

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

SPECIAL MEETING OF THE BOARD OF DIRECTORS

Thursday, June 26, 2008 - 1:00 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 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) DISCUSSION AND DIRECTION TO STAFF REGARDING AGREEMENT WITH FRISCH ENGINEERING, INC. FOR SHORT TERM IMPROVEMENTS ELECTRICAL DESIGN ([attachment](#))
- 3) DISCUSSION AND DIRECTION TO STAFF REGARDING APPROVAL OF CELL SITE LEASES WITH METRO PCS COMMUNICATIONS ([attachment](#))
- 4) WATER SUPPLY STRATEGIC PLANNING WORKSHOP ([attachment](#))
- 5) ADJOURNMENT

STAFF REPORT

To: Coastside County Water District Board of Directors

From: David Dickson, General Manager

Agenda: June 26, 2008

Report

Date: June 25, 2008

Subject: Agreement with Frisch Engineering for Short Term
Improvements Electrical Design

Recommendation:

Authorize execution of an agreement with Frisch Engineering for electrical design services needed to complete project documents for the Nunes/Denniston Short-Term Improvements Project, at an estimated cost of \$79,185.

Background:

Design of the Denniston/Nunes Short-Term Improvements Project has been underway since 2006, and Jim Teter has completed the project specifications and mechanical design. J.M. Turner is providing structural design, which is nearly complete. At the District's request, Frisch Engineering has provided the attached proposal to supply the electrical design services needed to complete the project documents for bidding.

It is critical that the District implement these long-planned improvements to the water treatment plants as soon as possible. Staff recommends that the District retain Frisch Engineering to provide the final design element in order to allow us to put the project out to bid by November 2008 and complete construction during the winter of 2008-2009.

Fiscal Impact:

Funds for the Short-Term Improvements Project are included in the FY 07-08 and FY 08-09 CIP budgets.



FRISCH ENGINEERING, INC.

Consulting Electrical Engineers
110 Blue Ravine Road, Suite 101
Folsom, CA 95630

Phone 916.353.1025
Fax 916.353.1028

June 16, 2008

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

Location: Coastside County, Nunes and Denniston WTPs
Short Term Water Treatment Plants Improvements Project
Subject: Electrical and Control System Design Services

Mr. Dickson,

Frisch Electrical Engineering Inc. is pleased to submit this proposal to perform the electric power and control system design services for the Short Term Water Treatment Plants Improvements Project. The following lists the electrical and control system design and construction services:

Design Services

The design will include electrical drawings for two treatment plants with similar chemical control systems. Each plant will have a PLC and operator interface to operate the chemical systems. We will maintain the most consistency possible between plants so that the most design and programming efficiencies can be achieved. The following chemical systems and accessories are included:

<u>Systems</u>	<u>Denniston Qty</u>	<u>Nunes Qty</u>
Hypochlorite feeders	2	3
Alum feeders	2	2
Caustic Soda feeders	2	2
PolyBlend Feed	2	2
Potassium Permanganate feed	2	0
Ferric Chloride feeder	1	0
Hypochlorite generator including misc. devices	1	1
Sump Pump	1 with receptacle only	3 with manual switch
Air Blowers	2	2
Chemical Tanks (with instrumentation as required)	1 each, Caustic, Permanganate, Alum Storage, Alum Day, Polymer, Ferric	Caustic (2), Alum (2), Hypochlorite (2),
Tank Mixers	1, potassium permanganate	
Magnetic Flowmeter	1, influent flow	1 caustic soda, 2 hypochlorite
Automated Influent Valve (plant shutdown system)	1, new with control	1, existing valve, new control
Overhead motorized door	1	1

The following drawings and specifications will be included in the design and will be provided for both plants as applicable.

1. Design meetings (3)
2. Electrical Design Drawings
 - A. Electrical and instrumentation symbols and abbreviations.
 - B. Process and instrumentation diagrams (P&IDs)
 - C. Plant power single line diagram showing modifications for equipment and additional loads
 1. Additional panelboard and transformer as required.
 - D. Communications block diagram showing PLC, HMI and chlorine generation PLC.
 - E. Elevation layout drawing:
 1. Motor Control Center with changes
 2. Control Panel with backpan layout
 - F. Control panel wiring diagrams.
 1. PLC Control Panel.
 - G. Plan drawings:
 1. Dennison (3)
 - a. Chemical feed area with multiple chemicals
 - b. Hypochlorite generation – old chlorination room (2), lighting and receptacles and power and controls plans.
 2. Nunes (5) chemical area plans, will try to re-use existing conduit where possible.
 - a. Caustic -- North end of filter pipe gallery
 - b. Polymer -- Southwest end of filter pipe gallery
 - c. Alum and hypochlorite – equipment room
 - d. Hypochlorite generation – old chlorination room (2), lighting and receptacles and power and controls plans.
 - e. Overall plan of entire from old drawings to the extent possible as pieced together utilizing old drawings, new drawings and field measurements. No plan to show piping or specific detail on equipment.
 - f. Control building upper floor plan showing electrical room.
 - H. Detail drawings:
 1. Electrical equipment installation
 2. Instrumentation (flowmeters, pressure transmitters, etc.)
 3. Conduit installation
 4. Miscellaneous additional details

3. Provide the following schedules:
 - A. Conduit & wire
 - B. Panelboard
 - C. Instrumentation
4. Provide electrical specifications for the following:
 - A. General Electrical Materials
 - B. Conduit, Boxes and Grounding
 - C. Wire, Fuses and Terminal Blocks
 - D. Panelboard and Power Transformer
 - E. Factory and Field testing.
 - F. Control Panel Components
 - G. PLC and Operator Interface Hardware
 - H. PLC an Operator Interface Applications Programming
 - I. Instrumentation (re-connection to existing, no new instrumentation)
 - J. Other electrical components.
5. Provide electrical construction cost estimate.
6. Prepare electrical utility service request forms.
7. Answer bid related questions.

Assumptions

- We have assumed one bid package, one project for construction.
- Our standard insurance coverage limits for general liability and E&O liability at \$1,000,000 per occurrence and \$1,000,000 aggregate are sufficient.
- Electronic files (ACAD) for the siteplan, mechanical and building plan will be provided to us for our use as background files. If electronic files need to be generated for the site plan, additional charges may apply.
- Anticipated design time for this project is 4 months including submittal reviews. If delays outside our control causes design time extension beyond December 1, 2008, then hourly cost increases and/or remobilization charges may be applicable.
- Rate escalation of 5% per hour is scheduled for January 1, 2008 and each anniversary thereafter. Escalated rates will only apply to extra work performed after January 1, 2009.
- Hourly rates include overhead costs such as telephone, photocopies, computer costs, copying, and insurance. The field hourly rates include travel costs (owned vehicle) for on-site work.
- Hourly rates do not include expenses such as rental equipment, airline tickets, rental vehicles, lodging, non-incidentual photocopying and materials. Miscellaneous expenses will be billed at cost + 10%.

Deliverables

- All drawings will be produced in AutoCAD. Delivered PDF and paper.
- Specifications will be produced in Microsoft Word, CSI format. Delivered PDF and paper.
- Submittals at 80% and 100% design stages. One paper copy included at each submittal. Additional copies available for \$100 each.
- Written response to design review comments (1).

Terms

- As defined per contract, contract by Client.
- This is a time and materials quotation with anticipated budget of hours and costs. We anticipate that we can perform the scope as described within our budget. If the Client's needs or project circumstances cause us to exceed our anticipated budget, we will make every effort to inform the Client in advance of work for authorization.
- Client will pay for all authorized and properly performed services as defined in this quotation.
- Disputes or disagreements with invoices or the associated services must be addressed by Client within 30 days from invoice date.
- Client will be invoiced monthly based on project progress.
- Changes to project scope may result in increased or reduced costs.

Electrical Engineering Costs

Please see attached spreadsheet.

Frisch Engineering is pleased to offer this quotation for your consideration. This quotation is for design services only. We will gladly quote services during construction such as submittal review, electrical inspection, and management after the design is complete. Please give us a call if you have any questions or require further information.

Sincerely,



Thomas P. Frisch, P.E.
Electrical Engineer

I agree to project scope, assumptions, deliverables and terms and authorize Frisch Engineering to proceed:

X _____

Title: _____ Date: _____



FRISCH ENGINEERING, INC.

Consulting Electrical Engineers
110 Blue Ravine Road, Suite 101
Folsom, CA 95630

Phone 916.353.1025
Fax 916.353.1028

PROFESSIONAL ENGINEERING SERVICES COST ESTIMATE

JOB TITLE: Short Term Water Treatment Plants Improvements DATE: 6/16/2008
CLIENT: Coastside County Water District

Engineering Discipline

Task Description	Field Engineer	Office Engineer	Technical Assistant	Total hours per task	cost per task
1 Meetings	30	0	0	30	\$3,900.00
2~5 80% design PS&E	20	220	264	504	\$50,340.00
2~5 100% design PS&E	0	125	100	225	\$22,875.00
6 Utility Coordination	0	8	0	8	\$920.00
7 Bid Services	0	10	0	10	\$1,150.00
Subtotal Hours	50	363	364	777	
Hourly rate per discipline	\$130	\$115	\$85		Subtotal Costs
Total cost per discipline	\$6,500	\$41,745	\$30,940		\$79,185.00
Other Direct Costs					
Office Expenses/Printing/Reproduction			\$0		
Additional Travel Expense and Per Diem			\$0		
Subtotal other direct Costs				\$0.00	
				Total Costs	\$79,185.00

STAFF REPORT

To: Coastside County Water District Board of Directors

From: David Dickson, General Manager

Agenda: June 26, 2008

Report

Date: June 25, 2008

Subject: Approval of Cell Site Leases with Metro PCS Communications

Recommendation:

Authorize execution of lease agreements with Metro PCS Communications for cell sites at the District's Miramar and Alves tanks.

Background:

Leasing space at our tank sites to cellular communications companies provides the District with revenue while imposing minimal effects on our operations. We currently lease two sites to Sprint, producing revenue of about \$40,000 per year.

The District has retained a consultant, Aaron Levinson of Communication Leasing Services, to pursue additional cell site lease opportunities. Mr. Levinson has been working on lease agreements with Metro PCS for sites at the Miramar and Alves tanks and with Verizon for a site at the Carter Hill tanks.

Terms of the Metro PCS lease agreement have now been finalized between the parties. District Counsel Tony Condotti has reviewed and approved the agreement, and the District staff has approved as well. As summarized in the attached Term Sheet and detailed in the agreement, which is also attached, the lease will initially bring the District about \$43,200 per year. Communication Leasing Services receives a fee of 15% of the total revenue over the initial 5-year term.

Staff recommends that the Board authorize execution of this agreement.

Fiscal Impact:

Revenue to the District of \$43,200 per year, less 15% commission to be paid to Communication Leasing Services for the initial 5-year term.

COMMUNICATION LEASING SERVICES, INC.

Telecommunication Site Management

June 25, 2008

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

Re: Metro PCS Communications Site Lease Agreement Term Sheet

Dear Mr. Dickson:

The following is a summary of the business terms of the referenced, proposed agreements at the Alvez and Miramar sites:

Alvez Site

1. Equipment – 3 antennas (4'h) on one monobush and up to 3 equipment cabinets in a 10' x 15'7" space (monobush on other side of tank from equipment cabinets).
2. CCWD Facilities – CCWD may place 1 antenna and radio facilities within Metro PCS' equipment area and monobush.
3. Term – 5 year initial term with 3, 5 year extension terms (20 years)
4. Rent – Initial rent is 1,800.00 per month
5. Annual Escalations – 4% beginning on the first anniversary of the Commencement Date (1 year after the start of the lease).
6. Security Deposit - \$2,500.00
7. Utilities – to be determined prior to start of construction; most likely separate meter directly with electric utility.
8. Insurance - \$1,000,000.00 per occurrence; \$5,000,000.00 umbrella coverage

Miramar Site

1. Equipment – 3 antennas (4'h) on one monopole and up to 3 equipment cabinets in a 10' x 17' space (monopole and equipment cabinets within said space).

