



---

REGULAR MEETING  
BOARD OF DIRECTORS  
**THURSDAY, JANUARY 23, 2020 – 6:30PM**  
3 DAIRY LANE, BELMONT CALIFORNIA

---

**AGENDA**

**1. OPENING**

- A. Call to Order
- B. Establishment of Quorum
- C. Pledge of Allegiance

**2. PUBLIC COMMENT**

*Members of the public may address the Board on the Consent Agenda or any item of interest within the jurisdiction of the Board but not on its agenda today. In compliance with the Brown Act, the Board cannot discuss or act on items not on the agenda. Please complete a speaker's form and give it to the District Secretary. Each speaker is limited to three (3) minutes.*

**3. AGENDA REVIEW: ADDITIONS/DELETIONS AND PULLED CONSENT ITEMS**

**4. ACKNOWLEDGEMENTS/PRESENTATIONS**

Note: 2019 MPWD Calendar Contest Program Presentations – Next Month

**5. CONSENT AGENDA**

*All matters on the Consent Agenda are to be approved by one motion. If Directors wish to discuss a consent item other than simple clarifying questions, a request for removal may be made. Such items are pulled for separate discussion and action after the Consent Agenda as a whole is acted upon.*

- A. Approve Minutes for the Regular Board Meeting on December 19, 2019
- B. Approve Expenditures from December 12, 2019 through January 16, 2020

**6. HEARINGS AND APPEALS**

None

**7. MPWD FY 2016-2021 CAPITAL IMPROVEMENT PROGRAM  
AND 2016 COP (CERTIFICATES OF PARTICIPATION) FINANCING**

- A. Receive Quarterly Reports on 2016 COP Financing through December 31, 2019:
  - 1. Financial Reconciliation Report; and
  - 2. Capital Project Fund Report

## 8. REGULAR BUSINESS AGENDA

- A. Consider:
  - 1. Resolution 2020-01 Adopting Proposed Residential Water Service Termination Policy; and
  - 2. Ordinance No. 120 Amending MPWD Water Service Ordinance No. 103 Regarding Termination of Water Service
- B. Consider Resolution 2020-02 Authorizing a Professional Services Contract with Tom Hovorka of Keller Williams Peninsula Estates and Cheryl Villanueva of Compass for Real Estate Marketing and Brokerage Services to Sell MPWD Surplus Real Property Located at 1513-1515 Folger Drive in Belmont, CA
- C. Receive BAWSCA Update

## 9. MANAGER'S AND BOARD REPORTS

- A. General Manager's Report supplemented by:
  - 1. Administrative Services Manager's Report
  - 2. Operations Manager's Report (including Quarterly Water Conservation Activities Report)
  - 3. District Engineer's Report
- B. Financial Reports
  - 1. Month End December 31, 2019
- C. Director Reports

## 10. COMMUNICATIONS

## 11. 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](http://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. Please contact the District Secretary at (650) 591-8941 to request specific materials and preferred alternative format or auxiliary aid or service at least 48 hours before the meeting.*



***Next Regular Board Meeting: Thursday, February 27, 2020 at 6:30PM***

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47  
48  
49  
50  
51

REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
OF THE MID-PENINSULA WATER DISTRICT

December 19, 2019  
Belmont, California

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47  
48  
49  
50  
51

1. **OPENING**

A. **Call to Order:**

The regular meeting of the Mid-Peninsula Water District Board of Directors was called to order by President Vella at 6:30PM.

B. **Establishment of Quorum:**

**PRESENT:** Directors Vella, Zucca, Warden, Schmidt and Wheeler.

A quorum was present.

**ALSO PRESENT:** General Manager Tammy Rudock, Operations Manager Rene Ramirez, Administrative Services Manager and Board Secretary Candy Pina, District Engineer Joubin Pakpour, District Counsel Julie Sherman and District Treasurer Jeff Ira.

**C. Pledge of Allegiance** – The Pledge of Allegiance was led by District Staff in attendance.

2. **CONVENE TO CLOSED SESSION:**

Public Employee Performance Evaluation and Associated Negotiations Government  
Code §§54957 and 54957.6  
Title: General Manager

The Board convened to closed session at 6:32PM.

3. **RECONVENE TO OPEN SESSION**

Enact Resolution 2019-20 approving a Compensation Adjustment for the General Manager effective January 1, 2020 and Corresponding Sixth Amendment to the General Manager's Employment Agreement and Approving the General Manager Salary Schedule effective January 1, 2020

The Board reconvened to open session at 6:40PM and congratulated General Manager Rudock on her efforts to date and the contract extension. President Vella provided an oral report regarding the proposed actions.

Director Warden moved to approve Resolution 2019-20 approving a Compensation Adjustment for the General Manager effective January 1, 2020 and Corresponding Sixth Amendment to the General Manager's Employment Agreement and Approving the General Manager Salary Schedule effective January 1, 2020. Vice President Zucca seconded and it was unanimously approved.

4. **PUBLIC COMMENT**

Staff and members of the Mid-Peninsula Water District Employee Association were in attendance to honor General Manager Rudock's contract renewal and thank the Board of Directors for recognizing the value and leadership experience she brings to the District.

Michael Anderson, Brent Chester and Ron Leithner spoke on behalf of the Association. Her best qualities were recognized and appreciation was expressed by all.

The Board recessed for a reception at 6:52PM.

**5. OPEN SESSION (continued)**

**A. Election of Officers for 2020**

President Vella reconvened the Board meeting at 7:15PM and commented on the District's 2019 Achievements.

Director Warden nominated Director Zucca for Board President, and moved to elect Director Zucca. Director Wheeler seconded and it was unanimously approved.

President Zucca assumed the duties of Board President for the nominations of Vice President.

Director Warden expressed that although he is next in line to serve as Vice President, he would prefer to pass on the position to allow one of the District's new Board members the opportunity to experience the role.

Director Warden nominated Director Schmidt for Board Vice President, and moved to elect Director Schmidt. Director Wheeler seconded and it was unanimously approved.

Board members rotated their seating at the dais.

**B. Presentation to Outgoing Board President Louis Vella and Acknowledgement of 20 Years of Service to the MPWD**

President Zucca acknowledged Director Vella for his 20-year tenure with the District and presented Resolution 2019-23 for adoption. He thanked him for his successes, valued leadership and contributions over the years and presented him with a clock in recognition of service.

President Zucca moved to approve Resolution 2019-23. Director Wheeler seconded and it was unanimously approved.

**6. AGENDA REVIEW: ADDITIONS/DELETIONS AND PULLED CONSENT ITEMS**

General Manager Rudock reported on Directors Schmidt's amendment request to page 1, line 44 of the November 19, 2019 Regular Board Meeting Minutes. He asked that the following statement be added, "Director Schmidt raised concerns with the California Chamber of Commerce's political activities in contrast with local Chambers of Commerce that function differently. After Board discussion, staff agreed to not renew the subscription of MPWD's membership with the California Chamber."

**7. ACKNOWLEDGEMENTS/PRESENTATIONS**

None.

**8. CONSENT AGENDA**

**A. Approve Minutes for the Regular Board Meeting of November 19, 2019**

103 **B. Approve Expenditures from November 14, 2019 through December 11, 2019**

104 Director Wheeler inquired about a recent Wells Fargo expenditure under the Accounts  
105 Payable Summary Report. Administrative Services Manager Pina explained that staff  
106 recently attended the ACWA JPIA Annual Fall Conference, so a credit card payment  
107 was made to cover expenses.

108  
109 Director Warden moved to approve the consent agenda. Director Vella seconded and it  
110 was unanimously approved.

111  
112 **9. HEARINGS AND APPEALS**

113 None.

114  
115 **10. MPWD FY 2016-2021 CAPITAL IMPROVEMENT PROGRAM AND 2016 COP**  
116 **(CERTIFICATES OF PARTICIPATION) FINANCING**

117 **A. Consider Resolution 2019-21 Authorizing the Seventh Amendment to the Master**  
118 **Professional Services Contract with Pakpour Consulting Group, Inc. referenced as**  
119 **Contract No. 07-1621-CP in the amount of \$107,092 for Additional Engineering**  
120 **Design and Construction Support Services related to the Notre Dame Avenue,**  
121 **Cliffside Court and Tahoe Drive Water Main Replacement Project**

122  
123 Operations Manager Ramirez reviewed the components of the contract amendment,  
124 included in Pakpour Consulting Group's Additional Budget Request No. 1, and an open  
125 discussion followed.

126  
127 Director Vella moved to approve Resolution 2019-21 Authorizing the Seventh  
128 Amendment to the Master Professional Services Contract with Pakpour Consulting  
129 Group, Inc. referenced as Contract No. 07-1621-CP in the amount of \$107,092 for  
130 Additional Engineering Design and Construction Support Services related to the Notre  
131 Dame Avenue, Cliffside Court and Tahoe Drive Water Main Replacement Project.  
132 Director Wheeler seconded and it was unanimously approved.

133  
134 President Zucca stressed that while the additional services were warranted for the  
135 project, since the amendment was close to 30% of the original contract, staff should  
136 bring recommended proposals to perform such services to the Board for consideration  
137 prior to the expenditure of resources. Staff agreed.

138  
139 **11. REGULAR BUSINESS AGENDA**

140 **A. Receive Report and Review Investment Structure and Plan Performance for MPWD**  
141 **Public Agency Retirement Service (PARS) Other Post-Employment Benefits**  
142 **(OPEB) Pre-Funding Trust Program and Pension Rate Stabilization Program**  
143 **(PRSP), and Consider Resolution 2019-22 Approving Plan Investment Portfolio for**  
144 **2020**

145  
146 General Manager Rudock introduced the PARS representatives in attendance and the  
147 team shared highlights from the PARS OPEB Pre-Funding Trust Program and PRSP.  
148 Client Review Reports were provided and an open Board discussion followed.

149  
150 General Manager Rudock recommended that the MPWD retain the existing investment  
151 portfolio for 2020.

Vice President Schmidt moved to approve Resolution 2019-22 Approving Plan Investment Portfolio for 2020. Director Vella seconded and it was unanimously approved.

**B. Consider Residential Water Service Termination Policy (For adoption by February 1, 2020 in Compliance with SB 998)**

General Manager Rudock discussed the Draft Water Service Termination Policy and background information. She also shared that staff was working with other local agencies in a collaborative effort to address compliance issues, particularly the cumbersome translation of notices into at least five (5) different languages.

