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June 24, 2011

Coastside County Water District
766 Main Street
Half Moon Bay, CA 94019-1995

Attn: Dave Dickson, General Manager

Re: Water Financing Plan Update 2011

Bartle Wells Associates is pleased to submit the attached Water Financing Plan Update 2011 for the Coastside County Water District. The updated report describes our financial analysis and rate adjustment recommendations.

The District is currently in good financial condition. The recommendations developed in the study are designed to support the long-term health of the District. Key recommendations include implementing future rate increases and to issue additional debt in 2013/14 to fund capital improvements.

We have enjoyed working with the District on this assignment and appreciate the cooperation and the assistance provided by District staff throughout the project. Please do not hesitate to contact us in the future if you have any questions about this study or other issues regarding water rates and finances.

Very truly yours,

BARTLE WELLS ASSOCIATES

Reed V. Schmidt, CIPFA
Principal

Catherine L. Tseng, CIPFA
Financial Analyst

Enclosures



COASTSIDE COUNTY WATER DISTRICT

WATER FINANCING PLAN UPDATE

JUNE 2011



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1 BACKGROUND AND OVERVIEW

1.1 Background

In May 2011, the Coastside County Water District (CCWD or the District) requested Bartle Wells Associates (BWA) to update the District's long-term financial plan which was first completed in August 2009. The District is in the process of applying for a loan from the California Infrastructure and Economic Development Bank's (I-Bank) through the Infrastructure State Revolving Fund Program (ISRF) to fund capital projects. In anticipation of the loan, BWA has reviewed the District's water rates and finances to ensure that future revenues are adequate to fund long-term operating and capital expenditures. Key objectives of this update include:

- Conduct an 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
- Establish prudent fund reserve targets

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.

CCWD's water supply comes from three sources: local groundwater, local surface water, and surface water supplied from the San Francisco Public Utilities Commission's (SFPUC) Hetch Hetchy water system. Historically, SFPUC has supplied about 80% of the District's water. The District projects that the proportion of SFPUC water will decrease as local source yields improve.

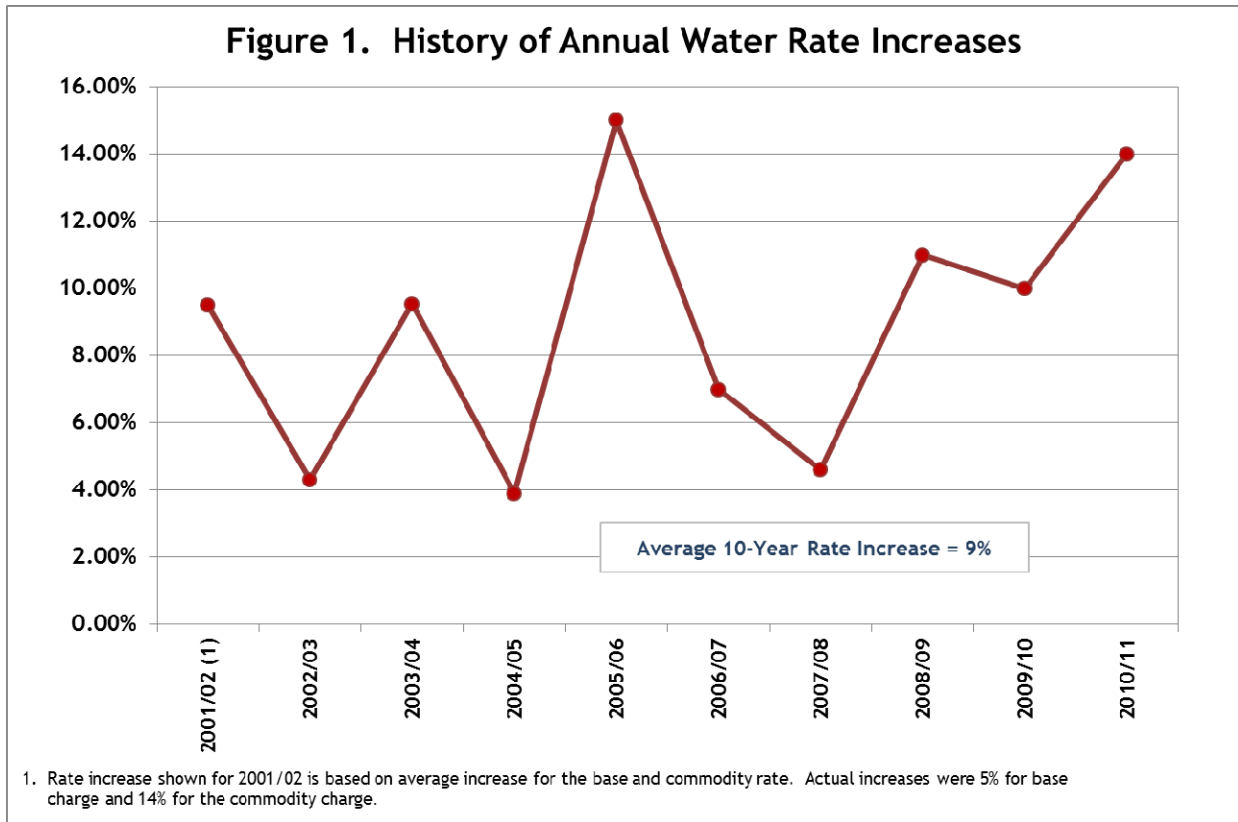
The District's total operating revenue for the FY 2011/12 is projected at approximately \$7.5 million with water sales revenue accounting for roughly 87% of all revenues. Operating expenses for FY 2011/12 are estimated at \$6.0 million, not including capital projects or debt service.

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, the quantity rate is based on four tiers so that the cost of each incremental unit of water increases in steps. The quantity rate for non-residential customers is based on one uniform tier. Table 1 shows the District's water rates for FY 2010/11 and proposed rates for FY 2011/12.

Table 1. Water Rate Schedule - Bi-Monthly		
	Current 2010/11	Proposed 2011/12
Base Charge (by meter size)		
5/8"	\$27.43	\$30.72
5/8" for 2 dwelling units	\$60.33	\$67.57
3/4"	\$41.23	\$46.18
3/4" for 2 dwelling units	\$82.51	\$92.41
1"	\$68.72	\$76.97
1-1/2"	\$132.71	\$148.64
2"	\$219.95	\$246.34
3"	\$481.16	\$538.90
4"	\$1,649.90	\$1,847.89
Variable Charge (1)		
<u>Residential</u>		
0 - 8 hcf	\$4.48	\$5.02
9 - 25 hcf	\$4.94	\$5.53
26 - 40 hcf	\$6.42	\$7.19
41 & over hcf	\$7.93	\$8.88
<u>Non-Residential</u>		
Per hcf	\$6.10	\$6.83
(1) 1 unit = 1 hcf = 7.48 gallons		

Overall, the CCWD is in good financial condition. The enterprise maintains an adequate level of reserves. As of July 1, 2010, the District had about \$4.3 million in fund reserves. The District has also increased water rates annually for the past ten years as shown on Figure 1. 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.



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 refund 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 30, 2011, outstanding principal for the existing debt obligations totals \$7,355,000 with annual debt service of approximately \$750,000 through FY 2014/15.

1.4 FY 2011/12 I-Bank Loan

The District is in the process of securing a \$6.7 million I-Bank loan in FY 2011/12 to fund upgrades to the Denniston Creek Water Treatment Plant (DCWTP). The project will enable year round treatment of the local surface water supply thereby increasing water system reliability and reducing long-term operating expenses. The I-Bank loan program is administered by the California Infrastructure and Economic Development Bank and offers direct long-term, low-cost loans of up to 30 years to fund public infrastructure. CCWD is eligible for the Tier 1 loan program which can be used to fund up to \$10 million of projects. Before loans are awarded, agencies must meet minimum threshold eligibility criteria that

evaluate how the project will contribute to economic development and an improved quality of life for the community.

Debt repayment is typically secured by an agency’s legal pledge to raise rates and fees as needed to repay debt service. The interest rate is set at approximately 67% of Thompson’s Municipal Market Data Index for an “A” rated tax-exempt security plus twenty basis points. Based on current market conditions, the interest rate ranges between 3.5% to 4.0%. The updated financial plan assumes \$6.7 million loan in 2011/12 with interest of 4.0% for 20 years. Annual debt service is estimated at \$493,000 beginning in FY 2012/13. The District submitted the financing application in June 2011 and anticipates an approval within the next 6 months.

1.5 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 which is a standard legal covenant for securing water revenues bonds or COPs. 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. Therefore, water rates must be designed to ensure adequate coverage. Based on the updated financial plan, the District will be in compliance with the coverage requirements.

