



COASTSIDE COUNTY WATER DISTRICT

WATER FINANCING PLAN

AUGUST 2009



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1 BACKGROUND AND OVERVIEW

1.1 Background

In October 2008, the Coastside County Water District (CCWD or the District) retained Bartle Wells Associates (BWA) to review and evaluate the District's water rates and finances. Prior to this study, the District's last rate study was completed in 2005. Key objectives of the study include:

- Provide independent analysis of the District's water rates and finances
- Develop 10-year financial projections incorporating long-term operating and capital funding needs
- Project future water rate increases that reflect the District's cost of providing service
- Evaluate various financing alternatives to fund capital projects in the future
- Phase in rate increases and/or rate structure modifications over time, to the extent possible, to help minimize the annual impact on ratepayers
- Recommend a minimum fund reserve target

This report presents the key findings and recommendations of the study. The recommendations and alternatives presented were developed with substantial input from the District.

1.2 Overview of District

Coastside County Water District is a special district providing water services in the City of Half Moon Bay and parts of the unincorporated areas of San Mateo County including Miramar, Princeton by the Sea, and El Granada. The District serves more than 6,000 customers, who are predominantly residential.

The District's water supply comes from three sources: local groundwater, local surface water, and surface water supplied from the San Francisco Public Utilities Commission's Hetch Hetchy water system. Around 80% has been supplied through the SFPUC system.

The District's operating revenue for the year ended June 30, 2009 was approximately \$5.3 million and non-operating revenue was approximately \$1.2 million. About 51% of the non-operating revenues were the District's share of the County's general property taxes. Operating expenses (including depreciation) for the year ended June 30, 2009 are estimated to be roughly \$5.1 million.

The District's current bi-monthly water rate structure is comprised of a base charge and a quantity charge. The base charge is the minimum charge paid by all customers and varies by size of meter serving the customer. The quantity charge applies to the quantity of water delivered to the customer. For residential customers there are four rate tiers. For non-residential customers there is one uniform rate. Table 1 shows the rates for FY 2008/09 and proposed rates for FY 2009/10.

Table 1. Water Rate Schedule - Bi-Monthly		
	2008/09	2009/10
Base Charge (by meter size)		
5/8"	\$21.87	\$24.06
5/8" for 2 dwelling units	\$48.11	\$52.92
3/4"	\$32.88	\$36.17
3/4" for 2 dwelling units	\$65.80	\$72.38
1"	\$54.80	\$60.28
1-1/2"	\$105.83	\$116.41
2"	\$175.40	\$192.94
3"	\$383.70	\$422.07
4"	\$1,315.71	\$1,447.28
Variable Charge (1)		
<u>Residential</u>		
0 - 8 hcf	\$3.57	\$3.93
9 - 25 hcf	\$3.94	\$4.33
26 - 40 hcf	\$5.12	\$5.63
41 & over hcf	\$6.33	\$6.96
<u>Non-Residential</u>		
Per hcf	\$4.86	\$5.35
(1) 1 unit = 1 hcf = 7.48 gallons		

Overall, Coastside County Water District is in good financial condition. The enterprise maintains an adequate healthy level of reserves. As of May 31, 2009, the District had about \$6.5 million in fund reserves. This equates to roughly one year of current combined annual operating, maintenance, and debt service costs.

The District has increased water rates annually for the past ten years. Rate increases are necessary to fund rising operating costs including increased wholesale water costs from the San Francisco Public Utilities Commission (SFPUC) and to finance capital improvement projects. The District implemented a 10% rate increase on July 15, 2009.

1.3 Current Outstanding Debt

Since 1998, the District has issued approximately \$10 million in long-term debt secured by water revenue. The District's two outstanding debt issuances include: 1) Series 1998A Association of Bay Area Governments (ABAG) Water and Wastewater Revenue Refunding Bonds for \$2,855,000 and 2) Series 2006B California Statewide Communities Development Authority (CSCDA) Water Revenue Bonds for \$7,295,000. A portion of the 1998A Bonds were used to advance refunds the outstanding balance of the Series 1993A Water Revenue Refunding Bonds which was paid off on June 30, 2004. The 1998A Bonds bear interest at 3.50% to 4.75% with the final installment due on October 1, 2013. The 2006B Bonds bear interest at 3.75% to 5.3% with the final installment due on October 1, 2032.

As of June 20, 2009, outstanding principal for all obligations totaled \$7,760,000. Annual debt service for the next five years is about \$750,000. Based on the FY 2009/10 budget, debt service currently accounts for about 11% of combined operating and debt expenses.

1.4 Debt Covenants and Debt Service Coverage

Pursuant to the legal agreements securing the outstanding debt issues, the District has agreed to abide by a number of debt covenants designed to ensure adequate repayment security. Key among these is a debt service coverage covenant that requires the District to maintain and raise water rates as needed to achieve 120% coverage on annual debt service. Debt service coverage is calculated based on net revenues (total annual revenues less annual operating and maintenance costs) divided by the District's total annual debt service obligation. This is a standard legal covenant for securing water revenues bonds or COPs. In FY 2008/09, the District was in compliance with the required 120% coverage.

1.5 Reserve Accounts

The District maintains a number of reserve funds. Some funds are designated and/or restricted for specific purposes; others are undesignated and can be used for any District purposes. Unrestricted reserve funds include the Cash Flow and Operating Reserve, Emergency and Contingency Reserve, and Capital Expenditures Reserve. As of May 31, 2009 the District had approximately \$6.5 million in reserves as shown in Table 2.

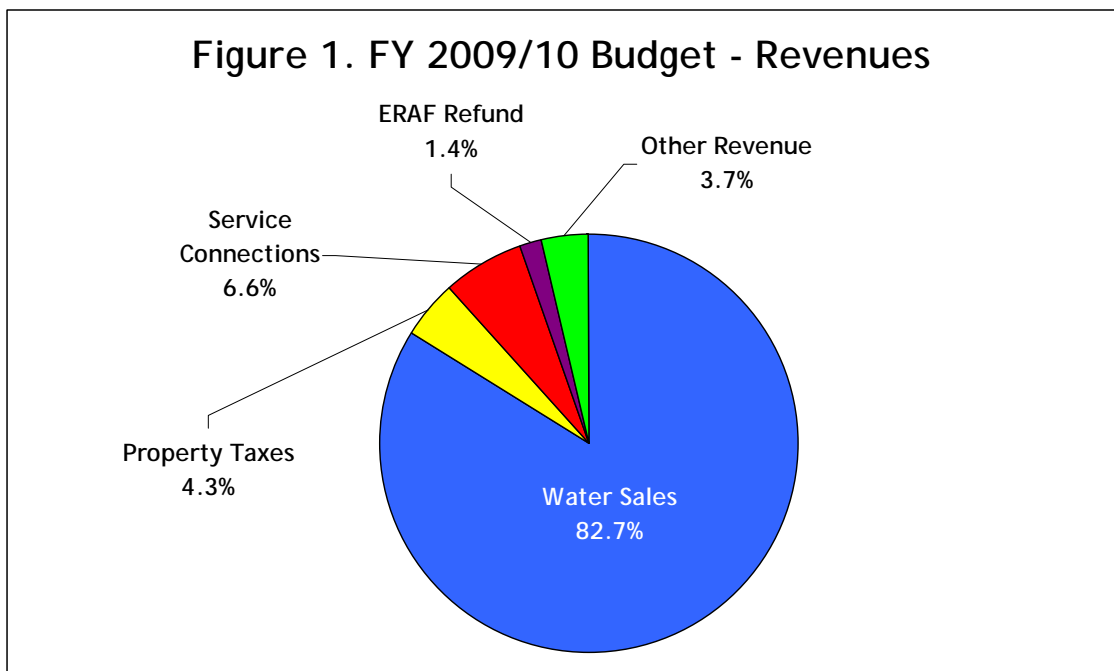
Table 2. Reserve Fund Balances	
Reserve Fund	31-May-09
Cash Flow and Operating Reserve	\$300,030
Emergency Reserves	\$1,699,005
Capital Expenditures	<u>\$4,460,885</u>
Total Fund Balances	6,459,920
Source: CCWD Investment Report, May 31, 2009	

2 FY 2009/10 BUDGET

2.1 Sources of Revenue

The FY 2009/10 budget (shown in Appendix A) estimates that the District will earn roughly \$7.0 million in total annual revenue, an approximately 2% decrease from the FY 2008/09 budget. Revenue from water sales is estimated at \$5.8 million, comprising 83% of total revenues. Due to conservation efforts, the District anticipates that customers will continue to consume less water, therefore resulting in decreased water sales revenue.