Staff reviewed the graph on existing noticing and timeline for termination of residential water service and an open Board discussion followed. Board direction was given to update the \$75.00 description indicators on the graph to read either late fee or penalty fee for consistency purposes.

Next month, staff will be prepared with to present the policy for a final review and adoption in compliance with the State mandated deadline of February 1, 2020.

**C. Receive BAWSCA Update**

General Manager Rudock reported that BAWSCA Water Management Representatives received a thorough review of the Los Vaqueros Reservoir Expansion Project, and why it might be beneficial for BAWSCA agencies during drought for the 5% shortfall that would not be provided by the SFPUC. Anticipated costs for the project have not yet been determined. It is not anticipated that staff would be recommending participation in the project, due to what will likely be a large cost for a small resource, and because MPWD customers were able to achieve extra savings during the last significant drought.

General Manager Rudock also reported that the MPWD made comments to BAWSCA's draft WSA amendments for sale of Minimum Purchase Agreements among BAWSCA wholesale agencies. That matter would be coming to the Board for consideration and approval likely sometime later this year.

Director Vella reported that the BAWSCA Board completed the CEO's performance evaluation and had also received a presentation on the Los Vaqueros project.

**12. MANAGER AND BOARD REPORTS**

**A. General Manager's Report**

General Manager Rudock provided a written summary report to the Board of the sessions and activities she attended at the ACWA JPIA 2019 Fall Conference in San Diego. She stated that Director Schmidt also attended the conference.

**1. Supplemented by Administrative Services Manager's Report**

Administrative Services Manager Pina highlighted the note added to the Water Revenue report, which referenced how units were being calculated on the Administrative Services Manager's report versus the Operations Manager's report. She also explained the secondary report added related to credit card expenses and total fees.

204 **2. Supplemented by Operations Manager's Report**

205 Operations Manager Ramirez reported that the last AML transmitter was installed and  
206 is transmitting normally. He reminded the Board that the transmitter's location was at  
207 a residence whose owner had challenged the installation. The transmitter was  
208 installed a few days after the General Manager sent an email notification to the  
209 homeowner. Mr. Ramirez also reported that the number of utility location requests  
210 for November had dropped, which coincides with a slow-down of construction activity  
211 during winter months. He shared with the Board that Operations staff was busy  
212 dealing with water main breaks around the Thanksgiving holiday, including a leak on  
213 Thanksgiving Day. There were six main breaks in 11 days during a cold spell. He  
214 mentioned that he is enrolled in a year-long leadership class sponsored by ACWA  
215 JPIA. The last operations measure mentioned – water use during November -- was  
216 down 2.5% from the 2013 basis.  
217

218 **3. District Engineer's Report**

219 District Engineer Pakpour reported the design of the Dekoven Tanks Replacement  
220 Project is proceeding as scheduled. He also reviewed the report for the Notre Dame  
221 Avenue, Cliffside Court, Tahoe Drive Area Water Main Project. In particular, he  
222 spent time going over Change Orders 3 and 4 and progress of the project, which is  
223 near completion.  
224

225 **B. Financial Reports**

226 **1. Month Ended November 30, 2019**

227 Administrative Services Manager Pina highlighted that revenues were at 53.4% with  
228 expenses at 42.9% of budget. She also reported that Operating funds of \$300,000  
229 were transferred to LAIF and \$100,000 to BNY.  
230

231 **C. Director Reports**

232 Directors Wheeler, Vella, and Warden had no reports.  
233

234 President Zucca reported that he recommended to staff a meeting that he attended with  
235 Peninsula Clean Energy regarding use of micro-turbines in water distribution systems to  
236 generate power during peak use times.  
237

238 Vice President Schmidt reported that he attended the ACWA JPIA 2019 Fall Conference  
239 in San Diego and was interested in the report by Montecito Water District and its  
240 approach to commercial fire protection charges, Carrum Health's niche surgery services  
241 for Anthem members, and information presented regarding cyber penetration reviews.  
242

243 **13. COMMUNICATIONS**

244 District Treasurer Jeff Ira reported that his firm's monthly review and testing of MPWD  
245 internal financial controls satisfies the Board's procedures for financial review.  
246

247 General Manager Rudock distributed the MPWD Personnel Manuals (March 28, 2019).  
248

249 **14. ADJOURNMENT**

250 The meeting was adjourned at 9:37PM.  
251  
252  
253  
254

255  
256  
257  
258  
259  
260  
261  
262

APPROVED:

---

DISTRICT SECRETARY

---

BOARD PRESIDENT



# Accounts Payable

## Checks by Date - Summary by Check Date

User: candyp  
Printed: 1/16/2020 1:17 PM



Check No	Vendor No	Vendor Name	Check Date	Check Amount
100612	CALPERS	CALPERS	12/13/2019	7,402.02
100613	CALPERS	CALPERS	12/13/2019	662.54
100614	HEALTHEQ	Health Equity	12/13/2019	546.67
100615	ICMACONT	ICMA contributions	12/13/2019	649.64
100616	ADPPAYRL	adp	12/13/2019	34,090.80
100617	ADPPAYRL	adp	12/13/2019	14,549.33
100642	ADPPRFEE	ADP Payroll Fees	12/13/2019	690.95
100649	ADPPRFEE	ADP Payroll Fees	12/13/2019	690.95
Total for 12/13/2019:				59,282.90
100643	TTECHACH	TTECH ACH BILLING	12/17/2019	1,869.49
100650	TTECHACH	TTECH ACH BILLING	12/17/2019	1,869.49
Total for 12/17/2019:				3,738.98
1120	HYDROENC	HYDROSCIENCE ENGINEERS INC.	12/19/2019	1,852.50
1121	PAKPOUR	PAKPOUR CONSULTING GROUP, INC	12/19/2019	9,951.38
1122	STOLOSKI	STOLOSKI & GONZALEZ, Inc.	12/19/2019	316,907.93
1123	VALICOOP	VALI COOPER & ASSOCIATES, INC.	12/19/2019	360.00
35424	UB*00381	ARTISTRY SALON	12/19/2019	119.83
35425	UB*00387	NINA ASHTON	12/19/2019	47.28
35426	UB*00378	THOMAS BLIGAARD	12/19/2019	76.24
35427	UB*00395	CARLMONT SHOPPING CENTER	12/19/2019	4.47
35428	UB*00398	PHILLIP CARTER	12/19/2019	161.33
35429	UB*00389	CASCADE TECH SERVICES	12/19/2019	2,259.40
35430	UB*00401	XU CHEN	12/19/2019	13.80
35431	UB*00383	MARTIN CHORICH	12/19/2019	39.89
35432	UB*00386	CHRIS CHRISTOFORIDIS	12/19/2019	5.81
35433	UB*00396	JACK EISENHauer	12/19/2019	12.00
35434	UB*00403	KRYSTELL FINATO	12/19/2019	26.94
35435	UB*00392	JELLE FOKS	12/19/2019	216.06
35436	UB*00402	JOANN GONZALES	12/19/2019	10.00
35437	UB*00397	J.J. STORAGE SAN CARLOS	12/19/2019	10.95
35438	UB*00382	NOVARTIS MYLAN TRANSITION	12/19/2019	1,190.17
35439	UB*00388	NOVARTIS MYLAN TRANSITION	12/19/2019	2,474.68
35440	UB*00380	COURTNEY NIKOLIC	12/19/2019	25.00
35441	UB*00385	M5 PARTNERS	12/19/2019	171.00
35442	UB*00391	JOSH ROGUS	12/19/2019	3.53
35443	UB*00399	RUTH BERNICE BOOR REVOCABLE T	12/19/2019	13.07
35444	UB*00374	DOUGLAS RYAN	12/19/2019	43.91
35445	UB*00393	RAJENDER SARAF	12/19/2019	74.93
35446	UB*00400	VISHALI SHAH	12/19/2019	13.28
35447	UB*00379	SHANNON STEVENS	12/19/2019	366.53
35448	UB*00394	JENNI WILLIAMS	12/19/2019	17.53
35449	UB*00390	EVAN YOUNGSTROM	12/19/2019	103.34
35450	UB*00384	LINFENG ZHOU	12/19/2019	40.38

Check No	Vendor No	Vendor Name	Check Date	Check Amount
35452	ATT60197	AT&T 60197	12/19/2019	83.30
35453	BAIRDTRK	BAIRD TRUCKING INC.	12/19/2019	990.00
35454	DFS	DOCUMENT FULFILLMENT SERVICES	12/19/2019	5,190.84
35455	GSFLOWM	GOLDEN STATE FLOW MEASUREMEN	12/19/2019	29.24
35456	GRANITE	GRANITE ROCK, INC.	12/19/2019	2,316.62
35457	HASSETTH	HASSETT HARDWARE	12/19/2019	16.44
35458	HOMEDEPC	HOME DEPOT	12/19/2019	31.25
35460	INTRTRAF	INTERSTATE TRAFFIC CONTROL INC	12/19/2019	742.90
35461	KOFFASSO	KOFF & ASSOCIATES INC	12/19/2019	1,340.00
35462	OFFICEDE	OFFICE DEPOT, INC.	12/19/2019	102.90
35463	PG&E	PG&E CFM/PPC DEPT	12/19/2019	13,182.59
35464	PINA	CANDY PINA	12/19/2019	272.00
35465	RMORGAN	RAY MORGAN COMPANY	12/19/2019	308.56
35466	RECOLOGY	RECOLOGY SAN MATEO	12/19/2019	674.88
35467	RANDB	ROBERTS & BRUNE CO. INC.	12/19/2019	30,333.73
35468	SMENVIRN	SAN MATEO CO. ENVIRO. HEALTH	12/19/2019	283.00
100618	BFIOFCAL	BFI of CALIFORNIA INC. - OX MTN. LA	12/19/2019	5,162.88
100619	HANSONBR	HANSON, BRIDGETT	12/19/2019	8,245.00
100621	HANSONBR	HANSON, BRIDGETT	12/19/2019	2,722.50
Total for 12/19/2019:				408,641.79
100622	CALPERS	CALPERS	12/20/2019	3,684.51
100623	CALPERS	CALPERS	12/20/2019	337.35
100624	ICMACONT	ICMA contributions	12/20/2019	2,596.58
100625	HEALTHEQ	Health Equity	12/20/2019	500.00
100626	ADPPAYRL	adp	12/20/2019	21,171.07
Total for 12/20/2019:				28,289.51
35469	ATT60197	AT&T 60197	12/26/2019	1,199.30
35470	BELMONTI	BELMONT INVESTMENT GROUP LLC	12/26/2019	4,763.42
35471	CINTS	CINTAS CORPORATION	12/26/2019	567.56
35472	COMCAST	COMCAST	12/26/2019	616.14
35473	COMCASTB	COMCAST BUSINESS	12/26/2019	630.49
35474	DFS	DOCUMENT FULFILLMENT SERVICES	12/26/2019	218.36
35475	GFOA	GOVERNMENT FINANCE OFFICERS A	12/26/2019	160.00
35476	GRANITE	GRANITE ROCK, INC.	12/26/2019	477.35
35477	HMBPAVIN	HALF MOON BAY GRADING & PAVINC	12/26/2019	53,864.00
35478	HARRISJO	JOSHUA HARRIS	12/26/2019	599.68
35479	HOFFMANT	TIM HOFFMAN	12/26/2019	5,038.05
35480	INDORAIR	INDOOR AIR DESIGN, INC.	12/26/2019	200.00
35481	LIUSHAOB	SHAobo LIU	12/26/2019	4,870.20
35482	MJMASSOC	MJM ASSOCIATES, INC.	12/26/2019	6,439.76
35483	NOSAJDIS	NOSAJ DISPOSABLES, INC.	12/26/2019	848.38
35484	OFFICEDE	OFFICE DEPOT, INC.	12/26/2019	29.52
35485	PG&E	PG&E CFM/PPC DEPT	12/26/2019	10,764.97
35486	STANDINS	STANDARD INSURANCE COMPANY	12/26/2019	1,195.32
35487	MISYKORA	MICHAEL SYKORA	12/26/2019	2,701.37
35488	VALLEYOL	VALLEY OIL COMPANY	12/26/2019	2,950.89
100633	PAKPOUR	PAKPOUR CONSULTING GROUP, INC	12/26/2019	500.00
100634	SCOTSMAN	WILLIAMS SCOTSMAN	12/26/2019	583.16
100635	SFPUCWAT	SFPUC WATER QUALITY	12/26/2019	2,175.00
Total for 12/26/2019:				101,392.92

