



**FINANCE COMMITTEE MEETING
THURSDAY, APRIL 9, 2020 – 10:00AM**

DUE TO COVID-19, THIS MEETING WILL BE CONDUCTED AS A TELECONFERENCE PURSUANT TO THE PROVISIONS OF THE GOVERNOR'S EXECUTIVE ORDERS N-25-20 AND N-29-20, WHICH SUSPEND CERTAIN REQUIREMENTS OF THE RALPH M. BROWN ACT

MEMBERS OF THE PUBLIC MAY NOT ATTEND THIS MEETING IN PERSON.

Committee Directors, staff and the public may participate remotely.

**Dial by Telephone: 1-631-992-3221 (United States)
Audio Access Code: 946-490-354**

Public comment may be submitted via email to the District Secretary, Candy Pina, at candyp@midpeninsulawater.org. Please indicate in your email the agenda item to which your comment applies. Comments submitted before the meeting will be provided to the committee Directors before or during the meeting. Comments submitted after the meeting is called to order will be included in correspondence that will be provided to the full Board.

AGENDA

- 1. Call to Order**
 - A. Roll Call
- 2. Public Comment**

If you wish to address the Committee, please follow the directions at the top of the agenda. If you have anything that you wish distributed to the Committee and included for the official record, please include it in your email. Comments that require a response may be deferred for staff reply.
- 3. Review and Discuss Final DRAFT MPWD Capital Improvement Program (CIP) for FY 2019/2020 through FY 2023/2024 and Proposed Funding Sources**
- 4. Review and Discuss Preliminary DRAFT of MPWD FY 2020/2021 Operating and Capital Budgets**

5. **Review and Discuss Governmental Accounting Standards Board Statement No. 75 (GASB 75) Other Post-Employment Benefits (OPEB) Valuation for the MPWD as of July 1, 2019, and Proposed Funding Management Plan**
6. **Review XiO SCADA Proposal to Recommend for Approval by the Board**
7. **Receive Update and Discuss Refunding of 2016 Certificates of Participation for Capital Improvement Program**
8. **Discuss Potential COVID-19 Pandemic Impacts**
9. **Adjournment**

This agenda was posted at the Mid-Peninsula Water District's office, 3 Dairy Lane, in Belmont, California, and on its website at www.midpeninsulawater.org.

ACCESSIBLE PUBLIC MEETINGS

Upon request, the Mid-Peninsula Water District will provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation (including auxiliary aids or services), to enable individuals with disabilities to participate in public meetings and provide comments at/related to public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, auxiliary aid, service or alternative format requested. Requests should be sent to the District Secretary at (650) 591-8941 or candyp@midpennsulawater.org. Requests must be received at least two days before the meeting. Requests will be granted whenever possible and resolved in favor of accessibility.



**CAPITAL IMPROVEMENT PROGRAM (CIP)
FY 2019/2020 through FY 2023/2024**

PROJECT NUMBER	PROJECT NAME	PROJECTED COST (2020 ESTIMATE)	2016 COP FUNDED	REVENUE (PAY-GO) FUNDED	PROJECTED CONSTRUCTION COMPLETION
15-74	COMPLETED Malcolm Avenue Water Main Replacement	\$ 355,000	\$ 225,000		FY 2019/2020
15-10, 15-06, 15-28, and 15-38	COMPLETED FY 2019/2020 Water Main Replacement Project (Notre Dame Avenue, Cliffside Court, and Tahoe Drive, and Zone 5 Fire Hydrant Upgrades)	400,000	400,000		FY 2019/2020
15-76	El Camino Real Water Main Replacement	3,520,000	3,520,000		FY 2020/2021
15-89	Dekoven Tanks Replacement	3,850,000	3,850,000		FY 2020/2021
15-72-A	SR 101 Crossing at PAMF Hospital – Phase 1 (Water Main Construction within easement on PAMF property in San Carlos from Industrial Road to PAMF property line west of SR101)	595,000	595,000		FY 2020/2021
20-08	Completion of SCADA System Replacement	420,000		275,000	FY 2020/2021
15-75-A	Old County Road Improvements –Phase 1 (Full Engineering Design from MPWD southern to northern boundaries, and construction only from MPWD southern boundary at San Carlos to Ralston Avenue)	4,030,000	4,030,000		FY 2022/2023



April 7, 2020

PROJECT NUMBER	PROJECT NAME	PROJECTED COST (2020 ESTIMATE)	2016 COP FUNDED	REVENUE (PAY-GO) FUNDED	PROJECTED CONSTRUCTION COMPLETION
15-79	F Street Improvements	315,000		315,000	FY 2022/2023
15-82	Ralston Avenue Improvements	465,000		465,000	FY 2022/2023
15-86	Folger Pump Station Demolition	330,000		330,000	FY 2020/2021
20-05	Transmission Water Main Assessments	220,000		220,000	FY 2020/2021
20-09	Dairy Lane Operations Center Rehabilitation – Phase 1 (Design, Engineering, and Project Management)	150,000		150,000	FY 2020/2021
20-10	Dairy Lane Operations Center Rehabilitation – Phase 2 (Seismic Retrofit and Rehabilitation/Construction)	1,850,000		1,850,000	FY2021/2022
20-01 and 15-40	Hastings Drive Service Connection Replacements; and Hastings Drive Water Main Replacement	910,000 485,000		910,000 485,000	FY 2021/2022
15-88	Vine Street (Zone 5) Improvements	1,065,000		1,065,000	FY 2021/2022
20-07	Harbor Boulevard Water Main Replacement (Old County Road to Karen Road)	2,900,000		2,900,000	FY 2022/2023
15-29	Belmont Canyon Road Water Main Replacement	735,000		735,000	FY 2023/2024



PROJECT NUMBER	PROJECT NAME	PROJECTED COST (2020 ESTIMATE)	2016 COP FUNDED	REVENUE (PAY-GO) FUNDED	PROJECTED CONSTRUCTION COMPLETION
15-72-B	SR 101 Crossing at PAMF Hospital – Phase 2 (Water Main Construction from PAMF property line under SR 101 east to 333 Shoreway Boulevard and north to approximately 125 Shoreway Boulevard) <i>TO BE COORDINATED WITH SILICON VALLEY CLEAN WATER SEWER FORCE MAIN REPLACEMENT PROJECT ON SHOREWAY BOULEVARD IN 2022</i>	2,765,000		2,765,000	FY 2023/2024
15-75-B	Old County Road Improvements – Phase 2 (Construction from Ralston Avenue to MPWD northern boundary at San Mateo) <i>TO BE COORDINATED WITH CITY OF BELMONT PAVING IN 2022</i>	2,065,000		2,065,000	FY 2023/2024
	TOTAL* Cost difference (\$130,000) for completed Project #15-74 plus the negotiated cost difference (\$167,000) for Project #20-08 for a total \$297,000 difference between projected costs and proposed funding.	\$27,425,000	\$12,620,000	\$14,530,000	

Key: Completed project highlighted in green.
Project highlighted in red could be advanced in priority depending upon coordination schedule.
Fiscal years separated by alternating white and gray highlighting.





