risk that material errors, fraud, or illegal acts may exist and not be detected by us.

Other Information Included with the Audited Financial Statements: Pursuant to professional standards, our responsibility as auditors for other information in documents containing the District's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. Our responsibility also includes communicating to you any information that we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements. This other information and the extent of our procedures is explained in our audit report.

Accounting Policies: Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during 2008.

Unusual Transactions, Controversial or Emerging Areas: No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during 2008.

Estimates: Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimate affecting the financial statements is depreciation expense. Management's estimate of the useful lives of its capital assets is based on industry averages. We evaluated the key factors and assumptions used to develop the depreciation expense and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Disagreements with Management: For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Retention Issues: We did not discuss any major issues with management regarding the application of accounting principles and auditing standards that resulted in a condition to our retention as the District's auditors.

Difficulties: We encountered no serious difficulties in dealing with management relating to the performance of the audit.

Audit Adjustments: For purposes of this communication, professional standards define an audit adjustment, whether or not recorded by the District, as a proposed correction of the financial statements that, in our judgment, may not have been detected except through the audit procedures performed. These adjustments may include those proposed by us but not recorded by the District that could potentially cause future financial statements to be materially misstated, even though we have concluded that the adjustments are not material to the current financial statements.

We did not propose any audit adjustments that, in our judgment, could have a significant effect, either individually or in the aggregate, on the entity's financial reporting process.

Uncorrected Misstatements: Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to management.

******

This report is intended solely for the information and use of the finance committee, Board of Directors, and management and is not intended to be and should not be used by anyone other than these specified parties.

STAFF REPORT

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

From: **Joe Guistino, Superintendent of Operations**
David Dickson, General Manager

Agenda: **November 18, 2008**

Report Date: November 12, 2008

Subject: **Nunes Filters 3&4 Media Replacement**

Recommendation:
Direct Staff to award contract Nunes Filters 3&4 Media Replacement to Cowan & Thompson Construction Inc.

Discussion:
The American Water Works Association (AWWA) recommends that a well run treatment facility should perform a filter assessment every few years for a conventional dual media treatment plant such as Nunes. Our last assessment was performed in April 2007 and shows that our anthracite and sand media has deteriorated over the last 15 years.

Our CIP calls for replacement of the Nunes filter media over 2 fiscal year periods. We replaced the media in Filters 1 & 2 in Spring of this year and are now ready to replace the media in Filters 3 & 4.

We solicited bids for this project, which were opened on 3 November with the following results:

Cowan & Thompson Construction Inc.	$44,444.00
ERS Industrial Services Inc.	$57,166.42

Fiscal Impact:
CIP budget for FY09 includes $50,000 for filter media replacement.

STAFF REPORT

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

From: **David Dickson, General Manager**

Agenda: **November 18, 2008**

Report Date: November 13, 2008

Subject: **Reimbursement Resolution**

Recommendation
Approve the attached Reimbursement Resolution

Background:
In our Financial Plan kickoff meeting with Bartle Wells Associates (BWA) on October 31, Reed Schmidt suggested that we pass a Reimbursement Resolution. The attached resolution, which we reviewed with the Finance Committee on November 7, 2008, would allow the District to use its current reserves for CIP projects, then retroactively reimburse the reserves from the proceeds of a future bond issue. Without such a resolution, no retroactive reimbursement is permitted under the Treasury Regulations. Expenditures made up to three years before the date of the resolution can be reimbursed.

The Board passed a similar resolution in February 2006, before the last bond issue. Passing the resolution creates no obligation on the District's part to proceed with bond financing or to reimburse the expenditures.

Fiscal Impact:
None.

RESOLUTION NO. 2008 - ___

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE COASTSIDE COUNTY WATER DISTRICT DECLARING THE OFFICIAL INTENT TO REIMBURSE EXPENDITURES FROM THE PROCEEDS OF TAX EXEMPT SECURITIES

WHEREAS, the Coastside County Water District ("District") desires to finance the construction, acquisition, expansion, or improvement of its facilities (collectively "the Project"); and

WHEREAS, the District will be expending funds for the Project; and

WHEREAS, the District reasonably expects to reimburse such expenditures by authorizing the sale and delivery of one or more series of obligations, as described below:

NOW, THEREFORE, the Board of Directors of the Coastside County Water District hereby resolves as follows:

1. This Resolution is a declaration of official intent to reimburse expenditures pursuant to Treasury Regulations Section 1.150-2.

2. The District desires to finance the construction, acquisition, expansion, or improvement of the Project.

3. The District reasonably expects to reimburse the expenditures through the sale and delivery of one or more series of obligations (the "Obligations"). The maximum principal amount of Obligations to be issued for the Project is ten million dollars ($10,000,000.)

4. This Resolution expresses the District's expectations as of this date, with respect to the financing of the construction, acquisition, expansion, or improvement of the Project. Future events or extraordinary circumstances beyond the control of the District may result in the Project being financed in a manner other than as described in this Resolution, and nothing contained herein constitutes an irrevocable commitment by the District to issue the Obligations, or to proceed with the Project.

PASSED AND ADOPTED this ____ day of _____, 200__, by the following votes of the Board of Directors:

AYES:

NOES:

ABSENT:

_____
Everett Ascher
President, Board of Directors
Coastside County Water District

ATTEST:

_____
David Dickson, Secretary of the Board

STAFF REPORT

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

From: **David Dickson, General Manager**

Agenda: **November 18, 2008**

Report Date: November 13, 2008

Subject: **Discussion of District's Cooperation with Sewer Authority Mid-Coastside for Water Reclamation**

Recommendation:
The Board may wish to discuss the District's role in water reclamation and provide guidance to the Water Reclamation Committee in preparation for their discussion with Sewer Authority Mid-Coastside's Recycled Water Committee.

Background:
As the Board has established in past discussions, water recycling will play a vital role in assuring the reliability of the District's future water supply. Recognizing the importance of a partnership between Sewer Authority Mid-Coastside (SAM) and CCWD for water reclamation, the Board formed a Water Reclamation Committee at its August 7, 2008 meeting and directed staff to work with SAM toward a meeting between the two agencies.

Via an email dated October 29, 2008, SAM Manager Jack Foley extended the SAM Board's invitation for CCWD's Water Reclamation Committee to meet with the SAM Water Recycling Committee at 6:00 pm on November 24, 2008. The meeting will be a noticed public meeting of the SAM Committee.

In its own water reclamation efforts, SAM has completed the first phase of a water reclamation study and has received a proposal from its consultant for the next phase, a facilities planning effort. Copies of SAM's October 2008 Draft Recycled Water Study and Recycled Water Study Phase II Proposal are attached as background.

Fiscal Impact:
None. Discussion only.

Recycled Water Committee Meeting Date: October 27, 2008
Agenda Item No: 6C

SEWER AUTHORITY MID-COASTSIDE
Staff Report

Subject / Title

Discuss and Possibly Recommend Taking Action on Recycled Water Study.

Staff Recommendation:

Discuss and Possibly Recommend Taking Action on Recycled Water Study.

Fiscal Impact:

None

Discussion/Report:

Background
In May 2008, the Board authorized a Recycled Water Study. Since that time the Manager and SAM staff have met with stakeholders and worked closely with SRT Consultants on this study.

At the September 2008 meeting, SRT Consultants presented a draft study for Board review and comment. Following this presentation and after incorporating Board input, we now present this draft study for the Committee's final comments, before presenting to the Board for receipt and filing as the final report.

Tanya Yurovsky of SRT Consultants will be present at the meeting to answer any questions the Committee may have.

Attached is a copy of the final draft report.

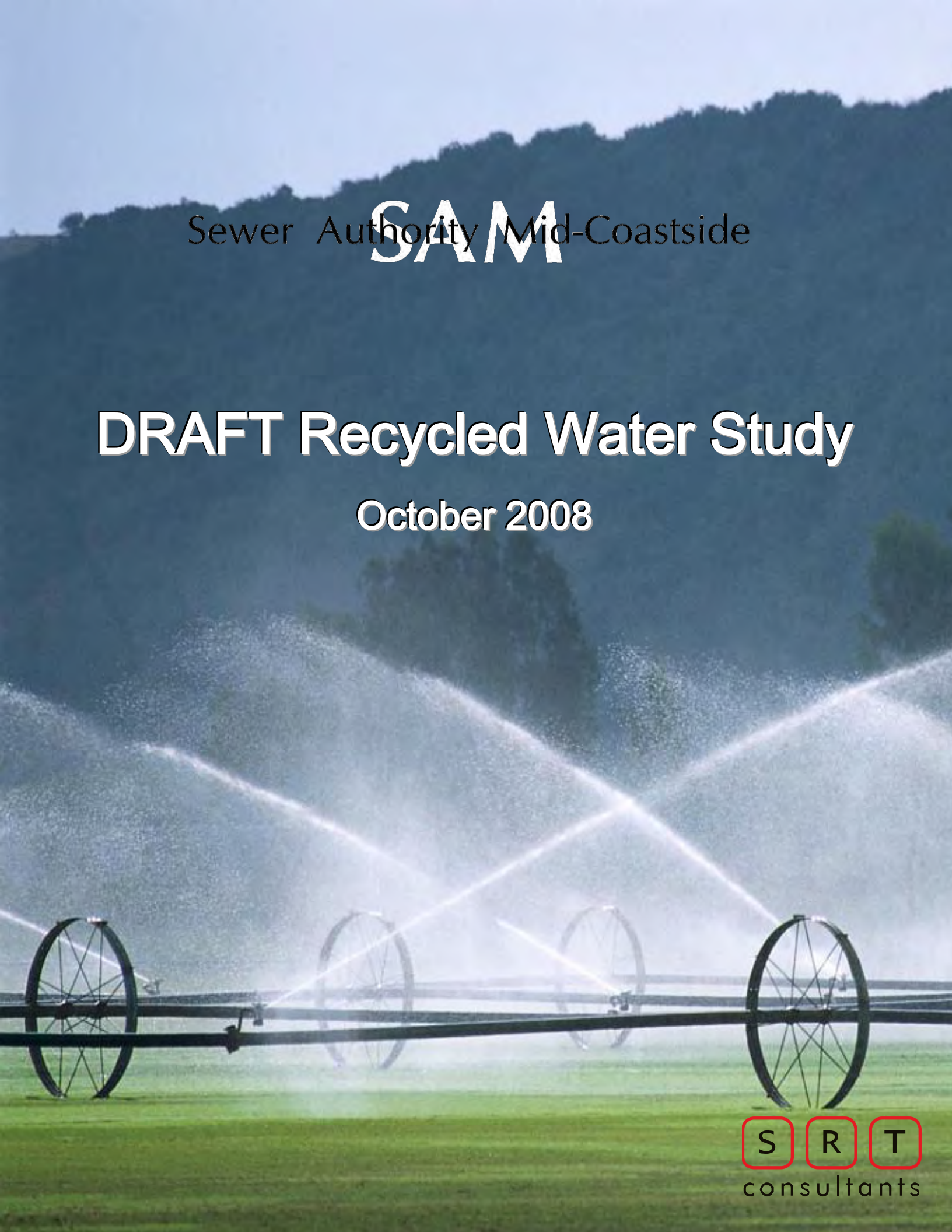
This page is intentionally blank.

Sewer Authority Mid-Coastside

SAM

DRAFT Recycled Water Study

October 2008



SRT consultants

Table of Contents

List of Figures

List of Tables

List of Acronyms

ADWF	Average Dry Weather Flow
AF	Acre-Foot
AFY	Acre-Feet per Year
AWWARF	American Water Works Association Research Foundation
BARWC	Bay Area Recycled Water Coalition
BAWSCA	Bay Area Water Supply & Conservation Agency
CCWD	Coastside County Water District
CEQA	California Environmental Quality Act
CWSRF	California Water State Revolving Fund
EDCs	Endocrine Disrupting Compounds
ENR	Engineering News-Record
FPGP	Facilities Planning Grant Program
GPM	Gallons per Minute
HCF	Hundred Cubic Feet
HMB	City of Half Moon Bay
HRS	Hours
I-Bank	California Infrastructure & Economic Development Bank
IRWMP	Integrated Regional Water Management Program
ISRF	Infrastructure State Revolving Fund
kPa	Kilopascal
LP	Low-Pressure
MF	Microfiltration
µm	Micrometer
mg/L	Milligrams per Liter
mos	Months
MGD	Million Gallons per Day
MP	Medium-Pressure
NTU	Nephelometric Turbidity Unit

OCGC	Ocean Colony Golf Courses
OCP	Ocean Colony Partners
O&M	Operations & Maintenance
PPCPs	Pharmaceuticals and Personal Care Products
RCD	San Mateo Resource Conservation District
RO	Reverse Osmosis
SAM	Sewer Authority Mid-Coastside
SFPUC	San Francisco Public Utilities Commission
SM	San Mateo
SRF	State Revolving Fund
SRT	SRT Consultants
SWRCB	State Water Resources Control Board
TDS	Total Dissolved Solids
TFC	Thin Film Composite
UF	Ultrafiltration
UV	Ultraviolet
WRCP	Water Recycling Construction Program
WRFP	Water Recycling Funding Program
WWTP	Wastewater Treatment Plant
ZYI	ZYI Corporation

EXECUTIVE SUMMARY

Executive Summary

The Recycled Water Study (Study) has been prepared by SRT Consultants (SRT) for the Sewer Authority Mid-Coastside (SAM) with the goal of investigating the potential market for recycled water in the Midcoast region. As an agency, SAM is interested in pursuing the Recycled Water Project (Project) to both maintain its position in environmental stewardship in the Midcoast Region and to financially balance its other necessary capital improvement projects. The SAM Board established the following objectives for the Project:

- ✓ Utilize the SAM Wastewater Treatment Plant effluent, a valuable Midcoast water resource, for the benefit of the region;
- ✓ Facilitate reduction of water draw on local aquifers; and
- ✓ Facilitate reduction in ocean discharge of treated wastewater.

Potential Customers and Alternatives

Potential recycled water customers were identified by the SAM Board prior to this Study, and have been contacted by SRT to establish their current irrigation demands, water supply arrangement, potential benefits, and cost-effectiveness, including: Nurserymen's Exchange, Ocean Colony Golf Courses, Skylawn Memorial Park Cemetery, Giusti Farms, Bay City Flower Company, and Daylight Farms. The information compiled has been organized into a Recycled Water User Database.

SRT proceeded in evaluating two capacity alternatives and three treatment alternatives for the Project. The two capacity alternatives included: a 1.65 million gallons per day (MGD) tertiary facility to treat the total average dry weather flow, and a 0.6 MGD tertiary facility to initially supply Ocean Colony Golf Courses only, with the option to expand. The treatment alternatives considered included Sand Media Filtration with Chlorination, Microfiltration with Ultraviolet Disinfection, and Reverse Osmosis. Figure 1, below, illustrates the six options that SRT has developed and evaluated in regard to feasibility and cost.

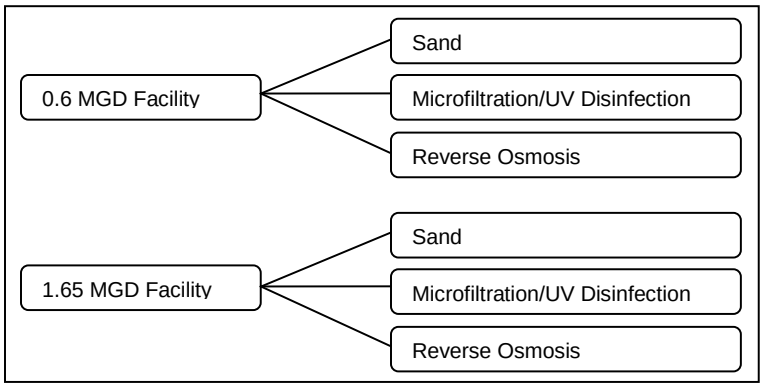


Figure ES-1 Capacity and Treatment Alternatives

Cost Estimates and Funding

All options are relatively feasible, but vary widely in cost depending on the size of the proposed facility, the desired level of treatment, and the piping infrastructure required. In order to compare the total capital expenditures of each of the six alternatives, SRT evaluated how each of these components individually varies. The cost of the two treatment facility sizes were assessed for each of the three treatment levels, resulting in capital cost estimates for each alternative, reported in dollars per acre foot of irrigation water. The following table presents the range of estimated costs for the six alternatives, along with a cost comparison between the current and projected Coastside County Water District (CCWD) potable water costs.

