COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET
HALF MOON BAY, CA 94019

SPECIAL BOARD WORKSHOP

December 12, 2006 – 6:00 p.m.

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 at least five days in advance and we will make every reasonable attempt to provide such an accommodation.

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) PRESENTATION BY ENVIRONMENTAL CONSULTANT TRC ESSEX ON PROPOSED DENNISTON RESERVIOR RESTORATION PROJECT (attachment)

3) ADJOURNMENT

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET
HALF MOON BAY, CA 94019

REGULAR MEETING OF THE BOARD OF DIRECTORS

Note: The regular meeting will commence immediately following the special board workshop.

December 12, 2006 – 7:00 p.m.

AGENDA

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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) SPECIAL ORDER OF BUSINESS

A. Recognition of Coastside County Water District Field Supervisor, Elias Borba, in appreciation of his 24 years of commitment to the success of the Coastside County Water District – Resolution 2006-24. **(attachment)**

B. Election of CCWD President and Vice-President

5) CONSENT CALENDAR

The following matters before the Board of Directors are recommended for action as stated by the General Manager.

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

A. Requesting the Board to review disbursements for the month ending November 30, 2006 – Claims: $343,036.18; Payroll: $64,534.11 for a total of $407,570.29 **(attachment)**

B. Acceptance of Financial Reports **(attachment)**

C. Minutes of the November 14, 2006 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. November 2006 Leak Report **(attachment)**

I. Rainfall Reports **(attachment)**

J. San Francisco Public Utilities Commission Hydrological Conditions **(attachment)**

K. Engineering Projects Received for Review during the month of November, 2006 **(attachment)**

L. Acceptance of 190 Escalona Avenue – Non-Complex Pipeline Extension **(attachment)**

M. General Manager Activity Report **(attachment)**

6) SUPERINTENDENT OF OPERATION'S REPORT (attachment)

7) DISTRICT ENGINEER'S WORK STATUS REPORT (attachment)

8) GENERAL MANAGER'S REPORT

A. Discussion of the Draft Initial Report Findings from TRC Essex on the Denniston Restoration Project **(attachment)**

B. Discussion and review of the Annual Independent Financial Audit and Management Discussion and Analysis (MDA) letter for the fiscal year ending June 30, 2006 – Presentation by Vikki Rodriguez of Maze & Associates (attachments: **staff report**, **financial statements**)

C. Discussion and possible direction to staff regarding Section 3.02 of the CCWD Personnel Manual regarding Holiday Pay Schedule **(attachment)**

D. Update on recruitment on the Public Outreach / Program Development / Water Resources Management Position **(attachment)**

E. Status Report on Capital Improvement Projects **(attachment)**

F. Correspondence: Bay Area Water Supply and Conservation Agency – Technical Advisory Committee Meeting Agenda /Reports - December 7, 2006 **(attachment)**

9) ATTORNEY'S REPORT

A. Analysis of Proposition 84, the "Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006" **(attachment)**

10) MEETINGS ATTENDED / SCHEDULED – BOARD OF DIRECTORS – INCLUDING COMMITTEES, CUSTOMERS, OTHER AGENCIES, ETC.

11) AGENDA ITEMS AND DIRECTOR COMMENTS

12) ADJOURNMENT

Denniston Initial Findings Summary

Denniston Reservoir is a primary local water source for the Coastside County Water District (CCWD) as it strives to meet its service obligation to the residents of coastal San Mateo County. In most years, approximately 25 percent of the water that CCWD distributes to its customers is provided by Denniston Reservoir. Siltation has marginalized the reservoir's ability to store and export quality water, and has reduced the efficiency of the water treatment and conveyance infrastructure. CCWD would like to restore the reservoir to its previous capacity to ensure its sustained production of quality water. CCWD has contracted TRC Essex to investigate the different parameters that would be involved in creating a regulatory strategy and restoration plan for the reservoir and its surrounding watershed.

In addition to providing a quality, local water supply for area residents, environmental factors must be considered. The Denniston Creek watershed is home to a variety of special-status fish and wildlife species. This unique coastal watershed connects adjacent wildlife corridors and eventually drains into Princeton Harbor and the Pacific Ocean. Potential restoration parameters for this project create opportunities to enhance habitat for these special-status species. Additional considerations for the restoration plan will be to continue to provide resources for the agricultural community that has been operating in the watershed for decades.

Early federal, state, and local agency consultation has been conducted to help guide and develop this restoration project. Developing a collaborative agency approach during the initial planning stage of this project has been critical and will help create an effective plan to overcome potential issues.

A report will be created that contains the results from TRC Essex's baseline watershed assessment and agency consultations and it will identify restoration goals and opportunities. It will suggest additional research that needs to take place to better understand the physical parameters that are constantly affecting the watershed and reservoir. It will outline the studies, surveys, and documents that are needed to begin the regulatory permitting process. This report will conclude with a discussion of the next steps that will need to be taken to begin implementing this important project.

On December, 12th TRC Essex will give a brief overview presentation before CCWD's board meeting. The presentation will describe the situation at the watershed, outline the work that TRC Essex completed and recommend next steps.

Denniston Reservoir Initial Findings Study

Background

- Denniston Reservoir is an important, local source of water for coastal San Mateo County residents
- Accumulated sediment in the reservoir has:
  - -Reduced the reservoir's storage capacity
  - -Marginalized the quality of water that is sent to the treatment plant

CCWD & TRC Essex

- Investigate scenarios to restore and sustain Denniston Reservoir as a viable, local water source
- Conduct baseline data collection
- Evaluate restoration opportunities
- Facilitate agency consultation
- Produce an initial findings report including next steps

Agency Consultation

- Federal, Sate and Local
- Special status species concerns
- Collaborative effort

Background Research

- Sediment transport
- Stream flow monitoring
- Database search and literature review for special status species
- Soils

GIS Mapping

- CNDDB special-status species
- Aerial photography
- Geology/Soils
- Watershed boundaries
- Historic reservoir boundaries

General Site Assessment

- Hydrology
- Geomorphology
- Vegetation
- Wetlands
- Land use
- Restoration opportunities

Stakeholder Discussions

- Farmer
- Peninsula Open Space Trust (POST)
- Federal, State and Local Agencies

Stream Flow Data

- CCWD annual Denniston withdrawal
- Existing monitoring methods
- Denniston Reservoir water budget

Permitting Strategies

- Traditional

  -San Francisco Garter Snake fully protected status

- Federal Recovery Action for California Red-Legged Frog, San Francisco Garter Snake and Steelhead

  -Compatible project benefits

Next Steps

- Work with professional hydrologists to develop a water budget and stream flow monitoring program
- Meet with POST to discuss future goals and project parameters

RESOLUTION NO. 2006-24

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE COASTSIDE COUNTY WATER DISTRICT RECOGNIZING ELIAS BORBA UPON HIS RETIREMENT AFTER TWENTY-FOUR YEARS OF DEDICATED SERVICE TO THE COASTSIDE COUNTY WATER DISTRICT

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COASTSIDE COUNTY WATER DISTRICT AS FOLLOWS:

WHEREAS, Elias Borba, after serving as Field Supervisor for Coastside County Water District for the past 24 years, has announced his retirement; and

WHEREAS, in that capacity Elias Borba is highly respected by his co-workers for his strong work ethic and high standards, and is respected as a wealth of knowledge of District history and operations; and

WHEREAS, his long tenure with the District, as well as his networking skills within the community, have contributed to the professional image and positive public perception of the Coastside County Water District; and

WHEREAS, in his position as Field Supervisor Elias Borba was instrumental in upgrading the District's water sampling program and maintaining compliance with water quality monitoring regulations; and

WHEREAS, Elias Borba was a driving force behind the District's beautification projects at the Denniston and Nunes treatment plants and other District facilities.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Coastside County Water District does hereby recognize and thank Elias Borba for his 24 years of dedicated service to the Coastside County Water District and this community.

PASSED AND ADOPTED this 12th day of December, 2006, by the following vote of the Board of Directors:

AYES:
NOES:
ABSENT:

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

ATTEST:

_____
Secretary of the Board of Directors

Check Number	Vendor No	Vendor Name	Check Date	Void Amount	Check Amount
8978	ALV01	ALVES PETROLEUM, INC.	11/03/2006	0.00	1,903.09
8979	AME13	AMERICAN WATER WORKS ASSOC.	11/03/2006	0.00	245.00
8980	BFI01	ALLIED WASTE SERVICES #925	11/03/2006	0.00	205.65
8981	COA 15	COASTSIDE NET, INC	11/03/2006	0.00	59.95
8982	FRA02	TIM FRAHM	11/03/2006	0.00	900.00
8983	KAI01	KAISER FOUNDATION HEALTH	11/03/2006	0.00	8,116.00
8984	PAC02	PACIFICA CREDIT UNION	11/03/2006	0.00	612.00
8985	PUB01	PUB. EMP. RETIRE SYSTEM	11/03/2006	0.00	15,504.27
8986	STA15	STATE WATER RESOURCES CONTROL	11/03/2006	0.00	1,185.00
8987	VAL01	VALIC	11/03/2006	0.00	2,792.00
8988	WES11	WEST COAST AGGREGATES, INC.	11/03/2006	0.00	147.47
8989	WIE 02	WIENHOFF & ASSOCIATES, INC.	11/03/2006	0.00	50.00
8990	ASS01	ACWA SERVICES CORPORATION	11/17/2006	0.00	13,503.04
8991	BFI02	BFI OF CALIFORNIA, INC.	11/17/2006	0.00	226.75
8992	PAC 01	PACIFIC GAS & ELECTRIC CO.	11/17/2006	0.00	38,770.64
8993	PAC02	PACIFICA CREDIT UNION	11/17/2006	0.00	612.00
8994	PUB01	PUB. EMP. RETIRE SYSTEM	11/17/2006	0.00	15,574.70
8995	SBC02	AT&T	11/17/2006	0.00	1,017.10
8996	UPS01	UPS STORE	11/17/2006	0.00	21.79
8997	VAL01	VALIC	11/17/2006	0.00	2,792.00
8998	ADP01	ADP, INC.	11/28/2006	0.00	363.25
8999	ALP03	ALPINE CONTROLS	11/28/2006	0.00	3,605.03
9000	AME09	AMERICAN WATER WORKS ASSOC.	11/28/2006	0.00	245.00
9001	AND01	ANDREINI BROS. INC.	11/28/2006	0.00	10,851.33
9002	ASS04	ASSOC.CALIF.WATER AGENCIES	11/28/2006	0.00	7,260.00
9003	ATC01	ATCHISON, BARISONE	11/28/2006	0.00	6,286.42
9004	AZT01	AZTEC GARDENS	11/28/2006	0.00	190.00
9005	BAR02	MARY BARTHOLOMEW	11/28/2006	0.00	75.00
9006	BAS01	BASIC CHEMICAL SOLUTION, LLC	11/28/2006	0.00	7,669.10
9007	BAY10	BAY ALARM COMPANY	11/28/2006	0.00	582.00
9008	BIG01	BIG CREEK LUMBER	11/28/2006	0.00	36.96
9009	BRU02	JON BRUCE	11/28/2006	0.00	75.76
9010	CAL04	CALTAM, INC	11/28/2006	0.00	620.00
9011	CAL05	CALIFORNIA WATER ENVIRONMENT A	11/28/2006	0.00	275.00
9012	CAL31	CALIFORNIA OVERNIGHT	11/28/2006	0.00	253.28
9013	COA02	ROGUE WEB WORKS, LLC	11/28/2006	0.00	325.00
9014	COA19	COASTSIDE COUNTY WATER DIST.	11/28/2006	0.00	149.07
9015	COS03	TIMOTHY COSTELLO	11/28/2006	0.00	125.00
9016	DAL 01	DAL PORTO ELECTRIC	11/28/2006	0.00	747.87
9017	DAT01	DATAPROSE	11/28/2006	0.00	1,792.21
9018	EAT01	EATON ELECTRICAL INC.	11/28/2006	0.00	7,536.00
9019	EIP 01	EIP ASSOCIATES, INC.	11/28/2006	0.00	9,801.31
9020	ENR01	ENRIQUEZ MD, JOSEFINA	11/28/2006	0.00	105.00
9021	EWI01	EWING IRRIGATION PRODUCTS	11/28/2006	0.00	394.15
9022	FIR06	FIRST NATIONAL BANK	11/28/2006	0.00	702.05
9023	FIS01	FISHER SCIENTIFIC	11/28/2006	0.00	1,012.41
9024	GRA 03	GRAINGER, INC.	11/28/2006	0.00	825.76
9025	HAC01	HACH CO., INC.	11/28/2006	0.00	760.40
9026	HAL 01	HMB BLDG. & GARDEN INC.	11/28/2006	0.00	25.27
9027	HAL 23	HMB ALARM	11/28/2006	0.00	500.00
9028	HAL04	HALF MOON BAY REVIEW	11/28/2006	0.00	1,275.50
9029	HAL24	H.M.B.AUTO PARTS	11/28/2006	0.00	74.03
9030	IMP01	4 IMPRINT	11/28/2006	0.00	418.40
9031	IRO01	IRON MOUNTAIN	11/28/2006	0.00	190.58
9032	IRV01	IRVINE, DAVID E.	11/28/2006	0.00	105.00
9033	KNI01	JEAN KNIGHT	11/28/2006	0.00	316.79
9034	KRY01	KRYSTAL KLEEN	11/28/2006	0.00	400.00
9035	LAN04	LANIER WORLDWIDE, INC.	11/28/2006	0.00	775.13
9036	LEA03	MILFORD LEAL	11/28/2006	0.00	125.00
9037	MAZ01	MAZE & ASSOCIATES, INC.	11/28/2006	0.00	1,000.00
9038	MET06	METLIFE SBC	11/28/2006	0.00	1,126.33
9039	MIS01	MISSION UNIFORM SERVICES INC.	11/28/2006	0.00	705.18

Check Number	Vendor No	Vendor Name	Check Date	Void Amount	Check Amount
9040	MON07	MONTERY COUNTY LAB	11/28/2006	0.00	1,547.80
9041	OCE04	OCEAN SHORE CO.	11/28/2006	0.00	692.91
9042	OFF01	OFFICE DEPOT	11/28/2006	0.00	914.43
9043	PAU 01	PAULO'S AUTO CARE	11/28/2006	0.00	178.91
9044	POW01	POWERPLAN	11/28/2006	0.00	2,311.56
9045	RAD 01	STRAWFLOWER ELECTRONICS	11/28/2006	0.00	85.20
9046	ROB 01	ROBERTS & BRUNE CO.	11/28/2006	0.00	2,234.61
9047	SAN 03	SAN FRANCISCO WATER DEPT.	11/28/2006	0.00	111,506.80
9048	SAN10	SAN MATEO COUNTY	11/28/2006	0.00	3,980.00
9049	SBC03	SBC LONG DISTANCE	11/28/2006	0.00	47.16
9050	SCH 01	SCHWAAB STAMPS INC.	11/28/2006	0.00	256.25
9051	SER03	SERVICE PRESS	11/28/2006	0.00	81.11
9052	SIE 02	SIERRA CHEMICAL CO.	11/28/2006	0.00	5,748.34
9053	SPR03	SPRINT PCS	11/28/2006	0.00	626.35
9054	SUP02	SUPPLIES & SOLUTIONS	11/28/2006	0.00	351.40
9055	T&T01	T & T VALVE AND INSTRUMENT, IN	11/28/2006	0.00	5,228.07
9056	TAI02	TAIT ENVIRONMENTAL SYSTEMS	11/28/2006	0.00	200.00
9057	TET 01	JAMES TETER	11/28/2006	0.00	22,671.93
9058	TRC01	TRC ESSEX	11/28/2006	0.00	7,845.80
9059	TWI01	STEVE TWITCHELL	11/28/2006	0.00	88.26
9060	UB*00269	AMY SILVERIA	11/28/2006	0.00	48.70
9061	UB*00270	ELAINE SOHIER	11/28/2006	0.00	6.00
9062	UB*00271	ELAINE SOHIER	11/28/2006	0.00	57.03
9063	UB*00272	GARRETT JOHNSON	11/28/2006	0.00	37.31
9064	UB*00273	SELENE/MICHAEL LOPES	11/28/2006	0.00	8.74
9065	UB*00274	MICHAEL McCRACKEN	11/28/2006	0.00	30.37
9066	UB*00275	MARION BOOS	11/28/2006	0.00	62.50
9067	UB*00276	JENNIFER KRUKOW	11/28/2006	0.00	68.21
9068	VAN01	JANET VAN SWOLL	11/28/2006	0.00	1,360.05
9069	VAZ01	JOSE & ELVIRA VAZ	11/28/2006	0.00	428.00
9070	WEA 01	AUCA REG - WEST	11/28/2006	0.00	379.36
			Report Total:	**0.00**	**343,023.18**

General Ledger
Period Budget Analysis

Coastside County Water District
November 2006

Account	Description	Nov 06	Budget	Variance Over/(Under) Budget	% Variance Over/(Under) Budget	YTD Actual	YTD Budget	Variance Over/(Under) Budget	% Variance Over/(Under) Budget
REVENUE									
4120-00	Water Revenue - All Areas	457,504.56	464,771.00	(7,266.44)	(1.56)	2,448,574.64	2,446,940.00	1,634.64	0.07
4170-00	Water Taken From Hydrants	238.29	2,500.00	(2,261.71)	(90.47)	2,958.34	12,500.00	(9,541.66)	(76.33)
4180-00	Late Notice - 10% Penalty	9,623.31	4,166.66	5,456.65	130.96	23,903.46	20,833.30	3,070.16	14.74
4230-00	Service Connections	319.55	500.00	(180.45)	(36.09)	231,598.38	232,500.00	(901.62)	(0.39)
4920-00	Interest Earned	0.00	0.00	0.00	0.00	61,508.89	33,043.00	28,465.89	86.15
4925-00	Interest Revenue T&S Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4930-00	Tax Apportionments/Cnty Checks	59,130.28	112,500.00	(53,369.72)	(47.44)	73,031.89	112,500.00	(39,468.11)	(35.08)
4950-00	Miscellaenous Income	5,382.63	6,000.00	(617.37)	(10.29)	26,175.13	30,000.00	(3,824.87)	(12.75)
4960-00	CSP Assm. Dist. Processing Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4965-00	ERAF Refund - County Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4235-00	CSP Connection T & S Fees	27,880.00	0.00	27,880.00	0.00	216,070.00	0.00	216,070.00	0.00
4970-00	Wavecrest Reserve Conn. Fees	3,345.60	0.00	3,345.60	0.00	16,728.00	0.00	16,728.00	0.00
REVENUE Totals		**563,424.22**	**590,437.66**	**(27,013.44)**	**(4.58)**	**3,100,548.73**	**2,888,316.30**	**212,232.43**	**7.35**
EXPENSES				Over/(Under) Budget	Over/(Under) Budget			Over/(Under) Budget	Over/(Under) Budget
5000-00	Gen. Oper. Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5130-00	Water Purchased	111,506.80	88,637.00	22,869.80	25.80	553,326.28	523,630.00	29,696.28	5.67
5710-00	Deprec, Trucks, Tools, Equip	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5230-00	Pump Exp, Nunes T P	1,326.60	1,083.33	243.27	22.46	6,099.72	5,416.65	683.07	12.61
5231-00	Pump Exp, CSP Pump Station	28,732.37	25,364.00	3,368.37	13.28	144,233.67	100,218.00	44,015.67	43.92
5232-00	Pump Exp, Trans. & Dist.	1,770.01	2,066.66	(296.65)	(14.35)	8,590.40	10,333.30	(1,742.90)	(16.87)
5233-00	Pump Exp, Pilarcitos Can.	474.56	2,100.00	(1,625.44)	(77.40)	1,414.68	5,300.00	(3,885.32)	(73.31)
5234-00	Pump Exp. Denniston Proj.	5,991.77	3,545.00	2,446.77	69.02	23,616.50	38,995.00	(15,378.50)	(39.44)
5242-00	CSP Pump Station Operations	1,267.63	650.00	617.63	95.02	3,679.42	3,250.00	429.42	13.21
5235-00	Denniston T.P. Operations	4,197.64	6,121.66	(1,924.02)	(31.43)	24,143.00	30,608.30	(6,465.30)	(21.12)
5236-00	Denniston T.P. Maintenance	156.35	2,500.00	(2,343.65)	(93.75)	7,239.81	12,500.00	(5,260.19)	(42.08)
5240-00	Nunes T P Operations	12,925.13	8,189.41	4,735.72	57.83	43,917.81	40,947.05	2,970.76	7.26
5241-00	Nunes T P Maintenance	1,366.27	4,525.00	(3,158.73)	(69.81)	8,991.13	22,625.00	(13,633.87)	(60.26)
5243-00	CSP Pump Station Maintenance	28.04	4,250.00	(4,221.96)	(99.34)	7,532.59	21,250.00	(13,717.41)	(64.55)
5245-00	Alves/Miramontes Maintenance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5400-00	Trans & Dist. Exp.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5318-00	Studies/Surveys/Consulting	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5321-00	Water Conservation	668.40	3,875.00	(3,206.60)	(82.75)	9,142.58	19,375.00	(10,232.42)	(52.81)
5322-00	Community Outreach	2,000.50	1,189.16	811.34	68.23	5,323.84	5,945.80	(621.96)	(10.46)
5500-00	General Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5620-00	Office Supplies & Expense	5,900.54	9,010.83	(3,110.29)	(34.52)	37,434.91	45,054.15	(7,619.24)	(16.91)
5621-00	Computer Services	617.27	2,900.00	(2,282.73)	(78.71)	17,454.33	14,500.00	2,954.33	20.37
5625-00	Meetings / Training / Seminars	154.60	2,333.33	(2,178.73)	(93.37)	7,928.38	11,666.65	(3,738.27)	(32.04)
5630-00	Insurance	27,436.31	24,604.16	2,832.15	11.51	193,042.18	223,020.80	(29,978.62)	(13.44)
5681-00	Legal	3,459.68	4,333.33	(873.65)	(20.16)	22,384.31	21,666.65	717.66	3.31
5682-00	Engineering	1,937.52	2,500.00	(562.48)	(22.50)	8,858.07	12,500.00	(3,641.93)	(29.14)
5683-00	Financial Services	1,000.00	3,181.82	(2,181.82)	(68.57)	15,105.93	17,727.28	(2,621.35)	(14.79)

General Ledger
Period Budget Analysis

November 2006

Account	Description	Nov 06	Budget	Variance Over/(Under) Budget	% Variance Over/(Under) Budget	YTD Actual	YTD Budget	Variance Over/(Under) Budget	% Variance Over/(Under) Budget
5685-00	Board Meeting Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5686-00	Miscellaneous Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5687-00	Membership, Dues, Subscript.	7,548.26	1,747.08	5,801.18	332.05	17,830.26	17,485.40	344.86	1.97
5688-00	Election Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5690-00	Interest Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5700-00	San Mateo County Fees	3,980.00	3,000.00	980.00	32.67	5,513.00	9,500.00	(3,987.00)	(41.97)
5701-00	Property Taxes	0.00	0.00	0.00	0.00	697.94	700.00	(2.06)	(0.29)
5705-00	State Fees	1,185.00	3,000.00	(1,815.00)	(60.50)	34,098.01	23,000.00	11,098.01	48.25
5711-00	Debt Service - Existing Bonds	0.00	0.00	0.00	0.00	45,110.00	230,110.00	(185,000.00)	(80.40)
5712-00	Debt Service - Proposed Bonds	0.00	0.00	0.00	0.00	108,649.17	243,600.00	(134,950.83)	(55.40)
5713-00	Contribution to CIP & Reserves	43,725.00	43,725.00	0.00	0.00	218,625.00	218,625.00	0.00	0.00
5714-00	Transfer of Conn Fees to CSP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5725-00	Debt Issuance Amortization Exp	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5743-00	CSP Assm. Dist. Processing Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5744-00	Capital Replacement Contri.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5411-00	Salaries & Wages - Field	66,342.73	60,953.92	5,388.81	8.84	288,032.80	304,769.60	(16,736.80)	(5.49)
5610-00	Salaries/Wages - Administration	35,051.95	41,537.76	(6,485.81)	(15.61)	178,492.34	207,688.80	(29,196.46)	(14.06)
5640-00	Employees Retirement Plan	30,202.32	28,872.30	1,330.02	4.61	153,185.70	144,361.50	8,824.20	6.11
5684-00	Payroll Tax Expense	7,124.78	7,582.92	(458.14)	(6.04)	34,009.92	37,914.60	(3,904.68)	(10.30)
5412-00	Maintenance - General	15,473.23	9,796.66	5,676.57	57.94	63,702.05	48,983.30	14,718.75	30.05
5414-00	Motor Vehicle Expense	5,040.48	3,291.66	1,748.82	53.13	20,514.33	16,458.30	4,056.03	24.64
5415-00	Maintenance - Well Fields	0.00	2,616.66	(2,616.66)	(100.00)	0.00	13,083.30	(13,083.30)	(100.00)
5745-00	CSP Connect. Reserve Contribu.	27,880.00	0.00	27,880.00	0.00	216,070.00	0.00	216,070.00	0.00
5746-00	Wavecrest CSP Connt. Reserve	3,345.60	0.00	3,345.60	0.00	16,728.00	0.00	16,728.00	0.00
EXPENSE Total		**459,817.34**	**409,083.65**	**50,733.69**	**12.40**	**2,550,718.06**	**2,702,809.43**	**(152,091.37)**	**(5.63)**
REVENUE Total		**563,424.22**	**590,437.66**	**(27,013.44)**	**(4.58)**	**3,100,548.73**	**2,888,316.30**	**212,232.43**	**7.35**
EXPENSE Total		**459,817.34**	**409,083.65**	**50,733.69**	**12.40**	**2,550,718.06**	**2,702,809.43**	**(152,091.37)**	**(5.63)**
INCOME Total		**103,606.88**	**181,354.01**			**549,830.67**	**185,506.87**		