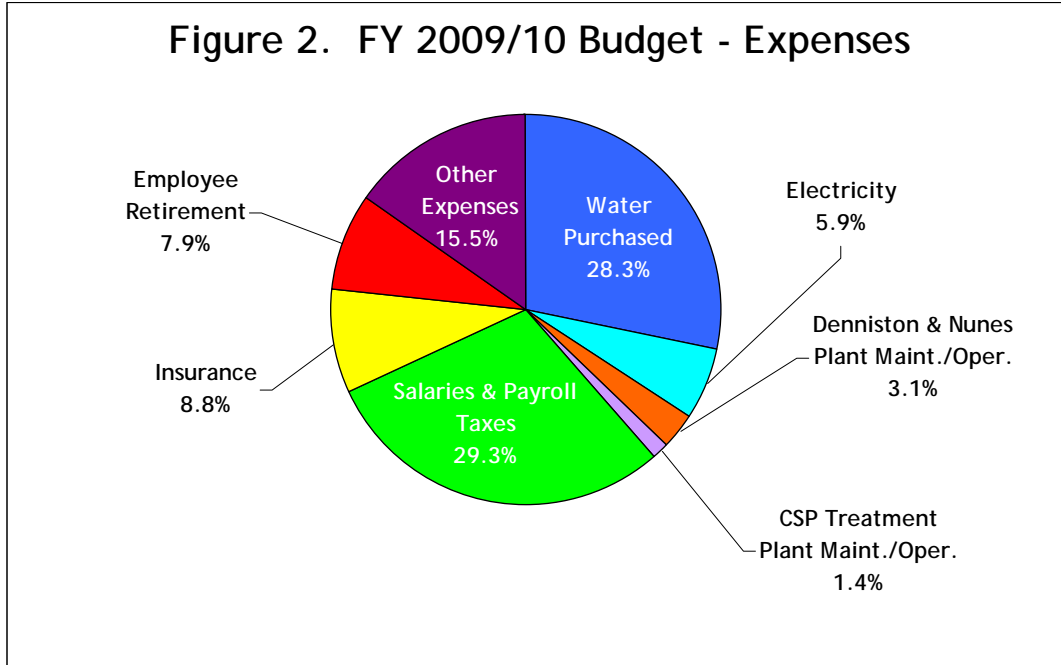
Service connection revenues are projected at \$458,000, 7% of total revenues. The District anticipates a decrease in revenue from property taxes in the next year. Property taxes are estimated at \$300,000 and an ERAF refund is projected at \$100,000 which combined account for approximately 6% of all earnings. Other revenues include hydrant sales, penalty charges, earned interest, cell phone lease income, and miscellaneous revenue totaling around \$259,000, representing 4% of the District's total revenues. A breakdown of the revenues is shown in Figure 1.



2.2 Operating Expenses

Total operating expenses for the FY 2009/10 budget are approximately \$5.7 million. The largest expense is salaries and payroll taxes totaling \$1.7 million, representing about 29% of the total budget. Estimated at \$1.6 million, wholesale water purchases from the SFPUC account for 28% of total expenditures. For FY 2009/10, wholesale water rates increased by 16%. Figure 2 shows a summary of the District's operating expenses for FY 2009/10 budget.

Figure 2. FY 2009/10 Budget - Expenses



2.3 Capital Accounts

The FY 2009/10 budget has approximately \$1.4 million for capital accounts which includes debt service as detailed in Section 1.2 and a contribution to the operating and capital improvement program (CIP) reserve. Total debt service for FY 2009/10 is \$757,246. The contribution to the CIP reserve is \$517,457 and will be used to fund capital projects as well as ongoing repairs and replacements.

2.4 FY 2009/10 Rate Increase

In approving the FY 2009/10 budget, the District increased water rates by 10%. Proposition 218 notices detailing the rate increases were mailed to all property owners on May 22, 2009, and a public hearing was held on July 14, 2009. The approved rates became effective on July 15, 2009.

3 FUTURE OPERATING EXPENSES

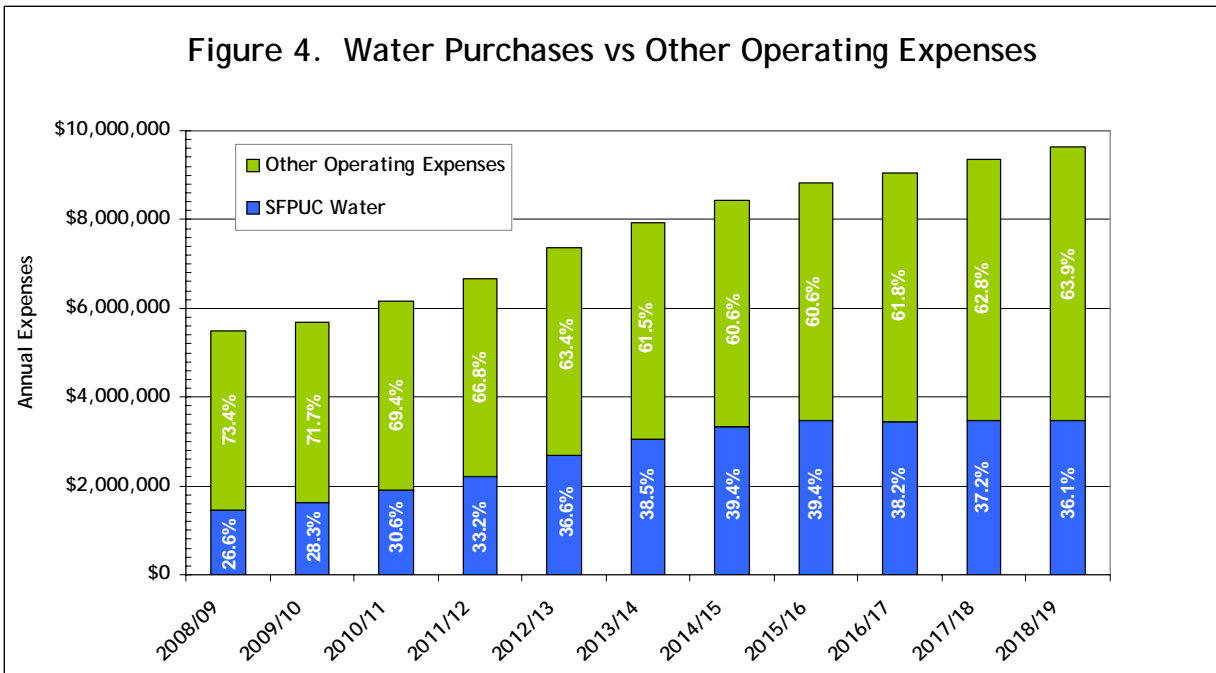
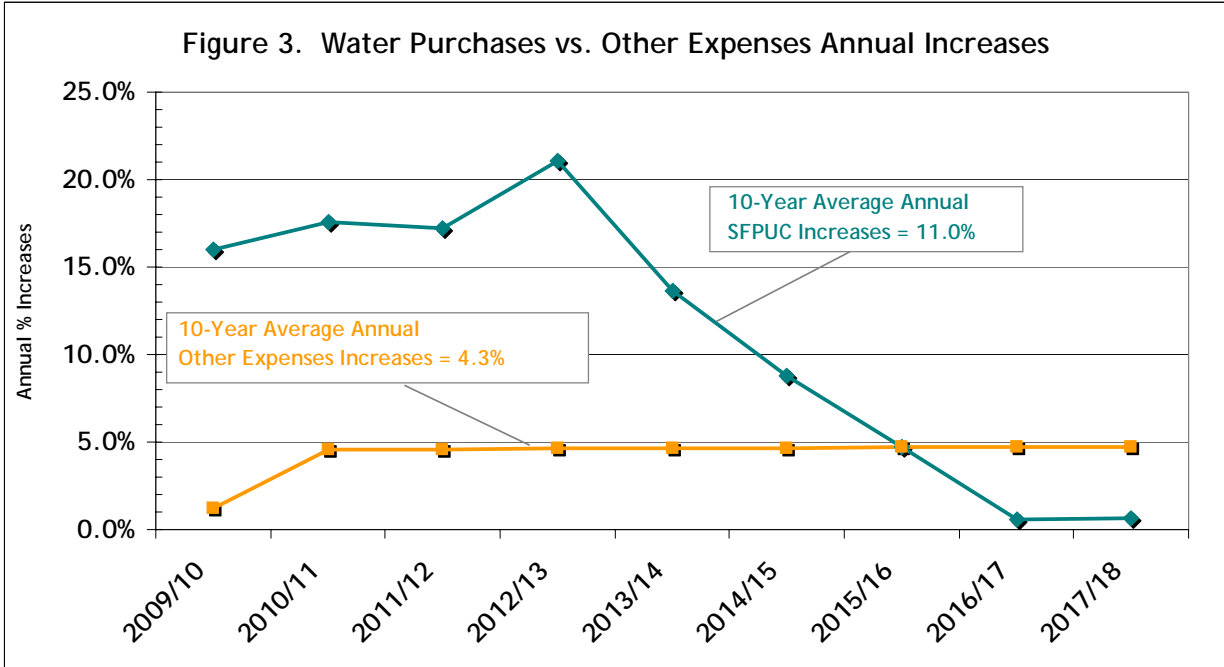
3.1 Forecast of Operating Expenses