Check No	Vendor No	Vendor Name	Check Date	Check Amount
100636	SFWATER	SAN FRANCISCO WATER DEPT	12/27/2019	408,152.60
Total for 12/27/2019:				408,152.60
100627	CALPERS	CALPERS	12/31/2019	7,402.02
100628	CALPERS	CALPERS	12/31/2019	662.54
100629	HEALTHEQ	Health Equity	12/31/2019	645.99
100630	ICMACONT	ICMA contributions	12/31/2019	649.64
100631	ADPPAYRL	adp	12/31/2019	33,564.91
100632	ADPPAYRL	adp	12/31/2019	14,711.79
Total for 12/31/2019:				57,636.89
100653	CALPERS	CALPERS	01/03/2020	3,684.51
100654	CALPERS	CALPERS	01/03/2020	337.35
100655	HEALTHEQ	Health Equity	01/03/2020	117.00
100656	ICMACONT	ICMA contributions	01/03/2020	2,299.62
100657	ADPPAYRL	adp	01/03/2020	15,203.08
100658	ADPPAYRL	adp	01/03/2020	7,006.08
Total for 1/3/2020:				28,647.64
35489	ACWA5661	ACWA JPIA	01/08/2020	84,715.50
35490	AIRGAS	AIRGAS, LLC	01/08/2020	158.05
35491	ATT60197	AT&T 60197	01/08/2020	84.97
35492	BAWSCA	BAY AREA WATER SUPPLY & CONSER	01/08/2020	18,332.00
35493	BELPOLIC	BELMONT POLICE DEPARTMENT	01/08/2020	50.00
35494	BLANKENS	BRIAN BLANKENSHIP	01/08/2020	53.75
35495	CARQUEST	CARQUEST AUTO PARTS	01/08/2020	65.31
35496	CENTROPS	CENTRO	01/08/2020	58.85
35497	CINTS	CINTAS CORPORATION	01/08/2020	548.76
35498	GRANITE	GRANITE ROCK, INC.	01/08/2020	931.13
35499	HOMEDPC	HOME DEPOT	01/08/2020	77.76
35500	KELLYMOR	KELLY-MOORE PAINT CO	01/08/2020	51.28
35501	MOSSRUBB	MOSS RUBBER & EQUIPMENT CORP	01/08/2020	282.49
35502	OFFICEDE	OFFICE DEPOT, INC.	01/08/2020	181.03
35503	PENBLDG	PENINSULA BUILDING MATERIALS	01/08/2020	890.07
35504	PG&E	PG&E CFM/PPC DEPT	01/08/2020	13,832.32
35505	PINA	CANDY PINA	01/08/2020	100.00
35506	RMORGAN	RAY MORGAN COMPANY	01/08/2020	2,541.08
35507	RANDB	ROBERTS & BRUNE CO. INC.	01/08/2020	12,388.98
35508	RUDOCK	TAMMY RUDOCK	01/08/2020	154.00
35509	SMELECTR	SAN MATEO ELECTRIC SUPPLY	01/08/2020	45.83
35510	STEPFORD	STEPFORD BUSINESS, INC.	01/08/2020	1,480.00
35511	THORPEDE	THORPE DESIGN, iNC.	01/08/2020	53.75
35512	TMOBILE	T-MOBILE	01/08/2020	31.75
35513	VALLEYOL	VALLEY OIL COMPANY	01/08/2020	780.42
35514	VANGUARE	VANGUARD CLEANING SYSTEMS, INC	01/08/2020	385.00
35515	VERIZON	VERIZON WIRELESS	01/08/2020	779.99
100651	LIFTOFFD	LIFTOFF DIGITAL	01/08/2020	760.00
100652	HANSONBR	HANSON, BRIDGETT	01/08/2020	2,715.00
Total for 1/8/2020:				142,529.07
100665	CALPERS	CALPERS	01/15/2020	7,495.76
100666	CALPERS	CALPERS	01/15/2020	662.54

Check No	Vendor No	Vendor Name	Check Date	Check Amount
100667	CALPERS	CALPERS	01/15/2020	533.59
100668	HEALTHEQ	Health Equity	01/15/2020	600.84
100669	ICMACONT	ICMA contributions	01/15/2020	649.64
100670	ADPPAYRL	adp	01/15/2020	36,674.28
100671	ADPPAYRL	adp	01/15/2020	14,747.36
Total for 1/15/2020:				61,364.01
Report Total (137 checks):				1,299,676.31



**AGENDA ITEM NO. 7.A.**

DATE: January 23, 2020  
TO: Board of Directors  
FROM: Tammy Rudock, General Manager  
Candy Pina, Administrative Services Manager  
Rene Ramirez, Operations Manager

---

**SUBJECT: RECEIVE QUARTERLY REPORTS ON 2016 COP FINANCING THROUGH DECEMBER 31, 2019:**  
**1. FINANCIAL RECONCILIATION REPORT**  
**2. CAPITAL PROJECT FUND REPORT**

---

**RECOMMENDATION**

Receive Quarterly Reports on 2016 COP Financing through December 31, 2019:

1. Financial Reconciliation Report; and
2. Capital Project Fund Report

**FISCAL IMPACT**

MPWD 2016 COP CIP - RECONCILIATION @ 12/31/19		
Date	Activity	COP Funds
12/21/2016	Net Proceeds as of 12/21/16 to COP CIP	\$ 19,143,020.82
3/20/2017	Transfer to Project Funds	\$ 42,875.50
12/31/2019	Project Costs	\$ (7,615,341.15)
12/31/2019	Total Dividends Earned	\$ 684,517.44
12/31/2019	<b>Balance</b>	<b>\$ 12,255,072.61</b>

**DISCUSSION**

Staff's 2016 COP Quarterly Reconciliation Report is attached. Trustee bank statements were reconciled and the project fund balance at December 31, 2019, was \$12,255,072.61.

Attachments: 2016 COP Quarterly Reconciliation Report through December 31, 2019  
2016 COP Quarterly Project Fund Report through December 31, 2019

---

BOARD ACTION: APPROVED:\_\_\_\_\_ DENIED:\_\_\_\_\_ POSTPONED:\_\_\_\_\_ STAFF DIRECTION:\_\_\_\_\_

UNANIMOUS\_\_\_\_\_ ZUCCA\_\_\_\_\_ SCHMIDT\_\_\_\_\_ WHEELER\_\_\_\_\_ WARDEN\_\_\_\_\_ VELLA\_\_\_\_\_

**MPWD 2016 COP CIP - RECONCILIATION @ 12/31/19**

Date	Activity	COP Funds
12/21/2016	Net Proceeds as of 12/21/16 to COP CIP	\$ 19,143,020.82
3/20/2017	Transfer to Project Funds	\$ 42,875.50
12/31/2019	Project Costs	\$ (7,615,341.15)
12/31/2019	Total Dividends Earned	\$ 684,517.44
12/31/2019	<b>Balance</b>	<b>\$ 12,255,072.61</b>

**COST OF ISSUANCE**

Date	Activity	Closing Costs
12/21/2016	Deposit from Net Proceeds	\$ 251,000.00
12/21/2016	Total Issuance Costs	\$ (208,124.50)
3/20/2017	Transfer to Project Funds	\$ (42,875.50)
	<b>Total</b>	<b>\$ -</b>

**COP Project Costs YTD**

Project Completed Date *	Activity	Project Costs
Sep-18	Karen/Folger/Mezes/South/Arthur Water Main Replacement	\$ 2,464,193.28
Mar-19	Francis, Academy, Davey (w/Belmont)	\$ 1,006,227.79
Sep-19	Hillcrest Pressure Regulating Station	\$ 852,056.44
Mar-20	Notre Dame/Tahoe/Cliffside	\$ 2,225,063.69
Jun-21	Dekoven Tank Replacement	\$ 108,206.45
Jun-21	Old County Road WMR	\$ 255,853.74
Jun-21	El Camino Real/Malcolm Ave WMR	\$ 320,355.31
Jun-22	SR 101 Crossing at PAMF Hospital	\$ 383,384.45
	<b>Total</b>	<b>\$ 7,615,341.15</b>

\* Any future dates listed are anticipated project completed dates.

