



# Montara Water and Sanitary District

*Serving the Community of Montara and Moss Beach*

P.O. Box 370131  
8888 Cabrillo Hwy  
Montara, CA 94037-0131  
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*To sensitively manage the natural resources entrusted to our care, to provide the people of Montara - Moss Beach with reliable, high – quality water, wastewater, and trash disposal at an equitable price, and to ensure the fiscal and environmental vitality of the district for future generations. Be open to providing other services desired by our community.*

# AGENDA

## District Board of Directors

8888 Cabrillo Highway  
Montara, California 94037

## December 1, 2016 at 7:30 p.m.

**CALL TO ORDER**

**ROLL CALL**

**PRESIDENT'S STATEMENT**

**ORAL COMMENTS** (Items other than those on the agenda)

**PUBLIC HEARING**

**CONSENT AGENDA**

1. [Approve Minutes for Meeting on September 29, 2016.](#)
2. [Approve Financial Statements for October 2016.](#)
3. Approve Warrants for December 1, 2016.
4. [SAM Flow Report for October 2016.](#)
5. [Monthly Review of Current Investment Portfolio.](#)
6. [Connection Permit Applications Received.](#)
7. [Monthly Water Production Report for October 2016.](#)
8. [Rain Report.](#)
9. [Solar Energy Report.](#)
10. [Monthly Public Agency Retirement Service Report for September 2016](#)

## **OLD BUSINESS NEW BUSINESS**

1. [Review and Possible Action Concerning Receipt of Audit for Fiscal Year 2015-16.](#)
2. [Presentation by JQ Oeswein about the History of the District's Property During World War II](#)
3. [Review and Possible Action Concerning Adoption of Connection Charge Report.](#)
4. [Review and Possible Action Concerning Multi-Year Water Connection Fee Payment Program.](#)
5. [Review and Possible Action Concerning Certification of the Results of the November 8, 2016 Consolidated Election.](#)
6. [Review and Possible Action Concerning the Administration of the Oath of Office to the Newly Elected Board Members.](#)
7. [Review and Possible Action Concerning Appointment of Board Officers and Committee Assignments for 2017.](#)
8. [Review and Possible Action Concerning Cancellation of Next Regular Scheduled Meetings, December 15, 2016, and January 5, 2017.](#)

## **REPORTS**

1. Sewer Authority Mid-Coastside Meetings (Boyd)
2. MidCoast Community Council Meeting (Slater-Carter)
3. CSDA Report (Slater-Carter)
4. CCWD, NCCWD Committee Report (Harvey, Huber)
5. Attorney's Report (Schricker)
6. Directors' Reports
7. General Manager's Report (Heldmaier)

## **FUTURE AGENDAS**

### **CONVENE IN CLOSED SESSION**

### **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**

(Government Code §54956.9(d))

Name of case: Claim of J. Cockrell

### **PUBLIC EMPLOYEE EVALUATION (Gov't. Code §54957)**

## **ADJOURNMENT**

The District has a curfew of 11:00 p.m. for all meetings. The meeting may be extended for one hour by vote of the Board.

NOTE: In accordance with the Government Code, members of the public may address the Board on specific agenda items when that matter is discussed by the Board. Any other items of interest that is within the subject matter jurisdiction of the District may be addressed during the Oral Comments portion of the meeting. Upon request, this agenda will be made available in appropriate alternative formats to persons with a disability. Request for a disability-related modification or an accommodation in order to participate in the public meeting should be made at (650) 728-3545. Materials related to an item on this Agenda submitted to the Board after distribution of the agenda packet are available in the District Clerk's office during normal business hours. Such documents may also be available on the District's web site ([www.mwsd.montara.org](http://www.mwsd.montara.org)) subject to staff's ability to post the documents before the meeting.



**MONTARA WATER & SANITARY  
DISTRICT**

**BOARD OF DIRECTORS MEETING**

September 29, 2016

**MINUTES**

**REGULAR SESSION BEGAN AT 7:33 p.m.**

**CALL TO ORDER**

**ROLL CALL**

Directors Present: Slater-Carter, Boyd, Harvey, Wilson and Huber

Directors Absent: None

Staff Present: General Manager, Clemens Heldmaier,  
District Clerk, Judy Gromm

Others Present: District Counsel, Dave Schricker

**PRESIDENT'S STATEMENT – None**

**ORAL COMMENTS -**

Chris Porter, General Manager of Recology of the Coast, announced there would be a 3.56% rate reduction in January 2017. Ms. Porter had re-negotiated a new contract with Ox Mountain and will be passing on the savings to the residents of Montara and Moss Beach.

**PUBLIC HEARING - None**

**CONSENT AGENDA**

1. Approve Minutes for the Special Meeting August 4, 2016, and the Regular Meeting on August 4, 2016.
2. Approve Financial Statements for August 2016.
3. Approve Warrants for October 1, 2016.
4. SAM flow Report for August 2016.
5. Monthly Review of Current Investment Portfolio.
6. Connection Permit Applications Received.

7. Monthly Water Production Report for August 2016.
8. Rain Report.
9. Solar Energy Report.
10. Monthly Public Agency Retirement Service Report for July 2016.

Director Wilson moved to approve the Consent Agenda. Director Boyd seconded the motion.

All Directors were in favor and the motion passed 5 – 0.

## **OLD BUSINESS - None**

## **NEW BUSINESS**

### **1. Review and Possible Action Concerning Adoption of Appropriations Limit for FY 2016-2017**

General Manager Heldmaier reported Article XIII B of the California State Constitution, commonly referred to as the Gann Initiative or Gann Appropriations Limit, was adopted by California voters in 1980 and placed limits on the amount of proceeds of taxes that State and local agencies can appropriate and spend each year. The limit is different for every agency, changes each year and is based on the amount of tax proceeds that were authorized to be spent in FY 1978-79, modified for changes in inflation and population. Inflationary adjustments are based on increases in the California per capita income and changes in County population.

The appropriation limit for the prior FY year was \$1,984,496. Factoring in the county's change in population for the unincorporated area (0.91%), and the change in the California per capita personal income (5.37%) provides the appropriation limit for the new fiscal year. This information is found in the State Department of Finance report received in May 2016. Based on these adjustments the appropriation limit for Fiscal Year 2016-2017 is \$2,110,093. This is the maximum amount of tax proceeds the District is able to spend in FY 2016-2017. The District is 1,058,445 below its Gann Limit.

Section 7910 of the State Government Code requires a governing body to annually adopt, by resolution, an Appropriations Limit for the upcoming fiscal year.

Director Wilson moved to adopt the next resolution in line, a Resolution of the Montara Water and Sanitary District Determining the 2016-2017 Appropriation Limit. Director Huber seconded the motion.

A roll call vote was called for and the motion passed unanimously, 5 – 0.

### **2. Receive Update on 4<sup>th</sup> Street Water Main Replacement Project.**

General Manager Heldmaier reported the construction of the 4<sup>th</sup> Street Water Main Replacement Project is proceeding well and is on schedule. During the month of September 2016, the General Contractor, Stoloski & Gonzalez (S&G), installed a new 6-inch diameter C900 PVC water main from East Avenue to Audubon Avenue (approximately 1,300 feet), including new isolation valves and one hydrant. S&G also installed 41 new services to the homes on 4<sup>th</sup> Street. The water main and services were successfully pressure-tested and disinfected. During the last week of September the old services will be disconnected at the meter and connected to the new services/water main. Once all residences are switched over to the new main the existing 2-inch-diameter main will be decommissioned and abandoned in place.

This report is for Board information only; no action is requested at this time.

### **3. Review of Inpipe Power Generation – Potential Use of New Technology'**

General Manager Heldmaier reported the District's water distribution system experiences high pressures due to the terrain and location of the storage and production facilities. These high pressures must be alleviated to protect the distribution system and prevent water main breaks and leaks. This is currently accomplished with the Pressure Regulating Stations, however, for some time now, staff has been considering various options of utilizing the energy in the water mains to generate electricity while reducing the pressure, thus putting the energy in the distribution system to beneficial use.

The industry for in-pipe power generation is rapidly evolving and staff was able to consider various alternatives, however, nothing to date proved promising, mostly due to the fact that various products becoming available on the market are targeted for installation in very large pipelines (48-inch-diameter and larger).

Recently, however, staff identified a new product that might have a good potential for small diameter mains. Staff met and toured the District's facilities with a representative of InPipe Energy, a company that specializes in energy generation in pipelines of 24-inch-diameter and smaller.

Staff will continue working with InPipe Energy to determine the feasibility of an installation in the District's distribution system and will report the results of these discussions to the Board at a future date.

The InPipe Energy literature will be attached to the minutes.

This report is presented to the Board for information only; no action is requested at this time.

#### **4. Review and Possible Action Concerning Cancellation of Next Regular Scheduled Meeting, October 6, and October 20, 2016.**

General Manager Heldmaier reported at this time no urgent items require holding the meetings in October.

### **REPORTS**

**1. Sewer Authority Mid-Coastside Meeting (Boyd)** – reported the SAM Staff will investigate the high spike in the flow calculations for Half Moon Bay.

On Monday the Board worked out the MOU with the Union. Our General Manager and labor consultant did a good job with some of the difficult details. The end result is both sides are willing to sign it. Director Slater-Carter thanked the SAM employees for working hard for what is best for the community.

The Recycle Water Project was discussed and most recently at the City of Half Moon Bays Counsel meeting the Council voted to approve ½ the amount we had all been discussing. We will go back and ask for the full amount. We are trying to converge on a solution. The SAM Board is on the same page of what the next steps are and we will remain optimistic.

The hiring a full time accounting technician was not approved. The Board is asking for more information about this position.

**2. MidCoast Community Council Meeting (Slater-Carter)** – The Council will be hosting a candidate Q & A. More information will be on the website.

Director Slater-Carter additionally reported she and General Manager Heldmaier put a sticky note on the original subdivision maps located here in the MWSD Board Room, marking all sites designated for parks and recreation. This shows how many have not been done. These were well planned but have not been implemented. Director Slater-Carter noted this would be part of the topics discussed during the upcoming Q & A.

**3. CSDA Report (Slater-Carter) – None**

**4. CCWD, NCCWD Committee Report – (Harvey, Huber) None**

**5. Attorney's Report (Schricker) – None**

**6. Directors Report – None**

**7. General Manager's Report (Heldmaier)** – reported there had been a water main break on 8<sup>th</sup> and Main. General Manager thanked the staff for responding quickly and shutting down the problem. Director Slater-Carter noted this was a good example of why the Grand Jury is wrong. If the crew had come from Half Moon Bay, we would have lost a lot of water at the rate of about 1000 gallons per minute.

General Manager Heldmaier attended the meeting for the Water Reuse of Northern California. The meeting was about how to achieve a direct potable reuse of water. There is a framework being developed right now on this.

General Manager Heldmaier noted this was a very complicated process and will take a long time. Because of the draught, there is pressure to develop this and the State is doing a good job of looking at this closely.

**FUTURE AGENDAS-**

**REGULAR MEETING ENDED at 8:19 P.M.**

Respectfully Submitted,

Signed \_\_\_\_\_  
Secretary

Approved on the 3<sup>rd</sup>, November 2016

Signed \_\_\_\_\_  
President



# MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: December 01, 2016

TO: BOARD OF DIRECTORS

FROM: Clemens H. Heldmaier, General Manager

**SUBJECT: Unaudited Financial Statements – Executive  
Summary**

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## **Budget vs. Actual – Sewer July thru October, 2016 Variances over \$2,000:**

- 4610 Property Tax Receipts, \$116,979 below Budget – 1<sup>st</sup> property tax assessment has not yet been received.
- **Overall Total Operating Income for the period ending October 31, 2016 was \$112,425 below budget. Total revenue received to date is \$27,742.**
- 5400 Legal, \$3,419 above Budget- General legal line item impacted due to ongoing general sewer legal issues.
- 5610 Accounting, \$3,900 below Budget – Two invoices paid in the current fiscal year.
- 5620 Audit, \$10,200 below Budget – Audit has not been completed.
- 5630 Consulting, \$3,626 below Budget – Awaiting the development of the District's Strategic Plan.
- 5640 Data Services, \$2,000 below Budget – No activity to date.
- 5800 Labor, \$2,581 above Budget – Due to Management bonus.
- 6170 Claims, Property Damage, \$3,333 below Budget – No claims to date.
- 6200 Engineering, \$10,561 below Budget – Minimal activity to date.
- 6600 Collection/Transmission, \$ 3,333 below Budget - No activity to-date.
- 6940 & 6950 SAM Maintenance, Collection Sys, \$13,333 below Budget & 6950 SAM Maintenance, Pumping, \$16,667 below Budget (respectively) – No activity to-date.
- **Overall Total Operating Expenses for the period ending October 31, 2016 were \$49,976 below Budget.**
- **Total overall Expenses for the period ending October 31, 2016 were \$66,581 below budget. For a net ordinary loss of \$45,844, budgeted vs. actual. Actual net ordinary loss is (\$478,131).**
- 7100 Connection Fees, \$31,854 above Budget – No New Construction connections and three Remodel connections sold in October.
- 7200 Interest Income, LAIF – 1<sup>st</sup> FY quarter interest income has not yet been booked.
- 8000 CIP, \$12,369 above Budget – Sanitary Sewer improvements project and spot repairs paid for in October.
- 9200 I-Bank Loan, \$10,674 below Budget – Variance due to timing.



# **MONTARA WATER AND SANITARY DISTRICT AGENDA**

**For Meeting Of: December 01, 2016**

**TO: BOARD OF DIRECTORS**

**FROM: Clemens H. Heldmaier, General Manager**

**RECOMMENDATION:**

This is for Board information only



# MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **December 01, 2016**

TO: BOARD OF DIRECTORS

FROM: Clemens H. Heldmaier, General Manager

## **Budget vs. Actual – Water July thru October, 2016 Variances over \$2,000:**

- 4740 Testing Backflow, \$2,215 above Budget – Payments received for tests performed in past months.
- 4810 Water Sales, \$45,205 above Budget – Increase in sales and related payments received.
- **Overall Total Operating Income for the period ending October 31, 2016 was \$48,912 above budget. Total revenue received to date is \$666,896.**
- 5240 CDPH Fees, \$5,167 below Budget – To date, no invoices have been paid.
- 5400 Legal, \$9,098 below Budget – Legal costs has been held below expectation.
- 5530 Memberships, \$5,745 below Budget – Association memberships are typically paid at the beginning of the calendar year.
- 5610 Accounting, \$3,900 below Budget – Two invoices paid in the current fiscal year.
- 5620 Audit, \$17,700 below Budget – Audit has not been completed.
- 5630 Consulting, \$2,626 below Budget – Awaiting the development of the District's Strategic Plan.
- 6170 Claims, Property Damage, \$3,158 below Budget – Simms Plumbing Reimbursement.
- 6180 Communications, \$10,497 above Budget – Anticipated capitalized costs currently booked as an expenditure.
- 6200 Engineering, \$ 3,354 below Budget – General Engineering costs have been held below budget.
- 6400 Pumping, \$21,428 below Budget – PG&E costs have been less than expected to date. A large catch up bill is typically received near the end of the calendar year.
- 6500 Supply, \$3,537 above Budget – 2<sup>nd</sup> Quarter County of San Mateo water purchase made in October.
- 6600 Collection/Transmission, \$17,814 below Budget – Water Main maintenance has been held well below budget.
- 6700 Treatment, \$6,454 below Budget – Chemicals and Filtering charges held in check.
- 6800 Vehicles, \$2,889 below Budget – Indicative of lower fuel costs.
- **Overall Total Operating Expenses for the period ending October 31, 2016 were \$35,791 below budget.**



# MONTARA WATER AND SANITARY DISTRICT AGENDA

**For Meeting Of: December 01, 2016**

**TO: BOARD OF DIRECTORS**

**FROM: Clemens H. Heldmaier, General Manager**

- **Total overall Expenses for the period ending October 31, 2016 were \$80,667 below budget. For a net ordinary income of \$129,580, budgeted vs. actual. Actual net ordinary income is \$248,922.**
- 7100 Connection Fees, \$20,936 above Budget – No new connections sold in October.
- 7600 Bond Revenues, G.O. \$381,862 below Budget – County typically remits the first payment in October or November.
- 8000 CIP, \$214,930 above Budget – Majority of large invoices paid in connection with the 4<sup>th</sup> street main replacement project.
- 9100 Interest Expense- GO Bonds, \$124,713 below Budget – Variance due to timing.
- 9150 SRF Loan, \$18,992 below Budget – Variance due to timing.

**RECOMMENDATION:**

This is for Board information only

**Montara Water & Sanitary District**  
**Revenue & Expenditures Budget vs. Actual - Sewer**  
 July through October 2016

	Jul - Oct 16	Sewer Budget	\$ Over Budget
<b>Ordinary Income/Expense</b>			
<b>Income</b>			
4220 · Cell Tower Lease	11,429.20	11,166.68	262.52
4400 · Fees			
4410 · Administrative Fee (New Constr)	487.00	1,000.00	-513.00
4420 · Administrative Fee (Remodel)	1,448.00	500.00	948.00
4430 · Inspection Fee (New Constr)	460.00	833.32	-373.32
4440 · Inspection Fee (Remodel)	2,464.00	1,166.68	1,297.32
4460 · Remodel Fees	3,071.90	2,333.32	738.58
<b>Total 4400 · Fees</b>	7,930.90	5,833.32	2,097.58
4610 · Property Tax Receipts	521.37	117,500.00	-116,978.63
4720 · Sewer Service Refunds, Customer	0.00	-1,333.32	1,333.32
4760 · Waste Collection Revenues	7,856.26	7,000.00	856.26
4990 · Other Revenue	4.01		
<b>Total Income</b>	27,741.74	140,166.68	-112,424.94
<b>Gross Profit</b>	27,741.74	140,166.68	-112,424.94
<b>Expense</b>			
5000 · Administrative			
5190 · Bank Fees	3,743.84	1,833.32	1,910.52
5200 · Board of Directors			
5210 · Board Meetings	1,296.58	1,000.00	296.58
5220 · Director Fees	825.00	1,100.00	-275.00
5230 · Election Expenses	819.68	1,333.32	-513.64
<b>Total 5200 · Board of Directors</b>	2,941.26	3,433.32	-492.06
5250 · Conference Attendance	0.00	666.68	-666.68
5270 · Information Systems	126.87	2,000.00	-1,873.13
5300 · Insurance			
5310 · Fidelity Bond	0.00	166.68	-166.68
5320 · Property & Liability Insurance	1,918.47	566.68	1,351.79
<b>Total 5300 · Insurance</b>	1,918.47	733.36	1,185.11
5350 · LAFCO Assessment	0.00	666.68	-666.68
5400 · Legal			
5420 · Meeting Attendance, Legal	2,145.00	3,166.68	-1,021.68
5430 · General Legal	11,107.50	6,666.68	4,440.82
<b>Total 5400 · Legal</b>	13,252.50	9,833.36	3,419.14
5510 · Maintenance, Office	2,561.39	2,666.68	-105.29
5540 · Office Supplies	2,225.26	2,666.68	-441.42
5550 · Postage	177.85	833.32	-655.47
5560 · Printing & Publishing	78.26	1,000.00	-921.74
5600 · Professional Services			
5610 · Accounting	6,100.00	10,000.00	-3,900.00
5620 · Audit	2,800.00	13,000.00	-10,200.00
5630 · Consulting	5,706.84	9,333.32	-3,626.48
5640 · Data Services	0.00	2,000.00	-2,000.00
5650 · Labor & HR Support	1,136.25	750.00	386.25
5660 · Payroll Services	299.78	266.68	33.10
<b>Total 5600 · Professional Services</b>	16,042.87	35,350.00	-19,307.13

**Montara Water & Sanitary District**  
**Revenue & Expenditures Budget vs. Actual - Sewer**  
 July through October 2016