DATE: April 7, 2020

TO: Board Finance Committee:

- Brian Schmidt, Vice President
- Dave Warden, Director
- Jeff Ira, District Treasurer

FROM: Tammy Rudock, General Manager

RE: Funding Sources for Proposed FY 2019/2020 through FY 2023/2024 CIP

MEMORANDUM

As requested last month by the Committee, here are the projected available cash/revenue-funding sources for the proposed MPWD CIP:

\$ 3,500,000	Cash Reserves – FY 2019/2020
\$ 1,500,000	Property Sale Proceeds (1513-1515 Folger Drive in Belmont) – FY 2019/2020
\$ 780,000	Property Sale Proceeds (F Street Parcel in San Carlos) – FY 2020/2021
\$ 1,000,000	Operating Surplus & Depreciation Expense Transfers to Capital – FY 2020/2021
\$ 1,300,000	Operating Surplus & Depreciation Expense Transfers to Capital – FY 2021/2022
\$ 1,300,000	Operating Surplus & Depreciation Expense Transfers to Capital – FY 2022/2023
\$ 1,300,000	Operating Surplus & Depreciation Expense Transfers to Capital – FY 2023/2024
<u>\$ 2,000,000</u>	<u>Projected Revenues from Development (Water Capacity Charges)</u> – FYEs 2020-2024
\$12,680,000	TOTAL



DATE: April 7, 2020

TO: Board Finance Committee

FROM: Tammy Rudock, General Manager
Candy Pina, Administrative Services Manager
Rene Ramirez, Operations Manager

MEMORANDUM

Attached are the Preliminary Draft summaries for projected MPWD FY 2020/2021 operational and capital needs based upon the following assumptions:

OPERATIONS

- 0.0% water rate adjustment.
- Maintained Water Commodity Charges at \$9.8 million based upon FY 2019/2020 projections.
- Maintained Fixed System Charges at \$3.0 million.
- Projected water capacity revenues based upon conservative estimates of "pipeline" Belmont development projects..
- Projected 3.0% inflationary index on operational line items staff believed might be impacted by pricing increases.
- Maintained total Purchased Water expenditure at \$5.6million (including BAWSCA debit service surcharges and SFPUC water service charges).
- Debt Service expense totaling \$1,069,500 from the MPWD 2016 COP Official Statement.
- Increased Depreciation per GAAP (Generally Accepted Accounting Principles).

Based upon these assumptions, there would be projected deficit in the amount of \$176,906 after operations; therefore, \$1,080,000 Depreciation would be projected to transfer to Capital.

There are sufficient cash reserves to cover the projected deficit for FY 2020/2021.

CAPITAL

- Completion of SCADA System Replacement - \$275,000
- Miscellaneous Capital Outlay - \$50,000

Total Projected Revenue-Funded "Pay-Go" Capital Budget - \$325,000.

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MID-PENINSULA WATER DISTRICT

PRELIMINARY DRAFT OPERATIONS BUDGET FOR FY 2020-2021

SUMMARY

4/7/2020
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DESCRIPTION	FY 2018-2019	APPROVED AMENDED MID-YEAR FY 2019-2020	ACTUALS 7/1/19-02/29/20	PRELIMINARY FY 2020-2021 BUDGET	Increase (Decrease)	% Change
	ACTUAL	BUDGET				
OPERATING REVENUE						
WATER COMMODITY CHARGES	9,580,149	9,800,000	7,549,768	9,800,000	-	0.0%
FIXED SYSTEM CHARGES	2,656,717	3,000,000	2,081,395	3,000,000	-	0.0%
FIRE SERVICE CHARGES	15,249	14,000	10,905	14,000	-	0.0%
MISC CUSTOMER ACCOUNT FEES	-	88,500	-	175,200	86,700	98.0%
SERVICE LINE & INSTALLATION CHARGES	76,762	75,000	63,882	50,000	(25,000)	-33.3%
MISCELLANEOUS OPERATING	63,164	10,000	-	60,000	50,000	500.0%
PROPERTY TAX REVENUE	327,313	268,000	289,501	268,000	-	0.0%
TOTAL OPERATING REVENUE *	12,719,355	13,255,500	9,995,451	13,367,200	111,700	0.8%
WATER SYSTEM CAPACITY CHARGES	283,109	340,000	338,277	40,000	(300,000)	-88.2%

WATER DEMAND OFFSET CHARGES	33,899	47,000	45,396	20,000	(27,000)	-57.4%
MISCELLANEOUS NON-OPERATING *	127,648	75,000	80,881	50,000	(25,000)	-33.3%
INTEREST REVENUE - LAIF *	90,825	75,000	75,893	75,000	-	0.0%
INTEREST REVENUE - COP	200,261	150,000	167,578	150,000	-	0.0%
LEASE OF PHYSICAL PROPERTY *	151,714	175,000	161,910	150,000	(25,000)	-14.3%
LANDSCAPE PERMIT REVENUE	17,000	18,320	18,320	1,000	(17,320)	-94.5%
TOTAL NON-OPERATING REVENUE	904,455	880,320	888,254	486,000	(394,320)	-44.8%
TOTAL REVENUE	13,623,810	14,135,820	10,883,705	13,853,200	(282,620)	-2.0%
OPERATING EXPENDITURES (OP EXP)						
SALARIES & WAGES	1,586,018	2,069,385	1,191,391	2,069,385	-	0.0%
PAYROLL TAXES & BENEFITS	1,154,223	1,415,260	537,328	1,315,409	(99,851)	-7.1%
PURCHASED WATER	5,579,589	5,654,624	3,965,066	5,654,624	-	0.0%
OUTREACH & EDUCATION	56,602	60,000	29,737	72,315	12,315	20.5%
M&R - OPS SYSTEM	562,164	453,513	183,790	463,000	9,487	2.1%
M&R - FACILITIES & EQUIPMENT	135,707	162,625	81,168	143,750	(18,875)	-11.6%
SYSTEM SURVEYS	12,376	35,000	-	35,000	-	0.0%
ADMINISTRATION & EQUIPMENT	257,173	306,377	183,575	333,100	26,723	8.7%
MEMBERSHIP & GOV FEES	242,978	261,894	172,577	262,250	356	0.1%
BAD DEBT & CLAIMS			-		26,000	86.7%

	(373)	30,000		56,000		
UTILITIES	252,123	326,814	196,633	337,600	10,786	3.3%
PROFESSIONAL SERVICES	416,561	483,025	342,246	851,675	368,650	76.3%
TRAINING/TRAVEL & RECRUITMENT	40,140	37,500	19,358	61,500	24,000	64.0%
RESTRICTED EARNINGS	291,085	225,000	243,471	225,000	-	0.0%
DEPRECIATION	875,033	1,060,000	697,236	1,080,000	20,000	1.9%
DEBT SERVICE	706,253	1,069,200	830,546	1,069,500	300	0.0%
TOTAL OP EXP LESS DEPRECIATION (DEPREC)	12,167,652	13,650,217	8,674,123	14,030,107	379,891	2.8%
NET RESULTS OF OPERATIONS	1,456,158	485,605	2,209,582	(176,906)	(662,511)	-136.4%
NET TRANSFERS TO CAPITAL	1,456,158	485,605	2,209,582	(176,906)	(662,511)	-136.4%
DEBT SERVICE COVERAGE	3.54	1.93		1.65		

* Revenues included in Debt Service Coverage Ratio

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MID-PENINSULA WATER DISTRICT

PRELIMINARY DRAFT OPERATIONS BUDGET FOR FY 2020-2021

DETAILED

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	FY 2018- 2019 ACTUAL	Good	Good	EARLY VIEW- PRELIMINARY	Increase (Decrease)	%	
			AMENDED FY 2019-2020 BUDGETED	ACTUALS 7/1/19- 02/29/20	FY 2020-2021 BUDGET			
1-400-4010-40-00	Water Commodity Charges	9,580,149	9,800,000	7,549,768	9,800,000	-	0.0%	NO RATE INCREASE
1-400-4020-00-00	Fixed System Charges	2,656,717	3,000,000	2,081,395	3,000,000	-	0.0%	NO RATE INCREASE
1-400-4030-00-00	Fire Service Charges	15,249	14,000	10,905	14,000	-	0.0%	NO RATE INCREASE
1-400-4040-00-00	Credit/Debit Card Fees		30,000	32,370	55,500	25,500	na	Actuals divited by 7 and multiplied by
1-400-4041-00-00	Late Fees		32,000	40,424	69,500	37,500	na	Actuals divited by 7 and multiplied by
1-400-4042-00-00	48-Hour Notice Fees		22,000	23,350	41,500	19,500	na	Actuals divited by 7 and multiplied by
1-400-4043-00-00	Shut Off Fees		3,500	3,795	6,600	3,100	na	Actuals divited by 7 and multiplied by
1-400-4044-00-00	After Hour Fees		1,000	1,200	2,100	1,100	na	Actuals divited by 7 and multiplied by
1-400-4080-00-00	Miscellaneous -Operating	63,164	10,000	-	60,000	50,000	500.0%	Includes Collections
1-400-4000-00-00	TOTAL WATER CHARGES	12,315,280	12,912,500	9,743,207	13,049,200	136,700	1.1%	
1-420-4202-45-00	Property Tax Revenue	327,313	268,000	289,501	268,000	-	0.0%	
1-420-4200-00-00	OTHER OPERATING REVENUE	327,313	268,000	289,501	268,000	-	0.0%	
	TOTAL OPERATING REVENUE	12,642,593	13,180,500	10,032,708	13,317,200	136,700	1.0%	