COASTSIDE COUNTY WATER DISTRICT
INVESTMENT REPORT
November 30, 2006

		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			$1,051,647.54			$1,051,647.54
CSP T&S ACCOUNT					$953,865.81	$953,865.81
TOTAL FIRST NATIONAL BANK	$0.00	$0.00	$1,051,647.54	$0.00	$953,865.81	$2,005,513.35
CASH WITH L.A.I.F	$297,900.00	$700,000.00	$1,286,504.06	$267,655.14	$2,481,745.67	$5,033,804.87
UNION BANK - Project Fund Balance			$6,498,903.34			$6,498,903.34
						$0.00
CASH ON HAND	$2,100.00					$2,100.00
TOTAL DISTRICT CASH BALANCES	$300,000.00	$700,000.00	$8,837,054.94	$267,655.14	$3,435,611.48	$13,540,321.56
ASSESSMENT DISTRICT BALANCES						
CASH IN FIRST NATIONAL BANK (FNB)						
REDEMPTION ACCOUNT		$ 66,108.12				
RESERVE ACCOUNT (Closed Account 8-4-04)		$ -				
TOTAL ASSESSMENT DISTRICT CASH		$ 66,108.12				

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

COASTSIDE COUNTY WATER DISTRICT
CRYSTAL SPRINGS PROJECT
CAPITAL PROJECTS FY 06/07

November 2006

PROJECT	Actual to date	FY 06/07 CIP Budget	% Completed
El Granada Pipeline Phase 3A (City) 3B (County) 1128-03/04	$73,905	$1,000,000	7.4%
Main Street/Hwy 92 Pipeline Replacement Project - Phase 2 1120-93		$718,000	
Contingency		$100,000	
TOTALS	**$73,905**	**$1,718,000**	4.3%

Coastside County Water District
Capital Improvement Projects (Non-CSP) - FY 06/07

DATE: November 2006

DESCRIPTION	ACCT NO	CONTRACT AMOUNT	ACTUAL TO DATE	FY 06/07 CIP BUDGET
PIPELINE PROJECTS				
Main Street/Hwy 92 Widening Project (Non-CSP Portion)	1120-93		$5,910	$492,000
WATER TREATMENT PLANT PROJECTS				
Denniston Foot Valve for 60hp Pump	1121-22			$10,000
Denniston Hi Lift Pumps - Refurbish	1121-23		$24,999	$20,000
Nunes Level Indicators Clearwell/Recovery Tanks	1121-24		$6,078	$10,000
Nunes Filter Media Replacement	1121-25			$5,000
Nunes Filter Backwash Valves	1121-26			$5,000
Nunes - Automatic Sludge Valve	1121-27		$5,228	$5,000
FACILITIES AND MAINTENANCE PROJECTS				
Denniston Restoration	1120-03		$13,536	$25,000
Meter Change Program	1117-06			$15,000
City & County Projects (resurfacing/raising boxes)	1120-86		$18,361	$30,000
Pave Nunes WTP Road	1121-28		$13,000	$30,000
Safety/Security Upgrades	1121-29		$5,089	$20,000

Coastside County Water District
Capital Improvement Projects (Non-CSP) - FY 06/07

EQUIPMENT PURCHASE & REPLACEMENT

Vehicle Replacement	1118-04			$25,000
Computer System	1118-02		$5,140	$8,000
Office/Shop Equipment	1118-02		$1,443	$1,500
SCADA/Telemetry	1121-82			$125,000

PUMP STATIONS / TANKS / WELLS

Alves Tank - Paint Sand Blast -	1121-08			$125,000
CSP Motor and Pump Rehabilitation	1121-30		$18,739	$50,000

DEBT RETIREMENT

Nunes WTP & Revenue Bonds				$185,000

DENNISTON - SHORT TERM IMPROVEMENTS

Replace Chlorine Gas with New Sodium Hypochlorite	1121-31			$150,000
Replace Caustic Soda System	1121-32			$150,000
Construct Treated Water Tank Modifications/Flow Through Operations	1121-33			$400,000
Configure Plant for Automated Shutdown	1121-34			$100,000
Install Automated Filter-to-Waste	1121-35			$100,000

Coastside County Water District
Capital Improvement Projects (Non-CSP) - FY 06/07

NUNES - SHORT TERM IMPROVEMENTS

Replace Chlorine Gas with New Sodium Hypochlorite	1121-36		$11	$150,000
Replace Caustic Soda Piping and Add Containment	1121-37		$11	$130,000

TOTAL CAPITAL IMPROVEMENT PROJECT BUDGET **$2,366,500**

Legal Cost Tracking Report
12 Months At-A-Glance

Acct. No.5681
Condotti
Legal

Month	Admin (General Legal Fees)	CSP	Transfer Program	CIP	Personnel	Lawsuits 62% Reimbursable	Infrastructure Project Review (Reimbursable)	TOTAL
Dec-05	2,596	1,453		1,960	438			6,446
Jan-06	4,371	1,033		543	1,153	457	613	8,167
Feb-06	3,421		78		134	364	78	4,075
Mar-06	9,291	273			20	1,143		10,726
Apr-06	5,749	1,209	59	39		1,011		8,066
May-06	7,448		273	1,427		690		9,838
Jun-06	7,815	156	78	2,705		184		10,938
Jul-06	7,930	1,190		2,081	351		20	11,571
Aug-06	8,040	1,346	254			1,222		10,861
Sep-06	5,739	2,925				225	176	9,064
Oct-06	5,997	1,580	156	39	117	1,133	59	9,080
Nov-06	4,624	15	117	332	176	1,023		6,286
TOTAL	**73,022**	**11,177**	**1,014**	**9,124**	**2,387**	**7,450**	**944**	**105,118**

Engineer Cost Tracking Report
12 Months At-A-Glance

Acct. No. 5682
Teter
Engineer

Month	Admin & Retainer	CSP Phase II	Phase 3 EG Pipeline	CIP	Short Term WTP Imprv.	Studies & Projects	TOTAL	Reimburseable from Projects
Dec-05	1,590	101		1,210			**2,900**	
Jan-06	6,303	222	1,743	9,311			**17,578**	
Feb-06	3,056	222		4,736			**8,014**	
Mar-06	2,621		74	7,395			**10,090**	
Apr-06	2,996		566	13,263		497	**17,321**	
May-06	3,858		296	3,490	3,665		**11,309**	
Jun-06	1,046		444	2,544	10,268		**14,302**	
Jul-06	2,140		12,685		3,399	304	**18,528**	304
Aug-06	2,862		11,669	456	4,349		**19,336**	
Sep-06	995		13,974	456	4,445		**19,870**	
Oct-06	924		5,507	3,328	13,361	76	**23,196**	76
Nov-06	1,938		2,414	2,103	16,217		**22,672**	
TOTAL	**30,326**	**545**	**49,372**	**48,291**	**55,705**	**877**	**185,117**	**380**

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS

November 14, 2006

1) ROLL CALL: President Ascher called the meeting to order at 7:00 p.m. Present at roll call were Directors Ken Coverdell, Chris Mickelsen, and Bob Feldman.

Also present were Ed Schmidt, General Manager; Anthony Condotti, Legal Counsel; Jim Teter, District Engineer; Joe Guistino, Superintendent of Operations; JoAnne Whelen, Administrative Assistant/Recording Secretary and Gina Brazil, Office Manager.

2) PLEDGE OF ALLEGIANCE

3) PUBLIC ANNOUNCEMENTS

There were no public announcements.

4) CONSENT CALENDAR

- **A.** Requesting the Board to review disbursements for the month ending October 31, 2006 – Claims: $461,088.95; Payroll: $58,338.79 for a total of $519,427.74
- **B.** Acceptance of Financial Reports
- **C.** Minutes of the October 10, 2006 Board of Directors Meeting
- **D.** Minutes of the October 26, 2006 Special Board Meeting
- **E.** Monthly Water Transfer Report
- **F.** Installed Water Connection Capacity and Water Meters Report
- **G.** Total CCWD Production Report
- **H.** CCWD Monthly Sales by Category Report
- **I.** October 2006 Leak Report

J. Rainfall Reports
K. San Francisco Public Utilities Commission Hydrological Conditions Report for September 2006
L. Engineering Projects Received for Review during the month of October, 2006
M. General Manager Activity Report

ON MOTION by Director Mickelsen and seconded by Director Feldman, the Board voted as follows to accept the Consent Calendar:

Director Coverdell	**Abstain**
Director Larimer	**Absent**
Director Mickelsen	**Aye**
Director Feldman	**Aye**
President Ascher	**Aye**

5) SUPERINTENDENT OF OPERATIONS REPORT

Mr. Guistino referenced his written staff report, and advised the Board that the Denniston Well Rehabilitation Project is scheduled to begin by the end of the week, with an anticipated completion date of approximately four weeks. He also reported on the progress of the Water Treatment Plant Short Term Improvements and the extension of the deadline that was authorized by the San Mateo County Health Department in connection with the submittal to the Risk Management Plan (RMP) for the Nunes and Denniston Water Treatment Plants. He also informed the Board about the recent incidents with the telemetry communication equipment and explained the correction plan and schedule.

Directors Coverdell and Mickelsen expressed an interest in attending the inspection of the tunnel, located at Crystal Springs when it is scheduled for later during the year.

President Ascher congratulated Mr. Guistino on his recent promotion to Vice-Chair of the Water Quality Division of the American Water Works Association and expressed his appreciation for a thorough and complete monthly report. Mr. Guistino attributed the current successful operations and accomplishments to the District's dedicated field staff and their excellent work ethics.

At this point in the meeting, Director Coverdell announced that he had intended to discuss an item (4B) – Acceptance of Financial Reports under the Consent Calendar portion of the agenda, and requested to re-open discussion of this item, which President Ascher agreed to do. Director Coverdell expressed his concern with the format in which the numbers are displayed in the Period Budget Analysis Report, indicating that the variances are shown as negative numbers. He requested that the matter be researched to determine if the reporting method could be improved to read more logically. Mr. Schmidt informed the Board that he would research the matter and determine what was necessary to improve the reporting method.

6) DISTRICT ENGINEER'S REPORT

A. District Engineer's Work Status Report

Mr. Teter announced that all projects are moving ahead on schedule. He also provided an update on the progress on the El Granada Pipeline Replacement Project, reporting on his recent contact with CalTRANS and their additional requirements, including the steps necessary to accomplish these tasks. Mr. Teter referenced the memo he had prepared dated November 6, 2006, (provided in the Board packet under item 7J – Status Report of the Current Major Capital Improvement Projects), detailing a list of the tasks to be completed in order to complete the contract documents so the project can go out to bid. Mr. Schmidt expressed his appreciation to Mr. Teter for preparing this valuable list. Director Feldman requested that the Engineer provide an update to the schedule for the El Granada Transmission Pipeline Replacement Project, that is provided in his monthly District Engineer Work Status Report each month.

B. Award of Contract for Construction of Carter Hill East Pipeline Replacement Project

Mr. Teter reported that three bids were received for this project, with the low bidder being Stoloski & Gonzalez, Inc. in the amount of $140,360.00. Mr. Teter added that Stoloski & Gonzalez, Inc., has in the past, and is currently performing, satisfactory construction work for the District and it is his recommendation that the contract be awarded to them.

Mr. Schmidt confirmed the Engineer's recommendation, reporting that Stoloski & Gonzalez, Inc. have a history of submitting reasonable bids and have performed some excellent work for the District. Mr. Schmidt also expressed his astonishment in how accurate the Engineer's estimate of $150,000. proved to be, prepared approximately one year ago, in relation to Stoloski & Gonzalez, Inc.'s bid amount of $140,360.00. Mr. Condotti confirmed that he had satisfactorily reviewed the bid documents submittal.

ON MOTION by Director Coverdell and seconded by Director Mickelsen, the Board voted as follows to award the contract for project construction of the Carter Hill East Pipeline Replacement Project to Stoloski & Gonzalez, Inc. in the amount of $140,360.00:

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

7) GENERAL MANAGER'S REPORT

A. Discussion and direction to staff regarding a High Water Bill Adjustment Policy

Mr. Schmidt introduced this item, reminding the Board that the matter had been continued from the October Board meeting, with a request from the Board that staff prepare an additional option to be presented for handling high bill relief requests. He reviewed the language in the proposed resolution, including the portion defined as Option 2.

At this point, President Ascher acknowledged a request from a member of the public, Leslie Kramer, to speak on this topic.

Leslie Kramer – 624 Pilarcitos Avenue, Half Moon Bay – Addressed the Board, thanking them for the opportunity to speak on this subject. She referenced the two letters she had submitted, reviewing the details that she had experienced a leak in her irrigation system, during a period when she was out of the country, in the process of adopting a baby.

Discussion of the proposed policy continued, with the inclusion of the figure of $500.00 to be added to the proposed resolution language. Mr. Schmidt also requested that the language reflect that no relief would be granted in regards to late fees as well. Director Coverdell referenced the sentence stating that "the Manager's determination shall be final and non-appealable" and requested that language be included to state that it is not appealable "to the Board of Directors".

ON MOTION by Director Coverdell and seconded by Director Feldman, the Board voted as follows to approve and adopt the Resolution Amending the District's General Regulations Regarding Water Service at Section H, Pertaining to High Bill Relief; with the addition of language in the Resolution to include that the Manager's determination shall be final and not appealable with the inclusion of "to the Board of Directors", and that the proposed language presented in red as Option 2, be included within the body, as a part of the Resolution, and the inclusion of the previously omitted $500. figure, so that the statement would read "provided that the amount of relief shall not exceed 25% of the difference between the amount of the high bill and the amount of the average of the prior years' bills, or $500.00, whichever amount is less:

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

President Ascher than advised Ms. Kramer that under the provisions of the recently passed Resolution, she was eligible for some relief on the bill and that she now needed to work directly with Mr. Schmidt to resolve the matter.

Mr. Condotti then requested that, for accurate recording of the Minutes, that items 7B and 7C be officially acknowledged and acted on by the Board of Directors:

B. <u>Discussion and direction to staff regarding request for relief of water bill from Leslie Kramer for service located at 624 Pilarcitos Avenue</u>

C. <u>Discussion and direction to staff regarding request for relief of water bill from Kia Vakili for service located at 186 San Mateo Road</u>

ON MOTION by Director Coverdell and seconded by Director Feldman, the Board voted as follows to direct the General Manager to deal with these two request items in accordance with the newly adopted Resolution amending the District's General Regulation Regarding Water Service at Section H, Pertaining to High Bill Relief:

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

D. <u>Discussion and direction to staff regarding request for relief of late payment charges totaling $7.47 from Ms. Margaret Branick-Abilla for services located at 262 Avenue Balboa (Account #'s 011424 and 011425</u>

Mr. Schmidt stated that his recommendation is to continue with the District's practice of enforcing payment of all late payment charges. Mr. Schmidt referenced his staff report, reiterating that this request for relief of late payment charges was for $7.47. He also reviewed the District's billing process, including the series of notices that are mailed prior to shutting off a customer's water service.

The Board concurred with Director's Coverdell's statement that these small issues detract from the Board's attention and focus on much more important, valuable matters, including District improvement and construction projects.

Mr. Condotti informed the Board that in his opinion, the District has a fairly comprehensible late payment penalty policy, that the Board put in place a few years ago. He further stated that in his mind, the policy is satisfactory for the business of the District and could be handled directly by the General Manager. Mr. Condotti stated that he could possibly review the late payment policy in further detail and that one option for handling these issues could include placing copies of this type of correspondence in the Board packet, after the matters have been dealt with by the General Manager, under the Consent Calendar portion of the agenda, if the Board has any concerns with these issues.

President Ascher advised Mr. Schmidt and Mr. Condotti that if they felt that additional language was still necessary to clarify this issue, to please proceed in this direction.

E. Discussion and direction to staff regarding the Denniston Restoration Project Special Board Meeting/Workshop

Mr. Schmidt provided a brief background of this item, and reviewed the tasks to be completed by TRC Essex, reporting that he was very pleased with their progress on the project. He then invited Mr. Kevin Janik, Project Manager with TRC Essex to make a brief presentation.

Kevin Janik –Project Manager, TRC Essex, 637 Main Street, Half Moon Bay
Mr. Janik referenced his Monthly Progress Report provided in the Board packet and provided a brief overview of some of the work performed over the past month. He also reviewed progress of the field work, project research, project boundaries, GIS mapping, evaluation of stream-flow monitoring methodologies and the data currently being utilized by CCWD, results of some of the meetings with agencies, landowners and consultants and several other on-going related tasks.

Mr. Schmidt then distributed an e-mail from Mr. Janik containing several "next-step" suggestions and a letter provided from Tim Frahm, Consultant, highlighting several important topics that have recently been discussed in regards to the proposed project.

Tim Frahm, 315 Magnolia Street, Half Moon Bay - Mr. Frahm stated that he was very pleased to see that so many of the points highlighted in his report were replicated in Mr. Janik's report. He reported that he felt that TRC Essex was performing an excellent job and was very impressed with their work, especially in their recent meetings with other interested agencies. Mr. Frahm stated, that in his opinion, the process cannot move forward unless it is done in an atmosphere of trust and assurances. The resource agencies have to feel an assurance that the resources that they are empowered to protect are going to be protected and that CCWD has to trust and be assured throughout the process that their interests are going to be preserved and maintained and that the current property owner, POST, and the tenant farmer also share those feelings of assurance. These negotiations with agencies need to be conducted with "eyes-wide-open", but with the understanding that the resource agencies are serious about the protective measures that they are requesting.

Mr. Frahm addressed several questions from Board members and the Board proceeded to discuss the advantages and disadvantages in continuing with the December 12th Initial Resource and Planning Analysis of the Proposed Denniston Reservoir Restoration Project, as planned.

Mr. Janik and Mr. Frahm agreed that the Board should consider changing the agenda and list of attendees for the December 12th meeting and suggested that the Board reevaluate what they wish to achieve at this meeting and then to review and determine if all of the information is available to present at this time, in order to accomplish these goals. Mr. Janik also recommended that meetings be scheduled with representatives from CCWD and POST to begin discussions to find ways to agree on how to move forward with the project, which can then be presented to the other interested agencies.

The Board continued to discuss the positive progress that has been accomplished so far with the project, and the best ways to proceed from this point, including what the focus and goals should be if the meeting is still held on December 12th. President Ascher recommended that the District proceed with the December 12th meeting but adjust the invitees and adjust the program, more in line with Mr. Frahm's suggestions.

ON MOTION by Director Coverdell and seconded by Director Mickelsen, the Board voted as follows to provide TRC Essex with an additional month, until approximately the middle of January, and to utilize this additional time to refine the scope and intent of the meeting, as well as the invitation list:

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

President Ascher announced that the motion was defeated and reported that the District's Public Outreach Committee is scheduled to meet on Thursday, November 16th and they will discuss the matter further and report back to the Board and consultants.

Mr. Schmidt then proposed another option that the meeting be held on December 12th, possibly as part of the regular December Board meeting, in the form of an informative workshop for approximately an hour. The list of invitees would be much smaller, but it would allow an opportunity to circulate

some of the information that has been obtained, and share it with some key interested agency members. The Board agreed with this suggestion of Mr. Schmidt's and directed staff to cancel the reservation at the Train Depot, and determined that further details could be developed by the Public Outreach Committee later in the week. Mr. Condotti was also directed to continue communication with the members of POST.

F. Discussion and possible adoption of Resolution providing for a supplemental deferred compensation plan to District employees – Presentation by John Parsons, District CPA

Mr. Schmidt introduced this item, reporting to the Board that at a recent all-employee meeting, Mr. Parsons had made a brief presentation on another 457 Plan, in which several employees had expressed an interest.

Mr. Parsons informed the Board that he had recently reviewed the District's plan with Valic and found it to be a decent plan, but noted that the majority of the employees had their contributions in the conservative money market funds, which indicated to him that there may be a lack of information and education being provided to the employees regarding their investment options.

Mr. Parsons stated that he is very impressed with one of the firms that he represents, which is The Hartford. He expressed a willingness to meet with each interested employee to review their Valic account balance, their risk tolerance, address tax issues, and discuss possible options for any new contributions.

ON MOTION by Director Coverdell and seconded by Director Mickelsen, the Board voted as follows to adopt the Resolution establishing an additional 457 Employee Deferred Compensation Plan:

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

G. Consideration of a Resolution Changing The Start Time of Regular Board Meetings from 7:30 p.m. to 7:00 p.m.

Mr. Schmidt reported that this item was the result of a request from the Board at the October Board meeting, to change the start time of the monthly Board meetings from 7:30 p.m. to 7:00 p.m.

ON MOTION by Director Mickelsen and seconded by Director Coverdell, the Board voted as follows to adopt the Resolution Changing the Time of Regular Board Meetings:

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

H. Consideration of Resolution Amending Personnel Manual Relating to Health Insurance Benefits For New Employees And Other Non-Substantive Changes

Mr. Schmidt advised the Board that this was a follow up from a discussion at the October Board meeting, where the Board discussed proposed changes to the District's Personnel Manual to limit health benefits for new employees (those hired after effective date of resolution) to fifty percent of premiums for medical, dental, vision and life/accidental death and dismemberment insurance. Mr. Schmidt did inform the Board that the term "life insurance" needed to be added to the Resolution under Section 4.11. "Health Benefits – Regular Employees and Retirees Hired After November 14, 2006", explaining that this term had been omitted during the Resolution preparation.

The Board briefly discussed this item, with Mr. Schmidt addressing several of their questions.

ON MOTION by Director Mickelsen and seconded by Director Feldman, the Board voted as follows to adopt the Resolution Amending the Personnel Manual Relating to Health Insurance Benefits For New Employees and Other Non-Substantive Changes:

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

I. Discussion and possible adoption of Resolution regarding Section 3.02 of the CCWD Personnel Manual regarding holiday pay Schedule

President Ascher reported that this item would be pulled from the Agenda due to the fact that the District's Human Resource Committee had not had an opportunity to meet yesterday and review the latest recommendation on this item and that the item would be placed on a future agenda.

J. **Status Report of the Current Major Capital Improvement Projects**

Mr. Schmidt complimented Mr. Teter on the excellent quality of the report he prepared dated November 6, 2006, which provided a listing of the tasks that must be completed in order to complete the project's contract documents so that it can go to bid. He reported that the document, organizing the tasks to be completed by categories, was an extremely valuable tool in moving the project forward and on schedule, and he was very appreciative that Mr. Teter took the time to prepare this important report.

K. **Correspondence: (1)** Letter to Marcia Raines, Half Moon Bay City Manager dated October 23, 2006; **(2)** E-mail transmitted November 7, 2006 from Bay Area Water Supply & Conservation Agency (BAWSCA) regarding correspondence with S.F. Mayor Newsom, Commissioners of the San Francisco Public Utilities Commission and Ms. Susan Leal; **(3)** E-mail dated November 9, 2006 from Tim Ramirez of the SFPUC providing a Summary of the Pilarcitos Creek Integrated Watershed Management Plan; **(4)** The Bay Area Water Supply and Conservation Agency Water Wise Program Summary Report for School year 2005-2006

There were no comments from the Directors on any of the correspondence.

8) MEETINGS ATTENDED / SCHEDULED – BOARD OF DIRECTORS – INCLUDING COMMITTEES, CUSTOMERS, OTHER AGENCIES, ETC.

Director Mickelsen reported that he would be attending a BAWSCA Board meeting during the week and would provide a report to the Board in December.

Director Feldman reported that he attended a Special District Institute Finance Seminar during the second week of October and based on the information he obtained at the seminar, it is very evident that the District is doing everything right in terms of conducting the District's financial business.

President Ascher stated that he would be attending the Association of California Water Agencies Fall Conference in Southern California during the first week of December and additionally would be serving on one of the subcommittees and would be providing a report at the December Board meeting.

President Ascher inquired about the results of the meeting with the auditors. Mr. Schmidt explained that the Finance Committee had reviewed the initial results, which were very positive, that the committee had requested that a few changes be made, and that the audit would be presented to the full Board at the December 14th Board meeting.

A. <u>Interim Report of the Rate Sub-Committee</u>

Director Feldman reference the report that Director Larimer had prepared and suggested that the Board review it and expressed that he felt that the model implies a very exciting product, and that at some point in the future, he hopes that the Board can agendize the subject and explore the concept in further depth.

9) AGENDA ITEMS AND DIRECTOR COMMENTS

Director Coverdell inquired about the status and progress of the District's hydrological model. Mr. Schmidt responded that he has a meeting scheduled with Mr. Rudolph Metzner for November 20th to confirm that the model is up to date and also to obtain some contact information for some individuals that may be able to assist the District in continuing with the development and maintenance of the model.

10) The meeting was adjourned at 9:03 p.m. The next meeting of the Coastside County Water District Board of Directors is scheduled for Tuesday, December 12, 2006 at 7:00 p.m.

Respectfully submitted

_____
Ed Schmidt, General Manager

_____
Everett Ascher, President

STAFF REPORT

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

From: **Ed Schmidt, General Manager**

Agenda: **December 12, 2006**
Report
Date: December 5, 2006

Subject: **Monthly Water Transfer Approval 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 included directing the General Manager to approve routine water transfer applications that met the District's criteria as originally embodied in Resolution 2002-17 and continued in 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 of information.

Since the Board meeting in November 2006, one application to transfer one---5/8" (20 gpm) non-priority water service connection was approved. A spreadsheet reporting the transfer for the month of November 2006 follows this report as well as the approval letter from Anthony Condotti and the confirmation letter from Glenna Lombardi.

LAW OFFICES

ATCHISON, BARISONE, CONDOTTI & KOVACEVICH

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333 CHURCH STREET

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WENDY B. MORGAN
JEFFREY E. BARNES
HEATHER J. LENHARDT

December 4, 2006

Via Facsimile 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:
Corado/McComas, L.P. to Marcos and Esther Hernandez
APN 037-320-270 to 056-055-130

Dear Glenna:

This will confirm my review of the Application to Transfer Uninstalled Water Service Connection Rights 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

December 5, 2006

Corado, Inc./Corado-McComas LP
1717 N. Bayshore Drive #1432
Miami, FL 33132

Marcos and Esther Hernandez
420 Grand Boulevard
Half Moon Bay, CA 94019

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 one—5/8" (20 gpm) Crystal Springs Project non-priority water service connection. The result of this transfer is as follows:

- **APN 037-320-270** continues to have the remaining rights to 32—5/8" (20 gpm) non-priority water service connections from Crystal Springs Project ; and

- **APN 056-055-130** now has a one--5/8" (20 gpm) non-priority water service connection assigned to it from the Crystal Springs Project.