Table 3 projects operating expenses over the ten-year analysis period. The FY 2009/10 budget serves as the base year. Forecasted increases in purchased water reflect the percentage increases provided by the SFPUC. Electricity expenses are forecasted to increase at 10% per year, while O&M expenses for the two water treatment plants are projected to increase at 5% per year. All other expenses, including salaries and payroll taxes, are increased at 4% per year. At the bottom of the table are the estimated overall percentage increases in operating expenses; they are forecasted to increase between 3% and 10% over the next five years.

	Budget	Escalation	Estimated								
	2009/10	Factor	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Operating Expenses											
Water Purchased (1)	\$1,610,934	varies	\$1,894,000	\$2,220,000	\$2,688,000	\$3,054,000	\$3,323,000	\$3,479,000	\$3,458,000	\$3,479,000	\$3,479,000
Electricity	334,299	10%	368,000	405,000	446,000	491,000	540,000	594,000	653,000	718,000	790,000
Denniston WTP Maint./Oper.	73,000	5%	77,000	81,000	85,000	89,000	93,000	98,000	103,000	108,000	113,000
Nunes WTP Maint./Oper.	103,400	5%	109,000	114,000	120,000	126,000	132,000	139,000	146,000	153,000	161,000
CSP WTP Maint./Oper.	77,000	5%	81,000	85,000	89,000	93,000	98,000	103,000	108,000	113,000	119,000
Salaries & Payroll Taxes	1,666,427	4%	1,733,000	1,802,000	1,874,000	1,949,000	2,027,000	2,108,000	2,192,000	2,280,000	2,371,000
Insurance	500,830	4%	521,000	542,000	564,000	587,000	610,000	634,000	659,000	685,000	712,000
Employee Retirement	447,750	4%	466,000	485,000	504,000	524,000	545,000	567,000	590,000	614,000	639,000
Other Expenses	<u>874,309</u>	4%	<u>909,000</u>	<u>945,000</u>	<u>983,000</u>	<u>1,022,000</u>	<u>1,063,000</u>	<u>1,106,000</u>	<u>1,150,000</u>	<u>1,196,000</u>	<u>1,244,000</u>
Total Operating Expenses	5,687,949		6,158,000	6,679,000	7,353,000	7,935,000	8,431,000	8,828,000	9,059,000	9,346,000	9,628,000
Increase from prior fiscal yea	200,609		470,051	521,000	674,000	582,000	496,000	397,000	231,000	287,000	282,000
Percent increase from prior fiscal year	3.66%		8.3%	8.5%	10.1%	7.9%	6.3%	4.7%	2.6%	3.2%	3.0%
<small>(1) Projected SFPUC rates distributed to BAWSCA in December 2008 Source: Coastside County Water District Budget FY 2009/10</small>											

3.2 Projected Wholesale Rate Increases

Figure 3 shows a ten-year projection of the SFPUC's wholesale water rates. The highest increases occur in the next five years. Figure 4 illustrates the average annual increases for SFPUC water purchases compared to all other expenses. While most other expenses are estimated to increase by 4% annually for the ten-year period, water purchases is expected to increase on average by 11% through FY 2018/19.

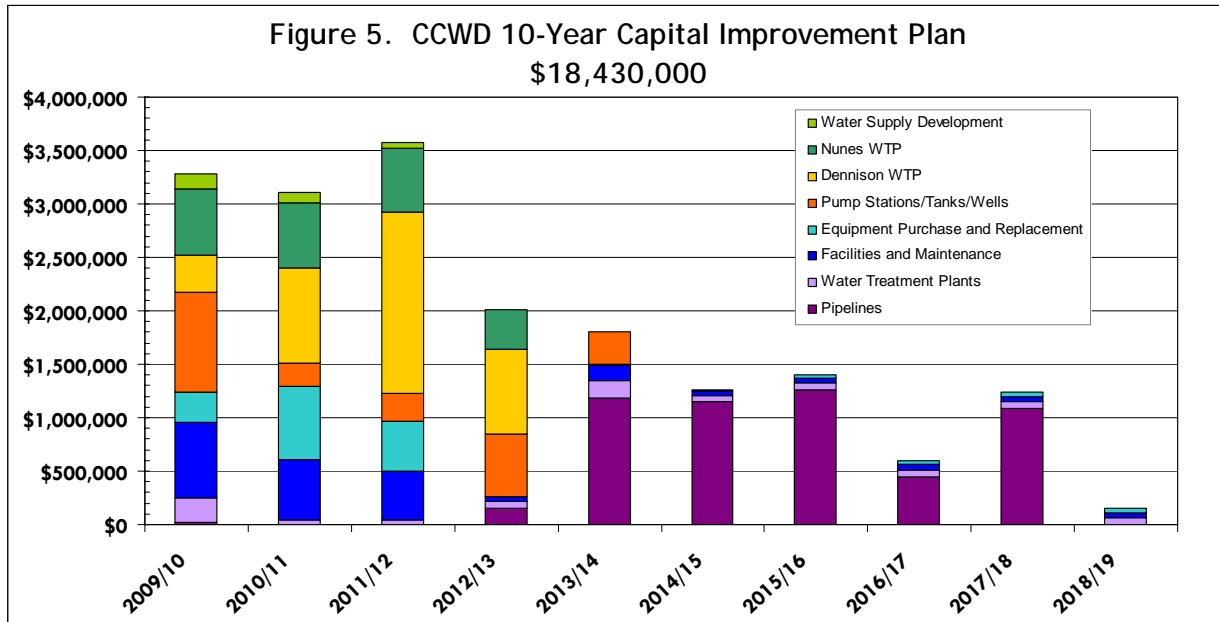


4 CAPITAL IMPROVEMENT PLAN (FY 2009/10 – 2017/18)

4.1 Capital Projects

The District recently developed a Ten-Year Capital Improvement Program (CIP) which identifies about \$18.4 million of refurbishments, replacements, expansions, and upgrades to the District's through 2018/19. Figure 5 illustrates anticipated project costs per year based on the year each project is initiated. The Ten-Year CIP is shown in Appendix B.

The projects are broken out into eight categories consistent with the CIP: a) pipeline projects, b) wastewater treatment plants, c) facilities and maintenance, d) equipment purchase and replacement, e) pump stations/tanks/wells, f) Denniston Water Treatment Plants short- and long-term improvements, g) Nunes Water Treatment Plant short- and long-term improvements, and h) water supply development. Costs are shown in 2009 dollars. The CIP will be updated annually as changes are incorporated and as better cost information becomes available.



Capital expenditures for FY 2009/10 are estimated at \$3.3 million. Major projects for this year include short-term upgrades to the Nunes Water Treatment Plant, pre and post treatment design for the Denniston Water Treatment Plant, and the AMR Program and fixed network.

4.2 Construction Cost Inflation

In Table 4, BWA escalates the District's 10-year capital improvement plan by 5%¹ annually to account for construction cost inflation. Using a 5% escalation rate, the future costs of these improvements over the next decade is projected at \$22.3 million.

Table 4. Escalated 10-Year Capital Improvement Plan			
	FY	Nominal CIP	Escalated CIP
1	2009/10	\$3,287,000	\$3,287,000
2	2010/11	3,105,500	3,424,000
3	2011/12	3,575,500	4,139,000
4	2012/13	2,005,500	2,438,000
5	2013/14	1,799,500	2,297,000
6	2014/15	1,262,000	1,691,000
7	2015/16	1,406,000	1,978,000
8	2016/17	598,000	884,000
9	2017/18	1,239,000	1,922,000
10	2018/19	<u>152,000</u>	<u>248,000</u>
	Total	\$18,430,000	\$22,308,000

¹ The average annual increase over the last five years for the Engineering News Record

5 FINANCING PLAN

Bartle Wells Associates examined different alternatives to finance the ten-year CIP and developed cash flow projections showing estimated revenues, expenses, and fund balances over this future period. The financial projections are based on the District's 2009/10 budget and 10-year capital improvement plan.