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1-400-4060-00-00	Water System Capacity Charges	283,109	340,000	338,277	40,000	(300,000)	-88.2%	Placeholder
1-400-4070-00-00	Water Demand Offset Charges	33,899	47,000	45,396	20,000	(27,000)	-57.4%	Placeholder
1-400-4050-00-00	Service Line & Installation Charges	76,762	75,000	63,882	50,000	(25,000)	-33.3%	Placeholder
1-400-4080-00-00	Miscellaneous - Non Operating	127,648	75,000	62,561	50,000	(25,000)	-33.3%	Placeholder
1-400-4090-00-00	Interest Revenue- LAIF	90,825	75,000	75,893	75,000	-	0.0%	same as last year
1-410-4103-00-00	Interest Revenue- COP Funds	200,261	150,000	167,578	150,000	-	0.0%	sane as last year
1-400-4100-00-00	INTEREST REVENUE	291,085	225,000	243,471	225,000	-	0.0%	
1-420-4201-44-00	Lease of Physical Property	151,714	175,000	161,910	150,000	(25,000)	-14.3%	FY 2018-2019 actuals
1-420-4208-46-00	Landscape Plan Permit Review	17,000	18,320	18,320	1,000	(17,320)	-94.5%	Placeholder
1-420-4200-00-00	OTHER NON-OPERATING REVENUE	168,714	193,320	180,229	151,000	(42,320)	-21.9%	
	TOTAL NON-OPERATING REVENUE	981,217	955,320	933,817	536,000	(419,320)	-43.9%	
	TOTAL OPERATING & NON-OP REVENUE	13,623,810	14,135,820	10,966,524	13,853,200	(282,620)		
1-601-6010-50-00	Salaries & Wages*	1,508,825	1,968,750	1,137,739	1,968,750	-	0.0%	
1-601-6010-51-00	Director Compensation	8,300	11,385	5,362	11,385	-	0.0%	
1-601-6010-00-00	GROSS REGULAR WAGES	1,517,125	1,980,135	1,143,100	1,980,135	-	0.0%	
1-602-6020-56-00	Overtime Labor	32,187	47,250	22,012	47,250	-	0.0%	
1-602-6020-57-00	Standby Labor	36,707	42,000	26,279	42,000	-	0.0%	
1-602-6020-00-00	SUB-TOTAL SALARY & WAGES	1,586,018	2,069,385	1,191,391	2,069,385	-	0.0%	
1-603-6030-58-00	FICA/Medicare PR Tax	126,470	158,308	82,851	158,308	(0)	0.0%	

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1-603-6030-59-00	ACWA Health Care	391,245	420,000	255,932	432,600	12,600	3.0%	3% increase
1-603-6030-60-00	ACWA Dental	91,609	31,500	18,284	32,445	945	3.0%	3% increase
1-603-6030-61-00	ACWA Vision	4,382	4,463	3,365	4,597	134	3.0%	3% increase
1-603-6030-62-00	ACWA Life/AD&D	4,229	5,577	3,609	5,744	167	3.0%	3% increase
1-603-6030-63-00	Standard LDL/SDL Disability	10,080	18,375	9,944	18,926	551	3.0%	3% increase
1-603-6030-64-00	Workers' Comp Insurance	33,318	55,000	30,551	56,650	1,650	3.0%	3% increase
1-603-6030-65-00	Unemployment	-	1,066	-	1,000	(66)	-6.2%	placeholder
1-603-6030-66-00	CALPERS Retirement - ER 2% @55	235,757	190,575	105,868	180,000	(10,575)	-5.5%	ER cost based on 9.68% for Classic Members
	CALPERS UAL		137,087	81,803	50,000	(87,087)	-63.5%	
1-603-6030-66-01	Retirees' ACWA Health Care	60,788	75,359	36,386	-	76,059	na	OPEB Trust Account
1-603-6030-67-00	Directors' ACWA Health Care	118,425	120,750	60,035	124,373	3,623	3.0%	3% increase
1-603-6030-69-00	Medical Reimbursement	546	600	277	618	18	3.0%	3% increase
1-603-6030-70-00	Employee Service Recognition	13,729	10,350	3,168	10,661	311	3.0%	3% increase
1-603-6030-71-00	Safety Incentive Program	7,577	15,000	1,260	15,450	450	3.0%	3% increase
1-603-6030-72-00	Uniforms	26,150	26,250	13,338	27,038	788	3.0%	3% increase
1-603-6030-73-00	PARS OPEB	83,094	145,000	-	197,000	140,411	na	
1-603-6030-00-00	SUB-TOTAL PAYROLL TAXES & BENEFITS	1,154,223	1,415,260	706,671	1,315,409	139,978	-7.1%	
	CAPITAL PAYROLL, TAXES & BENEFITS	(227,734)		(169,343)				
	PERSONNEL COSTS	2,512,508	3,484,645	1,728,719	3,384,794	139,978	-2.9%	
Division 610	SFPUC Treated Water	5,012,205	5,100,000	3,596,610	5,100,000	-	0.0%	no rate adjustment by SFPUC
1-610-6100-76-00	BAWSCA (Debt Service Surcharges)	489,120	476,000	316,280	476,000	-	0.0%	no rate adjustment by SFPUC
1-610-6100-77-00	Rates Stabilization	-	-	-	-	-	na	
1-610-6100-78-00	SFPUC Water Service Charge	78,264	78,624	52,176	78,624	-	0.0%	no rate adjustment by SFPUC

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6-610-6100-00-00	PURCHASED WATER	5,579,589	5,654,624	3,965,066	5,654,624	-	0.0%	
Division 630	Water Conservation Program	5,474	7,452	4,336	7,452	-	0.0%	
1-630-6301-00-00	School Conservation Program	24,347	7,452	4,192	7,452	-	0.0%	
1-630-6302-00-00	Public Outreach & Education	8,922	25,525	12,168	25,525	-	0.0%	
Division 634	HET (High Efficiency Toilet) Rebates	8,922	9,221	642	9,221	-	0.0%	
1-634-6304-80-00	Washing Machine Rebates	-	-	-	-	-	na	
1-634-6304-81-00	Lawn-Be-Gone Rebates	8,717	7,685	8,083	20,000	12,315	160.2%	Revised Program
1-634-6304-82-00	Rain Barrels Rebates	220	2,665	316	2,665	-	0.0%	
1-630-6300-00-00	WATER CONSERVATION REBATES	17,859	19,571	9,041	31,886	12,315	62.9%	
	OUTREACH/EDUCATION	56,602	60,000	29,737	72,315	12,315	20.5%	
1-640-6401-00-00	Water Quality	31,196	62,250	21,636	62,500	250	0.4%	
1-640-6402-00-00	Pumping	21,117	51,875	2,151	52,000	125	0.2%	
1-640-6403-00-00	Storage Tanks	940	10,375	941	10,500	125	1.2%	
1-640-6404-00-00	Mains/Distribution	416,851	103,750	111,030	107,000	3,250	3.1%	3% increase
1-640-6405-00-00	Meters & Service	15,480	35,000	5,653	35,000	-	0.0%	
1-640-6406-00-00	Fire Hydrants	30,531	100,000	30,480	100,000	-	0.0%	
1-640-6407-00-00	Regulator Stations	5,862	10,375	577	10,500	125	1.2%	
1-640-6408-00-00	Safety	26,713	38,388	7,319	38,500	112	0.3%	
1-640-6409-00-00	SCADA	11,392	14,956	2,151	20,000	5,044	33.7%	
1-640-6410-00-00	Generator Maintenance	2,081	26,544	1,851	27,000	456	1.7%	
1-640-6400-00-00	FIELD OPERATIONS & MAINTENANCE						2.1%	