Please be advised that the City Council of the City of Half Moon Bay has recently 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,

Ed Schmidt, General Manager, by:

G. Lombardi

Glenna Lombardi

APPROVED AND PROCESSED TRANSFERS FOR THE 2006 CALENDAR YEAR

DONATING APN	RECIPIENT APN	PROPERTY OWNERS	# OF CONNECTIONS	DATE
037-320-270	056-055-130	Corado/McComas to Hernandez	one---5/8" non-priority	Nov-06

COASTSIDE COUNTY WATER DISTRICT

Installed Water Connection Capacity & Water Meters

2006

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	3	1	3			**9**
3/4" meter					1.5			1.5					**3**
HMB Priority													
5/8" meter													**0**
3/4" meter													**0**
1" meter													**0**
County Non-Priority													
5/8" meter			2	2							1		**5**
3/4" meter	1.5												**1.5**
1" meter						2.5							**2.5**
County Priority													
5/8" meter										1			**1**
3/4" meter	1.5	1.5											**3**
1" meter													**0**
Monthly Total	**3**	**1.5**	**2**	**2**	**2.5**	**2.5**	**1**	**4.5**	**1**	**4**	**1**	**0**	**25**

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					2		1	4	1	3			**11**
HMB Priority													**0**
County Non-Priority	1		2	2		1					1		**7**
County Priority	1	1								1			**3**
Monthly Total	**2**	**1**	**2**	**2**	**2**	**1**	**1**	**4**	**1**	**4**	**1**	**0**	**21**

TOTAL CCWD PRODUCTION (HCF) ALL SOURCES-2006

	PILARCITOS		DENNISTON		CRYSTAL SPRINGS	SAN VIN.	RAW WATER	UNMETERED	TOTAL	
	WELLS	LAKE	WELLS	RESERVOIR	RESERVOIR	RESERVOIR	TOTAL	USAGE	HCF	MG
JAN	12,326	18,971	0	0	32,353	0	63,650	214	63,436	47.45
FEB	15,294	40,989	2,139	4,893	615	0	63,930	53	63,877	47.78
MAR	17,727	50,013	0	0	321	0	68,061	134	67,928	50.81
APR	0	103,422	0	0	267	0	103,690	227	103,463	77.39
MAY	0	83,543	3,235	15,053	0	0	101,832	227	101,604	76.00
JUN	0	60,882	2,005	18,730	27,139	0	108,757	2,714	106,043	79.32
JUL	0	0	2,259	21,858	122,701	0	146,818	2,019	144,799	108.31
AUG	0	0	1,390	19,799	102,340	0	123,529	789	122,741	91.81
SEPT	0	0	2,126	21,203	104,118	0	127,447	1,016	126,430	94.57
OCT	0	0	1,698	20,401	86,872	0	108,971	2,072	106,898	79.96
NOV	9,586	22,995	976	9,412	40,561	0	83,529	160	83,369	62.36
DEC	0	0	0	0	0	0	0	0	0	0.00
TOTAL HCF	54,933	380,816	15,829	131,350	517,286	0	**1,100,214**	9,626	**1,090,588**	
TOTAL MG	41.09	284.85	11.84	98.25	386.93	0.00	**822.96**	7.20		**815.76**
% TOTAL	5.0%	34.6%	1.4%	11.9%	47.0%	0.0%	**100.0%**	0.9%	99.1%	

Coastside County Water District Monthly Sales By Category (HCF)
2006

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	HCF to Date	MG to Date
RESIDENTIAL	26,648	37,849	22,883	37,829	27,954	67,438	40,524	79,653	43,351	68,097	32,646		484,872	362.68
COMMERCIAL	8,935	1,598	7,266	1,654	8,837	2,003	9,904	2,344	11,305	2,174	9,296		65,316	48.86
RESTAURANT	3,075	17	2,789	17	3,183	39	3,700	182	3,546	44	2,966		19,558	14.63
HOTELS/MOTELS	6,125	151	5,568	170	6,509	235	7,089	286	8,373	219	6,493		41,218	30.83
SCHOOLS	1,121	102	820	91	1,448	186	4,420	275	6,972	213	2,806		18,454	13.80
MULTI DWELL	6,746	7,910	5,912	7,364	6,642	9,137	7,981	9,372	8,277	9,072	6,423		84,836	63.46
BEACHES/PARKS	350	17	309	5	525	130	1,388	211	1,529	213	1,003		5,680	4.25
FLORAL	19,797	300	18,090	249	32,609	327	25,746	360	25,150	379	21,009		144,016	107.72
RECREATIONAL	144	191	121	229	85	259	103	324	146	274	108		1,984	1.48
MARINE	1,844	0	1,450	0	767	0	2,595	0	2,047	0	2,017		10,720	8.02
IRRIGATION	2,673	551	481	305	248	3,037	25,160	4,183	31,539	3,084	15,440		86,701	64.85
HCF	77,458	48,686	65,689	47,913	88,807	82,791	128,610	97,190	142,235	83,769	100,207	0	**963,355**	
MG	57.94	36.42	49.14	35.84	66.43	61.93	96.20	72.70	106.39	62.66	74.95	0.00		**720.59**

Coastside County Water District Monthly Sales By Category (HCF)
2005

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	HCF to Date	MG to Date
RESIDENTIAL	26,396	42,951	25,636	44,560	27,498	67,970	43,363	69,203	35,473	72,563	31,151		486,764	364.10
COMMERCIAL	8,368	1,938	8,379	1,948	8,672	2,258	11,634	2,340	8,933	3,855	8,654		66,979	50.10
RESTAURANT	2,825	10	2,831	17	2,685	41	3,659	46	2,546	683	3,525		18,868	14.11
HOTELS/MOTELS	5,172	194	4,401	142	5,683	200	8,076	221	7,720	215	6,359		38,383	28.71
SCHOOLS	690	89	910	126	1,608	342	5,305	241	6,187	211	3,730		19,439	14.54
MULTI DWELL	5,724	8,258	6,238	7,678	6,419	8,649	8,141	8,093	7,987	8,814	6,476		82,477	61.69
BEACHES/PARKS	353	10	343	39	482	106	1,319	171	1,460	168	898		5,349	4.00
FLORAL	22,674	260	19,634	316	27,081	248	23,497	4,502	34,090	241	21,630		154,173	115.32
RECREATIONAL	93	290	94	321	91	308	205	322	198	286	159		2,367	1.77
MARINE	1,976	0	1,518	0	1,831	0	2,483	1,841	2,136	0	1,703		13,488	10.09
IRRIGATION	581	348	1,483	638	616	2,522	14,064	4,300	15,171	4,028	10,878		54,629	40.86
HCF	74,852	54,348	71,467	55,785	82,666	82,644	121,746	91,280	121,901	91,064	95,163	0	942,916	
MG	55.99	40.65	53.46	41.73	61.83	61.82	91.07	68.28	91.18	68.12	71.18	0.00		705.30

Coastside County Water District
November 2006 Leak Report

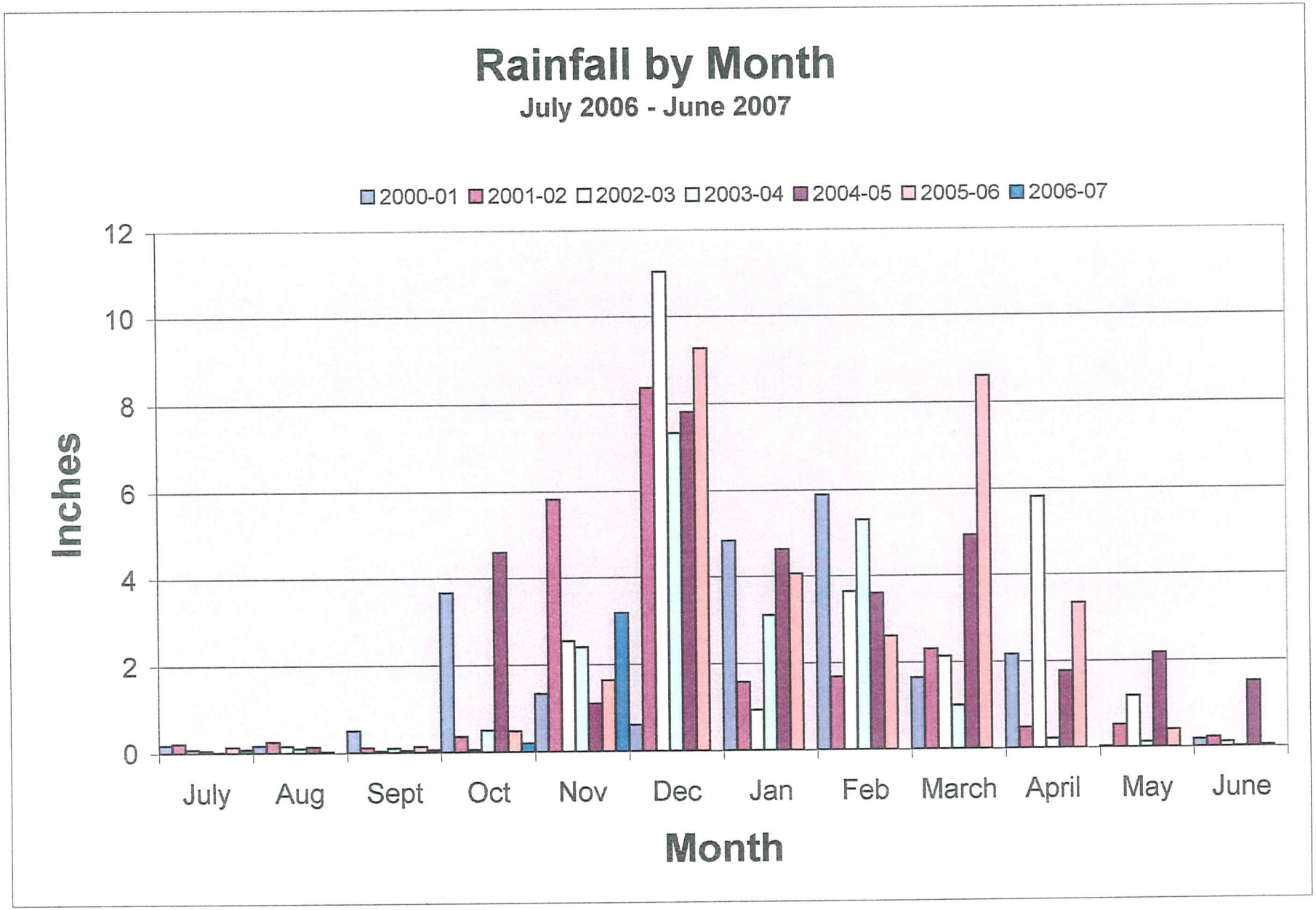
Date	Location	City	Pipe Type / Size	Repair Material	Estimated Water Loss	Estimated Cost of Repair
1 Nov	Miramonte @ S. Benito	HMB	2” galv	2” full circle	15120	$475
1 Nov	Myrtle St. @ Third Ave	HMB	¾” plastic service	5’ copper/ 2 comp fittings	4320	$375
9 Nov	Pine Ave	HMB	1” plastic service		4800	$875
9 Nov	Flush El Granada Blvd	EG			3000	
12 Nov	624 Johnston	HMB	2” galv	2” x 7 ½ full circle	5700	$1,200
14 Nov	Flush hydrant @ Cuhna School	HMB			4500	
14 Nov	Flush El Granada Blvd & Princeton				3000	
16 Nov	870 Mill St	HMB	2” galv	2” x 7 ½ full circle	18000	$2,300
16 Nov	Mill St	HMB	2” galv	2” x 7 ½ full circle	9000	$975

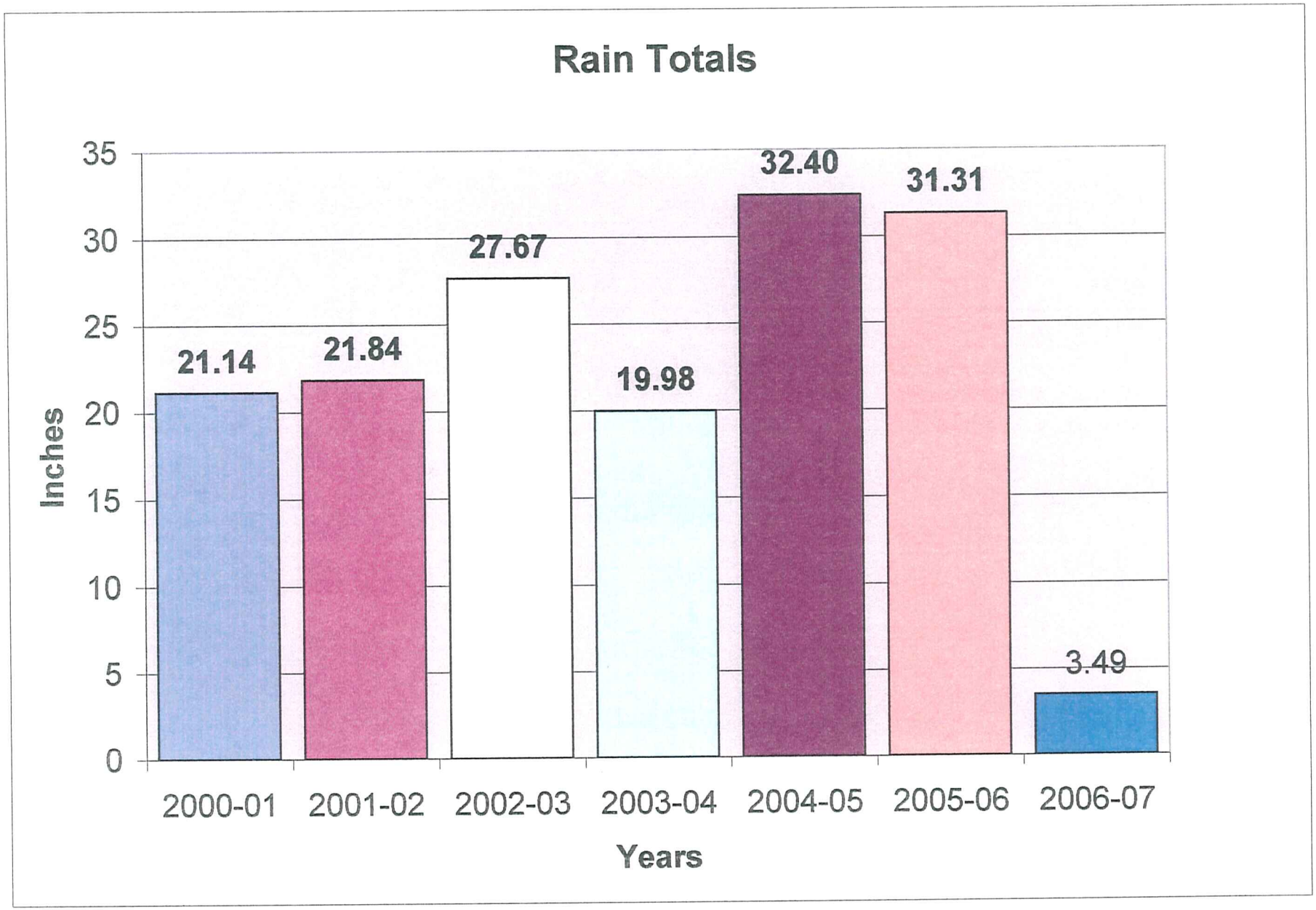
Estimated Water Loss – 67440 gallons
Estimated Cost for Repairs - $ 6,200

Coastside County Water District
766 Main Street
July 2006 - June 2007

District Office
Rainfall in Inches

	2006						2007					
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June
1	0	0	0	0	0.14							
2	0	0		0	0.17							
3	0	0	0	0	0.33							
4	0	0	0	0	0							
5	0	0	0	0.06	0.01							
6	0	0	0	0.01	0.01							
7	0	0	0	0	0.02							
8	0	0	0.02	0	0.16							
9	0.02	0	0	0.01	0							
10	0	0	0.01	0.01	0							
11	0	0	0	0	0.31							
12	0.02	0	0	0	0							
13	0	0	0	0	0.64							
14	0.01	0	0	0	0.51							
15	0	0	0	0	0.01							
16	0	0	0	0.04	0							
17	0	0	0	0.01	0.03							
18	0	0	0	0	0							
19	0	0	0.01	0	0.01							
20	0	0	0	0	0							
21	0	0	0	0	0.02							
22	0	0	0	0	0.12							
23	0	0	0	0	0.01							
24	0	0	0.01	0	0.01							
25	0	0	0	0.02	0							
26	0	0	0	0.01	0.58							
27	0.01	0	0	0.02	0.08							
28	0.01	0	0	0	0.01							
29	0	0	0	0	0							
30	0	0	0	0	0							
31	0	0		0								
Mon.Total	0.07	0.00	0.05	0.19	3.18	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Year Total	0.07	0.07	0.12	0.31	3.49	3.49	3.49	3.49	3.49	3.49	3.49	3.49


Rainfall by Month
July 2006 - June 2007
2000-01
2001-02
2002-03
2003-04
2004-05
2005-06
2006-07
Inches
12
10
8
6
4
2
0
July
Aug
Sept
Oct
Nov
Dec
Jan
Feb
March
April
May
June
Month


Rain Totals
Inches
35
30
25
20
15
10
5
0
21.14
21.84
27.67
19.98
32.40
31.31
3.49
2000-01
2001-02
2002-03
2003-04
2004-05
2005-06
2006-07
Years

MONTHLY CLIMATOLOGICAL SUMMARY for NOV. 2006

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	55.6	64.6	12:00p	44.4	12:30a	9.4	0.0	0.14	0.9	9.0	12:00p	SSW
2	62.9	68.4	1:00p	57.0	12:30a	2.3	0.2	0.17	1.7	15.0	2:00p	SE
3	63.6	71.2	1:00p	58.4	10:30p	2.4	1.0	0.33	0.0	0.0	12:00a	---
4	58.9	67.9	1:30p	51.7	12:00m	6.2	0.1	0.00	0.2	9.0	2:30p	N
5	58.4	66.8	1:30p	50.6	4:00a	6.7	0.1	0.01	0.7	11.0	2:00p	W
6	61.1	70.1	1:00p	54.5	3:00a	4.6	0.7	0.01	0.6	9.0	12:00p	SW
7	61.1	68.1	1:00p	54.2	7:00a	4.1	0.2	0.02	0.8	11.0	3:30p	WNW
8	59.6	63.9	12:00p	54.5	12:00m	5.4	0.0	0.16	2.5	17.0	3:30p	NNW
9	52.7	60.9	3:30p	44.3	11:30p	12.3	0.0	0.00	1.2	12.0	2:00p	N
10	51.3	61.6	1:00p	43.3	7:00a	13.7	0.0	0.00	0.8	10.0	3:30a	WSW
11	54.0	61.1	3:30p	45.3	12:00m	11.0	0.0	0.31	2.2	18.0	11:30a	NNW
12	52.6	61.7	1:00p	42.8	7:30a	12.4	0.0	0.00	1.2	11.0	12:00p	N
13	58.0	63.1	1:00p	49.4	4:30a	7.0	0.0	0.64	2.6	15.0	9:30a	SE
14	55.3	60.4	2:00p	47.1	11:30p	9.7	0.0	7.12	1.3	13.0	9:30a	WNW
15	54.2	65.4	2:30p	46.1	3:00a	10.8	0.0	0.01	1.0	13.0	5:00a	N
16	58.5	68.9	1:30p	48.7	12:30a	6.9	0.4	0.00	0.2	5.0	1:30a	N
17	59.0	67.5	12:30p	49.9	12:00m	6.0	0.0	0.03	0.4	8.0	1:00p	NNW
18	58.2	70.3	3:00p	48.8	2:00a	7.4	0.6	0.00	2.1	17.0	12:00p	N
19	56.6	67.1	12:30p	50.5	4:30a	8.4	0.1	0.01	0.3	7.0	12:30p	SW
20	60.4	70.3	2:30p	51.8	2:00a	5.1	0.6	0.00	1.2	11.0	10:00a	NNE
21	57.6	66.0	12:30p	48.0	12:00m	7.4	0.0	0.02	0.3	7.0	2:30p	SSW
22	55.6	64.7	12:00p	47.1	3:00a	9.4	0.0	0.12	0.5	10.0	11:00p	NNE
23	49.9	59.3	3:00p	40.3	12:00m	15.1	0.0	0.01	1.9	16.0	1:30p	N
24	48.5	57.6	3:00p	38.7	7:00a	16.5	0.0	0.01	1.9	12.0	4:00p	NNE
25	50.4	59.6	2:30p	41.5	6:30a	14.6	0.0	0.00	0.7	10.0	1:00p	N
26	50.1	55.0	11:00a	43.6	5:00a	14.9	0.0	0.58	1.0	15.0	3:00p	SE
27	50.3	60.1	1:00p	41.1	12:00m	14.7	0.0	0.08	0.4	16.0	1:30p	SW
28	46.1	53.8	2:00p	38.1	6:30a	18.9	0.0	0.01	1.4	14.0	10:00a	N
29	45.6	55.1	3:00p	37.7	2:30a	19.4	0.0	0.00	2.5	21.0	7:00a	N
30	49.3	58.8	2:30p	38.7	1:30a	15.7	0.0	0.00	2.9	16.0	11:30a	N
	55.2	71.2	3	37.7	29	298.6	3.9	~~9.79~~ 3.18	1.2	21.0	29	N

Max >= 90.0: 0
Max <= 32.0: 0
Min <= 32.0: 0
Min <= 0.0: 0
Max Rain: 7.12 ON 11/14/06
Days of Rain: 13 (>.01 in) 9 (>.1 in) 1 (>1 in)
Heat Base: 65.0 Cool Base: 65.0 Method: Integration

- ANOMALY.

STATION (Climatological) Half Moon Bay (River Station, if different) | MONTH Nov | 20 06

STATE Ca | COUNTY San Mateo | RIVER

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

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

NOAA FORM B-91 (10-80)

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

RECORD OF RIVER AND CLIMATOLOGICAL OBSERVATIONS

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, hail, (Ins. and tenths)	At Ob. Snow, ice pellets, hail, ice on ground (Ins.)	WEATHER (Calendar 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	60	39	55	0.0											08.08		G.C
2	67	52	60	.17											0751		JW
3	65	50	57	0.16											0810		T
4	65	50	57	.10											0812		T
5	65	46	58	.01											0833		JW
6	67	50	57	0.0											0756		J
7	68	50	58	0.01			X								08:30		GC
8	61	56	57	.15											0745		JW
9	61	44	56	T											0854		T
10	60	38	54	0.0											0900		J
11	61	44	54	0.28											0810		T
12	63	37	61	0.00											10'57		J.W
13	67	48	57	0.11											08:30		G.C
14	60	49	57	0.51											0815		
15	59	40	48	0.01											0725		J
16	64	41	56	T.											0900		GC
17	62	53	58	0.04											0815		GC
18	62	43	59	T											0815		T
19	69	45	47	0.0											0701		J
20	66	42	57	T											08:20		GC
21	66	54	56	.01											0834		JW
22	68	42	56	0.0											08:20		G.C
23	61	38	51	0.08											0828		T
24	61	34	42	0.00											08.00		JW
25	58	37	46	0.00											0815		T
26	59	40	54	0.00											11:17		JW
27	56	46	50	0.55											08:30		G.C
28	56	33	42	0.08											08:10		GC
29	54	34	40	0.01											08:0		GC
30	56	33	43	0.00											0906		T
31																	
SUM			SUM				Fog	Ice Pal.	Glaze	Thund.	Hail	Dam. Winds					

PRECIPITATION — Draw a straight line (——) through hours precipitation was observed, and a waved line (~~~) through hours precipitation probably occurred unobserved. A.M. 1 2 3 4 5 6 7 8 9 10 11 NOON P.M. 1 2 3 4 5 6 7 8 9 10 11

WEATHER (Calendar Day) — Mark 'X' for all types occurring each day.

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 MTR

STATION INDEX NO. 04-3714

STATION (City or local): Half Moon Bay (River Station, if different)

MONTH: October 20 06

FORM B-91 (2/00)

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

STATE: Ca. | COUNTY: | RIVER:

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

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

RECORD OF RIVER AND CLIMATOLOGICAL OBSERVATIONS

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, hail, (Ins. and tenths)	At Ob. Snow, ice pellets, hail, ice on ground (Ins.)	WEATHER (Calendar 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	49	59	0.00											08:55		Ga Ca
2	63	49	57	0.00											08:00		[illegible]
3	66	40	48	0.00											08:10		[illegible]
4	65	45	56	0.00											08:00		[illegible]
5	63	51	55	0.46											08:05		[illegible]
6	65	46	57	0.01											08:05		[illegible]
7	60	54	56	0.00											07:54		[illegible]
8	69	47	55	0.01			✓								08:55		Ga Ca
9	67	41	51	T											08:35		Ga Ca
10	65	50	57	0.00											08:20		[illegible]
11	68	46	54	0.00											08:20		[illegible]
12	66	44	50	0.01											08:15		[illegible]
13	64	46	57	0.00											08:10		[illegible]
14	65	56	57	0.00											08:30		
15	61	55	56	0.00											08:30		Ga
16	58	54	58	0.03											08:30		Ga
17	63	42	47	0.01											08:10		Ga
18	64	42	62	0.00											08:10		[illegible]
19	73	39	48	0.00											08:25		[illegible]
20	69	43	53	0.00											08:20		[illegible]
21	84	46	70	0.00											08:50		
22	83	49	55	Trace											09:00		Ga Ca
23	59	48	50	Trace			X								08:25		[illegible]
24	65	40	52	0.00			X								07:55		[illegible]
25	64	44	53	0.01											08:05		[illegible]
26	70	42	62	0.00											08:15		[illegible]
27	79	42	64	0.00											08:20		[illegible]
28	85	43	51	0.00											07:50		
29	69	40	66	0.00											08:10		Ga
30	67	51	53	0.00											07:30		Tw
31	61	48	52	0.00											07:30		Tw
SUM			SUM														

PRECIPITATION: Draw a straight line (——) through hours precipitation was observed, and a waved line (~~~) through hours precipitation probably occurred unobserved. A.M. 1 2 3 4 5 6 7 8 9 10 11 NOON P.M. 1 2 3 4 5 6 7 8 9 10 11

WEATHER: Mark 'X' for all types occurring each day.