Table ES-1 Cost Comparison for Cost per Acre Foot *(2008 Dollars)*

Recycled Water Facility Size	CCWD Cost to Retail Customers *($$/AF)*		Projected Recycled Water Cost Ranges *($$/AF)*	
	Current	**Projected** *(2015 dollars)*	**Debt Instrument Only**	**Grant Funding Included**
0.6 MGD - Phased Plant *Ocean Colony Golf Courses ONLY*	$2,120	$4,680	$710 - $2,335	$580 - $2,150
1.65 MGD - Full-Size Plant	$2,120	$4,680	$2,775 - $5,470	$2,140 - $5,000

Assumptions:
1. CCWD commercial water rate is $4.86 HCF. Source: CCWD website. (includes distribution cost & SFPUC wholesale)
   a. CCWD distribution cost is $3.34 HCF. Source: CCWD website.
   b. SFPUC wholesale rate is $1.43 HCF. Source: CCWD website.
4. SFPUC wholesale rates will increase 300% by 2015 to $5.72 HCF. Source: SFPUC website.
5. CCWD projected 2015 distribution costs calculated using 6% annual inflation rate is $5.02 HCF.
6. CCWD projected 2015 commercial water rate is $10.74 HCF. Estimated based on above.

Upon establishing estimates for the alternatives, several funding options were explored. These options are combinations of grant and loan funding, and are presented in this study to provide SAM with an overview of potential project financing.

Additional Research

In addition to the alternatives evaluation, SRT also researched several items of particular concern to SAM, namely endocrine disrupting compounds (EDCs) potentially found in recycled water, recycled water state regulations, and local stakeholders of the Project.

Research has shown that since recycled water used for irrigation is not consumed by humans, trace concentrations of EDCs have not been considered a

serious risk to end users or the public. However, the effects of EDCs on irrigation crops and human ingestion have not been studied extensively. If SAM chooses to design the tertiary facility to specifically treat EDCs, it would be necessary to analyze EDC concentrations in the effluent of the SAM secondary treatment facility prior to evaluating how to effectively treat the water.

In May 2008, the State Water Regional Control Board (SWRCB) tasked a group of stakeholders to create their own statewide Recycled Water Policy, after receiving the strong opposition to the initial draft presented by the SWRCB. The alternative Recycled Water Policy was presented by the stakeholder group to the SWRCB in September 2008. The SWRCB indicated that the draft policy needed minor changes and that staff should move forward in preparing the environmental document. The draft Policy and the environmental document will then be released for public review.

SRT has also been in communication with several public, governmental, and private entities on the Midcoast that have economic, environmental, or public interest in the Project. These communications have been documented for the benefit of SAM, to help understand the political, economic and environmental paradigm of the Project.

Next Steps

The key findings of the Study assisted in establishing the next steps that SAM should consider for the Project, including:

1. Develop a recycled water supply agreement for potential customers in collaboration with SAM general counsel. This agreement should include the level of treatment of the recycled water, the means of distribution, the amount of water to be delivered, and the cost per acre foot for each customer.
    a. Develop a recycled water supply agreement specifically for OCGC, if SAM maintains the position of initially connecting to OCGC before all other customers.
2. Develop a Recycled Water Facilities Study to define the proposed project in terms of facility sizing and level of treatment. As the Project becomes further defined, public meetings and workshops should be held to inform the community about the details of the project and associated concerns.
3. Secure Project funding from grant and loan sources.
4. Initiate environmental review studies and necessary permitting.
5. Design and construct the facility.

THIS PAGE LEFT INTENTIONALLY BLANK

CHAPTER 1

Background and Purpose

Chapter 1: Background and Purpose

The Sewer Authority Mid-Coastside (SAM) contracted SRT Consultants (SRT) to prepare the Recycled Water Study (Study) with the goal of investigating the potential market for recycled water in the Midcoast Region.

This chapter presents the background and purpose for the Recycled Water Study as established by the SAM Board, and includes descriptions of the following:

- Project Need and Objective
- Study Scope
- SAM Goals
- Background and Status
- Previous Studies
- State Recycled Water Policy

1.1 Project Need and Objective

The SAM Board established the following objectives for the Recycled Water Project (Project):

- ✓ Utilize the SAM Wastewater Treatment Plant (WWTP) effluent, a valuable Midcoast water resource, for the benefit of the region;
- ✓ Facilitate reduction of water draw on local aquifers; and
- ✓ Facilitate reduction in ocean discharge of treated wastewater.

SAM's Recycled Water Project will help diversify the current Midcoast water supply portfolio and create a more sustainable watershed by reducing the region's dependency on imported water and improving the region's water supply reliability, affordability, and management. In addition, the reductions in water draw and in ocean discharge may potentially improve creek flows in Pilarcitos creek, restore aquatic habitat, and support the coastal environment of the Midcoast region.

1.2 Study Scope

The purpose of this Report is to present the information gathered and evaluated by SRT regarding the proposed SAM recycled water tertiary treatment facility. The information presented is based on the initial scope of work approved by the Board and the subsequent changes in direction.

1.2.1 Initial Scope

The initial scope of work included the development of a user database for potential recycled water customers, identification of the most feasible potential customers, preparation of cost estimates and funding alternatives, and an update

on current health and regulatory issues regarding recycled water. A brief summary of scope tasks follows.

Task 1 Recycled Water User Database

Develop the Recycled Water User Database that includes the average and peak usage rates for each user, their level of interest, proximity to the treatment facility, and their desired level of treatment. This work was based on:

- ✓ Review of 2003 and 2005 Carollo Engineers reports for background information.

- ✓ Contacting the following irrigation water users to obtain current information about average and peak usage rates, desired level of treatment and water quality, and the level of interest in recycled water:

    1. Nurserymen's Exchange
    2. Ocean Colony Golf Courses
    3. Skylawn Memorial Park Cemetery
    4. Guisti Farms
    5. Bay Cities Flower Company, Inc.
    6. Daylight Farms

- ✓ Continuing dialog with the Farm Bureau about their interest in starting an Irrigation District run by end users and determine the feasibility and timing of such an arrangement.

- ✓ Continuing dialog with the Pilarcitos Creek Restoration Workgroup led by the San Mateo Resource Conservation District (RCD) and Coastside County Water District (CCWD) to determine their involvement.

Task 2 Decision Tool

Develop a decision tool to identify the most feasible potential customers based on three factors: proximity to the treatment plant, the amount of irrigation water required, and the estimated cost per gallon.

Task 3 Public outreach

Facilitate a public meeting to inform the public about recycled water and its benefits; provide monthly reports on the project progress to SAM Board.

Task 4 Cost Estimates and Funding Alternatives

Develop planning level opinion of probable construction cost, total project cost, and 20-year present worth cost for each of the alternatives. Develop funding alternatives and evaluate them; recommend the apparent most cost-effective course of action and funding mechanisms for the project.

Task 5 Pharmaceuticals and Personal Care Products Update
Provide an update to the Board on the regulatory and other aspects of pharmaceuticals and personal care products (PPCPs) in wastewater and their impacts on recycled water.

Task 6 Study Report
Develop a report documenting the work conducted and outlining the next steps.

1.2.2 Scope Revision

SRT has prepared and presented two progress reports to the SAM Board of Directors, the first at the SAM Board meeting on July 28, 2008, and the second at the SAM Board meeting on August 25, 2008.

At the July 28, 2008 Board meeting, the SAM Board received a progress report and directed staff to develop additional information and provide a second progress report to the Board on the following two key issues:

1. A cost comparison between a recycled water facility initially sized to serve the Ocean Colony Golf Courses only and a facility sized to treat the entire SAM's WWTP average dry weather flow (ADWF); and
2. A cost comparison of treatment facilities with various treatment levels.

At the August 25, 2008 Board Meeting, the SAM Board received a progress report from SRT focusing on the July 28, 2008 requests of the SAM Board. The Board requested that the report include an overview of recycled water technologies and a timeline for project implementation together with the projected cash flow.

In addition, the public outreach workshop that was originally in the scope has been postponed until the project is further defined in the first quarter of 2009. After discussions with the San Mateo Resource Conservation District (RCD), which recently published the Pilarcitos Integrated Watershed Management Plan Draft, it was established that SAM would be more prepared for a public workshop after this document was reviewed, during facilities planning phase of the project.

1.3 SAM Goals

As an agency, SAM is interested in pursuing the Recycled Water project to both maintain its position in environmental stewardship on the Midcoast by utilizing its WWTP effluent, a valuable water resource, for the benefit of the region and to financially balance its other necessary capital improvement projects. To effectively address the Recycled Water Project objective and accomplish its goals, SAM has previously (2006) agreed to partner with other Midcoast agencies to balance the beneficial uses of the available water resources in the Pilarcitos Creek watershed by finding solutions that satisfy environmental, agricultural, public health, and economic interests.

1.4 Background and Status

Currently, the Midcoast region uses over 1.2 million gallons per day (MGD) of potable water for irrigation purposes. Some of this potable water is drawn from wells and withered creeks in the service region, while supplemental water is purchased from CCWD.

SAM has the potential to produce recycled water that can serve the needs of irrigation customers in the Midcoast region. Since irrigation water is normally supplied during the dry season by wells or CCWD, the average flow used for the SAM Recycled Water Facility sizing is the SAM WWTP average daily dry weather flow (ADWF). The SAM WWTP is designed to handle an ADWF of 4.0 MGD, however, the current ADWF is 1.65 MGD. For the purpose of this study, the maximum capacity of the proposed Recycled Water Facility is considered at 1.65 MGD, potentially serving customers with a combined demand of approximately 1.5 MGD to account for reliability.

1.5 Previous Studies

Background information and data were extracted from the previous Recycled Water Studies prepared by Carollo Engineers to provide an adequate foundation for this 2008 Recycled Water Study. The recycled water studies preceding this study include:

- August 2003: Water Reclamation Program Preliminary Economic Feasibility Study
- August 2005: Water Reuse Feasibility Study Supplement

The 2003 Feasibility Study was prepared by Carollo Engineers for CCWD. Carollo performed a preliminary economic feasibility evaluation of supplying recycled water from the SAM WWTP for irrigation at the Ocean Colony Golf Courses (OCGC) and the Skylawn Memorial Park Cemetery (Skylawn).

The 2005 Study prepared by Carollo for SAM included a supplement to the 2003 Water Reclamation Program Preliminary Economic Feasibility Study. The supplemental study focuses on identification of the process improvements that would be needed to meet Title 22 tertiary treatment requirements for unrestricted use for a dry weather flow of 1.65 MGD and peak wet weather flow of 15 MGD.

1.6 Stakeholder Communication

Several public, governmental, and private entities on the Midcoast have stakes in the Recycled Water Project. To stay up to date with all stakeholders and understand their desired level of participation, SRT has communicated with the following stakeholders:

- CCWD,

- Pilarcitos Creek Restoration Workgroup through the San Mateo County Resource Conservation District (RCD),
- San Francisco Public Utilities Commission (SFPUC),
- San Mateo County Farm Bureau,
- Bay Area Water Supply & Conservation Agency (BAWSCA),
- City of Half Moon Bay (HMB)

1.6.1 Coastside County Water District

The CCWD supplies drinking water to HMB and part of unincorporated San Mateo County, including Miramar, Princeton-by-the-Sea, and El Granada communities. CCWD is the current water distributor in the area where SAM would like to distribute recycled water.

1.6.2 Pilarcitos Creek Restoration Workgroup

The Pilarcitos Creek Restoration Workgroup (PCRW) includes various stakeholders determining how to more effectively manage the Pilarcitos Creek watershed to satisfy environmental, public health, domestic water supply, and economic interests. PCRW seeks input from local utilities, the agricultural community, public and private landowners, state and federal regulatory agencies, advocacy groups, local residents, and elected officials. RCD provides leadership to the PCRW.

1.6.3 San Francisco Public Utilities Commission

The SFPUC manages a multifaceted water supply system stretching from the Sierra Nevada Mountains to the City of San Francisco. The third largest municipal utility in California, SFPUC serves 2.4 million residential, commercial, and industrial customers in the Bay Area. Approximately two-thirds of wholesale deliveries are to 28 suburban agencies in Alameda, Santa Clara, and San Mateo counties.

As one of the SFPUC's wholesale customers, CCWD purchases over 80 percent of its water supply from SFPUC. In addition, SFPUC owns and operates the Pilarcitos Lake and serves as a major stakeholder for the Pilarcitos Creek Restoration Workgroup.

1.6.4 San Mateo County Resource Conservation District

Resource Conservation Districts were created by the state of California to be locally governed special districts that are center for local conservation efforts. San Mateo County RCD is supported with staffing from the Natural Resources Conservation Service. RCD plays a key role with the farming operations on the Midcoast. In addition, the RCD's Executive Director, Kellyx Nelson, heads the PCRW.

1.6.5 San Mateo County Farm Bureau

The San Mateo County Farm Bureau is a non-governmental political agency that works for farmers' rights. It is keenly interested in securing sustainable and affordable irrigation water for local farmers.

1.6.6 Bay Area Water Supply & Conservation Agency

BAWSCA was created to represent the interests of multiple cities, water districts, and private utilities that purchase wholesale water from the San Francisco regional water system. CCWD is one of the BAWSCA members.

CHAPTER 2

Recycled Water User Database

Chapter 2: Recycled Water User Database

This chapter describes potential customers based on location, irrigation water demands and potential irrigation water distribution pipelines. A potential customer database has been developed based on a comprehensive questionnaire, which acted as a basic guide for obtaining information from the potential customers. For more detailed information, the potential customer database is included in Appendix A.

2.1 Potential Customers

Potential recycled water customers in the Midcoast region have been identified by the SAM Board. In order to effectively market recycled water to each potential customer, their current irrigation demands, water supply arrangement, and potential benefits were evaluated in this Study. In addition, the feasibility and cost-effectiveness of connecting each customer to the recycled water source was established. SRT has contacted the following customers regarding their water needs, infrastructure requirements, and level of interest:

- Nurserymen's Exchange,
- Ocean Colony Golf Courses,
- Skylawn Memorial Park Cemetery,
- Giusti Farms,
- Bay City Flower Company,Inc. and
- Daylight Farms.

Detailed information on each of the potential customers is summarized below. Locations of potential customers can are depicted in Figure 2.1.