5.1 Financing Alternatives

Financing alternatives for the District's long-term capital program include:

- **Pay-As-You-Go Cash Funding** – The District can choose to fund a portion of its capital costs on a pay-as-you-go cash basis using operating revenues and cash reserves. Due to the magnitude of the 10-Year CIP, pay-as-you-go funding would need to be supplemented by some debt financing.
- **State Drinking Water State Revolving Fund (SDW-SRF) Loan Program** – California's Drinking Water State Revolving Fund (SDW-SRF) was established to make low cost financing available to public water systems to enable them to meet drinking water standards for safety and health protection. The Department of Health Services (DHS), with support from the Department of Water Resources (DWR), receives SRF funds from the U.S. Environmental Protection Agency (EPA), adds State matching funds, then provides California water systems low cost financing opportunities, related technical assistance, and funds source water protection activities. The interest rate is set at one half of the state's general obligation bond rate; current SDW-SRF interest rates are around 3.0%. The first debt service payment for an SRF Loan is not due until one year after the project is completed. The program does not generally fund the replacement of facilities that were previously grant-funded. Debt repayment is typically secured by an agency's legal pledge to use and raise rates and fees as needed to repay debt service. Under new SRF Loan program requirements implemented in September 2008, loan applicants must adopt rate increases adequate to meet the program's financial covenants for three years after the loan-funded project is complete.
- **Other Grant & Loan Programs** – There are a number of other state and federal funding programs available to fund projects that meet each program's eligibility requirements. Grants are difficult to secure and often only provide a relatively small amount of funding if awarded; water grants are generally only available to small agencies serving economically disadvantaged areas. Most other subsidized loan programs offer interest rates that are higher than the SRF Loan program.
- **Revenue Bonds and COPs** – Revenue bonds and Certificates of Participation (COPs) are the most common types of debt financing used by utility enterprises, such as water and wastewater agencies. Although there are some technical differences between bonds and COPs, both function almost exactly the same from the issuer's standpoint. Debt repayment is secured by an agency's binding legal pledge to raise rates and charges necessary to repay debt and achieve a specified debt service coverage ratio. Revenue bonds are typically issued with terms of up to 30 years provided the term of the debt does not exceed the life of the project being financed. Revenue bonds or COPs can

generally be issued to fund up to three years of anticipated capital expenditures. Many California agencies are required to obtain voter-approval for the direct issuance of revenue bonds. However, no voter approval is required for issuance of COPs or for revenue bonds issued through a third-party entity such as a joint financing authority.

- **Bank Loans, Private Placements, Leases, & Lines of Credit** – Bank loans, private placements, and leases typically offer slightly higher interest rates than bonds, but also have lower costs of issuance. This generally makes bank loans a cost-effective option for smaller borrowings, historically under \$10 million. However, in the current interest rate environment, bank loans may not be cost-effective for larger financings depending on the underlying credit of the issuing agency. Short-term bank loans and lines of credit are sometimes used to provide interim financing that will eventually be taken out with long-term debt, such as bonds. For example, agencies with limited fund reserves may use a line of credit to fund project design and preliminary engineering costs prior to issuing long-term bonds when construction bids are received. The legal covenants securing loans and lines of credit are generally similar to those of bonds or COPs.
- **Pooled Financing** – Bond pools such as those through the California Statewide Communities Development Authority (CSCDA) and the Association of Bay Area Governments (ABAG), can offer low-cost, competitively bid financing programs available to cities and special districts in California to finance or refinance water and wastewater capital projects. The bond pool offers low issuance costs and flexible financing terms of up to 30 years. Smaller borrowings are welcomed and may be accomplished on a cost-effective basis. Each participating agency can set its own bond terms and has its own independent repayment schedule. The bonds can be issued by competitive sale to ensure the lowest interest rates and do not require a public vote for participation. The issuance process typically takes from one to three months depending on each participating agency's financing needs. The District's previous debt issue in 1998 for \$2,855,000 was a pooled financing through ABAG. Given today's credit crisis and economic recession, bond pools are not generally available.

5.2 Capital Improvement Funding

Based on the evaluation of various funding alternatives for the Ten-Year CIP, BWA recommends the District fund its Ten-Year CIP with a combination of pay-as-you-go cash funding combined with debt financing. BWA assumes the use of two SDW-SRF loans. With approximately \$6.5 million in reserves, the District can fund projects in 2009/10 with pay-as-you-go financing. However, the District will need to issue long-term debt to finance a portion of the total Ten-Year CIP, which is estimated to be approximately \$22.3 million in year-of-construction dollars. Prior to issuing any debt, the District will need to adopt rate increases to provide adequate debt repayment security for each debt issue.

5.3 Safe Drinking Water – State Revolving Fund Loans

The financial projections developed in this report assume the District will issue a total of \$7.5 million in SDW-SRF loans. Based on a 2.92% interest rate² for a term of 20 years, the first loan will be for \$3.5 million in FY 2010/11, with annual payments estimated at \$235,000. The second loan will be for \$4 million in FY 2011/12, with annual payments estimated at \$268,000. The first debt service payment for a SDW-SRF Loan is not due until one year after the project is completed.

² On March 25, 2009, the State of California sold approximately \$6.5 billion in General Obligation Bonds at an average interest rate of 5.833%. One-half of the State G.O. bond rate is 2.92%

6 RATE INCREASES

6.1 Drivers of Future Rate Increases

The financial projections indicate the need for rate increases to keep long-term revenues in line with long-term expenses. The recommended adjustments are needed to enable the District to:

- **Fund wholesale water rate increases from the SFPUC.** Although customers may be conserving water, the District's costs to purchase water continue to rise. The SFPUC's rate projections show average annual increases of roughly 14% through 2015/16 with the highest rate increases occurring in the next five years.
- **Fund approximately \$7.5 million in new debt to finance the capital improvement plan.** The District will use reserves to pay for capital projects in FY 2009/10 but will need to issue debt in FY 2010/11 and FY 2011/12 to fund \$6.7 million in capital outlay. The new debt will result in a roughly \$400,000 increase in annual debt service.
- **Keep revenues aligned with annual operating cost inflation.** The District faces ongoing operating cost inflation for its operations and maintenance. On average, total operating expenses, excluding water purchases increase 4.3% each year through FY 2018/19.
- **Satisfy rate covenants in existing debt obligations.** The District has pledged net revenues generated by the water system to the payment of the existing COP installment payments. In order to issue additional debt on parity with existing debt, the net revenues shall be at least 120% of the maximum annual debt service for all existing and new debt. In addition, in each fiscal year, the net revenue must be at least 120% of the annual debt service for that fiscal year.
- **Maintain a prudent level of operating and capital fund reserves.** The District makes annual contributions to their reserve funds. To comply with the District's operating reserve policy, the District needs to maintain a minimum reserve fund target of 25% of the annual operating revenue. The District's capital reserve does not have a minimum target, but the District should continue to make contributions to develop a sustainable pay-as-you-go capital program.

Table 5 projects the sources and uses of funds for the water system from FY 2010/11 through FY 2018/19.

The primary source of revenue is water sales and the table indicates the percentage increase in water sales revenue necessary to cover operating and capital (non-operating) expenses and to satisfy certain rate design criteria that BWA believes are prudent and appropriate for a publicly owned water utility.

The table forecasts operating expenses, the two largest being purchased water and salaries and payroll taxes. The operating expense projections were explained earlier in the report. Also, shown are future capital project expenditures and debt service on existing COPs and the two SDW-SRF loans. One loan for \$3.5 million is planned for FY 2010/11 and the other for \$4.0 million is scheduled for FY 2011/12.