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

READING	DATE

Fog | Ice Pel. | Glaze | Thund. | Hail | Dam. Winds

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 2006

J. Chester, B. McGurk, M. Tsang, November 6, 2006

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, 2006

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/]	270,496		340,830		70,334		79.4 %
Cherry [2/]	250,888		268,810		17,922		93.3 %
Lake Eleanor [3/]	17,345		23,541		6,196		73.7 %
Water Bank	570,000		570,000		0		Full
Tuolumne Storage	1,108,729		1,203,181		94,452		92.1 %
Local Bay Area Storage							
Calaveras [4/]	37,581	12,246	96,824	31,550	59,243	19,304	38.8 %
San Antonio	38,881	12,669	50,496	16,454	11,615	3,785	77.0 %
Crystal Springs	49,714	16,199	58,377	19,022	8,663	2,823	85.2 %
San Andreas	18,470	6,018	18,996	6,190	526	172	97.2 %
Pilarcitos	2,340	762	3,099	1,010	759	248	75.5 %
Total Local Storage	146,986	47,895	227,792	74,226	80,806	26,331	64.5 %
Total System	1,255,715		1,430,973		175,258		87.8%

[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 1.06 inches, 59.7% of the average index for the month.

Cumulative Precipitation to Date: Total precipitation index for water year 2007 is 1.06 inches, or 2.98% of the average annual water year, or 59.7% of the season to date precipitation.

[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.

Tuolumne Basin Unimpaired Inflow

Unimpaired inflow to SFPUC reservoirs and Tuolumne River at La Grange as of November 1 is summarized below in Table 2. Water available to the City is also shown in Table 2.

Table 2
Unimpaired Inflow
Acre-Feet

	October 2006				October 1, 2006 through October 31, 2006			
	Observed Flow	Median[6]	Average[6]	Percent of Average	Observed Flow	Median[6]	Average[6]	Percent of Average
Inflow to Hetch Hetchy Reservoir	2,533	3,183	6,098	41.5%	2,533	3,183	6,098	41.5%
Inflow to Cherry Reservoir and Lake Eleanor	0	2,216	5,138	0.0%	0	2,216	5,138	0.0%
Tuolumne River at La Grange	10,928	10,094	16,932	64.5%	10,928	10,094	16,932	64.5%
Water Available to the City	0	0	1,927	0.0%	0	0	1,927	0.0%

[6] Hydrologic Record: 1919 – 2005.

Hetch Hetchy System Operations

There was only 1.06 inch of precipitation since the beginning of water year 2007 on October 1. Draft from Hetch Hetchy Reservoir has been limited to the minimum streamflow release and water delivery through the San Joaquin Pipeline. Cherry Reservoir draft has been minimal and guided by the water management goal of moving Cherry and Eleanor storage to the usual pre-winter storage level. Kirkwood Powerhouse Unit #2 has been shutdown since late June for repairs, but should be available by early December.

In October, no water was pumped from Lake Eleanor to Lake Cherry.

SJPL Diversion

The average rate of San Joaquin Pipeline delivery during October was 288 mgd.

Local System

The average rate at the Sunol Valley Water Treatment Plant (SVWTP) for the month of October was 8 mgd. The average rate at Harry Tracy Water Treatment Plant during October was 30 mgd. October water demands averaged approximately 222 mgd. Water demand on November 1, 2006 was approximately 214 mgd.

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	0.62	15 %	0.62	21 %
Crystal Springs	0.44	33 %	0.44	25 %
Calaveras	0.17	28 %	0.17	11 %

[7] Since 7-1-2006

Figure 1: Water Year 2007 cumulative precipitation received at Hetch Hetchy Reservoir through the end-of-month October. Wet, dry, median and WY 2006 precipitation for the station at Hetch Hetchy are included for comparison purposes.

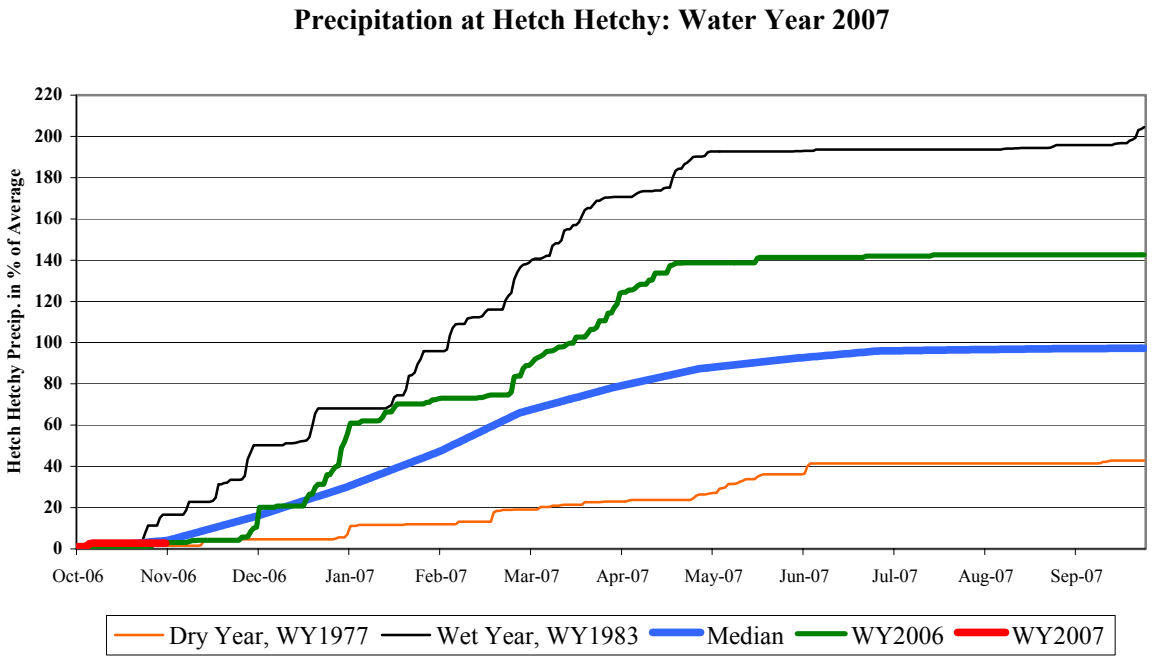
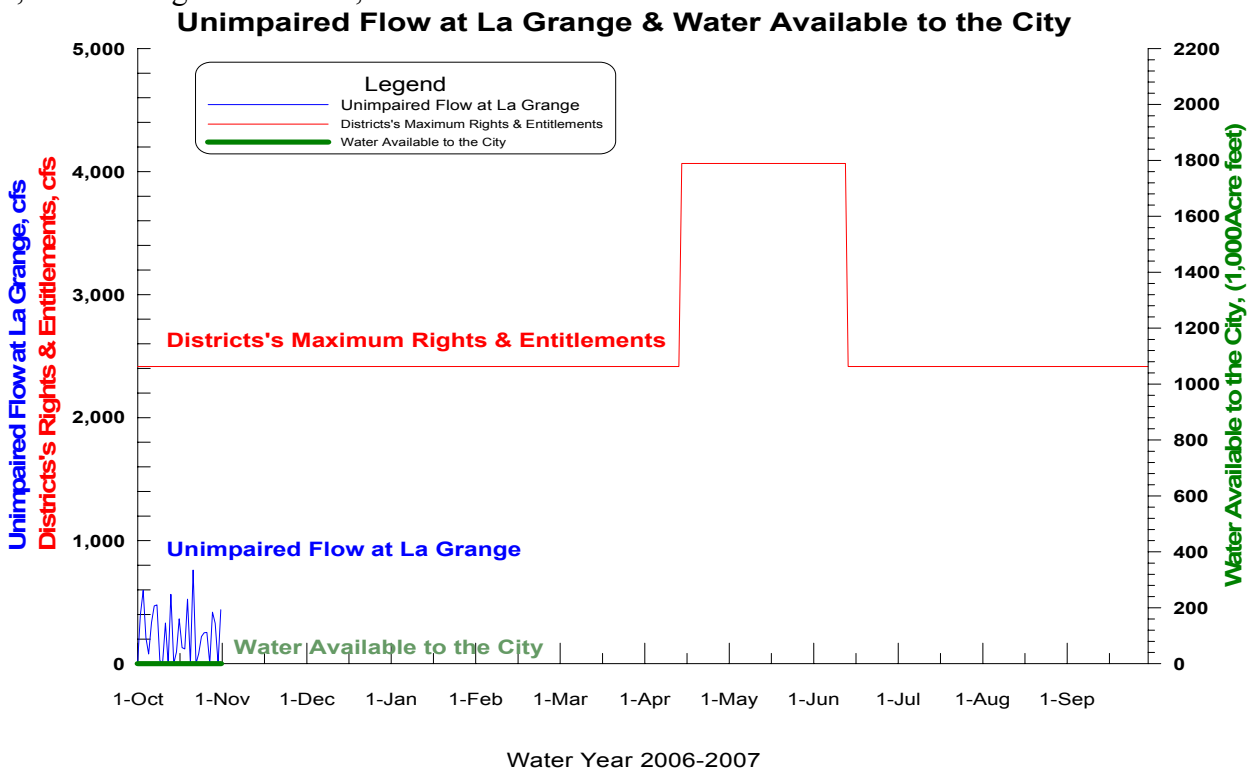


Figure 2: This graph shows the calculated unimpaired flow at La Grange and the allocation of flow between the Districts and the City. Water available to the City for the period from October 1, 2006 through October 31, 2006 is zero acre-feet.



cc	HHWP Records	Fong, Mike	Larramendy, Don	Sanguinetti, Dave
	Bauer, Leo	Gass, Matt	Levin, Ellen	Tsang, Michael
	Carlin, Michael	Hale, Barbara	McGurk, Bruce	
	Chester, John	Hannaford, Margaret	Rickson, Norman	
	Davis, Cheryl	Jensen, Art	Samii, Camron	
	DeGraca, Andrew	Kehoe, Paula	Sandkulla, Nicole	

STAFF REPORT

To: **Ed Schmidt, General Manager**

From: **Jim Teter, District Engineer**

Agenda: **December 12, 2006**

Report Date: **November 17, 2006**

Subject: **Engineering Projects Received for Review During November, 2006**

Recommendation:

None. The agenda item is informational.

Background:

The Board of Directors has requested a monthly report from the District Engineer on proposed new developments which have been forwarded to him for engineering review.

Projects Received:

There were no projects received for review.

Fiscal Impact:

None. All costs of engineering review are paid by the project applicant.

STAFF REPORT

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

From: **Ed Schmidt, General Manager**

Agenda: **December 12, 2006**

Report Date: **November 23, 2006**

Subject: **Acceptance of 190 Escalona Avenue – Non-Complex Pipeline Extension**

Recommendation:

Accept the water system improvements for the Non Complex Pipeline Extension Project at 190 Escalona Avenue as complete.

Background:

A non-complex pipeline extension project for 190 Escalona Avenue was completed in October 2006.

The District accepts the project utility system according to the conditions listed below:

- √ **that the Project Utility System was constructed in accordance with the district regulations**

- √ **All costs for the construction of the Project has been borne by the applicant and a refund was mailed to applicant on November 30, 2006.**

Fiscal Impact: **None.**

STAFF REPORT

To: Coastside County Water District Board of Directors

From: Ed Schmidt, General Manager

Agenda: December 12, 2006

Date: December 7, 2006

Subject: General Manager Activities

The following is an accounting of some of the activities I have been involved with for the period of Friday, November 10, 2006 through Thursday, December 7 2006:

- **Held "all employee" meeting on Monday, November 20, 2006**
- **Met and/or had discussions with the following individuals:**
  - Susan Danielson – Project Blueprint
  - Tim Frahm – San Mateo County Farm Bureau
  - John Parsons, CPA
  - Steve Stielstra – TRC Essex
  - Kevin Janik – TRC Essex
  - George Irving – Montara Water & Sanitary District
  - Lennie Roberts – Committee for Green Foothills
  - Paul Ringgold – POST
  - Chris Detwiller - POST
  - Kendall Flint
  - Danielle Brooke – PERS
  - Vikki Rodriguez – Maze & Associates
  - Tim Ramirez – San Francisco Public Utilities Commission
  - Ed Marlowe – Oscar Larson & Associates
  - Paul Nagengast – City of Half Moon Bay
  - Peter Vorster
  - Rudi Metzner
  - Marcia Raines – City of Half Moon Bay
  - Lucy Triffleman – U.S. Fish & Wildlife
  - Chris Ridgeway – Architect
  - Bill Mahar – Realtor
  - Carolyn Seeley
  - Andy Grubb – Office of Anna Eshoo

➢ Meetings Attended

- o CCWD Human Resources Committee – November 13, 2006
- o Public Outreach Committee –November 16, 2006
- o Rudi Metzner – Water Resource Associates – November 20, 2006
- o District Facilities Committee – December 6, 2006
- o BAWSCA TAC meeting – December 7, 2006

➢ Upcoming Meetings

- o Ev Ascher, Tim Frahm, Kevin Janik – Monday, December 11, 2006
- o Aaron Levinson and Jim Larimer – Communication Leasing Services, Inc. – Friday, December 15, 2006
- o Montara Water & Sanitary District – Mutual Interest Committee – Monday, December 18, 1006
- o Ev Ascher, Jim Larimer, Jeff Peck – Tuesday, December 19, 2006
- o HR Committee – Employment interviews for open position – December 20th or 21st, 2006

Coastside County Water District

Employee Meeting – Monday, November 20, 2006 – 8:00 a.m.

1. Discussion and possible adoption of Resolution regarding Section 3.02 pf the CCWD Personnel Manual regarding Holiday Pay Schedule

2. District's Fiscal Year 2005-2006 Financial Audit

3. Award of Contract for Carter Hill East Pipeline

4. Denniston Well Rehabilitation Project

5. High Bill Relief Policy – *(attachment)*

6. Resolution amending Personnel Manual relating to Health Insurance Benefits for new employees - *(attachment)*

7. Supplemental deferred compensation plan for District Employees

8. Denniston Restoration Project

9. Monthly Financial Reports

10. Holiday party *(attachment)*

11. California Public Employee's Retirement System – Retirement Planning Workshops – *(attachment)*

12. Superintendent of Operations Report – *(attachment)*

13. Safety

14. Office Manager's Report

15. Questions, Comments, Concerns

16. Adjournment

STAFF REPORT

To: **Ed Schmidt, General Manager**

From: **Joe Guistino, Superintendent of Operations**

Agenda Date: **December 12, 2006**

Date: December 5, 2006

Subject: **Operational Report – November 2006**

Source of Supply- Crystal Springs and Denniston Reservoirs and Denniston Well #9 were the main source of supply up to 21 November when we switched to Pilarcitos Lake.

Systems Improvement:

Denniston Wells

We are assured that the contractor will perform the work in December.

Short Term Plant Improvements

Met with District Engineer Jim Teter on 13 November. The following items were addressed:

- Denniston Tank Modifications
  - Need to isolate tank and flow test to assess distribution system issues during construction
  - Assess possibilities of using District model to determine effects of taking Denniston Tank off line.
  - Miscellaneous details
  - Bid dates and construction schedule
- Denniston Chemical Feed Systems
  - OSG layout
  - Structural/architectural issues

Denniston 60HP High Lift Pump Intake

Scheduled for January 2007.

District Security

District Staff continue to change out lock cores at our facilities. The intrusion alarm system has been programmed. All staff will be trained on the week of 18 December and the system will be activated immediately thereafter.

Main Street Project

Water main has been installed from Highway 1 to Route 92. The line has passed its pressure and bacti testing.

Facilities Beautification and Enhancement
Temporary Maintenance Worker Michael Perez started on 29 November. His efforts will be utilized to keep up and/or improve appearance and conditions of our facilities.

Nunes Influent Meter
This is part of the Nunes Influent Control Valve Project and was installed on 15 November. KBL and the contractor installed the electrical and control circuitry on 5 December. The Nunes WTP was shut down for 4 hours during the installation. The Treatment Staff took the opportunity to clean out the floc drives at that time. See photos.

Water Quality Monitoring Program
Steve Twitchell and Don Patterson were oriented to the working of the District's Water Quality Monitoring Program. Steve will be taking over the program upon Elias's retirement.

Certified Applicator
Jack Whelen received training to maintain his certified applicator certification from the State of California.

Water Treatment Plant and On-Call Training
Maintenance workers Jon Bruce and Jack Whelen continued their training at the treatment plants in order to take on weekend and on-call duty starting in January.

Update on Other Activities:
Crystal Springs Telecommunication Failures
The primary system is a hardwire cable between Crystal Springs and Cahill Tank. This system had failed over 5 years ago. The backup is a radio-controlled system and it is starting to fail. We have purchased a new antenna, which will be installed on 7 December. The primary system will be brought up to standard this Spring.

Maintenance Worker I Position
Notice of recruitment for this position was posted in the local newspapers this month. We have received 2 applications so far. This position will fill the vacancy left by Elias Borba's retirement in December.

Highway 1 Median Project
District Staff installed the service, meter and meter box for the Highway 1 Median Project. We are working in conjunction with Mark Stoloski and the Chamber of Commerce on this community project.

Department of Health Services
Correspondence
There was no significant correspondence with DHS in the month of November.

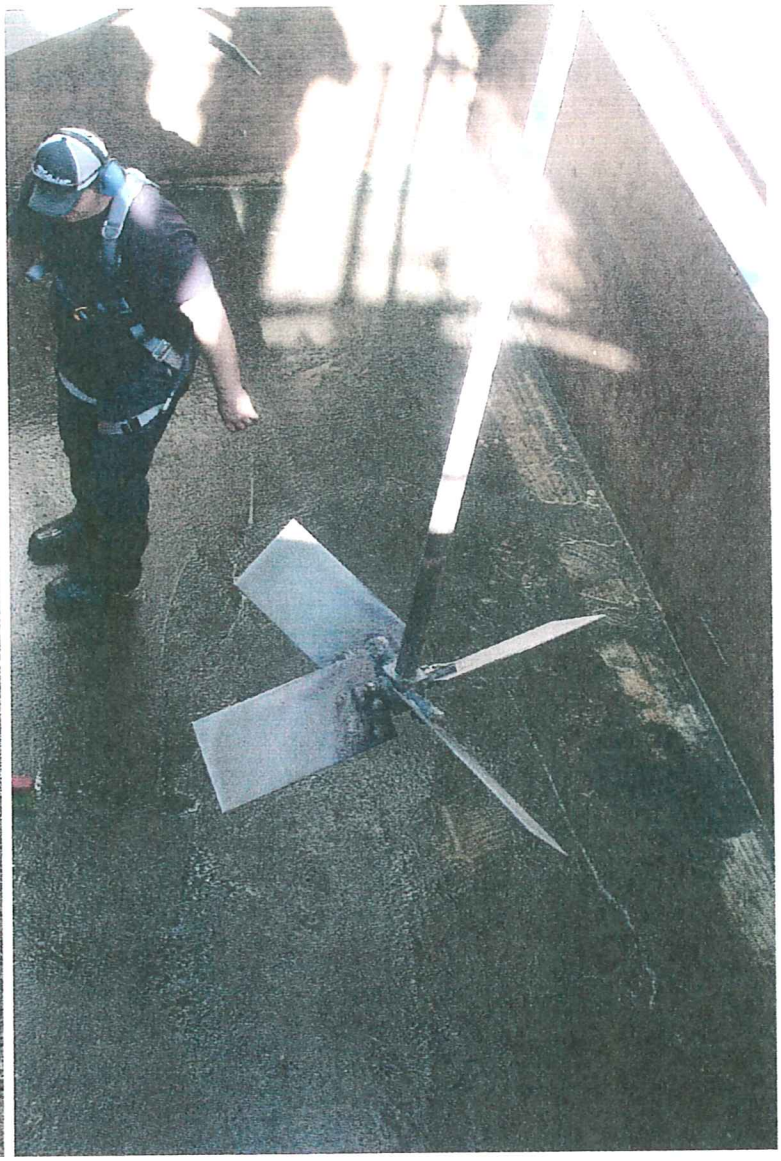
Items Requiring Attention

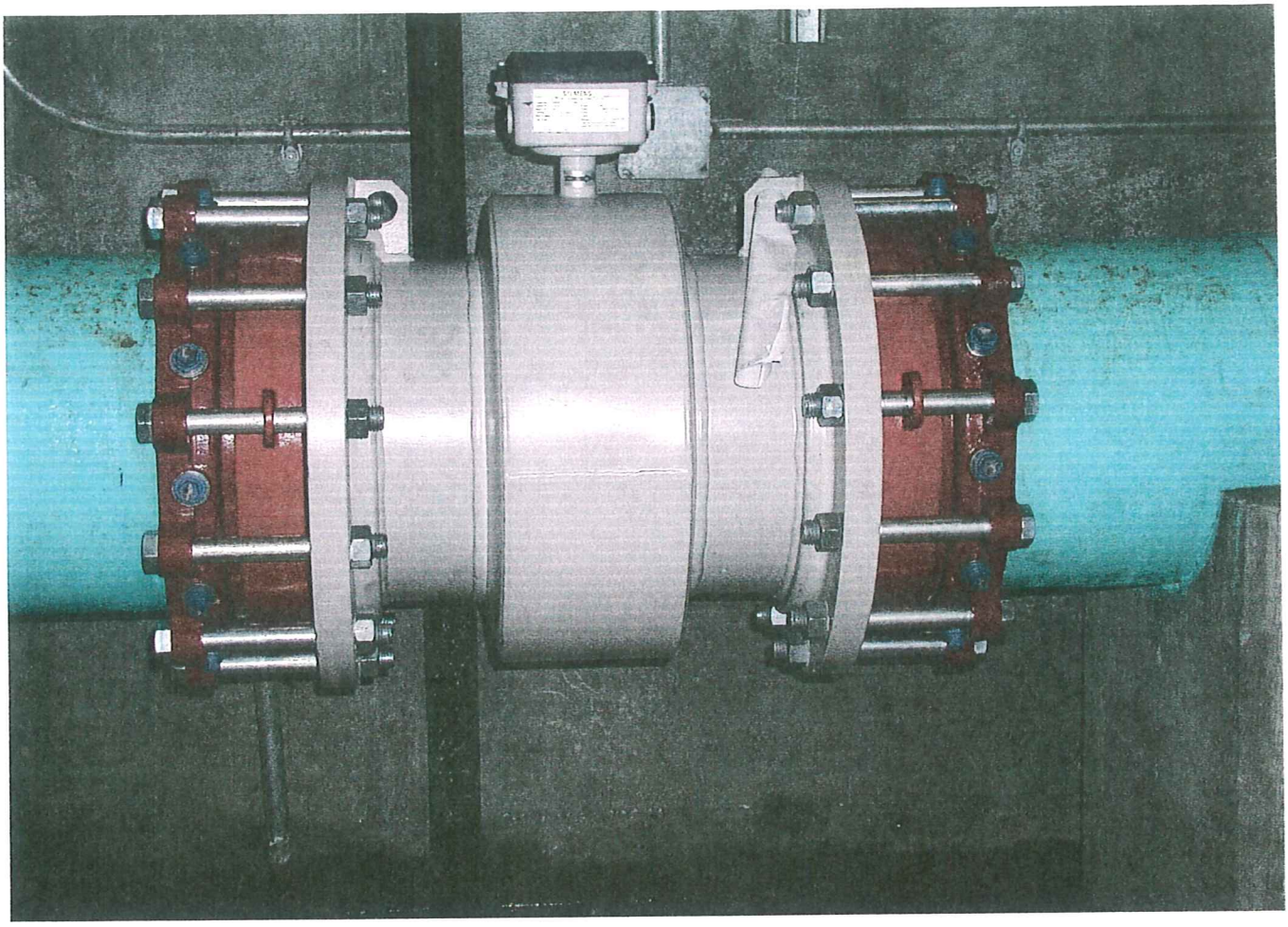
Unaccounted for Water

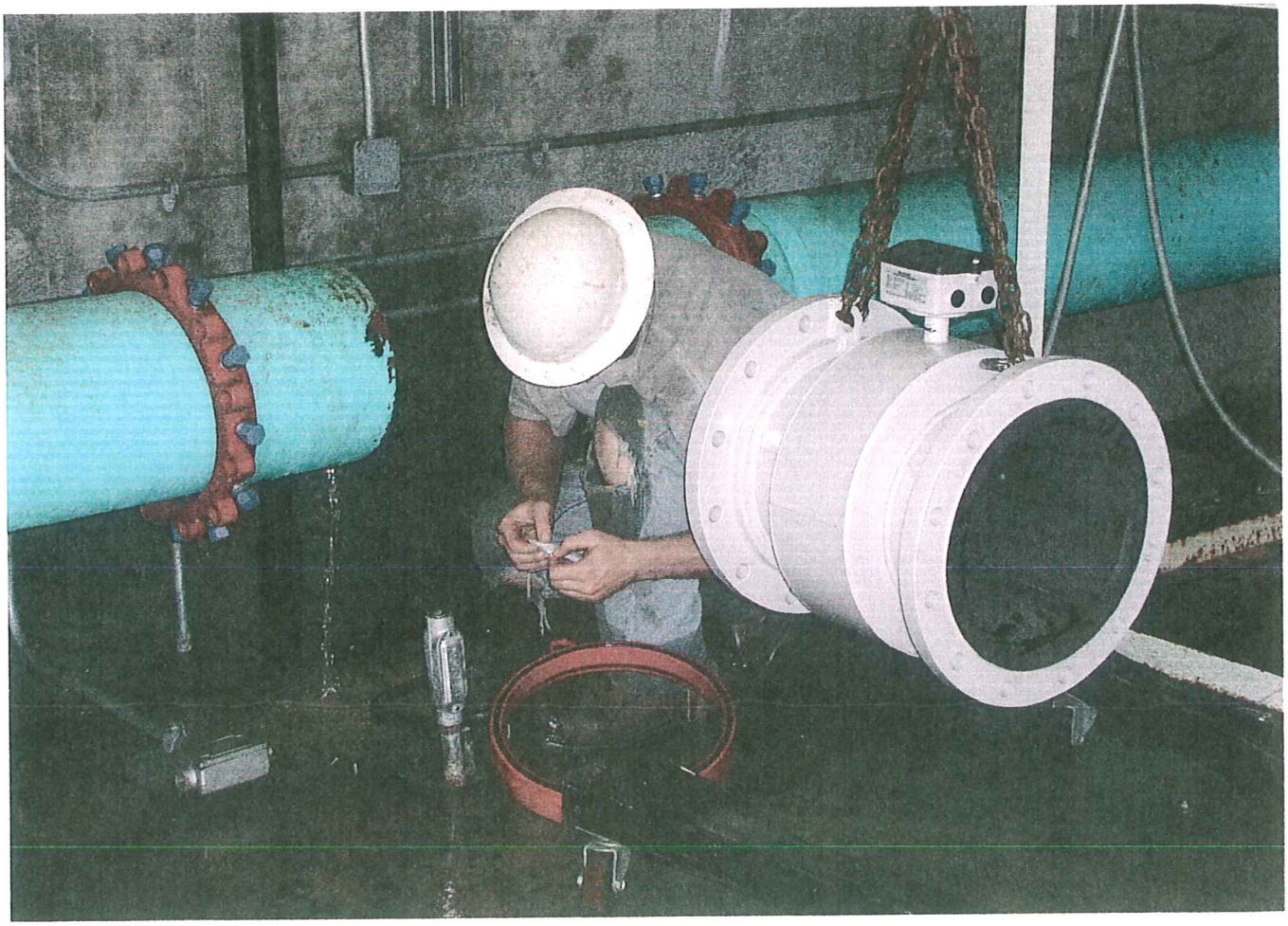
BAWSCA's Annual Survey for FY 2005-06 was completed in November. Unaccounted for water was 8.34%.