21 TAMAL VISTA BLVD., STE 111 • CORTE MADERA, CA • 94925
PHONE: 415-927-1901 FAX: 415-927-1902
EMAIL: AML@COMMUNICATIONLEASING.COM
WWW.COMMUNICATIONLEASING.COM

2. CCWD Facilities – CCWD may place 1 antenna and radio facilities within Metro PCS' equipment area and monopole.
3. Term – 5 year initial term with 3, 5 year extension terms (20 years)
4. Rent – Initial rent is 1,800.00 per month
5. Annual Escalations – 4% beginning on the first anniversary of the Commencement Date (1 year after the start of the lease).
6. Security Deposit - \$2,500.00
7. Utilities – to be determined prior to start of construction; most likely separate meter directly with electric utility.
8. Insurance - \$1,000,000.00 per occurrence; \$5,000,000.00 umbrella coverage

If you have any questions regarding the above or need additional information, please feel free to contact me at 415-927-1901 or by email.

Very Truly Yours,

Aaron M. Levinson
President

COMMUNICATIONS SITE LEASE AGREEMENT

THIS COMMUNICATIONS SITE LEASE AGREEMENT (“Lease Agreement”) dated as of _____, is made by and between MetroPCS California LLC, a Delaware limited liability company (“Lessee”) and Coastside County Water District, a Public Corporation (“Lessor”).

R E C I T A L S

This Lease Agreement is entered into based upon the following facts, circumstances and understandings:

A. Lessor owns certain real property legally described in Exhibit “A” attached hereto and commonly known as Assessor’s Parcel Number 048-076-070 on Miramar Drive in Half Moon Bay, CA- San Mateo County (“Lessor’s Real Property”). Lessee desires to lease a portion of Lessor’s Real Property (the “Premises”), along with the use of other portions of Lessor’s Real Property and/or shared use of Lessor’s easements over other real property necessary for Lessee’s access and utilities to the Premises, as described on Exhibit “B” attached hereto. Lessor represents and warrants that it has full rights of ingress to and egress from the Premises from a public roadway.

B. Lessee is a communications carrier that desires to construct and operate a wireless communications site at the Premises as part of its communications network.

C. Lessor is willing to lease the Premises to Lessee for Lessee’s proposed use subject to the terms and conditions of this Lease Agreement.

WHEREFORE, the parties hereto agree as follows:

1. Grant of Lease. Subject to the terms and conditions hereinafter set forth, and in consideration of the duties, covenants and obligations of Lessee hereunder, Lessor hereby grants unto Lessee, a non-exclusive Lease (the “Lease”) for the installation, operation, maintenance, and repair of Lessee’s Facilities consisting of _____ antennas (dimensions each: _____), on _____ antenna mount (s), and _____ equipment cabinet (s) (dimensions each: _____) in the Premises, as depicted in Exhibit B, attached hereto and incorporated herein by reference and further defined below, at the sole cost of Lessee.

2. Permitted Uses. The Premises may be used by Lessee for the operation of a wireless communications site for which it has received all required government approvals. Under this Lease Agreement, Lessee may install, place, use and operate on the Premises the antennas, radio transmitting and receiving equipment, conduits, wires, batteries, back-up generators, utility lines and facilities, supporting structures, storage facilities, and related equipment (collectively “Lessee’s Facilities”) as shown on Exhibit B, as Lessee deems necessary for the operation of its wireless communications site at the Premises. Further, Lessee may perform construction, maintenance, repairs, , and replacement of Lessee’s Facilities within the Premises as necessary and appropriate for its ongoing business and has the right to do all work necessary to prepare, and maintain the Premises to accommodate Lessee’s Facilities and as required for Lessee’s communications operations at the Premises. The Lessee Facilities are depicted on the attached Exhibit “B” drawing. No other rights are granted herein. Lessor makes no warranties, implied or otherwise, as to the fitness of the Premises or Property for Lessee’s intended use.

Lessee has inspected Lessor's Real Property and accepts the same "AS IS", except as provided herein, and agrees that Lessor is under no obligation to perform any work or provide any materials to prepare the Property for Lessee. Lessee agrees that, at no time during the term of this Lease will it use or permit the use of its Lessee Facilities in ways that are inconsistent with this Paragraph 2 of this Agreement.

Lessee hereby agrees that Lessor will be able to place one antenna (dimensions:) on the antenna mount within the Lessee Facilities in a mutually acceptable location for Lessor's use. Lessee also agrees that the Lessee Facilities shall be expanded by sixteen square feet to be used to house Lessor's radio equipment, at no cost to LESSOR; Lessee furthermore agrees to place one (1), one inch (1") conduit in the same area as Lessee's conduits (from equipment cabinets to the antenna mount) for LESSOR's use, also at no cost to LESSOR.

3. Conditions Precedent: Prior Approvals. This Lease Agreement is conditioned upon Lessee obtaining all governmental licenses, permits and approvals enabling Lessee to construct and operate wireless communications facilities on the Premises. Lessor agrees to cooperate with Lessee's reasonable requests for Lessor's signatures as real property owner on permit applications, for allowing site inspections by governmental agencies required in connection with reviewing permit applications, and for assistance in obtaining such necessary approvals, provided that such cooperation and assistance shall be at no expense to Lessor.

4. Term. The term of this Lease Agreement ("Term") shall be five (5) years commencing with the issuance of a local governmental building permit allowing Lessee to construct Lessee's Facilities on the Premises or twelve (12) months from the date of full execution of this Lease Agreement, whichever occurs first ("Commencement Date"). Lessee shall promptly deliver written notice to Lessor of the Commencement Date. Lessee shall have the right to extend the Term of this Lease Agreement for three (3) additional terms (each a "Renewal Term") of five (5) years each. The terms and conditions for each Renewal Term shall be the same terms and conditions as in this Lease Agreement, except that the Rent shall be increased as set forth hereinbelow. This Lease Agreement shall automatically be extended for each successive five (5) year Renewal Term unless Lessee notifies Lessor in writing of Lessee's intention not to extend this Lease Agreement at least thirty (30) days prior to the expiration of the first year Term or any Renewal Term.

5. Rent. Within fifteen (15) days of the Commencement Date, Lessee shall pay Lessor, as rent, the sum of One Thousand Eight Hundred Dollars (\$1800.00) ("Rent") per month. Thereafter, Rent shall be payable on the first day of each month, in advance, to Lessor or Lessor's alternate payee specified in Section 22, Notices and Deliveries. If the Commencement Date of this Lease Agreement is other than the first day of a calendar month, Lessee may pay on the first day of the Term the prorated Rent for the remainder of the calendar month in which the Term commences, and thereafter Lessee shall pay a full month's Rent on the first day of each calendar month, except that payment shall be prorated for the final fractional month of this Lease Agreement, or if this Lease Agreement is terminated before the expiration of any month for which Rent should have been paid. Rent shall be adjusted annually upon the first anniversary (1st) of the Commencement Date of the Term and every year thereafter (including Renewal Terms) to increase by 4% of the Rent for the previous year. .

Within fifteen (15) days of the Commencement Date, Lessee shall deposit with Lessor the sum of \$2,500.00 to be held as a security deposit (the "Security Deposit"). Said Security Deposit shall be held by Lessor as security for the faithful performance by Lessee of the terms, covenants, and conditions of this Agreement. If Lessee defaults under this Agreement, which default is not cured by Lessee, Lessor, in addition to its other remedies, may use apply, or retain all of this Security Deposit to compensate or

partially compensate Lessor for any loss, damage, or expense incurred by Lessor by reason of Lessee's uncured default. Upon the termination of this Agreement, in the event Lessee has not caused an event of default, Lessor shall return the Security Deposit to Lessee within thirty (30) days of Lessee's vacation of the Property.

6. Due Diligence Contingency and Pre-Commencement Date Access to Premises.

Upon at least twenty four hour prior notice to Lessor, Lessee shall have the right (but not the obligation) during normal business hours (8:00 am to 4:00 pm) following the full execution of this Lease Agreement and prior to the Commencement Date, to enter the Premises for the purpose of making necessary inspections, taking measurements and conducting engineering surveys (and soil tests where applicable) and other reasonably necessary tests to determine the suitability of the Premises for Lessee's Facilities ("Due Diligence"), and for the purpose of preparing the Premises for the installation or construction of Lessee's Facilities. During any Due Diligence activities or pre-construction work, Lessee shall have insurance which covers such activities as set forth in Section 16, Insurance. Lessee will notify Lessor at least three (3) days in advance of any proposed tests, measurements or pre-construction work and will coordinate the scheduling of such activities with Lessor. If, in the course of its Due Diligence and prior to the commencement of any construction work, Lessee determines that the Premises are unsuitable for Lessee's contemplated use, then Lessee shall have the right to terminate this Lease Agreement prior to the Commencement Date by delivery of written notice thereof to Lessor as set forth in Section 13, Termination.

7. Ongoing Access to Premises. Throughout the Term and any Renewal Term of this Lease Agreement, Lessee shall have the right of access to the Premises for its employees and agents during normal business hours (8:00 am – 4:00pm) at no additional charge to Lessee. In exercising its right of access to the Premises herein, Lessee agrees to cooperate with any reasonable security procedures utilized by Lessor at Lessor's Real Property and further agrees not to unduly disturb or interfere with the business or other activities of Landlord or of other tenants or occupants of Lessor's Real Property. In the event after hour access is required, Lessee agrees to pay Lessor the hourly fee of \$65.00 to cover the cost of Lessor employees' time in providing after hour access. Lessor will provide Lessee with an invoice documenting the amount of time used by Lessor's employees in providing access. Lessee agrees to pay the amount due to Lessor on such invoice within thirty (30) days after receipt of same. Lessee shall have access to the Premises in accordance with the reasonable security requirements of the Lessor. Lessee agrees to keep to a minimum the number of personnel visiting the Premises and the frequency of the visits.

8. Lessee's Construction Work, Maintenance, Repairs and Removal. Prior to the commencement of construction, Lessee shall (at its sole cost and expense) submit to Lessor working drawings, plans, and specifications detailing the location, size, and weight of Lessee's Facilities specifically describing the proposed construction and work. No work shall commence until Lessor has approved same in writing, which approval shall not be unreasonably withheld. Notwithstanding the foregoing, Lessor shall have the right not to approve such plans if they are not aesthetically satisfactory to Lessor in both fitness and appearance. Approval or disapproval and required changes shall be delivered to Lessee within twenty (20) working days after the receipt of such plans from Lessee. Any changes to the approved plans by Lessee must be re-submitted to Lessor for its re-approval. In no event shall Lessor's approval of such plans be deemed a representation that they comply with applicable laws, ordinances, or rules and regulations or will not cause interference with other communication systems, such responsibility being solely Lessee's. Lessee agrees that all construction and installation work shall be performed at Lessee's sole cost and expense, in a neat, responsible, and workmanlike manner using generally accepted construction standards consistent with such reasonable requirements as shall be

imposed by Lessor. Lessee shall label each cable placed in or on the Property as well as each antenna. Label information shall include where cable originates, where cable terminates along with the name of the company which owns the cables and antennas. Lessor shall not be entitled to receive any additional consideration in exchange for giving its approval of Lessee's plans. Lessee shall maintain Lessee's Facilities and the Premises in neat and safe condition in compliance with all applicable codes and governmental regulations.

Lessee shall repair any damage to the Property where such damage is caused by Lessee, any of its agents, representatives, employees, contractors, or subcontractors, as a result of the installation, construction, operation, maintenance, and repair, or removal of Lessee's Facilities, at its sole cost, as soon as possible, but in no event more than ten (10) days from the date Lessee was first notified of such damage, provided that such damage has not created a state of emergency for Lessor such as a water leak, or damage to any water transmission/storage facilities as such damages must be repaired as soon as possible. All repairs shall be performed to the satisfaction of Lessor. If Lessee fails to repair or refinish any such damage, Lessor may, in its sole discretion, repair, or refinish such damage and Lessee shall reimburse Lessor for all costs and expenses incurred in such repair or refinishing.