	Jul - Oct 16	Sewer Budget	\$ Over Budget
5710 - San Mateo Co. Tax Roll Charges	0.00	833.32	-833.32
5720 - Telephone & Internet	3,959.16	3,666.68	292.48
5730 - Mileage Reimbursement	536.74	500.00	36.74
5740 - Reference Materials	0.00	66.68	-66.68
<b>5800 - Labor</b>			
5810 - CalPERS 457 Deferred Plan	5,247.34	5,039.00	208.34
5820 - Employee Benefits	12,065.04	11,460.68	604.36
5830 - Disability Insurance	340.10	493.00	-152.90
5840 - Payroll Taxes	4,275.98	5,507.00	-1,231.02
5850 - PARS	4,837.31	4,589.32	247.99
<b>5900 - Wages</b>			
5910 - Management	35,362.48	31,124.32	4,238.16
5920 - Staff	39,071.32	39,481.32	-410.00
5930 - Staff Certification	600.00	600.00	0.00
5940 - Staff Overtime	1,072.22	779.68	292.54
5950 - Staff Standby	0.00		
<b>Total 5900 - Wages</b>	76,106.02	71,985.32	4,120.70
5960 - Worker's Comp Insurance	0.00	1,216.32	-1,216.32
<b>Total 5800 - Labor</b>	102,871.79	100,290.64	2,581.15
<b>Total 5000 - Administrative</b>	150,436.26	167,040.72	-16,604.46
<b>6000 - Operations</b>			
6170 - Claims, Property Damage	0.00	3,333.32	-3,333.32
6195 - Education & Training	0.00	333.32	-333.32
<b>6200 - Engineering</b>			
6210 - Meeting Attendance, Engineering	0.00	666.68	-666.68
6220 - General Engineering	6,772.09	16,666.68	-9,894.59
<b>Total 6200 - Engineering</b>	6,772.09	17,333.36	-10,561.27
6320 - Equipment & Tools, Expensed	0.00	333.32	-333.32
<b>6330 - Facilities</b>			
6335 - Alarm Services	1,799.22	1,780.00	19.22
6337 - Landscaping	570.00	800.00	-230.00
<b>Total 6330 - Facilities</b>	2,369.22	2,580.00	-210.78
<b>6400 - Pumping</b>			
6410 - Pumping Fuel & Electricity	7,582.38	9,000.00	-1,417.62
<b>Total 6400 - Pumping</b>	7,582.38	9,000.00	-1,417.62
<b>6600 - Collection/Transmission</b>			
6660 - Maintenance, Collection System	0.00	3,333.32	-3,333.32
<b>Total 6600 - Collection/Transmission</b>	0.00	3,333.32	-3,333.32
<b>6800 - Vehicles</b>			
6810 - Fuel	0.00	266.68	-266.68
6820 - Truck Equipment, Expensed	0.00	53.32	-53.32
6830 - Truck Repairs	0.00	133.32	-133.32
<b>Total 6800 - Vehicles</b>	0.00	453.32	-453.32

**Montara Water & Sanitary District**  
**Revenue & Expenditures Budget vs. Actual - Sewer**  
 July through October 2016

	Jul - Oct 16	Sewer Budget	\$ Over Budget
<b>6900 - Sewer Authority Midcoastside</b>			
6910 - SAM Collections	107,202.68	107,202.68	0.00
6920 - SAM Operations	231,510.32	231,510.32	0.00
6940 - SAM Maintenance, Collection Sys	0.00	13,333.32	-13,333.32
6950 - SAM Maintenance, Pumping	0.00	16,666.68	-16,666.68
<b>Total 6900 - Sewer Authority Midcoastside</b>	<b>338,713.00</b>	<b>368,713.00</b>	<b>-30,000.00</b>
<b>Total 6000 - Operations</b>	<b>355,436.69</b>	<b>405,412.96</b>	<b>-49,976.27</b>
<b>Total Expense</b>	<b>505,872.95</b>	<b>572,453.68</b>	<b>-66,580.73</b>
<b>Net Ordinary Income</b>	<b>-478,131.21</b>	<b>-432,287.00</b>	<b>-45,844.21</b>
<b>Other Income/Expense</b>			
<b>Other Income</b>			
<b>7000 - Capital Account Revenues</b>			
7100 - Connection Fees			
7110 - Connection Fees (New Constr)	78,606.43	46,752.00	31,854.43
7120 - Connection Fees (Remodel)	17,832.10	16,666.68	1,165.42
<b>Total 7100 - Connection Fees</b>	<b>96,438.53</b>	<b>63,418.68</b>	<b>33,019.85</b>
7200 - Interest Income - LAIF	0.00	2,500.00	-2,500.00
<b>Total 7000 - Capital Account Revenues</b>	<b>96,438.53</b>	<b>65,918.68</b>	<b>30,519.85</b>
<b>Total Other Income</b>	<b>96,438.53</b>	<b>65,918.68</b>	<b>30,519.85</b>
<b>Other Expense</b>			
<b>8000 - Capital Improvement Program</b>			
8075 - Sewer	594,285.59	581,916.68	12,368.91
<b>Total 8000 - Capital Improvement Program</b>	<b>594,285.59</b>	<b>581,916.68</b>	<b>12,368.91</b>
<b>9000 - Capital Account Expenses</b>			
9125 - PNC Equipment Lease Interest	5,832.30	6,672.68	-840.38
9175 - Capital Assessment - SAM	51,236.68	51,236.68	0.00
9200 - I-Bank Loan	2,134.81	12,808.84	-10,674.03
<b>Total 9000 - Capital Account Expenses</b>	<b>59,203.79</b>	<b>70,718.20</b>	<b>-11,514.41</b>
<b>Total Other Expense</b>	<b>653,489.38</b>	<b>652,634.88</b>	<b>854.50</b>
<b>Net Other Income</b>	<b>-557,050.85</b>	<b>-586,716.20</b>	<b>29,665.35</b>
<b>Net Income</b>	<b>-1,035,182.06</b>	<b>-1,019,003.20</b>	<b>-16,178.86</b>

**Montara Water & Sanitary District**  
**Revenue & Expenditures Budget vs. Actual - Water**  
 July through October 2016

	Water		
	Jul - Oct 16	Budget	\$ Over Budget
<b>Ordinary Income/Expense</b>			
<b>Income</b>			
4220 · Cell Tower Lease	11,429.16	11,166.68	262.48
4330 · Engineering Review	-165.00		
<b>4400 · Fees</b>			
4410 · Administrative Fee (New Constr)	974.00	1,500.00	-526.00
4420 · Administrative Fee (Remodel)	0.00	300.00	-300.00
4430 · Inspection Fee (New Constr)	920.00	1,416.68	-496.68
4440 · Inspection Fee (Remodel)	460.00	266.68	193.32
<b>Total 4400 · Fees</b>	2,354.00	3,483.36	-1,129.36
4610 · Property Tax Receipts	521.35		
4740 · Testing, Backflow	6,548.00	4,333.32	2,214.68
4810 · Water Sales, Domestic	645,204.72	600,000.00	45,204.72
4850 · Water Sales Refunds, Customer	-499.56	-1,000.00	500.44
4990 · Other Revenue	1,503.04		
<b>Total Income</b>	666,895.71	617,983.36	48,912.35
<b>Gross Profit</b>	666,895.71	617,983.36	48,912.35
<b>Expense</b>			
<b>5000 · Administrative</b>			
5190 · Bank Fees	2,640.96	3,333.32	-692.36
<b>5200 · Board of Directors</b>			
5210 · Board Meetings	1,296.57	1,000.00	296.57
5220 · Director Fees	825.00	1,100.00	-275.00
5230 · Election Expenses	819.67	1,333.32	-513.65
<b>Total 5200 · Board of Directors</b>	2,941.24	3,433.32	-492.08
5240 · CDPH Fees	0.00	5,166.68	-5,166.68
5250 · Conference Attendance	0.00	1,333.32	-1,333.32
5270 · Information Systems	126.87	500.00	-373.13
<b>5300 · Insurance</b>			
5310 · Fidelity Bond	0.00	166.68	-166.68
5320 · Property & Liability Insurance	1,918.46	900.00	1,018.46
<b>Total 5300 · Insurance</b>	1,918.46	1,066.68	851.78
5350 · LAFCO Assessment	0.00	833.32	-833.32
<b>5400 · Legal</b>			
5420 · Meeting Attendance, Legal	2,142.50	2,833.32	-690.82
5430 · General Legal	11,592.50	20,000.00	-8,407.50
<b>Total 5400 · Legal</b>	13,735.00	22,833.32	-9,098.32
5510 · Maintenance, Office	2,576.06	2,666.68	-90.62
5530 · Memberships	255.00	6,000.00	-5,745.00
5540 · Office Supplies	4,386.26	2,666.68	1,719.58
5550 · Postage	1,877.94	2,000.00	-122.06
5560 · Printing & Publishing	151.71	666.68	-514.97
<b>5600 · Professional Services</b>			
5610 · Accounting	6,100.00	10,000.00	-3,900.00
5620 · Audit	2,800.00	20,500.00	-17,700.00
5630 · Consulting	5,706.83	8,333.32	-2,626.49
5650 · Labor & HR Support	1,136.25	666.68	469.57
5660 · Payroll Services	299.77	283.32	16.45
<b>Total 5600 · Professional Services</b>	16,042.85	39,783.32	-23,740.47

**Montara Water & Sanitary District**  
**Revenue & Expenditures Budget vs. Actual - Water**  
 July through October 2016

	Water		
	Jul - Oct 16	Budget	\$ Over Budget
5720 - Telephone & Internet	5,533.77	5,666.68	-132.91
5730 - Mileage Reimbursement	797.08	666.68	130.40
5740 - Reference Materials	0.00	266.68	-266.68
5790 - Other Administrative	1,112.00		
5800 - Labor			
5810 - CalPERS 457 Deferred Plan	11,327.45	11,323.32	4.13
5820 - Employee Benefits	28,121.57	23,122.68	4,998.89
5830 - Disability Insurance	841.48	973.68	-132.20
5840 - Payroll Taxes	12,179.66	13,524.68	-1,345.02
5850 - PARS	9,165.16	9,001.68	163.48
5900 - Wages			
5910 - Management	35,364.40	31,124.32	4,240.08
5920 - Staff	117,553.61	116,930.32	623.29
5930 - Staff Certification	3,000.00	3,000.00	0.00
5940 - Staff Overtime	15,633.57	17,451.00	-1,817.43
5950 - Staff Standby	7,899.85	8,285.68	-385.83
Total 5900 - Wages	179,451.43	176,791.32	2,660.11
5960 - Worker's Comp Insurance	0.00	6,437.32	-6,437.32
Total 5800 - Labor	241,086.75	241,174.68	-87.93
Total 5000 - Administrative	295,181.95	340,058.04	-44,876.09
6000 - Operations			
6160 - Backflow Prevention	0.00	333.32	-333.32
6170 - Claims, Property Damage	175.00	3,333.32	-3,158.32
6180 - Communications			
6185 - SCADA Maintenance	0.00	5,000.00	-5,000.00
6180 - Communications - Other	15,497.00		
Total 6180 - Communications	15,497.00	5,000.00	10,497.00
6195 - Education & Training	2,818.91	2,000.00	818.91
6200 - Engineering			
6210 - Meeting Attendance, Engineering	0.00	666.68	-666.68
6220 - General Engineering	962.50	6,666.68	-5,704.18
6230 - Water Quality Engineering	24,683.07	21,666.68	3,016.39
Total 6200 - Engineering	25,645.57	29,000.04	-3,354.47
6320 - Equipment & Tools, Expensed	630.27	1,666.68	-1,036.41
6330 - Facilities			
6335 - Alarm Services	232.02	250.00	-17.98
6337 - Landscaping	1,277.73	2,000.00	-722.27
Total 6330 - Facilities	1,509.75	2,250.00	-740.25
6370 - Lab Supplies & Equipment	0.00	333.32	-333.32
6400 - Pumping			
6410 - Pumping Fuel & Electricity	15,605.67	33,333.32	-17,727.65
6420 - Pumping Maintenance, Generators	0.00	2,666.68	-2,666.68
6430 - Pumping Maintenance, General	466.63	833.32	-366.69
6440 - Pumping Equipment, Expensed	0.00	666.68	-666.68
Total 6400 - Pumping	16,072.30	37,500.00	-21,427.70

**Montara Water & Sanitary District**  
**Revenue & Expenditures Budget vs. Actual - Water**  
 July through October 2016

	Water		
	Jul - Oct 16	Budget	\$ Over Budget
<b>6500 - Supply</b>			
6510 - Maintenance, Raw Water Mains	6,028.60		
6520 - Maintenance, Wells	93.22	3,333.32	-3,240.10
6530 - Water Purchases	14,082.76	13,333.32	749.44
<b>Total 6500 - Supply</b>	<b>20,204.58</b>	<b>16,666.64</b>	<b>3,537.94</b>
<b>6600 - Collection/Transmission</b>			
6610 - Hydrants	5,691.91	333.32	5,358.59
6620 - Maintenance, Water Mains	1,933.33	18,333.32	-16,399.99
6630 - Maintenance, Water Svc Lines	108.35	8,333.32	-8,224.97
6640 - Maintenance, Tanks	2.78	333.32	-330.54
6650 - Maint., Distribution General	349.24	3,333.32	-2,984.08
6670 - Meters	5,599.64	833.32	4,766.32
<b>Total 6600 - Collection/Transmission</b>	<b>13,685.25</b>	<b>31,499.92</b>	<b>-17,814.67</b>
<b>6700 - Treatment</b>			
6710 - Chemicals & Filtering	4,911.26	10,000.00	-5,088.74
6720 - Maintenance, Treatment Equip.	707.67	1,333.32	-625.65
6730 - Treatment Analysis	9,259.66	10,000.00	-740.34
<b>Total 6700 - Treatment</b>	<b>14,878.59</b>	<b>21,333.32</b>	<b>-6,454.73</b>
<b>6770 - Uniforms</b>	<b>3,424.92</b>	<b>3,000.00</b>	<b>424.92</b>
<b>6800 - Vehicles</b>			
6810 - Fuel	1,618.66	2,666.68	-1,048.02
6820 - Truck Equipment, Expensed	158.89	333.32	-174.43
6830 - Truck Repairs	0.00	1,666.68	-1,666.68
<b>Total 6800 - Vehicles</b>	<b>1,777.55</b>	<b>4,666.68</b>	<b>-2,889.13</b>
<b>6890 - Other Operations</b>	<b>6,472.39</b>		
<b>Total 6000 - Operations</b>	<b>122,792.08</b>	<b>158,583.24</b>	<b>-35,791.16</b>
<b>Total Expense</b>	<b>417,974.03</b>	<b>498,641.28</b>	<b>-80,667.25</b>
<b>Net Ordinary Income</b>	<b>248,921.68</b>	<b>119,342.08</b>	<b>129,579.60</b>
<b>Other Income/Expense</b>			
<b>Other Income</b>			
<b>7000 - Capital Account Revenues</b>			
<b>7100 - Connection Fees</b>			
7110 - Connection Fees (New Constr)	55,966.00	42,666.68	13,299.32
7120 - Connection Fees (Remodel)	106.00	1,000.00	-894.00
7130 - Conn. Fees, PFP (New Constr)	30,197.00	21,666.68	8,530.32
<b>Total 7100 - Connection Fees</b>	<b>86,269.00</b>	<b>65,333.36</b>	<b>20,935.64</b>
<b>7600 - Bond Revenues, G.O.</b>	<b>1,616.33</b>	<b>383,478.68</b>	<b>-381,862.35</b>
<b>Total 7000 - Capital Account Revenues</b>	<b>87,885.33</b>	<b>448,812.04</b>	<b>-360,926.71</b>
<b>Total Other Income</b>	<b>87,885.33</b>	<b>448,812.04</b>	<b>-360,926.71</b>
<b>Other Expense</b>			
<b>8000 - Capital Improvement Program</b>			
8100 - Water	421,263.82	206,333.32	214,930.50
<b>Total 8000 - Capital Improvement Program</b>	<b>421,263.82</b>	<b>206,333.32</b>	<b>214,930.50</b>

**Montara Water & Sanitary District**  
**Revenue & Expenditures Budget vs. Actual - Water**  
 July through October 2016

	Jul - Oct 16	Water Budget	\$ Over Budget
<b>9000 - Capital Account Expenses</b>			
<b>9100 - Interest Expense - GO Bonds</b>	24,942.50	149,655.02	-124,712.52
<b>9125 - PNC Equipment Lease Interest</b>	5,832.30	6,672.68	-840.38
<b>9150 - SRF Loan</b>	0.00	18,991.52	-18,991.52
<b>9210 - Conservation Program/Rebates</b>	400.00		
<b>Total 9000 - Capital Account Expenses</b>	31,174.80	175,319.22	-144,144.42
<b>Total Other Expense</b>	452,438.62	381,652.54	70,786.08
<b>Net Other Income</b>	-364,553.29	67,159.50	-431,712.79
<b>Net Income</b>	<b>-115,631.61</b>	<b>186,501.58</b>	<b>-302,133.19</b>

## Montara Water & Sanitary District Funds Balance Sheet As of October 31, 2016

	Sewer	Water	TOTAL
<b>ASSETS</b>			
<b>Current Assets</b>			
<b>Checking/Savings</b>			
<b>Sewer - Bank Accounts</b>			
Wells Fargo Operating - Sewer	1,925,893.93	0.00	1,925,893.93
<b>LAIF Investment Fund</b>			
Capital Reserve	3,853,967.15	0.00	3,853,967.15
Connection Fees Reserve	152,756.00	0.00	152,756.00
Operating Reserve	281,893.00	0.00	281,893.00
<b>Total LAIF Investment Fund</b>	<b>4,288,616.15</b>	<b>0.00</b>	<b>4,288,616.15</b>
<b>Total Sewer - Bank Accounts</b>	<b>6,214,510.08</b>	<b>0.00</b>	<b>6,214,510.08</b>
<b>Water - Bank Accounts</b>			
Wells Fargo Operating - Water	0.00	642,423.58	642,423.58
Capital Reserve	0.00	398,249.00	398,249.00
Operating Reserve	0.00	190,251.00	190,251.00
<b>Restricted Cash</b>			
Acq & Improv Fund	0.00	436.13	436.13
Connection Fees Reserve	0.00	157,000.00	157,000.00
Cost of Issuance	0.00	122.94	122.94
GO Bonds Fund	0.00	796,526.91	796,526.91
<b>Total Restricted Cash</b>	<b>0.00</b>	<b>954,085.98</b>	<b>954,085.98</b>
<b>Total Water - Bank Accounts</b>	<b>0.00</b>	<b>2,185,009.56</b>	<b>2,185,009.56</b>
<b>Total Checking/Savings</b>	<b>6,214,510.08</b>	<b>2,185,009.56</b>	<b>8,399,519.64</b>
<b>Accounts Receivable</b>			
<b>Sewer - Accounts Receivable</b>			
Accounts Receivable	40,481.72	0.00	40,481.72
<b>Total Sewer - Accounts Receivable</b>	<b>40,481.72</b>	<b>0.00</b>	<b>40,481.72</b>
<b>Water - Accounts Receivable</b>			
Accounts Receivable	0.00	31,817.46	31,817.46
Accounts Rec. - Backflow	0.00	10,598.59	10,598.59
Accounts Rec. - Water Residents	0.00	140,678.57	140,678.57
Unbilled Water Receivables	0.00	222,714.27	222,714.27
<b>Total Water - Accounts Receivable</b>	<b>0.00</b>	<b>405,808.89</b>	<b>405,808.89</b>
<b>Total Accounts Receivable</b>	<b>40,481.72</b>	<b>405,808.89</b>	<b>446,290.61</b>
<b>Other Current Assets</b>			
Due from Kathryn Slater-Carter	0.00	150.00	150.00
Maint/Parts Inventory	0.00	42,656.32	42,656.32
<b>Total Other Current Assets</b>	<b>0.00</b>	<b>42,806.32</b>	<b>42,806.32</b>
<b>Total Current Assets</b>	<b>6,254,991.80</b>	<b>2,633,624.77</b>	<b>8,888,616.57</b>
<b>Fixed Assets</b>			
<b>Sewer - Fixed Assets</b>			
General Plant	2,335,210.98	0.00	2,335,210.98
Land	5,000.00	0.00	5,000.00
<b>Other Capital Improv.</b>			
Sewer-Original Cost	685,599.18	0.00	685,599.18
Other Cap. Improv.	2,564,810.39	0.00	2,564,810.39
<b>Total Other Capital Improv.</b>	<b>3,250,409.57</b>	<b>0.00</b>	<b>3,250,409.57</b>
<b>Seal Cove Collection System</b>	<b>995,505.00</b>	<b>0.00</b>	<b>995,505.00</b>
<b>Sewage Collection Facility</b>			
Collection Facility - Org. Cost	1,349,064.00	0.00	1,349,064.00
Collection Facility - Other	3,991,243.33	0.00	3,991,243.33
<b>Total Sewage Collection Facility</b>	<b>5,340,307.33</b>	<b>0.00</b>	<b>5,340,307.33</b>