There are five revenue and reserve policy criteria:

- (1) Total revenues (including proceeds from the SDW-SRF loans) should cover total expenses (operating and non-operating);
- (2) Net revenues (operating revenues less O&M expenses) must be at least 120% of total debt service (*District's current debt service policy*);
- (3) Minimum total (capital and operating) reserves should equal 25% of operating expenses (*District's current reserve fund policy*);
- (4) Rate stabilization fund target equals one year of debt service, around \$1.0 million and that the target is met in five years (*BWA recommendation*); and
- (5) Minimum capital and operating reserve target should be 15% of operating expenses (*BWA recommendation*),

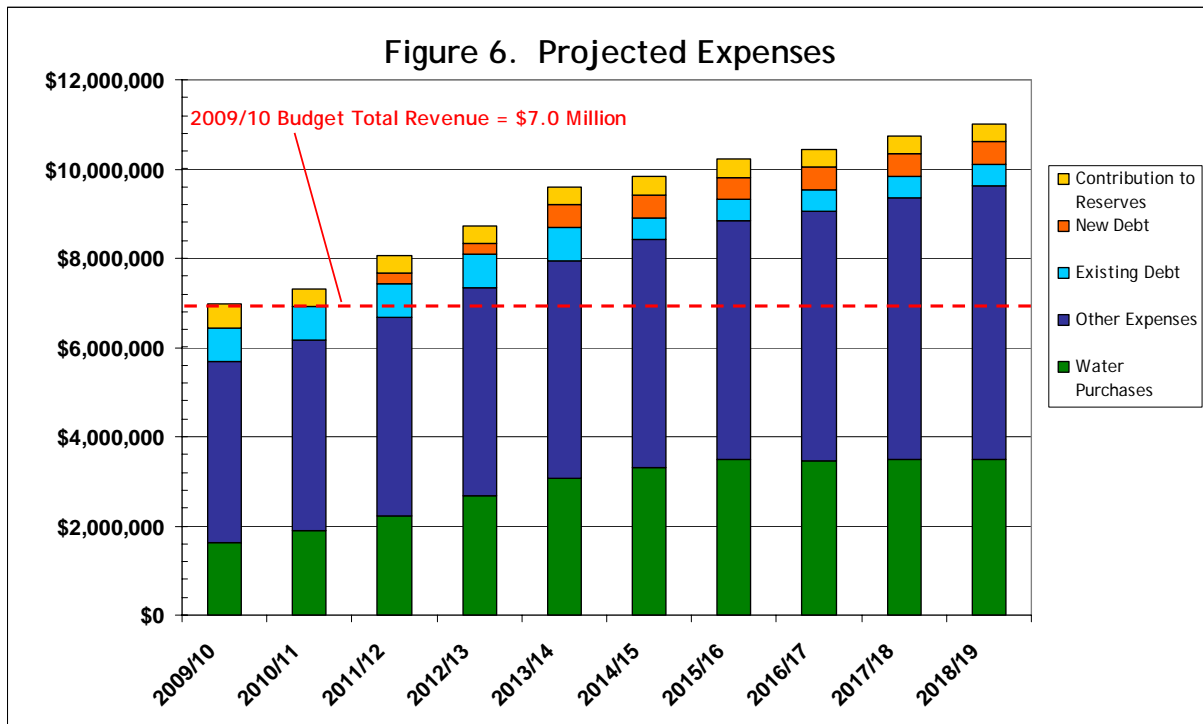
The District increased water rates and charges by 10% for budget FY 2009/10, and this rate increase is reflected in the water sales revenue estimate shown in Table 5. Including the estimated capital project expenditures for the budget fiscal year shows total expenditures being greater than total revenues and indicates the need to draw down cash reserves. BWA estimates the ending balance of the operating and capital funds would be greater than the 25% target level. The debt service coverage requirement of 120% of annual debt service will be met.

In future years, the District will need significant water rate increases to pay for increased operating expenses, capital projects, debt service on two SDW-SRF loans, and to maintain prudent levels of reserves. BWA believes a 15% water rate increase in FY 2010/11 is needed to satisfy all of the rate design criteria.

Significant water rate increases are also necessary in the following years to pay for the SDW-SRF loans and the forecasted capital project expenditures. The following increases are projected: 19% in FY 2011/12, 19% in FY 2012/13, 14% in FY 2013/14, and 5% in FY 2014/15.

Table 5. Cash Flow Projection										
	Budget	Estimated								
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Beginning Fund Balance										
Operating & Capital Fund Balance	\$6,459,920	\$3,172,614	\$3,435,403	\$3,585,829	\$2,298,740	\$1,643,072	\$2,166,883	\$2,022,089	\$2,752,236	\$2,170,017
Rate Stabilization Fund Balance	\$0	\$0	\$250,000	\$500,000	\$750,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Rate Adjustment	10.0%	15.0%	19.0%	19.0%	14.0%	5.0%	0.0%	0.0%	0.0%	0.0%
SOURCES OF FUNDS										
REVENUES										
Water Sales	5,844,903	6,721,600	7,998,700	9,518,500	10,851,100	11,393,700	11,393,700	11,393,700	11,393,700	11,393,700
Property Taxes (1)	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
ERAF Refund (1)	100,000	0	0	0	0	0	0	0	0	0
Service Connections	458,000	458,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Interest (2)	65,242	68,000	71,000	74,000	77,000	80,000	83,000	86,000	89,000	93,000
Other Revenues (3)	<u>194,200</u>	<u>202,000</u>	<u>210,000</u>	<u>218,000</u>	<u>227,000</u>	<u>236,000</u>	<u>245,000</u>	<u>255,000</u>	<u>265,000</u>	<u>276,000</u>
Subtotal Revenues	6,962,345	7,749,600	8,604,700	10,135,500	11,480,100	12,034,700	12,046,700	12,059,700	12,072,700	12,087,700
LONG-TERM BORROWING										
Proceeds from SDW-SRF Loans	0	3,500,000	4,000,000	0	0	0	0	0	0	0
TOTAL SOURCES	6,962,345	11,249,600	12,604,700	10,135,500	11,480,100	12,034,700	12,046,700	12,059,700	12,072,700	12,087,700
USES OF FUNDS										
Operating Expenses										
Water Purchased	1,610,934	1,894,000	2,220,000	2,688,000	3,054,000	3,323,000	3,479,000	3,458,000	3,479,000	3,479,000
Electricity	334,299	368,000	405,000	446,000	491,000	540,000	594,000	653,000	718,000	790,000
Denniston Water Treatment Plant Maint./Oper.	73,000	77,000	81,000	85,000	89,000	93,000	98,000	103,000	108,000	113,000
Nunes Water Treatment Plant Maint./Oper.	103,400	109,000	114,000	120,000	126,000	132,000	139,000	146,000	153,000	161,000
Crystal Springs Project Water Treatment Plant Maint./Oper.	77,000	81,000	85,000	89,000	93,000	98,000	103,000	108,000	113,000	119,000
Salaries & Payroll Taxes	1,666,427	1,733,000	1,802,000	1,874,000	1,949,000	2,027,000	2,108,000	2,192,000	2,280,000	2,371,000
Insurance	500,830	521,000	542,000	564,000	587,000	610,000	634,000	659,000	685,000	712,000
Employee Retirement	447,750	466,000	485,000	504,000	524,000	545,000	567,000	590,000	614,000	639,000
Other Expenses	<u>874,309</u>	<u>909,000</u>	<u>945,000</u>	<u>983,000</u>	<u>1,022,000</u>	<u>1,063,000</u>	<u>1,106,000</u>	<u>1,150,000</u>	<u>1,196,000</u>	<u>1,244,000</u>
Subtotal Operating Expenses	5,687,949	6,158,000	6,679,000	7,353,000	7,935,000	8,431,000	8,828,000	9,059,000	9,346,000	9,628,000
Non-Operating (Capital-Related) Expenses										
Existing Water Revenue Bonds	757,245	754,811	751,274	746,589	750,769	485,889	482,494	483,553	483,919	483,566
Future SDW-SRF Loans	0	0	235,000	235,000	503,000	503,000	503,000	503,000	503,000	503,000
Capital Projects (Escalated)	3,287,000	3,424,000	4,139,000	2,438,000	2,297,000	1,691,000	1,978,000	884,000	1,922,000	248,000
Contribution to CIP & Reserves (Transfer)	517,457	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Contribution to Rate Stabilization Fund (Transfer)	0	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	0	0	0	0	0
Subtotal Non-Operating Expenses	4,561,702	4,828,811	5,775,274	4,069,589	4,200,769	3,079,889	3,363,494	2,270,553	3,308,919	1,634,566
TOTAL USES	10,249,651	10,986,811	12,454,274	11,422,589	12,135,769	11,510,889	12,191,494	11,329,553	12,654,919	11,262,566
Surplus (Deficiency)	(3,287,306)	262,789	150,426	(1,287,089)	(655,669)	523,811	(144,794)	730,147	(582,219)	825,134
Ending Fund Balance										
Operating & Capital Fund Balance	3,172,614	3,435,403	3,585,829	2,298,740	1,643,072	2,166,883	2,022,089	2,752,236	2,170,017	2,995,152
Rate Stabilization Fund Balance	0	250,000	500,000	750,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Debt Service Coverage (4) Target = 1.2	1.68	2.11	1.95	2.83	2.83	3.64	3.27	3.04	2.76	2.49
Target Met	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Minimum Capital and Operating Reserve (5) Target - 25%	1,461,226	1,680,400	1,999,675	2,379,625	2,712,775	2,848,425	2,848,425	2,848,425	2,848,425	2,848,425
Target Met	yes	yes	yes	no	no	no	no	no	no	yes
Minimum Capital and Operating Reserve Target - 15%	876,735	1,008,240	1,199,805	1,427,775	1,627,665	1,709,055	1,709,055	1,709,055	1,709,055	1,709,055
Target Met	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Minimum Rate Stabilization Fund Target	-	754,811	986,274	981,589	1,253,769	988,889	985,494	986,553	986,919	986,566
Target Met	-	no	no	no	no	yes	yes	yes	yes	yes
(1) Property tax and ERAF refunds based on conservative projections. (2) Interest earnings escalated by 4% annually. (3) Other revenues (hydrant sales, late penalty, miscellaneous, and cell site lease income) escalated by 4% annually. (4) Debt service coverage is calculated by dividing net revenues (revenues minus operating expenses) by total debt service. Minimum coverage requirement is 1.2 times annual debt service. (5) The District's current minimum fund reserve policy is 25% of annual operating revenue.										