Lessee shall not during construction or otherwise, in Lessor's sole and reasonable judgment, impede access to or in any way obstruct, interfere with or hinder the use of Lessor's access to its facilities or any entrance ways thereto. If any other foregoing occurs, Lessee shall take corrective action as soon as possible, and shall use best efforts to correct same within two (2) hours of notice by Lessor.

Lessee represents and warrants that (i) it shall obtain, at its sole cost and expense, prior to start of construction, all necessary federal, state, and municipal permits, licenses, and approvals and (ii) Lessee Facilities, and placement of such Lessee Facilities shall comply with all applicable safety standards, as modified from time to time, of any governing body with jurisdiction over Lessee's operations. Lessee shall prominently label any equipment with appropriate safety warnings when human exposure to radio frequency radiation may exceed the safety standards referred to in this paragraph.

Lessee understands and agrees that the aesthetic characteristics of the Property are of significant importance to Lessor and agrees to ensure that the installed appearance of the Lessee Facilities shall match as close as possible the colors and natural features of the Property and existing improvements thereon.

Lessee, at its sole cost and expense, shall remove the Lessee Facilities in their entirety and will return the Premises to Lessor in the condition in which it existed upon original execution hereof, reasonable wear and tear excepted (not applicable to water tanks if used by Lessee), by the termination of this Agreement. Notwithstanding the foregoing, Lessee will reseal and repaint and resurface any water tanks that were used to house antennas/mounts and return such areas of any water tanks to Lessor in the same condition in which they existed upon original execution thereof. Lessee shall repair any damage to the Property caused by such removal within five (5) days of discovery of same. If Lessee does not repair said damage within such five (5) day period, Lessor may repair said damage to restore its property to the condition it was in upon original execution hereof, reasonable wear and tear excepted, (not applicable to water tanks if used by Lessee). Lessee shall promptly reimburse Lessor for the cost thereof, plus an administrative fee of fifteen percent (15%) of such cost, within thirty (30) days after receipt of invoice. Any property owned by Lessee that is not removed may, at Lessor's sole option, either be removed and stored by Lessor at Lessee's expense, or shall become the property of Lessor without compensation to Lessee.

Lessee shall pay all costs for construction done by it or caused to be done by it on the Premises as permitted by this lease. Lessee shall keep the Premises free and clear of all mechanics' liens resulting from construction done by or for Lessee. Lessee shall have the right to contest the correctness or the validity of any such lien if, immediately on demand by Lessor, Lessee procures and records a lien release bond issued by a corporation authorized to issue surety bonds in California in an amount equal to one and one-half times the amount of the claim of lien. The bond shall meet the requirements of Civil Code §3143 and shall provide for the payment of any sum that the claimant may recover on the claim (together with costs of suit, if it recovers in the action). Lessee shall also indemnify, hold harmless and defend Lessor against any such liens, including the reasonable fees of Lessor's attorney's. Such liens shall be discharged by Lessee within ten (10) days after notice of filing thereof by bonding, payment, or otherwise, provided that Lessee may contest in good faith and by appropriate proceedings, any such liens. The provisions of this paragraph shall survive termination of this Agreement.

9. Title to Lessee's Facilities. Title to Lessee's Facilities and any equipment placed on the Premises by Lessee shall be held by Lessee. All of Lessee's Facilities shall remain the property of Lessee and are not fixtures. Lessee has the right to remove all Lessee's Facilities at its sole expense on or before the expiration or termination of this Lease Agreement. Lessor acknowledges that Lessee may enter into financing arrangements including promissory notes and financial and security agreements for the financing of Lessee's Facilities (the "Collateral") with a third party financing entity and may in the future enter into additional financing arrangements with other financing entities. In connection therewith, Lessor (i) consents to the installation of the Collateral to the extent that the Collateral is part of the approved Lessee's Facilities; (ii) disclaims any interest in the Collateral, as fixtures or otherwise; and (iii) agrees that the Collateral shall be exempt from execution, foreclosure, sale, levy, attachment, or distress for any Rent due or to become due and that such Collateral may be removed at any time without recourse to legal proceedings.

10. Utilities. In accordance with Paragraph 8 of this Agreement and at Lessee's sole cost and expense, Lessee shall have the right to install utilities, at Lessee's expense, and to improve the present utilities to the Premises (including, but not limited to the installation of emergency back-up power on the Premises). Subject to Lessor's approval of the location, Lessee shall have the right to bring utilities across Lessor's Real Property in order to service the Premises and Lessee's Facilities. Lessee shall fully and promptly pay for all utilities furnished to the Premises for the use, operation and maintenance of Lessee's Facilities. Upon Lessor's approval Lessee may install sub-metering equipment on existing Lessor utility service(s). Lessee agrees to install at a location acceptable to Lessor, at Lessee's cost, the required equipment, meters and connections and will reimburse Lessor for Lessee's use of utilities at a rate equal to Lessor's unit cost for the utilities. Lessee shall pay the cost of utility service provided to the Premises and attributable to Lessee's use ("Utility Charge"). Lessee shall pay the estimated cost of the Utility Charge monthly in advance. Lessee estimates the Utility Charge at the commencement of construction to be Two Hundred & Fifty Dollars (\$250.00) per month. During the term of this agreement, at Lessor's or Lessee's request Lessee and Lessor shall calculate the actual Utility Charge for the immediately preceding twelve (12) months based on the readings from the installed sub-meter which shall be available for either party's review. If the actual Utility Charge varies from the estimated Utility Charges paid, the parties shall reconcile past payments of utility charges and adjust future estimates of the Utility Charge to reflect Lessee's actual usage. The Utility Charge shall be due upon the installation of the Lessee Facilities and shall be paid to Lessor concurrently with Lessee's payment of the Rent. Lessee shall pay the cost of any electrical upgrade needed at the Premises as a result of the operation of Lessee's Facilities. Both parties agree that Lessor shall not be held liable for any damages or costs sustained by Lessee resulting from Lessee's use of these utilities.

11. Interference with Communications. At all times during the term of this Agreement, Lessee agrees to use equipment of the type and frequency that will not cause interference to Lessor's equipment and appliances or other pre-existing telecommunication lessees' equipment on or in Lessor's property. If any interference to the use or enjoyment of the Property by Lessor, occupants, or prior telecommunication lessees results, directly or indirectly, from the operation of any of Lessee's Facilities, Lessee shall have a forty eight (48) hour cure period, after written notice from Lessor, within which to eliminate such interference. Lessee agrees to shut down the Lessee Facilities, except for intermittent testing, in the event Lessee is the cause of such interference. If such interference is not corrected within the forty eight (48) hour cure period, then Lessee will agree to continue to shut down power to the Lessee Facilities until such interference is corrected to the satisfaction of Lessor. Lessee's Facilities and operations shall comply with all non-interference rules of the Federal Communications Commission ("FCC"). Lessor shall not, nor shall Lessor permit any subsequent tenant or occupant of any portion of Lessor's Real Property to, engage in any activities or operations which interfere with the communications operations of Lessee described in Section 2, above. In the event any such interference does not cease promptly, the parties acknowledge that continuing interference will cause irreparable injury to Lessee, and therefore Lessee shall have the right to bring a court action to enjoin such interference or to terminate this Lease Agreement immediately upon notice to Lessor. Lessor agrees to incorporate equivalent provisions regarding non-interference with Pre-existing Communications into any subsequent leases, licenses or rental agreements with other persons or entities for any portions of Lessor's Real Property.

12. Taxes. Lessee shall pay personal property taxes on Lessee's personal property on the Premises. In the event Lessor's real property taxes increase as a result of Lessee's use of the Premises, Lessee must reimburse such tax increase to Lessor within thirty (30) days of receipt of written notice and reasonable evidence thereof. Lessee hereby accepts and assumes full and exclusive liability for and shall hold Lessor harmless from the payment of Lessee's taxes and other expenses arising from the conduct of Lessee's business on or in the Property.

13. Termination.

(a) **Lessee.** This Agreement may be terminated by Lessee without further liability on thirty (30) days prior written notice as follows: (i) at any time prior to the Commencement Date for any reason or no reason; (ii) upon a default of any covenant, condition, or term hereof by Lessor, which default is not cured, or a cure has not commenced within thirty (30) days of receipt of written notice of default, or in the event of a cure which requires in excess of thirty (30) days to complete, if Lessee has not commenced such cure within thirty (30) days of such notice and is not diligently prosecuting said cure to completion.; (iii) if Lessee is unable to occupy or utilize the Premises due to ruling or directive of the FCC or other governmental or regulatory agency, including a take back of frequencies; or (v) by Lessee if it can demonstrate in writing that its signal is being blocked or there is incurable interference and despite reasonable efforts to remedy this, its signal cannot reach its desired coverage area.

(b) **Lessor.** Lessor may terminate this Lease upon the occurrence of any of the following: (a) failure by Lessee to make any payment required under this Lease, including failure to pay the Rent when due if such failure shall continue for more than ten (10) days after written notice to Lessee of such failure; or (b) failure by Lessee to comply with any material term, condition or covenant of this Agreement, other than a payment, if such failure is not cured within thirty (30) days after written notice to Lessee, or in the event of a cure which requires in excess of thirty (30) days to complete, if Lessee has not commenced such cure within thirty (30) days of such notice and is not diligently prosecuting said cure to completion. In addition, Lessor may terminate this Agreement upon one (1) year's notice to Lessee under the following conditions: (i) Lessor or its successor in interest has engaged architects and/or engineers to prepare plans

for construction of new water storage or treatment facilities on the Property; (ii) the Lessee Facilities cannot be relocated to another area of the Property reasonably acceptable to Lessor and Lessee; and (iii) the Lessee Facilities cannot be relocated to an alternate, nearby property owned by the Lessor that is reasonably acceptable to Lessee.

14. Destruction of Premises. If the Premises or Lessor's Property is destroyed or damaged so as in Lessee's judgment to hinder its effective use of Lessor's Property for the ongoing operation of a wireless communications site, Lessee may elect to terminate this Lease Agreement as of the date of the damage or destruction by so notifying Lessor in writing no more than thirty (30) days following the date of damage or destruction. In the event Lessee elects to terminate this Agreement as described in this Paragraph, Lessee agrees to remove its Lessee Facilities pursuant to Paragraph 8.

15. Condemnation. If a condemning authority takes all of Lessor's Real Property, or a portion which in Lessee's reasonable opinion is sufficient to render the Premises unsuitable for Lessee's ongoing operation of a wireless communications site, then this Lease Agreement shall terminate as of the date when possession is delivered to the condemning authority. In any condemnation proceeding, Lessor shall be entitled to all compensation, damages, income, rent awards, or any interest that may be paid in connection with the taking, except for any portion specifically awarded to Lessee for moving expenses, trade fixtures, Lessee Facilities. However, Lessee shall have no claim for the value of any unexpired term of this Lease or otherwise, other than for pre-paid rent.

16. Insurance. LESSEE, at LESSEE's sole cost and expense, shall procure and maintain a policy of comprehensive commercial general liability insurance with a combined single limit of at least one million dollars (\$1,000,000.00) per occurrence for injury, death, and property damage, and umbrella coverage of five million dollars (\$5,000,000). LESSEE shall maintain all risk property insurance on its Site Equipment in sufficient amounts to cover any loss thereof. LESSEE's insurance shall be primary insurance as far as LESSOR and LESSEE are concerned, with any other insurance maintained by LESSEE being excess and non-contributing with the insurance of LESSEE required hereunder and providing coverage for the contractual liability of LESSEE to indemnify LESSOR pursuant to Paragraph 19 below. LESSEE shall name LESSOR as an additional insured on the LESSEE's policy. LESSEE shall provide to LESSOR a certificate of insurance evidencing the coverage required by this Paragraph prior to commencement of construction. LESSEE shall also maintain in force all required worker's compensation and other similar insurance pursuant to all applicable state and local statutes.. The policy or policies shall require that in the event of modification or cancellation of any policy, the insurance carrier shall notify Lessor in writing at least thirty (30) days prior thereto. Lessee agrees that if Lessee does not keep such insurance in full force and effect, Lessor may, at its option either terminate this Lease, or take out the necessary insurance and pay the premium, and the repayment thereof shall be deemed to be part of the rent and payable as such on the next day upon which rent becomes due. Lessee shall also maintain in force all required workers' compensation and other similar insurance pursuant to all applicable state and local statutes. .