Staff has reviewed fire meters and found no usage that significantly affects water consumption figures. Any consumption found on fire meters will be promptly investigated.

Investigation of the 2" main running south of town did not uncover any leakage. Future steps to further reduce unmetered water will be a large meter testing program, to be conducted this Spring.







BAWSCA Annual Survey FY 2005-06

Coastside County Water District

Contact: Ed Schmidt

Phone: (650) 726-4405 Email: eschmidt@coastsidewater.org

12 Month period: July 1, 2005 through June 30, 2006

Water Purchased / Produced

Source of Supply		(1) Water Purchased / Produced (units = ccf)
San Francisco Public Utilities Commission		899,064
Local Groundwater		27,406
Local Surface Water		132,754
Recycled Water (Potable Offset) (2)		0
Other Sources (Pilarcitos Infiltration Wells)		52,139
Total	(a)	1,111,364

Water Consumption and Customer Accounts

Customer Class	(3) Number of Accounts		(4) Amount of Water Sold (units = ccf)
Residential			
Single Family	4860		530,615
Multiple Family	725		91,310
Industrial	106		224,866
Commercial	339		128,877
Governmental	43		27,273
Other	665		15,775
Total	6738	(b)	1,018,717
Unaccounted-for Water (5)	(a minus b)		92,647

Population

2004 - 2005	17,200
2005 - 2006	18,232
2010 - 2011 (if changed, replace with new total)	20,050
2020 - 2021 (if changed, replace with new total)	21,870
2030 - 2031 (if changed, replace with new total)	23,580

Notes:

(1) For the 12-month period, indicate the amount of water that was purchased from or produced by the various suppliers or sources. For any "Other Sources", please indicate the source and amount.

(2) "Potable water saved" is the amount of Water Purchased/Produced that is saved by using reclaimed wastewater.

(3) Average number of accounts during this 12-month period.

(4) The total amount of water sold to that customer class during the 12 month period.

(5) "Unaccounted-for water" should equal "Water Purchased/Produced" minus "Water Sold"; if not, please explain:

"Other Sources" is used for our Pilarcitos Wells. The wells are not technically groundwater since they are shallow and influenced directly by the Pilarcitos Creek flows. They can be classified as surface water or other. I always forget what we've classified them as in the past.

7 December 2006

Ms. Thuy Van Nguyen
State of California
Department of Health Services
Drinking Water Field Operations Branch
850 Marina Bay Parkway, Building P, 2nd Floor
Richmond, CA 94804-6403

Reference: November 2006 Monthly Report

Dear Ms. Nguyen:

Enclosed are the following reports for **November.**

Distribution System:

- 20 Total Coliform samples completed and all ABSENT

Nunes Water Treatment Plant:

- Nunes Monthly Summary of Monitoring for SWTR (page 1, 2 and 3)
- Monthly Iron for **November**
- CT Compliance spreadsheet for **November**
- Individual Filter Monitoring Report (1 page)

Denniston Water Treatment Plant:

- Denniston Monthly Summary of Monitoring for SWTR (page 1, 2 and 3)
- Monthly Iron, Manganese and Aluminum Report for **November**
- Monthly Iron, Manganese and Aluminum Report for **October**
- CT Compliance spreadsheet for **November**
- Individual Filter Monitoring Report (4 pages)

If you have any questions with the reports submitted or would like additional information regarding this matter, please do not hesitate to contact me.

Sincerely,

Joe Guistino
Superintendent of Operations
Coastside County Water District
650 726 4405
jguistino@coastsidewater.org

STAFF REPORT

To: **Ed Schmidt, General Manager**

From: **Jim Teter, District Engineer**

Agenda: **December 12, 2006**

Report Date: **November 17, 2006**

Subject: **District Engineer Work Status Report**

Recommendation:

None. The agenda item is informational.

Background:

The Board of Directors has requested a monthly status report from the District Engineer on his activities.

Work Performed Since Last Board Meeting

Work performed since the last Board of Directors meeting includes:

- Water Treatment Plant Short-Term Improvements. Engineering work is continuing.
  A. Nunes WTP. Revisions to the draft preliminary plans continued.
  B. Denniston WTP:
     1. Denniston Storage Tank Modifications Project. Teter completed the project plans, the WTP operating staff (Guistino, Twitchell, and Donovan) reviewed the plans, and the plans are now being finalized in Autocad format. Teter also completed the project specifications.
     2. Denniston WTP Improvements. The WTP operating staff and Teter have met and agreed on the design concepts for the equipment selection and layout. Teter has begun preparation of the project plans.

- Phase 3 El Granada Pipeline Replacement Project: See the separate report in the Board meeting packet.
- Main St./Hwy. 92 Pipeline Replacement Project: Construction work has begun on the new 16" water pipeline in North Main Street. Teter is providing construction coordination on an as-required basis.
- Engineering Advice. Provided the District staff with advice on an as-requested basis on a number of engineering-related topics.

Current Work Assignments:

A description and status report on the District Engineer's current work assignments follows:

1. Preparation of Design Contract Documents for Phases IIIA and IIIB of the El Granada Transmission Pipeline Replacement Project. Current status of the project is as follows:

   Engineering design work has been completed on the project drawings except for the changes that may be required by the special study work being performed by EIP and additional work required by Caltrans. Copies of the drawings have been provided to the District for review. The encroachment permit application for work within the Caltrans right of way has been prepared and submitted, review comments have been received, and the District Engineer is preparing the additional drawings required by Caltrans. The encroachment permit applications to the City of Half Moon Bay and County of San Mateo for work within their respective street right of way areas cannot be submitted until the work currently being performed by EIP and the District legal counsel for compliance with the CDP requirements has been submitted and approved.

2. SCADA System Replacement. The District Engineer has begun work on the study for replacement of the existing SCADA (Supervisory Control and Data Acquisition) system. The study will provide recommendations for the new system including cost. This work will be performed in conjunction with the work for the WTP Short-Term Improvements since it requires extensive coordination with the WTP operating staff and the final decisions regarding the short-term improvements.

3. Short-Term Improvements at Nunes & Denniston WTPs. The District Engineer has begun preparation of the plans and specifications for these projects:

   Denniston WTP Improvements:

   A. Denniston Storage Tank Modifications Project. A decision has been made to construct the modifications to the Denniston storage tank and

the new tank inlet pipeline first. The plans have been completed, reviewed by District staff, and are currently being finalized in Autocad format. The specifications have been completed and will be provided to the District staff for review with the completed plans. Next, review by the State Department of Health Services is required. Following all review work, the project will be put out to bid. It is anticipated the bidding process will begin in January 2007.

B. Denniston Water Treatment Plant Improvements. The WTP operating staff has provided Teter with the basic design concepts for the equipment selection and layout. Teter has begun the project plans.

Nunes WTP Improvements:

Teter is continuing preparation of the Contract Drawings. The draft drawings for the chemical feed pumps and storage tanks for the alum, caustic soda, and sodium hypochlorite systems have been submitted to and reviewed by the WTP operating staff.

Fiscal Impact:

1. El Granada Transmission Pipeline Replacement Project Phases IIIA & IIIB. The current fiscal year Capital Improvement Program contains funding for engineering design work for this project (See the C.I.P. report included elsewhere in the Board meeting packet).

2 SCADA System Replacement. The FY 06/07 Capital Improvement Budget contains $20,000 for the SCADA system replacement study.

3. Short-Term Water Treatment Plant Improvements. The FY 06/07 Capital Improvement Budget contains funding for this project.

Schedule for El Granada Transmission Pipeline Replacement Project

A. El Granada Pipeline Phases 3A & 3B:

Complete predesign services (surveying & photogrammetry)	February, 2005
Complete preliminary engineering design	March 3A, June 3B, 2005
File CDP application for Phase 3A	October, 2005
File CDP application for Phase 3B	December, 2005
Obtain CDP's	Sept., 2006
Obtain encroachment permits from the City of Half Moon Bay, Caltrans and San Mateo County	Jan, 2007
Advertise for Bids	Feb., 2007

Award Construction Contract	Mar., 2007
Complete Construction	Nov., 2007

STAFF REPORT

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

From: **Ed Schmidt, General Manager**

Agenda: **December 12, 2006**

Report Date: December 8, 2006

Subject: **Discussion of the Draft Initial Report Findings from TRC Essex on the Denniston Reservoir Restoration Project**

Recommendation:

Direct TRC Essex to contract with a qualified hydrologist to prepare a water budget for the Denniston Watershed, direct staff, attorney, and TRC Essex to meet with POST officials and concur on a "letter of intent" that would provide a foundation for a future Memorandum of Understanding (MOU) that might include an agreement(s) on initial project parameters, stream flow alteration, conservation easement strategy, titleholder designation, and future management of the watershed. The "letter of intent", followed later by the MOU, would be forwarded to senior management staff at the U.S. Fish & Wildlife Service, California Department of Fish & Game, and NOAA Fisheries.

Background:

Attached is the first Draft of the report from TRC Essex on the Denniston Restoration project analysis. Their map book, photo documentation, special status species list and permit schedule will not be completed until next Tuesday, December 12th. Those documents will be distributed by TRC Essex at the meeting on Tuesday evening.

At the September Board meeting, the Board approved a proposal from TRC Essex for professional environmental consultation services. Their work revolved around three (3) deliverables:

Task 1: Data Collection and Baseline Mapping

Task 2: Regulatory Analysis and Agency Meetings

Task 3: Report and permitting Schedule Develoment

Kevin Janik, TRC Essex Project manager, has provided monthly progress reports and answered questions at the previous Board meetings. He will attend the Board meeting this Tuesday evening, December 12th, and make a power-point presentation (scheduled for 6:00 p.m.–7:00 p.m.

The purpose of these tasks is to provide a foundation for the identification of the available resources and initial planning analysis to allow the District to restore the Denniston Reservoir to a higher level of productivity.

In 1982 the District removed about 20,000 cubic yards of decomposed granite silt. Since the early 1990's the level of silt in the Denniston Reservoir have slowly but steadily risen to the point that, the siltation level impacts its productivity. During this time period, the District's routine maintenance operations to remove the accumulated sediment have also faced increasing levels of opposition and regulatory control. The District previously attempted to address this problem by proposing smaller and less obtrusive dredging operations. In doing so, the viability of the reservoir as the District's only raw water storage facility has been compromised. The Denniston project provides about 25% of the District's water supply.

The District purchases most of its water from the San Francisco Public Utility Commission (SFPUC). The SFPUC increased its rates 20% this year and similar rate increases are possible. Those increases have to be passed along to our customers. It is imperative that this local water supply source be preserved. Since we do not have to purchase the Denniston water, we can save our customers hundreds of thousands of dollars per year by keeping the Denniston Reservoir clean.

A more comprehensive project to restore the reservoir can be coupled with measures to protect and enhance the value of the reservoir as a natural habitat for fish and wildlife.

Fiscal Impact:

$38,930. for the Initial Findings Report

Approximately $10,000. for the Water Balance, but I have not received anything in writing from TRC Essex yet.

Denniston Reservoir Restoration Project
Draft Initial Findings Report

December 2006

DRAFT

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

Prepared by:
TRC Essex
637 Main Street
Half Moon Bay, California 94019

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LIST OF ATTACHMENTS

1.0 INTRODUCTION

Denniston Reservoir is a primary local water source for the Coastside County Water District (CCWD) as it strives to meet its service obligation to the residents of coastal San Mateo County. In most years, approximately 25 percent of the water that CCWD distributes to its customers is provided by Denniston Reservoir. Siltation has marginalized the reservoir's ability to store and export quality water, and has reduced the efficiency of the water treatment and conveyance infrastructure. CCWD would like to restore the reservoir to its previous capacity to ensure its sustained production of quality water. CCWD has contracted TRC Essex to investigate the different parameters that would be involved in creating a regulatory strategy and restoration plan for the reservoir and its surrounding watershed.

In addition to providing a quality, local water supply for area residents, environmental factors must be considered. The Denniston Creek watershed is home to a variety of special-status fish and wildlife species. This unique coastal watershed connects adjacent wildlife corridors and eventually drains into Princeton Harbor and the Pacific Ocean. Potential restoration parameters for this project create opportunities to enhance habitat for these special-status species. Additional considerations for the restoration plan will be to continue to provide resources for the agricultural community that has been operating in the watershed for decades.

Early federal, state, and local agency consultation has been conducted to help guide and develop this restoration project. Developing a collaborative agency approach during the initial planning stage of this project has been critical and will help create an effective plan to overcome potential issues.

This report contains the results from TRC Essex's baseline watershed assessment and agency consultations and it identifies restoration goals and opportunities. It suggests additional research that needs to take place to better understand the physical parameters that are constantly affecting the watershed and reservoir. It outlines the studies, surveys, and documents that are needed to begin the regulatory permitting process. This report concludes with a discussion of the next steps that will need to be taken to begin implementing this important project.

2.0 SETTING

Denniston Reservoir is created by a dam on Denniston Creek in an unincorporated section of San Mateo County. Denniston Creek and its approximately 2,000-acre watershed are situated below Montara Mountain, which is in the northern section of the Santa Cruz Mountain Range. A watershed boundary map is provided in Attachment A. The reservoir is at an elevation of 115 feet. The mild climate in this area features temperatures ranging from 44 to 58 degrees Fahrenheit in the winter and 51 to 70 degrees Fahrenheit in the summer. Average annual precipitation for the area is about 28 inches. Dense coastal fog can occur year round and is considered a contributor to the water supply in the watershed.

Portions of the creek above and below the reservoir are bordered by agricultural fields. Dirt roads that are used for the farming operation and CCWD staff border large portions of the creek in the valley extending down to where the creek meets Highway 1. CCWD's pump station and

treatment plant are adjacent to the reservoir. The reservoir is approximately 1 mile east of Highway 1 between the communities of El Granada and Moss Beach. Denniston Creek is spring fed, and it originates in steep coastal hills and then flows through a lower-gradient rural valley and suburban area before it empties into Princeton Harbor. A vicinity map and an aerial photo are provided in Attachment A.

3.0 FINDINGS

3.1 RECONNAISSANCE-LEVEL FIELD REVIEW

Vegetation

A variety of vegetation communities exists in the Denniston Creek watershed. Native coastal scrub dominates the majority of the upland area that occurs on the steep slopes of the surrounding hills, extending to the ridgelines of the watershed (see Attachment B for photos). These areas have relatively low species diversity with a variable mixture of coyote brush (*Baccharis pilularis*), California sagebrush (*Artemisia californica*), golden yarrow (*Eriophylum staechadifolium*), and a grassy understory. Some pockets of northern maritime chapparal occur in the upper reaches of the watershed. Chaparral communities are typically established on well-drained, sandy substrates or shallow, stony, infertile soils. These chaparral communities could support Montara manzanita (*Arctostaphylos montaraensis*), a special-status plant species.

Denniston Creek's riparian corridor is densely vegetated along most reaches of the creek (see Attachment B). Willow-alder riparian forest is the main type of riparian plant community found throughout Denniston Creek. The tree overstory is dominated by arroyo willow (*Salix lasiolepis*) and red alder (*Alnus rubra*). There are also occasional stands of Monterey pine (*Pinus radiata*) and blue gum eucalyptus trees (*Eucalyptus globulus*). The shrub layer is dominated by California blackberry (*Rubus ursinus*) and nonnative German ivy (*Senecio mikanioides*). Additional riparian shrub species include creek-side dogwood (*Cornus californica*) and thimbleberry (*Rubus parviflorus*).

U.S. Army Corps of Engineers (ACOE) jurisdictional wetlands may occur around the fringe of Denniston Reservoir. This emergent wetland contains California bulrush (*Scirpus californicus*), rush (*Juncus* sp.), sedge (*Cyperus* sp.), and arroyo willow. This area appears to contain the three criteria needed to qualify as an ACOE jurisdictional wetland according to the ACOE 1987 Wetland Delineation Manual. Aquatic vegetation is present, sufficient hydrology exists, and indicators of wetland soils were observed. A protocol wetland delineation survey should be conducted to confirm or refute these initial observations and the wetland boundary should be defined.

Eucalyptus forests dominated by blue gum eucalyptus are found in the watershed. The spoils disposal area contains a large stand of these trees, which extends into the riparian corridor where they dominate and shade out many other species (see Attachment B). The spoils disposal site is an upland area approximately 0.5 mile east of the reservoir where CCWD has stored sediment from dredging activities in the past. Eucalyptus trees can be found sporadically along the riparian corridor, but the largest and most concentrated stand exists near the spoils disposal site. Just

beyond the spoils disposal site and below the easternmost agricultural field there is a small stand of Santa Cruz cypress (*Cupressus abramsiana*).

Special-status Species

A complete table of the special-status plant and animal species that are known to exist in the vicinity of the Denniston watershed can be found in Attachment C and a California Natural Diversity Database map is provided in Attachment A. To determine the presence or absence of a specific plant or animal species, protocol-level surveys may need to be conducted by a qualified biologist or botanist. The San Francisco garter snake (*Thamnophis sirtalis tetrataenia)* and the California red-legged frog (CRLF) (*Rana aurora draytonii)* are assumed to exist at the reservoir. The central California coast steelhead distinct population segment (*Oncorhynchus mykiss*) will likely be reintroduced if fish passage barriers are removed. Barriers to fish passage exist where the creek crosses Prospect and Capistrano roads near Princeton Harbor, at Denniston Dam, and potentially at the water treatment plant access road. These three species life cycles and habitat needs will likely guide the design of the restoration plan.

San Francisco Garter Snake

The San Francisco garter snake (SFGS) (*Thamnophis sirtalis tetrataenia*) is a federally and state-listed endangered species. It is also considered a fully protected species by the California Department of Fish and Game (CDFG). It is found in San Mateo County and northern Santa Cruz County. Ideal habitat for this species includes freshwater marshes, ponds, slow-moving streams, and upland areas near water where they can sun themselves and retreat into existing rodent burrows. The SFGS prefers dense vegetative cover and water depths of at least 1 foot for escape routes. They will also use floating algal or rush mats, if available (USFWS, 2006). Emergent and bank-side vegetation, such as cattail (*Typha* spp.), bulrush (*Scirpus* spp.), spike rushes (*Juncus* spp. and *Eleocharis* spp.), coastal scrub, and grasslands, apparently are preferred and used for cover. The snake feeds exclusively on Pacific tree frog (*Hyla regilla*) and CRLF.

Adult snakes sometimes aestivate in rodent burrows during summer months when ponds are dry. On the coast, snakes hibernate during the winter, but further inland, snakes may be active year round. Recent studies have documented SFGS movement over several hundred yards from wetlands to hibernate in upland small-mammal burrows (USFWS, 2006).

Urbanization destroyed the majority of prime habitat for the snake, and continues to fragment remaining habitat and eliminate habitat linkage corridors. Illegal collection of the SFGS, CRLF population decline, and the introduction of the bullfrog (*Rana catesbeiana*) have also led to its demise. Studies have been conducted on the distribution and ecology of the snake, and this information will be used to develop management plans for specific areas, such as Pescadero Marsh and Año Nuevo State Reserve. In 1985, the U.S. Fish and Wildlife Service (USFWS) published a final federal recovery plan for the snake.

California Red-legged Frog

The CRLF is federally listed as threatened by the USFWS and is considered a species of concern by the CDFG (CNDDB, 2006). Critical habitat was finalized for the species on April 13, 2006. The potential project site is not located in any of the designated areas.

Human-induced factors led to the local and regional decline of the species. These include alteration of watercourses and adjacent floodplain terraces, modification of upland habitat for development and flood control purposes, and alteration of natural seasonal stream-flow patterns due to dam construction. The CRLF also owes its decline to the widespread introduction of exotic aquatic predator fauna, such as the bullfrog, crayfish (*Procambarus clarkii*), and an array of other fishes, including sunfish (*Lepomis* spp.), mosquito fish (*Gambusia affinis*) and bass (*Micropterus* spp.) (Bury and Ludenbach, 1983).

The CRLF occurs in the Coast Ranges from Point Reyes National Seashore to Ventura County (Stebbins, 2003; Storer, 1925), with almost all of the Central Valley, Sierra Nevada foothill, and southern California populations now extirpated (Stebbins, 2003). The breeding season for CRLF in stream habitats extends from November to mid May (Jennings and Hayes, 1994). Adult CRLF utilize aquatic sites for reproduction and adjacent terrestrial habitat, such as riparian thickets on stream terraces, riparian scrub, riparian woodlands, and grasslands, for foraging and aestivation. Aquatic habitat is characterized by dense, shrubby, or emergent riparian vegetation, such as willow (*Salix* spp.), cattail, and bulrush, associated with deep (greater than 2 feet), still or slow-moving water. In addition, aquatic sites must contain adequate water depth for approximately four to five months for CRLF larvae to develop and survive (Jennings and Hayes, 1994).

Other important microhabitat features include overhanging vegetation, such as willow boughs that contact the water, overhanging banks formed by tree-root masses, and retreat sites at water levels that are close to relatively deep, still water. Adult CRLF are strongly associated with these microhabitats during surface activity (Hayes and Jennings, 1989; Jennings and Hayes, 1994). Juvenile and sub-adult frogs appear to favor more open, shallow aquatic habitats with dense emergent and submerged vegetation, as well as overhanging banks or stick masses (Hunt, 1998).

Central California Coast Steelhead Distinct Population Segment

The central California coast steelhead distinct population segment includes all naturally spawned steelhead occurring between the Russian River in Sonoma County and Aptos Creek in Santa Cruz County (DOC, 2005). The central California coast steelhead is a federally threatened species. The project does not fall within the designated critical habitat for steelhead. Critical habitat considers many requirements of the species, including (but not limited to) spawning sites, food resources, water quality and quantity, and riparian vegetation (DOC, 2005).

Factors causing the decline of steelhead populations include widespread degradation of freshwater and estuarine habitats, continuing habitat destruction, changes in ocean production, disease prevalence, predation, and changes in life history characteristics (NMFS, 1996). Urbanization, water impoundment, and water diversion have also created impacts (Watershed Protection and Restoration Council, 1997).

Steelhead spend much of their adult life in the ocean but return to natal streams to spawn from December through April. Females select a site with clean inter-gravel flow, then dig a redd (spawning site) and deposit eggs. A male then fertilizes the eggs. Eggs hatch, and the fry generally emerge from the gravel in approximately four to six weeks. Newly emerged fry move to shallow, protected areas along a stream margin and eventually move again to feeding locations, which they defend (Watershed Protection and Restoration Council, 1997). Juvenile

steelhead inhabit riffles and some larger fish inhabit pools or deeper runs. Juveniles may remain in fresh water for one to several years before migrating downstream, undergoing physiological changes, and entering the ocean. Steelhead spend several months to three years in the Pacific Ocean before returning to freshwater to spawn (Watershed Protection and Restoration Council, 1997).

Geomorphology

The headwaters of this spring-fed creek system have a bedrock geology that consists of easily erodible granitic rocks. This weathered rock is the source of much of the sand in Denniston Creek. The five unnamed, spring-fed tributaries that feed Denniston Creek are surrounded by what the U.S. Department of Agriculture's Natural Resources Conservation Service classifies as Miramar coarse sandy loam (see Attachment A). This soil type is found in the upper portions of the tributaries on very steep slopes making them highly prone to erosion. Landslides are common occurrences under these conditions. Natural watershed erosion processes in the Denniston Creek watershed produce large amounts of sand and finer particles that are transported downstream. During large precipitation events, considerable amounts of sediment are transported downstream where they are eventually trapped behind the dam. It will be necessary to develop a sediment management plan to address this never-ending process.

The bed, banks, and floodplain of Denniston Creek where it travels through the valley are classified as Farallone coarse sandy loam. This soil type is described as seeped, coarse sandy loam on top of coarse sands that are found on gentle slopes. The U.S. Geological Survey (USGS) classifies this areas liquefaction susceptibility as very high (see Attachment A). Thus, during earthquakes and large storm events these soils can liquefy, which would cause damage to manmade structures and create dangerous situations for people such as CCWD staff and the farmers. Special building permits and surveys may be required to build in this area.

Bank erosion is another natural process that occurs in the watershed. As a creek evolves it meanders and naturally erodes its banks. Reaches of the creek that have been channelized between roads, agricultural fields, and steep mountainsides have accelerated rates of bank erosion. Channelization increases the creek's velocity and concentrates its energy rather than dissipating it over a flood plane. Therefore, incisions and undercut banks are more severe and frequent in these confined areas. In addition, areas that lack riparian vegetation have eroded even faster under these conditions. It will be impossible to stop this process altogether, but sedimentation can be decreased by revegetating and stabilizing highly eroded banks. If a sediment basin is constructed, the reach between it and the existing reservoir should be a top priority for bank stabilization.

Land use and management in the watershed are also affecting stream morphology and water quality. Unpaved roads parallel large sections of the creek along the valley floor. These unpaved roads and road cuts can be a source of fine sediment in the watershed. There are some large agricultural fields adjacent to the creek in the upper portion of the valley. Topsoil loss resulting from sheet flow from the fields, especially when they are fallow, is likely a large source of sedimentation (see Attachment B).

Hydrology

The main sources of water in the Denniston Creek watershed are rainfall, fog, and accumulated groundwater that reaches the surface as natural springs. The USGS does not have a gauging station set up on Denniston Creek. CCWD has installed a staff gauge and a Parshall flume; however, the data associated with these devices is not accurate. The staff gauge is located just upstream of the water treatment plant road and it is in a section of the creek that is braided. In this section of the creek, the channel splits and ultimately flows into two culverts that are located under the water treatment plant road. Therefore, not all of the flow is being measured. The partial flume is approximately 20 yards upstream from the staff gauge. This flume was installed many years ago and it has not been maintained. As a result, it does not capture all of the water that is flowing through the channel.