**Montara Water & Sanitary District**  
**Funds Balance Sheet**  
**As of October 31, 2016**

Treatment Facility	244,539.84	0.00	244,539.84
Accumulated Depreciation	-7,394,155.00	0.00	-7,394,155.00
<b>Total Sewer - Fixed Assets</b>	<u>4,776,817.72</u>	<u>0.00</u>	<u>4,776,817.72</u>
<b>Water - Fixed Assets</b>			
General Plant	0.00	25,889,935.10	25,889,935.10
Land & Easements	0.00	734,500.00	734,500.00
Surface Water Rights	0.00	300,000.00	300,000.00
Water Meters	0.00	1,058,985.00	1,058,985.00
Fixed Assets - Other	0.00	48,171.78	48,171.78
Accumulated Depreciation	0.00	-8,896,821.00	-8,896,821.00
<b>Total Water - Fixed Assets</b>	<u>0.00</u>	<u>19,134,770.88</u>	<u>19,134,770.88</u>
<b>Total Fixed Assets</b>	<u>4,776,817.72</u>	<u>19,134,770.88</u>	<u>23,911,588.60</u>
<b>Other Assets</b>			
<b>Sewer - Other Assets</b>			
Def'd Amts Related to Pensions	13,495.00	0.00	13,495.00
Joint Power Authority			
SAM - Orig Collection Facility	981,592.00	0.00	981,592.00
SAM - Expansion	1,705,955.08	0.00	1,705,955.08
<b>Total Joint Power Authority</b>	<u>2,687,547.08</u>	<u>0.00</u>	<u>2,687,547.08</u>
<b>Total Sewer - Other Assets</b>	<u>2,701,042.08</u>	<u>0.00</u>	<u>2,701,042.08</u>
<b>Water - Other Assets</b>			
Def'd Amts Related to Pensions	0.00	26,821.00	26,821.00
Due from Sewer	0.00	146,418.50	146,418.50
Bond Acquisition Cost OID	0.00	57,636.40	57,636.40
Bond Issue Cost	0.00	61,691.45	61,691.45
<b>Total Water - Other Assets</b>	<u>0.00</u>	<u>292,567.35</u>	<u>292,567.35</u>
<b>Total Other Assets</b>	<u>2,701,042.08</u>	<u>292,567.35</u>	<u>2,993,609.43</u>
<b>TOTAL ASSETS</b>	<u><b>13,732,851.60</b></u>	<u><b>22,060,963.00</b></u>	<u><b>35,793,814.60</b></u>
<b>LIABILITIES &amp; EQUITY</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
<b>Other Current Liabilities</b>			
<b>Sewer - Current Liabilities</b>			
Accrued Payables - Sewer	-75.00	0.00	-75.00
Accrued Vacations	6,911.83	0.00	6,911.83
Deposits Payable	12,155.00	0.00	12,155.00
PNC Equip. Loan - S/T	28,794.84	0.00	28,794.84
<b>Total Sewer - Current Liabilities</b>	<u>47,786.67</u>	<u>0.00</u>	<u>47,786.67</u>
<b>Water - Current Liabilities</b>			
Accrued Payables - Water	0.00	978.90	978.90
Accrued Vacations	0.00	10,719.62	10,719.62
Deposits Payable	0.00	8,559.85	8,559.85
GO Bonds - S/T	0.00	429,138.70	429,138.70
PFP Water Deposits	0.00	4,302.50	4,302.50
PNC Equip. Loan - S/T	0.00	28,794.82	28,794.82
SRF Loan Payable X102 - Current	0.00	81,026.93	81,026.93
SRF Loan Payable X109 - Current	0.00	158,287.99	158,287.99
<b>Total Water - Current Liabilities</b>	<u>0.00</u>	<u>721,809.31</u>	<u>721,809.31</u>
<b>Payroll Liabilities</b>			
Employee Benefits Payable	2,519.34	7,266.35	9,785.69
<b>Total Payroll Liabilities</b>	<u>2,519.34</u>	<u>7,266.35</u>	<u>9,785.69</u>
<b>Total Other Current Liabilities</b>	<u>50,306.01</u>	<u>729,075.66</u>	<u>779,381.67</u>

## Montara Water & Sanitary District Funds Balance Sheet As of October 31, 2016

<b>Total Current Liabilities</b>	50,306.01	729,075.66	779,381.67
<b>Long Term Liabilities</b>			
<b>Sewer - Long Term Liabilities</b>			
Due to Water Fund	146,418.50	0.00	146,418.50
Accrued Vacations	9,853.51	0.00	9,853.51
I-Bank Loan	812,574.49	0.00	812,574.49
PNC Equip. Loan - L/T	640,930.10	0.00	640,930.10
<b>Total Sewer - Long Term Liabilities</b>	1,609,776.60	0.00	1,609,776.60
<b>Water - Long Term Liabilities</b>			
Accrued Vacations	0.00	9,969.14	9,969.14
Deferred on Refunding	0.00	-224,756.00	-224,756.00
GO Bonds - L/T	0.00	11,479,503.08	11,479,503.08
PNC Equip. Loan - L/T	0.00	640,930.13	640,930.13
SRF Loan Payable - X102	0.00	210,105.41	210,105.41
SRF Loan Payable - X109	0.00	3,541,174.66	3,541,174.66
<b>Total Water - Long Term Liabilities</b>	0.00	15,656,926.42	15,656,926.42
<b>Total Long Term Liabilities</b>	1,609,776.60	15,656,926.42	17,266,703.02
<b>Total Liabilities</b>	1,660,082.61	16,386,002.08	18,046,084.69
<b>Equity</b>			
<b>Sewer - Equity Accounts</b>			
Capital Assets Net	3,408,252.20	0.00	3,408,252.20
Fund Balance - Unrestricted	8,646,292.87	0.00	8,646,292.87
Retained Earnings	-305,680.39	0.00	-305,680.39
<b>Total Sewer - Equity Accounts</b>	11,748,864.68	0.00	11,748,864.68
<b>Water - Equity Accounts</b>			
Capital Assets Net	0.00	2,868,858.70	2,868,858.70
Restricted Debt Service	0.00	1,384,997.90	1,384,997.90
Unrestricted	0.00	-1,562,801.59	-1,562,801.59
Retained Earnings	0.00	305,680.39	305,680.39
<b>Total Water - Equity Accounts</b>	0.00	2,996,735.40	2,996,735.40
<b>Equity Adjustment Account</b>	1,359,086.37	2,793,857.13	4,152,943.50
<b>Net Income</b>	-1,035,182.06	-115,631.61	-1,150,813.67
<b>Total Equity</b>	12,072,768.99	5,674,960.92	17,747,729.91
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>13,732,851.60</b>	<b>22,060,963.00</b>	<b>35,793,814.60</b>



# MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **December 1, 2016**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

**SUBJECT: SAM Flow Report for October 2016**

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The Sewer Authority Mid-Coastside (SAM) has prepared the following attached reports for the SAM Board of Directors and the California Regional Water Quality Control Board:

- Flow Report for October 2016.
- Collection System Monthly Overflow Report – October 2016.

The Average Daily Flow for Montara was 0.239 MGD in October 2016. There was no reportable overflow in October in the Montara System. SAM indicates there were 4.64 inches of rain in October 2016.

## RECOMMENDATION:

Review and file.

Attachments

## Attachment A

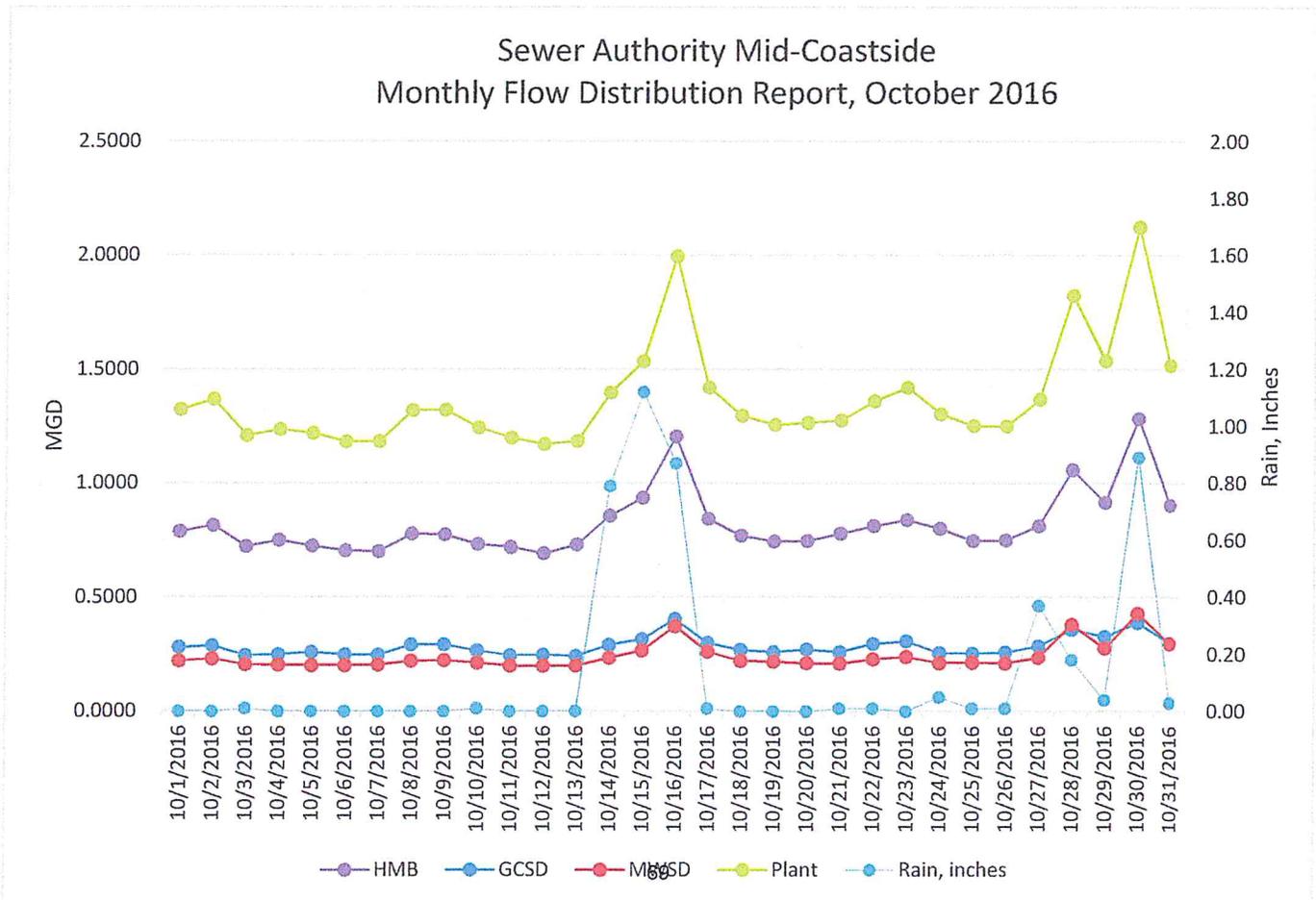
### Flow Distribution Report Summary For October 2016

The daily flow report figures for the month of October 2016 have been converted to an Average Daily Flow (ADF) for each Member Agency. The results are attached for your review.

\*Influent flow is calculated using the mid-plant flow meter less process water and trucked in waste

The summary of the ADF information is as follows:

	<u>MGD</u>	<u>%</u>
The City of Half Moon Bay	0.821	61.1%
Granada Community Services District	0.284	21.1%
Montara Water and Sanitary District	<u>0.239</u>	<u>17.8%</u>
<b>Total</b>	<b>1.344</b>	<b>100.0%</b>



# Sewer Authority Mid-Coastside

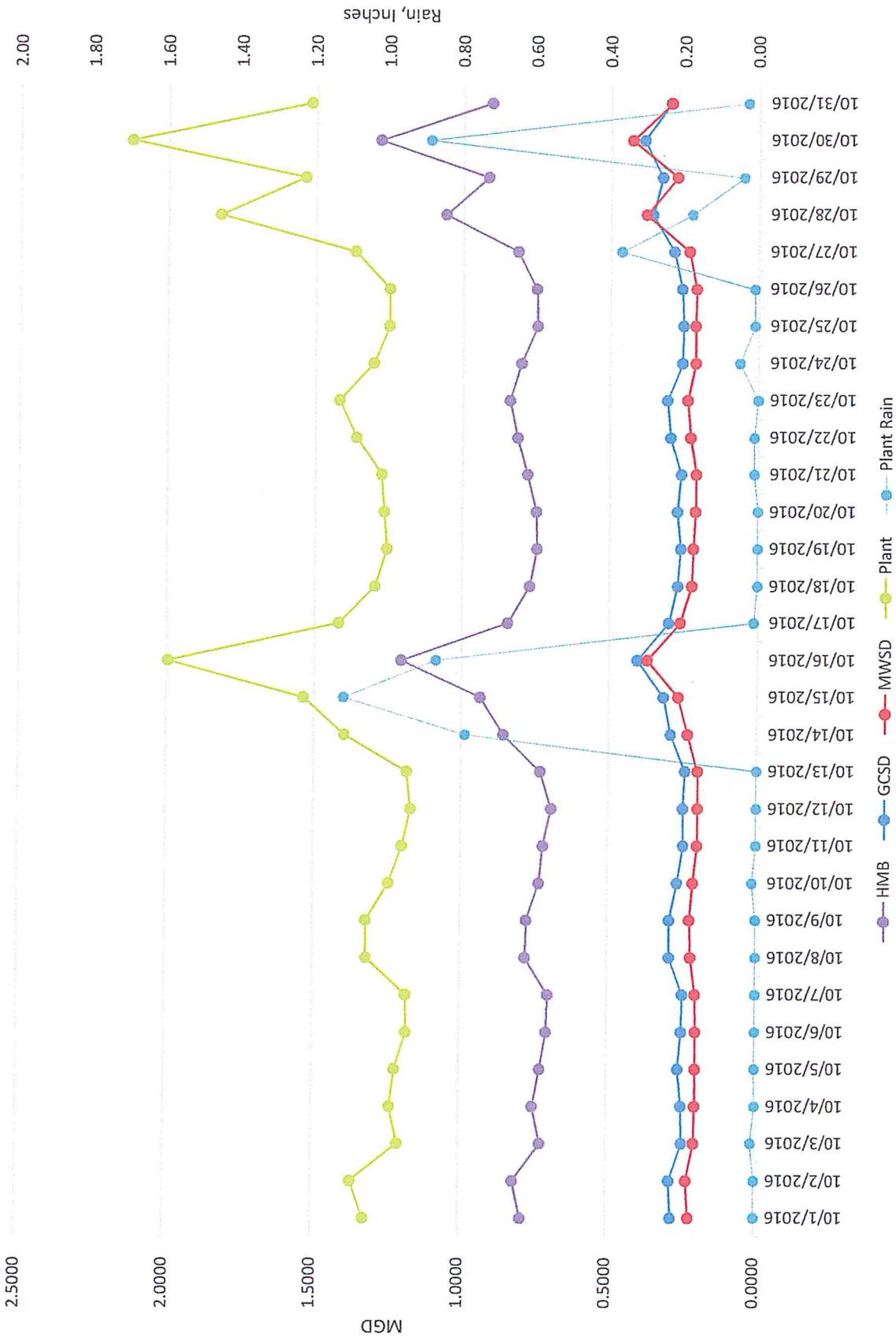
## Monthly Flow Distribution Report for October 2016

<u>Date</u>	<u>HMB</u>	<u>GCSD</u>	<u>MWSD</u>	<u>Plant</u>	<u>Rain Plant</u>	<u>Rain Portola</u>	<u>Rain Montara</u>
10/1/2016	0.7884	0.2805206	0.221	1.322	0.00	0.00	0.00
10/2/2016	0.8157	0.2875206	0.230	1.367	0.00	0.00	0.00
10/3/2016	0.7238	0.2455206	0.205	1.208	0.01	0.01	0.01
10/4/2016	0.7505	0.2485206	0.202	1.235	0.00	0.00	0.00
10/5/2016	0.7252	0.2595206	0.201	1.219	0.00	0.00	0.00
10/6/2016	0.7045	0.2485206	0.201	1.181	0.00	0.00	0.00
10/7/2016	0.7008	0.2465206	0.203	1.183	0.00	0.00	0.00
10/8/2016	0.7783	0.2915206	0.220	1.319	0.00	0.00	0.00
10/9/2016	0.7743	0.2915206	0.223	1.320	0.00	0.00	0.00
10/10/2016	0.7318	0.2655206	0.212	1.243	0.01	0.00	0.00
10/11/2016	0.7199	0.2455206	0.199	1.198	0.00	0.00	0.00
10/12/2016	0.6925	0.2475206	0.198	1.170	0.00	0.00	0.00
10/13/2016	0.7302	0.2415206	0.199	1.184	0.00	0.00	0.00
10/14/2016	0.8567	0.2905206	0.233	1.397	0.79	0.42	0.73
10/15/2016	0.9365	0.3155206	0.266	1.536	1.12	0.60	0.76
10/16/2016	1.2044	0.4045206	0.372	1.995	0.87	0.98	0.93
10/17/2016	0.8442	0.2995206	0.261	1.419	0.01	0.00	0.01
10/18/2016	0.7703	0.2695206	0.221	1.295	0.00	0.00	0.00
10/19/2016	0.7450	0.2595206	0.217	1.255	0.00	0.00	0.00
10/20/2016	0.7484	0.2715206	0.211	1.265	0.00	0.00	0.00
10/21/2016	0.7791	0.2595206	0.209	1.275	0.01	0.00	0.00
10/22/2016	0.8128	0.2955206	0.228	1.360	0.01	0.00	0.00
10/23/2016	0.8391	0.3075206	0.239	1.419	0.00	0.00	0.00
10/24/2016	0.8016	0.2565206	0.212	1.303	0.05	0.07	0.05
10/25/2016	0.7482	0.2545206	0.214	1.251	0.01	0.03	0.04
10/26/2016	0.7502	0.2585206	0.210	1.249	0.01	0.01	0.01
10/27/2016	0.8135	0.2855206	0.235	1.367	0.37	0.45	0.57
10/28/2016	1.0592	0.3595206	0.380	1.823	0.18	0.31	0.36
10/29/2016	0.9159	0.3275206	0.276	1.537	0.04	0.04	0.07
10/30/2016	1.2828	0.3875206	0.428	2.124	0.89	0.75	0.98
10/31/2016	0.9044	0.2985206	0.296	1.517	0.03	0.13	0.12
<b>Totals</b>	<b>25.448</b>	<b>8.801</b>	<b>7.422</b>	<b>42.536</b>	<b>4.41</b>	<b>3.80</b>	<b>4.64</b>