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		562,164	453,513	183,790	463,000	9,487		
Division 650	Buildings&Grounds	74,160	90,000	48,876	86,500	(3,500)	-3.9%	Took actuals, divide by 7, multiply b
1-650-6501-00-00	Equipment&Tools	18,083	20,750	8,073	14,250	(6,500)	-31.3%	Took actuals, divide by 7, multiply b
1-650-6502-00-00	Vehicles & Large Equipment	19,950	20,750	5,427	9,750	(11,000)	-53.0%	Took actuals, divide by 7, multiply b
1-650-6503-00-00	Fuel	23,513	31,125	18,792	33,250	2,125	6.8%	Took actuals, divide by 7, multiply b
1-650-6500-00-00	FACILITIES & EQUIPMENT	135,707	162,625	81,168	143,750	(18,875)	-11.6%	
Division 660	Cathodic Protection Survey	(1,424)	35,000	-	35,000	-	na	
1-660-6601-00-00	Leak Detection Survey/Large Meter Testing	13,800		-	-	-	#DIV/0!	
1-660-6600-00-00	SYSTEM SURVEYS	12,376	35,000	-	35,000	-	0.0%	
1-670-6701-00-00	Office Supplies	5,629	15,563	2,646	10,000	(5,563)	-35.7%	
1-670-6702-00-00	Insurance- Liability/Vehicles/Excess	72,691	83,000	65,105	115,000	32,000	38.6%	Took actuals, divide by 7, multiply b
1-670-6703-00-00	Postage	2,514	5,188	2,724	5,500	312	6.0%	
1-670-6704-00-00	Printing/Print Supplies	8,416	17,638	1,979	18,000	362	2.1%	
1-670-6705-00-00	Equipment Services/Maintenance	13,984	16,600	2,203	16,600	-	0.0%	
1-670-6706-00-00	Computer Supplies & Upgrades	16,020	25,938	6,272	26,000	62	0.2%	
1-670-6707-00-00	Security & Safety	5,622	11,931	2,812	12,000	69	0.6%	
1-670-6708-00-00	Miscellaneous Fees	-	519	-	-	(519)	100.0%	
1-670-6709-00-00	Customer Credit Card Service Fees	132,297	130,000	99,833	130,000	-	0.0%	
1-670-6700-00-00	ADMINISTRATION & EQUIP	257,173	306,377	183,575	333,100	26,723	8.7%	
1-680-6801-00-00	Dues & Publications	37,463	34,186	23,802	34,250	64	0.2%	
1-680-6802-00-00	Gov't Fees & Licenses	26,557	40,000	26,463	40,000	-	0.0%	

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1-680-6803-00-00	BAWSCA Membership Assessments	72,604	78,660	48,893	78,750	90	0.1%	0% increase
1-680-6804-00-00	Env Health - Cross Connection Inspection	32,700	33,048	23,000	33,250	202	0.6%	
1-680-6805-00-00	Software Licenses	73,653	76,000	50,419	76,000	-	0.0%	
1-680-6800-00-00	MEMBERSHIP & GOV FEES	242,978	261,894	172,577	262,250	356	0.1%	
1-690-6901-00-00	Bad Debt	-	24,000	-	50,000	26,000	108.3%	
1-690-6902-00-00	Claims	(373)	6,000	-	6,000	-	0.0%	
1-690-6900-00-00	BAD DEBT & CLAIMS	(373)	30,000	-	56,000	26,000	86.7%	
1-700-7001-00-00	Utilities-Internet/Cable	8,261	8,300	4,948	8,500	200	2.4%	3% increase
1-700-7002-00-00	Utilities-Cellular Telephones	9,962	13,488	6,972	14,000	512	3.8%	3% increase
1-700-7003-00-00	Utilities-Electric-Pumping Costs	180,507	243,813	146,085	252,000	8,187	3.4%	3% increase
1-700-7004-00-00	Utilities-Electric-Bldgs&Grounds	23,486	26,975	17,803	27,800	825	3.1%	3% increase
1-700-7005-00-00	Utilities-Telephones	23,639	26,975	15,904	27,800	825	3.1%	3% increase
1-700-7006-00-00	Utilities-Sewer - NPDES	6,269	7,263	4,921	7,500	237	3.3%	3% increase
1-700-7000-00-00	UTILITIES	252,123	326,814	196,633	337,600	10,786	3.3%	
1-710-7101-00-00	Prof Serv - District Counsel	63,165	75,000	50,433	90,000	15,000	20.0%	Updated Agreement
1-710-7102-00-00	Prof Serv - District Engineer	76,369	100,000	46,469	75,000	(25,000)	-25.0%	
1-710-7103-00-00	Prof Serv - IT	19,600	22,000	16,200	22,000	-	0.0%	
1-710-7104-00-00	Prof Serv- Annual Finance Audit	19,050	19,425	19,425	20,000	575	3.0%	According to the contract
1-710-7105-00-00	Prof Serv -Mnmgmt Consult	-	-	-	-	-	na	
1-710-7106-00-00	Prof Serv- Accounting & Payroll	23,324	24,000	15,193	24,750	750	3.1%	3% increase
1-710-7107-00-00	Prof Serv- Customer Billing	66,267	60,000	40,810	61,800	1,800	3.0%	3% increase
1-710-7108-00-00	Prof Serv - Recruiting	-	-	-	-	-		

000017				1,400					
1-710-7109-00-00	Prof Serv - Answering Svs	3,372	4,000	1,967	4,125	125	3.1%	3% increase	
	Prof Serv - Miscellaneous								
1-710-7110-00-00		141,815	175,000	147,601	550,000	375,000	214.3%	UWMP/WSCP, RRA, Water Rate St	
1-710-7111-00-00	Prof Serv - District Treasurer	3,600	3,600	2,750	4,000	400	11.1%		
1-710-7100-00-00	PROFESSIONAL SERVICES	416,561	483,025	342,246	851,675	368,650	76.3%		
1-720-7201-00-00	Director Travel	5,602	4,000	2,127	4,000	-	0.0%		
1-720-7202-00-00	Director Expense	-	1,600	1,717	1,600	-	0.0%		
1-720-7203-00-00	Elections	-	-	-	24,000	24,000	na	2020 Election	
1-720-7204-00-00	Employee Travel/Training	30,325	24,400	12,071	24,400	-	0.0%		
1-720-7205-00-00	Meetings Expense	4,213	7,500	3,443	7,500	-	0.0%		
1-720-7200-00-00	TRAINING & TRAVEL	40,140	37,500	19,358	61,500	24,000	64.0%		
Division 730	Restricted Earnings Expense - Interest LAIF	291,085	225,000	243,471	225,000	-	0.0%		
1-730-7300-00-00	RESTRICTED EARNINGS EXPENSE	291,085	225,000	243,471	225,000	-	0.0%		
Division 800	Working Reserves: Capital	-	-	-	-	-	na		
1-800-8001-00-00	Working Reserves: Operating	-	-	-	-	-	na		
1-800-8000-00-00	RESERVES	-	-	-	-	-	na		
9011	DEBT SERVICE TRUSTEE FEES & EXPENSES	-	-	937	1,654				
Division 900	DEPRECIATION	875,033	1,060,000	697,236	1,080,000	20,000	1.9%	Current Depreciation is \$88,616.76/n	
1-740-7405-00-00	DEBT SERVICE 2016 COPs	706,253	1,069,200	830,546	1,069,500	300	0.0%	based on installment payment sched	
SUB-TOTAL - OPERATIONAL EXPENSES		9,427,411	10,165,572	6,946,341	10,645,314	479,742	4.7%		
TOTAL OPERATING EXPENSES		11,939,918	13,650,217	8,675,060	14,030,107	619,720	2.8%		