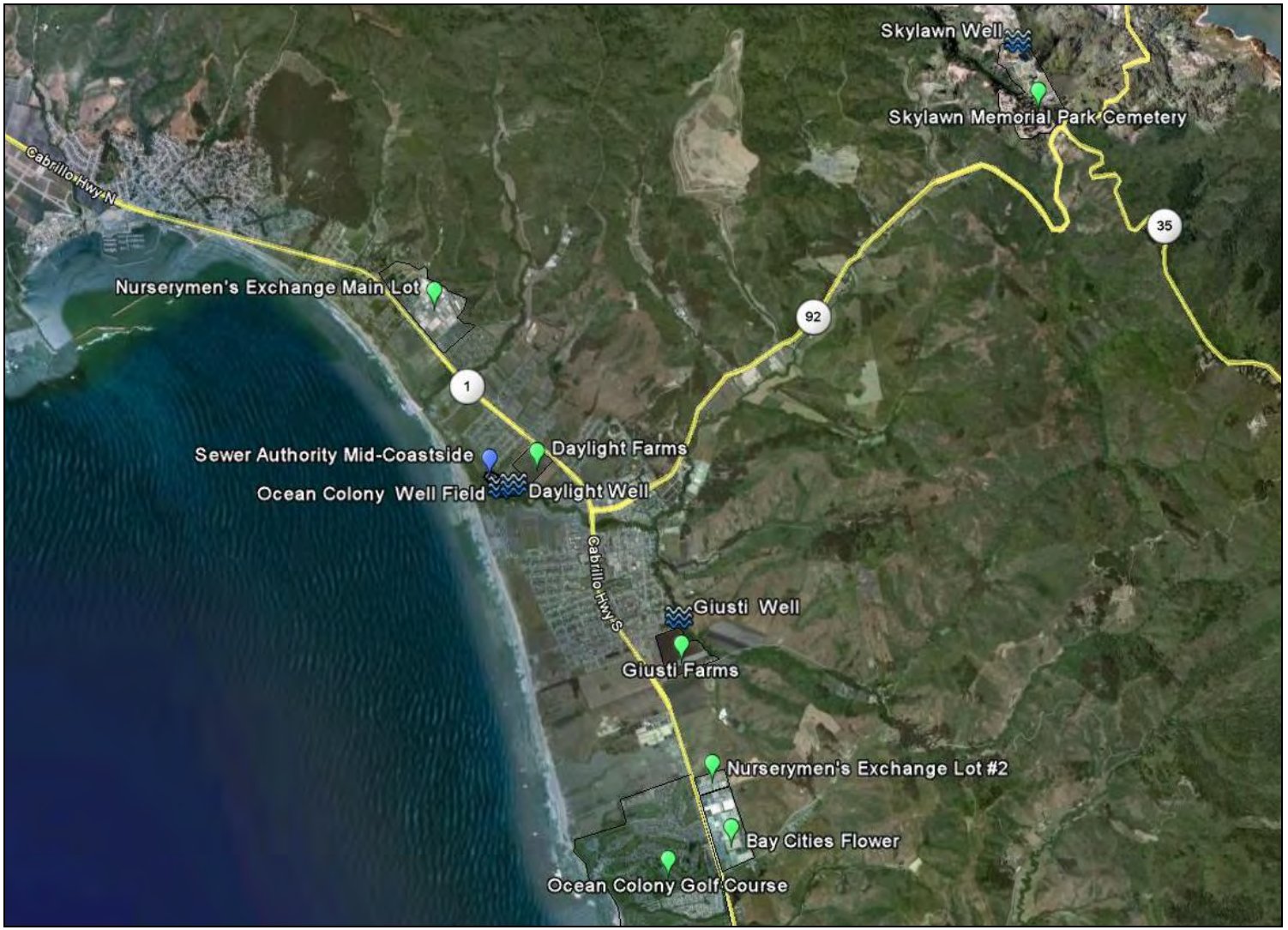


Figure 2.1 Locations of Potential Customers

2.1.1 Nurserymen's Exchange

Nurserymen's Exchange is a wholesale home and garden company in Half Moon Bay with two locations; the main lot located east of Route 1, approximately 1.75 miles north of the Highway 92 junction, and the second lot located east of Route 1 approximately 2 miles south of Highway 92. The total acreage of both lots is approximately 120 acres. Currently, Nurserymen's Exchange uses approximately 225 acre-feet per year (AFY) of potable water from CCWD at a current rate of $2,117/AF, which results in an estimated annual cost to Nurserymen's Exchange of approximately $474,269/year.

The construction of a pipeline from the SAM facility to Nurserymen's Exchange Main Lot will involve obtaining easements from several private land holders, an encroachment permit from the California Department of Transportation (Caltrans) to cross Route 1, and will involve the crossing of Frenchman's Creek. The construction of pipeline to Nurserymen's Exchange Lot #2 will include construction of the combined pipe, as explained in detail in Section 2.2, along with a tie-in from the main line to Lot #2 approximately 2 miles south of Highway 92. The quality of water requested from Nurserymen's Exchange has not been confirmed, although it is possible that certain cultivated plant species will require higher than tertiary unrestricted use water quality.

2.1.2 Ocean Colony Golf Courses

Ocean Colony Golf Courses (OCGC) consists of two eighteen-hole golf courses, the Links Course and the Ocean Course, which are owned and operated by Ocean Colony Partners (OCP). OCGC is located west of Route 1, approximately 2.5 miles south of the Highway 92. The Links course is intertwined with the housing subdivision, while the Ocean Course stands separately to the south. The total acreage of the golf courses and surrounding golf course community is 500 acres; approximately half of that acreage (250 acres) is served by the Ocean Colony irrigation system. OCGC presently obtains water from two sources, a well field located 2.15 miles north of the site, and from CCWD. The well field, consisting of five wells, is the primary source of irrigation water, and draws from the Pilarcitos Creek aquifer, near the mouth of the creek. The combined usage rate from the wells is approximately 500 AFY. Periodically, additional supply is needed to augment irrigation water supplied by the well field. This supplemental supply is purchased from CCWD at an average rate of 90 AFY. Including the supplemental supply from CCWD, OCGC has a total irrigation water demand of 590 AFY. Since OCP owns the well field, they do not currently pay a rate for the majority of their irrigation supply. CCWD supplies water at a rate of $2,117/AF for the 90 AFY, which results in an annual cost to OCGC of approximately $190,700/year for CCWD water alone.

OCP owns the well field and the pipeline connecting the well field to the OCGC irrigation system. An eight-inch diameter pipe begins at the well field, runs approximately half the distance to the golf course, and connects to a six-inch

diameter pipe, which connects to the OCGC irrigation system. OCP has easements through private properties the length of the entire pipeline. The construction of a pipeline from the SAM facility to the well field pipeline tie-in will involve crossing Pilarcitos Creek. Reportedly, there is an existing pipe with casing crossing the creek from SAM WWTP to the OCP well field. This information has not been field-verified by SRT. The quality of water requested from OCGC is tertiary unrestricted use. In addition, OCGC may consider allowing other potential customers to tie-in to their pipeline. This option, however, appears hydraulically infeasible. OCGC indicated that they would be looking for water quality similar to that received by the Olympic Club Golf Course in Daly City, California.

2.1.3 Skylawn Memorial Park Cemetery

Skylawn Memorial Park Cemetery (Skylawn) is a 500-acre cemetery located at the intersection of Highway 92 and Skyline Boulevard, approximately 5 miles east of Route 1. Of the 500 acres, Skylawn has developed 280 acres, of which 85 acres are irrigated. Two wells are located at Skylawn. One provides potable water to all buildings on site; the other is an irrigation well providing water at 12 gallons per minute (GPM). Skylawn is located outside the CCWD service area. The cemetery has an agreement with CCWD and SAM to purchase approximately 150 AFY of raw water from CCWD Crystal Springs Pipeline at a rate of $2,413/AF, which results in an annual cost to Skylawn of close to $372,443/year.

The construction of a pipeline from the SAM facility to Skylawn Memorial Park Cemetery will involve obtaining easements from several private land owners, an encroachment permit from Caltrans to cross Route 1, a creek crossing for Pilarcitos Creek, and the construction of a 5-mile-long pipeline along Highway 92. This five-mile pipeline will most likely require the use of the existing PG&E easement. Delivering the recycled water from the SAM facility to Skylawn would also require two booster pump stations along the pipeline, as the cemetery is at an elevation approximately 1075 feet above the SAM facility. The quality of water requested by Skylawn is tertiary unrestricted use.

2.1.4 Giusti Farms

Giusti Farms is a local vegetable and melon farm specializing in artichoke crops located just east of Route 1, approximately 1.25 miles south of Highway 92. Giusti Farms currently farms 50 acres with the potential to grow to a 180-acre farm if reliable irrigation water supply were available. Two small wells are currently used as the main irrigation source. The wells have a total capacity of 50 GPM. The annual usage rate is 4.5 AFY, assuming the well pumping at 2 hours per day for 8 months of the year. Two reservoirs are located at the north end of the property with 49 AF and 5 AF of storage, respectively. In 2002, Giusti Farms lost water rights to nearby Arroyo Leon Creek, which caused the business to downsize the amount of land farmed. At this time, Giusti Farms purchases no irrigation water from CCWD.

The pipeline to Giusti Farms will most likely be a pipeline that runs alongside the OCGC pipeline and is shared with two other potential customers. Giusti Farms will have its own tie-in to the shared pipeline. The quality of water requested from Giusti Farms is tertiary, with no specific requirements.

2.1.5 Bay City Flower Company

Bay City Flower Company, Inc. (Bay City) is a retail nursery and garden center providing flowers and flowering plants directly to retailers nationwide. Bay City is located just east of Route 1, approximately 2.25 miles south of Highway 92. The total irrigated acreage is nearly 75 acres. Bay City implements several water conservation measures including drip irrigation and flood irrigation, which requires flooding the plants and recapturing the water for future use. Presently, Bay City uses about 115 AFY of potable water from CCWD at a current rate of $2,117/AF, which results in an annual cost of approximately $238,500/year.

The pipeline to Bay City will most likely be a pipeline that runs alongside the OCGC pipeline and is shared with two other potential customers. Bay City will have its own tie-in to the shared pipeline. The quality of water requested from Bay City has not been confirmed, although it is possible that some cultivated plant species may require higher water quality than tertiary unrestricted use.

2.1.6 Daylight Farms

Daylight Farms (also commonly referred to as Farmer John's Pumpkin Farm) specializes in growing vegetables, herbs, flowers, and a wide variety of pumpkins. Daylight Farms is located just west of Route 1 approximately 0.6 miles north of Highway 92. The total irrigated acreage is 15 acres. Daylight Farms employs several water conservation measures including drip irrigation and cover crop management, which helps improve soil fertility, quality and diversity. One well, with an estimated annual usage rate of 2.65 AFY, is the primary source of irrigation water, and draws from the Pilarcitos Creek aquifer, not far from the mouth of the creek.

The construction of a pipeline to Daylight Farms would be minimal because of the farm's close proximity to SAM, approximately 1000 feet south east of the treatment facility. No easements, natural or roadway crossings would be necessary. The quality of water requested from Daylight Farms is tertiary, with no specific requirements.

2.2 Pipeline Assumptions

Multiple options for the construction of recycled water distribution piping were analyzed including individual pipelines to all customers, a tie-in to the Ocean Colony Golf Courses existing pipeline for all customers south-east of SAM WWTP, and a combined pipeline along Route 1 for Bay City Flowers, Giusti Farms and Nurserymen's Exchange Lot #2. A tie-in to the Ocean Colony pipeline was deemed infeasible based on the hydraulic capacity of the existing

pipeline. The construction of a combined pipeline from the SAM facility to Bay City, Giusti Farms and Nurserymen's Lot#2 will involve an encroachment permit from the California Department of Transportation (Caltrans) to cross Route 1 and construction along Route 1 for approximately 2.5 miles.

CHAPTER 3

Alternatives

Chapter 3: Alternatives

The information gathered from the potential recycled water irrigation users was initially presented to the SAM Board on July 28, 2008. The Board directed SRT to proceed in evaluating two capacity alternatives and three treatment alternatives as described in this chapter.

3.1 Capacity Alternatives

Two capacity alternatives are evaluated in this Study:

- 1.65 MGD tertiary facility that will treat the total ADWF, and
- 0.6 MGD tertiary facility with the option to expand.

3.1.1 Full-Size Facility

In this alternative, a 1.65 MGD facility would be built to treat the total ADWF and serve the needs of all the potential customers evaluated in this Study. A 1.65 MGD plant will improve the Midcoast water supply portfolio, provide environmental benefits, and promote economic sustainability for some of the region's largest employers.

The full-size facility would produce water to be pumped to the six potential customers through a recycled water distribution system. All distribution pipelines, with the exception of the pipeline from the Golf Course well field to OCGC, would need to be newly constructed for the Project. The proposed distribution pipelines are included on Figure 3.1. Connecting all customers would decrease the demand on several high production wells in the area, which would decrease water draw on the local aquifers and on Pilarcitos Creek. In addition, SAM would have the capacity to treat the entire ADWF, and therefore decrease the amount of secondary effluent that is released into the ocean.

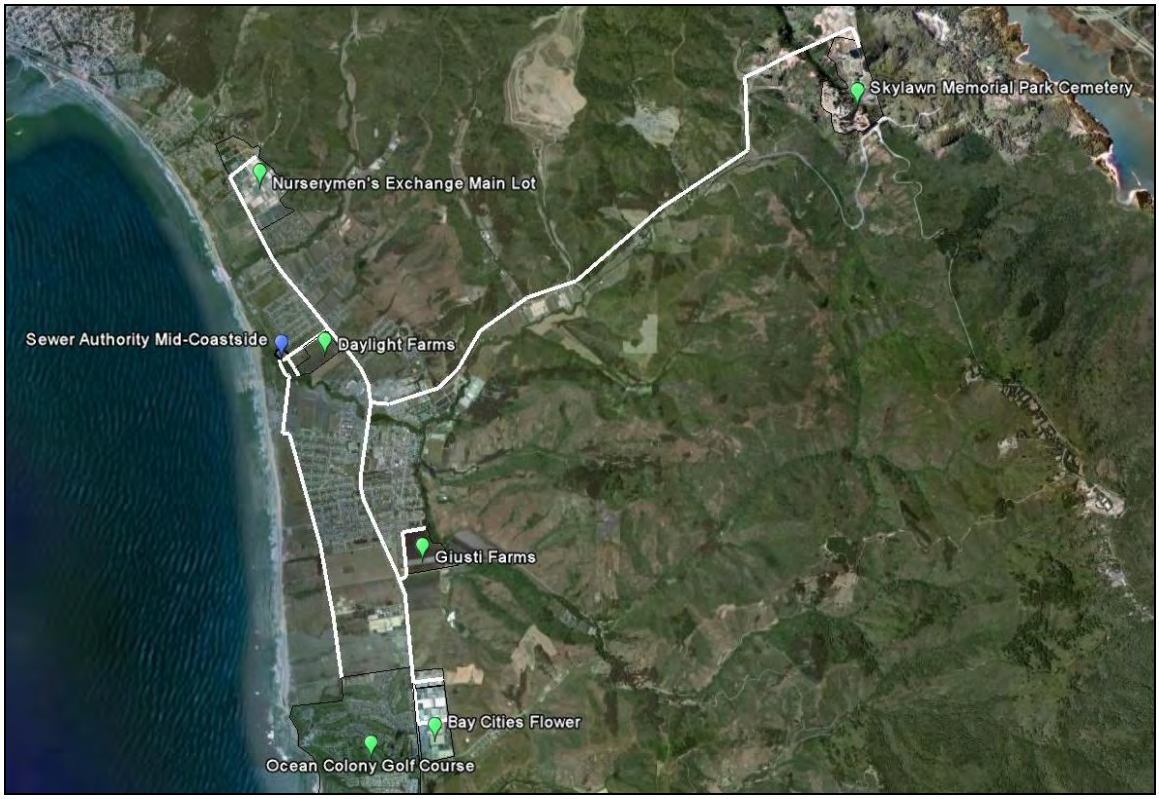


Figure 3.1 Full-Size Facility Pipelines

3.1.2 Phased Facility

In the phased alternative, a 0.6 MGD facility would be built to connect the Ocean Colony Golf Courses to the recycled water supply, with the option of connecting future irrigation customers at a later date. This option has been established by the SAM Board as an alternative to a full-size facility, to reduce the initial capital investment by SAM.