**Dividends Earned**

Date	Activity	Interest Earned
12/31/2017	Dividends Earned (Jan - Dec 2017)	\$ 120,105.34
12/31/2018	Dividends Earned (Jan - Dec 2018)	\$ 264,043.09
3/31/2019	Dividends Earned (Jan - Jun 2019)	\$ 168,513.97
6/30/2019	Dividends Earned (Jul - Sep 2019)	\$ 74,698.67
10/31/2019	Dividends Earned (Oct 2019)	\$ 21,534.12
11/30/2019	Dividends Earned (Nov 2019)	\$ 19,095.37
12/31/2019	Dividends Earned (Dec 2019)	\$ 16,526.88
	<b>Total</b>	<b>\$ 684,517.44</b>

Updated: 12/31/2019

MPWD SCHEDULE OF INSTALLMENT PAYMENTS				
Date Due	Activity	Principal	Interest	Total
5/15/2017	Payment made		\$ 330,133.34	\$ 330,133.34
11/15/2017	Payment made	\$ 315,000.00	\$ 371,400.00	\$ 686,400.00
5/15/2018	Payment made		\$ 365,100.00	\$ 365,100.00
11/15/2018	Payment made	\$ 345,000.00	\$ 365,100.00	\$ 710,100.00
5/15/2019	Payment made		\$ 358,200.00	\$ 358,200.00
11/15/2019	Payment made	\$ 360,000.00	\$ 358,200.00	\$ 718,200.00
5/15/2020	Payment to be made		\$ 351,000.00	\$ 351,000.00
11/15/2020	Payment to be made	\$ 375,000.00	\$ 351,000.00	\$ 726,000.00
5/15/2021	Payment to be made		\$ 343,500.00	\$ 343,500.00
11/15/2021	Payment to be made	\$ 385,000.00	\$ 343,500.00	\$ 728,500.00
5/15/2022	Payment to be made		\$ 335,800.00	\$ 335,800.00
11/15/2022	Payment to be made	\$ 405,000.00	\$ 335,800.00	\$ 740,800.00
5/15/2023	Payment to be made		\$ 327,700.00	\$ 327,700.00
2024-2028	Payment to be made	\$ 2,270,000.00	\$ 3,057,000.00	\$ 5,327,000.00
2029-2033	Payment to be made	\$ 2,760,000.00	\$ 2,555,600.00	\$ 5,315,600.00
2034-2038	Payment to be made	\$ 3,360,000.00	\$ 1,945,600.00	\$ 5,305,600.00
2039-2043	Payment to be made	\$ 4,090,000.00	\$ 1,203,000.00	\$ 5,293,000.00
2044-2047	Payment to be made	\$ 3,905,000.00	\$ 320,100.00	\$ 4,225,100.00
	<b>Balance</b>	<b>\$ 18,570,000.00</b>	<b>\$ 13,617,733.34</b>	<b>\$ 32,187,733.34</b>

12/31/2019

January 16, 2020

Tammy Rudock  
General Manager  
Mid-Peninsula Water District

Email: [trudock@midpeninsulawater.org](mailto:trudock@midpeninsulawater.org)

Re: Certificate of Participation (COP) Spending Report as of December 31, 2019

Dear Ms. Rudock:

The following are highlights from tracking of quarterly and overall COP spending as of December 31, 2019.

Total COP funds spent are \$7,615,341.17. This is 38.3 percent of the beginning funds amount plus accumulated dividends, which total \$19,870,413.78. (Table 1)

Quarterly COP spending was \$1,082,288.75. Of this total, engineering payments were \$42,639.27, and construction payments were \$1,039,649.48. Construction payments were for the Notre Dame, Tahoe, and Cliffside Projects. Quarterly spending reconciles exactly to the project detail and to the Bank of New York monthly statements. (Tables 1, 2, and 3)

Pay-Go spending. The total amount of pay-go funds to date for the projects listed is \$1,271,514.00. Total values have been adjusted to reconcile to pay-go totals provided by MPWD Administrative Services Department. (Table 3 and Chart)

Cost Projections. There are no updates to Cost Projections for this reporting period. Note that seven of the original projects have not yet had updated estimated engineering costs. These are indicated by "N.U." in Table 3. In the Chart, future projections are removed until anticipated project costs and timing can be updated. The simplified chart now only shows expenditures to date.

Sincerely,



Dan Bergmann  
Principal



Table 1: Bank of New York MPWD Account 361685				
Quarter Ending	Dividends	Expenditures		Ending Project
		Monthly	Quarterly	Fund Balance
Beginning Balance				\$19,143,020.82
Mar-17 <sup>1</sup>	\$42,875.50	-		\$19,185,896.32
Mar-17	12,640.32	-		19,198,536.64
Jun-17	26,269.49	(268,386.44)	(268,386.44)	18,956,419.69
Jul-17	11,186.97	(37,411.30)		18,930,195.36
Aug-17	13,178.04	(76,232.49)		18,867,140.91
Sep-17	13,889.47	(30,529.45)	(144,173.24)	18,850,500.93
Oct-17	13,740.78	(31,325.20)		18,832,916.51
Nov-17	14,584.55	(269,821.99)		18,577,679.07
Dec-17	14,615.74	(370,309.75)	(671,456.94)	18,221,985.06
Jan-18	16,315.52	(315,748.56)		17,922,552.02
Feb-18	17,717.32	(221,300.77)		17,718,968.57
Mar-18	17,140.20	(280,719.75)	(817,769.08)	17,455,389.02
Apr-18	20,666.32	(437,470.39)		17,038,584.95
May-18	21,315.01	(418,903.86)		16,640,996.10
Jun-18	22,792.33	(122,821.81)	(979,196.06)	16,540,966.62
Jul-18	22,571.92	(346,653.05)		16,216,885.49
Aug-18	24,003.89	(56,018.89)		16,184,870.49
Sep-18	24,700.72	(181,427.83)	(584,099.77)	16,028,143.38
Oct-18	24,735.82	(640,048.84)		15,412,830.36
Nov-18	26,088.52	(77,634.29)		15,361,284.59
Dec-18	25,995.52	-	(717,683.13)	15,387,280.11
Jan-19	28,006.89	(90,278.13)		15,325,008.87
Feb-19	29,282.07	(283,598.44)		15,070,692.50
Mar-19	26,381.68	(290,062.32)	(663,938.89)	14,807,011.86
Apr-19	29,011.69	(76,189.41)		14,759,834.14
May-19	27,609.00	(267,710.56)		14,519,732.58
Jun-19	28,222.64	(88,275.53)	(432,175.50)	14,459,679.69
Jul-19	25,948.47	(260,660.87)		14,224,967.29
Aug-19	25,075.09	(137,358.30)		14,112,684.08
Sep-19	23,675.11	(856,154.20)	(1,254,173.37)	13,280,204.99
Oct-19	21,534.12	(331,796.45)		12,969,942.66
Nov-19	19,095.37	(421,420.49)		12,567,617.54
Dec-19	16,526.88	(329,071.81)	(1,082,288.75)	12,255,072.61
Totals	\$727,392.96	(\$7,615,341.17)	(\$7,615,341.17)	\$12,255,072.61
Beginning Funds plus	\$19,870,413.78			
Total Dividends				
Percent Spent	38.3%			
Note 1. Transfer to Project Funds				

Table 2										
MPWD Projects: Through December 31, 2019				Requisitions					Construction	Engineering
Project	#	49	50	51		Subtotals				
<a href="#">Karen Road Improvements</a>	15-73	-	-	-	-	-	-	-	-	-
<a href="#">Folger Drive Improvements</a>	15-65	-	-	-	-	-	-	-	-	-
<a href="#">Mezes Avenue Improvements</a>	15-14	-	-	-	-	-	-	-	-	-
<a href="#">South Road Abandonment</a>	15-44	-	-	-	-	-	-	-	-	-
<a href="#">Arthur Avenue Improvements</a>	15-22	-	-	-	-	-	-	-	-	-
Dekoven Tanks Replacement	15-89	-	44.63	714.00	-	758.63	-	-	-	758.63
<a href="#">Hillcrest Pressure Regulating Station</a>	15-87	-	(11,341.37)	-	-	(11,341.37)	-	-	-	(11,341.37)
<a href="#">Old County Road Improvements</a>	15-75	-	-	-	-	-	-	-	-	-
<a href="#">El Camino Real Improvements</a>	15-76	1,080.00	1,408.25	2,212.50	-	4,700.75	-	-	-	4,700.75
<a href="#">Notre Dame Avenue Loop Closure</a>	15-10	154,334.34	201,196.68	152,010.05	-	507,541.07	485,169.76	22,371.31	-	-
<a href="#">Notre Dame Abandonment / Fire Hydrant</a>	15-49	52,575.44	68,539.53	51,783.64	-	172,898.61	165,277.61	7,621.00	-	-
<a href="#">Tahoe Drive Area Improvements</a>	15-28	86,495.07	112,758.57	85,192.44	-	284,446.08	271,908.32	12,537.76	-	-
<a href="#">Cliffside Court Improvements</a>	15-38	37,311.60	48,640.95	36,749.68	-	122,702.23	117,293.79	5,408.44	-	-
<a href="#">N. Rd Cross Country / Davey Glen Rd Impr.</a>	15-43	-	-	-	-	-	-	-	-	-
<a href="#">Zone 5 Fire Hydrant Upgrades</a>	15-06	-	-	-	-	-	-	-	-	-
<a href="#">Civic Lane Improvements</a>	15-78	-	-	-	-	-	-	-	-	-
<a href="#">Dekoven Tank Utilization Project</a>	15-09	-	-	-	-	-	-	-	-	-
<a href="#">Belmont Canyon Road Improvements</a>	15-29	-	-	-	-	-	-	-	-	-
<a href="#">North Road Improvements</a>	15-42	-	-	-	-	-	-	-	-	-
<a href="#">SR 101 Crossing at PAMF Hospital</a>	15-72	-	173.25	409.50	-	582.75	-	-	-	582.75
<a href="#">Williams Ave, Ridge Rd, Hillman Ave Impr.</a>	15-16	-	-	-	-	-	-	-	-	-
<a href="#">Monte Cresta Dr / Alhambra Drive Impr.</a>	15-17	-	-	-	-	-	-	-	-	-
<a href="#">Francis, Academy, Davey (w/Belmont)</a>										
<b>TOTALS</b>						1,082,288.75	1,039,649.48	42,639.27		
<b>TOTALS</b>		331,796.45	421,420.49	329,071.81	0.00	1,082,288.75	1,082,288.75			
<b>TOTALS GROUPED TO RECONCILE WITH BNY</b>		<b>331,796.45</b>	<b>421,420.49</b>	<b>329,071.81</b>	<b>0.00</b>	<b>1,082,288.75</b>	<b>1,082,288.75</b>			