NET OPERATING SURPLUS/(LOSS)						
TRANSFER TO CAPITAL	1,683,892	485,605	2,291,465	(176,906)	(902,340)	na
DEBT SERVICE COVERAGE	3.87	1.93	3.91	1.65		

DRAFT

**MID-PENINSULA WATER DISTRICT
PRELIMINARY DRAFT CAPITAL BUDGET FOR FY 2020-2021
CAPITAL OUTLAY/CAPITAL PROJECTS**

4/7/2020
19:38

DESCRIPTION	APPROVED		PRELIMINARY
	AMENDED FY 2019- 2020 BUDGET \$	ACTUAL 7/1/2019 2/29/2020	DRAFT CAPITAL FY 2020- 2021 BUDGET \$
CAPITAL IMPROVEMENTS - WORK IN PROCESS (WIP)			
Completion of Scada System Replacement			275,000
Miscellaneous Capital Improvements	113,238	115,958	-
CAPITAL IMPROVEMENTS - WIP TOTAL	113,238	115,958	275,000
CAPITAL OUTLAY			
Miscellaneous Capital Outlay/Projects	50,000	-	50,000
CAPITAL OUTLAY TOTAL	50,000	-	50,000
CAPITAL IMPROVEMENTS & CAPITAL OUTLAY TOTAL	163,238	115,958	325,000
DEPRECIATION	1,060,000	697,236	1,080,000
TRANSFER FROM OPS	485,605	2,291,465	(176,906)
TRANSFER (TO)/FROM CAPITAL RESERVES	(1,382,367)	(2,872,743)	(578,094)
CAPITAL OUTLAY/CAPITAL PROJECTS	(163,238)	(115,958)	(325,000)
NET RESULTS OF CAPITAL	-	(0)	(0)

XiO, Inc.

100 Smith Ranch Road, Suite 120
San Rafael, CA 94903 US

April 6, 2020

MPWD SCADA EQUIPMENT PROPOSAL

SCADA EQUIPMENT	QUANTITY	UNIT PRICE	TOTAL
Analog Signal Isolation	4	\$ 707.85	\$ 2,831.40
Total Chlorine, pH, and Temperature Measurement System, Constant Head Flow Cell	2	4,488.00	8,976.00
Custom Controller	16	3,500.00	56,000.00
Digital Signal Isolation, 120VAC	5	850.85	4,254.25
Dry Contact Monitoring	10	851.50	8,515.00
VPN Router	2	979.55	1,959.10
Field Monitoring Unit with 30W Solar Panel & Power Package	1	7,246.20	7,246.20
Generator Monitoring	2	707.85	1,415.00
Generator Monitoring and Control	5	2,269.41	11,347.05
Cloud-Link Cellular Modem Package	14	979.55	13,713.70
Pump Controller	5	4,976.40	24,882.00
Pump Monitoring	5	707.85	3,539.25
Pump Monitoring and Control	2	1,341.60	2,683.20
System Pressure Monitoring	42	900.90	37,837.80
Tank Controller with External Water Level Sensor	4	5,272.80	21,091.20
Tank Controller with Submersible Water Level Sensor	1	5,850.00	5,850.00
Additional Current Sensor Cable (ft.)	30	4.65	139.50
Uninterruptible Power Supply	16	1,279.85	20,477.60
Valve Control	17	858.00	14,586.00
TOTAL			\$247,344.95

Payment due 45 days after board approval or 9/30/2020, whichever is sooner.

SUB-TOTAL	\$247,344.95
DISCOUNT	-20,000.00
TAX	22,166.13
BALANCE DUE	\$249,511.08

February 27, 2020

Ms. Tammy Rudock
General Manager
Mid-Peninsula Water District
3 Dairy Lane
Belmont, CA 94002

Re: Mid-Peninsula Water District ("District") GASB 75 Valuation

Dear Ms. Rudock:

This report sets forth the results of our GASB 75 actuarial valuation of the District's retiree health insurance program as of July 1, 2019.

In June, 2015 the Governmental Accounting Standards Board (GASB) issued new accrual accounting standards for Other Postemployment Benefits (OPEB), GASB 74 and GASB 75. GASB 74/75 require public employers such as the District to perform periodic actuarial valuations to measure and disclose their OPEB liabilities for the financial statements of both the employer and the trust, if any, set aside to pre-fund these liabilities. The District must obtain actuarial valuations of its retiree health insurance program under GASB 75 not less frequently than once every two years. The District implemented GASB 75 based on the results of an actuarial valuation performed by DFA as of July 1, 2017.

The net impact of OPEB on the District's Net Position is projected to increase from \$694,327 as of June 30, 2019, to \$750,422 as of June 30, 2020. The District's OPEB Expense for fiscal 2019-20 is \$122,376, or 0.59% of projected covered payroll.

The District has selected Pacific Crest Actuaries (PCA) to perform this actuarial valuation of the District's retiree health insurance program as of July 1, 2019, to be used for the fiscal years ending June 30, 2020 and 2021.

The report is organized as follows:

- (1) Introduction and discussion; GASB 75 accounting and disclosures.
- (2) Information not relating to GASB 75 disclosures (begins on page 9).
- (3) Plan provisions, valuation data, actuarial assumptions, and certification.

We are available at (818) 718-1266 to answer any questions the District may have concerning the report.

Introduction and Discussion

We have determined that the present value of District-paid retiree health benefits is \$3,852,148 as of July 1, 2019. This represents the present value of all plan benefits expected to be paid by the District for its current and future retirees. If the District were to place this amount in a fund earning interest at the rate of 5.50% per year, and all other actuarial assumptions were exactly met, the fund would have exactly enough to pay all expected benefits. This number is given for informational purposes only and is not required to be included in the District's financial statement. This includes benefits for 19 active employees, some of whom may become eligible to retire and receive benefits in the future, and 5 retirees receiving District health benefits as of the valuation date.

When we apportion the \$3,852,148 into past service and future service components under the Entry Age, Level Percent of Pay Cost Method, the past service liability (or "Total OPEB Liability") component is \$3,271,128 as of July 1, 2019. This represents the present value of all benefits accrued through the valuation date assuming that each employee's liability is expensed from hire date until retirement date as a level percentage of pay. The \$3,271,128 is comprised of liabilities of \$2,581,150 for active employees and \$689,978 for retirees. The District has adopted an irrevocable trust (the PARS OPEB Trust) for the pre-funding of retiree healthcare benefits. Trust assets have an actuarial value of \$2,641,487 as of June 30, 2019, so the Unfunded Accrued Liability (also called the "Net OPEB Liability", equal to the AL less Actuarial Value of Assets) is \$629,641.

Actuarially determined contributions (ADC) have not been prepared as part of this valuation. Instead, we have provided alternative funding schedules beginning on page 10.

We have prepared the following pro-forma GASB 75 roll-forward to June 30, 2020 based on all available information as of the July 1, 2019 valuation date. A summary of the June 30, 2019 disclosures, 2019 valuation results, and projected 2020 disclosures is shown below:

	Measurement Date <u>6/30/2020</u>	Valuation Date <u>7/1/2019</u>	Measurement Date <u>6/30/2019</u>
Present Value of Benefits			
Active employees	\$3,261,089	\$3,162,170	
Retirees	<u>734,823</u>	<u>689,978</u>	
Total Present Value of Benefits	\$3,995,912	\$3,852,148	
Entry Age Accrued Liability			
Active employees	\$2,739,781	\$2,581,150	
Retirees	<u>734,823</u>	<u>689,978</u>	
Total OPEB Liability	\$3,474,604	\$3,271,128	\$3,310,376
Fiduciary Net Position (Trust Assets)	<u>(2,778,799)</u>	<u>(2,641,487)</u>	<u>(2,641,487)</u>
Net OPEB Liability	\$695,805	\$629,641	\$668,889
Service Cost (Beginning of Year)		\$86,889	

Summary of Results

The change in Mid-Peninsula Water District's Net OPEB Liability, Deferred Inflows and Deferred Outflows, and the Net Impact on Statement of Net Position, together with the OPEB Expense, are shown in the following table:

	Measurement Date	
	<u>6/30/2020</u>	<u>6/30/2019</u>
Net OPEB Liability	\$695,805	\$668,889
Deferred Inflows of Resources	177,323	37,820
Deferred Outflows of Resources	<u>(122,706)</u>	<u>(12,382)</u>
Net Impact on Statement of Net Position	\$750,422	\$694,327
OPEB Expense (\$ Amount)	\$122,376	
Projected Covered Payroll	\$2,069,385	
OPEB Expense (% of Payroll)	0.59%	

For the measurement period ending June 30, 2020, the annual OPEB Expense is \$122,376, or 0.59% of covered payroll. This amount differs from the District's projected contribution of \$66,281 (including implicit subsidy and contributions to the PARS OPEB Trust), in that it represents the change in the Net Impact on the Statement of Net Position plus employer contributions (\$750,422 - \$694,327 + \$66,281). A breakdown of the components of the annual OPEB Expense is shown on page 6 of the report.