Upon initial evaluation, OCGC appears the most feasible customer to initially connect to the SAM facility based on demand, proximity of the pipeline tie-in, environmental benefits and customer motivation to connect. As discussed previously in Section 2.1.2, OCGC presently pumps approximately 0.5 MGD from 5 wells located along Pilarcitos Creek and delivers the water through a private pipeline to the irrigation system. Since OCGC stated that they are willing to use the pipeline to convey recycled water, connecting the customer to the SAM facility would require a minimal amount of new infrastructure improvements. If OCGC ceased using the wells along Pilarcitos Creek, the decreased demand on the aquifer could potentially restore flows near the mouth of the creek. In addition, OCP has been an active participant in providing information for this study and expressed its willingness to work with SAM to connect to the recycled water source.

The facility would be designed to initially handle the production of 0.6 MGD and provide water to OCGC, with the option to increase production when other potential customers are willing to commit to the project and pay for the project costs. All treatment and pumping equipment and storage would incorporate modular design, and piping infrastructure would be built when additional customer agreements are secured. Figure 3.2 depicts the pipeline to OCP facilities

Figure 3.2 Phased Facility Pipeline

3.2 Treatment Alternatives

The Board was also interested in investigating different levels of recycled water quality and the associated costs. The levels of treatment that were evaluated are included:

- Low Level - Sand Media Filtration with Chlorination,
- Medium Level - Microfiltration with Ultraviolet Disinfection, and

- High Level - Reverse Osmosis

The levels of treatment are discussed in more detail in Chapter 4, Recycled Water Technology Overview.

3.3 Capacity and Treatment Alternatives

Each level of treatment has been evaluated in terms of combined benefits and associated costs for the two capacity alternatives. Figure 3.3, below, illustrates the six options that SRT has developed based on the Board's direction. These six options are discussed in detail further in the Report.

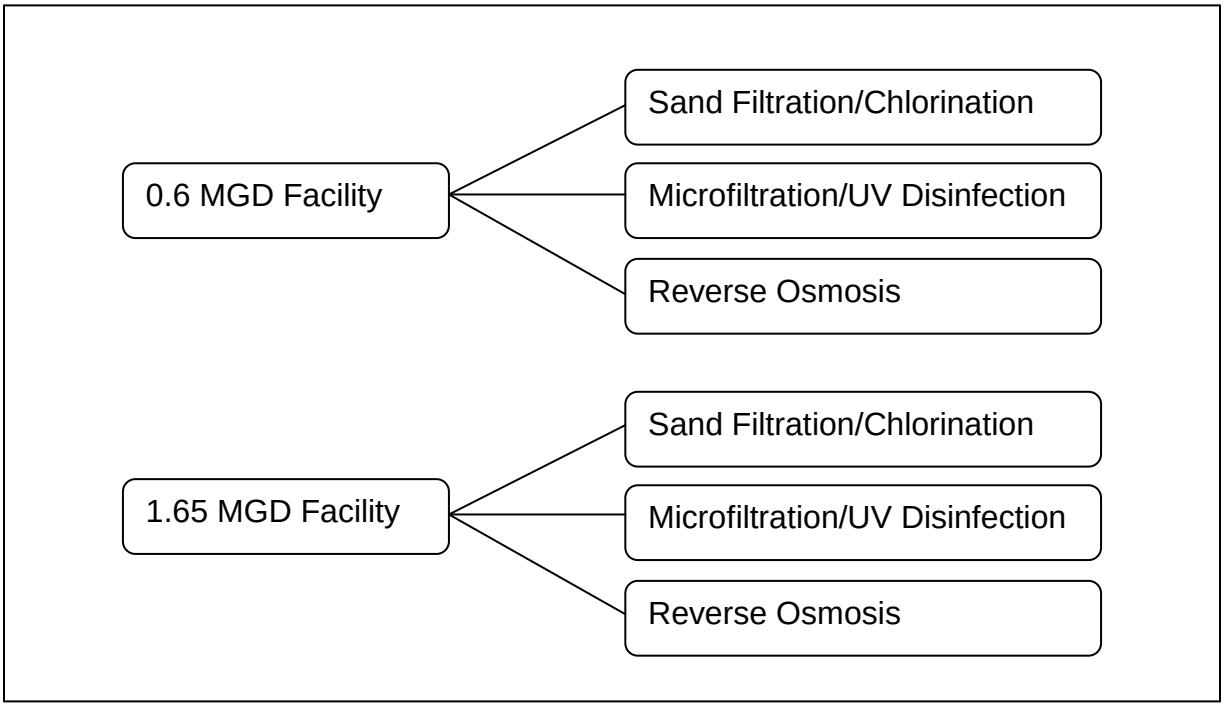


Figure 3.3 Capacity and Treatment Alternatives

CHAPTER 4

Recycled Water Technology Overview

Chapter 4: Recycled Water Technology Overview

This chapter presents a recycled water technology overview of three levels of treatment that have been evaluated by SRT for the either the phased (0.6 MGD) or the full-scale (1.65 MGD) plant. As noted in Chapter 3, the three different levels of treatment included:

- Sand /cloth media filtration and chlorination
- Microfiltration and UV disinfection
- Reverse osmosis

The technology review in this chapter is intended to provide the SAM Board with viable treatment options that:

- Meet or exceed Title 22 guidelines for recycled water treatment; and
- Treat specific chemical and turbidity levels in the secondary effluent discharged from SAM WWTP for irrigation use.

4.1 Sand/Cloth Media Filtration and Chlorination

Sand filtration is a conventional treatment process which has been used traditionally in drinking water treatment plants and as tertiary treatment for wastewater.

4.1.1 Pretreatment

Pretreatment of incoming effluent may be required if wastewater composition is determined to contain species which may diminish the performance of the filter. High suspended solids concentration is usually the main indicator for pretreatment. The 2005 Carollo Water Reuse Feasibility Study Supplement (2005 Supplement) determined that pretreatment would be required with conventional sand filtration to achieve the 2 nephelometric turbidity unit (NTU) pre-filtration requirement. Pretreatment for filtration is achieved through addition of chemicals which allow coagulation and flocculation to occur, precipitating suspended solids out of the wastewater stream. Pre-treatment may also be required for one or more of the following reasons:

- Prevent filter scaling;
- Stop biofilms (layers of algae and other microorganisms) from forming on filters;
- Too high or too low pH which may lead to filter corrosion.

4.1.2 Sand Media Filtration

Sand filtration is a deep bed filtration technology which has been used commonly in water treatment plants to treat potable water. It is also one of the most

common tertiary treatment technologies utilized for wastewater effluent reuse. The process works by forcing water downward through a single or dual media filter system by gravity. The media are generally composed of sand, anthracite, or a combination of the two. Figure 4.1 shows a representation of the granular sand media. As solids accumulate in the filter, the sand beds must be periodically backwashed (cleaned) to maintain treatment capacity. Backwashing requires extra pumping, piping systems and storage tanks. Because of the nature of the sand filters and Title 22 regulations, pretreatment to remove suspended solids is usually necessary. Figure 4.2 shows a typical filtration bed.

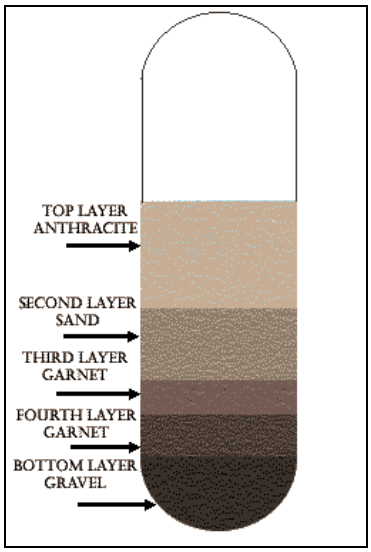


Figure 4.1 Filter Media

Figure 4.2 Typical Filter Bed

4.1.3 Cloth Media Filtration

Cloth media filtration, also known as surface filtration, removes particulate matter suspended in water by passing the water through a thin septum which retains particles of a certain size. The septum or filter can be composed of many different materials including: cloth fabrics of different weaves, woven metal fabrics, and synthetic materials. The main types of cloth media filters used in water reuse are the cloth-media filter, the disc-filter and the diamond cloth-media filter. Over time, solids accumulate on cloth filters and they must be backwashed to maintain performance. Certain solids eventually become embedded in the filters, which backwashing will not remove. This condition requires a high pressure spray to clean the filters and is determined to be necessary when the pressure wash across the filter reaches a certain level. Comparative testing of cloth versus granular filters has revealed a better overall ability of cloth filters to remove particles. The same testing also revealed a better ability of cloth filters to inactivate total coliform when coupled with UV disinfection. For new installations, pilot studies are recommended which may be a significant disadvantage to this technology. In addition, it is a fairly new technology and little data is available on

filter lifespan. One cited operational advantage to cloth media filters is that they can be removed and washed in a heavy duty washing machine.

4.1.4 Chlorination

Chlorination is the most common form of disinfection in potable water, and is a simple and relatively inexpensive option for a finishing treatment at a tertiary facility. Typically, sodium hypochlorite is added to water to achieve disinfection. Hydrolysis of these compounds produces hypochlorous acid, which then kills bacteria, viruses, and other microorganisms. Depending on chlorine dosage and contact time, a number of different microorganisms and viruses can be deactivated to a varying degree.

4.1.5 Modular Options

Since the SAM facility will potentially use phased design, modular treatment units will be necessary. Two options for modular media filters are presented below, from Ashbrook Process Systems Inc. and the Parkson Corporation. These modules are described as examples of modular sand and cloth filters. Specific recommendations for the SAM facility are beyond the scope of this Study.

Modular Sand Filtration

Several companies offer modular alternatives to the conventional sand filtration unit; one example is the DynaSand Filter (Figure 4.3). DynaSand©, offered by Ashbrook Process Technologies Inc., is a deep bed upflow continuous granular filter which operates by filtering secondary wastewater effluent while simultaneously cleaning sand filter particles for reuse. It requires no backwash tanks or storage tanks.

DynaSand© operates by forcing upward flow of secondary wastewater effluent through sand settling downward. Effluent enters the top of the filter tank at (A, Figure 4.3) and flows down through a cylinder that has an airlift pipe running through its center. As the influent wastewater enters the bottom of the tank it is evenly distributed downward through 8 horizontal pipes with holes facing down. As the base of the tank fills, the wastewater flows upward through the sand and suspended matter is retained by the sand particles.

While the filter is removing suspended matter, a compressor provides suction pressure to the inner airlift tube, which carries sand slurry containing the removed solids upward through a weir and sand washer system. Sand is heavier than the removed solids allowing them to flow over the weir and through the reject pipe as backwash. Filtrate flowing through the sand further cleans sand particles as they fall downward through the washer on their way back to replenish the sand bed.

Two-stage filtration has been used by connecting two DynaSand© filters with different size sand particles in series. The waste washwater from the second filter, containing finer sand, is recycled to the first filter to improve flocculation of

particles there. This configuration is reportedly able to produce a finer quality effluent and also is able to remove phosphorous to less than or equal to 0.02 milligrams per liter (mg/L).

More filter surface area is achieved by adding additional filters side by side in a concrete tank (see Figure 4.4) or by adding more steel “all-in-one” tank units on a platform and splitting the secondary wastewater to apply it evenly to all filters.

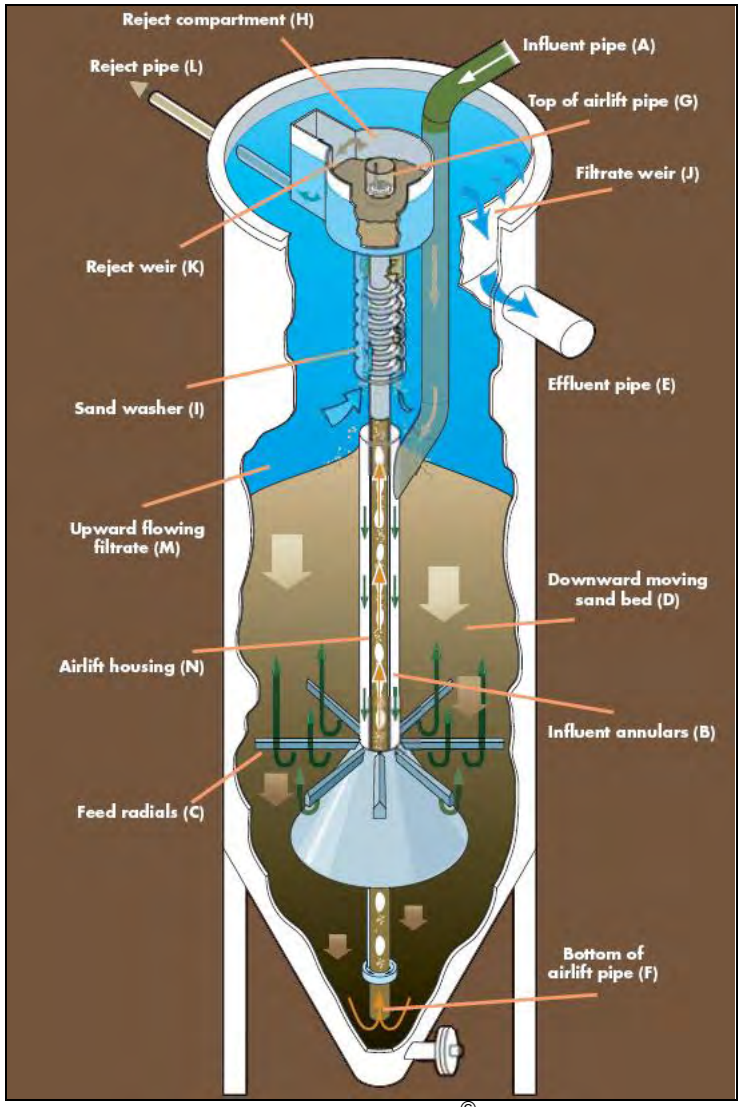


Figure 4.3 DynaSand© Filter

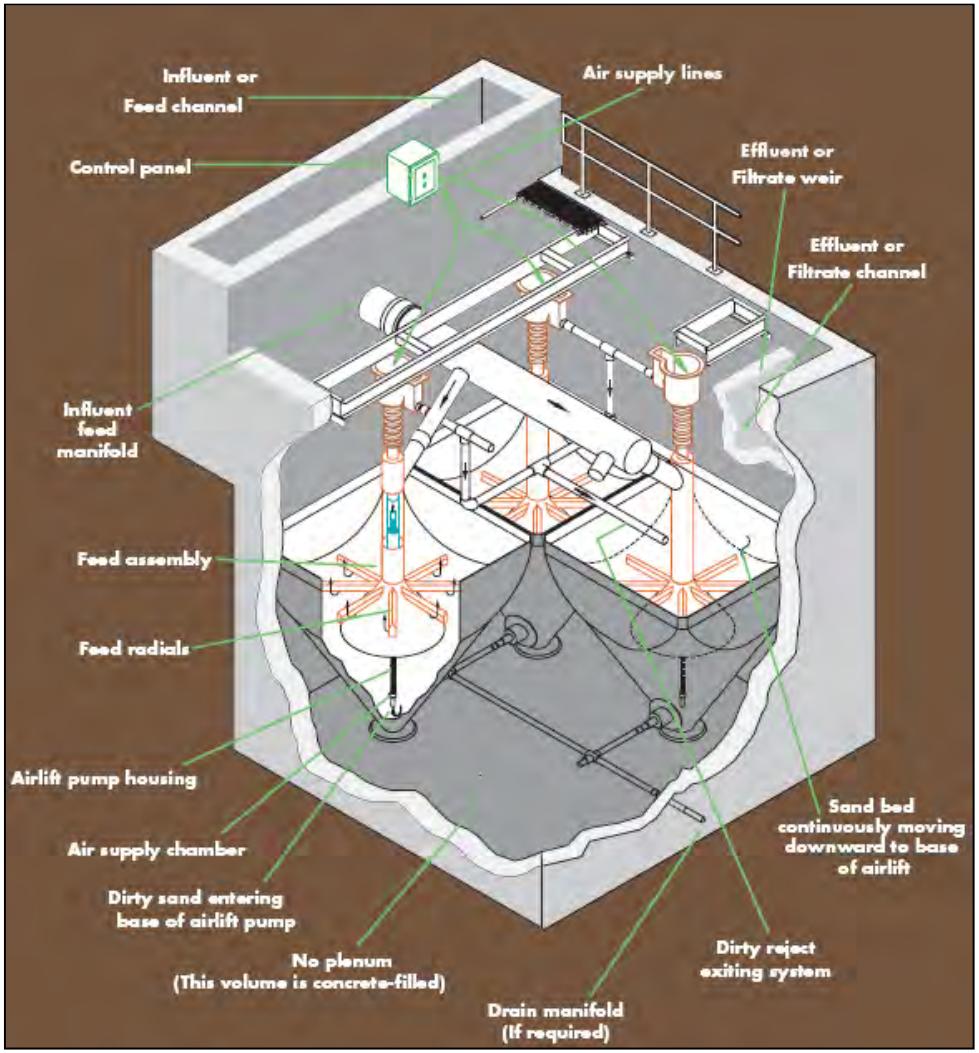


Figure 4.4 DynaSand© Filter Modular Concrete Design

Modular Cloth Filtration

DynaDisc© cloth media filter, shown in Figure 4.5, is a product offered by Parkson Corporation and is a modular solution for tertiary filtration. Utilizing a concept known as surface filtration, the DynaDisc© serves as an alternative for deep-bed filters. Cloth filters are used in many applications including pretreatment for membrane filtration, ultraviolet (UV) disinfection and removal of residual suspended solids from secondary effluent. This technology works through mechanical sieving or passing liquid through a thin septum.