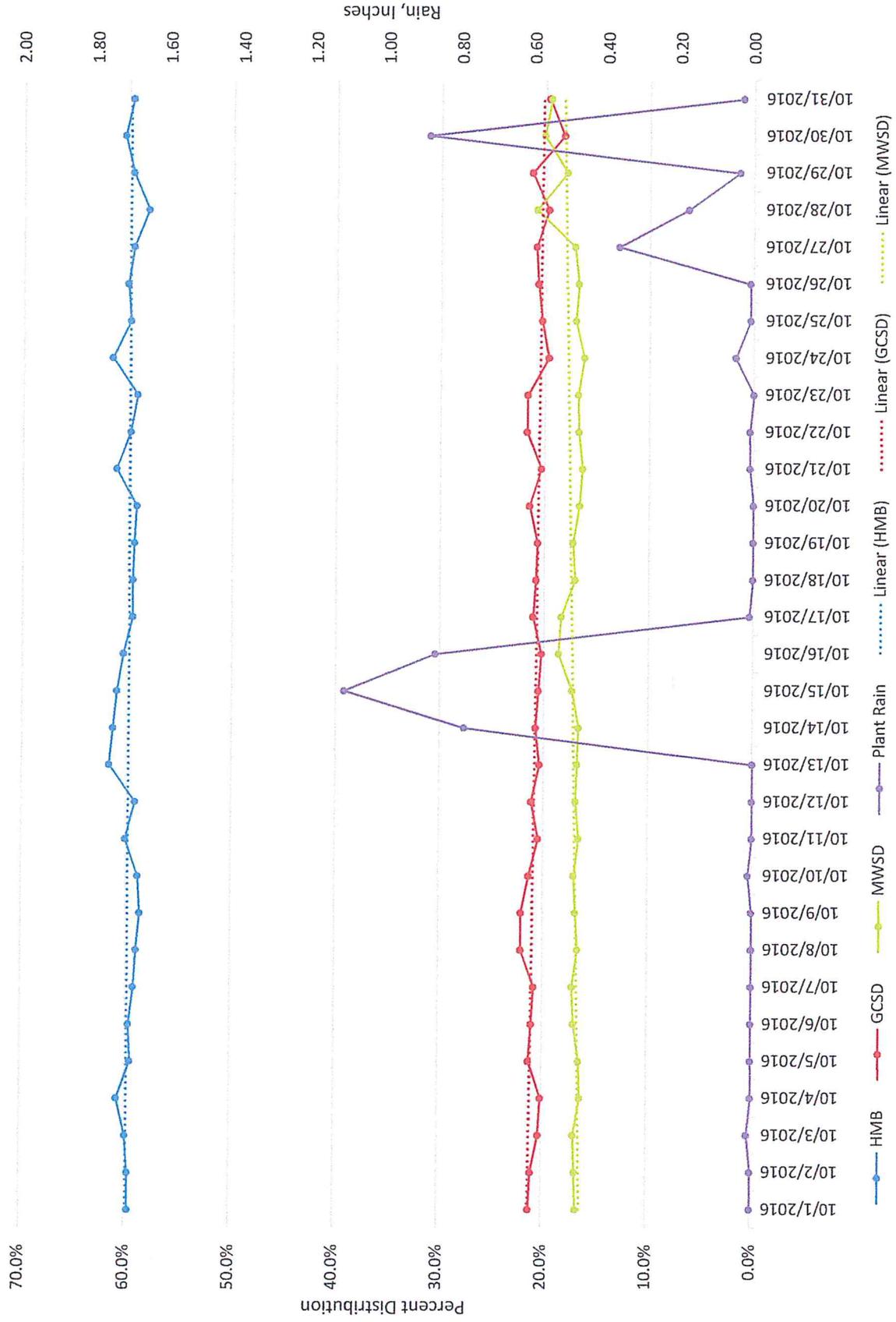
### Summary

	<u>HMB</u>	<u>GCSD</u>	<u>MWSD</u>	<u>Plant</u>
Minimum	0.692	0.242	0.198	1.170
<b>Average</b>	<b>0.821</b>	<b>0.284</b>	<b>0.239</b>	<b>1.344</b>
Maximum	1.283	0.405	0.428	2.124
<b>Distribution</b>	<b>61.1%</b>	<b>21.1%</b>	<b>17.8%</b>	<b>100.0%</b>

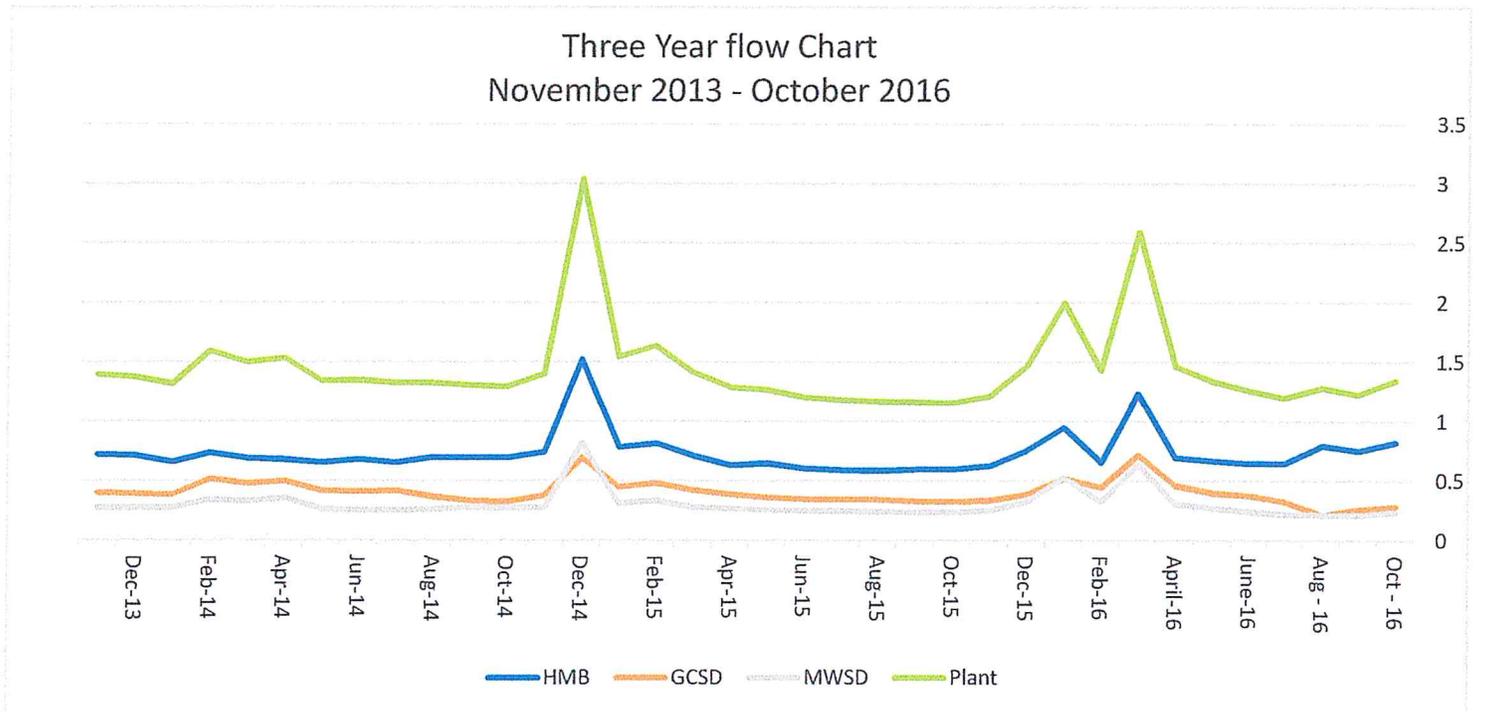
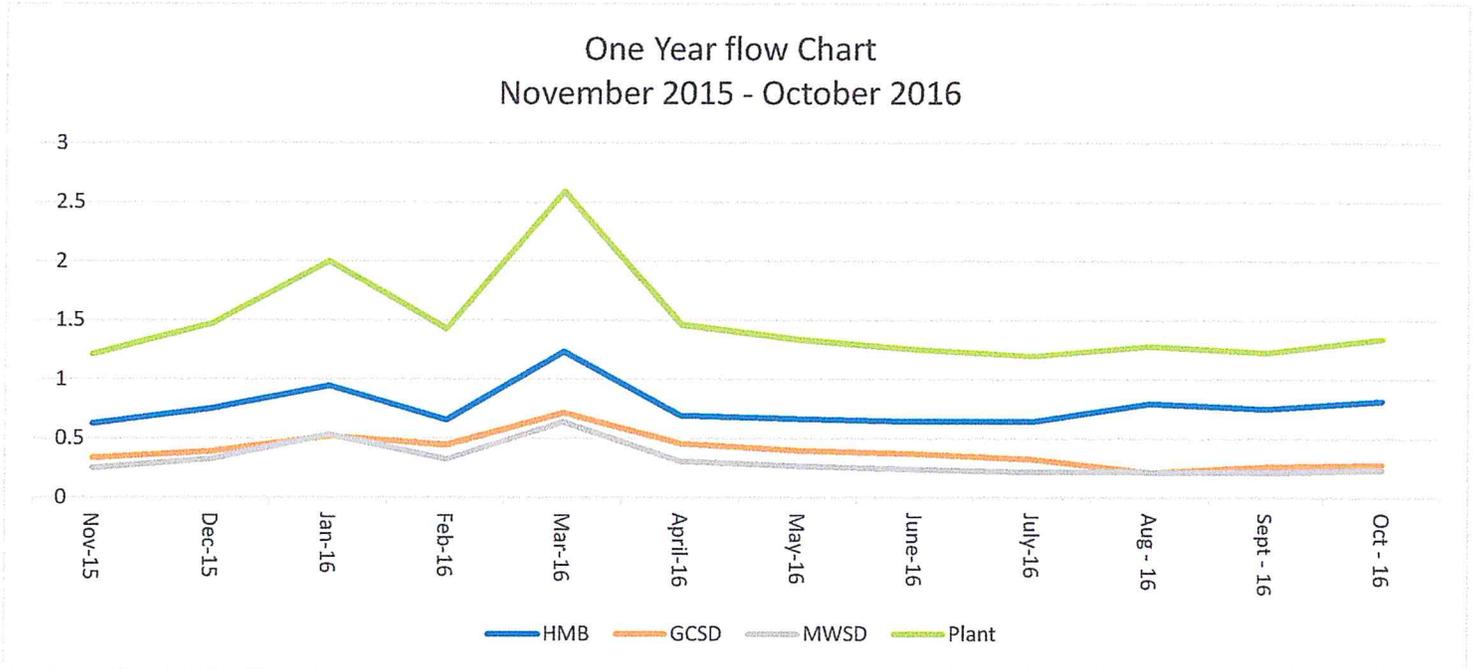
# Sewer Authority Mid-Coastside Monthly Flow Distribution Report, October 2016



# Percent Distribution October 2016



Most recent flow calibration June 2016



# Sewer Authority Mid-Coastside

Monthly Collection System Activity/SSO Distribution Report, October 2016

October 2016

	Total	Number of S.S.O.'s			SAM
		HMB	GCSD	MWSD	
Roots	1	0	0	0	1
Grease	0	0	0	0	0
Mechanical	0	0	0	0	0
Wet Weather	0	0	0	0	0
Other	0	0	0	0	0
<b>Total</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
					<b>100%</b>

### 12 Month Moving Total

	Total	12 month rolling Number			SAM
		HMB	GCSD	MWSD	
Roots	11	3	4	4	0
Grease	0	0	0	0	0
Mechanical	2	0	0	0	2
Wet Weather	0	0	0	0	0
Other	3	0	2	1	0
<b>Total</b>	<b>16</b>	<b>3</b>	<b>6</b>	<b>5</b>	<b>2</b>
		<b>19%</b>	<b>38%</b>	<b>31%</b>	<b>13%</b>

### Reportable SSOs

	Total	Reportable Number of S.S.O.'s			SAM
		HMB	GCSD	MWSD	
October 2016	1	0	0	0	1
<b>12 Month Moving Total</b>	<b>16</b>	<b>3</b>	<b>6</b>	<b>5</b>	<b>2</b>

### SSOs / Year / 100 Miles

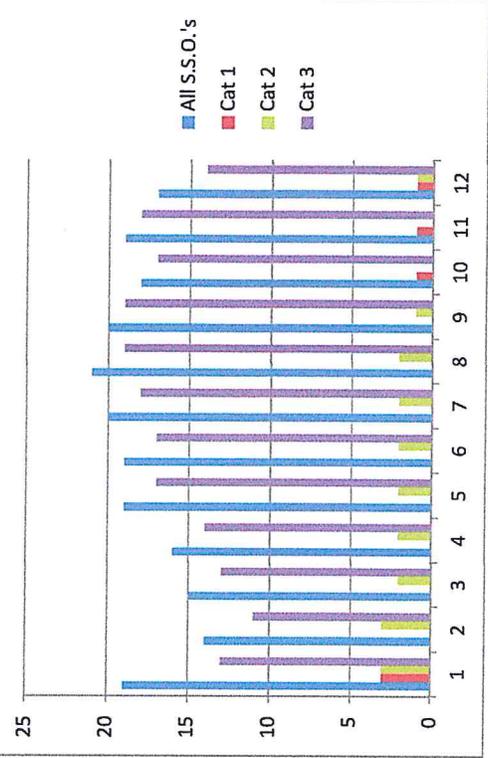
	Total	Number of S.S.O.'s / Year / 100 Miles			SAM
		HMB	GCSD	MWSD	
October 2016	1.0	0.0	0.0	0.0	13.7
<b>12 Month Moving Total</b>	<b>15.3</b>	<b>8.1</b>	<b>18.1</b>	<b>18.5</b>	<b>27.4</b>
Category 1	1.0	0.0	0.0	3.7	0.0
Category 2	1.0	0.0	0.0	0.0	13.7
Category 3	13.4	8.1	18.1	14.8	13.7
<b>Miles of Sewers</b>	<b>104.5</b>	<b>37.0</b>	<b>33.2</b>	<b>27.0</b>	<b>7.3</b>
		<b>35.4%</b>	<b>31.8%</b>	<b>25.8%</b>	<b>7.0%</b>

### 12 Month Rolling Total Sewer Cleaning Summary

Month	HMB	GCSD	MWSD	Total Feet	Total Miles
Nov-15	24,921	1,834	2,031	28,786	5.5
Dec-15	24,177	2,740	2,029	28,946	5.5
Jan-16	6,806	16,774	10,598	34,178	6.5
Feb-16	8,952	7,014	10,830	26,796	5.1
Mar-16	12,396	17,919	11,725	42,040	8.0
Apr-16	8,468	10,816	12,705	31,989	6.1
May-16	11,530	15,123	11,652	38,305	7.3
June-16	9,762	2,161	7,367	19,290	3.7
July-16	34,037	28,984	8,192	71,213	13.5
Aug-16	31,070	5,694	16,714	53,478	10.1
Sep - 16	13,228	35,432	11,406	60,066	11.4
Nov - 16	27,226	7,389	15,283	49,898	9.5
<b>Annual ft</b>	<b>212,573</b>	<b>151,880</b>	<b>120,532</b>	<b>484,985</b>	

<b>Annual Mi.</b>	<b>40.3</b>	<b>28.8</b>	<b>22.8</b>	<b>91.9</b>
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12 Month Moving SSO Totals Through September 2016





# MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: December 1, 2016

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

**SUBJECT: Review of Current Investment Portfolio**

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The District's Investment Policy and Guidelines requires that the Board review the status of the current investment portfolio. The following summarizes the status of these accounts:

- The District has most of its idle sewer funds deposited in the State of California's Local Agency Investment Fund (LAIF). The Monthly Average interest rate for October 2016 was 0.654.
- The District has one checking account with Wells Fargo Bank for Water and Sewer Funds that is largely backed by Federal securities.

## RECOMMENDATION:

District staff attempts to cash manage idle funds in LAIF as long as possible before transferring to the Wells Fargo checking accounts for disbursements.



# MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **December 1, 2016**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

**SUBJECT: Connection Permit Applications Received**

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As of December 1, 2016 the following new Sewer Connection Permit applications were received since the last report:

Date of Application	Property Owner	Site Address	Home Size

As of December 1, 2016 the following new Water (Private Fire Sprinkler) Connection Permit applications were received since the last report:

Date of Application	Property Owner	Site Address	Home Size
11/09/2016	Festejo	1060 Date Street	SFD

As of December 1, 2016 the following new Water Connection Permit applications were received since the last report:

Date of App.	Property Owner	Site Address	Home Size	Type of Connection
11/09/2016	Festejo	1060 Date Street	SFD	Domestic

**RECOMMENDATION:**

No action is required. This is for Board information only.



# MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: December 1st, 2016

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

A handwritten signature in black ink, appearing to be 'C Heldmaier', written in a cursive style.

**SUBJECT: Monthly Water Production Report**

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The attached two charts summarize the monthly water production for the District.

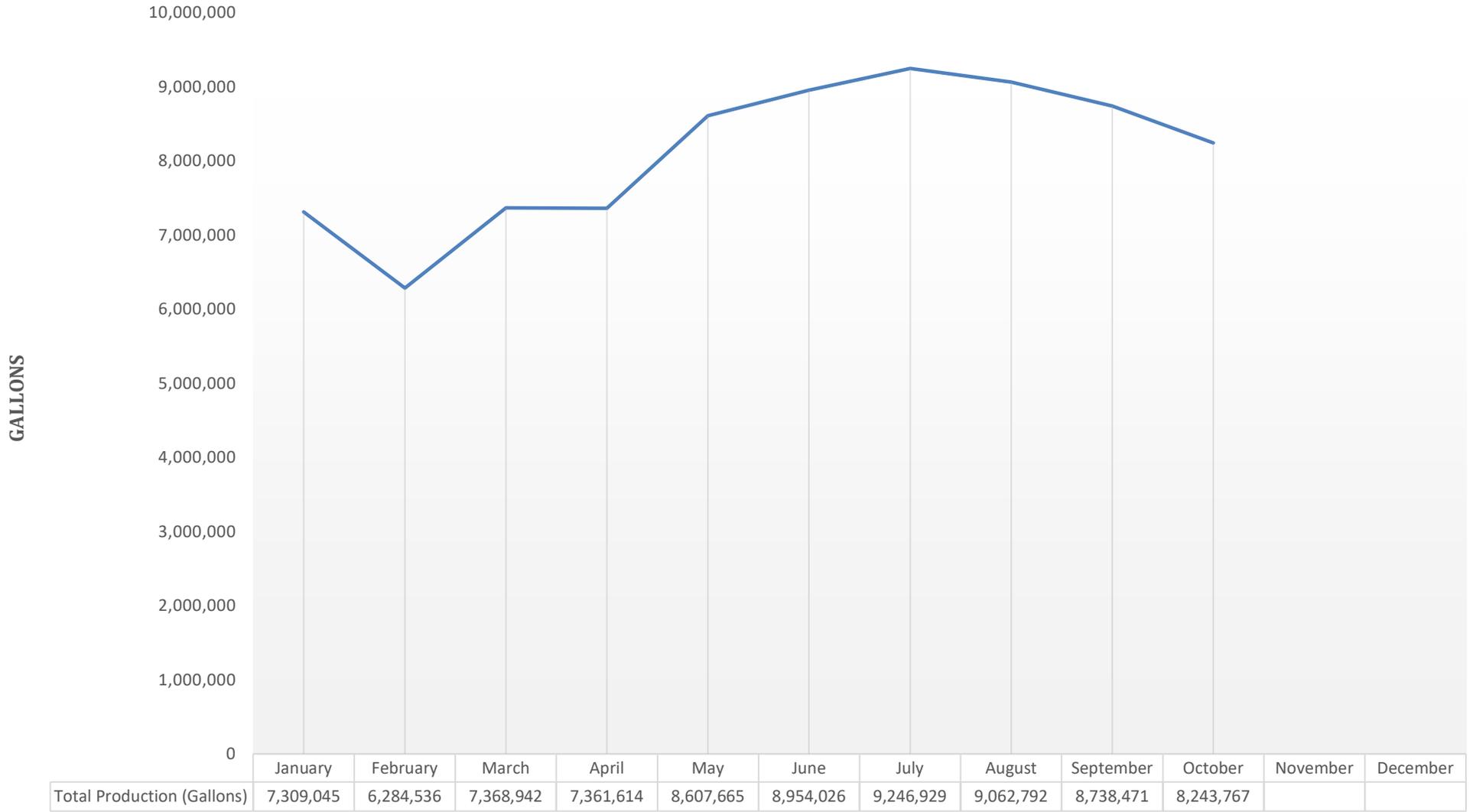
The first shows a consolidated from all sources by month. The second shows each water source the District uses, both wells and surface water. The production is shown in gallons of water produced.

## RECOMMENDATION:

No action is required. These reports are provided for the Board's information only.

Attachments: 2

# TOTAL PRODUCTION 2016 (Gallons)



MONTH





# MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting of: December 1st, 2016

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager 

**SUBJECT: Rain Report**

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The attached chart shows the monthly rainfall at Alta Vista Treatment Plant for the current and prior water years along with seven-year average rain fall.

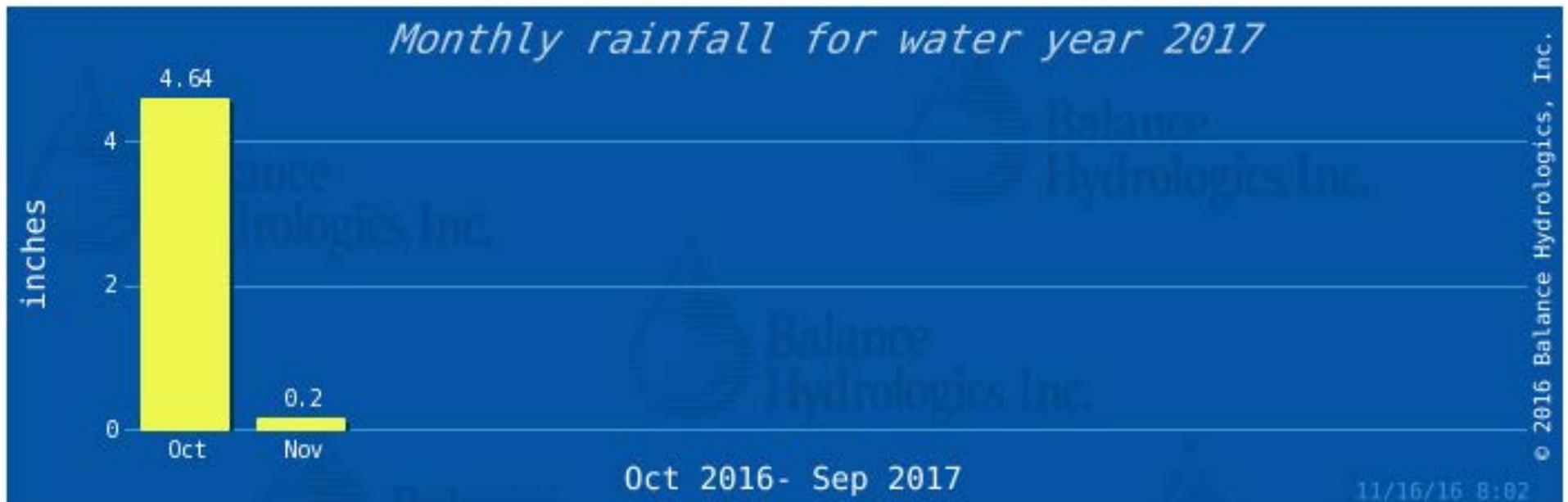
## RECOMMENDATION:

No action is required. These reports are provided for the Board's information only.