Water is being pumped out of the system in two locations. The tenant farmer is pumping water directly out of the channel adjacent to the agriculture field in the upper portion of the valley. The farmer and CCWD are pumping water out of Denniston Reservoir. As a result, stream flows are considerably lower below the dam. CCWD has accurate records of the amount of water that they are pumping out of Denniston Reservoir. The farmer takes out different amounts of water from year to year depending on the weather. An estimated range of typical water used by the farmer could most likely be determined. CCWD is currently appropriated 2 cubic feet per second; however, they lack the necessary infrastructure to realize this entire amount. Water that is pumped out of the reservoir can be highly turbid, especially during storm events. CCWD also has some wells adjacent to the creek downstream of the dam. These wells have never been very productive and are currently in need of maintenance; however, if they are put back into use they would affect flow rates.

Historic Reservoir Boundaries

In the past, the reservoir has had more storage capacity and a larger area of open water. Ongoing sedimentation and the lack of an adequate maintenance plan have greatly reduced the reservoir's storage capacity and open water surface area. CCWD would like to see the reservoir look like it did in 1982 just after they completed an approximate 20,000-cubic yard dredging and vegetation removal project (see Attachment A). A more recent aerial view shows how the conditions have drastically changed compared to what it looked like in 1982 (see Attachment A). Decades of sedimentation and subsequent vegetation establishment has reclaimed approximately 1,100 linear feet of what used to be open water. Undertaking a project that would produce the same results as the 1982 project would impact approximately 2.5 acres of riparian and wetland vegetation. The historic reservoir boundary as seen under current conditions can be seen on the historic reservoir boundary map in Attachment A. A comprehensive vegetation management and removal plan will be an important part of the project design.

3.2 AGENCY CONSULTATION AND PERMITTING

The information below assumes that CCWD is proposing the project and that it is their goal to remove approximately 20,000 cubic yards of sediment from the reservoir. It also assumes CCWD will take a typical project permitting approach. See Attachment D for a detailed

permitting schedule. This report also describes how this permitting scenario would be altered if the project were initiated by the USFWS as a federal recovery action.

Federal

National Environmental Policy Act

To satisfy the National Environmental Policy Act (NEPA) the ACOE, acting as the lead federal agency, would conduct an Environmental Assessment (EA) as a part of the individual permit determination process. The findings of their assessment will determine if a Finding of No Significant Impact or an Environmental Impact Statement (EIS) will be prepared. If an EIS is required, it is likely that an Environmental Impact Report (EIR) will be required through the California Environmental Quality Act (CEQA) process. If that is the case, a memorandum of understanding may be reached between the lead state and federal agencies to authorize the production of a joint EIR/EIS.

ACOE Individual Permit

It has been determined by an ACOE staff member that this project will most likely require an Individual Permit to comply with section 404 of the Clean Water Act. A Nationwide or General Permit was not an option because a potentially large amount of wetland and riparian vegetation will need to be removed. The individual permit process will require a wetland delineation, development of the 404 (b) (1) alternatives analysis, NEPA-compliant EA, and a public review and comment period. Compliance with Section 7 of the Coastal Zone Management Act, Endangered Species Act, Section 106 of the National Historic Preservation Act, and all state laws will be required.

USFWS/National Oceanic & Atmospheric Administration Fisheries Section 7 Formal Consultation

Formal consultation with the USFWS and National Oceanic and Atmospheric Administration Fisheries (NOAA Fisheries) will be required to comply with Section 7 of the Endangered Species Act. This will require preparing a Biological Assessment that will include surveys for special-status plant and animal habitat, recommended conservation measures, and impact determinations. Species-specific requirements will be determined once a project description is created; however, it is assumed that the CRLF and SFGS exist at Denniston Reservoir. It will be necessary to write a draft Biological Opinion. It is likely that securing compensatory mitigation for temporary and permanent impacts will be required.

State

California Environmental Quality Act

TRC Essex is assuming CCWD will be the lead CEQA agency. To comply with the CEQA guidelines, CCWD will need to file an application, complete the CEQA checklist, and perform an Initial Study. Depending on the outcome of the Initial Study, the project will require a Negative Declaration, Mitigated Negative Declaration, or an EIR. If an EIR is required, a memorandum of understanding may be reached between the lead state and federal agencies to authorize the production of a joint EIR/EIS.

CDFG 1602 Streambed Alteration Agreement and a Memorandum of Agreement
Conversations with CDFG staff revealed that a Memorandum of Agreement (MOA) for the SFGS, a state fully protected species, will most likely not be issued. In addition, the conditions that will be included in the 1602 agreement for the SFGS will make the project very difficult and costly to implement. These conservation measures may be so onerous that they may make doing the project impractical. It is important to keep in mind that if the project proceeds without an MOA and take of the SFGS occurs the fines and penalties will be substantial.

Regional Water Quality Control Board 401 Water Quality Certification, National Pollution Discharge Elimination System, Notice of Intent Under General Stormwater Permit, and Dewatering and Low-threat Discharge Permit
To comply with section 401 of the Clean Water Act, water quality certification will need to be obtained. To comply with the National Pollution Discharge Elimination System requirements an application and appropriate descriptions will need to be submitted to the Regional Water Quality Control Board (RWQCB) for the discharge and disposal of dredged materials. A Notice of Intent to comply with the General Construction Storm Water Permit for the RWQCB and preparation of a Storm Water Pollution Prevention Plan will be required. In addition, it is anticipated that a dewatering plan will need to be included for the Dewatering and Low-threat Discharge Permit.

California Division of Safety of Dams
A permit may be required from the California Division of Safety of Dams (DSOD) if it is determined that the height of Denniston Dam is greater than 25 feet, or if the reservoir will store more than 50 acre feet of water after the project is complete. The height of the dam is calculated by measuring the stream bottom below the dam where it is adjacent to the toe of the dam to the top of the spillway. Conversations with CCWD's engineer indicated that the height of the dam is unknown. It is recommended that the height of the dam or the final capacity of the reservoir be determined to see if a permit from the DSOD will be required.

Local

San Mateo County Coastal Development Permit and Grading Permit
To comply with the California Coastal Act and San Mateo County's Local Coastal Plan (LCP), a coastal development permit will be required. The County's LCP is consistent with the regulations put in place by the California Coastal Commission (CCC). Any decisions that are made by the County can be appealed by the CCC. In addition, it is likely that a Grading Permit will be required.

Federal Recovery Action Scenario

CCWD would have difficulty obtaining CDFG permits for a project they initiate due to the issues surrounding the fully protected SFGS. The conservation measures that would be imposed by the CDFG would likely make the project prohibitively expensive and complying with these measures would be challenging. However, if the project were initiated by the USFWS as a federal recovery action, these issues could be avoided. The purpose of a recovery action is to recover or create habitat for endangered species. The project's main purpose would be to create habitat for the SFGS and CRLF, and an incidental benefit of that project would be that CCWD

could regain capacity in the reservoir. The reservoir design would serve both the purposes of creating habitat and maintaining capacity so CCWD could continue to use it as a source of municipal water.

Initial conversations with the USFWS, CDFG, and NOAA Fisheries have indicated that they are very interested in working collaboratively on a project like this. They realize the potential to serve the interests of both the species and CCWD. There is also the possibility of utilizing federal and state funds for the project. Additional research needs to be done and certain conditions need to be met before it can be determined if this scenario is viable. There is no model or template to work from so it is going to take some further investigating to determine if it is feasible or not. Staff members from the USFWS and CDFG are currently investigating ways to make the project work. One of the conditions that will need to be met to move forward is for CCWD and the landowner, Peninsula Open Space Trust (POST) to come to some agreements surrounding the project. Section 5.0 of this report discusses this in detail.

The main permitting benefit that could be realized from the USFWS initiating this project as a federal recovery action would be that the CDFG could potentially issue a special Memorandum of Agreement (MOA) for the SFGS. CDFG would be able to do this for a fully protected species because the intent of the project would be to create and maintain habitat for that species. In addition, if the project qualifies as a federal project a 1602 Streambed Alteration Agreement would not be necessary. USFWS would have to comply with the Fish and Wildlife Coordination Act to make sure that all state laws are followed.

Other permitting benefits may be realized as well, for example, some federal recovery action projects qualify for Categorical Exclusions from NEPA. USFWS will need to comply with the Federal Coastal Zone Management Act and a Coastal Development Permit (CDP) will likely be necessary, however, the process for obtaining the CDP would be much easier if the USFWS was initiating the project for the purpose of special status species habitat creation.

Key factors that will affect the permitting strategy for a federal recovery action project include design parameters in the project description and the level of federal involvement in the project. It is possible that the project will be set up as a joint venture between CCWD and the USFWS. It will be necessary to determine the level of federal involvement and funding that will be required for the project to qualify as a federal project. Additional research and consultation is required to fully understand how a federal recovery action project will be permitted. Staff members from the resource agencies are currently researching permitting requirements.

4.0 RECOMMENDATIONS

4.1 ADDITIONAL STUDIES

The following recommendations for additional studies should be considered to help determine restoration plan design and satisfy permitting requirements. Requirements for various permits are largely dependent upon activities outlined in a project description. Some of the following recommended studies may or may not be required.

Biological Resources

Protocol-level surveys to determine the presence or absence of special-status species may be required. Presence is assumed for the CRLF and the SFGS. A focused survey may be required to determine the type of trout that are living in the reservoir, but it is not likely. Preconstruction surveys will likely be required for the SFGS, CRLF, San Francisco dusky-footed wood rat (*Neotoma fuscipes annectens)*, black rail (*Laterallus jamaicensis)*, clapper rail (*Rallus longirostris*), and western pond turtle (*Actinemys marmorata*). It is not anticipated that any entomological surveys will be required. A Biological Assessment will be required to comply with Section 7 of the Endangered Species Act.

Botanical Resources

Rare plant surveys may be required to comply with CEQA.

Archaeology

A records search and archaeological surveys will be required to comply with Section 106 of the National Historic Preservation Act.

Geomorphology

To aide with restoration and reservoir design bathymetric surveys of the reservoir should be conducted. Once the bathymetry of the reservoir is determined, that data can be used to help guide the design of the restored reservoir. In addition, an engineering and survey crew will need to produce construction-level drawings for the reservoir. It is also recommended that a sediment transport budget be determined for the watershed. This information will be helpful in determining the size of an additional sediment basin and subsequent maintenance schedules for that basin and the existing reservoir. Plans could also be suggested to make improvements to unpaved roadways and agricultural fields.

Hydrology

For this project to move forward, it will be essential to determine annual flow rates for Denniston Creek. In addition, an ongoing stream-monitoring program that collects flow data on a weekly or biweekly basis should be implemented and maintained. The existing staff gauge and the flume will both need to be recalibrated or replaced to gather accurate data. A qualified hydrological firm will be able to use a combination of the districts existing data, data from the farmer, new data that they collect, and watershed modeling methods to determine a water budget for the Denniston watershed. It may also be helpful to hire a hydrology firm that specializes in fish passage to help with bypass flow negotiations.

Bioengineering

Stream reaches upstream of the reservoir should be evaluated for bank stabilization and revegetation opportunities to decrease sedimentation. The reach of stream between the proposed sediment basin and the existing reservoir will be critical to stabilize in an effort to keep water

traveling from the sediment basin to the intake valves as low in turbidity as possible. Design parameters for the sediment basin could also benefit from a bioengineered design to help reduce impacts to special-status species and their habitat.

Wetland Delineation

A qualified wetland delineator should conduct field delineations and prepare a formal wetland delineation report per the ACOE's 1987 Wetland Delineation Manual for the area around the reservoir. All wetland resources should be mapped according to ACOE minimum mapping standards.

4.2 RESTORATION DESIGN GOALS AND PARAMETERS

The key question to ask at the start of any restoration effort is to determine what it is one is trying to restore and to what condition will it be restored to. One of the main goals of this project is to restore Denniston Reservoir to the condition it was in during the early 1980s when it was operating as a viable municipal water source. Another goal of this project is to restore habitat for native species that exist in the watershed. The goal for habitat restoration is to create and maintain habitat that accommodates the SFGS, CRLF, and steelhead life cycles. The design parameters for this project are intended to satisfy both of these goals simultaneously.
The suggested restoration design goals and parameters that are listed in this section apply to Denniston Reservoir and the watershed as a whole. Taking a watershed-level approach to restoration allows one to address the many problems that are occurring in different locations throughout the watershed. Many of the listed measures are intended to reduce sedimentation and improve water quality. Others are intended to aide in restoration design and help with the future management of the watershed. Most of the following criteria are to be implemented upstream of or at the existing reservoir.

- Create a bathymetric design for the reservoir that accommodates CCWD's need to maintain the reservoir as a viable source for municipal water and creates special-status species habitat. The amount of sediment to be removed could be in the range of 20,000 cubic yards. This design will include measures on how existing riparian and wetland vegetation will be manipulated and created. Some of the factors that should be considered when manipulating vegetation include habitat design, erosion control and flood control. This design will be created collaboratively between the USFWS, CDFG, NOAA Fisheries, CCWD, POST, and the appropriate personnel from professional engineering firms.

- Determine a location to build a sediment basin upstream of the existing reservoir. The size of this basin should be determined by evaluating the sediment budget in the watershed. This basin will be regularly maintained with heavy equipment and the appropriate resource agencies should be consulted to determine if the basin could act as an attractive nuisance for special-status species. Maintenance dredging of this basin will need to include measures to avoid impacts to sensitive species. The location of the basin should be chosen based on its accessibility for regular maintenance activities. In addition, the location should not be too far upstream from the reservoir in an effort to decrease the amount of sedimentation that occurs between the sediment basin and the reservoir.

- Permits will need to be set up so that regular maintenance can occur on the sediment basin. Weather patterns and the size of the basin will affect how often sediment will need to be removed. It will also be important to allow some flexibility in the maintenance schedule because large storm events can transport huge amounts of sediment in a very short amount of time. Sediment management should be monitored closely and an adaptive approach should be used to account for variable weather conditions. Sediment disposal locations will need to be identified because the current disposal site in the watershed will not be large enough to accommodate ongoing maintenance.

- If the reservoir is dewatered, CCWD engineers should investigate the possibility of replacing the large release valve that exists between the intake valves and the spillway on the dam. It has not been used for many years and is considered non-operational. If replaced, this valve could be opened periodically to flush sediment away from the intake valves.

- Bank stabilization and revegetation locations should be identified and prioritized in stream reaches above the reservoir to decrease sedimentation. Bioengineered bank stabilization methods and native plants should be used. Unstable banks between the proposed sediment basin and the reservoir should be fixed first to maintain water quality.

- Landslides in the lower portion of the watershed should be evaluated to see if there are any opportunities for stabilization. Controlling this natural process will likely be very difficult. However, if a site is directly affecting the creek and it is accessible, a stabilization and revegetation plan should be considered.

- Unpaved roads that run parallel to the creek increase erosion potential during storm events due to improper road drainage. Sections of road that have been washed out should be repaired and drainage control measures should be implemented. No additional roads should be built in the watershed. Unused roads that exist above the easternmost agricultural field should be decommissioned and revegetated (see attachment B).

- Drainage improvements for agricultural fields should be assessed to decrease sedimentation from overland flow. Additional measures should be evaluated for fields that lay fallow.

- Efficiencies in irrigation practices should be evaluated. Research should be conducted on potential funding sources for irrigation improvements. Federal, state, and private grants are available for watershed improvement and water conservation projects for farmers. In some cases more efficient irrigation systems can improve efficiency by 30 to 50 percent.

- Existing wells on the property should be maintained for water storage and production.

- Invasive species management plans should be established for both plants and animals throughout the watershed. Specific plans should be implemented and monitored for newly created habitat around the reservoir.

- The possibility of using a floating intake valve to divert water from the reservoir should be investigated. Existing or new intake valves should be designed so that they cannot cause harm to frogs, fish, snakes, or other aquatic species.

- If it is determined that enough water is available, fish passage barriers should be repaired and a fish ladder should be designed for the spillway on Denniston Dam. Initial summer and fall bypass flow requirements suggested by the CDFG are 2.5 cubic feet per second. Initial conversations with NOAA Fisheries suggest that a fish ladder for the Denniston Dam would require 1 cubic foot per second of bypass to maintain it in the summer.

- A conservation easement should be drafted to ban additional development in the watershed, protect water resources, and manage special-status species habitat.

- Any restoration efforts that are implemented should have a corresponding monitoring plan to evaluate their effectiveness. It will be important to use an adaptive management approach in the watershed that allows for flexibility and changes in management practices as new information and methodologies are discovered.

4.3 PUBLIC INVOLVEMENT

CCWD is a public agency and the intent of this project is to create benefits for the public, and specifically, the members of the communities that CCWD serves. CCWD has already made it clear to the public that restoring Denniston Reservoir is a priority. They have outlined the benefits that could be realized from the project in a flyer that was sent to their ratepayers. Furthermore, there has been much discussion of this proposed project during monthly, televised board meetings. Gaining public support and inviting public comment will be an important part of this process.

This project is still in the initial research phase. There are many unanswered questions at this time. It has not yet been determined how the project might be initiated or if it will even be possible at all. At this point, it is important that the public understands this. Critical issues concerning the water budget, the landowner, and the role that federal and state agencies will play are still unanswered. The research phase is gaining a lot of momentum and much progress has been made; however, the many unknown factors that exist make it impractical to begin to entertain public comments on the project at this time. Once a more clear direction has been established and all the stakeholders agree on how to proceed it will be appropriate to entertain public comment on the project.

5.0 NEXT STEPS

The top priority that must be addressed to enable this project to move forward is to determine a water budget for the Denniston watershed. A firm that specializes in hydrology and engineering should be hired to determine a water budget and implement a long-term stream flow-monitoring program. By evaluating newly collected data, CCWD's existing data, the farmer's data, and watershed modeling methods, a water budget for the watershed can be determined. This information will guide future negotiations and restoration design.

To be able to continue to evaluate the possibility of setting this project up as a federal recovery action, CCWD and POST need to come to some agreements regarding the project. Both parties will need to agree on initial project parameters, stream flow allocation, conservation easement strategy, titleholder designation, and future management of the watershed. Once these two parties come to some agreements they will need to draft a letter that discusses these agreements and endorses the project. The letter will be sent to senior management staff at the USFWS, CDFG, and NOAA Fisheries. Once the resource agencies realize that the two primary stakeholders agree on how to move forward they will be in a better position to authorize the project as a federal recovery action.

Once the water budget has been determined, a strategy on how to negotiate CDFG-mandated bypass flow requirements will need to be created and eventually negotiations will need to start. Parties that will likely be involved include experts from the CDFG and NOAA Fisheries, CCWD, POST, the farmer, hydrology consultants, and fisheries consultants.

Design criteria can start to be developed and the permitting process can begin once a water budget has been determined, agreements have been made between CCWD and POST, a bypass flow has been established, and the USFWS authorizes the project as a recovery action.

6.0 REFERENCES

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Attachment A: Map Book

Attachment B: Photo Documentation

Attachment C: Special-status Species List

Attachment D: Permit Schedule

STAFF REPORT

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

From: **Ed Schmidt, General Manager**

Agenda: **December 12, 2006**

Report Date: December 7, 2006

Subject: **Discussion and review of the Annual Independent Financial Audit and Management Discussion and Analysis (MDA) letter for the fiscal year ending June 30, 2006 – Presentation by Vikki Rodriguez of Maze & Associates**

Recommendation:

Accept the results of the Financial Audit and Management Discussion and Analysis (MDA) letter for the fiscal year ending June 30, 2006.

Background:

A financial audit is an examination of the District's financial statements by a firm of independent public accountants. The audit consists of verifying the accuracy of accounting records and other evidence supporting those financial statements.

Through the study and evaluation of the District's system of internal control, inspection of documents, observation of assets, making appropriate inquiries, and other auditing procedures, the auditors gather the evidence necessary to determine whether or not the financial statements provide a fair and reasonably complete picture of the District's financial position and its activities.

This will be the fourteenth (14th) year that Maze & Associates, an Accountancy Corporation has been performing the financial audit for the District. Maze & Associates have been working cooperatively with Coastside County Water District (CCWD) staff and CCWD Accountant, John Parsons, in recommending changes to our accounting practice over the years.

The auditors spent the week of September 18th, reviewing all of the District's financial records and interviewing selected employees. Their emphasis was on Accounting Policies, Cash, Temporary Investments, Utility Plant, and Construction in Progress, Crystal Springs Assessment District, Long Term Debt, Pension Plan, Deferred Compensation Plan, Retained Earnings, Risk Management Commitment and Contingency Liability.

The District's Finance Committee, comprised of President Ascher and Director Coverdell met on Monday, November 06, 2006 to review the results of the audit.

The auditor, Ms. Vikki Rodriguez, told the committee members they are giving the District a "clean opinion", the highest, most positive opinion possible. From the report:

> "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, 2006 and 2005 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".

The auditors have two (2) recommendations for the District:

1. Formalize our existing purchase order practice into a written policy.

2. Perform an annual or bi-annual inventory of our capital assets (possibly utilizing a bar-code system).

   The auditors are going to provide us with successful example programs from other agencies they have audited.

Vicki Rodriguez, Maze & Associates will make a brief presentation at the Board meeting on Tuesday evening.

Fiscal Impact:

The auditor's fee of $15,000. is consistent with what other agencies of similar size are paying for auditing services.

COASTSIDE COUNTY WATER DISTRICT

BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

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COASTSIDE COUNTY WATER DISTRICT
BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2006 and 2005

Table of Contents

COASTSIDE COUNTY WATER DISTRICT

ELECTED OFFICIALS AND ADMINISTRATIVE PERSONNEL

JUNE 30, 2006

BOARD OF DIRECTORS

Everett Ascher - President
Jim Larimer – Vice President
Ken Coverdell – Director
John Muller - Director
Chris Mickelsen - Director

MANAGEMENT

Ed Schmidt – General Manager

MAZE & ASSOCIATES

ACCOUNTANCY CORPORATION
3478 Buskirk Ave. - Suite 215
Pleasant Hill, California 94523
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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, 2006 and 2005, 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, 2006 and 2005 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 and Associates

September 22, 2006

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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, 2006. The MDA is intended to serve as an introduction to the District's basic financial statements. In future years, a comparative analysis of prior year information will be presented in this report. 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

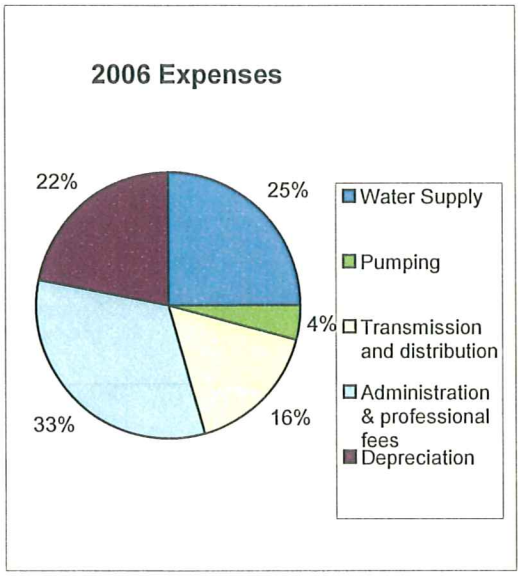
	2006	2005	Increase (Decrease)
Capital assets (treatment plants, pipelines, pump station, etc.)	$31,289,345	$29,505,263	$1,784,082
Cash and investments	13,140,488	8,981,662	4,158,826
Other Assets	943,313	605,924	337,389
Total assets	45,373,146	39,092,849	6,280,297
Noncurrent liabilities (long term debt, accrued expenses)	9,067,273	1,955,560	7,111,713
Current liabilities (accounts payable, accrued expenses)	709,176	1,343,287	(634,111)
Total liabilities	9,776,449	3,298,847	6,477,602
Net assets			
Invested in capital assets	29,249,345	27,570,263	1,679,082
Restricted (Crystal & Unspent Projects)	3,176,345	4,292,398	(1,116,053)
Unrestricted	3,171,007	3,931,341	(760,334)
Total net assets	$35,596,697	$35,794,002	($197,305)

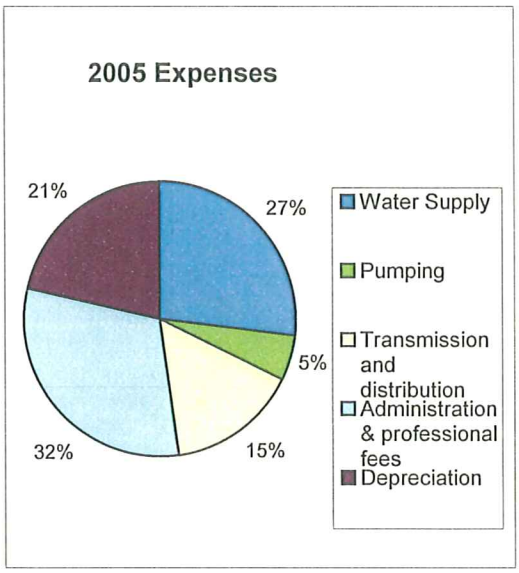
Comparison of fiscal year 2006 to fiscal year 2005: Total assets increased by $6,280,297 in fiscal year 2006 to $45,373,146, while total liabilities increased by $6,477,602, resulting in an overall decrease in net assets of $197,305.