1.6 Reserve Funds

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 shown on Table 2, the District’s reserves totaled over \$4.3 million as of June 30, 2010. The estimated reserve balance at the end of FY 2010/11 is projected to be about \$3.4 million.

Table 2. Reserve Fund Balances	
Reserve Fund	30-Jun-10
Cash Flow and Operating Reserve	\$299,830
Emergency Reserves	\$1,740,663
Capital Expenditures	\$2,109,352
<u>Crystal Springs Project Connection Fees</u>	<u>\$165,495</u>
Total Fund Balances	\$4,315,340

- **Operating and Capital Reserve Target**

The 2009 Water Financing Plan recommended a minimum fund reserve target of 15% of the District’s annual water sales revenue which will allow the District to fund a portion of their capital improvements with pay-as-you-go cash funding. 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 minimum operating reserve fund target for FY 2011/12 is \$983,000. Based on the projections, the District will meet the operating reserve fund target through FY 2020/21.

- **Rate Stabilization Fund Target**

In discussion at a Board workshop in May 2011, it was decided that the District will establish a rate stabilization reserve to comply with stipulations in the Series 2006B CSCDA Water Revenue Bonds with a fund target of \$250,000. 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.

The fund reserve targets are summarized in Table 3.

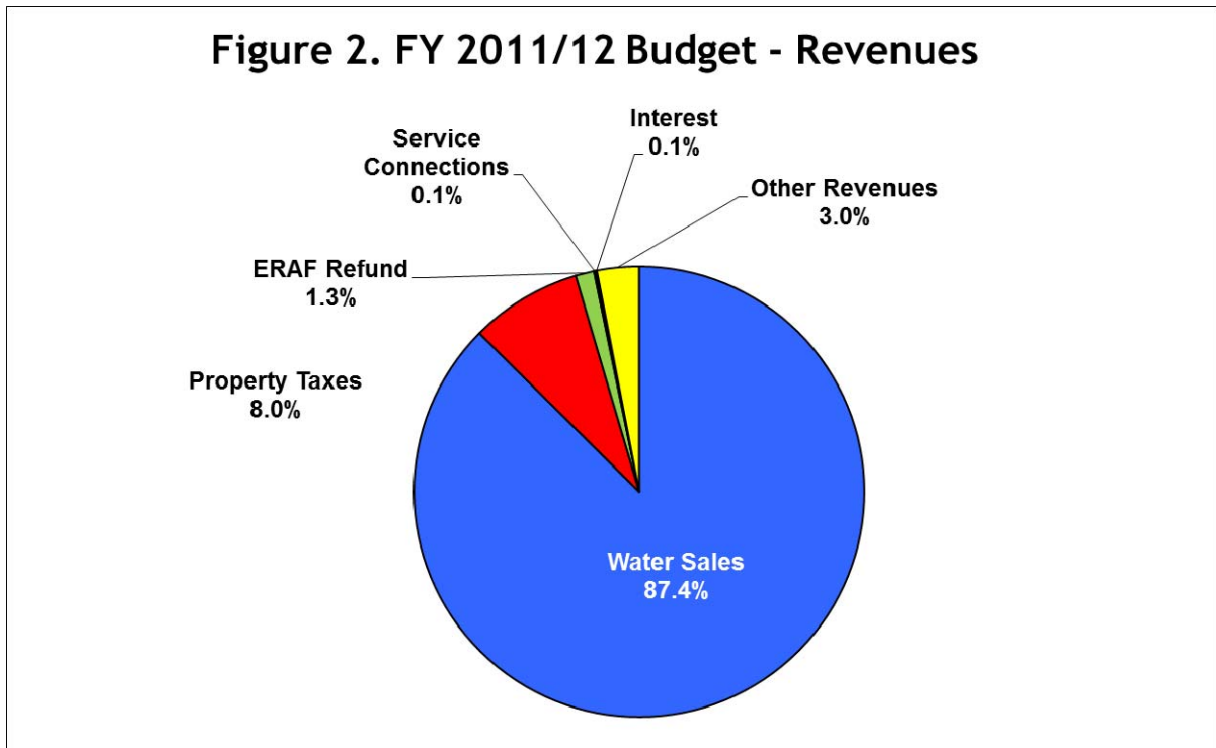
Table 3. Recommended Reserve Fund Balances		
Reserve Fund	Fund Reserve Target	2011/12 Target
Capital and Operating Reserve	15% of Annual Water Sales Revenue	\$983,000
Rate Stabilization Fund	1-Year Contribution of \$250,000	\$250,000

2 FY 2011/12 BUDGET

2.1 Revenues

The FY 2011/12 budget (shown in Appendix A) estimates that the District will earn roughly \$7.5 million in total annual revenues, representing a 5% increase from the FY 2010/11 budget. Revenues from water sales are estimated at \$6.6 million, comprising 87% of total revenues.

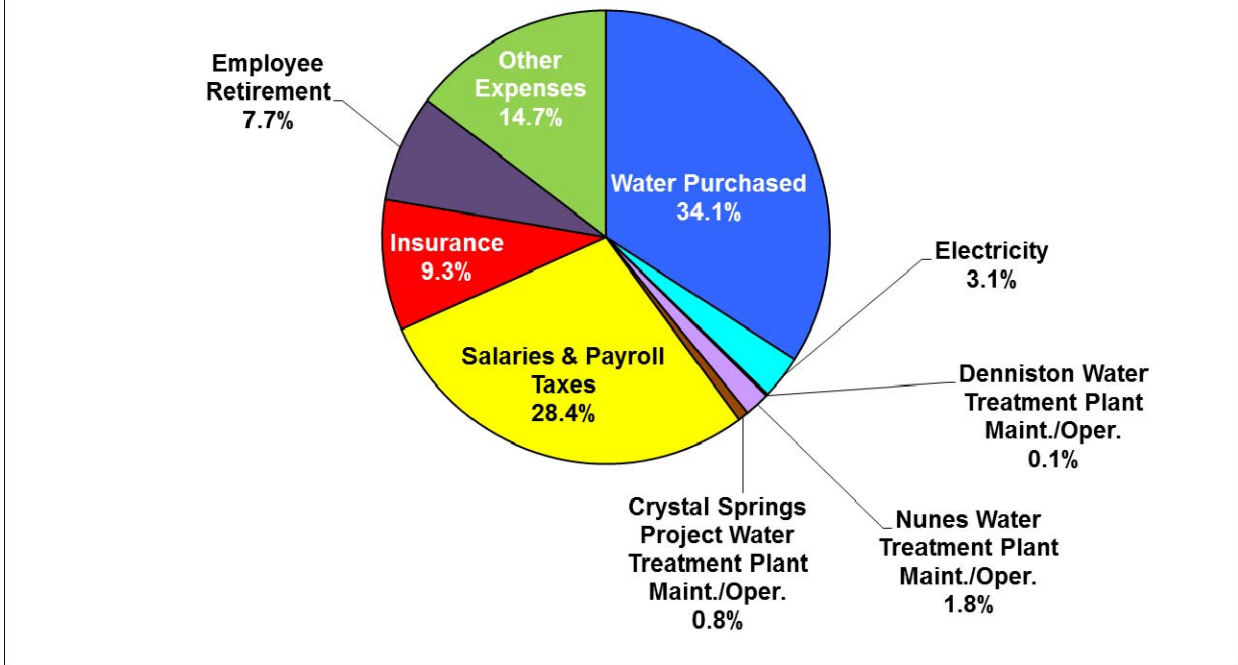
Property taxes are estimated at \$600,000 and an ERAF refund is projected at \$100,000 which combined account for roughly 9.3% of all revenues. Other revenues include hydrant sales, penalty charges, earned interest, cell phone lease income, and miscellaneous revenue totaling around \$259,000, representing 3% of the District's total revenues. A breakdown of the revenues is shown in Figure 2.



2.2 Operating Expenses

Total operating expenses for the FY 2011/12 budget are approximately \$6.0 million. The largest expense is wholesale water purchases from the SFPUC, estimated at \$2.1 million and representing about 34% of the total budget. For FY 2011/12, wholesale water rates increased by 26%. Salaries and payroll taxes of \$1.7 million account for 28% of total expenditures. Figure 3 shows a summary of the District's operating expenses for the FY 2011/12 budget.

Figure 3. FY 2011/12 Budget - Expenses



2.3 Capital Projects

The District’s ten-year, FY2011/12 to FY20/21 Capital Improvement Program (CIP) includes FY 2011/12 expenditures of \$6.7 million for capital projects, including the DCWTP Improvements Project. Construction is anticipated to be completed within a year. These projects will be funded with an I-Bank loan. Annual debt service of \$493,000 will be repaid beginning in FY 2012/13.