During normal operation secondary effluent enters the filter trough through the feed nozzle and then passes into the filter disc, composed of two filter cartridges. The filtrate exits through individual ports for each cartridge to a final effluent nozzle.

Backwash is performed when pressure drop across the filter increases to a specified level. During backwash the vacuum heads rotate around the stationary disc, cleaning accumulated solids from its surface to be discharged through the sludge port. Filtration can proceed during backwash as only 5% of the filter is backwashed at a time.

Figure 4.5 DynaDisc© Cloth Media Filter

4.2 Micro/Ultrafiltration and UV Disinfection

Microfiltration (MF) and Ultrafiltration (UF) technologies are typically used to replace sand filtration with chemical addition, flocculation and settling in wastewater and water treatment applications. Both technologies have the ability

to remove most turbidity, total suspended solids, bacteria, organic matter, nutrients and viruses.

4.2.1 Micro/Ultrafiltration

Microfiltration (MF) is capable of removing particles in effluent at 0.008 to 2 micrometers in diameter. This technology is mainly used to remove turbidity and some types of colloidal suspended solids. The membrane pore sizes are greater than 50 nanometers. The media is typically composed of ceramic, polypropylene or Teflon. MF is also capable of removing organic substances and many microorganisms from wastewater. These technologies are offered by several manufacturers, including Instrumech Inc., Parsons, Memtek, and others.

Ultrafiltration (UF) removes particles in the 0.005 to 0.2 micrometers (µm) range and contains membranes with pores from 2 to 50 nm. These membranes offer higher removal ratios but require more energy to operate than conventional filtration. Some of the lower diameter UF membranes have been proven to remove high molecular weight dissolved compounds like colloids, proteins and carbohydrates.

Some advantages of UF and MF over conventional filters are that they can reduce use of treatment chemicals, are operated more easily and require smaller footprints than traditional filter beds. The technology is becoming more streamlined, bringing costs to within a competitive range of conventional sand filtration.

Disadvantages are the high cost of electricity associated with pumping, possible pretreatment requirements to prevent fouling and in addition ineffective methods of monitoring their performance to date. Dealing with the concentrated waste stream presents disposal problems adding to operating costs. The membranes must be replaced every 5 years. Scale formation is a major problem which must be dealt with prior to implementation through field testing as over time scale formation will greatly decrease product water recovery.

4.2.2 MF and UF Modular Options

Most MF and UF systems have modular design options. For example, Instrumech Inc. offers a MF modular unit, specifically the *Exxflow*, which integrates membrane filtration with ion exchange for recycled water and other applications. See Figure 4.6, the modular unit, on the following page.

In addition, Memtek offers a modular option that consists of individual hollow fiber membranes arranged inside of arrays or skids, as in Figure 4.7. These arrays or skids can be switched out, added, or removed to meet additional flow requirements or quality concerns in an existing system.

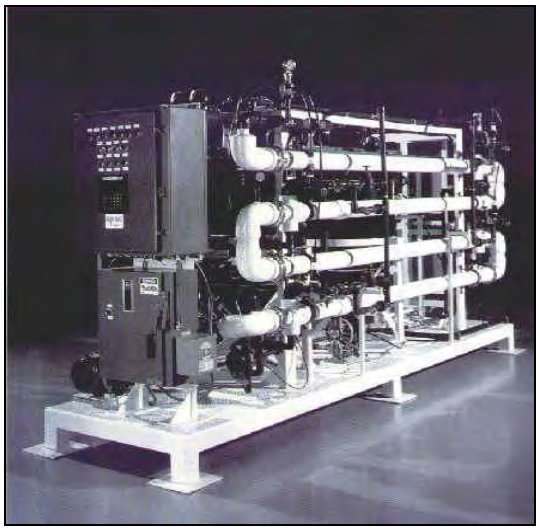


Figure 4.6 Instrumech Modular

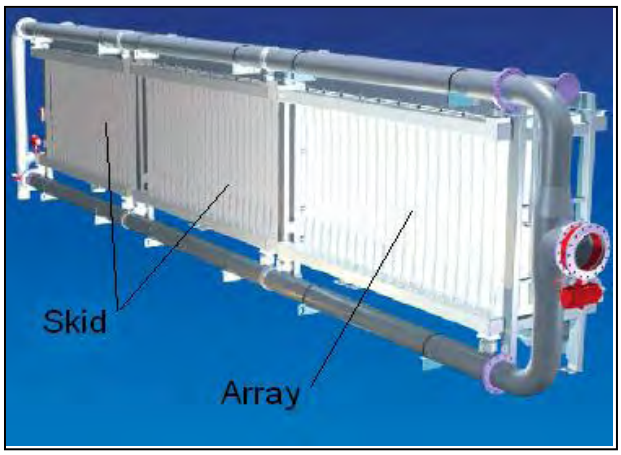


Figure 4.7 Memtek Modular Skid

4.2.3 Ultraviolet Disinfection

Ultraviolet (UV) disinfection is a technology that disinfects water and wastewater by utilizing UV light to reacts with and break down biological and chemical constituents in the water. UV works without producing potentially harmful byproducts. The polychromatic medium-pressure (MP) and low-pressure (LP) UV radiation source has demonstrated effectiveness in direct photolysis of Endocrine Disrupting Compounds (EDCs), although MP sources are more effective. In all cases the EDCs were more effectively degraded using UV/H_2O_2 advanced oxidation as compared to direct UV photolysis treatment.

One disadvantage of UV is that inorganics, organics, and complex compounds in wastewater can reduce absorptivity of UV light waves. These constituents can block UV light and allow bacteria to pass UV chambers without full disinfection. This phenomenon occurs most commonly in industrial wastewater and storm water where inorganic and organic substances can have high variation on a seasonal basis. This problem can be addressed by monitoring influent and adjusting UV dose where necessary.

4.3 Reverse Osmosis

Reverse Osmosis (RO) effectively uses pressure to push feed water through a semi-permeable membrane, which allows only water to pass, retaining ions and other chemicals. RO produces high quality effluent, stripped of almost all contaminants, and a waste stream highly concentrated with ions of various chemicals. In many cases the water is so stripped of constituents that it is extremely corrosive to pipes and equipment unless supplemented with replacement minerals.

RO membranes have the ability to remove both soluble organic and inorganic matter. In addition, RO has shown high removal rates (>90%) for emerging pollutants of concern such as pharmaceuticals, hormones, and industrial

chemicals. RO has been used traditionally to treat reclaimed municipal wastewater for groundwater discharge, cooling towers, and high pressure feed water for boilers.

4.3.1 Pretreatment

Pretreatment of RO feed water has the largest effect on the life of RO membranes as over time the membranes may become scaled or fouled. Pretreatment of secondary effluent for RO preparation is site specific depending on the chemical and biological composition of the feed water. With high levels of iron and manganese, ion exchange or chemical coagulants are added to prevent scale formation. To prevent microorganisms from clogging the membranes, disinfection through UV, chlorine dosing or micro/ultra filtration is used. Adjustment of the feed water pH may also be required to prevent membrane corrosion.

4.3.2 RO Membranes

RO membranes are usually thin film composite (TFC) membranes, either spiral wound or hollow fiber. See Figure 4.8, below, for a general depiction. They operate under pressures ranging from 1200 to 1800 kilopascal (kPa) for low total dissolved solids (TDS) water such as secondary effluent. They are effective at removing compounds below molecular weight 300 and solute sizes from 0.0001 to 0.001 µm.

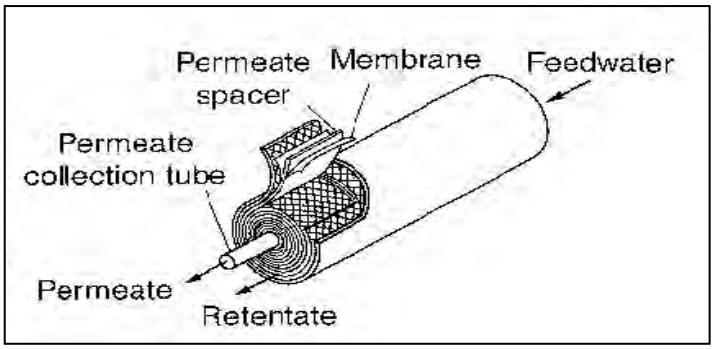


Figure 4.8 RO Membrane Cross Section

Spiral Wound RO Membranes

Spiral wound membranes are typically composed of aromatic polyamide polymers, and are known for high fouling rates when subjected to feeds of high organic content. Low surface charge membranes perform better and are more resistant to fouling due to hydrophilic nature and a diminished ion adsorption at their surfaces.

Hollow Fiber RO Membranes

Another type of membrane used for RO is the hollow fiber membrane, which is a similar membrane to those found in MF and UF filters. Hollow fiber membranes have comparatively high surface area to volume ratio and low operating pressure drop making them attractive in terms of energy efficiency. They are also considered easy to clean by backwashing, but due to their small diameter, fibers are prone to clogging.

4.3.3 RO Modular Options

Similar to modular options for MF and UF, RO modular units are offered from most manufactures. ZYI Corporation (ZYI), for example, offers a number of modular options for RO treatment, which are designed for the specific water quality needs of the customer and the feed water composition. Figure 4.9, below, illustrates one such modular option that comes assembled and is customized with chemical feed, monitoring, and pre-filtration systems within the unit.

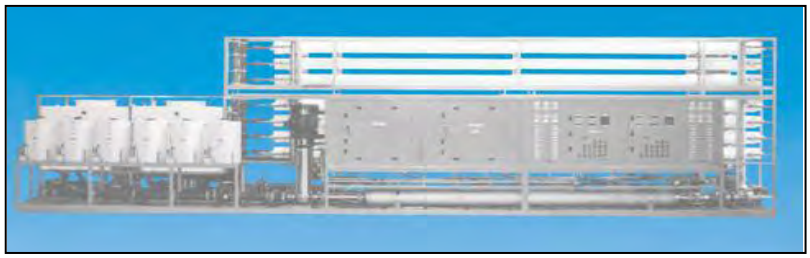


Figure 4.9 ZYI Reverse Osmosis Modular Unit

CHAPTER 5

Cost Estimates

Chapter 5: Cost Estimates

The cost information presented in this chapter contains planning level estimates of probable costs to plan, design, permit and construct a recycled water treatment facility and associated distribution pipelines. The costs are presented as a comparison between the six options developed and described in Chapter 3 of this report.

5.1 Capital Construction Costs

The capital cost of the recycled water project varies depending on the size of the proposed facility, the desired level of treatment, and the piping infrastructure required.

5.1.1 Facility Sizing

This study explored the possibilities of sizing the facility in two different ways, a 0.6 MGD phased plant that will initially only connect to OCGC, and a 1.65 MGD plant that will treat the ADWF of the SAM WWTP. The costs of these two options vary based on the footprint of the tertiary treatment facility, the sizing of the treatment equipment, and necessary storage.

5.1.2 Level of Treatment

The capital cost varies substantially depending on the desired level of treatment for the tertiary facility. The three levels of treatment that are economically evaluated in this section are sand filtration with coagulation and sedimentation, microfiltration with UV disinfection, and reverse osmosis (RO). The water quality benefits and technological details of the treatment options are described in Chapter 4 of this report.

The costs of the two treatment facility sizes were assessed for each of the three treatment levels resulting in estimates of probable construction cost for the treatment facility (Table 5.1).

Table 5.1 Probable Construction Costs for Various Treatment Facility Options

Tertiary Treatment Plant Size	Level of Treatment	Probable Construction Cost *2008 Dollars*
0.6 MGD - Phased Plant *Ocean Colony Golf Courses ONLY*	Filtration	$1,500,000
	MF/UV	$3,050,000
	RO	$6,100,000
1.65 MGD - Full-Size Plant	Filtration	$4,620,000
	MF/UV	$9,150,000
	RO	$15,000,000

5.1.3 Pipeline Infrastructure

The costs of pipeline infrastructure were developed in addition to treatment facility capital costs for each of the facility sizes. The 0.6 MGD facility initially requires the installation of approximately 800 feet of piping to connect the SAM facility to OCGC through an already existing pipeline tie-in at the OCGC well field (see Figure 2.3 for locations). Table 5.2 presents the initial pipeline infrastructure cost estimate for the 0.6 MGD facility.

Table 5.2 Probable Construction Costs for OCGC Pipeline ONLY
(2008 Dollars)

Customer / Parameter	Ocean Colony
Length of Pipeline (linear ft)	792
Pipeline Material & Installation Cost	
PVC Pipe	$179,784
Steel Pipe	--
Road Crossings	--
Natural Crossings	$1,000,000
Total Pipeline Construction Cost	**$1,179,784**

Assumptions:
1. PVC Pipe for all customers with exception of Skylawn Memorial Cemetery.
2. Ocean Colony Golf Course would use their existing pipeline for recycled water distribution.
3. Cost of PVC Pipe installed = $227/linear ft
4. Existing Pilarcitos Creek crossing is unavailable

The 1.65 MGD facility requires the installation of piping to serve all six potential customers. Two different potential distribution systems have been evaluated hydraulically and logistically: a connected distribution system serving all six customers, and system of individual pipelines connecting each customer to the facility. Table 5.3, on the following page, illustrates the probable construction costs for running a transmission pipeline to each potential recycled water customer considered in this study. A more economically feasible option is summarized in Table 5.4, on the following page, in which Bay City Flower Company, Nurserymen's Exchange Lot No. 2, and Giusti Farms share one pipeline along Route 1.

5.1.4 Total Capital Construction Costs

Based on the cost estimates presented for the facility size, level of treatment and pipeline infrastructure, the total capital construction cost for the six options was developed. For the purpose of this estimate, the more economically feasible pipeline distribution option was used in evaluating the cost of the 1.65 MGD facility. Table 5.5 summarizes the results.