Table 3									
MPWD Projects: Through December 31, 2019		Cost Projections				Spent			Completion
Project	#	Original <sup>1</sup>	Inflation <sup>2</sup>	Updated <sup>3</sup>	Status <sup>4</sup>	COP	Pay-Go	Total	
<a href="#">Karen Road Improvements</a>	15-73	\$425,000	\$455,600	\$666,295	Final	(\$606,746)	(\$59,549)	(\$666,295)	Sep-18
<a href="#">Folger Drive Improvements</a>	15-65	420,000	449,376	585,586	Final	(525,953)	(59,633)	(585,586)	Sep-18
<a href="#">Mezes Avenue Improvements</a>	15-14	175,000	187,240	258,524	Final	(242,756)	(15,768)	(258,524)	Sep-18
<a href="#">South Road Abandonment</a>	15-44	415,000	443,968	403,838	Final	(401,160)	(2,678)	(403,838)	Sep-18
<a href="#">Arthur Avenue Improvements</a>	15-22	475,000	509,680	700,936	Final	(687,580)	(13,356)	(700,936)	Sep-18
<a href="#">Francis, Academy, Davey (w/Belmont)</a>	15-43	680,000	727,328	1,878,235	Final	(1,006,227)	(872,008)	(1,878,235)	Mar-19
<a href="#">Hillcrest Pressure Regulating Station</a>	15-87	345,000	369,888	853,322	Final	(852,056)	(1,266)	(853,322)	Dec-19
<a href="#">Notre Dame Abandonment / Z5 Hydrants</a>	15-49	150,000	173,120	194,718	Bid	(730,995)	(6,402)	(737,398)	Mar-20
<a href="#">Notre Dame Avenue Loop Closure</a>	15-10	910,000	1,009,891	1,238,860	Bid	(661,095)	(18,792)	(679,887)	Mar-20
<a href="#">Tahoe Drive Area Improvements</a>	15-28	510,000	563,692	587,054	Bid	(581,939)	(10,532)	(592,471)	Mar-20
<a href="#">Cliffside Court Improvements</a>	15-38	220,000	258,998	278,753	Bid	(251,033)	(4,543)	(255,576)	Mar-20
<a href="#">Civic Lane Improvements</a>	15-78	800,000	887,405	887,405	N.U.				Jun-21
<a href="#">Dekoven Tank Utilization Project</a>	15-09	1,035,000	1,185,325	1,185,325	N.U.	(9,926)	(31,771)	(41,697)	Jun-21
<a href="#">Dekoven Tanks Replacement</a>	15-89	3,500,000	4,009,576	4,009,576	N.U.	(98,281)	(8,917)	(107,198)	Jun-21
<a href="#">Old County Road Improvements</a>	15-75	3,400,000	3,892,590	4,300,000	Eng	(255,854)	(11,250)	(267,104)	Jun-21
<a href="#">Belmont Canyon Road Improvements</a>	15-29	420,000	480,300	480,300	N.U.				Jun-21
<a href="#">North Road Improvements</a>	15-42	220,000	258,998	258,998	N.U.				Jun-21
<a href="#">El Camino Real Improvements</a>	15-76	2,100,000	2,489,975	2,735,000	Eng	(320,355)	(154,057)	(474,413)	Jun-21
<a href="#">SR 101 Crossing at PAMF Hospital</a>	15-72	1,670,000	2,033,486	3,475,000	Eng	(383,384)	(991)	(384,375)	Jun-22
<a href="#">Williams Ave, Ridge Rd, Hillman Ave Impr.</a>	15-16	1,100,000	1,352,053	1,352,053	N.U.				Jun-22
<a href="#">Monte Cresta Dr / Alhambra Drive Impr.</a>	15-17	1,075,000	1,313,786	1,313,786	N.U.				Jun-22
<b>TOTALS</b>		<b>\$20,045,000</b>	<b>\$23,052,275</b>	<b>\$27,643,564</b>		<b>(\$7,615,341)</b>	<b>(\$1,271,514)</b>	<b>(\$8,886,855)</b>	

COP Beginning Fund Total \$19,143,021

**Notes:**

1) Resolution No. 2016-06, May 26, 2016  
 2) Adjusted by four percent annual construction cost inflation factor at June 22, 2017 Board Meeting

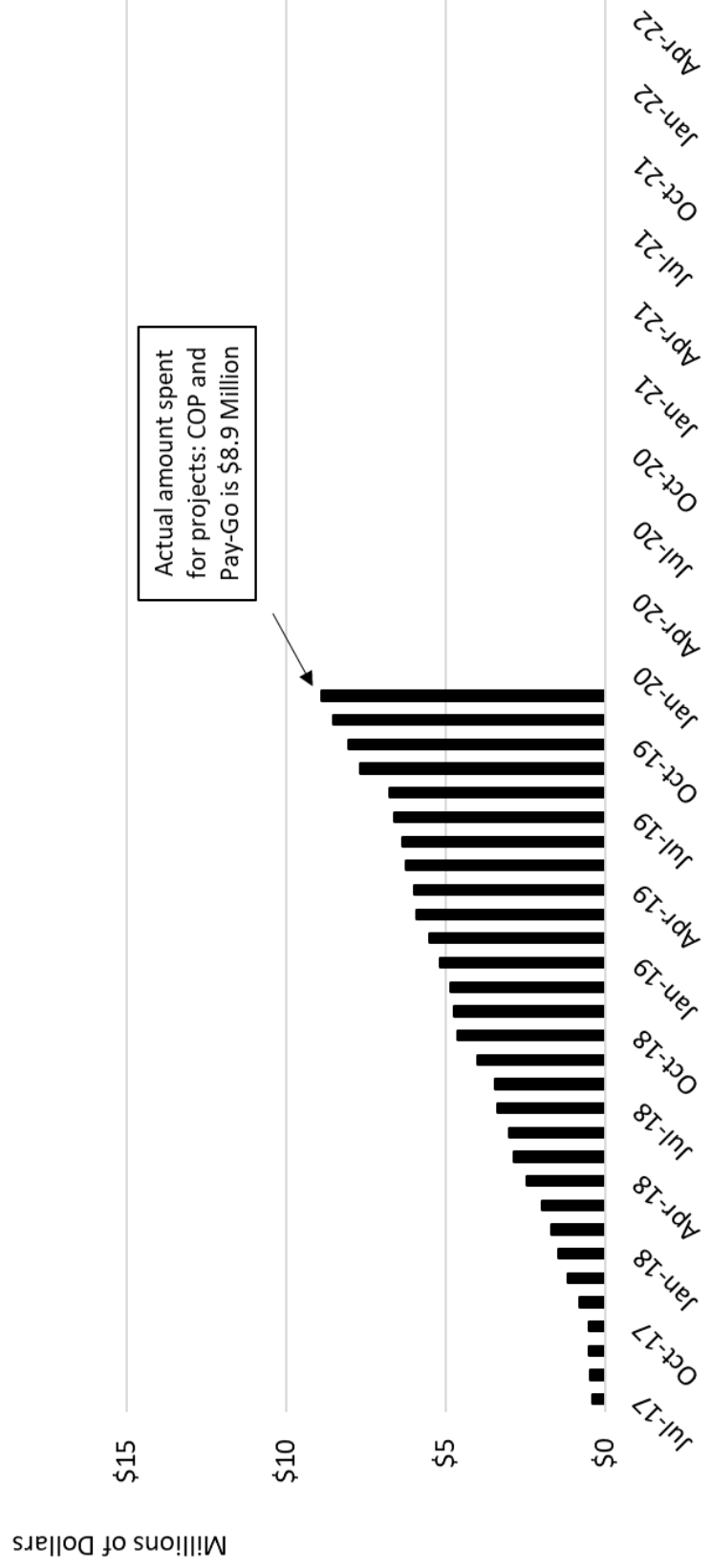
COP Remaining Balance \$12,255,073

3) Adjustment detail is shown within each project tab

4) "Eng" - Updated Engineer's Estimate; "Bid" - Contractor's Bid Price; "Final" - Final Project Cost; "N.U." - Not Updated

# Capital Improvement Program Actual Spending

As of December 31, 2019





## ***AGENDA ITEM NO. 8.A.***

DATE: January 23, 2020  
TO: Board of Directors  
FROM: Tammy Rudock, General Manager

---

**SUBJECT: CONSIDER:**  
**1. RESOLUTION 2020-01 ADOPTING RESIDENTIAL WATER SERVICE  
TERMINATION POLICY; AND**  
**2. ORDINANCE NO. 120 AMENDING MPWD WATER SERVICE ORDINANCE NO.  
103 REGARDING TERMINATION OF WATER SERVICE**

---

### **RECOMMENDATION**

Approve Resolution 2020-01 and Adopt Ordinance No. 120.

### **FISCAL IMPACT**

Professional services of District Counsel (estimated at \$3,000). There will be noticing requirements and interpreter costs for the required languages.

SB 998 established a limit for the reconnection of service fee during normal business hours at \$50 not to exceed the actual cost of reconnection. MPWD's current cost for reconnection during normal operating hours is \$-0-.

SB 998 also established a limit for the reconnection of residential service outside of normal operating hours at \$150 not to exceed the actual cost of reconnection. MPWD's current cost for reconnection outside of normal operating hours is \$100.

Since the MPWD does not charge for reconnection during business hours and the MPWD's reconnection fee after business hours is less than the SB 998 limit, there should be little to no impact on potential revenues for Miscellaneous Fees related to reconnection services.

### **BACKGROUND**

In September 2018, SB 998 was approved by the Governor of California and filed with the Secretary of State. It is known as the Water Shutoff Protection Act. All urban and community water systems regulated by the State Water Resources Control Board or the Public Utilities Commission shall comply with the Act by February 1, 2020.

SB 998 is an extension of existing law, the California Safe Drinking Water Act, which requires the State Water Resources Control Board to administer provisions relating to the regulations of drinking water to protect public health. SB 998 prohibits water systems from discontinuing residential water service for nonpayment until a payment by a customer has been delinquent for at least sixty (60) days. Existing law and SB 998 require water systems to contact the customer of record as well as visit the residence to make a reasonable and good faith effort to contact an adult person living at the service address.