Figure 6 shows a long-term projection of expenses broken out by debt service, CIP reserve contributions, SFPUC water purchases, and all other expenses. (The figure excludes costs for capital improvements financed by debt, but does include estimated debt service for those projects.) The red dashed line on the table shows total projected water revenues for FY 2009/10. Note that FY 2009/10 revenues do not fully cover expenditures for future years. Therefore, rate increases will be needed to bring long-term revenues in balance with long-term expenses.



6.2 Future Rate Increases

Based upon the District's CIP and operating revenue projections, the following rate increases shown on Table 6 are needed to fund the District's operations. The proposed rate increases will fund operations and debt service while meeting debt service coverage requirements and fund reserve targets. Rate increases will be effective July 1 of each year. The percentage increase will be applied to both the base charge and variable charge for residential and non-residential customers.

Table 6. Projected Water Rate Adjustments - Bi-Monthly											
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
% Rate Increase		10.0%	15.0%	19.0%	19.0%	14.0%	5.0%	0.0%	0.0%	0.0%	0.0%
Base Charge	\$21.87	\$24.06	\$27.67	\$32.93	\$39.19	\$44.68	\$46.91	\$46.91	\$46.91	\$46.91	\$46.91
Variable Charge (1)											
<u>Residential</u>											
0 - 8 hcf	\$3.57	\$3.93	\$4.52	\$5.38	\$6.40	\$7.30	\$7.67	\$7.67	\$7.67	\$7.67	\$7.67
9 - 25 hcf	\$3.94	\$4.33	\$4.98	\$5.93	\$7.06	\$8.05	\$8.45	\$8.45	\$8.45	\$8.45	\$8.45
26 - 40 hcf	\$5.12	\$5.63	\$6.47	\$7.70	\$9.16	\$10.44	\$10.96	\$10.96	\$10.96	\$10.96	\$10.96
41 & over hcf	\$6.33	\$6.96	\$8.00	\$9.52	\$11.33	\$12.92	\$13.57	\$13.57	\$13.57	\$13.57	\$13.57
<u>Non-Residential</u>											
Per hcf	\$4.86	\$5.35	\$6.15	\$7.32	\$8.71	\$9.93	\$10.43	\$10.43	\$10.43	\$10.43	\$10.43
1 - 1 unit = 1 hcf = 7.48 gallons											

6.3 Customer Impacts

Based on an analysis of residential water consumption over the past two years, bi-monthly median water use for residential customers is 14 hundred cubic feet. Table 7 shows the bi-monthly rate impacts for a typical single family residence with a 5/8" meter using 14 hundred cubic feet of water.

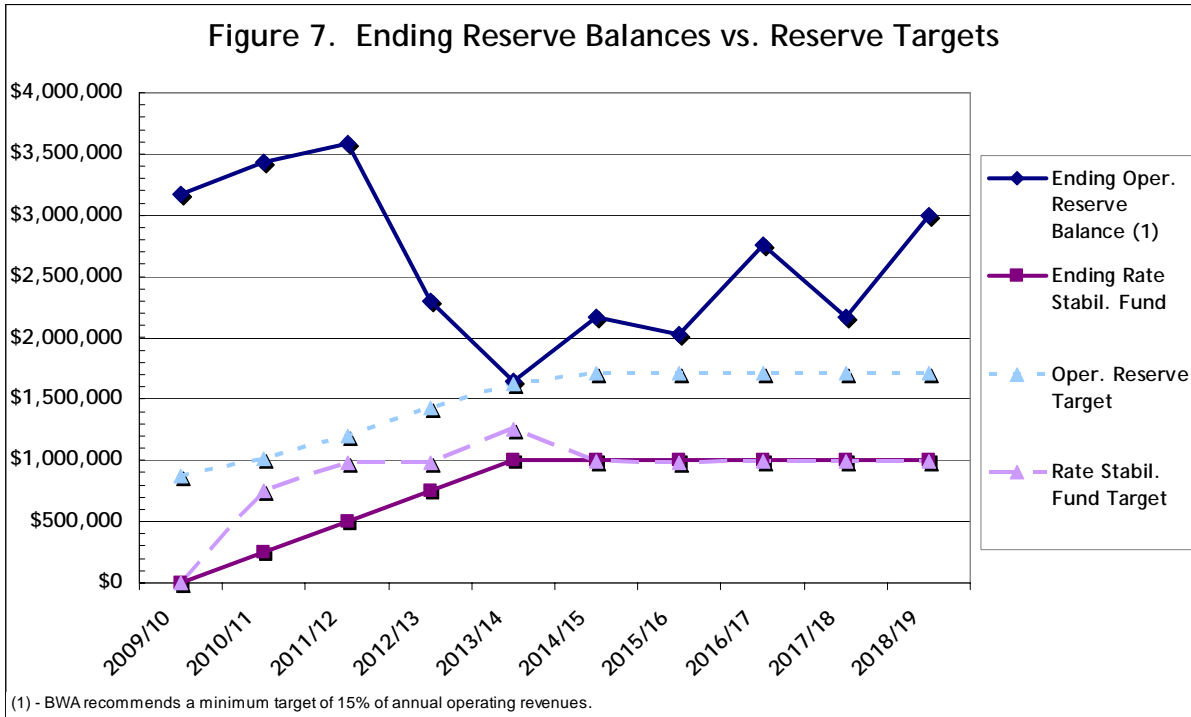
Table 7. Projected Impact on Bi-Monthly Typical SFR Bill										
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
SFR - 5/8" meter, 14 ccf	\$81.48	\$93.71	\$111.55	\$132.75	\$151.38	\$158.97	\$158.97	\$158.97	\$158.97	\$158.97

6.4 Reserve Policies

- **Operating Reserve**

In 2007, the Board approved Resolution No. 2007-6 - Adopting Statement of Policy for Maintaining Operating Reserve which stipulates that the minimum reserve fund target is 25% of the District's annual operating revenue. Maintaining a prudent level of fund reserves is an important component of financial management. Adequate fund reserves a) provide a financial cushion for dealing with unanticipated financial needs and emergencies, b) provide working capital to help deal with revenue and expense fluctuations; and c) provide guidance for long-term financial planning. The fund reserve target will vary over time based on the District's annual operating revenue. It is acceptable if reserves fall below the target on a temporary basis, provided action is taken to achieve the target over the longer run.

The District met the minimum operating reserve fund target in FY 2008/09. Bartle Wells recommends, as discussed further below, that the operating reserve target be reduced to 15% of annual operating revenue. As shown in Figure 7, the proposed rate adjustments ensure that the District complies with this revised reserve fund target in the future.



- **Rate Stabilization Fund**

BWA recommends the District establish a rate stabilization reserve to comply with stipulations in the Series 2006B CSCDA Water Revenue Bonds borrowing. The purpose of the fund is to reduce water revenue requirements in order to smooth water rate adjustments over time. The District may withdraw money from the rate stabilization fund as needed.