2.4 Rate Stabilization Fund

The FY 2011/12 budget includes a \$250,000 transfer to establish the rate stabilization fund as required by the Series 2006B CSCDA Water Revenue Bonds borrowing.

2.5 FY 2011/12 Rate Increase

Based on the FY 2011/12 budget and CIP, the proposed rate increase is 12%. Proposition 218 notices detailing the rate increases were mailed to all property owners, and a public hearing will be held on June 28, 2011 to approve the rates for the next fiscal year. The approved rates will become effective on July 1, 2011.

3 FUTURE OPERATING EXPENSES

3.1 Forecast of Operating Expenses

Table 4 projects operating expenses over the ten-year analysis period (FY 2011/12 through FY 2020/21). The FY 2011/12 budget serves as the base year. Forecasted increases in purchased water reflect the percentage increases provided by the SFPUC. All expenditures except for water purchased are forecasted to increase at 5% 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 8% over the next ten fiscal years.

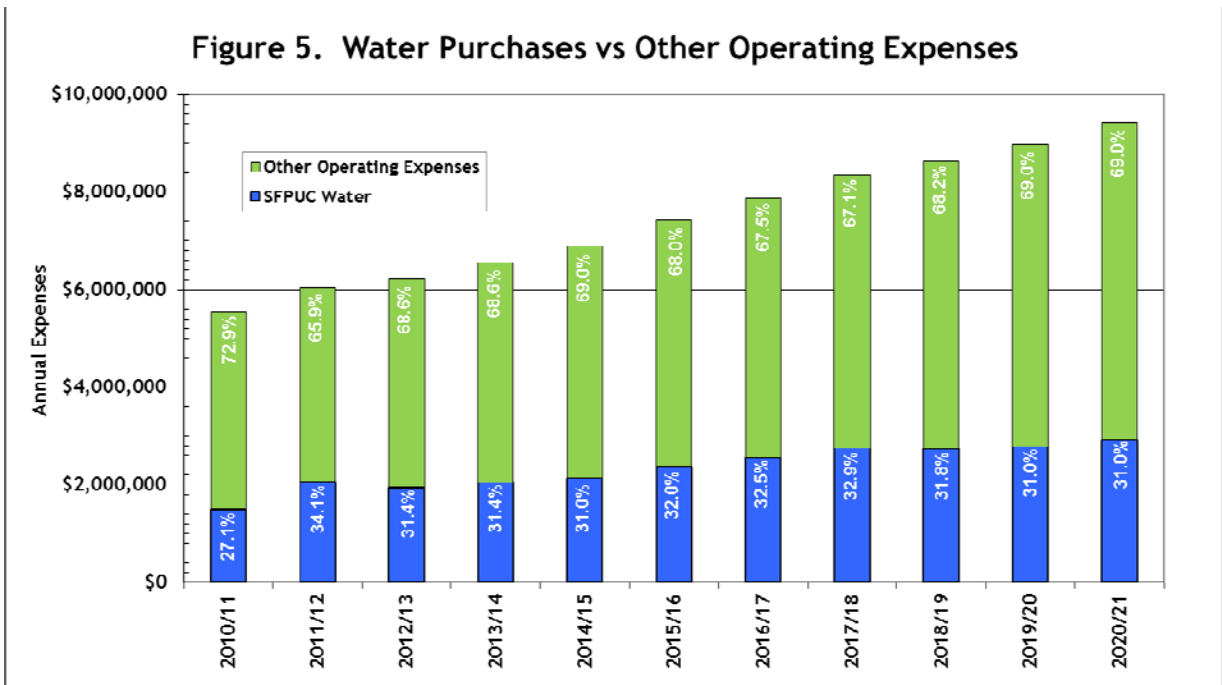
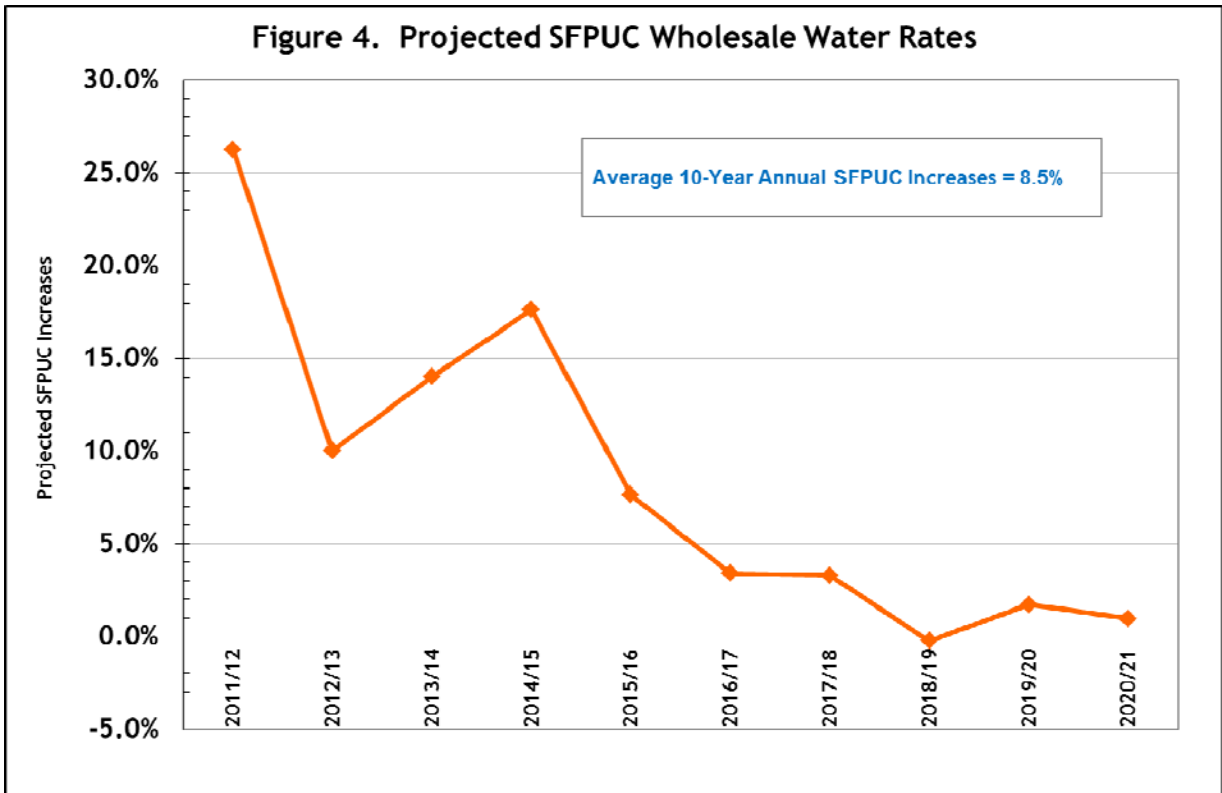
3.2 Projected Wholesale Rate Increases

Because the District only receives untreated water from the San Francisco Public Utilities Commission, CCWD was able to negotiate a discount on its wholesale water rates. For FY 2011/12, the discount is \$0.23 per hcf. Although the SFPUC's rates are expected to increase over the next ten years, the untreated water discount and projected decreases in the amount of water purchased from the SFPUC will mitigate the effect of increased rates on total wholesale water costs.

Figure 4 shows a ten-year projection of the SFPUC's wholesale water rate increase which includes the District's discount for untreated water. The SFPUC's rates shown are based on the most current information available to date and will be updated each year. The highest increases occur in the next five years. Figure 5 illustrates the average annual increases for SFPUC water purchases compared to all other expenses. On average, both water purchases and other expenses are estimated to increase roughly 5% annually over the next ten years.