SB 998 requirements include:

- Water service cannot be terminated until account is 60 days' past due.
- A final notice of intent to disconnect must be posted in a prominent location at the service address five (5) business days prior to shutoff.
- Written policy on discontinuation of service for nonpayment available on the website.
- All notices must be available in English, Spanish, Chinese, Tagalog, Vietnamese, Korean, and any other language spoken by 10% of the service area.
- Policy must contain:
  - Plan for deferred or reduced payments;
  - Alternative payment schedules; and
  - Formal mechanism to contest and appeal bill.

## **DISCUSSION**

The attached policy has been reviewed with the Board over the past two (2) months. District Counsel prepared the attached policy in compliance with SB 998.

As previously shared, the good news is that as a result of last year's discussions during update of the Miscellaneous Fee Schedule about the MPWD's billing schedule, we are already in compliance with the 60-day requirement. Additional work will be placed on staff with regard to administering the details and getting the notices translated into the required languages.

Last month, staff presented the MPWD's existing procedures for noticing and termination of water service for residential connections.

Ordinance No. 120 (attached) revises the MPWD's Water Service Ordinance No. 103 to delete the related water service termination provisions as a result of the Board's adoption of the new policy.

Attachments:     MPWD Residential Water Service Termination Policy  
                         Resolution 2020-01  
                         Ordinance No. 120

---

BOARD ACTION: APPROVED:\_\_\_\_\_ DENIED:\_\_\_\_\_ POSTPONED:\_\_\_\_\_ STAFF DIRECTION:\_\_\_\_\_

UNANIMOUS\_\_\_\_\_ ZUCCA\_\_\_\_\_ SCHMIDT\_\_\_\_\_ WHEELER\_\_\_\_\_ WARDEN\_\_\_\_\_ VELLA\_\_\_\_\_

**MID-PENINSULA WATER DISTRICT**  
**RESIDENTIAL WATER SERVICE TERMINATION POLICY**

**Effective February 1, 2020**

**1. Background**

This policy is adopted to satisfy the Mid-Peninsula Water District's (MPWD) obligations under California Government Code Section 60370 *et seq.*, California Public Utilities Code Section 10001 *et seq.* and Health and Safety Code Section 116900 *et seq.*, which govern the termination of certain utility service. Health and Safety Code Section 116900 *et seq.*, the Water Shutoff Protection Act enacted by SB 998, requires urban water suppliers and urban and community water systems, such as the MPWD, to adopt a written policy regarding the discontinuation of residential service due to non-payment.

This policy will be available and posted on the MPWD's website in English, Spanish, Chinese, Tagalog, Vietnamese, Korean, and any other language that is spoken by at least 10% of the residents in the service area: [www.midpeninsulawater.org](http://www.midpeninsulawater.org)

**2. Payment for Residential Water Service**

Every person receiving water service from the MPWD is required to pay for such service within thirty (30) calendar days of mailing of the statement or billing. Except as prohibited by statute, the MPWD will have the right to discontinue water service for the failure to make complete and timely payment. The MPWD will not discontinue residential service for nonpayment until the subject account has been delinquent for at least sixty (60) calendar days.

**3. Contesting a Charge**

If a customer believes he or she was overcharged for residential water service or charged for residential water service not rendered, the customer may contest the amount due by notifying the MPWD in writing within seven (7) calendar days after receiving the statement or billing at 3 Dairy Lane in Belmont, California. The MPWD will evaluate the information provided by the customer and investigate the matter. The General Manager shall make a decision based upon all the information and shall have the authority to adjust the amount due in a fair and equitable manner, if appropriate.

If the customer disagrees with the decision, the customer may, within seven (7) calendar days from the General Manager's decision, appeal the decision, in writing, to the Board of Directors. The Board of Directors will review the record and make a determination at its next regular Board of Directors' meeting. The decision of the Board of Directors will be final.

**4. Notice of Residential Service Termination**

The MPWD will provide customers and/or actual users with notice of a delinquent payment and the impending service termination, as required by law. The means of notification will be by mail, notification at the premises, or telephone. The MPWD assumes no responsibility for mailing or telephone contact information that has not been kept up-to-date by the customer.

## 5. Averting Residential Service Termination

The MPWD can be contacted by telephone at (650) 591-8941 or in person at 3 Dairy Lane in Belmont, California, Monday-Friday from 8:00AM to 4:30PM, except legal holidays, to discuss options for averting discontinuation of water service for non-payment under the terms of this policy.

A customer may request that the MPWD approve an alternative payment option to avert termination, including a deferred or reduced payment plan, an alternative payment schedule, or an agreement to amortize the delinquent amounts. At the time of such request, the customer will provide the MPWD with documentation evidencing that the bill is beyond the means of the customer to pay in full during the normal period for payment.

Generally, the MPWD may grant any such request in its sole discretion, but it will grant such a request, and will not terminate residential water service, if all of the following conditions are met:

- A. The customer, or a tenant of the customer, submits to the MPWD a certification of a primary care provider (as defined in Welfare and Institutions Code section 14088(b)(1)(A)) that discontinuation of residential service will be life threatening to, or pose a serious threat to the health and safety of, a resident of the premises where residential service is provided; AND
- B. The customer demonstrates that he or she is financially unable to pay for residential water service within the MPWD's normal billing cycle by satisfying one of the following:
  - 1. A member of the customer's household is a current recipient of CalWORKs, CalFresh, general assistance, Medi-Cal Supplemental Security Income/State Supplementary Payment Program, or California Special Supplemental Nutrition Program for Women, Infants, and Children, *or*
  - 2. The customer declares that his or her annual household income is less than 200 percent of the federal poverty level; AND
- C. The customer is willing to enter into an amortization agreement, alternative payment schedule, or a plan for deferred or reduced payment, consistent with this Policy.

Upon such a showing or in its sole discretion, as applicable, the MPWD will offer the customer one or more of the following options:

- AA. Amortization of the remaining balance.
- BB. An alternative payment schedule.
- CC. A partial or full reduction of the unpaid balance.
- DD. Temporary deferral of payment.

The MPWD may choose which payment option the customer undertakes and may set the parameters of that payment option, in the MPWD's sole discretion. Any selected repayment option should result in full repayment of the outstanding balance within 12 months, but the MPWD may grant a longer term if it would be necessary to avoid undue hardship based on the customer's particular circumstances.



**RESOLUTION NO. 2020-01**

**ADOPTING THE RESIDENTIAL WATER SERVICE TERMINATION POLICY**

\* \* \*

**MID-PENINSULA WATER DISTRICT**

**WHEREAS**, in September 2018, Senate Bill 998 was enacted and added the Water Shutoff Protection Act as California Health and Safety Code sections 116900 et seq.; and

**WHEREAS**, the Water Shutoff Protection Act establishes additional safeguards related to the termination of residential water service for non-payment to the procedural requirements already established in existing laws; and

**WHEREAS**, the Water Shutoff Protection Act requires that the Mid-Peninsula Water District (District) adopt a written policy regarding the termination of residential water service due to non-payment; and

**WHEREAS**, the District desires to adopt a policy that complies with the requirements of the Water Shutoff Protection Act and the requirements of existing laws, and also includes the District's procedures and practices in connection with the collection of delinquent accounts, including notifications, and the termination of water service.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Mid-Peninsula Water District that the Residential Water Service Termination Policy, as documented in Exhibit A, attached hereto and incorporated herein as though fully set forth, is hereby approved.

**REGULARLY PASSED AND ADOPTED** this 23<sup>rd</sup> day of January 2020.

AYES:

NOES:

ABSTENTIONS:

ABSENCES:

---

PRESIDENT

ATTEST:

---

SECRETARY OF THE BOARD

**ORDINANCE NO. 120**

**AN ORDINANCE AMENDING MPWD WATER SERVICE ORDINANCE NO. 103  
REGARDING TERMINATION OF WATER SERVICE**

\* \* \*

**MID-PENINSULA WATER DISTRICT**

**WHEREAS**, the Board of Directors of the Mid-Peninsula Water District ("District") is authorized to establish and modify, as necessary, the rules and regulations applicable to the provision of water service to its customers; and

**WHEREAS**, these rules and regulations are set forth in Water Service Ordinance No. 103, which rules and regulations include provisions related to the termination of water service; and

**WHEREAS**, in September 2018, Senate Bill 998 was enacted and added the Water Shutoff Protection Act as California Health and Safety Code sections 116900 et seq.; and

**WHEREAS**, the Water Shutoff Protection Act requires that the District adopt a written policy regarding the termination of residential water service due to non-payment; and

**WHEREAS**, pursuant to Resolution 2020-01, the District adopted a Residential Water Service Termination Policy; and

**WHEREAS**, the District now desires to remove the provisions pertaining to water service termination included in Water Service Ordinance No. 103 since those provisions are no longer required as a result of the new Residential Water Service Termination Policy.

**NOW, THEREFORE, BE IT ORDAINED** by the Board of Directors of the Mid-Peninsula Water District as follows:

**Section 1:** The following provisions of Water Service Ordinance No. 103 are hereby deleted:

**Section 2 – Effective Date:** This Ordinance shall take effect and be in full force as of the date of its enactment. All prior ordinances or parts of ordinances that may be inconsistent with this Ordinance No. 120 hereby are repealed.

**REGULARLY PASSED AND ADOPTED** at a meeting of the Board of Directors of the Mid-Peninsula Water District duly held on the 23<sup>rd</sup> day of January 2020 by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENCES:

---

President of the Board of Directors  
Mid-Peninsula Water District

ATTEST:

---

Secretary of the Board



Staff and District Counsel thoroughly reviewed the proposals and while all were well qualified, staff determined that the proposal submitted from the below individuals was the highest ranked:

- Team Hovorka/Villanueva Proposal Highlights:**

- Team Hovorka/Villanueva is recommended because of their long-term local experience in providing real estate marketing and brokerage services, their proposed marketing approach, the reduced cost for their commissions (5% and 50/50 split between the listing and selling brokers), and the MPWD's positive past experience working with them.

The attached Professional Services Contract is the MPWD's template form developed by District Counsel. Please note that staff did not attach the exhibits due to their volume. Copies will be available at the Board meeting for public inspection.