Attachments: 2



# Monthly Rainfall Report Oct 2016 – Sept 2017





# MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: December 1<sup>st</sup>, 2016

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

**SUBJECT: Monthly Solar Energy Report**

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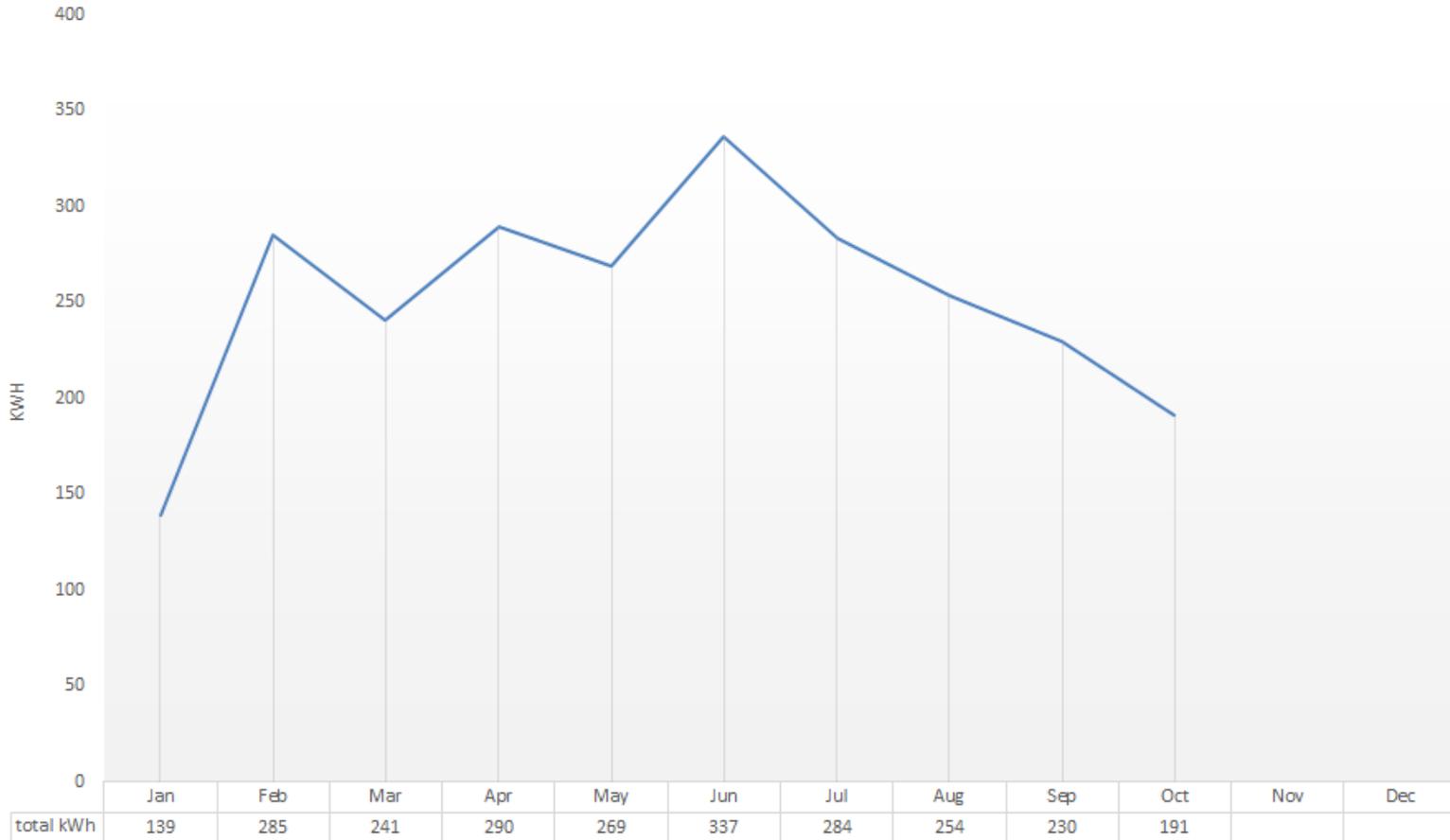
The attached chart summarizes the monthly solar production at the Alta Vista Array. Since the installation of the solar panels the District produced 38560 kWh and saved 65551 lbs of CO<sub>2</sub>.

## RECOMMENDATION:

No action is required. This information is provided for the Board's information only.

Attachments: 1

## SOLAR ENERGY PRODUCED IN 2016 (kWh)





# MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **December 1, 2016**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

**SUBJECT: Monthly Public Agency Retirement Service  
Report for August 2016.**

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The District has received the monthly PARS report for September 2016.

Contributions are calculated on a bi-weekly basis, and contributions are made on a monthly basis.

The following monthly reports are submitted as consent agenda items on a monthly basis.

RECOMMENDATION:

This is for Board information only.

Attachment

**MONTARA WATER & SANITARY DISTRICT**  
**PARS REP Program**

**Monthly Account Report for the Period**  
**9/1/2016 to 9/30/2016**

Clemens Heldmaier  
General Manager  
Montara Water & Sanitary District  
8888 Cabrillo Highway  
Montara, CA 94037

### Account Summary

Source	Beginning Balance as of 9/1/2016	Contributions	Earnings	Expenses	Distributions	Transfers	Ending Balance as of 9/30/2016
Employer Contribution	\$415,094.96	\$7,851.75	\$1,562.53	\$207.75	\$0.00	\$0.00	\$424,301.49
<b>Totals</b>	<b>\$415,094.96</b>	<b>\$7,851.75</b>	<b>\$1,562.53</b>	<b>\$207.75</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$424,301.49</b>

### Investment Selection

Capital Appreciation Index PLUS

### Investment Objective

The primary goal of the Capital Appreciation objective is growth of principal. The major portion of the assets are invested in equity securities and market fluctuations are expected.

### Investment Return

1-Month	3-Months	1-Year	Annualized Return			Plan's Inception Date
			3-Years	5-Years	10-Years	
0.37%	3.74%	-	-	-	-	3/8/2016

Information as provided by US Bank, Trustee for PARS; Not FDIC Insured; No Bank Guarantee; May Lose Value

Past performance does not guarantee future results. Performance returns may not reflect the deduction of applicable fees, which could reduce returns. Information is deemed reliable but may be subject to change.

Investment Return: Annualized rate of return is the return on an investment over a period other than one year multiplied or divided to give a comparable one-year return.

Account balances are inclusive of Trust Administration (unless invoiced), Trustee and Investment Management fees





# MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **December 1, 2016**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager 

**SUBJECT: Review and Possible Action Concerning Receipt  
of Audit for Fiscal Year 2015-16.**

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Vavrinek, Trine, Day & Co (VTD) completed the audit for the Fiscal Year ending on June 30, 2016.

Representatives with VTD and Peter Medina with Maze are available to present the audit document to the full Board.

After review of the audit, the Board should acknowledge receipt and file with County, State, Standard & Poor's, I-Bank and First Republic Bank.

## RECOMMENDATION:

Acknowledge receipt of the Annual Audit for the period ending June 30, 2016. Direct the General Manager to send a copy to the County of San Mateo, the State Controller, Standard & Poor's, post on the District webpage and to make copies on file available to the public.

Attachment



To the Board of Directors  
Montara Water and Sanitary District

We have audited the financial statements of the sewer and water enterprise funds of the Montara Water and Sanitary District for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Montara Water and Sanitary District are described in Note 1 to the financial statements. As described in Note 1, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, and GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, as of July 1, 2015. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Some of the more sensitive estimates are the depreciation calculation for which we have evaluated the useful life of various classes of depreciable assets in accordance with Montara Water and Sanitary District's policy and industry practice, and pension related liabilities, deferred inflows and outflows of resources and disclosures based on actuarial valuations of the net pension liability for the District's defined benefit pension plan administered by the Public Agency Retirement Services (PARS). Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were included in Note 8 relating to the District's pension plan administered by PARS. We evaluate the key factors and assumptions used to develop these disclosures in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### ***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated October 27, 2016.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Montara Water and Sanitary District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Montara Water and Sanitary District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### ***Other Matters***

We applied certain limited procedures to Management's Discussion and Analysis and Schedules of Contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

### ***Restriction on Use***

This information is intended solely for the use of the Board of Directors and management of Montara Water and Sanitary District and is not intended to be, and should not be, used by anyone other than these specified parties.

*Vavrinek, Trine, Day & Co., LLP.*

Pleasanton, California  
October 27, 2016



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors  
Montara Water and Sanitary District  
Montara, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Montara Water and Sanitary District, California (District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 27, 2016. Our report included an emphasis of a matter paragraph regarding the District's adoption of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application* and GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* as of July 1, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Varrinek, Trine, Day & Co., LLP.

Pleasanton, California  
October 27, 2016

**MONTARA WATER AND  
SANITARY DISTRICT**

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**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2016**

**WITH**

**INDEPENDENT AUDITORS' REPORT**

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# MONTARA WATER AND SANITARY DISTRICT

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**MONTARA WATER AND SANITARY DISTRICT**

**ELECTED OFFICIALS AND  
ADMINISTRATIVE PERSONNEL**

**JUNE 30, 2016**

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**BOARD OF DIRECTORS**

Scott Boyd  
Jim Harvey  
Kathryn Slater-Carter  
Dwight Wilson  
Bill Huber

**GENERAL MANAGER**

Clemens Heldmaier



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Montara Water and Sanitary District  
Montara, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the sewer and water enterprise funds of the Montara Water and Sanitary District (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the sewer and water enterprise funds of the Montara Water and Sanitary District as of June 30, 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, and GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective July 1, 2015. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of pension plan contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Varrinek, Trine, Day & Co., LLP.

Pleasanton, California

October 27, 2016

# **MONTARA WATER AND SANITARY DISTRICT**

## **MANAGEMENT’S DISCUSSION AND ANALYSIS**

**JUNE 30, 2016**

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Our discussion and analysis of the Montara Water and Sanitary District’s (District) financial performance provides an overview of the District’s financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the District financial statements and accompanying notes, which follow this section.

### **HIGHLIGHTS**

#### **District Financial Highlights**

- District-wide revenues decreased \$168,664 from the prior year going from \$6,272,011 to \$6,103,347.
- District-wide expenses increased \$590,245 over the prior year going from \$4,485,901 to \$5,076,146.
- The effect of the decrease in revenues and increase in expenses caused the District-wide change in net position to decrease \$758,909 from the prior year. In other words, the District-wide increase in net position for the year ended June 30, 2016 was \$1,027,201.

### **USING THIS ANNUAL REPORT**

This annual report consists of two parts: Management’s Discussion and Analysis, and Financial Statements. The Financial Statements also include notes that explain in more detail the information contained in those statements.

#### **Required Financial Statements**

District financial statements report information about the District using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all District assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). It also provides the basis for computing rate of return; evaluating the capital structure of the District; and assessing the liquidity and financial flexibility of the District. All of the current year’s revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the District operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about District cash receipts, cash disbursements and changes in cash resulting from operations, investing, and capital and non-capital financing activities. It provides answers to such questions as, “Where did the cash come from?”, “For what was the cash used?”, and “What was the change in cash balance during the reporting period?”

# MONTARA WATER AND SANITARY DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

### FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about District finances is whether or not the District's overall financial position has improved or deteriorated. The Statement of Net Position and the Statement of Revenues and Expenses and Changes in Net Position report information about District activities in a way that will help answer this question. These two statements report the net position of the District and changes. You can think of District net position, the difference between assets and liabilities, as one way to measure financial health or financial position. Over time, increases or decreases in District net position are one indicator of whether its financial health is improving or deteriorating. Other factors to consider include changes in economic conditions, population growth, and new or changed legislation.

#### Net Position Statement and Analysis

The District's total net position increased from \$17,871,344 to \$18,898,545 or \$1,027,201.

The following is the District's condensed statement of net position:

	Sewer		Water		Total	
	2016	2015	2016	2015	2016	2015
Current assets	\$ 7,766,177	\$ 6,299,335	\$ 1,651,481	\$ 1,485,320	\$ 9,417,658	\$ 7,784,655
Capital assets net of accumulated depreciation	4,776,817	5,041,217	19,134,771	18,427,785	23,911,588	23,469,002
Other long term assets	2,687,547	3,564,011	1,696,419	1,451,830	4,383,966	5,015,841
Total assets	15,230,541	14,904,563	22,482,671	21,364,935	37,713,212	36,269,498
Deferred outflows of resources	13,495	-	251,577	243,278	265,072	243,278
Total deferred outflow of resources	13,495	-	251,577	243,278	265,072	243,278
Current liabilities	210,305	214,934	1,405,504	1,410,810	1,615,809	1,625,744
Long-term liabilities	1,620,099	1,530,008	15,843,831	15,485,680	17,463,930	17,015,688
Total liabilities	1,830,404	1,744,942	17,249,335	16,896,490	19,079,739	18,641,432
Net position						
Net investment in capital assets	3,253,238	3,452,611	2,408,708	3,084,367	5,661,946	6,536,978
Restricted for debt service	-	-	1,488,309	1,384,998	1,488,309	1,384,998
Unrestricted	10,160,394	9,707,010	1,587,896	242,358	11,748,290	9,949,368
Total net position	\$ 13,413,632	\$ 13,159,621	\$ 5,484,913	\$ 4,711,723	\$ 18,898,545	\$ 17,871,344

#### Revenues, Expenses and Changes in Net Position

For the fiscal year ended June 30, 2016 the sewer system generated operating revenue of \$2,087,771 and operating expenses of \$2,263,835 for a net operating loss of \$176,064. This is a decrease from prior year's net operating income of \$316,798 by \$492,862. Whereas operating revenue decreased 7.0%, system maintenance and repairs expense increased by \$212,465 or 20.0%. This increase in expense is mainly due to the approximately \$334,000 increase in operating costs associated with running the Sewer Authority Mid Coastside (SAM) system.

The Sewer Funds non-operating activities revenues, consisting of property taxes, investment income, connection fees, and revenue from the lease of the cell phone tower, experienced an increase of \$50,097.

# MONTARA WATER AND SANITARY DISTRICT

## MANAGEMENT’S DISCUSSION AND ANALYSIS

**JUNE 30, 2016**

For the fiscal year ended June 30, 2016 the water system generated operating revenue of \$1,821,688 and operating expenses of \$2,368,650 for a net operating loss of \$546,962. This is an increase from prior year’s net operating loss of \$453,106 by \$93,856. For the fiscal year ended June 30, 2016 operating revenue increased 7.2% and system maintenance and repairs expense increased by \$115,965. This increase in expense is due to increases in pumping, collections, and treatment line items.

The Water Funds non-operating activities revenues, consisting of property taxes, investment income, connection fees and revenue from the lease of the cell phone tower, experienced a decrease of \$183,331. The District receives property tax revenue which was imposed specifically for the payment of the General Obligation Bonds approved by the District rate payers.

Connection fees for the Sewer Fund decreased from \$166,355 to \$100,597 or approximately 39.5% whereas the connection fees for the Water Fund decreased from \$172,492 to \$139,419 or approximately 19.2%. These funds are used to off-set capital needs for existing customers. This amount is expected to rise in the upcoming years as the moratorium on connections for residents within the District’s service area has been repealed.

The following is the District’s condensed statement of revenues, expenses, and changes in net position:

	Sewer		Water		Total	
	2016	2015	2016	2015	2016	2015
Operating revenues	\$ 2,087,771	\$ 2,245,898	\$ 1,821,688	\$ 1,698,991	\$ 3,909,459	\$ 3,944,889
Tax revenues	325,926	213,850	1,541,867	1,689,974	1,867,793	1,903,824
Interest and investment income	19,079	16,008	-	-	19,079	16,008
Connection fees and other non operating revenues	134,097	199,147	172,919	208,143	307,016	407,290
Total revenues	<u>2,566,873</u>	<u>2,674,903</u>	<u>3,536,474</u>	<u>3,597,108</u>	<u>6,103,347</u>	<u>6,272,011</u>
Operating expenses	2,263,835	1,929,100	2,368,650	2,152,097	4,632,485	4,081,197
Non-operating expenses	49,027	48,312	394,634	356,392	443,661	404,704
Total expenses	<u>2,312,862</u>	<u>1,977,412</u>	<u>2,763,284</u>	<u>2,508,489</u>	<u>5,076,146</u>	<u>4,485,901</u>
Change in fund net position	254,011	697,491	773,190	1,088,619	1,027,201	1,786,110
Fund net position - beginning of year	<u>13,159,621</u>	<u>12,462,130</u>	<u>4,711,723</u>	<u>3,623,104</u>	<u>17,871,344</u>	<u>16,085,234</u>
Fund net position - end of year	<u>\$ 13,413,632</u>	<u>\$ 13,159,621</u>	<u>\$ 5,484,913</u>	<u>\$ 4,711,723</u>	<u>\$ 18,898,545</u>	<u>\$ 17,871,344</u>

**MONTARA WATER AND SANITARY DISTRICT**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2016**

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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2016, the District had \$23,911,588 (net of accumulated depreciation) invested in a variety of capital assets.

The assets include: land; sanitary sewer collection system subsurface lines and pump stations; water supply wells; surface water diversion and storage tank; water treatment plant; treated water storage tanks; water distribution system subsurface lines, valves, hydrants, and pumps; administration building; and vehicles. The District’s capital assets balance as of June 30, 2016, increased by \$442,586 or 1.9 percent over the prior year. This is due to capitalized expenses in regards to the District’s Water facilities plant and other capital improvements reduced by current year depreciation expense.

Major capital assets events during the fiscal year included the following:

- Capital improvements to the water system
- Sewer pipeline replacement

The following summarizes District capital assets for fiscal year ended June 30, 2016:

Category	Audited Balance June 30, 2015	Additions	Deletions	Transfers	Audited Balance June 30, 2016
Land & easement	\$ 739,500	\$ -	\$ -	\$ -	\$ 739,500
Sewage collection facilities	5,341,536	-	-	-	5,341,536
Sewage treatment facilities	244,540	-	-	-	244,540
General plant & administration facilities	2,090,558	243,666	-	-	2,334,224
Seal Cove collection system	995,505	-	-	-	995,505
Other capital improvements	4,357,566	-	-	-	4,357,566
Water facilities plant	24,126,549	1,588,835	-	-	25,715,384
Water general plant	174,309	-	-	-	174,309
Surface water rights	300,000	-	-	-	300,000
Total	38,370,063	1,832,501	-	-	40,202,564
Accumulated depreciation	14,901,061	1,389,915	-	-	16,290,976
Property, plant & equipment, net	\$ 23,469,002	\$ 442,586	\$ -	\$ -	\$ 23,911,588

Additional information on capital assets can be found in notes #1F and #4to the financial statements of this report.

**Long Term Obligations**

On April 18, 2012, the District issued General Obligation Bonds Series 2012 in the amount of \$15,635,000. The bonds were issued to fully refund the General Obligation Bonds Series 2003 and to finance improvements to the District’s water system.

# MONTARA WATER AND SANITARY DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

The District entered into a capital lease for approximately \$1.8 million in October of 2006, to finance the acquisition of capital assets for the water operations. The financing was originally provided by Citibank at a rate of 4.56 percent for a 20 year term and is now held by PNC Equipment Finance (PNCEF). Effective March 15, 2013, the District refinanced the capital lease with PNCEF at a rate of 2.95 percent.