Table 5.5 Probable Construction Costs for Various Treatment Facility Options & Pipeline

Tertiary Treatment Plant Size	Level of Treatment	Probable Construction Cost Including Pipeline[1](s) *2008 Dollars*
0.6 MGD - Phased Plant *Ocean Colony Golf Courses ONLY*	Filtration	$2,679,784
	MF/UV	$4,229,784
	RO	$7,279,784
1.65 MGD - Full-Size Plant	Filtration	$24,579,648
	MF/UV	$29,109,648
	RO	$34,959,648

[1] Combined pipelines' cost from Table 3 is included in Full-Size Plant probable cost

5.1.5 Total Project Capital Cost

The total project capital cost estimated for the Recycled Water Project is based on the total capital construction costs, with the addition of contingencies and allowances for legal, administration, planning, environmental review, permitting, design, and construction management costs. Table 5.6, on the following page, summarizes the total capital cost for the six potential facilities. The level of accuracy is at +50/-30 percent level, meaning that the actual costs can range between probable costs minus 30 percent to probable costs plus 50 percent. The information provided is intended only for the purpose of comparing various options as requested by the Board.

Table 5.6 Probable Total Project Capital Costs *(2008 Dollars)*

0.6 MGD - Phased Plant *Ocean Colony Golf Courses ONLY*	**Level of Treatment**		
	Filtration	MF/UV	RO
Subtotal	$2,679,784	$4,229,784	$7,279,784
Contingency +50%	*$1,339,892*	*$2,114,892*	*$3,639,892*
Contingency -30%	*$803,935*	*$1,268,935*	*$2,183,935*
Estimating Contingency 25%	$669,946	$1,057,446	$1,819,946
Total Construction Cost	**$3,349,730**	**$5,287,230**	**$9,099,730**
Administration, Legal, Planning, Coastal Act Compliance, CEQA, Design, Permitting, Construction Management 40%	$1,339,892	$2,114,892	$3,639,892
Project Cost	**$4,689,622**	**$7,402,122**	**$12,739,622**
1.65 MGD - Full-Size Plant	**Level of Treatment**		
	Filtration	MF/UV	RO
Subtotal	$24,579,648	$29,109,648	$34,959,648
Contingency +50%	*$12,289,824*	*$14,554,824*	*$17,479,824*
Contingency -30%	*$7,373,894*	*$8,732,894*	*$10,487,894*
Estimating Contingency 25%	$6,144,912	$7,277,412	$8,739,912
Total Construction Cost	**$30,724,560**	**$36,387,060**	**$43,699,560**
Administration, Legal, Planning, Coastal Act Compliance, CEQA, Design, Permitting, Construction Management 40%	$12,289,824	$14,554,824	$17,479,824
Project Cost	**$43,014,384**	**$50,941,884**	**$61,179,384**

5.2 Operation and Maintenance Costs

Annual operation and maintenance (O & M) costs were estimated for each of the potential facility sizes and treatment options. Table 5.7, below, summarizes the results.

Table 5.7 Probable Annual Operation & Maintenance Costs

Tertiary Treatment Plant Size	Level of Treatment	Probable O&M Cost *(2008 Dollars)*
0.6 MGD - Phased Plant *Ocean Colony Golf Courses ONLY*	Filtration	$114,232
	MF/UV	$132,837
	RO	$260,000
1.65 MGD - Full-Size Plant	Filtration	$254,659
	MF/UV	$304,944
	RO	$600,000

Assumptions:
1. O&M costs from Water Reuse Feasibility Study Supplement by Carollo Engineers, Aug-05 ENR=7479
2. Based on 20-Cities ENR Cost Index, Aug-08 ENR=9293
3. O&M Cost for RO estimated based on vendor data

THIS PAGE LEFT INTENTIONALLY BLANK

CHAPTER 6

Funding Alternatives

Chapter 6: Funding Alternatives

The funding of the recycled water project may come from several different sources. Several funding options have been explored, and the best combination of funding sources is presented below to adequately meet the project budget.

6.1 Charge Breakdown

The following section provides a breakdown of the cost to customer to connect to the recycled water source.

6.1.1 Rate Revenues

Rate revenues will be collected from recycled water customers that are directly connected to the SAM recycled water supply. A complete economic evaluation will need to be conducted to establish a rate that is reasonable for irrigation customers and allows for a reasonable payback of total project costs.

6.1.2 Capital Facilities Charges

Capital facilities charges, or capacity charges, are the charges that new customers must pay to "buy in" to the recycle water facilities. Capital facility charges will vary depending on the size of the connection to the recycled water system and the delivery system required to serve each customer.

6.2 Funding Sources

There are several sources of funding available from the State of California and Federal Sources. Most of these sources are either grants or loans. The following are the options available to SAM for the recycled water projects funding.

6.2.1 Grants

Grant funding can be acquired by SAM from State and Federal sources dedicated to water conservation, water use efficiency, water reclamation projects, and the protection of beaches, bays, and coastal waters along the California Coastline. The following grants are opportunities that may be consistent with the objectives of the SAM Recycled Water Project.

The Water Recycling Funding Program (WRFP)

The WRFP manages all State Water Board grants and loans for the design and construction of recycled water projects. The grant funding that can be available for the design and construction of the SAM recycled water project has been researched and is outlined below:

1. *Water Recycling Construction Program (WRCP)*
   The WRCP provides grants to eligible applicants for the design and construction of water recycling facilities. Applications are accepted on a

continuous basis; however, limited grant funding is available. The available funding is distributed to projects that meet the requirements of the WRCP Guidelines and are immediately ready to proceed to construction.

2. Water Recycling Facilities Planning Grant Program (FPGP)
The FPGP provides grants up to $75,000 to study the feasibility of water recycling and to prepare facilities plan documenting the analyses and conclusions of the investigation. Applications are accepted on a continuous basis.

The Integrated Regional Water Management Program (IRWMP) (Proposition 84, Chapter 2)
This program is available through the State Department of Water Resources and is designed to fund long term water-supply projects. In the San Francisco funding area the funding limit is $138 million and applications are expected to be formally solicited in the fall of 2008.

Federal Funding for Recycled Water Projects through the Bay Area Recycled Water Coalition (BARWC)
This grant program requires entering into an MOU (Memorandum Of Understanding) with BARWC and attaining a membership to the coalition which costs between $10k and $20k per year. In addition NEPA compliance and determination of feasibility from the US Bureau of Reclamation will be required.

6.2.2 Debt Instruments

A debt instrument enables the issuing party to raise funds by promising to repay in accordance with terms of a contract. Types of debt instruments include loans, bonds, certificates, leases or other agreements between a lender and a borrower. Although SAM is attempting to acquire the funding necessary for the project through grants, rate revenue, and capital facility charges, it will most likely be necessary for SAM to borrow money to cover the initial planning and permitting costs of the project. The following loan options exist:

State Revolving Fund (SRF)
SRF lends $200-$300 million dollars annually for the construction of facilities or implementation of measures necessary to address water quality problems and to prevent water pollution. Interest accrued by this loan is one half of prime and is currently set at 2.5%. In the past, interest rates for CWSRF loans averaged 2.1 percent, compared to market rates that averaged 4.3 percent. For a CWSRF program offering this rate, a CWSRF funded project would cost 18 percent less than projects funded at the market rate. CWSRFs can fund 100 percent of project costs and provide flexible repayment terms up to 20 years. This program has assisted a range of borrowers including municipalities and public agencies.

California Infrastructure and Economic Development Bank (I-Bank)
I-Bank administers funds from the Infrastructure State Revolving Fund (ISRF) Program, which provides low-cost financing to public agencies for a wide variety of infrastructure projects. ISRF Program provides low-cost financing to public agencies for a wide variety of infrastructure projects. ISRF Program funding is available in amounts ranging from $250,000 to $10,000,000. Current loan interest rates are fixed at 3.5% for a 30 year loan and 3.1% for a 20 Year loan; these fluctuate slightly on a monthly basis.

Conventional Bank Financing
Conventional Financing could also be used to make up for other loans and grants which could not be acquired. These loans typically accrue interest at rates between four to six percent.

6.2.3 Capital Reserve Balances

SAM may utilize some capital reserves to initially fund the Recycled Water Project. These balances have been reserved for long-term capital investment projects or any other large and anticipated expense(s) in the future, and would have to be re-paid through rate revenues, SRF funding, or other sources.

6.3 Funding Alternatives

There are several options available for public enterprises and or entities to secure funding for water projects and infrastructure through loans and grants and a combination of the two. For the purpose of this Study, it has been assumed that the capital cost, operation and maintenance and the annual interest paid on all loans attained by SAM to provide distribution and treatment services will be recovered through recycled water rates. This means that the service of recycled water will be offered to the customer at a rate which will have factored in all costs of the project. Detailed below are several options available to SAM.

6.3.1 No Grant Funding

If no grant funding is obtained, the entire cost of the project must be charged to the recycled water customers in the form of water rates and capital facility charges. For this alternative all of the project monies would come from loans and be reimbursed by the customers over the life of the project. This option is detailed with a column for each treatment option studied in Table 6.1. In addition, the necessary financing for each loan and associated interest rates are specified.

The data presented in this table is based on 20-year present worth costs, and results in the cost per acre-foot to the customer for each specific lending alternative. Annual operation and maintenance costs are included in the total project cost.

THIS PAGE LEFT INTENTIONALLY BLANK

6.3.2 Grant Funding

If SAM decides to apply for grant funding, the estimated percentage of the project budget that would be covered by grants is 10-25%, with the rest of the budget to be covered by the aforementioned loans. Details regarding the potential applicable grants for the Recycled Water Project are included in Appendix B.

Three tables have been developed to outline the combined grant and loan funding alternatives. Tables 6.2, 6.3, and 6.4 address funding alternatives for sand filtration, membrane filtration, and reverse osmosis, respectively, and are included on the following pages. Each table provides estimated amounts of SRF, I-Bank, and Private loans based on the percentage of grant coverage. The final results are included on cost per acre-foot of recycled water to be delivered to the potential customers on an annualized basis.

THIS PAGE LEFT INTENTIONALLY BLANK

CHAPTER 7

Emerging Contaminants and Regulations

Chapter 7: Emerging Contaminants and Regulations

This chapter addresses other issues related to recycled water that were documented as part of the this Study, specifically information regarding contaminants of public concern in secondary wastewater effluent and state regulations being developed by the State Water Resources Control Board (SWRCB).

7.1 Pharmaceuticals and Personal Care Products

Endocrine disrupting compounds (EDCs) and pharmaceuticals and personal care products (PPCPs) are not unique to recycled water, but ubiquitous to most water supply and wastewater sources. Even though these compounds are found in all surface and groundwater supplies, their possible presence in recycled water has been often cited as a reason for public opposition to a recycled water project, typically for potable use. However, it is now known that trace amounts (parts per million to parts per billion) of EDCs and PPCPs are found in many other potable water supply sources, including rivers and reservoirs, as these sources are often the drainage points for treated wastewater and surface water runoff. Regardless, the public is concerned with the human health risks associated with the potential EDCs and PPCPs in recycled water, and to what degree the recycled water should be treated to minimize potential health risks. Current information on human health risks and effectiveness of treatment technologies is summarized below.

7.1.1 Human Health Risks

To date, there is no firm evidence for a causal association between low-level exposure to EDCs and PPCPs and adverse human health outcomes. Significant research supports that response to endocrine disruptors is dose/potency related: there is a 'no-effect' threshold. In laboratory studies, high doses are required to give weak hormone activity, and these doses are not likely to be encountered in the environment. With respect to humans, there are no convincing studies that show that any adverse hormone related effects are occurring. Epidemiological evidence does not support such a link, although isolated studies may be interpreted that way. The suggestions that many human reproductive changes are a result of environmental contaminants are not based on a significant body of scientific findings. Consequently, EPA and other federal and state agencies continue to provide substantial funding for research to better understand the risks posed by endocrine disruptors.

Most research being conducted regarding EDCs and PPCPs is in regard to trace concentrations present in recycled water to be treated and used as potable water. Recharging aquifers and blending recycled water with non-recycled water sources have been identified as the main concern of the public and potential customers in studies focused on the trace contaminants. Since recycled water used for irrigation is not consumed by humans, trace concentrations of EDCs and

PPCPs have not been considered a serious risk to end users or the public and have not been studied extensively.

7.1.2 Advanced Treatment for EDCs and PPCPs

It is not typical for a recycled water irrigation facility to invest in technologies for high efficiency removal of EDCs and PPCPs, however treatment options are available that will provide this degree of removal, if desired. Recycled water used for irrigation must meet all irrigation water requirements for parameters such as salt content, sodium adsorption ratio, and trace elements. Statewide regulations regarding the recycled water quality requirements (for both potable and non-potable uses) are currently being drafted.

An American Water Works Association Research Foundation (AWWARF) study, published in 2007, evaluated conventional and advanced treatment processes for removal of EDCs and PPCPs. The study resulted in several conclusions on the effectiveness of tertiary treatment methods and various forms of disinfection for the specific effluent analyzed. A summary of the results from the AWWARF study are summarized in Table 7.1 on the following page. Since the study focused on several target analytes that were present in the study-specific effluent, not all of the results may be pertinent to SAM's effluent. In order to establish the most effective EDC and PPCP removal technologies for the SAM tertiary treatment facility, it would be necessary to analyze EDC and PPCP concentrations in the effluent of the SAM secondary treatment facility.

Table 7.1 Effectiveness of Treatment Technologies in Removing EDCs

Treatment Technology	Type of Treatment	Demonstrated effectiveness in Removing EDCs and PPCPs
Activated Carbon	Tertiary	Highly effective for removal of target analytes
Reverse Osmosis	Tertiary	Highly effective for removal of all EDCs and PPCPs
Nanofiltration	Tertiary	Highly effective for removal of all EDCs and PPCPs
Ultrafiltration/ Microfiltration	Tertiary	Largely ineffective for removal of EDCs and PPCPs
Chlorination	Disinfection	Free chlorine is effective in the removal of many target compounds, depending on the structure of the contaminant
Ozone	Disinfection	Much more effective than free chlorine, and is able to remove the majority of target analytes
Ultraviolet (UV) Radiation	Disinfection	UV is ineffective for removal of most EDCs and PPCPs at typical disinfection doses; high energy oxidative doses, however, can be highly effective

7.2 State Recycled Water Policy

The State Water Resources Control Board (SWRCB) is in the process of developing a statewide Recycled Water Policy (Policy) to establish more uniform requirements for recycled water projects. The SWRCB released the Policy in March 2008 and received many comments, causing the Board to review again. In May 2008, the SWRCB tasked a group of stakeholders to create their own statewide Recycled Water Policy, to be presented at a public meeting and potentially be approved by the SWRCB. The alternative Recycled Water Policy was presented by the stakeholder group to the SWRCB on September 2, 2008. After the presentation, the SWRCB asked staff to review the stakeholder's proposal and edit as necessary to meet legal requirements, add language to address incidental runoff of recycled water, and return the edited draft back to the stakeholder group for review and comment. Following the internal review, the

staff should move forward in preparing the environmental document and release the revised draft and the environmental document for public comment. After the public review period, the draft policy and the environmental document can be presented for Board consideration.

The SWRCB is also in the process of developing a statewide general permit for landscape irrigation uses of recycled water. New law, California Water Code section 13552.51, requires the State Water Board to adopt the General Permit by July 30, 2009. The intent of the new law is to develop a uniform interpretation of state standards to ensure the safe, reliable use of recycled water for landscape irrigation uses, consistent with state and federal water quality law. The new law is also intended to expedite permitting for use of recycled water for landscape irrigation. On June 18, 2008, the SWRCB held a workshop and CEQA scoping meeting, where staff provided a description of the General Permit adoption process and its schedule. Staff also presented an overview of the regulatory and technical issues associated with landscape irrigation uses of recycled water and discussed the potential elements of the General Permit. The meeting participants had an opportunity to provide comments regarding the appropriate scope and content of the General Permit and the environmental documents to be prepared pursuant to CEQA. There was no action taken as a result of this meeting. No draft of the permit is available at this time, but electronic versions of the presentations and comments are presently available on line at the California SWRCB website.