BOARD ACTION: APPROVED: \_\_\_\_\_ DENIED: \_\_\_\_\_ POSTPONED: \_\_\_\_\_ STAFF DIRECTION: \_\_\_\_\_

28

**RESOLUTION NO. 2020-02**

**AUTHORIZING A PROFESSIONAL SERVICES AGREEMENT  
WITH TOM HOVORKA OF KELLER WILLIAMS PENINSULA ESTATES  
AND CHERYL VILLANUEVA OF COMPASS  
FOR REAL ESTATE MARKETING AND BROKERAGE SERVICES  
TO SELL MPWD SURPLUS PROPERTY LOCATED AT  
1513-1515 FOLGER DRIVE IN BELMONT, CA**

\* \* \*

**MID-PENINSULA WATER DISTRICT**

**WHEREAS**, the Mid-Peninsula Water District (District) owns certain real property located at 1513-1515 Folger Drive in Belmont; and

**WHEREAS**, by Resolution No. 2018-14 adopted May 24, 2018, the District declared the 1513-1515 Folger Drive property to be “surplus property” within the meaning of California Government Code Section 54220 et seq. (Surplus Lands Act); and

**WHEREAS**, the District has followed all procedures required pursuant to the Surplus Lands Act; and

**WHEREAS**, in mid-October 2019, an RFP (Request for Proposals) was distributed and advertised in the Daily Journal (twice) for real estate marketing and brokerage services to sell the property located at 1513-1515 Folger Drive. Four (4) submittals were timely received by the MPWD on November 14, 2019; and

**WHEREAS**, the submittals were thoroughly reviewed by staff and District Counsel; and

**WHEREAS**, staff determined that the highest ranked proposal was submitted by Tom Hovorka of Keller Williams Peninsula Estates and Cheryl Villanueva of Compass; and

**WHEREAS**, staff recommends that and a professional services contract be awarded to Tom Hovorka of Keller Williams Peninsula Estates and Cheryl Villanueva of Compass for real

estate marketing and brokerage services to sell the surplus property located at 1513-1515 Folger Drive.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of the Mid-Peninsula Water District hereby authorizes a professional services agreement, in a form approved by legal counsel, with Tom Hovorka of Keller Williams Peninsula Estates and Cheryl Villanueva of Compass for real estate marketing and brokerage services to sell the property located at 1513-1515 Folger Drive in Belmont, CA, and authorizes the General Manager to execute it on behalf of the District, with the understanding that the sale of the property is subject to formal Board approval.

**REGULARLY PASSED AND ADOPTED** this 23<sup>rd</sup> day of January 2020.

AYES:

NOES:

ABSTENTIONS:

ABSENCES:

---

PRESIDENT

ATTEST:

---

SECRETARY OF THE BOARD



## CONTRACT FOR PROFESSIONAL SERVICES

THIS AGREEMENT is made as of the \_\_\_\_ day of January 2020, by and between the MID-PENINSULA WATER DISTRICT ("DISTRICT") and TOM HOVORKA OF KELLER WILLIAMS PENINSULA ESTATES AND CHERYL VILLANUEVA OF COMPASS ("CONSULTANT").

WHEREAS, the DISTRICT desires to obtain professional real estate brokerage services and has issued a Request for Proposals dated October 15, 2019, a copy of which is attached and incorporated as Exhibit A; and

WHEREAS, the CONSULTANT desires to furnish such services and has submitted a Proposal dated November 14, 2019, a copy of which is attached and incorporated as Exhibit B.

NOW, THEREFORE, the parties agree as follows:

1. RENDITION OF SERVICES. The CONSULTANT agrees to provide professional services to the DISTRICT in accordance with the terms and conditions of this Agreement ("Services"). In the performance of its Services, CONSULTANT represents that it has and will exercise that degree of professional care, skill, efficiency and judgment ordinarily employed by consultants providing similar services. CONSULTANT further represents and warrants that it holds currently in effect all licenses, registrations, and certifications in good standing that may be required under applicable law or regulations to perform these services and agrees to retain such licenses, registrations, and certifications in active status throughout the duration of this engagement.
2. SCOPE OF SERVICES. The scope of the CONSULTANT's Services shall consist of the services set forth in Exhibit A. CONSULTANT understands and agrees that the sale of the real property is subject to the approval by the MPWD Board of Directors.
3. TERM. This Agreement will commence upon its Effective Date and shall continue until the services set forth in Section 2 are successfully completed, as determined by the DISTRICT.

The term of this Agreement will commence as of the date of contract award and will expire when the work is complete. The CONSULTANT shall furnish the DISTRICT with all the materials, equipment and services called for under this Agreement, and perform all other work, if any, described in the Contract Specifications.

It is understood that the term of the Agreement is subject to the DISTRICT's right to terminate the Agreement in accordance with Section 13 of this Agreement.

4. COMPENSATION. The CONSULTANT agrees to perform all of the services included in Section 2 for a total all inclusive sum not-to-exceed fee of 5% of the gross sales price of the property (1513-1515 Folger Drive, Belmont, CA) to be split 50/50 between listing broker and buyer's broker, in accordance with Exhibits A and B. The total all inclusive sum shall include all labor, materials, taxes, profit, overhead, insurance, subcontractor/subconsultant costs and all other costs and expenses incurred by the CONSULTANT.

5. MANNER OF PAYMENT. CONSULTANT shall submit a single invoice to DISTRICT upon closing of escrow for the real property sale. DISTRICT shall render payment within thirty (30) days of receipt of approved invoices.

All invoices should be sent to: Mid-Peninsula Water District  
3 Dairy Lane  
Post Office Box 129  
Belmont, CA 94002  
Attn: General Manager

6. CONSULTANT'S KEY PERSONNEL. It is understood and agreed by the parties that at all times during the term of this Agreement that brokers, Tom Hovorka and Cheryl Villanueva shall serve as the primary staff person of CONSULTANT to undertake, render and oversee all of the services under this Agreement.

7. DISTRICT REPRESENTATIVE. Except when approval or other action is required to be given or taken by the Board of Directors of the DISTRICT, the General Manager of the DISTRICT, or such person or persons as he shall designate in writing from time to time, shall represent and act for the DISTRICT.

8. CONSULTANT'S STATUS. Neither the CONSULTANT nor any party contracting with the CONSULTANT shall be deemed to be an agent or employee of the DISTRICT. The CONSULTANT is and shall be an independent contractor, and the legal relationship of any person performing services for the CONSULTANT's shall be one solely between said parties.

9. OWNERSHIP OF WORK. All reports, designs, drawings, plans, specifications, schedules, and other materials prepared, or in the process of being prepared, for the Services to be performed by CONSULTANT shall be and are the property of the DISTRICT. The DISTRICT shall be entitled to access to and copies of these materials during the progress of the work. Any property of the DISTRICT in the hands of the CONSULTANT or in the hands of any subcontractor upon completion or termination of the work shall be immediately delivered to the DISTRICT. If any property of the DISTRICT is lost, damaged or destroyed before final delivery to the DISTRICT, the CONSULTANT shall replace it at its own expense and the CONSULTANT hereby assumes all risks of loss, damage or destruction of or to such materials. The CONSULTANT may retain a copy of all material produced under this agreement for its use in its general business activities.

10. CHANGES. The DISTRICT may, at any time, by written order, make changes within the scope of work and Services described in this Agreement. If such changes cause an increase in the budgeted cost of or the time required for performance of the agreed upon work, an equitable adjustment as mutually agreed shall be made in the limit on compensation as set forth in Section 4 or in the time of required performance as set forth in Section 3, or both. In the event that CONSULTANT encounters any unanticipated conditions or contingencies that may affect the scope of work or Services and result in an adjustment in the amount of compensation specified herein, CONSULTANT shall so advise the DISTRICT immediately upon notice of such condition or contingency. The written notice shall explain the circumstances giving rise to the unforeseen condition or contingency and shall set forth the proposed adjustment in compensation. Such notice shall be given the DISTRICT prior to the time that CONSULTANT performs work or services related to the proposed adjustment in compensation. Any and all pertinent changes shall be expressed in a written supplement to this Agreement prior to implementation of such changes.

11. RESPONSIBILITY; INDEMNIFICATION. CONSULTANT shall indemnify, keep and save harmless the DISTRICT, and the DISTRICT members, officers, agents and employees against any and all suits, claims or actions arising out of any injury to persons or property that may occur, or that may be alleged to have occurred, arising from the performance of this Agreement by the CONSULTANT caused by an act or omission of the CONSULTANT or its employees, subcontractors or agents. CONSULTANT further agrees to defend any and all such actions, suits or claims and pay all charges of attorneys and all other incurred costs and expenses. If any judgment be rendered against the DISTRICT or any of the other individuals enumerated above in any such action, CONSULTANT shall, at its expense, satisfy and discharge the same. This indemnification shall survive termination of this Agreement.

12. INSURANCE.

A. Workers' Compensation. If CONSULTANT employs any person to perform work in connection with this Agreement, CONSULTANT shall procure and maintain at all times during the performance of such work, Workers' Compensation Insurance in conformance with the laws of the State of California and Federal laws when applicable. Employers' Liability Insurance shall not be less than One Million Dollars (\$1,000,000) per accident or disease. Prior to commencement of work under this Agreement by any such employee, CONSULTANT shall deliver to the DISTRICT a Certificate of Insurance which shall stipulate that thirty (30) days advance written notice of cancellation, non-renewal or reduction in limits shall be given to the DISTRICT. Such insurance shall also contain a waiver of subrogation in favor of the Mid Peninsula Water District and its Directors, officers, agents and employees while acting in such capacity, and their successors and assignees, as they now, or as they may hereafter be constituted, singly, jointly or severally.

B. Commercial General and Automobile Liability Insurance. CONSULTANT shall also procure and maintain at all times during the performance of this Agreement Commercial General Liability Insurance covering CONSULTANT and the DISTRICT for liability arising out of the operations and activities of CONSULTANT and any subcontractors. CONSULTANT shall also procure and maintain during the entire term of this Agreement Automobile Liability Insurance which shall include coverage for all vehicles, licensed or unlicensed, on or off the DISTRICT's premises, used by or on behalf of CONSULTANT in the performance of work under this Agreement. The policies shall be subject to a limit for each occurrence of One Million Dollars (\$1,000,000) naming as an additional insured, in connection with CONSULTANT's activities, the DISTRICT, and its Directors, officers, employees and agents. The Insurer(s) shall agree that its policy(ies) is Primary Insurance and that it shall be liable for the full amount of any loss up to and including the total limit of liability without right of contribution from any other insurance covering the DISTRICT.