On July 10, 2012, the District entered into an agreement with the State of California Department of Health under the Safe Drinking Water State Revolving Fund Law of 1947. This agreement constitutes funding in the form of a loan and a grant made by the State to the District. The purpose of the funding is to assist in financing the cost of studies, planning and other preliminary activities for a project which will enable the District to meet safe drinking water standards.

The following is a summary of long term obligations activity for the year:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long Term Portion
General Obligation Bonds, 2012 Series	\$13,169,293	\$ -	\$ 835,090	\$12,334,203	\$ 854,702	\$11,479,501
2012 GO Bonds Discount	(62,520)	-	(4,886)	(57,634)	(4,886)	(52,748)
PNCEF Lease Obligation	1,444,284	-	76,972	1,367,312	85,454	1,281,858
CIEDB loan	866,464	-	26,543	839,921	27,350	812,571
SRF Loan	1,757,781	2,451,510	218,695	3,990,596	239,315	3,751,281
Totals	<u>\$17,175,302</u>	<u>\$ 2,451,510</u>	<u>\$ 1,152,414</u>	<u>\$18,474,398</u>	<u>\$ 1,201,935</u>	<u>\$17,272,463</u>

Additional information on the long term obligations can be found in Note #6 of the notes to the financial statements of this report.

### ECONOMIC FACTORS, RATES, AND BUDGETARY CONTROL

The District is a California Special District including a sewer and water enterprise fund. As a Special District, charges to customers are made only to those who receive services. The District is not typically subject to general economic conditions such as increases or declines in property tax values or other types of revenues that vary with economic conditions such as sales taxes. However, it does receive property tax which is dependent on property tax valuations. Accordingly, the District sets its rates to its users to cover the costs of operation, maintenance and recurring capital replacement and debt financed capital improvements, plus any increments for known or anticipated changes in program costs.

The District and its Board adopt an annual budget to serve as its approved financial plan. The Board sets all fees and charges required to fund the District's operations and capital programs. The budget is used as a key control device (1) to ensure Board approval for amounts set for operations and capital projects, (2) to monitor expenses and project progress and (3) as compliance that approved spending levels have not been exceeded. All operating activities and capital activities of the District are included within the approved budget. The budget and capital expenditures are within the Gann limits established by State law.

# **MONTARA WATER AND SANITARY DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2016**

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### **REQUEST FOR INFORMATION**

This financial report is designed to provide our customers and creditors with a general over view of District finances, and demonstrate District accountability for the money it receives. If you have any questions about this report, or need additional financial information, contact the General Manager at 8888 Cabrillo Highway, Montara, CA 94037 or (650) 728-3545.

# MONTARA WATER AND SANITARY DISTRICT

## STATEMENT OF NET POSITION AS OF JUNE 30, 2016

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	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 7,675,320	\$ 1,185,118	\$ 8,860,438
Accounts receivable	90,857	423,707	514,564
Inventory	-	42,656	42,656
	<u>7,766,177</u>	<u>1,651,481</u>	<u>9,417,658</u>
Total current assets			
Non-current assets:			
Capital assets:			
Property, plant and equipment	12,170,972	28,031,592	40,202,564
Less accumulated depreciation	<u>7,394,155</u>	<u>8,896,821</u>	<u>16,290,976</u>
	<u>4,776,817</u>	<u>19,134,771</u>	<u>23,911,588</u>
Total capital assets			
Other assets:			
Prepaid expenses	-	61,691	61,691
Restricted cash and cash equivalents	-	1,488,309	1,488,309
Interfund advances - Due from sewer fund	-	146,419	146,419
Investment in joint powers authorities - capacity rights	<u>2,687,547</u>	<u>-</u>	<u>2,687,547</u>
	<u>2,687,547</u>	<u>1,696,419</u>	<u>4,383,966</u>
Total other assets			
	<u>7,464,364</u>	<u>20,831,190</u>	<u>28,295,554</u>
Total non-current assets			
	<u>15,230,541</u>	<u>22,482,671</u>	<u>37,713,212</u>
Total assets			
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	-	224,756	224,756
Deferred amounts related to pensions	<u>13,495</u>	<u>26,821</u>	<u>40,316</u>
Total deferred outflows of resources	<u>13,495</u>	<u>251,577</u>	<u>265,072</u>

*(Continued)*

The accompanying notes are an integral part of these financial statements.

**MONTARA WATER AND SANITARY DISTRICT**

**STATEMENT OF NET POSITION (CONTINUED)  
AS OF JUNE 30, 2016**

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	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	120,325	132,462	252,787
Accrued expenses	1,477	4,911	6,388
Interest payable	11,514	125,553	137,067
Accrued compensated absences	6,912	10,720	17,632
Current portion of long-term obligations	<u>70,077</u>	<u>1,131,858</u>	<u>1,201,935</u>
Total current liabilities	<u>210,305</u>	<u>1,405,504</u>	<u>1,615,809</u>
Long term liabilities:			
Accrued compensated absences	9,854	9,969	19,823
General obligation bonds, less current portion	-	11,426,755	11,426,755
Other long term obligations, less current portion	1,453,502	4,392,206	5,845,708
Interfund advances - Due to water fund	146,419	-	146,419
Deposits	<u>10,324</u>	<u>14,901</u>	<u>25,225</u>
Total long term liabilities	<u>1,620,099</u>	<u>15,843,831</u>	<u>17,463,930</u>
Total liabilities	<u>1,830,404</u>	<u>17,249,335</u>	<u>19,079,739</u>
<b>NET POSITION</b>			
Net investments in capital assets	3,253,238	2,408,708	5,661,946
Restricted for debt service	-	1,488,309	1,488,309
Unrestricted	<u>10,160,394</u>	<u>1,587,896</u>	<u>11,748,290</u>
Total net position	<u>\$ 13,413,632</u>	<u>\$ 5,484,913</u>	<u>\$ 18,898,545</u>

The accompanying notes are an integral part of these financial statements.

# MONTARA WATER AND SANITARY DISTRICT

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2016

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	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
OPERATING REVENUES			
Sales and service charges	\$ 2,087,771	\$ 1,821,688	\$ 3,909,459
OPERATING EXPENSES			
General and administrative	455,168	952,267	1,407,435
System maintenance and repairs	1,300,600	534,535	1,835,135
Depreciation	508,067	881,848	1,389,915
Total operating expenses	<u>2,263,835</u>	<u>2,368,650</u>	<u>4,632,485</u>
OPERATING INCOME (LOSS)	<u>(176,064)</u>	<u>(546,962)</u>	<u>(723,026)</u>
NONOPERATING REVENUES (EXPENSE)			
Taxes - District share of one percent	325,926	325,926	651,852
Taxes - Ad valorem for general obligation bonds	-	1,215,941	1,215,941
Investment income	19,079	-	19,079
Interest expense	(49,027)	(388,616)	(437,643)
Other revenues	33,500	33,500	67,000
Other expenses	-	(6,018)	(6,018)
Total non-operating revenues (expenses)	<u>329,478</u>	<u>1,180,733</u>	<u>1,510,211</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	153,414	633,771	787,185
Capital contributions - connection fees	<u>100,597</u>	<u>139,419</u>	<u>240,016</u>
Changes in net position	254,011	773,190	1,027,201
NET POSITION, BEGINNING OF YEAR	<u>13,159,621</u>	<u>4,711,723</u>	<u>17,871,344</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ 13,413,632</u>	<u>\$ 5,484,913</u>	<u>\$ 18,898,545</u>

The accompanying notes are an integral part of these financial statements.

# MONTARA WATER AND SANITARY DISTRICT

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2016

	Sewer	Water	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers and users	\$ 2,092,707	\$ 1,748,235	\$ 3,840,942
Payments to suppliers - other	(1,312,917)	(721,648)	(2,034,565)
Payments to employees	(456,146)	(987,237)	(1,443,383)
Net cash provided by operating activities	<u>323,644</u>	<u>39,350</u>	<u>362,994</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Property taxes collected	325,926	325,928	651,854
Principal paid on long term debt	(65,027)	(1,092,273)	(1,157,300)
Proceeds from long term debt	-	2,451,510	2,451,510
Payments on loans receivable	93,771	-	93,771
Interest paid on long term debt	(49,412)	(372,967)	(422,379)
Acquisition and construction of capital assets	(243,667)	(1,588,836)	(1,832,503)
Interfund advances	949,804	(949,804)	-
Connection fees and other non operating revenue collected	134,097	1,382,842	1,516,939
Net cash provided (used) by capital and related financing activities	<u>1,145,492</u>	<u>156,400</u>	<u>1,301,892</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Investment income	19,079	-	19,079
Net cash provided by investing activities	<u>19,079</u>	<u>-</u>	<u>19,079</u>
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	1,488,215	195,750	1,683,965
Cash and investments, July 1	6,187,105	2,477,677	8,664,782
Cash and investments, June 30	<u>\$ 7,675,320</u>	<u>\$ 2,673,427</u>	<u>\$ 10,348,747</u>
<b>AMOUNTS AS THEY APPEAR ON THE STATEMENT OF NET POSITION:</b>			
Cash and cash equivalents	\$ 7,675,320	\$ 1,185,118	\$ 8,860,438
Restricted cash and cash equivalents	-	1,488,309	1,488,309
	<u>\$ 7,675,320</u>	<u>\$ 2,673,427</u>	<u>\$ 10,348,747</u>

*(Continued)*

The accompanying notes are an integral part of these financial statements.

# MONTARA WATER AND SANITARY DISTRICT

## STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2016

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	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (176,064)	\$ (546,962)	\$ (723,026)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	508,067	881,848	1,389,915
Accounts and notes receivable	681	(73,722)	(73,041)
Accounts payable	(12,317)	(192,254)	(204,571)
Deposits and prepaid expenses	4,255	5,410	9,665
Pension related amounts	(13,495)	(26,821)	(40,316)
Compensated absences	12,517	(8,149)	4,368
Total adjustments	<u>499,708</u>	<u>586,312</u>	<u>1,086,020</u>
Net cash provided by operating activities	<u>\$ 323,644</u>	<u>\$ 39,350</u>	<u>\$ 362,994</u>

The accompanying notes are an integral part of these financial statements.

# MONTARA WATER AND SANITARY DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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### ***NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

#### A. General

Montara Water and Sanitary District (the District), a governmental entity legally constituted as a special district under California law, is located on the coast in northwestern San Mateo County. The District was formed in 1958 to provide sanitary sewer services and franchise solid waste collection for the unincorporated areas known as Montara and Moss Beach. On May 2003 an agreement to acquire Cal-Am Montara Water District was reached with operations beginning as of August 1, 2003.

#### B. Basis of Accounting

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

An enterprise fund is used to account for activities similar to those in the private sector, where the proper matching of revenues and costs is important and the full accrual basis of accounting is required. With this measurement focus, all assets and all liabilities of the enterprise are recorded on its statement of net position, and under the full accrual basis of accounting, all revenues are recognized when earned and all expenses, including depreciation, are recognized when incurred.

A major fund is a fund whose revenues, expenditures/expenses, assets or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all funds, or that management deems significant.

The District reports the following major Proprietary Funds:

Water Enterprise – This enterprise accounts for the operation, maintenance and capital improvement projects of the water system which is funded by user charges and other fees.

Sewer Enterprise – This enterprise accounts for the operation, maintenance and capital improvement projects of the sewer system. These activities are funded by user charges and other fees.

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

#### C. Measurement Focus

Enterprise funds are accounted for on a cost of services or *economic resources* measurement focus, which means that all assets and all liabilities associated with their activities are included on their statement of net position. Enterprise fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

# MONTARA WATER AND SANITARY DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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### *NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for services. Operating expenses for the District include the cost of goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### D. Investment in the State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California government code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in the Pool is reported in the accompanying financial statement at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis.

#### E. Inventory

Inventory is held for consumption and is recorded at cost using the first-in-first-out (FIFO) basis.

#### F. Capital Assets

Capital assets, which include property, plant, and equipment are recorded at historical costs or estimated historical cost, if actual cost is not available. Contributed assets are recorded at estimated fair value on the date of contribution.

The District defines capital assets as assets with an initial, individual cost of \$2,500 and an estimated useful life in excess of one year.

Depreciation is computed by the straight-line method based on the estimated useful lives of related asset classifications of 3 to 50 years of assets.

#### G. Cash Flows Defined

For purpose of the statement of cash flows the District defines cash and cash equivalents to include all cash in deposit accounts, highly liquid investments, and cash on hand.

#### H. Accounts Receivable

The District bills its water consumption and sewer usage on a cycle billing method. Cycle billing results in an amount of services rendered but not yet billed at year-end. The District has recorded this revenue by estimating the unbilled amount. The estimate was calculated by using the billing subsequent to the balance sheet date (June 30) and calculating the amount of service provided prior to June 30. This calculated amount is included in accounts receivable.

# MONTARA WATER AND SANITARY DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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### *NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*

The delinquent water and sewer charges for services and facilities furnished by the District's water and sewage system, and all the penalties or delinquent charges accrued thereon shall constitute a lien upon the real property served. The District is allowed to place such charges and fees on the property tax rolls annually as of July 1.

#### I. Accrued Compensated Absences

The liability for vested vacation pay is calculated and accrued on an annual basis. The amount is computed using current employee accumulated vacation hours at current pay rates.

#### J. Budgets and Budgetary Accounting

Budgets are prepared on a basis consistent with generally accepted accounting principles. A general budget is adopted annually by the Board of Directors which includes operations, maintenance, and administration.

#### K. Property Taxes

Secured property taxes attach an enforceable lien on property as of March 1. Taxes are payable in two installments due November 15 and March 15. Unsecured property taxes, if any, are payable in one installment on or before August 15. The County of San Mateo bills and collects the taxes for the District. Tax revenues are recognized by the District when received. The sewer service charges are included in secured property tax bills.

#### L. Contract Services

The District contracted out the operation and maintenance of its sewer facilities to the Sewer Authority Mid-Coastside (SAM).

#### M. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### N. Deferred Outflows and Inflows of Resources

Deferred outflows of resources are a consumption of net position that is applicable to a future reporting period and deferred inflows of resources are in acquisition of net position that is applicable to a future reporting period. A deferred outflows of resources has a positive effect on net position, similar to assets, and a deferred inflows of resources has a negative effect on net position, similar to liabilities. The District has two items that qualify for reporting in as deferred outflows of resources: the deferred outflows on pension contributions and the deferred charges on debt refunding.

# MONTARA WATER AND SANITARY DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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### **NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### O. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Public Agency Retirement Services (PARS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### P. Subsequent Events

Management has considered subsequent events through October 27, 2016, the date which the financial statements were available to be issued.

#### Q. New Accounting Pronouncements

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. These disclosures should be organized by type of asset or liability reported at fair value. It also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent). The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. This statement was implemented by the District as of July 1, 2015.

GASB Statement No. 76 – In June 2015, GASB issues Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). This statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement is effective for reporting periods beginning after June 15, 2015. This statement was implemented by the District as of July 1, 2015.

#### R. Future Accounting Pronouncements

GASB Statement No. 73 – In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The provisions in statement 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. The District has not determined its effect on the financial statements.

# MONTARA WATER AND SANITARY DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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### **NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

GASB Statement No. 74 – In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement No. 74 replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, statement 43, and statement No. 50, *Pension Disclosures*. The provisions in statement 74 are effective for fiscal years beginning after June 15, 2016. The District has not determined its effect on the financial statements.

GASB Statement No. 75 - In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. The District has not determined its effect on the financial statements.

GASB Statement No. 77 - In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients,
- The gross dollar amount of taxes abated during the period,
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. The District has not determined its effect on the financial statements.

# MONTARA WATER AND SANITARY DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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### **NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

GASB Statement No. 78 - In December 2015, the GASB issued Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. Prior to the issuance of this Statement, the requirements of Statement No. 68 applied to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of that Statement.

This Statement amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. The District has not determined its effect on the financial statements.

GASB Statement No. 79 - In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended. If an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. If an external investment pool does not meet the criteria in this Statement, the pool's participants should measure their investments in that pool at fair value, as provided in paragraph 11 of Statement No. 31, as amended.

# MONTARA WATER AND SANITARY DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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### **NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The District has not determined its effect on the financial statements.

GASB Statement No. 80 - In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units - amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The District has not determined its effect on the financial statements.

GASB Statement No. 81 - In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. The District has not determined its effect on the financial statements.

GASB Statement No. 82 - In March 2016, the GASB issued Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

**MONTARA WATER AND SANITARY DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2016**

**NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The District has not determined its effect on the financial statements.

**NOTE #2 - CASH AND INVESTMENTS**

**A. Cash and Investment Summary**

The following is a summary of the cash and investments as of June 30, 2016:

Cash Deposits	\$ 6,060,131
Investments (Local Agency Investment Fund)	4,288,616
	<u>\$ 10,348,747</u>
Restricted cash and cash equivalents	\$ 1,488,309
Unrestricted cash and cash equivalents	8,860,438
	<u>\$ 10,348,747</u>

**B. General Authorizations**

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
U.S. Agency Obligations	5 years	None	None
U.S. Treasury Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Certificate of Deposit	N/A	30%	None

**C. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by depositing the majority of its funds with the State Local Agency Investment Fund, which is short term investment.

# MONTARA WATER AND SANITARY DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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### NOTE #2 - CASH AND INVESTMENTS (Continued)

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Average Maturity</u>
LAIF	<u>\$ 4,288,616</u>	167 days

#### D. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measure by the assignment of a rating by a nationally recognized statistical rating organization. LAIF doesn't have a credit rating.

#### E. Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. It is the District's policy that all securities are evidenced by specific identifiable pieces of paper called *securities instruments*, or by electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to maximize security, the District employs the Trust Department of a bank as the custodian of its investments with the U.S. Government or its agencies, regardless of their form.

*Investment in the State Investment Pool* – the District is a voluntary participant in the LAIF that is regulated by California government code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in the Pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis.

### NOTE 3 - FAIR VALUE MEASUREMENTS

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

**MONTARA WATER AND SANITARY DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2016**

**NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)**

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Local Agency Investment Funds/State Investment Pools are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The District's fair value measurements are as follows at June 30, 2016:

Investment Type	Fair Value	Fair Value Measurement Using			Uncategorized
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
State Investment Pool	\$ 4,288,616	\$ -	\$ -	\$ -	\$ 4,288,616

All assets have been valued using a market approach, with quoted market prices.

**NOTE #4 – CAPITAL ASSETS**

Changes in capital assets accounts are summarized below:

Category	Audited Balance June 30, 2015	Additions	Deletions	Transfers	Audited Balance June 30, 2016
Land & easement	\$ 739,500	\$ -	\$ -	\$ -	\$ 739,500
Sewage collection facilities	5,341,536	-	-	-	5,341,536
Sewage treatment facilities	244,540	-	-	-	244,540
General plant & administration facilities	2,090,558	243,666	-	-	2,334,224
Seal Cove collection system	995,505	-	-	-	995,505
Other capital improvements	4,357,566	-	-	-	4,357,566
Water facilities plant	24,126,549	1,588,835	-	-	25,715,384
Water general plant	174,309	-	-	-	174,309
Surface water rights	300,000	-	-	-	300,000
Total	<u>38,370,063</u>	<u>1,832,501</u>	<u>-</u>	<u>-</u>	<u>40,202,564</u>
Accumulated depreciation	<u>14,901,061</u>	<u>1,389,915</u>	<u>-</u>	<u>-</u>	<u>16,290,976</u>
Property, plant & equipment, net	<u>\$ 23,469,002</u>	<u>\$ 442,586</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,911,588</u>

# MONTARA WATER AND SANITARY DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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### **NOTE #5 – INVESTMENT IN JOINT POWER AUTHORITY - CAPACITY RIGHTS**

#### Investment in Sewer Authority Mid-Coastside

The District has capacity rights in the Sewer Authority Mid-Coastside (SAM), a public entity created February 3, 1976 by a Joint Exercise of Powers Agreement pursuant to the provisions of Title 1, Division 7, and Chapter 5 of the Government code of the State of California. Other joint power members include the City of Half Moon Bay and the Granada Sanitary District. The District reports these capacity rights in SAM on cost basis.

Under this agreement, SAM is granted the power of the member agencies to construct, maintain, and operate facilities for the collection, transmission, treatment and disposal of wastewater for the benefit of the lands and inhabitants within their respective boundaries.

Each member agency has the power to appoint two representatives of their own governing body to SAM's Board of Directors. Budgets prepared by SAM are subject to approval by the member agencies and expenditures in excess of the budgeted amounts require unanimous consent and approval of SAM's Board of Directors.

SAM provides sewage collection and treatment services, for which the District pays a monthly fee. The District paid \$1,229,064 for these collection and treatment services for the year.