Table 4. Projected Future Operating Expenses

	Budget 2011/12	Inflation Factor	Estimated															
			2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21							
Operating Expenses																		
Water Purchased	\$2,059,555		\$1,951,972	\$2,053,175	\$2,140,074	\$2,373,496	\$2,557,052	\$2,747,560	\$2,741,010	\$2,786,865	\$2,924,566							
Electricity	188,536	varies	198,000	218,000	232,000	249,000	267,000	288,000	310,000	326,000	342,000							
Denniston WTP Maint./Oper.	8,000	5%	80,000	84,000	125,000	185,000	194,000	204,000	214,000	225,000	236,000							
Nunes WTP Maint./Oper.	108,908	5%	114,000	125,000	133,000	143,000	153,000	165,000	178,000	187,000	196,000							
CSP WTP Maint./Oper.	47,000	5%	49,000	54,000	58,000	62,000	66,000	71,000	77,000	81,000	85,000							
Salaries & Payroll Taxes	1,717,888	5%	1,804,000	1,894,000	1,989,000	2,088,000	2,192,000	2,302,000	2,417,000	2,538,000	2,665,000							
Insurance	563,607	5%	592,000	622,000	653,000	686,000	720,000	756,000	794,000	834,000	876,000							
Employee Retirement	462,627	5%	486,000	510,000	536,000	563,000	591,000	621,000	652,000	685,000	719,000							
Other Expenses	887,625	5%	932,000	979,000	1,028,000	1,079,000	1,133,000	1,190,000	1,250,000	1,313,000	1,379,000							
Total Operating Expenses	6,043,746		6,206,972	6,539,175	6,894,074	7,428,496	7,873,052	8,344,560	8,633,010	8,975,865	9,422,566							
Increase from prior FY			163,226	332,203	354,898	534,422	444,556	471,508	288,449	342,856	446,701							
Percent increase from prior FY			2.7%	5.4%	5.4%	7.8%	6.0%	6.0%	3.5%	4.0%	5.0%							

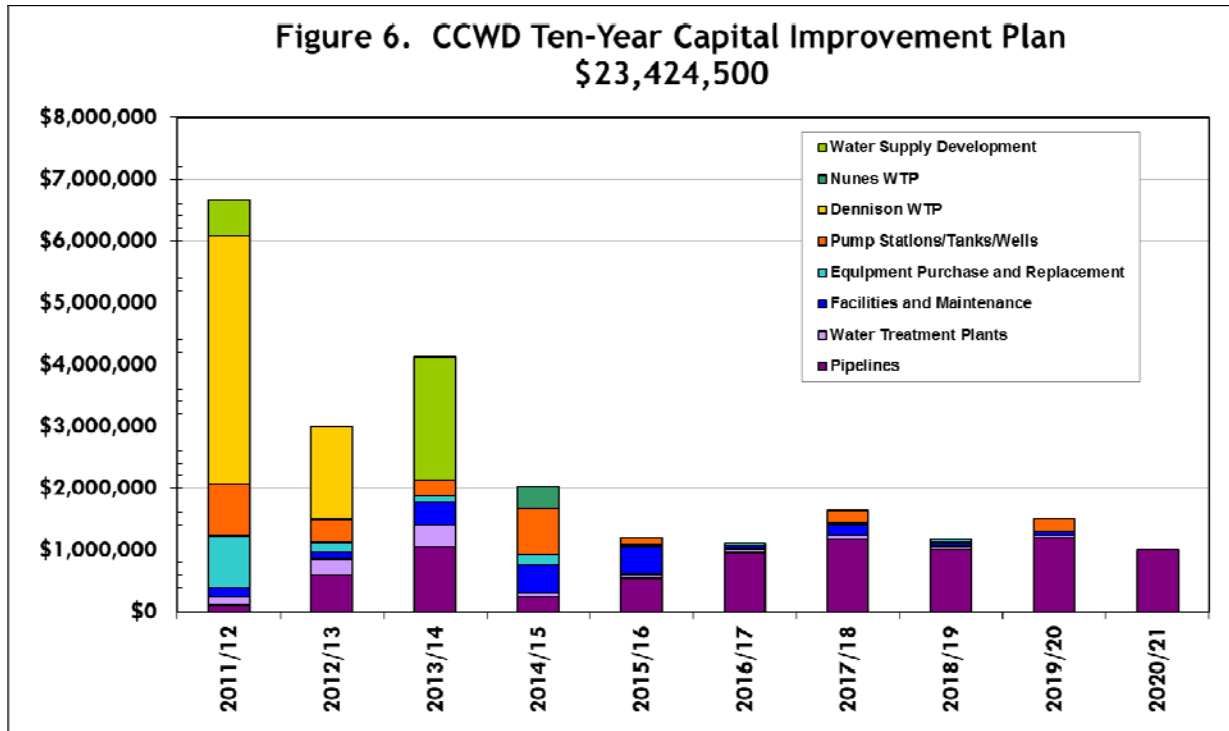


4 CAPITAL IMPROVEMENT PLAN (FY 2011/12 – 2020/21)

4.1 Capital Projects

CCWD’s Ten-Year CIP includes over \$23.4 million in improvements to the District’s water system through FY 2020/21. Figure 6 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 within the CIP: a) Pipeline Projects, b) Water Treatment Plants, c) Facilities and Maintenance, d) Equipment Purchase and Replacement, e) Pump Stations/Tanks/Wells, f) Dennison 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 2010 dollars. The CIP will be updated annually as changes are incorporated and as better cost information becomes available.



4.2 Construction Cost Inflation

In Table 5, BWA escalates the District’s 10-year capital improvement plan by 4% annually to account for construction cost inflation. Using a 4% escalation rate, the future costs of these improvements over the next decade is projected at over \$26.4 million.

Table 5. Escalated 10-Year Capital Improvement Plan			
	Fiscal Year	Nominal CIP	Escalated CIP
0	2011/12	6,670,500	6,671,000
1	2012/13	2,992,500	3,112,000
2	2013/14	4,122,500	4,459,000
3	2014/15	2,027,000	2,280,000
4	2015/16	1,201,000	1,405,000
5	2016/17	1,113,000	1,354,000
6	2017/18	1,633,000	2,066,000
7	2018/19	1,165,000	1,533,000
8	2019/20	1,500,000	2,053,000
9	2020/21	1,000,000	1,423,000
	Total	\$23,424,500	\$26,356,000

4.3 Capital Improvement Funding

With respect to funding future capital needs, there are several options for the District to consider. BWA recommends the District fund its Ten-Year CIP with a combination of pay-as-you-go cash funding combined with debt financing. The District will be able to fund a portion of the capital projects with operating revenues and cash reserves. However, due to the magnitude of the Ten-Year CIP, pay-as-you-go funding would need to be supplemented by some debt financing. The District has applied for a \$6.7 million I-Bank loan to fund the Denniston Creek Water Treatment Plant improvements. The Ten-Year Cash Flow Projection (discussed in Section 6) shows the District receiving the I-Bank funds in FY 2011/12 and making the first loan payment in FY 2012/13.

The projections show that the District will need to issue approximately \$3 million in debt to fund capital improvements in FY 2013/14. Major projects include the San Vicente Pipeline construction for water supply development and the Pilarcitos Canyon pipeline replacement.

BWA recommends that the District first apply for low-cost loans to fund capital projects when possible. The District should apply for another loan with the I-Bank. However, if an I-Bank loan is not available, BWA recommends the District seek a competitively bid "Private Placement" loan to finance capital projects in FY 2013/14.

A private placement loan is typically sourced through a commercial bank or leasing company and is generally limited to a 20-year maximum term. The loan is placed through a term sheet and competitive bidding process. Preparation of a bond prospectus or official statement is not needed. The legal documentation is relatively simple and streamlined and issuance costs are kept to a minimum. The legal covenants securing loans are generally similar to those of bonds.

Bank loans and private placements typically offer slightly higher interest rates than bonds, but also have lower costs of issuance. This has historically made bank loans a cost-effective option for smaller borrowings, historically under \$5 million. However, in the current interest rate environment, bank loans may be cost-effective for financings upwards of \$10 million 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. 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 current interest rates on a private placement loan vary from about 3.1% for a 5-year loan to about 5.0% for a 20-year loan.

As a conservative estimate, the financial plan includes a \$3 million private placement loan in FY 2013/14 with terms of 5.0% interest for 20 years. Annual debt service is projected at \$241,000 beginning in FY 2014/15. Future rate increases shown in the Financing Plan are adequate to fund debt repayment and provide adequate debt coverage, as discussed below.

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 approximately \$9.7 million in new debt to finance the capital improvement plan.** The District is in the process of applying for a \$6.7 million loan from the I-Bank to fund upgrades to the DCWTP and anticipates receiving the loan in FY 2011/12. The District will use reserves when possible to pay for capital projects in but will need to issue approximately \$3 million in additional debt in FY 2013/14. The new borrowings will result in a roughly \$734,000 increase in annual debt service beginning in FY 2014/15.
- **Keep revenues aligned with annual operating cost increases.** The District faces ongoing increases in operating costs for its operations and maintenance. Total operating expenses, excluding water purchases, are anticipated to increase 5% each year through FY 2020/21.
- **Fund wholesale water rate increases from the SFPUC.** Although CCWD has negotiated a discount for water purchases from the SFPUC and will begin to decrease their reliance on SFPUC water once the upgrades to the DWCTP are completed, the District will still be faced with annual wholesale water increases. The SFPUC's rate projections show average annual increases of roughly 8.5% through FY 2020/21 with the highest rate increases occurring in the next five years.
- **Satisfy rate covenants in existing debt obligations.** The District has pledged net revenues generated by the water system to the payment of the existing bond installment payments. In order to issue additional debt on parity with existing debt, the net revenues must be at least 120% of the maximum annual debt service for all existing and new debt.
- **Maintain a prudent level of reserves.** The District's operating and capital minimum reserve fund target is 15% of annual water sales revenue. The fund reserve target will vary each year, and 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. CCWD will also establish a rate stabilization fund in FY 2011/12 with a minimum fund reserve target of \$250,000

Table 6 projects the sources and uses of funds for the water system from FY 2011/12 through FY 2020/21. The District's primary source of revenue is water sales, and the cash flow projection indicates the percentage increase in water sales revenue necessary to cover annual

revenue requirements. The financial projections are based on the best information currently available as well as a number of conservative assumptions including:

Revenues

- Annual rate adjustments will take effect on July 1 of each year.
- New growth and water demand is not expected to increase significantly over the next ten years.
- To be conservative, property tax revenues are estimated to remain constant, and ERAF revenue is projected to be eliminated in FY 2012/13.
- Interest revenue and other revenues are projected to increase at 4 percent annually.
- Rates are designed to meet debt service coverage requirements each year.
- Capital revenue sources and amounts are based on the water capital improvement program.