CHAPTER 8

Findings and Next Steps

Chapter 8: Findings and Next Steps

This report was prepared to provide SAM with a comprehensive overview of the treatment options, associated costs, and other issues surrounding the planning and construction of a recycled water facility. This chapter summarizes the findings of the Recycled Water Study and provides recommendations for next steps.

8.1 Findings

This Study resulted in several key findings outlined below.

1. Potential customers interviewed for the purpose of this study currently have a high level of interest in recycled water. Customers are particularly motivated due to the following anticipated economic and environmental benefits of the Recycled Water Project:

    - Recycled water is a more drought resistant and affordable source for irrigation water users. Several potential customers do not currently have access to a reliable and affordable water source.
    - Recycled water availability will improve the economic sustainability of the Midcoast as two of the customers are the region's largest employers and their reliance on imported, expensive water will be reduced.
    - The environmental sustainability of the Midcoast region will be improved by reducing reliance on local aquifers, potentially recharging the aquifers and restoring flows and aquatic life in Pilarcitos Creek.

2. OCGC was identified as the most feasible customer to initially connect to the recycled water facility.

3. Several viable treatment options exist for producing irrigation quality recycled water; these treatment options differ in water quality produced and the cost of production.

4. The cost analysis completed in this report provides estimates for six different alternatives and the associated costs per acre-foot of recycled water that the potential customers would pay for each alternative. The following Table 8.1 provides a cost summary and comparison between the current and projected CCWD potable water rates and the range of projected recycled water costs for the six alternatives considered in this study.

Table 8.1 Cost Comparison for Cost per Acre-Foot *(2008 Dollars)*

Recycled Water Facility Size	CCWD Cost to Retail Customers *($$/AF)*		Projected Recycled Water Cost Ranges *($$/AF)*	
	Current	**Projected** *(2015 dollars)*	**Debt Instrument Only**	**Grant Funding Included**
0.6 MGD - Phased Plant *Ocean Colony Golf Courses ONLY*	$2,120	$4,680	$710 - $2,335	$580 - $2,150
1.65 MGD - Full-Size Plant	$2,120	$4,680	$2,775 - $5,470	$2,140 - $5,000

Assumptions:
1. CCWD commercial water rate is $4.86 HCF. Source: CCWD website. (includes distribution cost & SFPUC wholesale)
   a. CCWD distribution cost is $3.34 HCF. Source: CCWD website.
   b. SFPUC wholesale rate is $1.43 HCF. Source: CCWD website.
4. SFPUC wholesale rates will increase 300% by 2015 to $5.72 HCF. Source: SFPUC website.
5. CCWD projected 2015 distribution costs calculated using 6% annual inflation rate is $5.02 HCF.
6. CCWD projected 2015 commercial water rate is $10.74 HCF. Estimated based on above.

5. An agreement to cooperate in treating and distributing the recycled water must be made between SAM and CCWD, or an Irrigation District comprised of recycled water users must be formed. The option of SAM distributing the recycled water has been considered and it appears improbable.

8.2 Next Steps

The next steps of the Recycled Water Project are as follows:

1. Develop a recycled water supply agreement for potential customers in collaboration with SAM's general counsel. This agreement should include the level of treatment of the recycled water, the means of distribution, the amount of water to be delivered, and the cost per acre foot for each customer.

    a. Develop a recycled water supply agreement specifically for OCGC, if SAM maintains the position of initially connecting to OCGC before all other customers.

2. Develop a Recycled Water Facilities Study to define the proposed project in terms of facility sizing and level of treatment. As the project becomes further defined, public meetings and workshops will be held to inform the community about the details of the project and associated concerns.

3. Secure funding from grant and loan sources.

4. Initiate environmental review studies and necessary permitting.

5. Design and construct the facility.

Table 8.2 on the following page provides a schedule that has been developed to provide SAM with an estimated timeline for the next steps for the Recycled Water Project.

THIS PAGE LEFT INTENTIONALLY BLANK

APPENDIX A

Recycled Water Potential User Database

APPENDIX B

Recycled Water Grant Tracking Table

Recycled Water Committee Meeting Date: October 27, 2008
Agenda Item No: 6D

SEWER AUTHORITY MID-COASTSIDE
Staff Report

Subject / Title

Discuss and Possibly Recommend Taking Action on Recycled Water Study – Phase II.

Staff Recommendation:

Discuss and Possibly Recommend Taking Action on Recycled Water Study – Phase II.

Fiscal Impact:

$129,610. This is an unbudgeted item; as such this item will be funded from reserves until an alternative funding plan is identified and approved.

Discussion/Report:

Background
In September 2008 meeting, SRT Consultants presented a draft study for Board review and comment. Following this presentation and input, this draft study was presented for Board receipt and filing as the final report.

To maintain SAM's 'fast track', we now present a proposal to address the next phase of the recycled water project, the Recycled Water Facilities Planning Study 2008. This work will include a marketing study, project alternatives, facilities project plan, and project financing.

Tanya Yurovsky of SRT Consultants will present the proposal in detail and answer any questions the Committee may have.

Attached is a copy of the proposal.

This page is intentionally blank.

October 20, 2008

Mr. John F. Foley III, Manager
Sewer Authority Mid-Coastside
1000 N. Cabrillo Highway
Half Moon Bay, CA 94109

RE: Sewer Authority Mid-Coastside Recycled Water Facilities Planning Study 2008 Services – SRT Consultants Proposal

Dear Mr. Foley,

SRT Consultants is pleased to present this proposal for the Sewer Authority Mid-Coastside (SAM) Recycled Water Facilities Planning Study (Study) 2008 services. The Facilities Planning Study has been defined as Phase II of the Recycled Water Project (Project) planning. The services will be conducted with the approach outlined by the Facilities Planning Grant Program, and includes a marketing study, project alternatives, facilities project plan, and project financing. The work performed by SRT Consultants in association with Bartle Wells and Associates will result in the development of a comprehensive Facilities Planning Report by September 2009. A draft outline of the Facilities Planning Report is attached to this proposal as Appendix A.

Project Background and Understanding

As an agency, SAM is interested in pursuing the Recycled Water Project to both maintain its position in environmental stewardship on the Midcoast by utilizing its WWTP effluent, a valuable water resource, for the benefit of the region and to financially balance its other necessary capital improvement projects. To effectively address the Recycled Water Project objective and accomplish its goals, SAM has previously (2006) agreed to partner with other Midcoast agencies to balance the beneficial uses of the available water resources in the Pilarcitos Creek watershed by finding solutions that satisfy environmental, agricultural, public health, and economic interests.

Currently, the Midcoast region uses over 1.2 million gallons per day (MGD) of potable water for irrigation purposes. Some of this potable water is drawn from wells and withered creeks in the service region, while supplemental water is purchased from CCWD. SAM has the potential to produce recycled water that

can serve the needs of irrigation customers in the Midcoast region. Phase I of the Recycled Water Project, the SAM Recycled Water Study, was completed by SRT Consultants in September 2008.

Project Scope

SRT has recently completed the SAM Recycled Water Study, Phase I of the Recycled Water Project, in which preliminary evaluations were made regarding the feasibility of the Recycled Water Project. The items to be completed under the Facilities Planning Study Scope of Work, or Phase II of the Project, are a continuation of the Recycled Water Study, and will result in a Facilities Planning Report. This Report will include a background of the study area and facilities, a marketing study, an evaluation of design alternatives, a conceptual engineering design of the recommended facilities plan, and financing options. The following outlines the scope in detail:

Task 1 Project Background

SRT will conduct research and collect field data to establish a finite study area and facility characteristics. This work will be more specific than the research conducted under Phase I of this study, and will involve obtaining current, concrete data regarding the study area and facilities.

Subtask 1.1 Study Area Characteristics

Study area characteristics will be established under this task order; such as boundaries, topographic features, hydrologic features, and population projections.

Subtask 1.2 Water and Wastewater Facilities Background

Current water and wastewater facilities will be studied extensively, including water supply and wastewater characteristics, water use trends, and facility capacities, treatments, flows, and costs.

Task 2 Marketing Study

A recycled water marketing study for the Mid-coast region will be conducted as part of the Study. With this data, a basic marketing plan and logical service area can be developed. A majority of this marketing study has been completed in Phase I, but continued and more specific research will be included as part of the Facilities Planning Study.

Subtask 2.1 Market Assessment

The marketing study will consider all potential recycled water users, the specific quality and price per acre-ft desired by each customer, and the capital investment required to connect each user.

Subtask 2.2 Logical Service Area

From the market assessment, a logical recycled water service area will be established and a basic marking plan will be developed.

Task 3 Project Alternatives

SRT will develop and evaluate project alternatives for the SAM Recycled Water Project, including several water recycling alternatives, non-recycled water alternatives, and the possibility of a no project alternative. This evaluation will result in a recommendation of the most viable alternative.

Subtask 3.1 Planning and Design Assumptions

Parameters and assumptions will be established by researching pressure, flow, storage, and water quality data.

Subtask 3.2 Alternatives

Several alternatives for water recycling facilities will be established based on the market study, potential storage options, total demand, and water quality options. In addition, non-recycled water alternatives and an alternative for no project at all will be evaluated. The analysis of each alternative will include potential customers, pipeline routes, water quality concerns and impacts, and a full cost breakdown. The evaluation of alternatives will results in a comparison of all the options and a final recommendation of the most beneficial option.

Subtask 3.3 Water Conservation Analyses

A water conservation and pollution control analysis will be completed if found applicable to the recommended project alternative. Recommendations and implementation of the potential water conservation solution will be evaluated if necessary. This is an optional subtask.

Task 4 Facilities Project Plan

SRT will complete a facilities project plan for the SAM Recycled Water Facility, which will be the main focus of the Study. The project plan will include a conceptual engineering design for the recommended alternative, as well as detailed construction costs, an implementation plan, and a facilities operations plan.

Subtask 4.1 Conceptual Engineering Design

The conceptual engineering design will include all capacity, treatment, and layout design of the facility.

Subtask 4.2 Construction Costs and Implementation Plan

Construction cost estimates based on treatment system suppliers, infrastructure, and labor will be developed by SRT. The preliminary recycled water implementation plan will also be developed and involve obtaining commitments from potential users to connect to the system, development of agreements with

water distribution entity, if necessary, and a detailed permitting, design, and construction schedule.

Subtask 4.3 Operational Plan
A preliminary facilities operational plan will be developed to define the operations and monitoring required for the maintenance of the recommended recycled water alternative.

Task 5 Project Financing and Revenue

SRT will develop project financing and a revenue structure for the proposed alternative, including refining potential funding sources and developing a pricing policy for the recycled water. A majority of this task has been completed in the Phase I Study, but continued and more specific research will be included as part of the Facilities Planning Study.

Subtask 5.1 Funding Sources
Funding sources for both design and construction will be further researched, and an estimated timeline for applying and receiving those funds will be developed.

Subtask 5.2 Pricing Policy
Pricing policy will be developed by reviewing the annual projection of water prices for each user or category of users, demands from each user, and annual costs of the project. A unit price per acre-ft of recycled water for each user will be determined.

Task 6 Final Facilities Planning Report

A final facilities planning report will be developed by SRT and will include documentation of the entire study presented in the previous five tasks.

The estimated level of effort for the services outlined in the Scope of Services is provided in the table below.

Staff Assigned	**Project Manager**	**Senior Engineer**	**Project Engineer**
Billing Rate, $/hr	$170/hr	$110/hr	$100/hr
Task 1	5	20	30
Task 2	3	5	5
Task 3	10	20	20
Task 4	40	200	240
Task 5	10	20	20
Task 6	40	60	100
Total Labor Hours	108	325	415
ODCs and Subconsultant Cost Total Labor Costs	 $18,360	$34.000 $35,750	 $41,500

Total Facilities Planning Cost	**$129,610**

The estimated fee is based on the following key assumptions:

1. SRT project manager will attend monthly Board meetings, prepare brief memoranda with the status update, and make presentations for the Board.
2. SRT will facilitate up to two public meetings and support SAM staff when addressing the media regarding the Recycled Water Project.
3. No facility rental or equipment rental is included.

We are pleased to be of service to SAM and hope that this proposal meets your approval. We'll be ready to proceed with the work upon receiving authorization. Please contact me at 415-776-5800 with any questions.

Sincerely,

Tatyana T. Yurovsky, P.E.
Principal
SRT Consultants

APPENDIX A

Facilities Planning Report Outline

Section 1 Project Background

1.1 Study Area Characteristics

1.1.1 Detailed map of study area

- Study area boundaries
- Topographic map
- City boundaries
- Population projections of study area
- Present and projected land use

1.1.2 Hydrologic features

- Ground water basin boundaries including: quantities extracted by all users, natural and artificial recharge, losses by evapotranspiration, inflow and outflow of basins, and safe yield or overdraft.
- Major streams
- Water quality of ground water and surface water
- Beneficial uses of receiving waters including degree of use and portion of flow that is effluent

1.2 Water and Wastewater Facilities Background

1.2.1 Wholesale and retail water agency

- Description of all wholesale and retail entities
- Water supply entity boundaries within study area and adjacent to study area
- Water supply characteristics including sources of water, ground water management, recharge, and overdraft problems, water supply quality, and water use trends/future demands
- Capacities and existing flows of present facilities
- Customer prices
- Fixed and variable costs
- Estimated years when capacities are to be reached for major components including: water treatment plants, major transmission lines and storage facilities
- Plans for new facilities

1.2.2 Wastewater agency

- Description of entities
- Wastewater agency boundaries within study area and adjacent to study area
- Description of wastewater facilities including capacities, present flows, description of treatment processes, existing wastewater treatment schematic, and seasonal and hourly wastewater flow variations
- Customer prices
- Fixed and variable costs

- Wastewater characteristics, such as water quality of effluent and any seasonal variation, streams receiving waste discharges, and sources of problem constituents
- Additional facilities needed to comply with waste discharge requirements
- Existing rights to use of treated effluent after discharge

Section 2 Marketing Study

2.1 Market Assessment

2.1.1 Descriptions of all users or categories of potential users, including the following:

- Estimated internal capital investment required (on-site conversion costs),
- Needed water cost savings,
- Desire to use recycled water,
- Date of possible initial use of recycled water,
- Present and future source of water and quantity of use,
- Quality and reliability needs, and
- Wastewater disposal methods.

2.2 Logical Service Area

Section 3 Project Alternatives

3.1 Planning and design assumptions:

- Delivery and system pressure criteria
- Peak delivery criteria
- Storage criteria
- Cost basis regarding cost index, discount rate, and useful lives
- Planning period
- Detailed map of existing recycled water facilities in the study area including: distribution pipelines, storage, and customers

3.2 Alternatives

3.2.1 Water Recycling Alternatives

- Alternative markets based on different levels of treatment and geographical areas

- Alternative storage locations
- Sub alternatives of selected alternative including: marginal analysis for selected alternative for certain categories of users or certain geographic areas, varying storage, pump

rates, and pipeline diameters, use of water blending during peak irrigation months
        - Information for each alternative includes: Detailed map of each recycled water facilities alternative, cost tables for each alternative, economic analysis, energy analysis for each alternative, and water quality impacts

3.2.2 Non-recycled water alternatives
        - Discussion of other potentially viable new sources of water
        - Provide economic costs

3.2.3 No project alternative

3.2.4 Alternative Recommendation

3.3 Water Conservation Analyses.

- Pollution control alternatives (if applicable) needed to comply with waste discharge requirements
- Recommendation and implementation

Task 4 Facilities Project Plan

4.1 Conceptual Engineering Design

4.1.1 Preliminary design criteria
- Refined pipeline routes
- List of all potential users
- Quantity of recycled water use
- Peak demand
- Commitments obtained
- Reliability of facilities as compared to user requirements.