Summary details of SAM's financial position and results of operation from the most recent audited financial statement available for the year ended June 30, 2015 are as follows:

Total assets	\$	15,702,816
Deferred outflows of resources		173,021
Total liabilities		2,484,258
Deferred inflows of resources		543,470
		<hr/>
Net position	\$	12,848,109
		<hr/>
Total revenues	\$	4,233,005
Total expenses		5,025,858
		<hr/>
Decrease in net position	\$	(792,853)
		<hr/>

**MONTARA WATER AND SANITARY DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2016**

**NOTE #6 - LONG TERM OBLIGATIONS**

Following is a summary of the changes in long term obligations for the year:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long Term Portion
General Obligation Bonds, 2012 Series	\$13,169,293	\$ -	\$ 835,090	\$12,334,203	\$ 854,702	\$11,479,501
2012 GO Bonds Discount	(62,520)	-	(4,886)	(57,634)	(4,886)	(52,748)
PNCEF Lease Obligation	1,444,284	-	76,972	1,367,312	85,454	1,281,858
CIEDB loan	866,464	-	26,543	839,921	27,350	812,571
SRF Loan	1,757,781	2,451,510	218,695	3,990,596	239,315	3,751,281
Totals	<u>\$17,175,302</u>	<u>\$ 2,451,510</u>	<u>\$ 1,152,414</u>	<u>\$18,474,398</u>	<u>\$ 1,201,935</u>	<u>\$17,272,463</u>

**A. General Obligation Bonds, Series 2012**

On April 18, 2012, the District issued General Obligation Bonds Series 2012 in the amount of \$15,635,000. The bonds were issued to fully refund the General Obligation Bonds Series 2003, which the District issued for the acquisition and improvements of a domestic water supply, treatment, and fire protection system serving the entire District service area, and to finance improvements to the District's water system. These bonds are payable from the levy of ad valorem taxes on all property within the District. Interest on the bonds is 2.4 percent and is payable on February 1 and August 1 of each year, commencing August 1, 2012.

Principal is due bi-annually beginning on August 1, 2012, in amounts ranging from \$389,142 to \$568,322, with a final payment on August 1, 2028 of \$568,322. The bonds maturing on or before August 1, 2017 are not subject to redemption prior to their respective stated maturity dates. Bonds maturing on or after August 1, 2017 are subject to redemption prior to their respective stated maturity dates at the option of the District at the principal amount of the bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

**Repayment Schedule**

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 854,702	\$ 295,734	\$ 1,150,436
2018	876,458	273,978	1,150,436
2019	897,915	252,521	1,150,436
2020	919,897	230,539	1,150,436
2021	941,825	208,611	1,150,436
2022-2026	5,069,256	682,924	5,752,180
2027-2028	2,774,150	101,939	2,876,089
Total	<u>\$ 12,334,203</u>	<u>\$ 2,046,246</u>	<u>\$ 14,380,449</u>

# MONTARA WATER AND SANITARY DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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### NOTE #6 - LONG TERM OBLIGATIONS (Continued)

#### B. Capital Lease

On November 7, 2006, the District entered into a lease/purchase agreement with a financial institution in the amount of \$1,854,443 at a fixed interest rate of 4.56 percent annually. The agreement matures on October 7, 2026. The agreement was to finance the acquisition, construction and installation of energy conservation capital facilities for the District's water system with the expectation that the cost thereof will be offset through reductions in future energy costs created by the facilities. As security for its obligation under this lease the District has pledged to the Lessor a security interest in the net revenue of both the water and sewer enterprises.

The financing was originally provided by Citibank at a rate of 4.56 percent for a 20-year term and is now held by PNC Equipment Finance (PNCEF). Effective March 15, 2013, the District refinanced the capital lease with PNCEF at a rate of 2.95 percent.

#### Repayment Schedule

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 85,454	\$ 39,196	\$ 124,650
2018	93,990	36,560	130,550
2019	104,097	33,653	137,750
2020	114,407	30,443	144,850
2021	125,339	26,921	152,260
2022-2026	785,392	70,333	855,725
2027-2031	58,635	361	58,996
Total	<u>\$ 1,367,314</u>	<u>\$ 237,467</u>	<u>\$ 1,604,781</u>

#### C. CIEDB Loan

On October 1, 2008, the District entered into an enterprise fund installment sale agreement with California Infrastructure and Economic Development Bank (CIEDB) in the amount of \$1,010,000. The agreement was to purchase a facility in order to renovate and upgrade two sewer pump stations. The agreement matures on December 3, 2037 with principal amounts due August 1, and interest payments due on February 1 and August 1 of each year. The interest rate is 3.05 percent per annum.

**MONTARA WATER AND SANITARY DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE #6 - LONG TERM OBLIGATIONS (Continued)**

Repayment Schedule:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 27,350	\$ 25,201	\$ 52,551
2018	28,184	24,354	52,538
2019	29,043	23,481	52,524
2020	29,929	22,582	52,511
2021	30,842	21,655	52,497
2022-2026	168,908	93,353	262,261
2027-2031	196,287	65,557	261,844
2032-2036	228,103	33,256	261,359
2037-2038	101,278	3,112	104,390
Total	<u>\$ 839,924</u>	<u>\$ 312,551</u>	<u>\$ 1,152,475</u>

**D. State Revolving Fund Loan**

On July 10, 2012, the District entered into an agreement with the State of California Department of Health under the Safe Drinking Water State Revolving Fund Law of 1947. This agreement constitutes funding in the form of a loan and a grant made by the State to the District to assist in financing the cost of studies, planning and other preliminary activities for a project which will enable the District to meet safe drinking water standards. Under this agreement, the State will lend the District an amount not to exceed \$500,000, payable in five years from the first principal and interest invoice. On November 14, 2012, the District entered into an additional agreement with the State of California Department of Health under the Safe Drinking Water Revolving Fund Law of 1947. This agreement constitutes funding in the form of a loan made by the State to the District to assist in financing the construction of the preliminary activities noted above. Under this agreement, the State will lend the District an amount not to exceed \$2,920,000. The District will make semiannual payments for the principal and any interest amounts due January 1 and July 1 of each year until the loan is repaid in full at an interest rate of 2.09 percent and 2.28 percent, respectively, per annum. The District expects the project to be completed in 2016. During current fiscal year ended June 30, 2016, the District received \$2,451,510 in reimbursements under this loan agreement.

**MONTARA WATER AND SANITARY DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE #6 - LONG TERM OBLIGATIONS (Continued)**

Repayment Schedule:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 239,315	\$ 89,255	\$ 328,570
2018	244,655	83,915	328,570
2019	250,115	78,455	328,570
2020	212,347	72,873	285,220
2021	173,338	68,533	241,871
2022-2026	928,264	281,088	1,209,352
2027-2031	1,039,868	169,484	1,209,352
2032-2036	902,694	46,268	948,962
Total	<u>\$ 3,990,596</u>	<u>\$ 889,871</u>	<u>\$ 4,880,467</u>

**NOTE #7 - DEFERRED COMPENSATION PLAN**

The District’s defined contribution, IRS code section 457 pension plan, provides deferred compensation retirement benefits to plan members and beneficiaries. Under this plan participants may defer a portion of their compensation and are not taxed on the deferred portion until it is distributed to them. Distribution may be made only at termination, retirement, death, or in an emergency as defined by the plan. The District has contracted with a third party to provide administration and management of the plan’s assets which are to be held for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under this plan are not the District’s property and are not subject to claims by general creditors of the District, they have been excluded from these financial statements.

**NOTE #8 – DEFINED BENEFIT PLAN**

A. Plan Description

The District has adopted, through the Public Agency Retirement Services (“PARS”), a tax qualified governmental defined benefit plan for the benefit of eligible District employees to provide retirement benefits. PARS is a private company specializing in retirement services. The plan conforms to the requirements of Internal Revenue Code Section 401(a) tax-qualified multiple employer retirement system and therefore is entitled to favorable tax treatment.

**MONTARA WATER AND SANITARY DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2016**

**NOTE #8 – DEFINED BENEFIT PLAN (Continued)**

Members are eligible to receive benefits under the PARS plan if they:

- a) Were a full-time employee of the District on or after July 1, 2015;
- b) Are at least sixty-two years of age;
- c) Have completed at least five or more years of full-time service with the District;
- d) Have applied for benefits under the Plan; and
- e) Have terminated employment with the District.

**B. Benefits Provided**

Members are paid benefits equal to an amount equal to one-twelfth (1/12) of the number of full and partial years of full-time continuous employment with the District completed as of the member’s retirement times the member’s final pay times 2%. Upon death of a member, the member’s monthly allowance will automatically continue to an eligible survivor. No preretirement disability benefits are provided. Pre-retirement death benefits are provided for employees who have at least five years of full-time employment with the District.

Employees who terminate employment or are terminated whether voluntarily, involuntarily, by death, disability or in any other manner prior to completing five (5) years of full-time service with the Employer, will receive one hundred percent (100%) of their Employee contributions made to the Plan plus three percent (3%) interest per annum.

The Plan’s provisions and benefits in effect at June 30, 2015, are summarized as follows:

Hire Date	On or after July 1, 2015
Formula	<u>2% @ 62</u>
Benefit vesting schedule	5 years of service
Benefit payments	monthly for life
Retirement age	62
Required employee contribution rates	8.25%
Required employer contribution rates	6.50%

**C. Employees Covered by Benefit Terms**

At June 30, 2016, the following employees were covered by the benefit terms for the Plan:

Active employees*	<u><b>PARS Plan</b></u>
	<u>7</u>

\* Plan is closed to new entrants

**MONTARA WATER AND SANITARY DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE #8 – DEFINED BENEFIT PLAN (Continued)**

D. Contributions

The District contributed the actuarially determined contribution to the PARS plan. For the year ended June 30, 2016, the contributions were:

	<b><u>PARS Plan</u></b>
Contributions - Employer	\$ 40,316
Contributions - Employee	51,170

E. Net Pension Liability

The District’s net pension liability for the Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2015. At June 30, 2016, the District has no pension liability as the benefit plan started at July 1, 2015.

F. Actuarial Assumptions

The 2015 actuarial valuations used the following actuarial assumptions:

	<b><u>PARS Plan</u></b>
Valuation Date	June 30, 2015
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount rate	6.5%
Projected payroll increases	3.5% <sup>(1)</sup>
Mortality	Varies by gender and age

(1) Depending on age, service and type of employment

**MONTARA WATER AND SANITARY DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

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**NOTE #8 – DEFINED BENEFIT PLAN (Continued)**

G. Discount Rate

The best estimate for the long-term rate of return of 6.50% is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The table below reflects discount rate development. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

PARS Fund:	<u>Capital Appreciation</u>	
Confidence level <sup>1</sup>	50%	55%
Expected Return	7.69%	7.35%
Investment Expenses <sup>2</sup>	0.80%	0.80%
Net Return after Expenses	6.89%	<u>6.55%</u>
Recommended Discount Rate		<u><u>6.50%</u></u>

1 Based on 5000-trial stochastic modeling, the long-term average return is expected to be equal or higher than the amount shown 50% or 55% of the time.

2 Assumes passive investment strategy.

H. Pension Plan Fiduciary Net Position

Detailed information about the plan’s fiduciary net position is available in the separately issued PARS financial report.

I. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pension

For the year ended June 30, 2016, the District recognized zero pension expense for the PARS Plan. At June 30, 2016, the District reported deferred outflows resources of \$40,316 for pension contributions subsequent to measurement date that will be recognized as a reduction of net pension liability (if any) in the year ended June 30, 2017.

**MONTARA WATER AND SANITARY DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE #9 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts: theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disaster. The District joined together with other entities to form the California Sanitation Risk Management Authority (CSRMA), a public entity risk pool currently operating as a common risk management and insurance program for 54-member entities. The purpose of CSRMA is to spread the adverse effects of losses among the member entities and to purchase excess insurance as a group, thereby reducing its cost. The District pays annual premiums to CSRMA for its general, liability, property damage and monthly premiums to State Fund for its workers compensation insurance.

CSRMA is governed by a Board composed of one representative from each member agency. The Board controls the operations of CSRMA including selection of management and approval of operating budgets, independent of any influence by member entities.

Settled claims for CSRMA or commercial fidelity bonds have not exceeded coverage in any of the past three fiscal years.

The following is a summary of the insurance policies carried by the District as of June 30, 2016:

Type of Coverage	Coverage Limits
General Liability	\$ 15,500,000
Workers' Compensation	2,000,000
Boiler & Machinery	100,000,000
Public Officials	100,000
Property	7,583,313

Audited condensed financial information for CSRMA is presented below from the most recent statements available for the year ended June 30, 2015:

Total assets	\$ 27,418,098
Total liabilities	<u>16,714,638</u>
Net position	<u>\$ 10,703,460</u>
Total revenues	\$ 10,895,632
Total expenses	<u>11,157,866</u>
Decrease in net position	<u>\$ (262,234)</u>

Claims and judgments, including provision for claims incurred but not reported, are recorded when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable. As discussed above, the District has coverage for such claims, but it had retained the risk for the deductible or uninsured portion of these claims.

The District has not exceeded its insurance coverage limits in any of the last three years. Any District liability is included in accrued expenses on the financial statements.

# **MONTARA WATER AND SANITARY DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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### ***NOTE #10 – COMMITMENTS AND CONTINGENT LIABILITIES***

The District has an agreement with Sewer Authority Mid-Coastside (SAM), Granada Sanitary District, and City of Half Moon Bay for the purchase of additional plant sewer capacity on an as needed basis. The District may purchase additional capacity in the SAM plant, if such additional capacity is available, at a cost per Equivalent Residential Unit (ERU) in effect. The future price would be an average current cost per ERU charged a property in the City of Half Moon Bay and Granada Sanitary District plus accrued interest as stipulated in the agreement. At this time the District needs no additional capacity.

The District is a plaintiff or defendant in a number of lawsuits, which have arisen in the normal course of business. In the opinion of the District, these actions when finally adjudicated will not have a material adverse effect on the financial position of the District.

**REQUIRED SUPPLEMENTARY INFORMATION**

**MONTARA WATER AND SANITARY DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE YEAR ENDED JUNE 30, 2016**

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**PARS Plan  
 As of June 30, 2016  
 Last 10 Years \*  
 Schedule of Plan Contributions**

	<u>2016</u>
<b>Actuarially Determined Contribution</b>	\$ 40,316
Contribution in relation to the Actuarially Determined Contribution	(40,316)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-employee payroll	\$ 620,243
Contributions as a percentage of covered-employee payroll	6.50%
<b>Notes to Schedule</b>	
Valuation date	6/30/2015
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Investments	Highmark's passively managed Capital Appreciation portfolio
Discount rate	6.5%
Payroll increases	Aggregate payroll increase – 3.25%
Retirement	The probabilities of retirement and mortality are based on the 1997-2011 CalPERS Experience Study - Mortality projected fully generational with Scale MP2014

\* Fiscal year 2016 was the 1st year of implementation, therefore only one year is shown.



# MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **December 1, 2016**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

**SUBJECT: Presentation by JQ Oeswein about the History of  
the District's Property during World War II.**

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JQ Oeswein recently researched the history of the Navy Gunnery School in Montara. Many of the historic buildings were identified and their past function and use was brought to light again. Mr. Oeswein spoke at the Half Moon Bay History Association about the Anti –Aircraft Gunner Training facility that was located on the District's property, and will give the same presentation to the Board of Directors.

RECOMMENDATION:

This is for Board information only.



# MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **December 1, 2016**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

**SUBJECT: Review and Possible Action Concerning  
Adoption of Connection Charge Report**

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Senate Bill 1760 revised a section of the Government Code concerning development fees and charges in 1999. It requires local governments to make available to the public information about capacity charges, what they are used for and whether or not any are available for refund. It provides that any water or sewer connection charges shall not exceed the estimated reasonable cost of providing the service for which the charge is imposed. The attached Annual Connection Charge Report provides a summary of the connection charge revenue received for previous fiscal years through FY 2015-16, and indicates how that money is allocated.

## RECOMMENDATION:

Authorize the filing of the Annual Connection Report with the District Clerk.

Attachment

**ANNUAL WATER CONNECTION CHARGE REPORT**  
**Montara Water and Sanitary District**  
**June 30, 2016**

The District, in compliance with Section 66013 of the Government Code in reviewing the water and sewer connection charges and fees, finds as follows:

<u>Year Ending</u>	<u>Connection Fees Collected</u>	<u>Connection Fees Spent on Capital Projects</u>	<u>Remaining Balance</u>
6/30/2016	\$ 139,419.00	\$ 139,419.00	\$0.00
6/30/2015	\$ 172,492.12	\$ 172,492.12	\$0.00
6/30/2014	\$ 107,520.30	\$ 107,520.30	\$0.00
6/30/2013	\$ 74,314.87	\$ 74,314.87	\$0.00
6/30/2012	\$ 131,890.00	\$ 131,890.00	\$0.00
6/30/2011	\$ 18,382.00	\$ 18,382.00	\$0.00
6/30/2010	\$ 21,971.00	\$ 21,971.00	\$0.00
6/30/2009	\$ 50,848.00	\$ 50,848.00	\$0.00
6/30/2008	\$ 120,108.59	\$ 120,108.59	\$0.00
6/30/2007	\$ 65,900.00	\$ 65,900.00	\$0.00

**ANNUAL WATER CONNECTION CHARGE REPORT**  
**Montara Water and Sanitary District**  
**June 30, 2016**

The District, in compliance with Section 66013 of the Government Code in reviewing the water and sewer connection charges and fees, finds as follows:

<b>Year Ending</b>	<b>Connection Fees Collected</b>	<b>Connection Fees Spent on Capital Projects</b>	<b>Remaining Balance</b>
6/30/2016	\$ 139,419.00	\$ 139,419.00	\$0.00
6/30/2015	\$ 172,492.12	\$ 172,492.12	\$0.00
6/30/2014	\$ 107,520.30	\$ 107,520.30	\$0.00
6/30/2013	\$ 74,314.87	\$ 74,314.87	\$0.00
6/30/2012	\$ 131,890.00	\$ 131,890.00	\$0.00
6/30/2011	\$ 18,382.00	\$ 18,382.00	\$0.00
6/30/2010	\$ 21,971.00	\$ 21,971.00	\$0.00
6/30/2009	\$ 50,848.00	\$ 50,848.00	\$0.00
6/30/2008	\$ 120,108.59	\$ 120,108.59	\$0.00
6/30/2007	\$ 65,900.00	\$ 65,900.00	\$0.00



# MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **December 1, 2016**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

**SUBJECT: Review and Possible Action Concerning Multi-Year Water Connection Fee Payment Program.**

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The large utility companies previously in charge of the water system in Montara and Moss Beach failed to manage the resources adequately. A moratorium on new connections was mandated by the California Public Utilities Commission in 1984. Subsequently the San Mateo County Health Department started to issue well permits inside the urban rural zoned areas to allow new construction. For more than 30 years all new developments in the District built private domestic water wells, permitted by the San Mateo County Health Department. The high concentration of private wells in the urban/rural zones has detrimental effects to the local aquifers. The Mid-Coastside is the only area in California where a large number of private wells in the urban rural zone exist.

The Board has previously indicated interest in supporting existing homes currently served by wells to voluntarily connect to the public water supply. A Multi-Year Water Connection Fee Payment Program can offset the financial hurdle of connecting to the District.

Staff has developed a program that allows home owners to pay the connection fee over a number of years through the property tax bill. At this time we plan to send a letter to all eligible well owners inviting them to a Public Hearing at which the Board may choose to adopt the necessary ordinance to implement the program. The Public Hearing is currently scheduled for the regular scheduled meeting on January 19, 2017. The Board may chose a different venue to allow for participation of interested parties.

## RECOMMENDATION:

This is for Board information and discussion only.

Attachments



Customer Name  
Address 1  
Address 2

December X, 2016

### DISTRICT SEEKING YOUR INPUT

#### **On a Proposal that Customers on Wells Who Convert to District Supplies Can Pay the Costs of Connecting to the District Water System in Installments**

PLEASE JOIN US AT A PUBLIC HEARING. DETAILS ON FLIP SIDE OF PAGE

Dear Property Owner:

*The Montara Water and Sanitary District is evaluating a proposal to make it more affordable for property owners that rely on private wells to connect to the District's water system. We are reaching out to you because your property has been identified as being within the urban zone, has a well, and would be eligible for the proposed program, if it is approved.*

#### **KEY POINTS ABOUT THE PROPOSED WELL CONVERSION PROGRAM.**

For additional detail, please see the enclosed copy of the draft well conversion ordinance.