Expenses

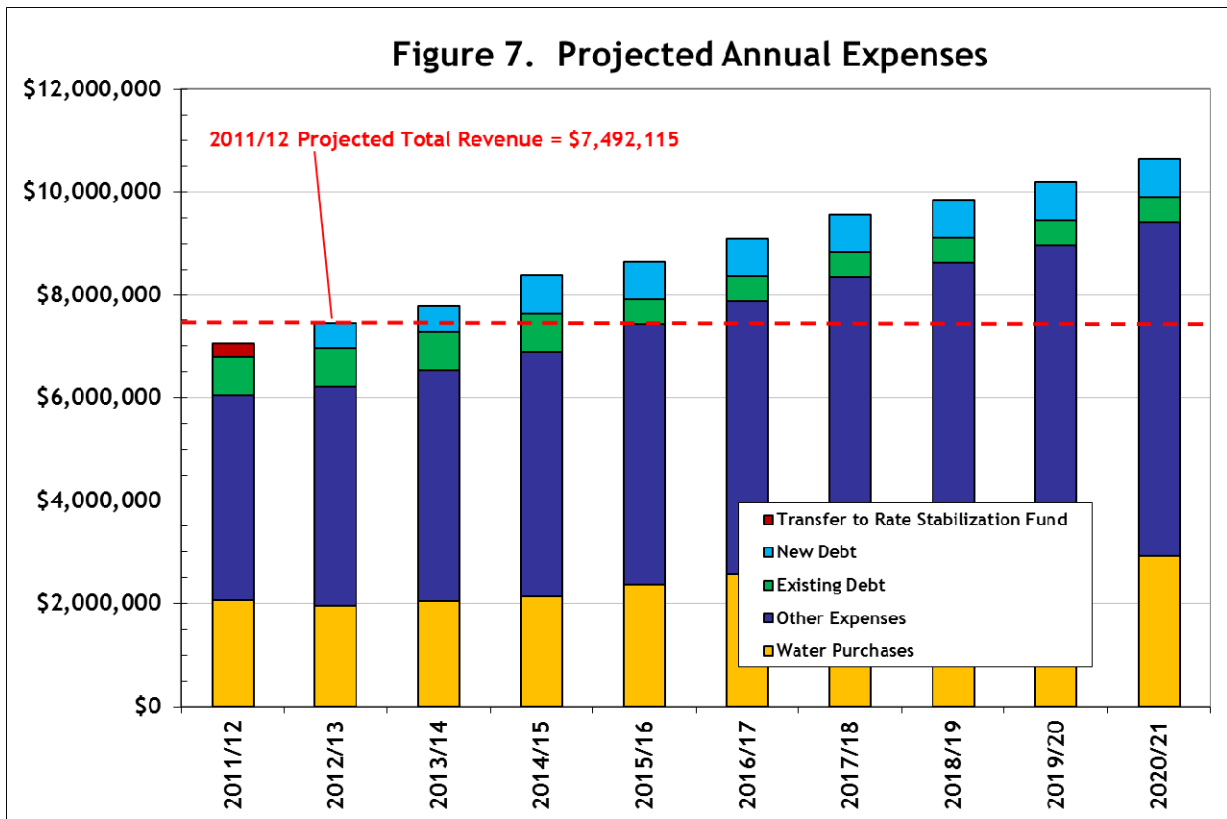
- All operating expenses, except for water purchases, are escalated by 5% each year to account for cost inflation.
- The projections include a \$6.7 million I-Bank loan in FY 2011/12 and a \$3 million private placement bank loan in FY 2013/14.
- Capital project expenditures will be reviewed and updated annually by CCWD.
- Minimum total (capital and operating) reserves should equal 15% of operating revenues from water sales.
- A rate stabilization fund will be established in FY 2011/12 with a transfer of \$250,000.

Table 6. Cash Flow Projection

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Beginning Fund Balance	\$3,351,204	\$3,823,761	\$1,465,135	\$1,703,901	\$1,438,809	\$2,283,604	\$3,261,687	\$3,674,564	\$4,978,005	\$5,785,769
Operating & Capital Fund Balance	0	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Rate Stabilization Fund Balance										
Rate Adjustment at Beginning of FY										
	12.0%	12.0%	12.0%	9.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
SOURCES OF FUNDS										
REVENUES										
Water Sales	6,550,800	7,336,900	8,899,500	9,507,400	9,999,500	10,512,600	11,120,600	11,755,600	12,108,300	12,471,500
Property Taxes (1)	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
ERAF Refund (1)	100,000	0	0	0	0	0	0	0	0	0
Service Connections	8,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Interest (2)	7,423	7,720	8,030	8,360	8,680	9,030	9,390	9,770	10,160	10,570
Other Revenues (3)	225,892	235,000	244,000	254,000	264,000	275,000	286,000	297,000	309,000	321,000
Subtotal Revenues	7,492,115	8,204,620	9,476,530	10,394,750	10,897,180	11,421,630	12,040,990	12,687,370	13,052,460	13,428,070
LONG-TERM BORROWING										
New Loan 1 (L-Blank Loan)	6,700,000	0	0	0	0	0	0	0	0	0
New Loan 2 (Private Placement Loan)	0	0	3,000,000	0	0	0	0	0	0	0
TOTAL SOURCES	14,192,115	8,204,620	12,476,530	10,394,750	10,897,180	11,421,630	12,040,990	12,687,370	13,052,460	13,428,070
USES OF FUNDS										
Operating Expenses										
Water Purchased	2,059,555	1,951,972	2,053,175	2,140,074	2,373,496	2,557,052	2,747,560	2,741,010	2,786,865	2,924,566
Electricity	188,536	198,000	218,000	232,000	249,000	267,000	288,000	310,000	326,000	342,000
Denimition WTP Maint./Oper.	8,000	80,000	84,000	125,000	185,000	194,000	204,000	214,000	225,000	236,000
Nunes WTP Maint./Oper.	108,908	114,000	125,000	133,000	143,000	153,000	165,000	178,000	187,000	196,000
Crystal Springs Project WTP Maint./Oper.	477,000	49,000	54,000	58,000	62,000	66,000	71,000	77,000	81,000	85,000
Salaries & Payroll Taxes	1,717,888	1,804,000	1,899,000	1,989,000	2,088,000	2,192,000	2,302,000	2,417,000	2,538,000	2,665,000
Insurance	563,607	592,000	622,000	653,000	686,000	720,000	756,000	794,000	834,000	876,000
Employee Retirement	462,627	486,000	510,000	536,000	563,000	591,000	621,000	652,000	685,000	719,000
Other Expenses	887,625	932,000	979,000	1,028,000	1,079,000	1,133,000	1,190,000	1,250,000	1,313,000	1,379,000
Subtotal Operating Expenses	6,043,746	6,206,972	6,539,175	6,894,074	7,428,496	7,873,052	8,344,560	8,633,010	8,975,865	9,422,566
Non-Operating (Capital-Related) Expenses										
Existing Water Revenue Bonds	754,811	751,274	746,589	750,769	485,889	482,494	483,553	483,919	481,831	481,831
Future Loans (4)	0	493,000	493,000	734,000	734,000	734,000	734,000	734,000	734,000	734,000
Capital Projects (Escalated)	6,671,000	3,112,000	4,469,000	2,280,000	1,405,000	1,354,000	2,066,000	1,533,000	2,053,000	1,423,000
Contribution to CIP & Reserves (Transfer)	0	0	0	0	0	0	0	0	0	0
Contribution to Rate Stabilization Fund (Transfer)	250,000	0	0	0	0	0	0	0	0	0
Subtotal Non-Operating Expenses	7,675,811	4,356,274	5,698,589	3,764,769	2,624,889	2,570,494	3,283,553	2,750,919	3,268,831	2,638,831
TOTAL USES	13,719,558	10,563,246	12,237,764	10,658,843	10,053,385	10,443,546	11,628,114	11,383,928	12,244,697	12,061,397
Surplus (Deficiency)	472,557	(2,358,626)	238,766	(264,093)	843,795	978,084	412,876	1,303,442	807,763	1,366,673
Ending Fund Balance										
Operating & Capital Fund Balance	3,823,761	1,465,135	1,703,901	1,438,809	2,283,604	3,261,687	3,674,564	4,978,005	5,785,769	7,152,442
Rate Stabilization Fund Balance	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Total Fund Balance	4,073,761	1,715,135	1,953,901	1,688,809	2,533,604	3,511,687	3,924,564	5,228,005	6,035,769	7,402,442
Debt Service Coverage (5) Target = 1.2	1.92	1.61	2.37	2.36	2.84	2.92	3.04	3.33	3.35	3.29
Target Met	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Minimum Capital and Oper. Reserve Target (6)	982,620	1,100,535	1,289,925	1,428,110	1,499,925	1,576,890	1,668,090	1,763,340	1,816,245	1,870,725
Target Met	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Minimum Rate Stabilization Fund Target	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Target Met	yes	yes	yes	yes	yes	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) Repayment of L-Blank and private placement loans.
 (5) 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.
 (6) Minimum operating and capital reserve fund target is 25% of annual operating revenue.