17. Assignments or Transfers. Lessor may assign or transfer this Lease Agreement to any person or entity without any requirement for prior approval by Lessee; no further liability or obligation shall thereafter accrue against Lessor hereunder. Lessee may assign or transfer this Lease Agreement without prior approval by Lessor to any of its partners, subsidiaries, affiliates, or to a person or entity acquiring by purchase, merger or operation of law a majority of the value of the assets of Lessee, provided that no such assignment by Lessee pursuant to this Paragraph shall serve to release Lessee from its duties and obligations hereunder. Lessee shall not assign or transfer this Lease Agreement to any other person or entity without the prior written approval of Lessor, which approval shall be at the sole

discretion of the Lessor. Any assignment, encumbrance, or sublease without Lessor's consent shall be voidable, and at Lessor's election, shall constitute a default. Notwithstanding anything to the contrary contained in this Agreement, Lessee may assign, mortgage, pledge, hypothecate or otherwise transfer without consent its interest in this Agreement to any financing entity, or agent on behalf of any financing entity to whom Lessee (i) has obligations for borrowed money or in respect of guaranties thereof, (ii) has obligations evidenced by bonds, debentures, notes or similar instruments, or (iii) has obligations under or with respect to letters of credit, bankers acceptances and similar facilities or in respect of guaranties thereof.

18. Nondisturbance and Quiet Enjoyment; Subordination; Estoppel Certificates.

(a) So long as Lessee is not in default under this Lease Agreement, Lessee shall be entitled to quiet enjoyment of the Premises during the term of this Lease Agreement or any Renewal Term, and Lessee shall not be disturbed in its occupancy and use of the Premises.

(b) This Lease Agreement shall be subordinate to each and every deed of trust, mortgage or other security instrument which may now or hereafter affect Lessor's Real Property and to any renewals, extensions, supplements, amendments, modifications or replacements thereof. In confirmation of such subordination, Lessee shall execute and deliver promptly any certificate of subordination that Lessor may request, provided that such certificate acknowledges that this Lease Agreement remains in full force and effect and recognizes Lessee's right to nondisturbance and quiet enjoyment of the Premises so long as Lessee is not in default under this Lease Agreement. If any mortgagee or lender succeeds to Lessor's interest in Lessor's Real Property through a foreclosure proceeding or by a deed in lieu of foreclosure, Lessee shall attorn to and recognize such successor as Lessor under this Lease Agreement.

(c) At any time upon not less than ten (10) days' prior written notice by Lessor, Lessee shall execute, acknowledge and deliver to Lessor or any other party specified by Lessor a statement in writing certifying that this Lease Agreement is in full force and effect and the status of any continuing defaults under this Lease Agreement.

19. Indemnifications.

(a) **Lessee's Indemnity.** Lessee shall indemnify, defend and protect, and hold Lessor, and its partners, directors, officers, employees, representatives, and agents ("Lessor's Agents") harmless from and against any and all liability, damage, loss, cost, expense, claim, alleged claim or cause of action (including reasonable attorney's fees, costs, and expenses of defending against such claims) of any nature arising out of or in connection with (A) the use, operation, maintenance, repair, or replacement of Lessee Facilities and materials on the Premises by Lessee or Lessee's agents, assigns, employees, contractors, sub-contractors ("Lessee's Agents"), or (B) any work performed by or required to be performed by Lessee or Lessee's Agents under this Agreement, (C) the acts or omissions of Lessee or Lessee's Agents, or (d) Lessee's failure to comply with the terms of this Agreement.

Lessee agrees that Lessor and Lessor's Agents shall have no liability to Lessee or anyone claiming under or through Lessee for any injury, inconvenience, loss, cost, expense, or damage: (i) caused by failure of equipment, or the malfunctioning or interruption of any service, utility, facility, or installation supplied by Lessor or Lessor's Agents, except if resulting from the negligence or willful misconduct of Lessor or Lessor's Agents and (ii) for the making of any alteration of or improvement or repair to the Premises, whether required by any governmental agency, or due to casualty, or for any other reason, provided that,

in the case of such alteration, improvement or repair, Lessor has exercised due care to avoid or minimize any such injury, inconvenience, or loss, or damage.

Lessor and Lessor's agents shall not be liable or responsible to Lessee, and Lessee hereby waives any claim for, any loss or damage to any property or person occasioned by theft, fire, act of God, public enemy, injunction, riot, strike, insurrection, war, court order, requisition or other order of governmental body or authority, or for any damage or inconvenience which may arise through maintenance, repair or alteration of any part of the Property, or failure to make any such repairs. Lessee also agrees that Lessor shall not be liable for damage to Lessee's Facilities or for theft, misappropriation, or loss thereof, unless due to Lessor's gross negligence or willful misconduct.

(b) **Survival of Indemnity Provisions.** The indemnity provisions of this section shall survive the expiration, cancellation or expiration of this Lease Agreement.

20. Hazardous Materials. Lessee will not generate, store or dispose of any Hazardous Materials on or about the Premises or Property in violation of any Hazardous Waste Laws. Lessee shall be responsible for any hazardous release to the extent any release results from Lessee's activities. Notwithstanding the foregoing, Lessee shall be responsible for abating any Hazardous Materials that will be disturbed by Lessee's permitted use. Lessee shall indemnify, defend and hold harmless Lessor with respect to any losses, claims, damages, penalties and liabilities (including attorneys and consultants' fees and costs) arising from any breach of this provision. "Hazardous Materials" shall mean any substance deemed to be hazardous, toxic or dangerous in any Hazardous Waste Law, and shall include petroleum. "Hazardous Waste Laws" shall mean all applicable federal, state, or local laws or regulations governing Hazardous Materials. Lessor represents that neither Lessor's Real Property nor the Premises have been used for the generation, storage, treatment or disposal of hazardous materials, hazardous substances or hazardous wastes as now or hereafter defined in the federal Solid Waste Disposal Act (SWDA; 42 U.S.C. § 6901 et. seq.) or other federal or state environmental statutes or regulations. Lessee shall not bring any hazardous materials onto the Premises except for those contained in its back-up power batteries (lead acid batteries) and common materials used in telecommunications operations, such as cleaning solvents provided, however, that any such materials shall be disclosed in advance to Lessor and shall be approved by Lessor in its sole discretion. Lessee shall handle any hazardous materials it brings onto the Premises in accordance with all applicable federal, state and local laws and regulations, and such other requirements as may be specified by Lessor, in its sole discretion. Lessee agrees to defend, indemnify and hold harmless Lessor and its partners, affiliates, agents and employees against any and all losses, liabilities, claims and/or costs (including reasonable attorneys' fees and costs) arising from any breach of any representation, warranty or agreement contained in this paragraph. This paragraph shall survive termination of this Lease Agreement.

21. Notices and Deliveries. Any notice or demand required to be given herein shall be made by certified or registered mail, return receipt requested, confirmed fax, or reliable overnight delivery service to the address of the respective parties set forth below:

Lessor: Coastside County Water District, a Public Corporation
766 Main St.
Half Moon Bay, CA 94019
Attn: General Manager
Telephone: (650)726-4405
Facsimile: (650)726-5245
Federal Taxpayer ID Number: _____

Lessee: MetroPCS California, LLC
2250 Lakeside Blvd.
Richardson, TX 75082
Attn: Property Manager
Telephone: 214-265-2550
Facsimile: 214-265-2570

Lessor or Lessee may from time to time designate any other address for notices or deliveries by written notice to the other party.

22. DEFAULT; REMEDIES. Lessee's failure to pay the Rent within ten (10) days of the due date shall be an event of default, and Lessee shall pay a late charge of fifteen percent (15%) of the overdue Rent, plus the Rent to cure the default. Lessee filing a petition for bankruptcy, ceasing to conduct its business in the normal course, or Lessee's inability to pay its debts when they come due, shall also constitute an event of default. Additionally, Lessee shall cause an event of default for its failure to perform its other obligations under the Agreement for thirty (30) days after written notice. Upon the occurrence of an event of default, Lessor shall have the option to pursue either or both of the following remedies:

(a) If the event of default pertains to work to be performed by Lessee, or Lessee causes such work to be performed, without waiving such an event of default and without liability to Lessee for any loss or damage which may result to Lessee's Facilities or business by reason of such work, Lessor may perform or complete such work and Lessee shall, on demand, pay to Lessor the cost of such work plus a fifteen percent (15%) administrative fee

(b) Lessor may immediately terminate the Agreement.

The pursuit of the forgoing remedies by Lessor shall not preclude pursuit of any other remedies provided by law or equity, nor shall pursuit of any remedies herein provided constitute a forfeiture or waiver of any fees due Lessor. Failure by Lessor to enforce one or more of the remedies herein provided upon an event of default or acceptance of any installment of the Rent Fee during an event of default shall not be deemed or construed to constitute a waiver of such default.

23. Miscellaneous.

(a) **Severability.** If any provision of the Lease Agreement is held to be invalid or unenforceable by a court of competent jurisdiction with respect to any party, the remainder of this Lease Agreement or the application of such provision to persons other than those as to whom it is held invalid or unenforceable shall not be affected, and each provision of this Lease Agreement shall be valid and enforceable to the fullest extent permitted by law.

(b) **Binding Effect.** Each party represents and warrants that said party has full power and authority, and the person(s) executing this Lease Agreement have full power and authority, to execute and deliver this Lease Agreement, and that this Lease Agreement constitutes a valid and binding obligation of each party, enforceable in accordance with its terms. This Lease Agreement shall be binding on and inure to the benefit of the successors and permitted assignees of the respective parties.

(c) **Waivers.** No provision of this Lease Agreement shall be deemed to have been waived by a party unless the waiver is in writing and signed by the party against whom enforcement of the waiver is attempted. No custom or practice which may develop between the parties in the implementation or administration of the terms of this Lease Agreement shall be construed to waive or lessen any right to insist upon strict performance of the terms of this Lease Agreement.

(d) **Governing Law.** This Lease shall be governed by and construed in accordance with the laws of the State of California.

(e) **Attorneys' Fees and Costs.** The prevailing party in any legal claim arising hereunder shall be entitled to its reasonable attorneys' fees and court costs.

(f) **Survival.** Terms and conditions of this Lease Agreement which by their sense and context survive the termination, cancellation or expiration of this Lease Agreement will so survive.

(g) **Entire Agreement; Amendments.** This Lease Agreement constitutes the entire agreement and understanding between the parties regarding Lessee's lease of the Premises and supersedes all offers, negotiations and other agreements concerning the subject matter contained herein. There are no representations or understandings of any kind not set forth herein. Any amendments to this Lease Agreement must be in writing and executed by authorized representatives of both parties.

(h) **No Presumptions Regarding Preparation of Lease Agreement.** The parties acknowledge and agree that each of the parties have been represented by counsel or has had full opportunity to consult with counsel and that each of the parties has participated in the negotiation and drafting of this Lease Agreement. Accordingly it is the intention and agreement of the parties that the language, terms and conditions of this Lease Agreement are not to be construed in any way against or in favor of any party hereto by reason of the roles and responsibilities of the parties or their counsel in connection with the preparation of this Lease Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Lease Agreement on the dates set forth below and acknowledge that this Lease Agreement is effective as of the date first above written.

LESSOR:

Coastside County Water District, a Public Corporation

By: _____
(Signature)

Print Name: _____

Title: _____

Date: _____

LESSEE:

MetroPCS California LLC, a Delaware limited liability company

By: _____
(Signature)

Print Name: _____

Title: _____

Date: _____

EXHIBIT A

DESCRIPTION OF LESSOR'S REAL PROPERTY

to the Lease Agreement dated _____, 2007, by and between Coastside County Water District, a Public Corporation, as Lessor and MetroPCS California LLC, a Delaware limited liability company, as Lessee.