4.2 Construction Cost and Implementation

4.2.1 Construction Cost
- Cost estimate based on time of construction

4.2.2 Implementation Plan
- Determination of recycled water supplier including coordination with water suppliers and development of needed agreements or ordinances
- Ability and timing of users to join system and make on-site investments
- Tentative water recycling requirements of RWQCB
- Commitments from potential users
- Water rights impact
- Permits, right-of-way, design, construction
- Detailed schedule

4.3 Operational Plan

- Monitoring
- Equipment Maintenance

- Responsible parties
- Irrigation scheduling

Task 5 Project Financing and Revenue

5.1 Funding Sources

- Sources and timing of funds for design
- Sources and timing of funds for construction

5.2 Pricing Policy

- Costs that can be allocated to water pollution control.
- Annual projection of water prices for each user or category of users, recycled water used by each user, annual costs (required revenue) of recycling project, allocation of costs to users, unit costs of recycled water, and unit price of recycled water
- Sensitivity analysis assuming portion of potential users fail to use recycled water.
- Sunk costs and indebtedness.

Task 6 Final Facilities Planning Report

- Tables of all abbreviations
- Copies of letters of interest or intent from recycled water users, or other documentation of support from potential users
- Draft of recycled water mandatory use ordinance or model user contract
- Drafts of necessary agreements, such as: wholesale-retail agreement and joint powers agreement

STAFF REPORT

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

From: **David Dickson, General Manager**

Agenda: **November 18, 2008**

Report Date: November 13, 2008

Subject: **General Manager's Report**

Recommendation:
Information only.

Background:

I would like to highlight the following:

1. Closeout of El Granada Pipeline Phase 3 Replacement Project: Carollo Engineers and JMB Construction have agreed on all issues related to change orders and final billing. Once we receive verification that JMB has paid all of its subcontractors, we will present a Notice of Completion for the Board's approval. We anticipate doing this at the December 9, 2008 meeting. Final cost of the EG3 project will be as follows:

JMB Construction		
Original Bid:	$4,549,196	
Contract work Completed:	$4,607,317	
Change Orders:	$229,433	
Final Completion Cost:		$4,836,749
Carollo		
Original authorization	$401,400	
Additional authorization	$113,967	
Total authorization		$515,367
Total Cost: $5,352,116		

2. Staff proposes that additional strategic planning workshops be scheduled as follows:
    a. District Infrastructure – January 2009
    b. Funding the District – February 2009
    c. District Organization – April 2009

Monthly Report

To: **David Dickson, General Manager**

From: **Cathleen Brennan, Water Resources Analyst**

Agenda: **November 18, 2008**

Subject: **Water Resources Report**

This report is provided as an update on water conservation, outreach, and water resources activities.

□ **Pilarcitos Integrated Watershed Management Plan (IWMP)**

The final Pilarcitos Integrated Watershed Management Plan and Assessment are now available on the San Mateo County Resource Conservation District website, along with other related documents. **http://www.sanmateorcd.org/pilarcitos_iwmp.html** . The Water Resources Committee is in the process of reviewing the final Plan.

□ **NEW Restaurant Table Cards**

This tent styled card is made of durable recycled plastic. The coastal water agencies in Monterey and Santa Cruz Counties designed this card and granted permission to Coastside County Water District to use their design. The District is offering this table card FREE to restaurants in the District's service area.

□ **Water Waste Prohibitions Ordinance 2008-01**

The revised ordinance, as adopted by the Board on October 14, 2008, was posted in the Half Moon Bay Review for 4 weeks and was posted at the District Office for 4 weeks. The final version is attached to this staff report.

□ **Summary of Meetings**

Pilarcitos IWMP Workgroup Meeting 10/10/2008
AWWA Water Conservation Certification Committee 10/13/2008
Pumpkin Festival 10/18/2008
AWWA Water Conservation Certification Committee 10/20/2008
Pilarcitos IWMP Workgroup Meeting 10/21/2008
California Department of Water Resources –Urban Drought Workshop 10/22/2008
Bartle Wells –Finance - Meeting 10/31/2008
BAWSCA Water Conservation and Recycling Implementation Plan 11/5/2008
BAWSCA Water Conservation and Recycling Implementation Plan 11/10/2008

ORDINANCE NO. 2008- 1
COASTSIDE COUNTY WATER DISTRICT

AN ORDINANCE ESTABLISHING RULES AND REGULATIONS PROHIBITING WASTEFUL WATER USE DURING NORMAL WATER SUPPLY SITUATIONS AND PROVIDING FOR ENFORCEMENT THEREOF

WHEREAS, the Coastside County Water District ("District") is subject to the Urban Water Management Planning Act, codified at California Water Code Section 10610 et seq. ("Act"); and

WHEREAS, the Act requires all urban water suppliers to prepare and adopt an urban water management plan ("plan") which is to describe and evaluate reasonable and practical, efficient uses of water and water conservation activities; and

WHEREAS, the District is a signatory of the California Urban Water Conservation Council's Memorandum of Understanding, and must implement best management practices, one of which is Water Waste Prohibitions; and

WHEREAS, the District's Plan contemplates that the Board of Directors will, by ordinance, adopt prohibitions on the waste of water by customers; and

WHEREAS, the District has published notice of and provided an opportunity for public hearing on this Ordinance.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE COASTSIDE COUNTY WATER DISTRICT AS FOLLOWS:

Section 1. Findings and Declarations

It is hereby declared by the Board of Directors that, in order to conserve the District's water supply for the greatest public benefit and to reduce the quantity of water unnecessarily used by the District's customers, wasteful use of water should be minimized and, if possible, eliminated.

The provisions of this ordinance shall apply to all persons using water supplied by the District, both in and outside of the District's service areas, and regardless of whether any person using water shall have a contract for water service with the District.

Section 2. Definitions

A. "District" means Coastside County Water District.

B. "General Manager" means the General Manager of the District or his authorized representative.

C. “Person” means any person, firm, partnership, association, corporation, company, organization or governmental entity.

D. “Customer” means any person, whether within or without the geographical boundaries of the District, who uses water supplied by the District.

E. “Water” means water supplied by the District, other than reclaimed wastewater.

Section 3. Water Use Prohibitions

The following uses of water are declared to be unreasonable and are hereby prohibited:

A. Use of water when the Customer has been given written notice by the District to repair broken or defective plumbing, equipment, appliances, sprinklers, watering or irrigation systems, and has failed to effect such repairs for 48 hours after delivery of the notice.

B. Use of water which results in flooding or runoff in gutters, parking lots, sidewalks or streets.

C. Use of water for washing cars, buses, boats, trailers or other vehicles through a hand-held hose, unless the hose is equipped with a nozzle with a positive shutoff valve or other similar device to control the flow of water.

D. Use of water for construction purposes, such as dust control and consolidation of backfill, unless reclaimed wastewater is not reasonably available.

E. Use of water in landscape irrigation which results in runoff into street or pooling due to super-saturation of the ground or soil.

F. Use of water in non-recirculating decorative fountains.

G. Use of water by a commercial carwash constructed and first placed into operation after the date of December 9, 1997, unless such water is recycled through an on-site filter system.

H. Use of water for washing sidewalks, driveways, buildings, patios and other surfaces and structures through a hand-held hose, unless the hose is equipped with a nozzle with a positive shutoff valve or other similar device to control the flow of water.

I. Use of water for single-pass through cooling systems. The use of water in new ice making machines and any other new mechanical equipment that utilizes a single-pass cooling system to remove and discharge heat to the sewer. Water used for all cooling purposes shall be recycled or re-circulated.

J. Use of water from any fire hydrant, unless specifically authorized by the District, except by regularly constituted fire protection agencies for fire suppression purposes or for other specifically authorized uses, including water distribution system flushing, fire flow testing, and filling of District approved vehicles for sewer (sanitary and storm) system flushing, and street sweeping purposes.

K. Use of water by non re-circulating systems in commercial laundry systems placed in operation after the date of this ordinance.

L. The indiscriminate running of water or washing with water not otherwise prohibited in this section which is wasteful, and without reasonable purpose.

Section 4. Enforcement

A. If the District believes that the water has been or is being used in violation of the above restrictions, the General Manager shall send a written notice to the Customer specifying the nature of the waste and the time of occurrence, to the extent known by the District, and directing the Customer to cease such use and/or to take remedial action. If the Customer continues such use or fails to take the remedial action within the time specified, the District may install a flow-restricting device on the Customer's service line.

B. In the event that a further violation is observed by District personnel, after installation of a flow-restricting device, the District may discontinue service.

C. The Customer shall be responsible for paying the District's costs incurred in installing and removing a flow-restricting device and/or terminating and restoring service.

Section 5. Appeal

Any Customer, who disputes a staff determination of a violation(s) of the above restrictions, may appeal the disconnection or installation of a flow restrictor(s) to the General Manager. The written appeal should be addressed to the General Manager with a description of the violations, and enforcement action taken and a detailed explanation of the basis of the appeal. The decision of the General Manager shall be final.

Section 6. Effective Date

This Ordinance shall take effect immediately upon its adoption.

Section 7. Repeal of Ordinance No. 1997-01.

Ordinance No. 1997-01 is hereby repealed.

Section 8. Severability

If any provision of this Ordinance is held to be invalid, or unenforceable in particular circumstances, such invalidity shall not affect the remainder of the Ordinance which shall continue to be of full force and effect and the Board declares this Ordinance to be severable for that purpose.

Section 9. Publication

The Secretary is hereby directed to arrange for this Ordinance to be published in a newspaper of general circulation in the District within ten (10) days of its adoption

Adopted this 14th day of October, 2008 by the following vote of the Board:

Monthly Report

To: **David Dickson, General Manager**

From: **Cathleen Brennan, Water Resources Analyst**

Agenda: **November 18, 2008**

Subject: **Water Shortage and Drought Contingency Plan**

This report is provided as an update on the implementation of the Water Shortage and Drought Contingency Plan – Stage 1 (Advisory Stage). The Advisory Stage was implemented in June of 2007. In June of 2008, Governor Schwarzenegger declared a state wide drought.

√ Local Precipitation

Water year 2007 was considered critically dry and was at 67% of historic average. Water year 2008 was slightly better at 72% of the historic average. October is the start of the new 2009 water year.

The table below has the monthly precipitation totals for the past two water years.

Precipitation for Half Moon Bay													
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Totals
Historic Average	1.3	3.4	3.7	5.5	4.8	3.9	1.6	0.6	0.2	0.0	0.1	0.3	25.4
	2008			2009									
Water Year 2009	0.48												0.48
	2007			2008									
Water Year 2008	1.83	0.93	3.16	8.75	2.73	.31	.16	.07	.04	0.1	.12	.05	18.25
	2006			2007									
Water Year 2007	.19	3.18	4.24	.72	5.31	0.81	1.62	.41	.07	.25	.03	.19	17.02

MONTHLY REPORT

To: **David Dickson, General Manager**

From: **Joe Guistino, Superintendent of Operations**

Agenda: **November 18, 2008**

Report Date: **November 4, 2008**

Monthly Highlights

AMRs for Large Users
Twenty-six of the 51 meters for the District's largest users were installed on the week of 20 October. We will be meeting with the installer on the week of 10 November to plan for the installation of the remaining meters.

Well Rehabilitation Project
Pilarcitos Well #5 rehabilitation is complete and ready to be run once we get a bit more rain.

Source of Supply
Crystal Springs Reservoir was the main source of supply in October.

Systems Improvement:
Beautification Efforts
-Weed control at Nunes WTP.
-New vault lid on Ave. Cabrillo PRV
-Cleaned chimes of El Granada Tanks
-Housekeeping at the three El Granada and Alves tanks and pump stations.

AMRs for Large Users
Twenty-six of the 51 meters for the District's largest users were installed on the week of 20 October. We will be meeting with the installer on the week of 10 November to plan for the installation of the remaining meters.

Main Extension
Contractor completed the installation of the Miramontes Street main extension into the Pastorino property.

On Call Laptop

The District's On-Call Person now has access to all tank levels and alarms from a laptop computer that is to be with them at all times.

Update on Other Activities:

Meter Investigation

In a better attempt to improve the resolution between production and sales, we are checking on the calibration of all production meters. The Stone Dam meter (SFPUC) was replaced in May. The Cahill Ridge meter (SFPUC) was calibrated and found to register 102%, which is well within standards. We shall be changing out well head meters in November.

Denniston Tule Removal

County Planning issued us an emergency permit to trim (not remove) tule and other vegetation that is in the immediate vicinity of the Denniston intakes.

Meter Change-Out Program

Crews replaced 94 meters in August, all but 8 of them were old Rockwell meters. The remaining were old sensus meters or changed out for low or stuck readings or scratched lenses.

Denniston Pre/Post Treatment Feasability Study

On Thursday, 9 October, we met with Kennedy Jenks to kickoff their assignment to propose alternative treatment options for the highly turbid waters of Denniston Creek during the winter rainy season.

Safety/Training/Inspections/Meetings

Quarterly Safety Meeting

Steve Twitchell attended the safety committee meeting this month.

Meetings Attended

1 October – Facilities Committee Meeting
9 October – Kennedy/Jenks, Twitchell, Dickson
10 October – Mark Stoloski on Denniston Storage Tank Modification Project
10 October – Steve Stielstra and Benjamin Hart of SWCA to discuss our future environmental needs.
15 October – Pat Sweeney of CSI to discuss coating of Mirmar, Alves and El Granada Tank 3.
16 October – Tanya Yurovski to discuss AWWA activities.
19-23 October – Attended Cal/Nev Section AWWA Fall Conference in Reno.
29 October – Conference call with Craig Thompson of Kennedy-Jenks and Conrad Tona of Zone 7 Water District to discuss leadership within Cal/Nev Section AWWA.
30 October – Ted Peterson of Kenmark Construction, Eric Girod of SKF Engineers and Jim Teter on Carnousite Subdivision
30 October – Robert Kulda on mainline extension on Avenue Alhambra.

Department of Public Health
No activity in the month of October.

Projects
Main Street Project
Some punch list items are still in need of completion.
Left to be complete are:

-Location of fire hydrant on S. Main Street.
-Ladder to be installed in PRV vault.
-Valve can to be set to grade by Hilltop market.

El Granada Phase III Pipeline
There were some small items that Corollo Engineers cleared up in October
-Curb damage on Magellan Ave.
-Drainage at Absolute Flooring on Main Street

Crystal Springs VFD feasibility
Frisch Engineering has been hired to assess the feasibility and installation details for VFDs at the Crystal Springs PS. VFDs will significantly reduce our monthy power consumption as well as save wear and tear on these critical pumps.

Short Term Improvement Project
Awaiting final plan submittal from Frisch Engineering.

Denniston Storage Tank Modification Project
The Contractor will resume his work on the Denniston Storage Tank Modification on 17 November. Crews have isolated Denniston Tank during periods of high demand and have determined that there will be no adverse impact on water service to El Granada during this work.

Well Rehabilitation Project
Pilarcitos Well #5 rehabilitation is complete and ready to be run once we get a bit more rain.

Nunes Filter Media Replacement
Sent out the RFP for the rebid for filters 3 and 4. Bids were open at 14:00 on 3 November. We received two bids, with Cowan & Thompson Construction Inc. having the low bid at $44,444.00. ERS submitted a bid for $57,166.42. We are presently reviewing the qualifications for C&T and will render a decision on the week of 10 November.

Nunes UST Removal and AGST Installation Project
PC Ins has acquired the needed permits and are presently waiting for the arrival of the AGST to get started.

Denniston Filter Valve Replacement Project

We have solicited for bids for the electrical and control work for this project. Cal Con came in with the low bid at $10,756.

Denniston Rehabilitation

Submitted a renewed dredging permit application for 400 yards of materials of Denniston Reservoir. No further action will be taken until we meet with all affected parties.