How The District is Proposing to Make Connecting to the Water System More Affordable. The proposed program would provide for the connection fee and associated costs of connecting to the District's water system to be paid in installments over a 10-year or shorter period. The installments, plus interest, would be paid via collection on the tax roll. Agreements completed before December 31, 2017 would be interest free.

What it Costs to Connect to the District's Water Supply. The current connection fee for the standard 5/8-inch x 3/4-inch residential water meter is \$15,729.00, which covers the new user's share of the capital cost to the District for its water facilities (treatment plant, pipelines, pumps, etc.) and the cost of maintaining a long-term supply. There are additional related costs, including construction and installation of the pipe connecting each property to the District's main as well as installation of a water meter. These related costs vary, but are typically about \$4,000.

Benefits of Connecting to the District Water Supply. For the well owner, aside from eliminating payment of the full amount for a connection up-front, connecting to the public water system ensures a permanent supply of high quality water that is overseen by a full-time, state-certified staff of water supply and quality professionals. Receiving service from the District also eliminates the potential liability of having a well break down unexpectedly or encountering problems with well water. For the District, converting wells reduces draw-down on

underground aquifers improving the District's ability to manage the over-all water supply for its customers.

### **DETAILS ABOUT THE PUBLIC HEARING AND ON PROVIDING INPUT**

Before adopting the ordinance, the District Board is seeking input from eligible property owners as well as the general public.

Customers are encouraged to come to the public hearing to learn more, have their questions answered and to provide input. Alternatively, comments may be mailed or emailed to the addresses below. To be considered, your comments must arrive before the public hearing on **January 19, 2017**.

ATTEND THE HEARING ON **January 19, 2016** AT 7:30 pm:

Montara Water and Sanitary District Board Room, District Administrative Offices,  
8888 Cabrillo Hwy (State Route 1), Montara

MAIL IN COMMENTS ATTN: General Manager, Montara Water and Sanitary District  
P.O. Box 370131, Montara, CA 94037-0131

EMAIL COMMENTS: [mwsd@coastside.net](mailto:mwsd@coastside.net).

Very truly yours,

Clemens Heldmaier, General Manager

Encl. Draft Ordinance

# ORDINANCE NO. \_\_\_\_

## ORDINANCE OF THE MONTARA WATER AND SANITARY DISTRICT ADDING SECTION 5-3.104 TO THE MONTARA WATER AND SANITARY DISTRICT CODE RELATING TO THE CONVERSION OF PRIVATE WELL WATER SOURCES TO THE DISTRICT'S WATER SYSTEM

### THE BOARD OF THE MONTARA WATER AND SANITARY DISTRICT DOES ORDAIN AS FOLLOWS:

**Section 1.** The Board of the Montara Water and Sanitary District hereby finds and declares:

a. Section 5-3.103 of the Montara Water and Sanitary District Code ("MWSD Code") requires, subject to certain exceptions, that Premises located within the urban area (therein defined), that are capable of being served by the District's water system shall be connected to that system for permanent Domestic Service (as defined in MWSD Code §5-2.106) and that irrespective of location within or outside of the urban area, Premises that are capable of being served by the District's water system shall be connected to that system for Fire Protection Service.

b. Numerous parcels of property capable of being served by the District's water system for Domestic Service are served by wells located on or in the vicinity of such parcels.

c. Private wells draw from aquifers that also supply the District's water system, thereby affecting the supply available to all residents and businesses within the District.

d. MWSD Code Section 5-3.103 was enacted to alleviate the adverse effects on the public health, welfare and necessity arising from intensive use of private wells within the District.

e. The District issued general obligation bonds for the acquisition of its water system and levies a tax upon all property within the District for the bond debt service, including properties served by wells.

f. Properties served by wells do not directly receive the benefit of the aforesaid tax, but are benefitted generally by the fact that the District's water system is available to serve such property.

g. Owners of property served by wells frequently are reluctant to convert from well service to the District's water system due to associated costs.

# ORDINANCE NO. \_\_\_\_

## ORDINANCE OF THE MONTARA WATER AND SANITARY DISTRICT ADDING SECTION 5-3.104 TO THE MONTARA WATER AND SANITARY DISTRICT CODE RELATING TO THE CONVERSION OF PRIVATE WELL WATER SOURCES TO THE DISTRICT'S WATER SYSTEM

h. The burden of such "up-front" connection costs can be reduced by providing for payment over time, i.e., in installments.

i. The amendment to the MWSD Code enacted hereby addresses the aforesaid economic burden and serves to encourage and expedite conversion of well service to District service in furtherance of the public health, welfare and necessity.

**Section 2.** Section 5-3.104 is hereby added to the Montara Water and Sanitary District Code to read as follows:

### **"Section 5-3.104. Conversion of Private Well Water Sources to the District's Water System.**

(a) Notwithstanding the provisions of Section 5-3.103, Premises located within the urban area (therein defined), that are capable of being served by the District's water system and that receive potable water for consumption from privately-owned wells located on or in the vicinity of such Premises, may be connected to the system pursuant to an agreement between the District and the owner of record of the Premises providing for payment of the applicable Connection Fees, Service Charges and deposits in installments. The terms and conditions of such agreements shall include, without limitation, that:

(1) the Connection Fees, Service Charges and deposits (collectively, "Costs") shall be payable in equal annual installments for a specified term, not to exceed ten (10) years;

(2) the Costs shall be subject to interest at the rate of two percent (2%) per annum; provided, that for such agreements executed by Owners on or after \_\_\_\_\_, 1, 2016 through June 30, 2017, no interest shall be charged;

(3) the balance due plus accrued interest may be paid at any time during the term of the agreement without surcharge or penalty;

(4) if a water main extension is necessary to provide service to the Premises, the costs associated therewith shall not be included in the installments, but shall be paid at the time of application for service pursuant to Section 5-3.203;

(5) upon commencement of service from the District's water system, the well or wells which provided water to the Premises shall be placed out of service, capped and secured in accordance with pertinent regulations of the County of San Mateo under the supervision of the County Health Officer;

(6) upon sale of the Premises any remaining balance of the Costs plus accrued interest shall be due and payable;

(7) the agreement shall be submitted to the San Mateo County Clerk-Recorder for recordation in the County's Official Records.

(b) The owner of the Premises shall be the Applicant for service pursuant to this Section and all provisions pertaining to applications for new service under this

**ORDINANCE NO. \_\_\_\_**

**ORDINANCE OF THE MONTARA WATER AND SANITARY DISTRICT  
ADDING SECTION 5-3.104 TO THE MONTARA WATER AND SANITARY  
DISTRICT CODE RELATING TO THE CONVERSION OF PRIVATE WELL  
WATER SOURCES TO THE DISTRICT'S WATER SYSTEM**

Chapter V. shall govern the processing of the application except for payment of the Costs in installments pursuant to an agreement authorized hereunder. The District Manager is hereby authorized to execute such agreements for and on behalf of the District.

(c) The installments plus accrued interest may be collected on the tax roll pursuant to Section 5-7.100.

(d) This Section pertains only to Residential Service.”

**Section 3.** Upon adoption, this Ordinance shall be entered in the minutes of the Board and posted for one week in three (3) public places in the District and shall become effective immediately upon expiration of one week following said posting.

\_\_\_\_\_  
President

COUNTERSIGNED:

\_\_\_\_\_  
Secretary

\* \* \*

I hereby certify that the foregoing Ordinance was duly and regularly passed and adopted by the Board of the Montara Water and Sanitary District, San Mateo County, California, at a regular meeting thereof held on the \_\_\_ day of \_\_\_\_\_ 2016, by the following vote of the members thereof:

AYES, and in favor thereof, Directors:

NOES, Directors:

ABSENT, Directors:

\_\_\_\_\_  
Secretary



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DATE: December 16, 2015

TO: Clemens Heldmaier, General Manager  
Montara Water & Sanitary District

FROM: Alex Handlers, Bartle Wells Associates

RE: Multi-Year Water Connection Fee Payment Program for Well Conversions

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## **Background**

The District's service area includes a number of properties that are served by private wells. These properties draw water from the same aquifer that provides water supply to the District, yet do not contribute toward efforts to improve long-term water supply reliability. At the same time, the owners of these properties also have to pay for operating, maintenance, repair and replacement costs for their wells. In a number of cases, both the District and property owner would benefit if the property were connected to the District's water system.

Over the years, a number of property owners have indicated that they would like to connect to the District's water system, but have not done so because the District's connection fees pose too high a financial hurdle. Some of these property owners have further indicated that it is the upfront nature of the fees that makes them unaffordable, and that they could better afford to pay the fees if they were spread out over a number of years.

## **Water Connection Fees**

The District levies connection fees to recover the costs of infrastructure and assets benefitting new connections to the District's water system. The District currently requires payment of its connection fees – and related administration, inspection, engineering review, and service line/meter construction fees – up front, typically as a condition of development. Current Water Connection Fees and related charges for a typical new home with a base 5/8" x 3/4" meter are listed below. Domestic Water Connection Fees are higher for larger meter sizes that place more demand on the water system.

- Domestic Water Connection Fee (5/8" x 3/4" meter): \$15,259
- Admin/Inspection/Engineering Review Fees: \$3,490

- Construction costs for installation of the water service line from the water main to the customer's property line including installing the meter box and water meter. The District bids out these construction costs to a list of District-certified contractors and awards the bid to the low bidder. These costs are passed through to the customer. This cost is determined on a case-by-case basis and is typically in the \$4,000 range for a new connection.
- Private Fire Service Connection: \$4,791 (if warranted, typically does not apply to conversions of existing homes served by private wells)

The District's water service connection fees and related charges for conversion of a home with a private well can total in the \$22,750 range for a typical connection a base 5/8" x 3/4" meter. This cost excludes a) the potential Private Fire Service Connection Fee (which typically applies only to new homes required to install fire sprinklers), b) the homeowner's costs for installing the service line from the water meter to their home, and c) any costs related to well abandonment including costs for construction and/or any related fees charged by San Mateo County.

### **Multi-Year Connection Fee Repayment Program for Private Well Conversions**

In order to facilitate and incentivize property owners with private wells to connect to the District's water system, it is proposed that the District adopt a multi-year water connection fee payment program for property owners with private wells, who would otherwise be discouraged from connecting to the system due to the high up-front cost. BWA recommends that use of a multi-year fee payment program only be applicable for properties currently served by private wells.

Some alternatives for a multi-year water connection fee payment program include:

- **Term of Repayment:** The District can opt to allow repayment of its connection fees over a set period of time (e.g. 5 – 10 years) or over a time period selected by the property-owner not to exceed some maximum repayment term. While BWA generally recommends deferred fee repayment terms not to exceed 10 years, the repayment term is a policy decision for the District's Board of Directors.
- **Potential Charges for Interest:** Since the allowance of a multi-year repayment term essentially represents a loan from the District to the property owner, the District can opt to include some form of interest repayment. For example, the annual payments can include 3% interest repayment. Again, the decisions regarding a) potential recovery of interest repayment, b) the interest rate itself, and c) how interest would be applied, are all policy decisions for the District's Board of Directors.

## **Legal Authorization**

Based on initial legal review by the District's legal counsel, the costs associated with well conversions can be collected on the tax roll pursuant to California Health & Safety Code Section 5471, which gives the District authority to levy connection fees and other charges for services and facilities in connection with its water and sewer facilities, and Section 5473, which authorizes such charges to be collected on the property tax rolls.

Section 5473 includes the requirements for collection via the tax rolls, including:

- The District must adopt an ordinance or resolution authorizing the collection of charges on the tax rolls by a two-thirds vote of the Board of Directors. The ordinance or resolution shall remain in effect for the time specified, or, if no time is specified, until repealed or until a change is made in the rates charged by the entity. The District previously provided for collection of sewer service charges, delinquent water charges, and refuse collection and recycling charges via the tax rolls in compliance with this requirement.
- Each year, the District must prepare and file with its clerk a written report that contains a) a description of each parcel for which the deferred payments will be applied, and b) the amount of the annual charge or payment.

To ensure ongoing collection, regardless of any potential changes in property ownership, the District can put a lien on the property for collection of the charges.

## **Contractual Agreement with Property-Owner**

Based on input from the District's legal counsel, the District should require a signed agreement from each property owner who opts to take advantage of the multi-year repayment program.<sup>1</sup> The agreement should document the charges and repayment terms that apply to each property and indicate property-owner acknowledgment and consent. The agreement should allow for optional prepayment under which the property owner or their successor can elect to fully prepay outstanding amounts due.

## **Financial Impact to District**

Assuming the multi-year water connection fee payment program only applies to properties currently served by private wells, the net financial impacts to the District are estimated to be positive. Although a multi-year payment program spreads the District's collection of fees over time, the program is expected to generate new connections that otherwise might not connect due to the current up-front cost of the District's water connection fees. The District also generally benefits from economies of scale as new customers join the system.

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<sup>1</sup> District Counsel also advises that the District Code must be amended to include provision for such agreements.

**Montara Water & Sanitary District**  
**Water Connection Fee Payment Program Alternatives**

Draft Alternatives

**Water Connection Fees & Related Charges**

Domestic Water Connection Fee (5/8" x 3/4" meter):	\$15,259
Admin/Inspection/Engineering Review Fees:	3,490
Est. Construction Cost for Service Line & Meter	<u>4,000</u>
Total	22,749

*Excludes Private Fire Service Connection Fee of \$4,791*

**Alternative Fee Payment Programs**

Rate	5-Year Payment Program				10-Year Payment Program				15-Year Payment Program				20-Year Payment Program			
	0%	2%	3%	4%	0%	2%	3%	4%	0%	2%	3%	4%	0%	2%	3%	4%
1	\$4,550	\$4,826	\$4,967	\$5,110	\$2,275	\$2,533	\$2,667	\$2,805	\$1,517	\$1,770	\$1,906	\$2,046	\$1,137	\$1,391	\$1,529	\$1,674
2	4,550	4,826	4,967	5,110	2,275	2,533	2,667	2,805	1,517	1,770	1,906	2,046	1,137	1,391	1,529	1,674
3	4,550	4,826	4,967	5,110	2,275	2,533	2,667	2,805	1,517	1,770	1,906	2,046	1,137	1,391	1,529	1,674
4	4,550	4,826	4,967	5,110	2,275	2,533	2,667	2,805	1,517	1,770	1,906	2,046	1,137	1,391	1,529	1,674
5	4,550	4,826	4,967	5,110	2,275	2,533	2,667	2,805	1,517	1,770	1,906	2,046	1,137	1,391	1,529	1,674
6					2,275	2,533	2,667	2,805	1,517	1,770	1,906	2,046	1,137	1,391	1,529	1,674
7					2,275	2,533	2,667	2,805	1,517	1,770	1,906	2,046	1,137	1,391	1,529	1,674
8					2,275	2,533	2,667	2,805	1,517	1,770	1,906	2,046	1,137	1,391	1,529	1,674
9					2,275	2,533	2,667	2,805	1,517	1,770	1,906	2,046	1,137	1,391	1,529	1,674
10					2,275	2,533	2,667	2,805	1,517	1,770	1,906	2,046	1,137	1,391	1,529	1,674
11									1,517	1,770	1,906	2,046	1,137	1,391	1,529	1,674
12									1,517	1,770	1,906	2,046	1,137	1,391	1,529	1,674
13									1,517	1,770	1,906	2,046	1,137	1,391	1,529	1,674
14									1,517	1,770	1,906	2,046	1,137	1,391	1,529	1,674
15									1,517	1,770	1,906	2,046	1,137	1,391	1,529	1,674
16													1,137	1,391	1,529	1,674
17													1,137	1,391	1,529	1,674
18													1,137	1,391	1,529	1,674
19													1,137	1,391	1,529	1,674
20													1,137	1,391	1,529	1,674
Total	22,749	24,132	24,837	25,550	22,749	25,326	26,669	28,047	22,749	26,557	28,584	30,691	22,749	27,825	30,582	33,478

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# MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **December 1, 2016**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

**SUBJECT: Review and Possible Action Concerning  
Certification of the Results of the November 8,  
2016 Consolidated Election**

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The Certificate of the Chief Elections Officer of San Mateo County has been received. It certifies that the following candidates have been elected to the Office of Director of the Montara Water and Sanitary District for four-year terms:

- Kathryn Slater-Carter
- Scott Boyd

## RECOMMENDATION:

Adopt Resolution No. \_\_\_\_\_, Resolution Declaring Results of District Election Held on November 8, 2016.

Attachments will be provided at the meeting



# MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **December 1, 2016**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

A handwritten signature in black ink, appearing to be 'CH', located to the right of the 'FROM' line.

**SUBJECT: Review and Possible Action Concerning the  
Administration of the Oath of Office to the Newly  
Elected Board Members.**

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The elections code specifies that the elected officials should be sworn in before they are seated on December 2, 2016. Therefore the oath of office should be administered to Kathryn Slater-Carter and Scott Boyd.

## RECOMMENDATION:

Administer the oath of office to the above-named elected officials for four year terms.



# MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **December 1, 2016**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

**SUBJECT: Review and Possible Action Concerning  
Appointment of Board Officers and Committee  
Assignments for 2017**

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The attached chart indicates the current positions and committee assignments for each Board member. There is a space to select the person or persons for each such position for this calendar year. The assignments will become effective January 2017.

## RECOMMENDATION:

Appoint District Officers and Committee assignments for 2017.

Attachment

# **MONTARA WATER AND SANITARY DISTRICT**

## **BOARD OFFICERS, AGENCY REPRESENTATIVES AND COMMITTEE ASSIGNMENTS**

### **BOARD OF DIRECTORS**

<b>POSITION</b>	<b>APPOINTMENTS FOR 2016</b>	<b>CURRENT OFFICE 2017</b>
President	Jim Harvey	
President Pro Tem	Dwight Wilson	
Secretary	Kathryn Slater-Carter	
Secretary Pro Tem	Alternates: Scott Boyd Bill Huber Dwight Wilson	
Treasurer	Bill Huber	

### **AGENCY REPRESENTATIVES**

<b>AGENCY</b>	<b>APPOINTMENTS FOR 2016</b>	<b>CURRENT APPOINTMENTS 2017</b>
SAM Representatives	Scott Boyd  Kathryn Slater-Carter  Alternates: Bill Huber Jim Harvey	
CSDA Member	Kathryn Slater-Carter Scott Boyd (Alternate) Jim Harvey (Alternate) Bill Huber (Alternate) Dwight Wilson (Alternate)	
ACWA Member	Dwight Wilson	

# **MONTARA WATER AND SANITARY DISTRICT**

## **STANDING COMMITTEES**

<b>COMMITTEE</b>	<b>APPOINTMENTS FOR 2016</b>	<b>CURRENT APPOINTMENTS 2017</b>
Budget and Finance	Bill Huber Dwight Wilson	
Personnel	Jim Harvey Dwight Wilson	

## **AD HOC COMMITTEES**

<b>COMMITTEE</b>	<b>APPOINTMENTS FOR 2016</b>	<b>CURRENT APPOINTMENTS 2017</b>
Recycling/Solid Waste	Kathryn Slater-Carter Bill Huber	
WEB	Scott Boyd Bill Huber	
Outreach/ Newsletter	Kathryn Slater-Carter Bill Huber	
Legislative	Scott Boyd Kathryn Slater-Carter	
CCWD Committee	Jim Harvey Bill Huber	
Recycled Water	Bill Huber	
Wireless Lease	Scott Boyd Kathryn Slater-Carter	
Planning Committee (PWP)	Scott Boyd Kathryn Slater-Carter	

# MONTARA WATER AND SANITARY DISTRICT

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## AD HOC COMMITTEES

COMMITTEE	APPOINTMENTS FOR 2016	CURRENT APPOINTMENTS 2017
Big Wave	Kathryn Slater-Carter Dwight Wilson	
Rate Study (1/22/10)	Jim Harvey Kathryn Slater-Carter	
Connection Fee Committee	Scott Boyd Kathryn Slater-Carter Clemens Heldmaier Alex Handlers	
Strategic Plan Progress	Kathryn Slater-Carter Dwight Wilson	

Note: Terms for all positions begin January 1, 2017 and end December 31, 2017 unless otherwise indicated by the Board of Directors.



# MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **December 1, 2016**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

**SUBJECT: Review and Possible Action Concerning  
Cancellation of Next Regular Scheduled  
Meetings, December 15, 2016, and January 5,  
2017.**

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At this time no urgent items require holding the next meetings.

## RECOMMENDATION:

Cancel the regular scheduled meeting, December 15, 2016, and January 5, 2017.