Lessor's Property of which Premises are a part is described as follows:

PARCEL ONE:

LOTS 1, 16, 17 AND 18, BLOCK 4 AS SHOWN ON THAT CERTAIN MAP ENTITLED "MAP OF SUBDIVISION OF BLOCK 10, MIRAMAR TERRACE" RECORDED AUGUST 5, 1907 IN BOOK 5 OF MAPS AT PAGE 19, RECORDS OF SAN MATEO COUNTY.

PARCEL TWO:

A STRIP OF LAND TEN FEET (10') WIDE, MEASURED AT RIGHT ANGLES, LYING CONTIGUOUS TO AND NORTHEASTERLY OF THE SOUTHWESTERLY LINE OF LOT 15 IN SAID BLOCK 4 AND EXTENDING FROM THE NORTHWESTERLY TO THE SOUTHEASTERLY LINE OF SAID LOT 15.

APN: 048-076-070

EXHIBIT B

DESCRIPTION OF PREMISES

to the Lease Agreement dated _____, 200__, by and between Coastside County Water District, a Public Corporation, as Lessor, and MetroPCS California LLC, a Delaware limited liability company, as Lessee.

The Premises consist of those specific areas described/shown below or attached where Lessee's communications antennae, equipment and cables occupy Lessor's Real Property.

(A final drawing or copy of a property survey or site plan depicting the above shall replace this Exhibit B when initialed by Lessor or Lessor's designated agent and may be modified from time to time upon the prior written approval of Lessor which may be withheld in Lessors sole discretion.)

STAFF REPORT

To: Coastside County Water District Board of Directors

From: David Dickson, General Manager

Agenda: June 26, 2008

Report

Date: June 25, 2008

Subject: Water Supply Strategic Planning Workshop

Workshop Objective: To provide an opportunity for the Board to discuss water supply strategic planning and to review the District's supply situation as a basis for forming a vision of our water supply future.

Key Questions:

- **How much water do we have?**
- **How much water do we need?**
- **How will the District meet future needs?**

At its January 2008 meeting, the Board discussed holding a planning retreat, followed by a series of strategic planning workshops covering the following areas:

- Water Supply
- District Infrastructure
- Funding the District
- District Organization

On March 4, 2008, the Board held a strategic planning retreat facilitated by Jan Perkins of Management Partners, Inc.. Attachment A presents an excerpt from Management Partners' report summarizing water supply issues raised by the Board. This workshop will allow the Board and staff to discuss these questions further.

Staff has prepared a Water Supply Summary (Attachment B) as a basis for presenting an overview of the District's water supply picture to the Board. We will review the summary, provide further details, and answer any questions the directors may have as a starting point for the Board's discussion.

Attachment A

Excerpt from Management Partners' Report on March 4, 2008 Retreat

Category: Water Supply

Possible Goal Statement: Ensure the District is able to provide sufficient water to its current and future customers.

1. How will the District's Denniston water supply be affected if the District cannot obtain permission to dredge Denniston Reservoir?

- Is Denniston viable?
- Is our MOU with San Francisco Public Utilities Commission at risk?
- What engineering issues must be answered?
- Should we stop spending money on Denniston if we question its viability? If so, when should we stop?
- Can we create a consensus among interest groups about what water sources to develop?

2. Should we make specific plans to obtain more water from currently permitted sources and new water sources to fulfill obligations to connections already sold?

- How much water do we have?
- How much more water can we take?
- How much water do we need?
- Can water conservation increase availability?
- What are the costs of water conservation?

3. Should we lead a water recycling effort (e.g. for golf course irrigation) to make additional potable water supply available?

- What is the District's role in recycling?
- What sort of leadership role should the District have? Why? What are the implications for the District?
- What is the cost of the District taking a lead role?

4. What are the District's water rights? What assets and capabilities does the District have with regard to water rights?

- What is the right strategy regarding the Regional Water Quality Control Board?
- Describe our water rights
- Is outside counsel needed?
- What additional water rights may be available? What would be required to determine availability of water rights? How can the District increase water availability?
- Should we develop more local sources? If so, how?

Attachment A

5. What should the District do with the 72 water services recently returned to the District?
 - Should the District establish a connection reserve policy?
 - Should we reserve for wells?
 - What are appropriate/legal options for pricing the connections?
 - Should these water services be allocated on a “will serve” basis for people with
 - readiness to connect?

6. What is the District’s projected water capacity, given the pre-sold connections? What rate should be assumed regarding placing those connections into service?
 - What is the safe yield and normal yield of our local water supply?
 - Given the physical plant today, what is the maximum we could achieve?
 - What data is available?
 - Should the District consider re-purchasing the connections?
 - Should the ability to transfer them be rescinded?

7. Should the District consider desalinization?
 - What are the costs involved?
 - What are the environmental limitations?
 - Could it be permitted?
 - What would be the District do with the waste?

8. Should the District ask the County and City to identify the amount of reserve priority capacity in their LCPs and identify the number of single family residential units that are on wells?
 - Once this information is available, should the District ask those agencies to
 - modify their reserve policies to allow people to use priority hook-ups to get off
 - wells?



Coastside County Water District

Water Supply Summary for Board Strategic Planning Workshop

June 26, 2008

Introduction

The Coastside County Water District (District) currently has multiple water supply sources, both local and imported. District-owned local sources include the Pilarcitos Well Field in upper Pilarcitos Canyon and surface and groundwater sources in the Denniston watershed near Half Moon Bay Airport. SFPUC supplies water to the District from Pilarcitos Lake and from its Hetch Hetchy system via Upper Crystal Springs Reservoir.

Table 1 presents water supply data for 1997 – 2007. Figure 1 illustrates the contribution of each of the sources over this period. The comparison shows that the District's local sources have diminished and reliance on the SFPUC, specifically Crystal Springs Reservoir, has steadily increased.

Total production since 1997, as shown in Figure 2, has trended upward at an annual rate of about 1%, from 829 million gallons in 1997 to 932 million gallons in 2007. While year-to-year production may vary, the overall trend primarily reflects the growth in the number of services, offset by some reduction in water use due to conservation.

District Owned Water Supply Sources

Pilarcitos Well Field

The Pilarcitos Well Field is located in Pilarcitos Canyon between Pilarcitos Lake and Highway 92 and it is owned and operated by the District. This well field has been operated by the District dating back to 1955. Operation of the wells is limited by a state-issued water right license (No.010598) to the period November 1 through March 31 of each year. The license was issued in 1973 and limits the maximum pumping rate to 1.5 cubic feet per second (cfs). Because the production of these wells is dependent upon infiltration from the Pilarcitos Creek stream flow, their yield is extremely low during drought years.

In addition to the permit conditions placed on the operation of the wells, it has been the philosophy of the District not to let the creek go dry. The aquifer system is described as an unconfined alluvial system. Water moves as underflow and when the aquifer system is full, water can be seen as surface flow in Pilarcitos Creek. Production from the Pilarcitos Well Field has declined steadily in the last 10 years, as shown in Figure 3. Maximum yield has been about 80 million gallons, versus a permitted maximum of 117 million gallons.

The District has currently budgeted funds beginning in FY 08-09 for the rehabilitation of existing wells and adding a new well. These measures should restore Pilarcitos Well Field production to 50-80 million gallons per year.

Table I
Annual Production of Water Supply Sources in MG
1997 - 2007

Calendar Year	Denniston Project		SFPUC			Annual Total	MGD	SFPUC		Local	
	Surface	Ground	Pilarcitos Lake	Crystal Springs Reservoir	Pilarcitos Wells			Total MG	MGD	Total MG	MGD
1997	185.83	26.03	505.16	36.46	75.52	829.00	2.27	541.62	1.48	287.38	0.79
1998	191.39	7.66	422.98	46.55	78.05	746.63	2.05	469.53	1.29	277.10	0.76
1999	223.32	4.10	354.94	175.46	41.40	799.22	2.19	530.40	1.45	268.82	0.74
2000	181.99	21.40	278.87	243.91	52.65	778.82	2.13	522.78	1.43	256.04	0.70
2001	139.92	46.54	415.54	281.20	33.01	916.21	2.51	696.74	1.91	219.47	0.60
2002	140.91	55.03	438.38	187.24	36.56	858.12	2.35	625.62	1.71	232.50	0.64
2003	165.21	51.84	250.50	385.75	37.35	890.65	2.44	636.25	1.74	254.40	0.70
2004	129.31	42.00	229.11	456.58	35.67	892.67	2.45	685.69	1.88	206.98	0.57
2005	121.41	36.03	405.21	231.87	28.21	822.73	2.25	637.08	1.75	185.65	0.51
2006	102.67	12.54	330.02	386.93	48.69	880.85	2.41	716.95	1.96	163.90	0.45
2007	121.07	21.35	279.40	487.94	21.92	931.68	2.55	767.34	2.10	164.34	0.45
Min	102.7	4.1	229.1	36.5	21.9	746.6	2.0	469.5	1.3	163.9	0.4
Max	223.3	55.0	505.2	487.9	78.1	931.7	2.6	767.3	2.1	287.4	0.8
Average	154.8	29.5	355.5	265.4	44.5	849.7	2.3	620.9	1.7	228.8	0.6