Figure 7 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 2011/11. Note that FY 2011/12 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 7 are needed. The proposed rate increases will fund operations and debt service, satisfy 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 7. Projected Water Rate Adjustments - Bi-Monthly										
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
% Rate Increase	12.0%	12.0%	12.0%	9.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Base Charge	\$30.72	\$34.41	\$38.54	\$42.01	\$43.27	\$44.57	\$45.91	\$47.29	\$48.71	\$50.17
Variable Charge (1)										
<u>Residential</u>										
0 - 8 hcf	\$5.02	\$5.62	\$6.29	\$6.86	\$7.07	\$7.28	\$7.50	\$7.73	\$7.96	\$8.20
9 - 25 hcf	\$5.53	\$6.19	\$6.93	\$7.55	\$7.78	\$8.01	\$8.25	\$8.50	\$8.76	\$9.02
26 - 40 hcf	\$7.19	\$8.05	\$9.02	\$9.83	\$10.12	\$10.42	\$10.73	\$11.05	\$11.38	\$11.72
41 & over hcf	\$8.88	\$9.95	\$11.14	\$12.14	\$12.50	\$12.88	\$13.27	\$13.67	\$14.08	\$14.50
<u>Non-Residential</u>										
Per hcf	\$6.83	\$7.65	\$8.57	\$9.34	\$9.62	\$9.91	\$10.21	\$10.52	\$10.84	\$11.17
1 - 1 unit = 1 hcf = 7.48 gallons										

6.3 Customer Impacts

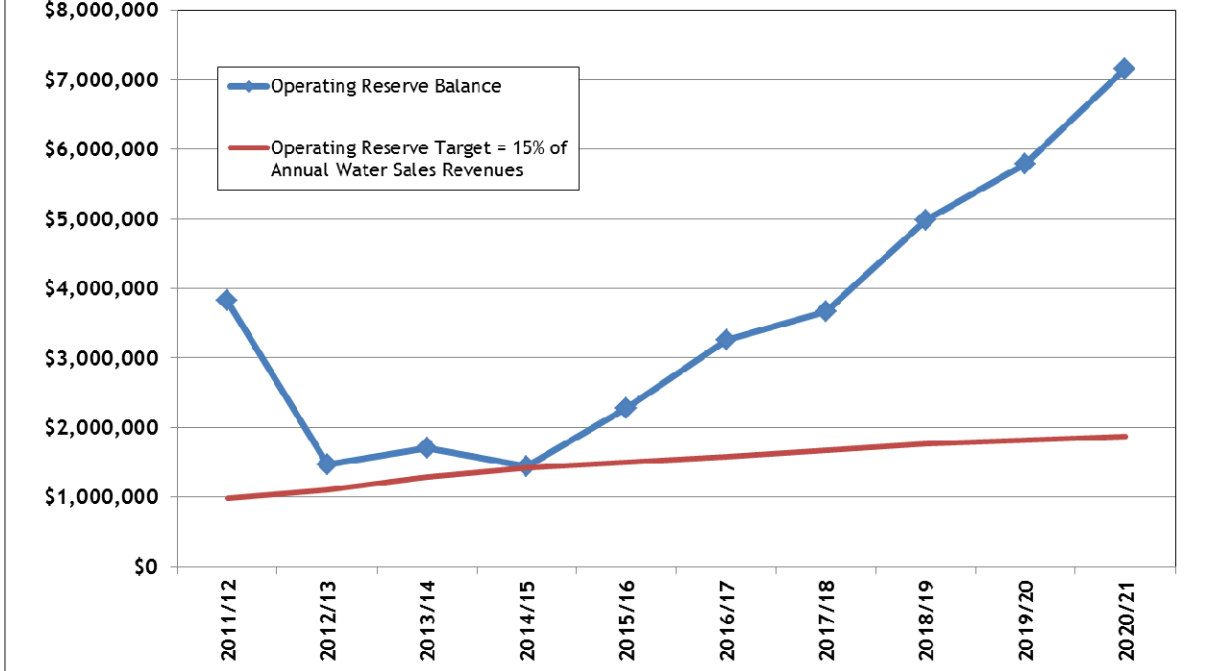
Table 8 shows the bi-monthly rate impacts for a typical single family residence with a 5/8" meter using 18 hundred cubic feet of water bi-monthly.

Table 8. Projected Impact on Bi-Monthly Typical SFR Bill										
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
SFR - 5/8" meter, 18 ccf	\$126.18	\$141.27	\$158.16	\$172.39	\$177.63	\$182.91	\$188.41	\$194.13	\$199.99	\$205.97

6.4 Operating and Capital Reserve Fund Balance

Figure 8 shows the ending operating and capital fund balance and minimum target for each year based on the proposed rate increases. The chart shows that the District will meet the 15% annual water sales revenue target throughout the ten-year period and will be able to use a portion of the reserves to fund capital expenditures.

Figure 8. End-of-Year Operating & Capital Reserve Fund Balance



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 \$4.3 million in cash and equivalents as of June 30, 2010. 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 a \$23.4 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 I-Bank or private placement loans to fund the CIP.** BWA recommends that the District apply for an I-Bank loan for \$3.0 million in FY 2013/14. If an I-Bank loan is not available, BWA recommends a private placement loan. The District should continue to annually review the Ten-Year CIP as updated cost information becomes available.