Section 5.4 of the bond documents stipulates that the District deposit surplus net revenues in a rate stabilization fund. BWA interprets the 2006B CSCDA Water Revenue Bond Installment Purchase Agreement to not establish a minimum or maximum reserve for the rate stabilization fund. BWA suggests a target level equal to one-year's debt service. For FY 2010/11 total debt service is approximately \$755,000. When the District issues new debt, the rate stabilization fund target will increase to almost \$1 million based on the additional debt service.

BWA recommends phasing in contributions to the rate stabilization fund over four years to meet the rate stabilization fund requirement. The financing plan budgets \$250,000 through FY 2013/14 to gradually meet the fund target. BWA further recommends reducing the current operating reserve fund policy target of 25% to 15% of annual operating revenue. Based on the 15% reserve fund target, the District will transfer \$400,000 each year to the capital and operating reserve fund. The fund reserve targets are summarized in Table 8.

Table 8. Recommended Reserve Fund Balances		
Reserve Fund	Fund Reserve Target	2010/11 Target
Capital and Operating Reserve	15% of Annual Operating Revenue	\$1,008,000
Rate Stabilization Fund	1-Year of Maximum Annual Debt Service	\$250,000

7 SUMMARY AND RECOMMENDATIONS

The District has adopted rate increases every year since 2001. These annual increases have helped keep revenues in line with the costs of providing service and enabled the District to accrue and maintain a healthy level of fund reserves, which totaled approximately \$6.5 million in cash and equivalents as of May 31, 2009. Although the District has historically been in good financial health, the District is facing new financial challenges, particularly due to increased wholesale water rates from the SFPUC and an \$18.4 capital improvement program to repair and upgrade the water system.

BWA developed 10-year financial projections to evaluate the near-term and long-term revenue requirements of the District's water enterprise. The financial projections indicate the need for significant ongoing rate increases to recover operating and capital funding needs and keep rates in line with the cost of providing service. The recommended rate adjustments will cover operating and maintenance expenses, fund new debt service, and maintain a healthy level of reserves.

Recommendations –

- **Adopt water rate increases.** BWA recommends that the District adopt multi-year water rate increases to cover expenses and meet debt service coverage requirements. In addition to annual operating cost inflation, the District is facing large wholesale water rate increases from the SFPUC particularly over the next five years. Moreover, rate increases are necessary for the District to make debt service payments and to maintain net revenues of at least 120% of maximum annual debt service. The District should continue to review its rates and revenue requirements each year to ensure that revenue and expense projections are accurate.
- **Issue debt in the form of SDW-SRF loans to fund the CIP.** BWA recommends that the District apply for SDW-SRF loans for \$3.5 million in FY 2010/11 and \$4.0 million in FY 2011/12 to fund capital needs. Compared to other financing alternatives, SDW-SRF loans offer lower interest rates and issuance costs, and the first debt service payment is not due until one year after project completion. The District should continue to annually review the ten-year CIP as updated cost information becomes available.
- **Establish a rate stabilization fund.** BWA recommends that the District establish a rate stabilization fund to fulfill bond obligations with a minimum fund target equal to one-year's total debt service. BWA proposes to phase in contributions in the amount of \$250,000 through FY 2013/14 to build the rate stabilization fund.
- **Reduce capital and operating reserve target.** BWA recommends that the District lower its current capital and operating reserve policy of 25% of annual operating revenue to 15%. This reduction will allow the District to establish a rate stabilization fund while maintaining a prudent level of reserves. The annual contribution to the capital and operating reserve is projected to be \$400,000.

APPENDIX

Appendix A. FY 2009/10 Budget

Operations & Maintenance Budget - FY 2009/2010

Account Number	Description	Proposed Budget FY 09/10	Approved FY 08/09	FY 09/10 Budget Vs. FY 08/09 Budget	FY 09/10 Budget Vs. FY 08/09 Budget	Proj Year End	FY 09/10 Budget Vs. FY 08/09 Actual	FY 09/10 Budget Vs. FY 08/09 Actual	YTD Actual FY 08/09 as of March 31, 2009
			Budget	\$ Change	% Change	Actual FY 08/09	\$ Change	% Change	
REVENUE									
4120	Water Sales	\$5,844,903	\$5,716,897	\$128,006	2.2%	\$5,279,176	\$565,727	9.7%	\$4,034,653
4170	Hydrant Sales	\$25,000	\$25,000	\$0	0.0%	\$37,890	-\$12,890	-51.6%	\$28,425
4180	Late Penalty	\$50,000	\$50,000	\$0	0.0%	\$50,368	-\$368	-0.7%	\$38,368
4230	Service Connections	\$458,000	\$8,000	\$450,000	5625.0%	\$8,696	\$449,304	98.1%	\$6,523
4920	Interest Earned	\$65,549	\$100,124	-\$34,575	-34.5%	\$86,124	-\$20,575	-31.4%	\$71,124
4930	Property Taxes	\$300,000	\$600,000	-\$300,000	-50.0%	\$595,078	-\$295,078	-98.4%	\$395,078
4950	Miscellaneous	\$37,000	\$76,000	-\$39,000	-51.3%	\$146,465	-\$109,465	-295.9%	\$125,465
4955	Cell Site Lease Income	\$82,200	\$0	\$82,200	0.0%	\$0	\$82,200	100.0%	\$0
4965	ERAF Refund	\$100,000	\$100,000	\$0	0.0%	\$236,700	-\$136,700	-136.7%	\$236,700
TOTAL REVENUE		\$6,962,652	\$6,676,021	\$286,631	4.1%	\$6,440,496	\$522,156	7.5%	\$4,936,335
EXPENSES									
5130	Water Purchased	\$1,610,934	\$1,460,119	\$150,815	10.3%	\$1,395,986	\$214,948	13.3%	\$991,564
5230	Electrical Exp. Nunes WTP	\$19,000	\$20,000	-\$1,000	-5.0%	\$18,902	\$98	0.5%	\$13,234
5231	Electrical Expenses, CSP	\$230,407	\$234,299	-\$3,892	-1.7%	\$284,675	-\$54,268	-23.6%	\$283,675
5232	Electrical Expenses/Trans. & Dist.	\$21,700	\$24,800	-\$3,100	-12.5%	\$20,864	\$836	3.9%	\$16,726
5233	Elec Exp/Pilarcitos Cyn.	\$10,016	\$10,000	\$16	0.2%	\$4,975	\$5,041	50.3%	\$3,975
5234	Electrical Exp., Denn	\$53,176	\$74,500	-\$21,324	-28.6%	\$28,450	\$24,726	46.5%	\$12,830
5235	Denn. WTP Oper.	\$30,000	\$89,560	-\$59,560	-66.5%	\$28,633	\$1,367	4.6%	\$39,454
5236	Denn WTP Maint	\$43,000	\$36,000	\$7,000	19.4%	\$39,096	\$3,904	9.1%	\$35,632
5240	Nunes WTP Oper	\$65,400	\$126,400	-\$61,000	-48.3%	\$79,440	-\$14,040	-21.5%	\$90,417
5241	Nunes WTP Maint	\$38,000	\$51,700	-\$13,700	-26.5%	\$38,085	-\$85	-0.2%	\$25,324
5242	CSP - Operation	\$8,500	\$8,500	\$0	0.0%	\$7,774	\$726	8.5%	\$5,763
5243	CSP - Maintenance	\$68,500	\$66,000	\$2,500	3.8%	\$27,346	\$41,154	60.1%	\$12,346
5250	Laboratory Expenses	\$75,000	\$0	\$75,000	0.0%	\$0	\$75,000	100.0%	\$3,000
5318	Studies/Surveys/Consulting	\$22,544	\$50,000	-\$27,456	-54.9%	\$48,999	-\$26,455	-117.3%	\$33,999
5321	Water Conservation	\$60,650	\$40,000	\$20,650	51.6%	\$38,219	\$22,431	37.0%	\$26,219
5322	Community Outreach	\$28,700	\$31,700	-\$3,000	-9.5%	\$21,884	\$6,816	23.7%	\$10,884
5411	Salaries - Field	\$907,674	\$823,397	\$84,277	10.2%	\$845,592	\$62,082	6.8%	\$624,592
5412	Maintenance Expenses	\$189,500	\$180,786	\$8,714	4.8%	\$190,000	-\$500	-0.3%	\$135,993
5414	Motor Vehicle Exp.	\$47,500	\$58,000	-\$10,500	-18.1%	\$52,555	-\$5,055	-10.6%	\$30,196
5415	Maintenance, Wells	\$15,000	\$25,400	-\$10,400	-40.9%	\$13,007	\$1,993	13.3%	\$9,507
5610	Salaries, Admin.	\$646,607	\$617,719	\$28,888	4.7%	\$603,880	\$42,727	6.6%	\$433,880
5620	Office Expenses	\$131,150	\$139,350	-\$8,200	-5.9%	\$117,803	\$13,347	10.2%	\$72,803
5621	Computer Services	\$64,150	\$53,900	\$10,250	19.0%	\$57,108	\$7,042	11.0%	\$39,108
5625	Meetings/Training/Seminars	\$20,000	\$32,500	-\$12,500	-38.5%	\$25,275	-\$5,275	-26.4%	\$16,275
5630	Insurance	\$500,830	\$493,349	\$7,481	1.5%	\$498,922	\$1,908	0.4%	\$374,285
5640	Employee Retirement	\$447,750	\$395,280	\$52,470	13.3%	\$403,652	\$44,098	9.8%	\$293,652
5645	SIP 401 K Plan	\$20,000	\$0	\$20,000	0.0%	\$0	\$20,000	0.0%	\$0
5681	Legal	\$52,000	\$57,000	-\$5,000	0.0%	\$10,000	\$42,000	80.8%	\$20,094
5682	Engineering	\$15,000	\$25,000	-\$10,000	-40.0%	\$14,870	\$130	0.9%	\$9,870
5683	Financial Services	\$31,000	\$47,375	-\$16,375	-34.6%	\$26,356	\$4,644	15.0%	\$18,356
5684	Payroll Taxes	\$112,146	\$105,541	\$6,605	6.3%	\$102,399	\$9,747	8.7%	\$74,399
5687	Memberships & Subscriptions	\$53,815	\$51,965	\$1,850	3.6%	\$47,321	\$6,494	12.1%	\$35,500
5688	Election Expense	\$15,000	\$0	\$15,000	0.0%	\$0	\$15,000	100.0%	\$0
5689	Union Expenses	\$12,000	\$15,000	-\$3,000	-20.0%	\$12,000	\$0	0.0%	\$9,000
5700	County Fees	\$10,800	\$9,200	\$1,600	17.4%	\$10,798	\$2	0.0%	\$8,798
5705	State Fees	\$10,500	\$33,000	-\$22,500	-68.2%	\$11,711	-\$1,211	-11.5%	\$10,711
Total Operating Expenses		\$5,687,950	\$5,487,340	\$200,609	3.5%	\$5,126,577	\$561,372	9.9%	\$3,819,061
CAPITAL ACCOUNTS									
5711	Existing Bonds - 1998A	\$270,845	\$266,220	\$4,625	1.7%	\$265,981	\$4,864	1.8%	\$265,981
5712	Existing Bonds - 2006B	\$486,400	\$482,460	\$3,940	0.8%	\$483,305	\$3,095	0.6%	\$483,305
5713	Cont. to CIP & Reserves	\$517,457	\$440,000	\$77,457	17.6%	\$434,000	\$83,457	16.1%	\$325,500
Total Capital Accounts		\$1,274,702	\$1,188,680	\$86,022	6.7%	\$1,183,286	\$91,416	7.2%	\$1,074,786
TOTAL EXPENSES		\$6,962,652	\$6,676,020	\$286,631	4.1%	\$6,309,863	\$652,788	9.4%	