Figure 1

Comparison of Supply Sources

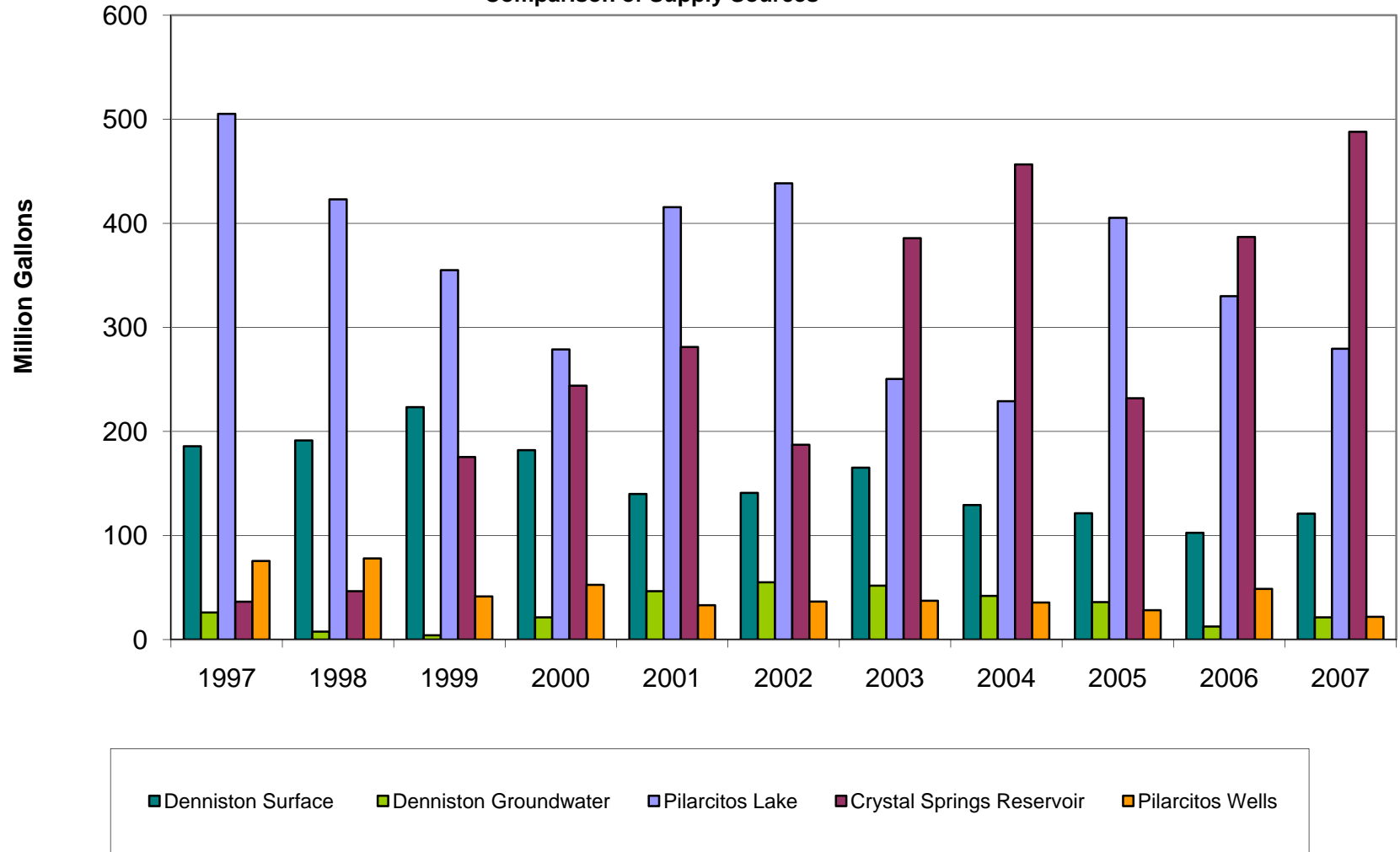


Figure 2

Annual Total Production 1997 - 2007

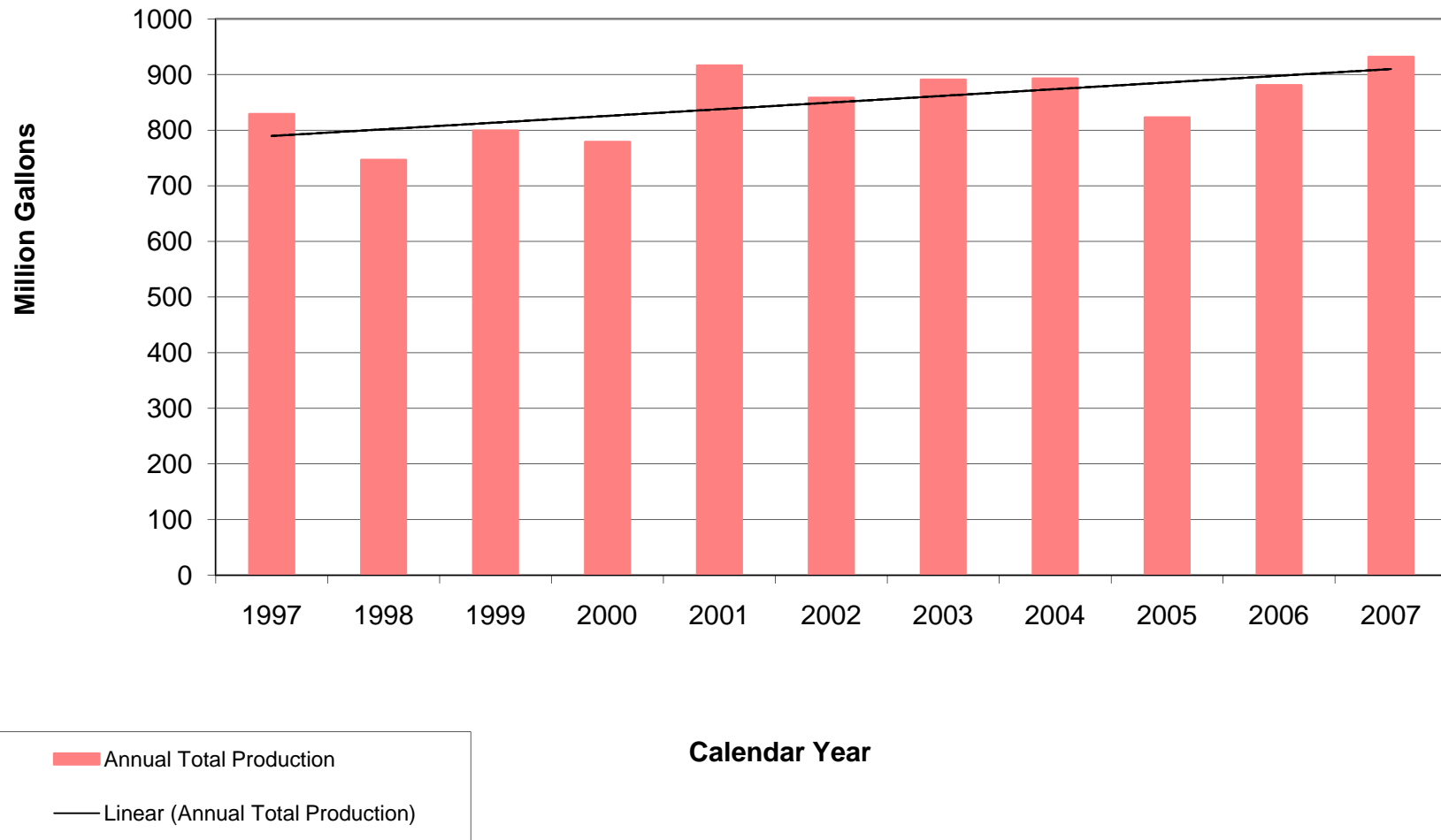
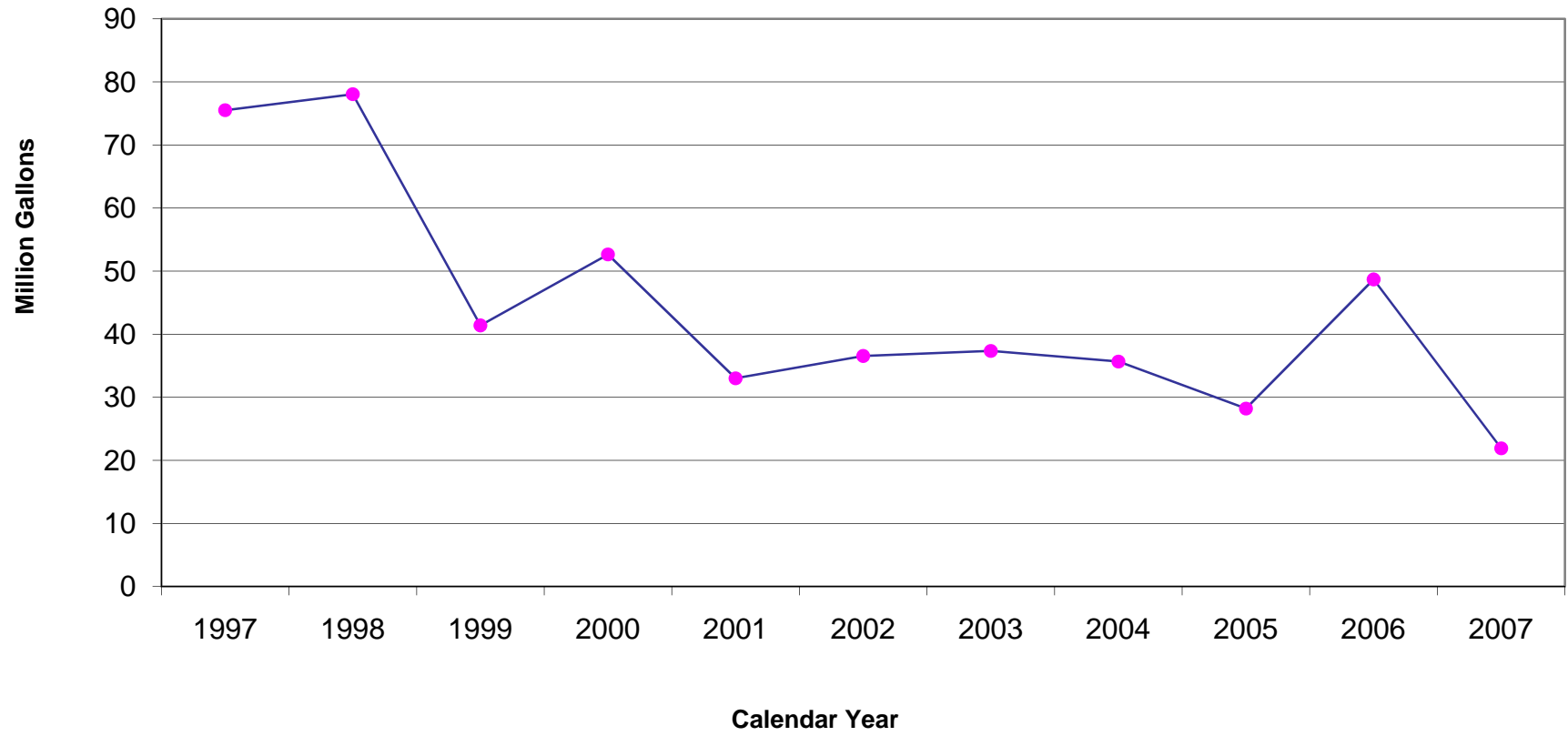


Figure 3

Pilarcitos Well Field Production



Denniston Project

The Denniston Project is located in the vicinity of the Half Moon Bay Airport and includes two water supply sources: Denniston Wells (groundwater) and Denniston Creek (stream diversion). The District owns and operates these water facilities. Figure 4 shows production from the Denniston Project. Production in the last decade peaked in 2002, but the trend has been a declining yield.

Denniston Creek Surface Water

Water may be diverted from both Denniston Creek and San Vicente Creek under a water (appropriative) right permit issued by the State, but currently there are no facilities for the diversion of water from San Vicente Creek. The water production available from these surface water sources during the summer months is limited by the amount of flow in the creeks and the amount of diversion allowed under the water right permit. The amount of flow in the creek is sometimes less than the amount of diversion allowed under the permit, especially during the summer and fall. During drought years, the production from these creeks is extremely low because of the small watershed area.

The water right permit allows for a total maximum direct diversion rate of 4 cubic feet per second (cfs), 2 cfs from Denniston Creek and a 2 cfs diversion from San Vicente Creek. Since the San Vicente Creek diversion has not been developed, the District's theoretical maximum diversion is 2 cfs or 897 gpm.

The intake at the Denniston stream diversion has been negatively impacted by the build-up of silt. Routine dredging has not occurred in recent years, due to difficulty in obtaining permits. The silt build-up and plant growth affects both the quality and the quantity of water from the Denniston stream diversion. During storm events in the winter, the turbidity can reach levels that make treating it challenging with the current treatment facilities. And during the summer and fall, the build-up of silt and the growth of plants combined with lower flows, affect the District's ability to divert water from the creek.