APPENDIX

Appendix A. FY 2011/12 Budget

Operations & Maintenance Budget - FY 2011/2012									
Account Number	Description	Proposed Budget FY 11/12	Approved FY 10/11 Budget	FY 11/12 Budget Vs. FY 10/11 Budget \$ Change	FY 11/12 Budget Vs. FY 10/11 Budget % Change	Proj Year End Actual FY 10/11	FY 11/12 Budget Vs. FY 10/11 Actual \$ Change	FY 11/12 Budget Vs. FY 10/11 Actual % Change	YTD Actual FY 10/11 as of January 31, 2011
OPERATING REVENUE									
4120	Water Sales (1)	\$6,550,800	\$6,182,885	\$367,915	6.0%	\$5,848,940	\$701,860	12.0%	\$3,572,467
Total Operating Revenue		\$6,550,800	\$6,182,885	\$367,915	6.0%	\$5,848,940	\$701,860	12.0%	\$3,572,467
NON-OPERATING REVENUE									
4170	Hydrant Sales	\$25,000	\$25,000	\$0	0.0%	\$19,683	\$5,317	27.0%	\$12,183
4180	Late Penalty	\$50,000	\$50,000	\$0	0.0%	\$53,584	-\$3,584	-6.7%	\$33,584
4230	Service Connections	\$8,000	\$8,000	\$0	0.0%	\$7,506	\$494	6.6%	\$5,006
4920	Interest Earned	\$7,423	\$28,418	-\$18,995	-71.9%	\$7,913	-\$490	-6.2%	\$5,413
4930	Property Taxes	\$600,000	\$600,000	\$0	0.0%	\$639,843	-\$39,843	-6.2%	\$364,843
4950	Miscellaneous	\$37,000	\$37,000	\$0	0.0%	\$54,677	-\$17,677	-32.3%	\$44,677
4955	Cell Site Lease Income	\$113,892	\$111,312	\$2,580	2.3%	\$111,136	\$2,756	2.5%	\$66,136
4965	ERAF Refund	\$100,000	\$100,000	\$0	0.0%	\$250,000	-\$150,000	-60.0%	\$0
Total Non-Operating Revenue		\$941,315	\$957,730	-\$16,415	-1.7%	\$1,144,342	-\$203,028	-17.7%	\$531,842
TOTAL REVENUES		\$7,492,115	\$7,140,615	\$351,500	4.9%	\$6,993,282	\$498,832	7.1%	\$4,104,309
OPERATING EXPENSES									
5130	Water Purchased	\$2,059,555	\$1,671,874	\$387,681	23.2%	\$1,516,645	\$542,910	35.8%	\$1,032,745
5230	Electrical Exp. Nunes WTP	\$25,000	\$19,000	\$6,000	31.6%	\$23,889	\$1,111	4.7%	\$11,890
5231	Electrical Expenses, CSP	\$127,434	\$243,836	-\$116,402	-47.7%	\$102,157	\$25,278	24.7%	\$94,882
5232	Electrical Expenses/Trans. & Dist.	\$14,000	\$15,000	-\$1,000	-6.7%	\$11,923	\$2,077	17.4%	\$6,624
5233	Elec Exp/Pilaritos Cyn	\$16,162	\$10,016	\$6,146	61.4%	\$14,617	\$1,645	11.3%	\$6,326
5234	Electrical Exp., Denn	\$5,940	\$53,176	-\$47,236	-88.8%	\$30,996	-\$25,056	-80.8%	\$16,629
5235	Denn, WTP Oper.	\$3,000	\$25,600	-\$22,600	-88.3%	\$12,292	-\$9,292	-75.6%	\$6,383
5236	Denn WTP Maint	\$5,000	\$38,000	-\$33,000	-86.8%	\$38,086	-\$33,086	-86.9%	\$24,078
5240	Nunes WTP Oper	\$70,908	\$64,820	\$6,088	9.4%	\$80,306	-\$9,398	-11.7%	\$54,024
5241	Nunes WTP Maint	\$38,000	\$38,000	\$0	0.0%	\$37,057	\$943	2.5%	\$19,564
5242	CSP - Operation	\$8,500	\$8,500	\$0	0.0%	\$7,640	\$860	11.3%	\$4,219
5243	CSP - Maintenance	\$50,000	\$53,500	-\$3,500	-6.5%	\$50,958	-\$958	-1.9%	\$40,654
5250	Laboratory Expenses	\$35,000	\$60,000	-\$25,000	-41.7%	\$31,448	\$3,552	11.3%	\$15,427
5318	Studies/Surveys/Consulting	\$45,000	\$22,000	\$23,000	104.5%	\$24,171	\$20,829	86.2%	\$19,171
5321	Water Conservation	\$62,350	\$92,500	-\$30,150	-32.6%	\$88,615	-\$26,165	-29.6%	\$40,515
5322	Community Outreach	\$26,200	\$26,200	\$0	0.0%	\$22,900	\$3,300	14.4%	\$5,900
5411	Salaries - Field	\$958,326	\$930,278	\$28,048	3.0%	\$944,144	\$14,182	1.5%	\$544,144
5412	Maintenance Expenses	\$192,500	\$192,500	\$0	0.0%	\$193,563	-\$1,063	-0.5%	\$85,805
5414	Motor Vehicle Exp.	\$44,500	\$44,500	\$0	0.0%	\$44,500	\$0	0.0%	\$30,043
5415	Maintenance, Wells	\$6,000	\$6,000	\$0	0.0%	\$4,000	\$2,000	50.0%	\$0
5610	Salaries, Admin.	\$644,904	\$640,368	\$4,536	0.7%	\$621,994	\$22,910	3.7%	\$356,994
5620	Office Expenses	\$119,375	\$118,875	\$500	0.4%	\$121,820	-\$2,445	-2.0%	\$71,820
5621	Computer Services	\$67,650	\$62,650	\$5,000	8.0%	\$57,816	\$9,834	17.0%	\$27,816
5625	Meetings/Training/Seminars	\$18,000	\$20,000	-\$2,000	-10.0%	\$16,752	\$1,248	7.5%	\$9,752
5630	Insurance	\$125,000	\$125,000	\$0		\$119,586	\$5,414		
5635	Ee/Ret. Medical Insurance	\$438,607	\$403,890	\$34,717		\$408,046	\$30,561		
5640	Employee Retirement	\$462,627	\$437,789	\$24,838	5.7%	\$410,240	\$52,387	12.8%	\$223,240
5645	SIP 401a Plan	\$30,000	\$30,000	\$0	0.0%	\$58,752	-\$28,752	0.0%	\$0
5681	Legal	\$60,000	\$57,000	\$3,000	5.3%	\$62,921	-\$2,921	-4.8%	\$32,921
5682	Engineering	\$14,000	\$14,000	\$0	0.0%	\$6,254	\$7,747	123.9%	\$3,254
5683	Financial Services	\$31,000	\$31,000	\$0	0.0%	\$26,531	\$4,469	16.8%	\$15,531
5684	Payroll Taxes	\$114,658	\$111,951	\$2,707	2.4%	\$107,087	\$7,571	7.1%	\$62,087
5687	Memberships & Subscriptions	\$57,950	\$56,950	\$1,000	1.8%	\$60,317	-\$2,367	-3.9%	\$36,317
5688	Election Expense	\$25,000	\$0	\$25,000	#DIV/0!	\$0	\$25,000	#DIV/0!	\$0
5689	Union Expenses	\$6,000	\$12,000	-\$6,000	-50.0%	\$2,040	\$3,960	194.1%	\$2,040
5700	County Fees	\$16,200	\$10,800	\$5,400	50.0%	\$10,805	\$5,395	49.9%	\$10,805
5705	State Fees	\$19,400	\$10,500	\$8,900	84.8%	\$19,078	\$322	1.7%	\$18,078
Total Operating Expenses		\$6,043,746	\$5,758,073	\$285,673	4.7%	\$5,389,748	\$653,999	12.1%	\$2,929,680
CAPITAL ACCOUNTS									
5711	Existing Bonds - 1998A	\$267,993	\$269,845	-\$1,853	-0.7%	\$269,235	-\$1,242	-0.5%	\$250,235
5712	Existing Bonds - 2006B	\$483,281	\$484,966	-\$1,685	-0.3%	\$487,431	-\$4,150	-0.9%	\$337,431
Total Capital Accounts		\$751,274	\$754,811	-\$3,537	-0.5%	\$756,666	-\$5,392	-0.7%	\$587,666
TOTAL REVENUE - TOTAL EXPENSE		\$697,094	\$627,731	\$69,363	11.0%	\$846,869	-\$149,775	-17.7%	\$586,964
5713	Cont. to CIP & Reserves	\$697,094							

Notes:
 (1) Water sales revenue calculated by applying rate increase to projected year-end sales.