Appendix B. Ten-Year Capital Improvement Program

COASTSIDE COUNTY WATER DISTRICT
 PLANNED CAPITAL PROJECTS
 FISCAL YEARS 09/10 THRU '18/19

Origin FY	Number	Priority	FY 09/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19	09/10-18/19 Totals
PIPELINE PROJECTS - Pending Further Pressure Testing														
06	01	2					52,000	100,000	1,048,000					\$152,000
06	01	2								1,200,000				\$1,048,000
06	02	3					100,000	80,000	100,000					\$1,380,000
07	03	1					100,000	1,000,000						\$1,100,000
07	04	3								60,000	250,000			\$310,000
		3									\$80,000.00	\$249,000.00		\$339,000
		3									\$170,000.00	\$840,000.00		\$950,000
		3	50,000	20,000										\$20,000
WATER TREATMENT PLANTS														
99	05	1	27,000	80,000	29,000	30,000	31,000	32,000	33,000	34,000	35,000	36,000	37,000	\$377,000
08	01	2	6,000											\$0
		1	15,000											\$0
08	02	1	15,000	100,000										\$100,000
09	03	3				15,000								\$15,000
09	04	3					50,000							\$50,000
07	01	2	10,000											\$50,000
09	05	2	10,000											\$0
08	03		15,000											\$0
08	04		15,000											\$0
08	05	3			12,500	12,500		12,500						\$50,000
08	06	3				5,000		75,000						\$80,000
08	07	2						30,000						\$150,000
														\$872,000
FACILITIES & MAINTENANCE														
9	6	2		25,000										\$25,000
08	07	1	50,000	400,000	400,000	400,000		100,000						\$1,300,000
08	08	2	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	\$200,000
99	01	1	17,000	18,000	19,000	20,000	21,000	22,000	23,000	24,000	25,000	26,000	27,000	\$225,000
09	08	2	25,000											\$0
09	09	2	40,000	40,000	40,000									\$80,000
09	10	2		15,000	15,000									\$30,000
09	11	1	50,000	200,000										\$200,000
09	23	3		75,000										\$75,000
EQUIPMENT PURCHASE & REPLACEMENT														
99	02	1	27,000	28,000	29,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	\$207,000
99	03	1	25,000	5,000	5,000	5,000	6,000	5,000	5,000	5,000	5,000	5,000	5,000	\$91,000
99	04	1	20,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	\$30,000
06	03	1	50,000	250,000	500,000	350,000								\$1,100,000
08	09	1		100,000										\$100,000
08	10	1			80,000									\$80,000
08	12	3		50,000										\$50,000

PUMP STATIONS / TANKS / WELLS																					
06	04	Hazen's Tank Replacement	2										\$280,000								
09	12	Hazen's Tank Fence Upgrade	2										\$10,000								
09	13	Crystal Springs Renof and Paint	1										\$50,000								
09	14	Crystal Springs Soft Starts 1 & 3	1	25,000									\$25,000								
09	14	CSP Pump #2 Rehabilitation	2	75,000									\$0								
09	17	Crystal Springs Emergency Generator	2										\$300,000								
10	01	Crystal Springs Check Valve Repair/Replacement	1										\$100,000								
06	05	Well Rehabilitation	2	60,000									\$40,000								
08	14	Alves Tank Recasting, Interior+Exterior	1										\$300,000								
08	15	Miramar Tank Interior Recoat + Mixing	1										\$230,000								
08	16	Canil Tank Exterior Recoat	2										\$150,000								
		Canil Tank Ladder Replacement											\$15,000								
08	17	El Granada Tank 2 Recoat + Ladder	2										\$200,000								
08	18	EG Tank #9 Recasting Interior + Exterior	2										\$260,000								
		EG Tank #1 security fence											\$20,000								
		EG Tank #1 pump station pump replacement											\$23,000								
09	18	New Planchos Well	3										\$25,000								
09	19	Planchos Canyon Blending Station	2	50,000									\$150,000								
		Miramar Tank Fence Upgrade											\$8,000								
DENNISTON WTP PRIORITY (SHORT-TERM) IMPROVEMENTS																					
08	19	Denmiston Short Term WTP Modifications	2										\$1,600,000								
08	20	Denmiston Storage Tank Modification Project	1	686,000									\$0								
DENNISTON WTP (LONG-TERM) IMPROVEMENTS																					
08	22	Denmiston Pre/Post Treatment Design	1										\$350,000								
08	23	Denmiston Pre/Post Treatment Construction	1										\$900,000								
NUNES WTP PRIORITY (SHORT-TERM) IMPROVEMENTS																					
08	24	Nunes WTP Short Term Modifications	1										\$600,000								
NUNES WTP (LONG-TERM) IMPROVEMENTS																					
08	26	Install Air Scour for Filters	2										\$100,000								
08	27	Modify Filters for Rate of Flow Control	2										\$280,000								
WATER SUPPLY DEVELOPMENT																					
09	21	Reclamation Project Planning	1										\$100,000								
09	22	Water Supply Alternatives Evaluation	1										\$50,000								
<i>Indicates new or modified item on list</i>																					
FY 10 Totals											\$1,383,000	\$3,287,000	\$3,105,500	\$3,575,500	\$2,005,500	\$1,799,500	\$1,262,000	\$1,406,000	\$598,000	\$1,239,000	\$152,000 #