Denniston Well Field

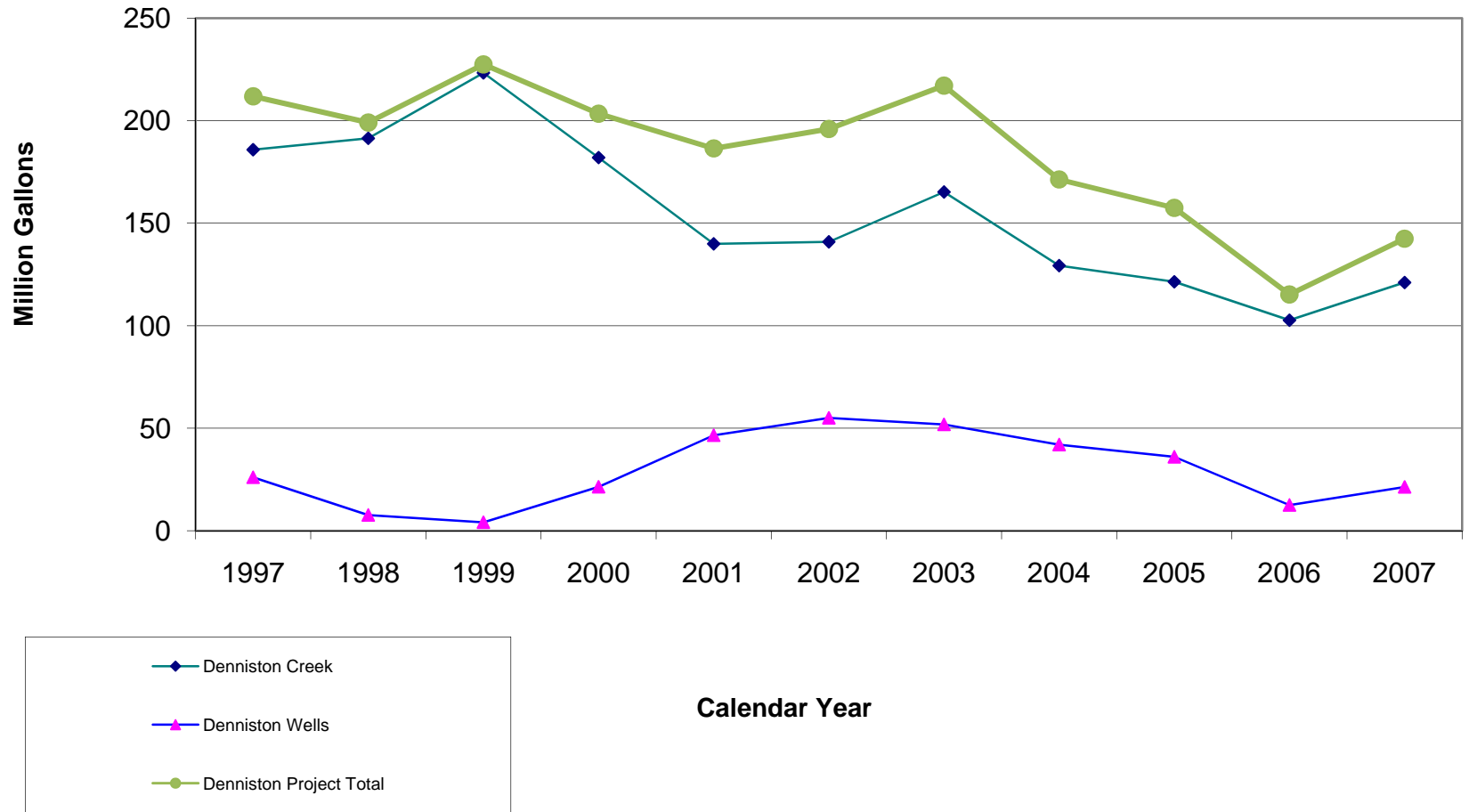
The District does not need a water right permit or license for the Denniston Well Field. Production from the Denniston wells is under control of a Coastal Development Permit that limits annual total production of the well field to 130 MG/Year. The production from the Denniston well field decreases substantially during drought periods due to lowering of the water table in the Denniston groundwater basin. There are six wells in the Denniston Creek area that are operated by the District.

San Francisco Public Utilities Commission Water Source

The District purchases raw water under an agreement (Master Contract) executed in 1984 from two sources owned and operated by the SFPUC; Pilarcitos Lake and Upper Crystal Springs Reservoir. The District is currently entitled to purchase a maximum of approximately 800 million gallons annually (2.175 million gallons per day – MGD), except when mandatory water rationing is in effect. The Master Contract between the District and

Figure 4

Denniston Project



the SFPUC expires in 2009. The agreement with the SFPUC is contingent on the District developing and maintaining all economically and environmentally feasible local supplies.

The Bay Area Water Supply and Conservation Agency (BAWSCA) has initiated negotiations for a new contract with the SFPUC, on behalf of the District and the other suburban wholesale customers. The SFPUC has indicated that they will not consider increasing the allocations to suburban wholesale customers until water system seismic improvements are complete. In addition, the SFPUC is addressing concerns regarding climate change and the predicted decrease in precipitation. It is predicted by the year 2025 there will be a significant (20%) decrease in the amount of precipitation in the form of snow in the Hetch Hetchy watershed. These factors combine to make it unlikely that the District will be able to obtain additional water from SFPUC.

As shown in Figure 5, the District now relies on the SFPUC for over 80% of total supply. Figure 6 shows the total amount in million gallons per day of water purchased from the SFPUC. In 2007, the District used 96% of its maximum allocation of SFPUC water.

Crystal Springs Reservoir

The District pumps water from Upper Crystal Springs Reservoir through an 18-inch diameter transmission pipeline to the Nunes WTP. Water from the Crystal Springs source is available throughout the year on an as-needed basis. The Crystal Springs Project was designed for an ultimate capacity of 11.5 MGD with the intention that the District would rely more on Crystal Springs Reservoir as demand increased from build out in the service area.

The present capacity to provide water from the Crystal Springs Project is 4.5 MGD and is limited by the operational constraints of the Nunes Water Treatment Plant. There are also hydraulic constraints on the pipeline connection at the Nunes Water Treatment plant of 9.9 MGD, in addition to limitations on the Upper Crystal Springs Pump Station of 5.4 MGD. The Crystal Springs supply source is important to the District because Crystal Springs Reservoir is inter-tied with SFPUC's main supply source, the Hetch Hetchy system. This inter-tie with a larger system offers reliability during short term droughts and flexibility in the over all operation of the District's sources.

Pilarcitos Lake

Pilarcitos Lake is located locally in San Mateo County in the Santa Cruz Mountain Range and is owned and operated by the SFPUC. The upper Pilarcitos watershed, which fills Pilarcitos Lake, is managed as a drinking water source and is protected from human activity and development. Since the upper watershed is protected, Pilarcitos Lake provides high quality drinking water and is a desirable source of water for the District.

Water from Pilarcitos Lake source is normally only available during the winter and spring months. The District's transmission pipeline from Stone Dam, which is located downstream of Pilarcitos Lake, has a limited capacity of 1,889 gpm (gallons per minute). This limited flow rate is caused by the restriction of the 2,200 linear feet of 12-inch diameter steel pipeline between the SFPUC service connection and northerly end of the 18-inch diameter

Figure 5

SFPUC Supply as Percentage of Total Supply

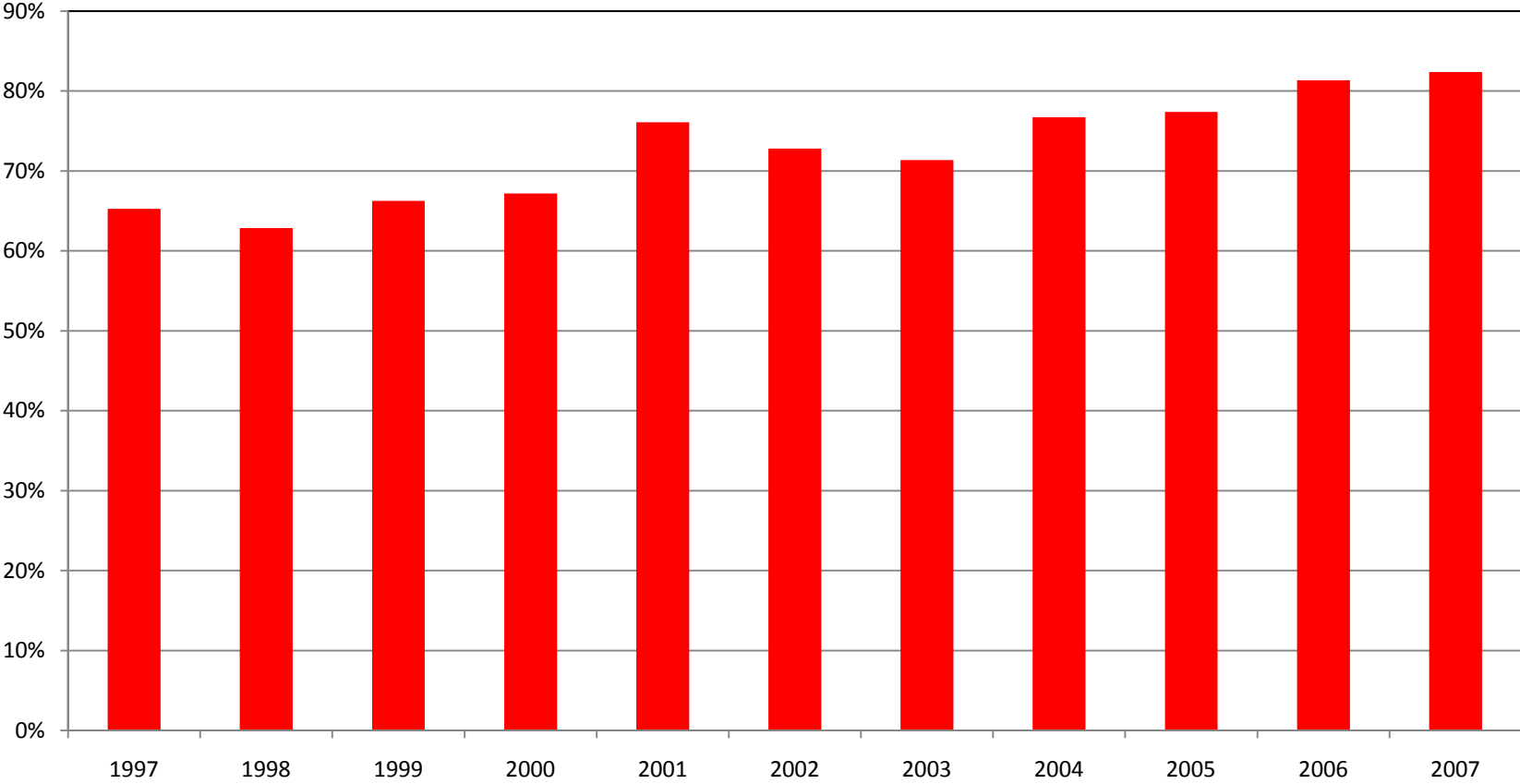
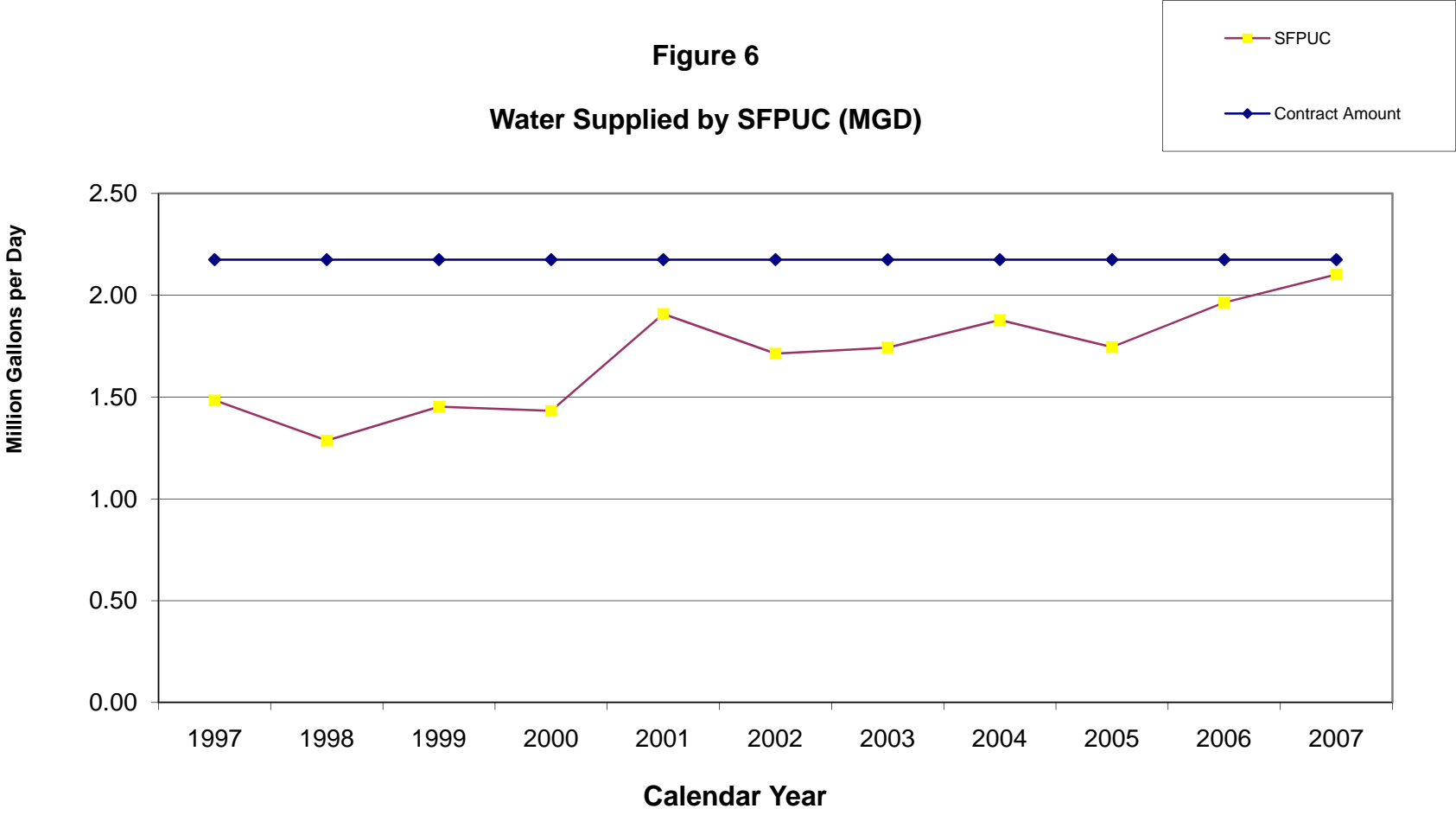


Figure 6

Water Supplied by SFPUC (MGD)



Pilarcitos Canyon pipeline. The District estimates the safe yield of Pilarcitos Lake to be 521 MG per year, based on a Tudor Engineering Company study. The Pilarcitos Lake supply source is important to the District because it flows by gravity from the SFPUC service connection to the District's Nunes Water Treatment Plant (WTP). The benefits of the gravity flow of water from Pilarcitos Lake to the treatment plant are low operating costs and high dependability.