Appendix B. Ten-Year Capital Improvement Program

7-Jun-10

COASTSIDE COUNTY WATER DISTRICT
 PLANNED CAPITAL PROJECTS
 FISCAL YEARS 11/12 THRU 20/21

Origin FY Number	Priority	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	FY 19/20	FY 20/21	FY12-21 Totals
Budget Projects up Priority Level -->													
3													
PIPELINE PROJECTS - * Pending Further Pressure Testing													
06 01	Avenue Cabrillo Phase I (Permitting/Design)	2	100,000	-	-	-	-	-	-	-	-	-	\$100,000
06 01	Avenue Cabrillo Phase I (Construction)	2	-	347,000	-	-	-	-	-	-	-	-	\$347,000
06 01	Avenue Cabrillo Phase II (Construction)	2	-	-	246,000	-	-	-	-	-	-	-	\$246,000
06 01	Avenue Cabrillo Phase III (Construction)	2	-	-	-	479,000	-	-	-	-	-	-	\$479,000
06 02	Small line decommission behind Main Street	2	25,000	-	-	-	-	-	-	-	-	-	\$0
06 02	Highway #1 South Phase I / II	3	-	-	-	-	-	80,000	100,000	-	-	-	\$1,380,000
07 03	Pilarcitos Canyon Pipeline Replacement	1	-	100,000	1,000,000	-	-	-	-	-	-	-	\$1,100,000
07 04	Belt-Woon Pipeline Replacement Project	3	-	-	-	60,000	250,000	-	-	-	-	-	\$310,000
07 04	Main Street Pipeline Replacement Project - Phase 3	3	-	-	-	-	90,000	249,000	-	-	-	-	\$339,000
07 04	Bridgport Drive Pipeline Replacement Project	3	-	-	-	-	-	110,000	840,000	-	-	-	\$950,000
07 04	Railroad Ave. Pipeline Relocation	3	-	148,000	-	-	-	-	-	-	-	-	\$148,000
07 04	Rebuild Harbor 4" service vault	2	25,000	-	-	-	-	-	-	-	-	-	\$0
07 04	Wave Valve Automation	2	-	-	30,000	-	-	-	-	-	-	-	\$30,000
07 04	Crystal Springs Pipeline Air/Vacuum Relief Valves	2	-	20,000	-	-	-	-	-	-	-	-	\$20,000
12	Pipeline replacement projects												\$2,400,000
	Total		50,000	100,000	595,000	1,050,000	246,000	539,000	1,169,000	1,000,000	1,200,000	1,000,000	
WATER TREATMENT PLANTS													
99 05	Denniston - Maintenance Dredging	1	25,347	30,000	31,000	32,000	33,000	34,000	35,000	36,000	37,000	37,000	\$305,000
10 02	Denniston - Intake construction	1	-	-	200,000	100,000	-	-	-	-	-	-	\$100,000
10 03	Denniston - Treated Water Booster Station	1	-	-	-	-	-	-	-	-	-	-	\$200,000
10 03	Nunes - Backwash Variable Rates Project - design/build	3	25,000	-	-	-	-	-	-	-	-	-	\$0
10 04	Nunes - Floc Drive Repair	2	45,000	50,000	-	-	-	-	-	-	-	-	\$95,000
08 05	Nunes - Plant Painting	3	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	\$37,500
08 06	Nunes - Filter to Waste System	3	12,500	12,500	5,000	75,000	-	-	-	-	-	-	\$80,000
08 07	Nunes - Filter Valve Replacement	2	-	-	-	-	30,000	30,000	30,000	30,000	30,000	30,000	\$150,000
12	Nunes - Return Washwater Pump Replacement												\$25,000
12	Nunes - Hydro pneumatic System Improvements												\$40,000
12	Nunes - DR5000 Analyzer												\$8,000
12	Nunes - Access Road Repaving												\$100,000
	Total		107,847	140,500	248,500	344,500	63,000	64,000	65,000	66,000	67,000	37,000	
FACILITIES & MAINTENANCE													
09 07	AMR Program + Fixed Network	1	50,000	-	-	300,000	400,000	400,000	-	100,000	-	-	\$1,200,000
08 08	PRV Valves Replacement Project**	2	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	\$180,000
99 01	Meter Change Program**	1	30,000	30,000	30,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	\$200,000
09 09	Fire Hydrant Replacement**	2	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	\$180,000
09 23	District Digital Mapping	3	75,000	75,000	50,000	25,000	-	-	-	-	-	-	\$150,000
	Total		195,000	145,000	120,000	385,000	460,000	460,000	60,000	160,000	60,000	60,000	
EQUIPMENT PURCHASE & REPLACEMENT													
99 02	Vehicle Replacement	1	18,000	-	-	-	30,000	30,000	30,000	30,000	30,000	30,000	\$120,000
99 03	Computer System	1	10,000	12,000	6,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	\$48,000
99 04	Office Equipment/Furniture	1	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	\$27,000
06 03	SCADA/Telemetry/electrical controls	1	750,000	150,000	-	-	-	-	-	-	-	-	\$900,000
08 09	Dump Truck	1	-	-	-	100,000	-	-	-	-	-	-	\$100,000
08 10	Backhoe	1	-	-	-	80,000	-	-	-	-	-	-	\$80,000
08 12	New Service Truck Box (old dumptruck conversion)	3	-	-	-	50,000	-	-	-	-	-	-	\$50,000
08 12	Billing System Upgrade	2	31,000	70,000	159,000	88,000	155,000	38,000	38,000	38,000	38,000	38,000	\$70,000
	Total		31,000	835,000	159,000	88,000	155,000	38,000	38,000	38,000	38,000	3,000	

PUMP STATIONS / TANKS / WELLS													
06	04	Hazen's Tank Replacement	2	-	280,000	-	-	-	-	\$280,000			
		Crystal Springs Spare 350 HP pump	2	-	-	50,000	-	-	-	\$50,000			
		Crystal Springs Rebuild spare 500 HP	2	-	25,000	-	-	-	-	\$25,000			
12		Crystal Springs Surge Tank Control Improvements			30,000	-	-	-	-	\$30,000			
12		Crystal Springs Tunnel Air Duct Replacement			40,000	-	-	-	-	\$40,000			
		Crystal Springs Check Valve Replacement			25,000	-	-	-	-	\$50,000			
		Crystal Springs stainless steel inlet valves	2	-	-	100,000	-	-	-	\$100,000			
06	05	Well Rehabilitation	2	-	25,000	-	-	-	-	\$25,000			
08	14	Alves Tank Recoating, Interior+Exterior	1	100,000	-	250,000	-	-	-	\$350,000			
08	16	Cahill Tank Exterior Recoat	2	-	-	150,000	-	-	-	\$150,000			
08	17	EG Tank #2 Recoat + Ladder	2	200,000	-	-	-	-	-	\$200,000			
12		EG Tank #2 MCC Repairs & Spare Pump			40,000	-	-	-	-	\$40,000			
		EG Tank #2 Fence Replacement			25,000	-	-	-	-	\$25,000			
08	18	EG Tank #2 pump station pump replacement	2	23,185	-	-	-	-	-	\$0			
		EG Tank #3 Recoating Interior + Exterior	2	-	-	260,000	-	-	-	\$260,000			
		EG Tank #3 Fence Replacement			25,000	-	-	-	-	\$25,000			
		Miramar Tank Altitude Valve Replacement	2	-	-	30,000	-	-	-	\$30,000			
		Miramar Tank Fence Replacement			25,000	-	-	-	-	\$25,000			
		Alves Tank Altitude Valve Replacement	2	-	-	30,000	-	-	-	\$30,000			
		Half Moon Bay Tank #1 Int & Ext Recoat	1	300,000	-	-	-	-	-	\$300,000			
		Half Moon Bay Tank #2 Int & Ext Recoat	1	-	-	-	200,000	-	-	\$200,000			
		Half Moon Bay Tank #3 Int & Ext Recoat	1	-	-	-	-	200,000	-	\$200,000			
		Pump Station Chlorine analyzer replacements (4)	2	10,000	10,000	-	-	-	-	\$30,000			
09	18	New Pilarctos Well	3	-	-	150,000	-	-	-	\$150,000			
09	19	Pilarctos Canyon Blending Station	2	100,000	-	-	-	-	-	\$100,000			
		Total		23,185	370,000	255,000	740,000	100,000	200,000	\$1,000,000			
DENNISTON WTP PRIORITY (SHORT-TERM) IMPROVEMENTS													
08	19	Denimiston Short Term WTP Modifications	1	50,000	-	-	-	-	-	\$0			
		Total		50,000	-	-	-	-	-	\$0			
DENNISTON WTP (LONG-TERM) IMPROVEMENTS													
08	22	Denimiston Pre/Post Treatment Design	1	400,000	-	-	-	-	-	\$0			
08	23	Denimiston Pre/Post Treatment Construction	1	4,000,000	1,500,000	-	-	-	-	\$5,500,000			
		Total		4,400,000	1,500,000	-	-	-	-	\$5,900,000			
NUNES WTP PRIORITY (SHORT-TERM) IMPROVEMENTS													
08	24	Nunes WTP Short Term Modifications	1	900,000	-	-	-	-	-	\$0			
		Total		900,000	-	-	-	-	-	\$0			
NUNES WTP (LONG-TERM) IMPROVEMENTS													
08	26	Install Air Scour for Fillers	2	-	-	100,000	-	-	-	\$100,000			
08	27	Modify Filters for Rate of Flow Control	2	-	-	260,000	-	-	-	\$260,000			
		Total		-	-	360,000	-	-	-	\$360,000			
WATER SUPPLY DEVELOPMENT													
09	21	Reclamation Project Planning			-	-	-	-	-	\$0			
09	22	Water Supply Alternatives Evaluation	1	100,000	-	-	-	-	-	\$0			
		Denimiston/San Vicente EIR			300,000	-	-	-	-	\$300,000			
		San Vicente Design			300,000	-	-	-	-	\$300,000			
		San Vicente Construction			-	2,000,000	-	-	-	\$2,000,000			
		Water Supply Reliability Program			-	-	-	-	-	\$0			
		Total		100,000	600,000	2,000,000	-	-	-	\$2,700,000			
TOTALS													
				\$1,857,032	\$6,670,500	\$2,992,500	\$4,122,500	\$2,027,000	\$1,201,000	\$1,113,000	\$1,165,000	\$1,500,000	\$23,424,500