Results of Operations

Revenues & Expenses
June 30, 2006 and 2005

	2006	2005	Increase (Decrease)	% Increase (Decrease)
Operating revenue	$4,130,532	$3,926,905	$203,627	5.19%
Operating expenses				
Water Supply	1,301,777	1,320,617	(18,840)	-1.43%
Pumping	212,529	262,680	(50,151)	-19.09%
Transmission and distribution	848,724	759,720	89,004	11.72%
Administration & professional fees	1,700,408	1,512,779	187,629	12.40%
Depreciation	1,133,961	1,050,816	83,145	7.91%
Total operating expenses	5,197,399	4,906,612	290,787	5.93%
Operating income (loss)	($1,066,867)	($979,707)	($87,160)	8.90%



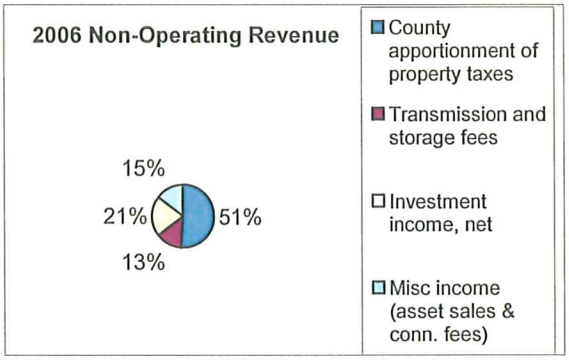


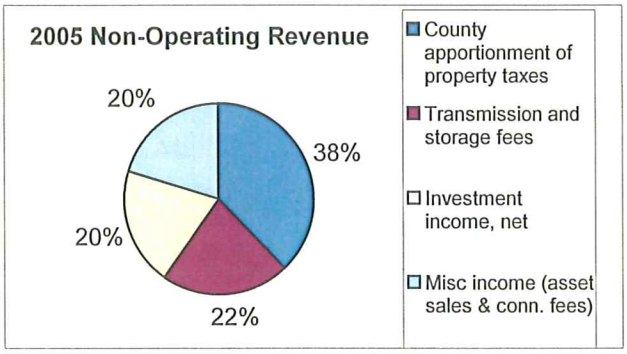
Comparison of fiscal year 2006 to fiscal year 2005: Operating revenue increased by $203,627 in fiscal year 2006, while expenses increased by $290,787, resulting in an overall $87,160 decrease in operating income during fiscal year 2006.

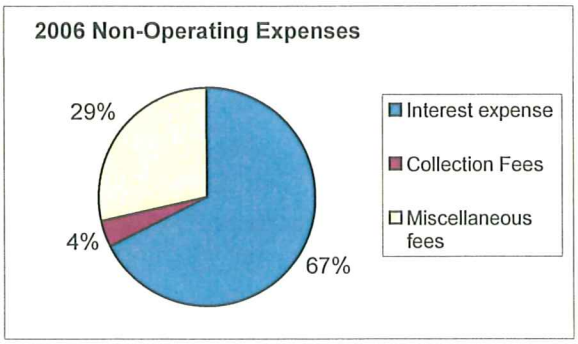
Non-Operating Revenues & Expenditures

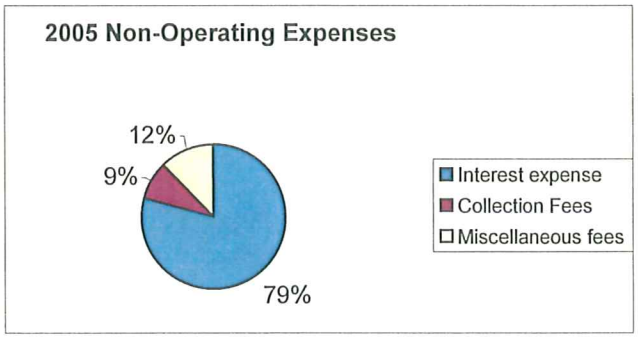
The governmental accounting standards divided Revenue and Expenses for agencies between "Operating" and "Non-Operating" sources. The Non-Operating sources are summarized below:

	2006	2005	$ Change Increase/ (Decrease)	% Change
County apportionment of property taxes	$524,975	$328,876	$196,099	59.6%
Transmission and storage fees	134,593	192,643	(58,050)	-30.1%
Investment income, net	212,876	175,032	37,844	21.6%
Misc income (asset sales & conn. fees)	152,115	176,996	(24,881)	-14.1%
Total non-operating revenue	1,024,559	873,547	151,012	17.3%
Interest expense	104,603	111,367	(6,764)	-6.1%
Collection Fees	6,161	12,408	(6,247)	-50.3%
Miscellaneous fees	44,233	17,134	27,099	158.2%
Total non-operating expense	154,997	140,909	14,088	10.0%
Net from non-operating	$869,562	$732,638	$136,924	18.7%









Non-Operating Revenues & Expenditures (continued)

Comparison of fiscal year 2006 to fiscal year 2005: Non-operating revenue increased by $151,012 while non-operating expense increased by $14,088, resulting in an overall increase of $136,924 during fiscal year 2006.

Capital Assets

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

	Balance Beginning of Year	Additions and Transfers, net	Balance End of Year
Utility Plant in Service:			
Land	$160,612		$160,612
Buildings	608,640		608,640
Furniture & Equipment	662,821	$60,587	723,408
Vehicles	618,958	28,933	647,891
Treatment plants, pipelines wells, pump stations	19,135,186	346,426	19,481,612
Crystal Springs Project			
West pipeline	2,746,355	1,379,917	4,126,272
Nunes treatment plant	3,296,713		3,296,713
East pipeline	3,197,786		3,197,786
Pump station	7,738,337		7,738,337
Casa Del Mar p'peline	873,745		873,745
Carter Hill Tank pipeline	50,000		50,000
Design, engineering and intangible costs	3,261,360	4,106	3,265,466
Utility plant at cost	42,350,513	$1,819,969	44,170,482
Less accumulated depreciation	(14,325,907)	($1,133,961)	(15,459,868)
Utility plant, net	$28,024,606		$28,710,614
Construction in progress	$1,480,657	$1,098,074	$2,578,731

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
2007	$185,000	$194,244	$379,244
2008	355,000	402,042	757,042
2009	365,000	386,567	751,567
2010	390,000	370,417	760,417
2011	405,000	353,074	758,074
2012-2016	1,740,000	1,496,231	3,236,231
2017-2021	1,225,000	1,214,693	2,439,693
2022-2026	1,540,000	895,624	2,435,624
2027-2031	1,940,000	500,445	2,440,445
2032	910,000	65,313	975,313
Total future repayments due	$9,055,000	$5,878,650	$14,933,650

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 Ed Schmidt, 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
JUNE 30, 2006 AND 2005

ASSETS	2006	2005
Utility plant (Note 3)	$44,170,482	$42,350,513
Less: accumulated depreciation	(15,459,868)	(14,325,907)
Utility plant, net	28,710,614	28,024,606
Construction in progress (Note 3)	2,578,731	1,480,657
Restricted cash and investments (Note 2)	10,191,345	4,356,007
Current assets		
Cash and temporary investments (Note 2)	2,949,143	4,625,655
Accounts receivable from customers	391,198	329,147
Taxes receivable	12,033	11,403
Interest receivable	57,313	56,352
Prepaid expenses	20,966	26,679
Materials and supplies	127,677	119,460
Unamortized bond issuance costs (Note 1H)	334,126	62,883
Total current assets	3,892,456	5,231,579
Total assets	45,373,146	39,092,849
LIABILITIES		
Noncurrent liabilities		
Long term debt (Note 5)	8,870,000	1,760,000
Accrued vacation and sick leave (Note 1G)	197,273	195,560
Total noncurrent liabilities	9,067,273	1,955,560
Current liabilities		
Due to Crystal Springs Assessment District (Note 4)	66,120	302,869
Accounts payable and accrued liabilities	248,921	616,340
Customer deposits	52,100	50,920
Accrued payroll	25,289	44,454
Deferred revenue	131,746	153,704
Current portion of long-term debt (Note 5)	185,000	175,000
Total current liabilities	709,176	1,343,287
Total liabilities	9,776,449	3,298,847
NET ASSETS		
Invested in capital assets, net of related debt (Note 8)	29,249,345	27,570,263
Restricted for Crystal Springs Project:		
Transmission and storage fees-Crystal Springs Project	2,941,191	4,053,138
District contribution to Crystal Springs Project	235,154	239,260
Total restricted	3,176,345	4,292,398
Unrestricted (board designations)		
Operating capital	300,000	300,000
Emergency and contingency	700,000	700,000
Capital expenditures	1,652,354	2,433,747
Unrestricted, undesignated by Board	518,653	497,594
Total unrestricted	3,171,007	3,931,341
Net Assets	$35,596,697	$35,794,002

See accompanying notes to financial statements

COASTSIDE COUNTY WATER DISTRICT
COMPARATIVE STATEMENTS OF REVENUES AND EXPENSES
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

	2006			2005
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
OPERATING REVENUES				
Water sales	$4,540,854	$4,130,532	($410,322)	$3,926,905
OPERATING EXPENSES				
Source of supply	1,209,500	1,301,777	(92,277)	1,320,617
Pumping	366,500	212,529	153,971	262,680
Transmission and distribution	910,200	848,724	61,476	759,720
Administrative and general	1,647,100	1,700,408	(53,308)	1,512,779
Depreciation	637,354	1,133,961	(496,607)	1,050,816
Total Operating Expenses	4,770,654	5,197,399	(426,745)	4,906,612
OPERATING LOSS	(229,800)	(1,066,867)	(837,067)	(979,707)
NONOPERATING REVENUES (EXPENSES)				
County apportionment of property taxes		524,975	524,975	766,904
Less: ERAF shift				(438,028)
Transmission and storage fees	225,000	134,593	(90,407)	192,643
Investment income, net	73,800	212,876	139,076	175,032
Connection fees		40,147	40,147	40,147
Interest expense	(94,000)	(104,603)	(10,603)	(111,367)
Collection fees	(13,000)	(6,161)	6,839	(12,408)
Miscellaneous fees	(34,000)	(44,233)	(10,233)	(17,134)
Miscellaneous income	72,000	111,968	39,968	136,849
Net Nonoperating Revenues (Expenses)	229,800	869,562	639,762	732,638
Net Income (Loss)		($197,305)	($197,305)	($247,069)

See accompanying notes to financial statements

COASTSIDE COUNTY WATER DISTRICT
COMPARATIVE STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

	Invested in Capital Assets, Net of Related Debt	Restricted Crystal Springs Project	
		Transmission & Storage Fees	District Contribution
Balance June 30, 2004	$25,224,000	$5,495,004	$248,597
Reduction reflecting District expenditures on Crystal Springs Project		(49,361)	(9,337)
Transmission and Storage Fees		155,002	
Interest on Accumulated Transmission and Storage Fees		73,305	
Net (loss)			
Increase in designation for capital expenditures			
Increase in Utility Plant, net	2,346,263	(1,620,812)	
Balance June 30, 2005	27,570,263	4,053,138	239,260
Reduction reflecting District expenditures on Crystal Springs Project		(1,318,577)	(4,106)
Transmission and Storage Fees		121,090	
Interest on Accumulated Transmission and Storage Fees		85,540	
Debt service payment	175,000		
Net income (loss)			
Bond issuance costs	(280,000)		
Unspent bond proceeds restricted for capital projects			
Increase in designation for capital expenditures			
Increase in Utility Plant, net	1,784,082		
Balance June 30, 2006	$29,249,345	$2,941,191	$235,154

See accompanying notes to basic financial statements

Unrestricted			
Operating Capital	Emergency and Contingency	Capital Expenditures	Undesignated
$300,000	$700,000	$3,059,000	$1,014,470
			58,698
			(155,002)
			(73,305)
			(247,069)
		100,198	(100,198)
		(725,451)	
300,000	700,000	2,433,747	497,594
			1,322,683
			(121,090)
			(85,540)
			(175,000)
			(197,305)
			280,000
		1,002,689	(1,002,689)
		(1,784,082)	
$300,000	$700,000	$1,652,354	$518,653

See accompanying notes to basic financial statements

COASTSIDE COUNTY WATER DISTRICT
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash collections from customers	$4,047,703	$3,977,384
Cash payments to vendors	(3,253,283)	(2,459,235)
Payments to employees	(1,197,530)	(1,041,935)
Cash Flows from Operating Activities	(403,110)	476,214
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	211,915	153,771
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes received	524,345	328,126
County collection fees	(6,161)	(12,408)
Miscellaneous receipts	111,968	136,849
Miscellaneous payments	(44,233)	(17,134)
Cash Flows from Noncapital Financing Activities	585,919	435,433
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Collection of transmission and storage fees	134,593	192,643
Collection of connection fees	40,147	40,147
Change in restricted cash & investments	(5,835,338)	2,774,459
Acquisition of capital assets	(3,189,286)	(3,219,218)
Redemption of Crystal Springs Project Bond	(236,749)	(1,394,035)
Proceeds from issuance of long-term debt	7,295,000	
Principal and interest paid on long-term debt	(279,603)	(281,367)
Cash Flows from Capital and Related Financing Activities	(2,071,236)	(1,887,371)
NET CASH FLOWS	(1,676,512)	(821,953)
Cash and investments at beginning of year	4,625,655	5,447,608
Cash and investments at end of year	$2,949,143	$4,625,655

(continued)

COASTSIDE COUNTY WATER DISTRICT
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

	2006	2005
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATIONS		
Operating (loss)	($1,066,867)	($979,707)
Adjustments to reconcile operating loss to cash flows from operating activities:		
Depreciation	1,133,961	1,050,816
Decrease (increase) in:		
Accounts receivable from customers	(62,051)	66,807
Prepaid expenses	5,713	(1,138)
Materials and supplies	(8,217)	(10,183)
Increase (decrease) in:		
Due to Crystal Springs Assessment District		2,560
Accounts payable and accrued liabilities	(367,419)	328,509
Customers' deposits	1,180	5,630
Accrued vacation and sick leave	1,713	49,508
Deferred revenue	(21,958)	(21,958)
Accrued payroll	(19,165)	(14,630)
Cash Flows from Operating Activities	($403,110)	$476,214

See accompanying notes to basic financial statements

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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 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 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 2 - CASH AND TEMPORARY INVESTMENTS

A. Composition

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

	June 30, 2006		June 30, 2005
	Current	Restricted	
Cash in Bank:			
Operating Account	$413,997		$274,427
Crystal Springs Project Transmission & Storage Account		$726,577	616,126
Reassessment Redemption Fund			302,869
Reassessment Reserve Fund		66,120	
Cash on hand - Petty Cash	3,947		3,947
Money Market Funds (bond proceeds)		7,015,000	
Local Agency Investment Fund:			
Crystal Springs Project		2,148,494	3,207,089
District contribution to Crystal Springs Project		235,154	239,260
Operating capital reserve	300,000		300,000
Emergency and contingency reserve	700,000		700,000
Capital expenditures reserves	1,531,199		3,059,000
Unallocated			288,281
Total	$2,949,143	$10,191,345	$8,990,999

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.

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.

NOTE 2 - CASH AND TEMPORARY INVESTMENTS (Continued)

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

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.

NOTE 2 - CASH AND TEMPORARY INVESTMENTS (Continued)

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, 2006, these investments matured in an average of 152 days.

Money market funds are available for withdrawal on demand and at June 30, 2006, matured in an average of 21 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, 2006.

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.

G. District Contribution to Crystal Springs Project

In fiscal 2006, District expenditures of $4,106 reduced the set aside amount for the Crystal Springs Project to $235,154, which will be expended on the Project in future years.

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	Balance End of Year
Utility Plant in Service:			
Land	$160,612		$160,612
Buildings	608,640		608,640
Furniture & equipment	662,821	$60,587	723,408
Vehicles	618,958	28,933	647,891
Treatment plants, pipelines, wells, pump stations	19,135,186	346,426	19,481,612
Crystal Springs Project:			
West pipeline	2,746,355	1,379,917	4,126,272
Nunes treatment plant	3,296,713		3,296,713
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		50,000
Design, engineering and intangible costs	3,261,360	4,106	3,265,466
Utility plant at cost	42,350,513	$1,819,969	44,170,482
Less accumulated depreciation	(14,325,907)	($1,133,961)	(15,459,868)
Utility plant, net	$28,024,606		$28,710,614
Construction in progress	$1,480,657	$1,098,074	$2,578,731

Construction in progress at June 30, 2006 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, 2006, the Assessment District had outstanding debt in the amount of $665,000 comprising the balance of its Limited Obligation Refunding Bonds issued in 1999. Property owners are solely responsible for repayment of these Bonds. Security for the Bonds is provided by a lien against each property to which a CSP water service connection is assigned. The County of San Mateo acts as the agent for the Assessment District, collecting assessments and forwarding bond payments to the Assessment District. The Assessment District is responsible for submitting monies collected by the County to a paying agent, which in turn pays the bond holders. In the event of non-payment of an assessment by a property owner, the Water District is responsible only for initiating foreclosure action on the property encumbered by the CSP assessment.

NOTE 4 - CRYSTAL SPRINGS ASSESSMENT DISTRICT (Continued)

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, 2005	Additions	Retirements	Balance June 30, 2006	Amount due within one year
1998A ABAG Water and Wastewater Revenue Refunding Bonds, 3.75-5.3%, due 10/01/2013	$2,855,000	$1,935,000		$175,000	$1,760,000	$185,000
2006B Water Revenue Bonds 3.5-4.75%, due 10/01/32	7,295,000		$7,295,000		7,295,000	
Total Long-Term Debt		1,935,000	$7,295,000	$175,000	9,055,000	$185,000
Less: Amount due within one year		(175,000)			(185,000)	
Total Long-Term Debt, net		$1,760,000			$8,870,000	

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.

NOTE 5 – LONG TERM DEBT (Continued)

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:

For The Year Ending June 30	Principal	Interest	Total
2007	$185,000	$194,244	$379,244
2008	355,000	402,042	757,042
2009	365,000	386,567	751,567
2010	390,000	370,417	760,417
2011	405,000	353,074	758,074
2012-2016	1,740,000	1,496,231	3,236,231
2017-2021	1,225,000	1,214,693	2,439,693
2022-2026	1,540,000	895,624	2,435,624
2027-2031	1,940,000	500,445	2,440,445
2032	910,000	65,313	975,313
Total payments due	$9,055,000	$5,878,650	$14,933,650

NOTE 6 - PENSION PLAN

All employees meeting PERS 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, 2006, 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	22.662%

NOTE 6 - PENSION PLAN (Continued)

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 new 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 $1,272,378 by agreeing to contribute that amount to the Side Fund through an addition to its normal contribution rates over the next 13 years.

CALPERS' latest available acturial value (which differs from market value) and funding progress are set forth below at their actuarial valuation of June 30, 2004. Actuarial values for 2002 are not available as the State-wide pool is based on a fresh-start valuation as of June 30, 2004.

	Actuarial					
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
2003	$317,520,943	$289,439,549	$28,081,394	91.2%	$74,981,463	37.5%
2004	434,267,445	379,807,592	54,459,853	87.5%	97,227,479	56.0%

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 2006, 2005, and 2004 were $258,530, $170,510, and $75,334 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.

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 Contingencies, 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 $40,000,000. 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, 2006 the District contributed $76,205 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 - COMMITMENT AND CONTINGENT LIABILITY

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 $65,978 for eligible retirees for the year ended June 30, 2006.

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COASTSIDE COUNTY WATER DISTRICT
MEMORANDUM ON
INTERNAL CONTROL STRUCTURE
FOR THE YEAR ENDED JUNE 30, 2006

MAZE & ASSOCIATES

ACCOUNTANCY CORPORATION
3478 Buskirk Ave. - Suite 215
Pleasant Hill, California 94523
(925) 930-0902 · FAX (925) 930-0135
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September 22, 2006

To the Board of the Coastside County Water District:

Under generally accepted auditing standards in the United States of America, auditors are encouraged to report various matters concerning an entity's internal control structure noted during an audit, and are required to report certain of those matters. Matters that are required to be reported are significant deficiencies in the design or the operation of the internal control structure that, in the auditor's judgment, could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

As part of our audit of the financial statements of the Coastside County Water District for the year ended June 30, 2006, we considered the District's internal control structure in determining the scope of our audit procedures for the purpose of rendering an opinion on the financial statements. While our purpose was not to provide assurances on the internal control structure, certain matters came to our attention that we want to report to you. These matters, along with our recommendations, are described in the accompanying memorandum.

A material weakness is a significant deficiency in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses as defined above. However, none of the deficiencies described in the accompanying memorandum is believed to be a material weakness.

The accompanying memorandum on internal control structure is intended solely for the use of management and the District Board. This restriction is not intended to limit the distribution of this letter and the accompanying memorandum which, upon acceptance by the District Board, are a matter of public record. To the extent that the District Board intends to rely upon this letter and the accompanying memorandum, such reliance should take into account the limited basis on which our recommendations were developed, as described above, and the limitations inherent in the internal control structure. In addition, the District Board should understand that the criteria used by us in considering the internal control structure could differ significantly from the criteria the District Board may be using for its purpose.

We wish to express our appreciation for the courtesies and cooperation extended to our representatives during the course of their work. We would be pleased to discuss these recommendations in greater detail or otherwise assist in their implementation.

Very truly yours,

Maze and Associates

A Professional Corporation

COASTSIDE COUNTY WATER DISTRICT
Management Recommendations

Purchasing Policy and Proper Approval over Disbursements

During our testing of controls over disbursements, we noted the District does not have a current purchasing policy that delegates authority over purchases and/or when a purchase order is required. In order to have an appropriate level of controls over disbursements and ensure all purchases are properly authorized, we recommend Staff review and update its purchasing policy and procedures.

Capital Assets

The District does not currently perform annual physical inventory counts of its capital assets. To ensure capital assets are accounted for and recorded correctly in the general ledger, we recommend the District perform an inventory of its assets annually or bi-annually.

STAFF REPORT

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

From: **Ed Schmidt, General Manager**

Agenda: **December 12, 2006**

Report Date: December 8, 2006

Subject: **Discussion and possible direction to staff regarding Section 3.02 of the CCWD Personnel Manual regarding Holiday Pay Schedule**

Recommendation:

For employees who work on District holidays, pay them double time for all hours worked, with their 8 hours of holiday time off to be banked as comp time. The change would be reflected in the personnel manual to read:

A non-exempt employee who works on an officially observed District holiday listed under Section 3.02 shall be compensated at double time for all hours worked on that holiday up to 8 hours. Their 8 hours of holiday leave time is to be banked as comp time. Actual work on a holiday in excess of 8 hours shall continue to be paid at time and one half.

Background:

The subject of Holiday Pay is of keen interest to the field employees who have to work holidays.

At the last Human Resources Committee meeting, Joe Guistino, Superintendent of Operations, was asked to survey water and sanitary agencies to determine what the industry standard is for holiday pay, salaries, and retirement benefits for field employee classifications. Attached are the results of his survey.

With the exception of holiday pay, the benefit package for CCWD is on par with, or better than other peninsular municipalities and water districts.

The CCWD personnel manual presently states:

A non-exempt employee who works on an officially observed District holiday listed under Section 3.02 shall be compensated at double the regular hourly rate for up to 8 hours.

Based on Joe's research, the industry standard for working holidays is to provide 8 hours of holiday pay plus time-and-one-half for all hours worked on the holiday. This amounts to double time-and-one-half for working holidays. This is on par with Montara Water and Sanitary District, Sewer Authority Midcoast and many other Bay Area Special Districts and Municipalities. Rather than pay double time-and-one-half for hours worked on holiday, we propose to pay double time only with the 8 hours of holiday time off to be banked in the employee's comp time account. The field employees like this resolution.

The employees would not be paid for this 8.0 hours of comp time. They would take the 8.0 hours off on a slow day, with approval of their supervisor.

Fiscal Impact:

No monetary impact. 88.0 hours of comp time - (11 holidays x 8.0 hours/holiday)

Holiday Pay For Other Local Agencies

8 hours Holiday Pay + Double Time (Triple Time)
- Skyline Water District
- Mid Peninsula Water District
- City of Brisbane
- City of San Bruno (Triple Time + ½)

8 hours Holiday Pay + Time-And-A-Half (Double Time-And-One-Half)
- Purissima Hills Water District
- City of Redwood City
- City of Daily City
- City of East Palo Alto
- Contra Costa Water District
- East Bay Municipal Utility District
- Montara Water and Sewer District
- Sanitation Authority Midcoast
- North Coast County Water District
- City of Hillsborough

8 hours Holiday Pay + Straight Time (Double Time)
- Coastside County Water District
- City of South San Francisco
- City of San Mateo

Simple Pay Scale Comparison

	Field Supv	Plant Operator*	Utility Worker I	Ave
East Bay MUD	37.10	30.42	24.39	30.64
City of Redwood City	37.30	26.96	21.17	28.48
Contra Costa WD	39.97	28.55	20.64	28.05
CCWD	**29.75**	**32.83**	**20.06**	**27.54**
City of Hillsborough	34.75	26.73	20.52	27.33
City of Burlingame	33.66	25.70	22.50	27.29
City of Brisbane	32.95	27.45	20.80	27.07
City of San Mateo	35.45	25.10	20.00	26.85
City of South San Francisco	32.46	26.32	19.83	26.21
City of San Bruno	33.04	25.94	19.61	26.20
NCCWD	31.01	30.42	24.39	25.96

* In companies that do not have operators, this number reflects the Utility Worker III position or equivalent.

Other Benefit Comparison

	Retirement	Medical	Holidays*
East Bay MUD	----------	Full Kaiser**	13
City of Redwood City	2.7% @55	Full Kaiser	13
Contra Costa WD	2.25% @55	Full Kaiser	13
CCWD	**2.5% @ 55**	**Full Kaiser**	**12**
City of Hillsborough	3%@60	Full Kaiser	13
City of San Mateo	2%@55	Full	13
City of South San Francisco	2%@55	Full HMO	12
City of San Bruno	2.7%@55	Full Kaiser	14.5
NCCWD	2.7%@55	Full Kaiser	-----
City of East Palo Alto	2.7%@55	----------	13

* Includes floating holidays
** Denotes full payment of Kaiser rates or equivalent

Certification Pay among other Peninsula Water Purveyors

- North Coast County Water District - 2% increase in salary if certified above the required level
- City of Burlingame - $100/month for Distribution or Treatment II. Addition $100/month for D/T III
- City of South San Francisco - 5% if certified one level higher than required, 7.5% if certified two steps higher than required
- City of San Bruno - 3% increase in pay if certified at any level.
- Contra Costa Water District - 5% increase if certified one level higher than required
- City of Vallejo - 5% increase if certified one level higher than required

STAFF REPORT

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

From: **Ed Schmidt, General Manager**

Agenda: **December 12, 2006**

Report Date: December 8, 2006

Subject: **Update on recruitment for Public Outreach / Program Development / Water Resource Management position**

Recommendation:

None, for Board information purposes only.

Background:

At the October 10, 2006 Board meeting, the Board approved the filling of the vacant position of Water Conservation Coordinator and approved several changes to the position description. We started the recruitment immediately. Advertisements were placed at the following sites:

- District website
- HMB Review
- California Urban Water Conservation Council (CUWCC)
- American Water Works Association (AWWA)
- Water Environment Federation

- Water Jobs
- California Water Environment Association
- Stanford University
- Cornell University
- SFSU
- SJSU
- U C Berkeley
- U C Santa Cruz

Yesterday, December 7, 2006, I closed out the recruitment since we had received enough applications from qualified candidates to schedule personal interviews. Ten (10) people expressed interest in the position and we received numerous phone calls and e-mails from as far away as Duluth, Georgia. We ended up receiving five (5) applications. The names of the candidates will be kept confidential to protect their privacy; however, I have copies of the applications in my office if any Board member wants to review them.