This valuation should be used for the District's fiscal years ending June 30, 2020 and June 30, 2021. The June 30, 2021 disclosures should be based on a roll-forward of the results of this valuation. The roll-forward will involve actual, rather than expected, benefit payments, trust assets as of the statement date, and possibly a change in discount rate, if conditions change sufficiently in the interim. Therefore, the projected June 30, 2021 numbers are not given in this report, but will be available on a complimentary basis from PCA at the time the District prepares its June 30, 2021 disclosures.

The information given in pages 4 through 8 of this report follows the wording and format of Illustration 4 of GASB 75 for plans administered through a trust. Accordingly, the past tense is used in some cases where the period in question has not yet ended.

The disclosure information contained in this report is based on all information currently available to us as of the valuation date. Actual disclosures for the District's June 30, 2020 financial statement may require us to make revisions to take into account changes between now and June 30, 2020.

**Schedule of Changes in Net OPEB Liability
For the Year Ended June 30, 2020**

The components of the Mid-Peninsula Water District's Net OPEB Liability as of June 30, 2020 were as follows:

Total OPEB Liability (TOL)

Service cost at beginning of year	\$86,889
Interest on TOL plus service cost, less 1/2 benefit payments	185,027
Changes of benefit terms	0
Difference between expected and actual experience	(178,750)
Changes of assumptions	137,343
Benefit payments, adjusted for implicit subsidy	<u>(66,281)</u>
Net change in Total OPEB Liability	\$164,228

Total OPEB Liability - beginning (6/30/19) (a)	<u>\$3,310,376</u>
Total OPEB Liability - ending (6/30/20) (b)	\$3,474,604

Plan Fiduciary Net Position

Contributions - employer, adjusted for implicit subsidy	\$66,281
Contributions - member	0
Expected investment income, net of investment expense	145,068
Difference between expected and actual investment income	(0)
Changes of assumptions	0
Benefit payments, adjusted for implicit subsidy	(66,281)
Trustee fees	(0)
Administrative expense	(7,756)
Other	<u>(0)</u>
Net change in Plan Fiduciary Net Position	\$137,312

Plan Fiduciary Net Position - beginning (6/30/19) (c)	<u>\$2,641,487</u>
Plan Fiduciary Net Position - ending (6/30/20) (d)	\$2,778,799

District's Net OPEB Liability - beginning [(a)-(c)]	\$668,889
District's Net OPEB Liability - ending [(b)-(d)]	\$695,805

**Schedule of Collective Deferred Inflows and Deferred Outflows
For the Year Ended June 30, 2020**

The current balances of collective deferred outflows and deferred inflows of resources as of June 30, 2020 were as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$0	\$148,958
Changes in assumptions	114,452	0
Net difference between projected and actual earnings on OPEB plan investments	<u>8,254</u>	<u>28,365</u>
Total	<u>\$122,706</u>	<u>\$177,323</u>

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2021	\$27,018	\$39,247
2022	27,018	39,247
2023	22,891	39,247
2024	22,891	29,792
2025	22,888	29,790
2026	0	0
2027	0	0

The average of expected remaining service lives was 6.005 as of the June 30, 2020 measurement date. This was rounded to 6.0 for purposes of determining annual expense and deferral amounts for bases created after June 30, 2019.

These schedules are projected and are subject to revision as of June 30, 2020 for experience gains and losses between the valuation date and June 30, 2020; specifically, benefit payments greater than or less than expected, net difference between projected and actual earnings on OPEB plan investments, and any required changes in discount rate.

A detailed schedule of the components of the deferrals, including date of creation, initial balance, and outstanding balance for each base, will be contained in the June 30, 2020 disclosure packet, to be prepared by PCA once the final Net OPEB Liability for the year is known.

Annual OPEB Expense
For the Year Ended June 30, 2020

The annual OPEB Expense recognized by the Mid-Peninsula Water District can be calculated as the changes in the amounts reported on the Statement of Net Position that are not attributable to employer contributions. It is the change in Net OPEB Liability minus the changes in deferred outflows plus the changes in deferred inflows plus employer contributions.

The components of the annual OPEB Expense for the Mid-Peninsula Water District as of June 30, 2020 were as follows:

Net OPEB Liability as of June 30, 2019 (a)	\$668,889
Net OPEB Liability as of June 30, 2020 (b)	<u>695,805</u>
Change in Net OPEB Liability [(b)-(a)]	\$26,916
Change in Deferred Outflows	(110,324)
Change in Deferred Inflows	139,503
Employer Contributions*	<u>66,281</u>
OPEB Expense	\$122,376

*projected pay-as-you-go, increased for implicit subsidy.

Net OPEB Liability

The District's Net OPEB Liability of \$695,805 was based on an actuarial valuation as of July 1, 2019 and a measurement date of June 30, 2020. The results of the July 1, 2019 actuarial valuation were rolled forward to the June 30, 2020 measurement date using standard actuarial methods.

Actuarial Assumptions. The Total OPEB Liability was determined using an actuarial valuation as of July 1, 2019, using the following actuarial assumptions:

Inflation	2.25%
Salary increases	3.00%, average, including inflation
Discount rate	5.50%, net of investment expense, including inflation
Healthcare cost trend rates	7.00% for 2019-20, decreasing to 5.00% for 2021-22 and after
Retirees' share of cost	Retirees pay excess of any premiums over Consumer Driven Health Plan option. Tier 3 retirees and retirees with fewer than 20 years of service pay a percentage of the premium. Tier 2 and Tier 3 retirees pay the cost of spousal coverage if elected.

Mortality rates were based on the RP-2014 Employee and Healthy Annuitant Mortality Tables for Males or Females, as appropriate, projected using a generational projection based on 100% of scale MP-2016 for years 2014 through 2029, 50% of MP-2016 for years 2030 through 2049, and 20% of MP-2016 for 2050 and thereafter.

The long-term expected rate of return (LTROR) on OPEB plan investments of 5.50% was determined by PARS and HighMark using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The discount rate of 5.50% is based on the long-term rate of return. It was determined that the LTROR was an appropriate basis for selection of the discount rate based on the results of a cross-over test performed by the plan's actuaries, PCA, as of the valuation date, which shows that plan assets, together with expected future contributions, will be sufficient to pay all expected future benefits.

Net OPEB Liability (continued)

All actuarial assumptions used in measuring the Total OPEB Liability are described beginning on page 16 of this report. The assumptions were based on plan experience through July 1, 2019. The actuarial cost method used for measuring the Total OPEB Liability for purposes of GASB 75 was Entry Age, Level Percent of Pay.