Total production has increased, so it is definitely a factor in our increasing use of Crystal Springs Reservoir, but it appears that the more significant factor is the diminishing supply from local sources. The District has switched over to Crystal Springs Reservoir for longer time periods to meet the demand for water. In 1997, 90% of our demand from the SFPUC was met through Pilarcitos Lake and in 2007, less than 40% of our demand from the SFPUC was met through Pilarcitos Lake.

Water Supply Scenarios – How Much Water Do We Have?

Figure 7 illustrates supply scenarios based on production figures over the 1997 – 2007 period.

The scenario labeled “Water Right” illustrates how much water would theoretically be available to us under our current permits, licenses, and contracts. Under this scenario the District has an annual supply of about 1,500 million gallons.

The scenario labeled “High” assumes a maximum contract amount for the SFPUC and uses our historical high yield from our local sources. Under this scenario, the District has an annual supply of about 1,156 million gallons or 1.1 billion gallons.

The scenario labeled “Average” assumes a maximum contract amount for the SFPUC and uses our historical average yield from our local sources. Under this scenario, the District has an annual supply of about 1,030 million gallons or 1.0 billion gallons.

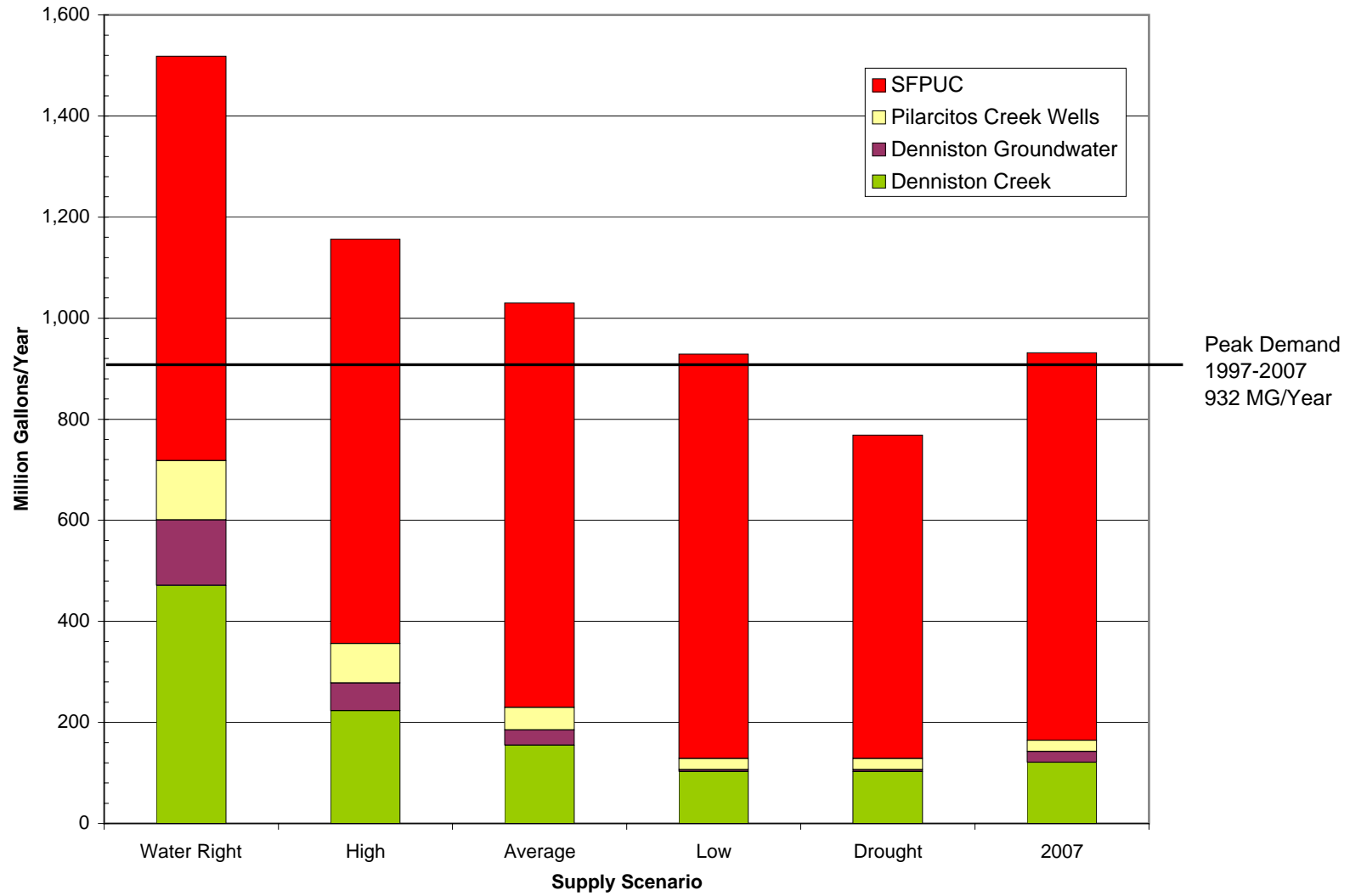
The scenario labeled “Low” assumes a maximum contract amount for the SFPUC and uses our historical low yield from our local sources. Under this scenario, the District has an annual supply of about 930 million gallons.

The scenario labeled “Drought” assumes the implementation of the interim water shortage allocation plan (IWSAP) under an approximately 20% SFPUC system wide mandatory rationing and the historical low yield from our local sources. Under this scenario, the District has an annual supply of about 620 million gallons.

These scenarios indicate that even though the District may have the right to use certain sources, that due to operational and other conditions, not all of this water is available to the District, especially during times of drought.

Figure 7

How Much Water Do We Have?



Water Supply Scenarios – How Much Water Do We Need?

While the District's current water supply is sufficient to meet our customers' needs during normal years, it is clear that the District must develop additional water supplies in order to accommodate further growth as allowed under the City and County LCP's and to ensure both current and future customers adequate water in times of drought. Figure 8 presents 2015 and 2030 water needs versus current supply scenarios for demand growth rates of 1% and 1.5%. These growth rates would be consistent with the District's historical growth and with figures published by ABAG, San Mateo County, and the City of Half Moon Bay.

Based on the criterion that the District should be able to meet projected needs under an average supply scenario, Figure 8 shows that our current supplies would be marginally adequate to handle 1% growth through 2015 and that ensuring reliability and handling higher growth rates will require additional supplies.

Figure 9 shows the effect on the District's overall supply picture of a hypothetical additional 200 million gallons per year coming from new water sources, which could include reclaimed water and new local supplies. An increase of this magnitude would be the minimum necessary to ensure adequate water service in the future.

Figure 8

How Much Water Do We Need?

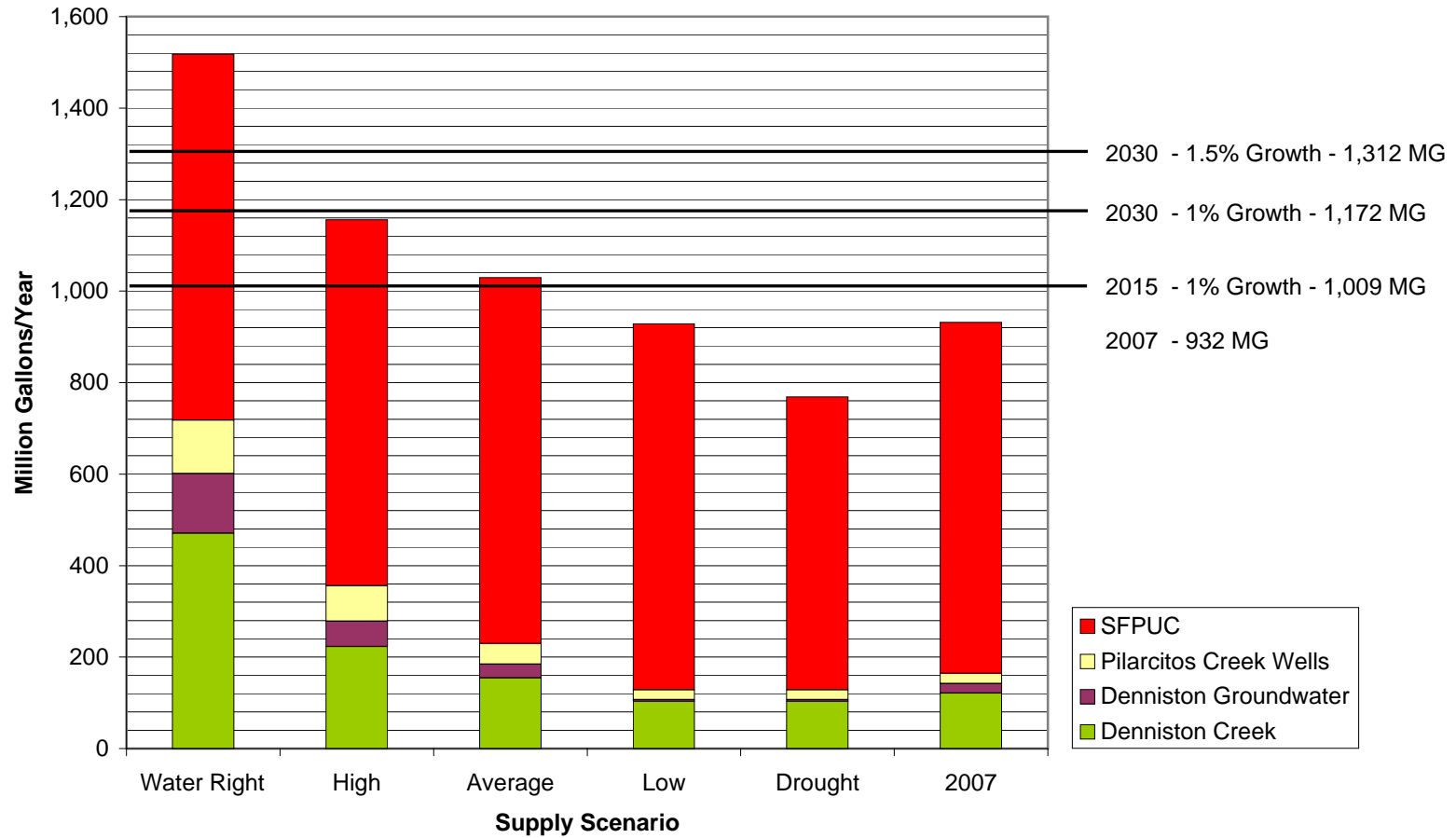


Figure 9