Personal interviews will possibly take place on December 20 and/or December 21, 2006. The Human Resources Committee will probably assist me with the interviews.

STAFF REPORT

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

From: **Ed Schmidt, General Manager**

Agenda: **December 12, 2006**

Report Date: December 7, 2006

Subject: **Status Report on the Current Major Capital Improvement Projects**

Main Street / Highway 92 Pipeline Replacement Project

The City of Half Moon Bay awarded the contract to O'Grady Paving of Mountain View. Construction started on Wednesday, November 1st. All work is performed between 9:00 p.m. and 5:00 a.m. At a recent project meeting, CCWD was advised that to date 1,250' of 16" ductile iron pipeline has been installed in the ground (North Main Street). 490' of that pipeline (from Lewis Foster Drive to Highway 1) has been pressure tested and passed the bacti sampling process. Effective the week of December 10, 2006, pipeline installation will continue, starting from Highway 92 to South Main Street.

Water Treatment Plant Short-Term Improvements

Engineering work is continuing and preparation of the plans and specifications for these projects has begun -

Denniston WTP Improvements:

A. Denniston Storage Tank Modifications Project. A decision has been made to construct the modifications to the Denniston storage tank and the new tank inlet pipeline first.

The plans have been completed, reviewed by District staff, and are currently being finalized in Autocad format. The specifications have been completed and will be provided to the District staff for review with the completed plans. Next, review by the State Department of Health Services is required. Following all review work, the project will be put out to bid. It is anticipated the bidding process will begin in January 2007.

B. Denniston Water Treatment Plant Improvements. The WTP operating staff has provided the Engineer with the basic design concepts for the equipment selection and layout. The Engineer has begun the project plans.

Nunes WTP Improvements:

The Engineer is continuing preparation of the Contract Drawings. The draft drawings for the chemical feed pumps and storage tanks for the alum, caustic soda, and sodium hypochlorite systems have been submitted to and reviewed by the WTP operating staff.

Carter Hill East Pipeline Replacement Project

This project was awarded to Stoloski & Gonzales, Inc. for $140,360.00 at the November Board of Directors meeting. The District and contractor are currently in the process of executing the project contract.

Phase 3 - El Granada Pipeline Replacement Project
El Granada Pipeline Replacement Project Phase 3
City and County Portions

The District has obtained the two Coastal Development Permits required for the project, but there is still a substantial amount of work to be completed before the project can be advertised for bids. The major items remaining to be completed are (1) compliance with the submittal requirements of the conditions contained in the Coastal Development Permits, (2) obtaining an Encroachment Permit from Caltrans, the City of Half Moon Bay, and the County of San Mateo, and (3) obtaining easements over 2 areas of the project where the pipeline will be located within private property.

1) Compliance with Submittal Requirements of the CDP's. The person responsible for this work is George Burwasser of E.I.P. Associates. The Engineer will obtain the status of this work the day before the Board meeting and present this information at the meeting.

2) Encroachment Permits. The Engineer is working on preparation of the additional information required to be added to the project plans by Caltrans. Additional surveying is required for adding the pipeline profile for the entire pipeline route within the highway right of way, and the Engineer has requested a proposal from Towill, Inc. for that work which hopefully will be available for approval at the Board meeting. Also, Caltrans is requiring that the design of the shoring for all excavations greater than 5 feet in depth be included on the drawings, and the Engineer has requested a proposal from J. M. Turner Engineering for that work which hopefully will be available for approval at the Board meeting.

Because the District Engineer will be on vacation from Nov. 20 to December 11, 2006, the proposals discussed above are not available for inclusion in the Board meeting packet.

Fiscal Impact:

Funding for the Phase 3 El Granada Pipeline Replacement Project is included in the 2006/07 Capital Improvement Program budget.

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

TECHNICAL ADVISORY COMMITTEE

Foster City Community Building – Wind Room, 1000 East Hillsdale Blvd.
(Directions provided on Page 2)

December 7, 2006 – 9:30a.m.

AGENDA

9:30 **1. Call to order and introductions** **(Lazarus)**

a. **Notes from meeting of October 5, 2006** *(Attachment)*

REPORTS

9:35 **2. Committee Reports**

a. **Water Quality Committee** **(Ingebrigtsen)**

b. **Water Resources Committee** **(Mosher)**

9:50 **3. General Manager's Reports** **(Jensen)**

a. November Board Meeting
   - WSIP Costs

b. November 15th Emergency Preparedness Drill

c. FY 05-06 Annual Survey

d. SFPUC November Quarterly Progress Report on WSIP

10:10 **4.** Ad Hoc Seismic Safety Sub-Committee **(Jensen)**

Issue: The committee is meeting on December 4th to finalize the questionnaire and develop an approach to reviewing SFPUC's Seismic Requirement for Design of New Facilities and Upgrade of Existing Facilities.

Information to Committee: Oral report from Jim Craig on results and next steps.

Committee Action Requested: Comments and questions

will ask Jim T. to review SFPUC standards & make recommendations for CCWD.

10:30 **5.** Asset Management **(Jensen)**

Issue: Is San Francisco making reasonable progress in addressing system maintenance needs in a methodical and comprehensive manner?

Information to Committee: Oral report on the status of DHS and SF Board of Supervisors maintenance management recommendations; quarterly progress report in compliance with settlement agreement on contract administration; current SFPUC activities and FY 2007/08 budget preparation.

Committee Action Requested: Comments that would assist in articulating the importance of meeting maintenance objectives.

qtr. reports from SFPUC are of little value. SFPUC has no system or $ in place to maintain the new facilities, once the new facilities are built.

21% last yr
3% this year?

might know by end of March

10:50 **6.** Wholesale Rates **(Jensen)**

Issue: Will the BAWSCA agencies obtain wholesale rates for next year in time to complete required public information and retail rate setting?

Information to Committee: Oral report on proposal sent to the SFPUC.

Committee Action Requested: Comments that assist in emphasizing the needs of BAWSCA agencies.

Art will push SFPUC to get rate estimates before March if possible

11:10 **7. Comments by TAC members** **(Lazarus)**

11:15 **8. Adjourn to next meeting: January 4, 2006, Wind Room, Foster City Community Building, 1000 E. Hillsdale Blvd., Foster City** **(Lazarus)**

DIRECTIONS:

From Hwy 101 North, take the Hillsdale Ave. exit toward Foster City. Turn Right onto E. Hillsdale Blvd. Turn Right into the parking lot just after the intersection with Shell Blvd. The Community Bldg. entrance is separate from the Library entrance and is marked by signage. The Wind Room will be at the top of the stairs on the right, across from the reception station. (There is an elevator).

From the East Bay, take Hwy 92 West, exiting at Foster City blvd., and going South on Foster City Blvd. to Hillsdale. Turn Right (West) onto Hillsdale and proceed to Shell Blvd., making a U-turn to be able to pull into the parking lot SE corner of Hillsdale and Shell. The Wind Room will be at the top of the stairs on the right, across from the reception station. (There is an elevator).

2½

BAWSCA
Bay Area Water Supply & Conservation Agency
155 Bovet Road, Suite 302
San Mateo, California 94402
(650) 349-3000 tel. (650) 349-8395 fax

MEMORANDUM

TO: BAWSCA Technical Advisory Committee

DATE: December 7, 2006

FROM: Arthur R. Jensen, General Manager

SUBJECT: MEETING NOTES FROM OCTOBER 5, 2006 MEETING

The following is intended to highlight content and comments received from the committee as a reminder for attendees and as a summary for those unable to attend the meeting.

Attendance: Twenty-one (22) BAWSCA member representatives:

Agencies Present:

ACWD (Doug Chun)
Cal Water (Michael Bolzowski)
Daly City (M. Baker, Tim Nevin)
Hayward (Marilyn Mosher)
Menlo Park (Kent Steffens)
Millbrae (Ron Popp)
Mountain View (Peter Skinner)
Palo Alto (Jane Ratchye)
San Jose (Mansour Nasser)
Stanford (Marty Laporte)
Burlingame (Syed Murtuza)
Coastside (Ed Schmidt)
Estero MID (Ray Towne)
Hillsborough (Cyrus Kianpour)
Mid-Peninsula (Michael Anderson)
Milpitas (Marilyn Nickel)
NCCWD (Lou Sean)
Redwood City (Larry Barwacz)
Santa Clara (Robin Saunders)
Sunnyvale (Jim Craig/Tim Kirby)

Agencies absent:

City of Brisbane (Jerry Flanagan)
Los Trancos (Stan Gage)
San Bruno (Scott Munns)
Westborough (Darryl Barrow)
East Palo Alto (Fernando Bravo)
Purissima (Phil Witt)
Skyline (Tammy Hannon)

BAWSCA: Arthur Jensen, Nicole Sandkulla, John Ummel, Lourdes Enriquez

1. **Call to Order/Welcoming Remarks**: Committee Vice Chair Jim Craig called the meeting of the Technical Advisory Committee to order at 9:35 am, followed by self-introductions. The notes from the meeting of September 7 were accepted.

REPORTS:

2. **Water Quality:**

   Cryptosporidium Action Plan: Art reported that the SFPUC Water Quality Bureau held a Cryptosporidium Detection Action Plan Workshop as a follow up to the drill held in March 2006. The participation of some BAWSCA member agency staff was significant to the positive outcome of the workshop. San Mateo County Public Health officials participated in the workshop, and the specific comments provided by Tracy Ingebrigsten, Jane Ratchye and Doug Chun provided a clear indication for the need to change the existing notification protocols for the local utilities. There was an overall consensus that encourages the notification content and process to be consistent and specific regarding the who, what, when and how. Training was also suggested. Further information will be communicated to the TAC as they develop.

   Committee Report: .

   Committee Chair, Marilyn Mosher provided updates on the conservation programs. Release of the Gardensoft CD is expected in Spring 2006. Applications for the High Efficiency Toilet and Urinal Program should be submitted to BAWSCA by the end of October. Agencies interested in participating in the Water Wise School education kit are asked to contact BAWSCA during the early part of the school year FY 06-07. The committee will be looking at other program opportunities, and welcome suggestions from the TAC.

3. **General Manager's Reports:**

   September BAWSCA Board Meeting Summary: Commission President, Richard Sklar spoke at the board meeting held on September 21st. SFPUC's Quarterly Progress Report and Annual Report to the State on the Water System Improvement Program (WSIP) were discussed. The report to the State failed to address the recommendations made by the California Seismic Safety Commission (CSSD) and the Department of Health Services (DHS). Both reports indicate delays in 4 projects. The quarterly progress report remains to be a very helpful tool in tracking the program's developments, and Art assesses the WSIP's progress with cautious optimism. The significance of the project delays are difficult to identify on both reports and BAWSCA will closely monitor and address issues that develop. There were no discussions of an increase in the cost of the WSIP, however, it was important for Richard Sklar, Susan Leal and Tony Irons to hear that BAWSCA will be watching the budget closely.

   SFPUC's study of the economic impact of water supply shortage was discussed with the board. Art asked TAC members for their input on the consultant's requests to date, to address issues related to the information being requested. Art stated his concern that the full value of the study may be lost, and BAWSCA member agencies be seen as unforthcoming because of failure to accurately anticipate the amount of work involved to complete the study.

Patrick Sweetland, BAWSCA representative on the San Francisco Regional Bond Oversight Committee (RBOC) presented the complimentary and cautionary findings of the committee's audit of San Francisco's Paper Program for the WSIP. The audit makes recommendations on issues consistent with BAWSCA's concerns. This underscores the effectiveness of BAWSCA's involvement with committees of San Francisco such as the RBOC and Citizen's Advisory Committee.

Commissioner Sklar spoke about the climate change and its potential impact to the water supply. He mentioned raising the dam and spoke of conservation, but didn't indicate when San Francisco may be able to provide a report on the effects based on the scientific study. The report will be pursued with San Francisco, but should not compete with the time and effort needed to complete the PEIR. Art stated that water use and storage will change in the future.

Tom Smegal, Manager of Rates for California Water Services Company presented a water rate structure designed to promote water conservation. Consideration of a conservation water rate structure by BAWSCA member agencies was encouraged at the board meeting, and will be further discussed in the agenda. The message was well received by the board, and the effort demonstrates ingenuity by private utilities with regards to efficient water use.

Mr. Sklar reported that the commission received public comments regarding chloramines. The commission took the comments very seriously, and is doing an analysis of information available. Staff will report its findings to the commission at its meeting scheduled for October 24th. Several members of the public attending the board meeting were upset by the departure of San Francisco staff before the public comments period. A public speaker from San Francisco expressed his disappointment with the SFPUC.

The issue of chloramine has caught the attention of a Chinese publication, and Art reported that in a call he received from the reporter, he clarified her impression that SFPUC reported to BAWSCA. Art stated that clarification of BAWSCA's role with San Francisco may need to be clarified with some members of the public.

Wholesale Water Rate Setting Schedule: BAWSCA will work with San Francisco to get the water rate setting available to the member agencies sooner than later. San Francisco does not have the same effects that water utilities have from Proposition 218, because the Proposition does not apply to wholesale rate setting.

Water Rate Structures for Utilities Regulated by the CPUC: The presentation provided at the BAWSCA board meeting by Cal Water's Rates Manager, Tom Smegal, was included in the TAC agenda packet for the committee's review. California Water Service Company is working with other water utilities, and environmental organizations such as the Natural Resource Defense Council (NRDC) and Mono Lake Committee in proposing recommendations to the California Public Utilities Commission (CPUC) that responds to the Water Action Plan adopted by the Commission in December 2005, and that changes the commission's rate-setting practice. Among the recommendations is a conservation rate design that encourages water conservation. It is revenue neutral for the average customer, lowers total bills for customers who use less water, provides a summer incentive when water use is most controllable, and offers a significant incentive for those with higher than average use. Cal Water's 2006

rate case includes a proposal for South San Francisco. Cal Water plans to expand its application to include its entire service area in Menlo Park, Atherton, Woodside, San Mateo and San Carlos.

4. **Local System Seismic Upgrades – Reports of Ad Hoc Committee:**
Art stated that the response to the recommendations for local systems upgrade made by the California Seismic Safety Commission need to be approached thoughtfully. As public servants, BAWCA and its member agencies have a responsibility to the public to do so. The BAWSCA board were presented with the two alternative of independent action by the member agencies, or a coordinated effort facilitated by BAWSCA.

   The meeting of the Ad Hoc Seismic Safety Subcommittee was held on September 25th where four objectives were considered by the subcommittee: what is expected of each agency, what coordinative actions are needed, how will progress be reported, and how can coordinative effort be resourced? The committee formed questions that can establish a baseline of each agency status, and identified some goals and standards. Art stated that goals and standards will differ among the agencies, and will evolve over time. The question of "Can water be delivered to the critical customers?" needs to be answered, and what agencies should focus on needs to be clarified.

   Comments from committee members included:

   - Doug Chun -- This represents an opportunity for agencies to share how they are addressing the related technical problems.
   - Ed Schmidt -- This may be an opportunity to standardize the terminology agencies use to characterize projects in their CIPs. [It would certainly be easier to assemble a table of "seismic upgrade projects" or system reliability measures or non-structural solutions for dealing with damaged systems" if everyone used the same words to mean the same thing.]
   - Syed Murtuza – Differences in priorities can make it challenging to standardize terminologies.
   - Robin Saunders/Jensen – The work to coordinate and describe what is being done to address water system seismic needs does not require new programs – the effort is to accurately describe what is being done. If more needs to be done, that will surface during the process.
   - Marty Laporte – Agencies should also have water use curtailment plans for reducing non-critical uses of water following a major earthquake.

     There should be a parallel effort to address emergency operations and communications between SFPUC and BAWSCA members.

     There should be a clarification of BAWSCA's role, if any, *during* emergencies.
   - Jim Craig/Jensen -- The ad hoc committee should review and finalize the list of preliminary survey questions.

5. **Program Environmental Impacts Report (PEIR) Workshop:** Nicole Sandkulla reported on the PEIR workshop held on September 14th, and described several note-worthy issues she recognized at the workshop. How will the growth inducement analysis be dealt with, how will the growth analysis affect the alternative of no more than 184mgd, and how consistent is the analysis with the agencies' contract with San Francisco? The PEIR team is on a tight

deadline and is reluctant to commit to another meeting unless it is necessary. The draft PEIR is scheduled for release in November, but may be released in December. Scoping meetings will be scheduled and the review of the report will continue through January 2007. Further involvement of the agencies can be coordinated through the TAC meeting to address issues and put together responses to the document.

6. **Bay Area Water Stewards Symposium – Follow Up:** Members of the committee commented on their impressions of the BAWS symposium held on September 28th. Comments from TAC members state that the expert panel seems to think that the symposium was attended by BAWSCA member agencies to hear and learn about water use efficiency for the first time. Statements made by the panel reinforced the idea that water users outside San Francisco are wasteful, and characterized the growth in demand as entirely for outdoor use. Speakers talked about conservation programs that were unsuccessful at the end, and then failed to specify what the challenges and limitations of the implementations were.

   The experts characterize water demand projections as excessive, and conservation efforts as insufficient. They recommend conditioning water availability and price on conservation performance, and appeals to wholesale customers to "cooperate without regard to who gets credit." Art stated that wholesale customers should be able to make decisions and be held accountable for its actions. Who makes the decision, is an important question.

   The panel and the Q&A portion were well-managed. There were good examples provided, but the best examples did not relate to BAWSCA agencies. There were information unused, misused, and mischaracterized.

   The presentations made and notes taken at the symposium will be distributed to the TAC members. BAWSCA will provide clarifications to statements made accordingly, and TAC members are asked to communicate with Nicole Sandkulla on any issues and inaccuracies that need to be addressed. Contract related comments will be discussed, and comments on the symposium will be considered and made in the context of the PEIR.

   No more water demand increase is the message expected, making conservation as an alternative source of supply. Agencies should prepare to do more. The BAWSCA board will be asked to recommend that member agencies actively support AB 1881, a bill that promotes conservation and water use efficiency through implementation of new guidelines and ordinances for water efficient landscape.

7. **Comments by TAC members:** The Urban Water Management Plans of four agencies have been formally accepted by the Department of Water Resources. Almost all BAWSCA member agencies have submitted their plans.

   Members of the committee expressed their concerns with the survey being used by SFPUC consultant, Public Financial Management (PFM) to complete the economic impact analysis of water supply shortage. Art stated that it is important to know if the tool for the study is flawed. This item will be further discussed at the next TAC meeting, and BAWSCA will follow up with PFM on the progress of the study.

The meeting was adjourned at 11:30, but discussions on the observations by member agency staff of the BAWS Symposium continued until 11:45.

8. **Good of the Order/ Next Meeting:** The next meeting is scheduled for November 7, 2006, at 9:30am, in the Wind Room of Foster City Community Building, 1000 E. Hillsdale Blvd., Foster City.

STAFF REPORT

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

From: **Anthony P. Condotti, District Legal Counsel**

Agenda: **December 12, 2006**

Report Date: December 5, 2006

Subject: Analysis of Proposition 84, the "Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006"

Recommendation:

Information Item.

Background

On November 7, California voters approved Proposition 84, the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006. Proposition 84 authorized the state to sell $5.4 billion in general obligation bonds for a variety of water- and resources-related grant programs. The measure is intended to provide the funds necessary to address the most critical water needs of the state, including the provision of safe drinking water, the protection of water quality and the environment, and the improvement of water supply reliability. The stated purpose of the measure is to "ensure safe drinking water and a reliable supply of water for farms, cities and businesses, as well as to protect California's rivers, lakes, streams, beaches, bays and coastal waters, for this and future generations." Proposition 84 is designed to meet its objectives by allocating funds to various categories of projects, most of which will be disbursed through competitive grant programs. Grant programs that may be of interest to CCWD will be administered by various state agencies, including the Department of Water Resources, Department of Health Services and the Department of Fish & Game. Once these agencies proceed with their programs, public agencies like CCWD will have an opportunity to submit grant proposals, which will then be evaluated against competing proposals based on specified criteria. Successful grant programs will be those that are perceived as providing the maximum benefit measured against their cost.

The categories of funding are:

Chapter 2: Safe Drinking Water and Water Quality Projects ($525 million)
This chapter is intended to provide the funds necessary to address the most critical water needs of the state including the provision of safe drinking water to all Californians, the protection of water quality and the environment, and the improvement of water supply reliability, as follows:

- $10 million for emergency projects to ensure safe drinking water
- $180 million for small community drinking water system infrastructure improvements and related actions to meet safe drinking water standards.
- $50 million for the purpose of providing the state share needed to leverage federal funds to assist communities in providing safe drinking water through the Safe Drinking Water State Revolving Fund
- $80 million for State Water Pollution Control Revolving Fund
- $60 million to state DHS for grants to prevent / reduce groundwater contamination
- $130 million for projects to improve Delta water quality
- $15 million for agricultural discharge pollution reduction
- $1 billion for grants for projects that assist local public agencies to meet the long term water needs of the state including the delivery of safe drinking water and the protection of water quality and the environment. Eligible projects must implement integrated regional water management plans that meet the requirements state law. Projects that may be funded pursuant to this subcategory must be consistent with an adopted integrated regional water management plan or its functional equivalent as defined in DWR's Integrated Regional Water Management Guidelines, must provide multiple benefits, and must include certain mandatory elements.

Funding for Chapter 2 is allocated regionally as follows:

- North Coast $ 37 million
- San Francisco Bay $ 138 million
- Central Coast $ 52 million
- Los Angeles sub-region $ 215 million
- Santa Ana sub-region $ 114 million
- San Diego sub-region $ 91 million
- Sacramento River $ 73 million
- San Joaquin River $ 57 million

- Tulare/Kern $ 60 million
- North/South Lahontan $ 27 million
- Colorado River Basin $ 36 million
- Inter-regional/Unallocated $100 million

Chapter 3: Flood Control ($800 million)[1]
This chapter is intended to provide the funding needed to address short term flood control needs such as levee inspection and evaluation, floodplain mapping and improving the effectiveness of emergency response, and providing funding for critical immediate flood control needs throughout the state. It includes:

- $30 million for floodplain mapping
- $275 million for flood control facilities
- $40 million for flood protection corridor projects
- $275 million for Delta levee / Delta levee maintenance subventions
- $180 million for local flood control subventions

Chapter 4: Statewide Water Planning and Design ($65 million)
This chapter makes funding available to DWR for planning and feasibility studies related to the existing and potential future needs for California's water supply, conveyance and flood control systems. The studies are to be designed to promote integrated, multi-benefit approaches that maximize the public benefits of the overall system including protection of the public from floods, water supply reliability, water quality, and fish, wildlife and habitat protection and restoration. Projects to be funded may include:

- Evaluation of climate change impacts and alternatives to improve adaptability
- Surface water storage planning and feasibility studies
- Modeling and studies for improving flood protection and water supply through coordinated groundwater storage and reservoir operations
- Other studies needed to improve integration of flood control and water supply systems

Chapter 5: Protection of Rivers, Lakes and Streams ($928 million)
This chapter makes available the sum of $928 million for the protection and restoration of rivers, lakes and streams, their watersheds and associated land, water, and other natural resources. Programs that are potentially beneficial to water agencies include:

[1] Flood control elements would be in addition to levee repair and flood control provisions included in the infrastructure bond passed by the Legislature in May 2006.

- $180 million for Bay-Delta and Coastal Fishery Restoration Projects
- $90 million for Colorado River programs, including the QSA and Salton Sea
- $54 million for public access to State Water Project recreation / resources
- $100 million for San Joaquin River restoration
- $90 million for matching grants for storm water cleanup

Other Programs funded by this chapter include:

- $18 million for the Urban Stream Restoration Program
- $36 million for the San Joaquin River Conservancy
- $72 million for projects in the watersheds of the Los Angeles and San Gabriel rivers
- $36 million for the Coachella Valley Mountains Conservancy
- $54 million for the Sierra Nevada Conservancy
- $36 million for the California Tahoe Conservancy
- $45 million for the California Conservation Corps
- $72 million for the River Parkways Program
- $45 million for the Santa Ana River Parkway

Chapter 6: Forest and Wildlife Conservation ($450 million)
This chapter allocates funding for protection and conservation of forests and wildlife habitat as follows:

- $180 million for forest conservation and protection projects
- $135 million for restoration, acquisition, and protection of wildlife habitat
- $90 million for natural community conservation plans (NCCPs)
- $45 million for the protection of ranches, farms, and oak woodlands

Chapter 7: Protection of Beaches, Bays and Coastal Waters ($540 million)
This chapter makes funding available for beaches, bays and coastal waters and watershed protection as follows:

- $90 million for Clean Beaches Program
- $135 million for the State Coastal Conservancy
- $108 million for the San Francisco Bay Area Conservancy[2]
- $90 million for the California Ocean Protection Trust Fund
- $45 million for Santa Monica Bay and its watersheds

[2] Note: At least 20% of the funds allocated to the SFBAC must be expended on projects in watersheds draining directly to the Pacific Ocean.

- $45 million for Monterey Bay and its watersheds
- $27 million for San Diego Bay and its watersheds

Chapter 8: Parks and Nature Education Facilities ($500 million)

- $400 million for State Parks
- $100 million for nature education and research facilities

Chapter 9: Sustainable Communities and Climate Change Reduction ($580 million)

This chapter makes funding available for the stated purpose of "improving the sustainability and livability of California's communities through investment in natural resources." The purposes of this chapter include reducing urban communities' contribution to global warming and increasing their adaptability to climate change while improving the quality of life in those communities. Funds are allocated as follows:

- $400 million for local and regional park grants
- $90 million for urban greening projects
- $90 million for planning and incentives for resource conservation

As Proposition 84 is implemented, it will be necessary to monitor the various programs to ensure that any potential grant opportunities are explored. Information concerning grant availability is typically available from ACWA, or is announced by the granting agency directly. There will be an open discussion on Proposition 84 at the ACWA Fall Conference, Thursday December 7, in Anaheim, and I will be in attendance. I will update the Board on any useful information from ACWA conference at Tuesday's meeting.

Fiscal Impact

Unknown at this time.