Sensitivity of the Net OPEB Liability to changes in the discount rate. The following presents the District's Net OPEB Liability as of June 30, 2020 calculated using the discount rate of 5.50%, as well as what the District's Net OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.50%) or 1 percentage point higher (6.50%) than the current rate:

	<u>1% Decrease (4.50%)</u>	<u>Current Rate (5.50%)</u>	<u>1% Increase (6.50%)</u>
Net OPEB Liability	\$1,315,396	\$695,805	\$193,789

Sensitivity of the Net OPEB Liability to changes in the healthcare trend rates. The following presents the District's Net OPEB Liability as of June 30, 2020, as well as what the District's Net OPEB Liability would be if it were calculated using healthcare trend rates that are 1 percentage point lower (6.0% grading down to 4.0%) or 1 percentage point higher (8.0% grading down to 6.0%) than the current healthcare cost trend rates:

	<u>1% Decrease (6.0% decreasing to 4.0%)</u>	<u>Current Rates (7.0% decreasing to 5.0%)</u>	<u>1% Increase (8.0% decreasing to 6.0%)</u>
Net OPEB Liability	\$157,700	\$695,805	\$1,379,817

Differences from Prior Valuation

The most recent prior valuation was completed as of July 1, 2017 by DFA. The AL (Accrued Liability) as of that date was \$2,978,186, compared to \$3,271,128 as of July 1, 2019. In this section, we provide a reconciliation between the two numbers so that it is possible to trace the AL from one valuation to the next.

Several factors have caused the AL to change since 2017. The AL increases with the passage of time as employees accrue more service and get closer to receiving benefits, and decreases as benefit obligations to current retirees are satisfied. There are actuarial gains/losses from one valuation to the next, and changes in actuarial assumptions and methodology for the current valuation. To summarize, the most important changes were as follows:

1. We refreshed the healthcare trend rates to an initial rate of 7.0% decreasing to an ultimate rate of 5.0% over a period of 2 years. This increased the AL by \$80,472.
2. We have begun using a graded mortality table projection to be more consistent with recently modified actuarial standards. This increased the AL by \$56,871.
3. There was a net experience gain (a decrease in the AL) of \$178,750 from all other sources. Due to the change in actuarial firms it is difficult to provide a more detailed breakdown of the components of this gain.

The estimated changes to the AL from July 1, 2017 to July 1, 2019 may be summarized as follows:

Changes to AL	AL
AL as of 7/1/17	\$2,978,186
Passage of time	334,349
Changes measured through 6/30/19	0
Changes in healthcare trend rates	80,472
Changes in projection of mortality rates	56,871
(Gain) from all other sources	<u>(178,750)</u>
AL as of 7/1/19	\$3,271,128

This information is not required to be included in the District's GASB 75 disclosures.

Funding Schedules

There are many ways to approach the pre-funding of retiree healthcare benefits. In the *Financial Results* section, we determined the accrual expense for all District-paid benefits. The expense is an orderly methodology, developed by the GASB, to account for retiree healthcare benefits. However, the GASB 75 expense has no direct relation to amounts the District may set aside to pre-fund healthcare benefits.

The table on the next page provides the District with three alternative schedules for funding (as contrasted with expensing) retiree healthcare benefits. The schedules all assume that the retiree fund earns, or is otherwise credited with, 5.50% per annum on its investments, a starting PARS trust value of \$2,641,487, and that contributions and benefits are paid mid-year.

The schedules are:

1. A level contribution amount for the next 20 years.
2. A level contribution amount for the next 10 years.
3. A constant percentage increase (3%) for the next 20 years.

We provide these funding schedules to give the District a sense of the various alternatives available to it to pre-fund its retiree healthcare obligation. The three funding schedules are simply three different examples of how the District may choose to spread its costs.

By comparing the schedules, you can see the effect that early pre-funding has on the total amount the District will eventually have to pay. Because of investment earnings on fund assets, the earlier contributions are made, the less the District will have to pay in the long run. Of course, the advantages of pre-funding will have to be weighed against other uses of the money.

The table on the following page shows the required annual outlay under the pay-as-you-go method and each of the above schedules. **The three funding schedules all assume "pay-as-you-go" costs are paid from the trust; therefore, the recommended contributions under these schedules are instead of, rather than in addition to, the pay-as-you-go costs.**

These numbers are computed on a closed group basis, assuming no new entrants, and using unadjusted premiums. We use unadjusted premiums for these funding schedules because we do not recommend that the District pre-fund for the full age-adjusted costs reflected in the GASB 75 liabilities shown in the first section of this report. If the District's premium structure changes in the future to explicitly charge retirees for the full actuarial cost of their benefits, this change will be offset by a lowering of the active employee rates (all else remaining equal), resulting in a direct reduction in District operating expenses on behalf of active employees from that point forward. For this reason among others, we believe that pre-funding of the full GASB liability would be redundant.

Mid-Peninsula Water District

Sample Funding Schedules (Closed Group)

Starting Trust Value of \$2,641,487 as of July 1, 2019

Fiscal Year	Pay-as-you-go*	Level Contribution for 20 years	Level Contribution for 10 years	Constant Percentage Increase
2019	\$57,121	\$124,170	\$196,860	\$97,364
2020	65,971	124,170	196,860	100,285
2021	86,099	124,170	196,860	103,294
2022	101,620	124,170	196,860	106,393
2023	118,337	124,170	196,860	109,584
2024	131,529	124,170	196,860	112,872
2025	146,001	124,170	196,860	116,258
2026	158,992	124,170	196,860	119,746
2027	179,382	124,170	196,860	123,338
2028	198,577	124,170	196,860	127,038
2029	206,034	124,170	0	130,849
2030	227,617	124,170	0	134,775
2031	246,866	124,170	0	138,818
2032	266,893	124,170	0	142,983
2033	280,624	124,170	0	147,272
2034	293,377	124,170	0	151,690
2035	312,916	124,170	0	156,241
2036	315,583	124,170	0	160,928
2037	334,627	124,170	0	165,756
2038	350,342	124,170	0	170,729
2039	366,021	0	0	0
2040	373,094	0	0	0
2041	388,086	0	0	0
2042	400,390	0	0	0
2043	411,472	0	0	0
2044	421,152	0	0	0
2045	421,334	0	0	0
2046	420,707	0	0	0
2047	424,814	0	0	0
2048	425,752	0	0	0
2049	425,256	0	0	0
2050	423,305	0	0	0
2051	419,834	0	0	0
2052	414,845	0	0	0
2053	408,344	0	0	0
2054	400,364	0	0	0
2055	390,970	0	0	0
2060	325,294	0	0	0
2065	233,032	0	0	0
2070	144,689	0	0	0

*Projected pay-as-you-go adjusted for implicit subsidy is \$66,281 for 2019-20 and \$70,479 for 2020-21.

Actuarial Assumptions

In order to perform the valuation, the actuary must make certain assumptions regarding such items as rates of employee turnover, retirement, and mortality, as well as economic assumptions regarding healthcare inflation and interest rates. Our assumptions are based on a standard set of assumptions we have used for similar valuations, modified as appropriate for the District. For example, turnover rates are taken from a standard actuarial table, T-5, without adjustment. This matches the District's historic turnover patterns. Retirement rates were also based on recent District retirement patterns. Both assumptions should be reviewed in the next valuation to see if they are tracking well with experience.

The discount rate of 5.50% is based on the PARS OPEB Trust Moderate HighMark PLUS Strategy target rate of return, net of investment expenses, and with a margin for adverse deviations. This is in accordance with the guidelines for the selection of this rate under GASB 75 for funded plans such as the District's. The plan is in a surplus position and is expected to be so throughout the projection period covered by the valuation. The healthcare trend rates are based on our analysis of recent District experience and our knowledge of the general healthcare environment.

In determining the cost of covering early retirees (those under the age of 65), we used an age-adjusted claims cost matrix fitted to the average single-party equivalent premium for early retirees, based on the Consumer Driven Health Plan (CDHP). A complete description of the actuarial assumptions used in the valuation is set forth in the "Actuarial Assumptions" section.

Projected Annual Pay-as-you go Costs

As part of the valuation, we prepared a projection of the expected annual cost to the District to pay benefits on behalf of its retirees on a pay-as-you-go basis. These numbers are computed on a closed group basis, using unadjusted premiums, assume no new entrants, and are net of retiree contributions. Projected pay-as-you-go costs for selected years are as follows:

FYB	Pay-as-you-go
2019	\$57,121
2020	65,971
2021	86,099
2022	101,620
2023	118,337
2024	131,529
2025	146,001
2030	227,617
2035	312,916
2040	373,094
2045	421,334
2050	423,305
2055	390,970
2060	325,294

Certification

The actuarial certification, including a caveat regarding limitations of scope, if any, is contained in the "Actuarial Certification" section at the end of the report.

We have enjoyed working with the District on this report, and are available to answer any questions you may have concerning any information contained herein.

Sincerely,
PACIFIC CREST ACTUARIES

DRAFT

T. Louis Filliger, FSA, EA, MAAA
Actuary

Benefit Plan Provisions

Mid-Peninsula Water District provides health benefits for employees and qualified dependents (and also for retirees and their dependents) through the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA). All current retirees but one are in the Anthem Blue Cross Classic Plan (PPO), with the fifth being in the Consumer Driven Health Plan. Three other Anthem options are offered (Advantage PPO, CalCare HMO, and Value HMO) as well as Kaiser North. Employees and retirees also receive dental and vision coverage through ACWA. Retirees must enroll in Medicare Parts A and B once they become eligible to do so, moving into a corresponding Medicare Supplement plan under ACWA.

In order to be eligible to retire with District-paid health benefits, an employee must have attained age 50 and completed 15 years of service with the District, and must retire from the District under CalPERS. Benefits vary by tier as follows:

Tier 1 (hired prior to June 27, 2008): 100% of medical, dental and vision premiums paid by the District for the lifetime of the retiree and the retiree's spouse, surviving spouse, domestic partner or surviving domestic partner at the time the retiree terminates employment.

Tier 2 (hired between June 27, 2008 and September 26, 2014): 100% of the medical, dental and vision premiums paid by the District for the lifetime of the retiree. Spousal coverage is not provided.

Tier 3 (hired on or after September 26, 2014): 50% of the medical, dental, and vision premiums for the lifetime of the retiree only. Spousal coverage is not provided.

The District makes an HSA contribution of \$1,500 per year for single retirees under Tiers 1 and 2 and an additional \$1,500 per year for married retirees under Tier 1 until age 65. Tier 3 employees and retirees are not eligible for this benefit.

Effective for retirements on or after January 1, 2017, the District's contribution is limited to the premium for the Consumer Driven Health Plan, with the retiree paying the cost of a more expensive plan if selected. Retirees under Tiers 1 and 2 with fewer than 20 years of service at retirement have benefits permanently reduced by 25%, that is, the District will contribute 75% of the amounts described above. The freeze in the year of retirement no longer affects Tier 2 retirees.

The District's General Manager becomes eligible for 100% District-paid benefits for her lifetime only, after completion of 7 1/2 years of service with the District.

ACWA charges blended rates for employees and non-Medicare eligible retirees, giving rise to an implicit subsidy, which has been taken into account in the claims costs used in this valuation.

Valuation Data

Active and Retiree Census

Age distribution of retirees and surviving spouses included in the valuation

Age	Retirees	Surviving Spouses	Total
Under 60	0	0	0
60-64	2	0	2
65-69	1	0	1
70-74	0	0	0
75-79	0	0	0
80-84	0	0	0
85-89	0	0	0
90-94	0	2	2
95+	<u>0</u>	<u>0</u>	<u>0</u>
Total	3	2	5
Average Age	63.67	93.50	75.60

Age/Years of service distribution of active employees included in the valuation

Years→	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
<u>Age</u>									
<25	2								2
25-29	0	0							0
30-34	0	0	0						0
35-39	0	0	0	1	1				2
40-44	0	0	0	0	1	0			1
45-49	0	0	1	0	0	1	0		2
50-54	0	0	1	1	0	0	0	0	2
55-59	1	1	0	2	1	1	0	0	6
60-64	1	2	0	0	1	0	0	0	4
65+	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
All Ages	4	3	2	4	4	2	0	0	19

Average Age 50.16
Average Service 13.00

Actuarial Assumptions

The liabilities set forth in this report are based on the actuarial assumptions described in this section.

Valuation Date:	July 1, 2019
Measurement Dates:	June 30, 2020 (and for June 30, 2021 roll-forward)
Discount Rate:	5.50% per annum
Salary Increases:	3.0% per annum (for normal cost and amortization of UAL)
Pre-retirement Turnover:	According to Crocker-Sarason Table T-5 less mortality, without adjustment. Sample rates are as follows:

Age	Turnover (%)
25	7.7%
30	7.2
35	6.3
40	5.0
45	4.2
50	2.6
55	0.9

Pre-retirement Mortality: RP-2014 Employee Mortality, projected. Sample baseline deaths per 1,000 employees are as follows:

Age	Males	Females
25	0.48	0.17
30	0.45	0.22
35	0.52	0.29
40	0.63	0.40
45	0.97	0.66
50	1.69	1.10
55	2.79	1.67
60	4.69	2.44

Post-retirement Mortality: RP-2014 Healthy Annuitant Mortality, projected. Sample baseline deaths per 1,000 retirees are as follows:

Age	Males	Females
55	5.74	3.62
60	7.78	5.19
65	11.01	8.05
70	16.77	12.87
75	26.83	20.94
80	44.72	34.84
85	77.50	60.50
90	135.91	107.13

Actuarial Assumptions (Continued)
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Representative Annual Claim Costs per Retiree or Spouse:

Age	Medical/Rx*	Dental/Vision
50	\$9,869	\$811
55	11,441	811
60	13,263	811
64	14,927	811
65	4,246	811
70	4,574	811
75	4,928	811

*Approximately 20% higher for grandfathered retirees over age 65 as of the valuation date.

Retirement Rates:

Age	Pct. Retiring*
50	2.0%
51	3.0
52	4.0
53	5.0
54	6.0
55	8.0
56	10.0
57	12.0
58	14.0
59	16.0
60	18.0
61	20.0
62	21.0
63	22.0
64	24.0
65	100.0

*Of those having met the eligibility for District-paid benefits. The percentage refers to the probability that an active employee reaching the stated age will retire within the following year.

Trend Rate:

Healthcare costs were assumed to increase according to the following schedule:

FYB	Medical/Rx	Dental/Vision
2019	7.0%	4.0%
2020	6.0	4.0
2021+	5.0	4.0

**Actuarial Assumptions
(Continued)**

Percent Married:	Future Tier 1 retirees: 70% at retirement, with male spouses assumed 3 years older than female spouses. For current retirees, actual dependent data was used. 100% of eligible tier 1 surviving spouses assumed to elect survivor coverage.
Percent Electing Coverage:	100% of eligible retirees assumed to elect OPEB.
Mortality Projection:	Generational projection based on 100% of scale MP-2016 for years 2014 through 2029, 50% of MP-2016 for years 2030 through 2049, and 20% of MP-2016 for 2050 and thereafter.
"Cadillac Tax" under ACA:	Repealed December, 2019; not included.

Actuarial Certification

The results set forth in this report are based on our actuarial valuation of the health and welfare benefit plans of the Mid-Peninsula Water District ("District") as of July 1, 2019.

The valuation was performed in accordance with generally accepted actuarial principles and practices. We relied on census data for active employees and retirees provided to us by the District in January, 2020. We also made use of claims, premium, expense, and enrollment data, and copies of relevant sections of healthcare documents provided to us by the District, as well as trust account values as reported to the District by PARS.

The assumptions used in performing the valuation, as summarized in this report, and the results based thereupon, represent our best estimate of the actuarial costs of the program under GASB 75, and the Actuarial Standards of Practice for measuring post-retirement healthcare benefits. We have used a graded version of mortality improvement scale MP-2016, consistent with our belief that MP-2016 is overly optimistic in its long-term projection of mortality rate improvements.

Throughout the report, we have used unrounded numbers, because rounding and the reconciliation of the rounded results would add an additional, and in our opinion unnecessary, layer of complexity to the valuation process. By our publishing of unrounded results, no implication is made as to the degree of precision inherent in those results. Clients and their auditors should use their own judgment as to the desirability of rounding when transferring the results of this valuation report to the clients' financial statements.

The undersigned actuary meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report.

Certified by:

DRAFT

T. Louis Filliger, FSA, EA, MAAA Date: _____
Actuary