Inclusion of the DISTRICT as an additional insured shall not in any way affect its rights as respects to any claim, demand, suit or judgment made, brought or recovered against CONSULTANT. The policy shall protect CONSULTANT and the DISTRICT in the same manner as though a separate policy had been issued to each, but nothing in said policy shall operate to increase the Insurer's liability as set forth in the policy beyond the amount or amounts shown or to which the Insurer would have been liable if only one interest had been named as an insured. Such insurance shall also contain a waiver of subrogation in favor of the Mid Peninsula Water District and its Directors, officers, agents and employees while acting in such capacity, and their successors and assignees, as they now, or as they may hereafter be constituted, singly, jointly or severally

Prior to commencement of work hereunder, CONSULTANT shall deliver to the DISTRICT a Certificate of Insurance which shall indicate compliance with the insurance requirements of this paragraph and shall stipulate that thirty (30) days' advance written notice of cancellation, non-renewal or reduction in limits shall be given to the DISTRICT.

C. Professional Liability Insurance. CONSULTANT shall also maintain Professional Liability Insurance covering CONSULTANT's performance under this Agreement with a limit of liability of One Million Dollars (\$1,000,000) for any one claim. This insurance shall be applicable to claims arising out of or related to the performance of this Agreement. Prior to commencing work under this Agreement, CONSULTANT shall furnish to the DISTRICT a Certificate of Insurance, or certified copy of the Insurance policy if requested, indicating compliance with requirements of this paragraph. Such certificate or policy shall further stipulate that 30 days' advance written notice of cancellation, non-renewal or reduction in limits shall be given to the DISTRICT.

D. Deductibles and Retentions. CONSULTANT shall be responsible for payment of any deductible or retention on CONSULTANT's policies without right of contribution from the DISTRICT. Deductible and retention provisions shall not contain any restrictions as to how or by whom the deductible or retention is paid. Any deductible or retention provision limiting payment to the Named Insured is unacceptable.

In the event that the policy of the CONSULTANT or any subcontractor contains a deductible or self-insured retention, and in the event that the DISTRICT seeks coverage under such policy as an additional insured, CONSULTANT shall satisfy such deductible or self-insured retention to the extent of loss covered by such policy for a lawsuit arising from or connected with any alleged act or omission of CONSULTANT, subcontractor, or any of their officers, directors, employees, agents, or suppliers, even if CONSULTANT or subcontractor is not a named defendant in the lawsuit.

13. TERMINATION. The DISTRICT shall have the right to terminate this Agreement at any time by giving written notice to the CONSULTANT. In the event of termination for any reason other than the fault of the CONSULTANT, the CONSULTANT shall be compensated in accordance with the provisions of Sections 4 and 5 for the services performed and expenses incurred to the date of such termination, plus any reasonable costs and expenses which are reasonably and necessarily incurred by CONSULTANT to effect such termination. For termination for default, the DISTRICT shall remit final payment to CONSULTANT in an amount to cover only those services performed and expenses incurred in accordance with the terms and conditions of this Agreement up to the effective date of termination.

14. NOTICES. All communications relating to the day to day activities of the project shall be exchanged between the DISTRICT's General Manager and the CONSULTANT's Tom Hovorka and Cheryl Villanueva.

All other notices and communications deemed by either party to be necessary or desirable to be given to the other party shall be in writing and may be given by personal delivery to a representative of the parties or by mailing the same postage prepaid, addressed as follows:

If to the DISTRICT:	Mid-Peninsula Water District
	3 Dairy Lane
	Belmont, California 94002
	ATTENTION: General Manager

If to the CONSULTANT: \_\_\_\_\_

ATTENTION: \_\_\_\_\_

The address to which mailings may be made may be changed from time to time by notice mailed as described above. Any notice given by mail shall be deemed given on the day after that on which it is deposited in the United States Mail as provided above.

15. EQUAL EMPLOYMENT OPPORTUNITY. In connection with the performance of this Agreement the CONSULTANT shall not discriminate against any employee or applicant for employment because of race, religion, color, sex, gender identity, disability or national origin. The CONSULTANT shall take affirmative actions to insure that applicants are employed, and that employees are treated during their employment, without regard to their race, religion, color, sex, disability or national origin. Such actions shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. CONSULTANT further agrees to include a similar provision in all subcontracts, except subcontracts for standard commercial supplies or raw materials.

16. MISCELLANEOUS

A. Records. During the term of this Agreement, CONSULTANT shall permit representatives of the DISTRICT to have access to, examine and make copies, at the DISTRICT's expense, of its books, records and documents relating to this Agreement at all reasonable times.

B. District Warranties. The DISTRICT makes no warranties, representations or agreements, either express or implied, beyond such as are explicitly stated in this Agreement.

C. Release of Information. CONSULTANT shall not release any reports, information or promotional materials prepared in connection with this Agreement without the approval of the DISTRICT's General Manager.

D. Use of Subcontractors. CONSULTANT shall not subcontract any Services to be performed by it under this Agreement without the prior written approval of the DISTRICT, except for service firms engaged in drawing, reproduction, typing and printing. CONSULTANT shall be solely responsible for reimbursing any subcontractors and the DISTRICT shall have no obligation to them.

E. No Assignment. CONSULTANT shall not assign any of the rights nor transfer any of its obligations under the Agreement without the prior written consent of the District.

F. Attorney's Fees. If any legal proceeding should be instituted by either of the parties to enforce the terms of this Agreement or to determine the rights of the parties under this Agreement, the prevailing party in said proceeding shall recover, in addition to all court costs, reasonable legal fees.

G. Applicable Law. This Agreement, its interpretation and all work performed thereunder, shall be governed by the laws of the State of California.

H. Binding on Successors. All of the terms, provisions and conditions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns and legal representatives.

I. Waiver. Any waiver of any breach or covenant of this Agreement must be in a writing executed by a duly authorized representative of the party waiving the breach. A waiver by any of the parties of a breach or covenant of this Agreement shall not be construed to be a waiver of any succeeding breach or any other covenant unless specifically and explicitly stated in such waiver.

J. Entire Agreement; Modification. This Agreement, including any attachments, constitutes the entire Agreement between the parties with respect to the subject matter hereof, and supersedes any prior understanding or agreement, oral or written, with respect to such subject matter. It may not be amended or modified, except by a written amendment executed by authorized representatives by both parties. In no event will the Agreement be amended or modified by oral understandings reached by the parties or by the conduct of the parties.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their duly authorized officers as of the day and year first above written.

MID-PENINSULA WATER DISTRICT \_\_\_\_\_ \*

By: \_\_\_\_\_  
President of the Board

By: \_\_\_\_\_

Attest: \_\_\_\_\_  
Secretary for the DISTRICT

Title: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_

By: \_\_\_\_\_  
Attorney for the DISTRICT

Title: \_\_\_\_\_

\* If the CONSULTANT is a Corporation, two officers of the corporations consisting of one from each of the following categories must sign the agreement: 1) the President, Vice President or Board Chair and 2) the Secretary, Assistant Secretary, Chief Financial Officer or Assistant Treasurer. If only one officer signs or an individual not specified above, the CONSULTANT will submit satisfactory evidence that the individual is authorized to sign for and bind the corporation.



TO: Board of Directors

FROM: Tammy A. Rudock  
General Manager

DATE: January 23, 2020

---

## MANAGER'S REPORT

---

### **FOLLOW-UP FROM 12/19/19 REGULAR BOARD MEETING**

- Executed Seventh Amendment to the Master Professional Contract with Pakpour Consulting Group, Inc., referenced as Contract No. 07-1621-CP in the amount of \$107,092, for additional engineering design and construction support services related to the Notre Dame Avenue, Cliffside Court, and Tahoe Drive Water Main Replacement Project.

### **AMENDED AND RESTATED WATER SUPPLY AGREEMENT BETWEEN THE CITY AND COUNTY OF SAN FRANCISCO AND WHOLESALE CUSTOMERS IN ALAMEDA COUNTY, SAN MATEO COUNTY, AND SANTA CLARA COUNTY**

The MPWD received a fully executed Amended and Restated Water Supply Agreement (approved in early 2019 by the Board).

FYI – Attached is the updated Summary Report on the Amended and Restated Water Supply Agreement (dated November 2018) prepared for BAWSCA by attorneys Allison Schutte and Nicole Witt of Hanson Bridgett LLP.

### **AB 1825 HARASSMENT PREVENTION TRAINING PROGRESS**

All MPWD Board members, officials, and staff completed the bi-annual training by December 31, 2019. A section was added to the Administrative Services Manager's report for tracking.

### **ANNUAL WATER AWARENESS CALENDAR PRESENTATIONS**

Each year it is crunch time to get these organized and accomplished by the January regular Board meeting because of the holidays and school schedules. So, this year staff worked with the participating school teachers and we pushed the presentations to the February regular Board meeting. That also allowed for more time to get the calendars created and published. And, stay tuned...because staff and John Davidson came up with a new idea for the calendar!

### **SDLF DISTRICT TRANSPARENCY CERTIFICATE OF EXCELLENCE**

Beginning January 1, 2020, the Special District Leadership Foundation (SDLF) has extended the renewal terms to three (3) years for the District Transparency Certificate of Excellence and the Districts of Distinction Accreditation programs.

### **3-MONTH “LOOK AHEAD” FOR BOARD MEETINGS**

#### **FEBRUARY 27, 2020**

- Annual water awareness calendar presentations.
- Consider and approve any revisions to MPWD 2019-2021 Strategic Plan.
- Receive mid-year review of current fiscal year Operating and Capital Budgets and consider/approve Amended Budgets (as needed).

#### **MARCH 26, 2020**

- Consider preliminary revenue requirements and proposed water rate adjustments.
- Consider scheduling special meeting for water rates workshop in early April.
- Discuss preliminary DRAFT Operating Budget for FY 2020/2021.
- Discuss preliminary DRAFT Capital Budget for FY 2020/2021.
- Discuss 2016 COP CIP funding gap options.
- Receive BAWSCA report.

#### **APRIL 23, 2020**

- Approve water rate adjustments effective July 1<sup>st</sup>. (Required 30-day notice to ratepayers.)
- Review working DRAFT Operating Budget for FY 2020/2021.
- Review working DRAFT Capital Budget for FY 2020/2021.
- Discuss 2016 COP CIP funding gap options.

#### **BOARD FINANCE COMMITTEE MEETING – TENTATIVE SCHEDULE**

##### **Late January/Early February 2020**

- COP CIP funding gap proposal;
- Mid-Year budget review for FY 2019/2020;
- Water rate study and financial plan update for 2020 Proposition 218 5-year rate plan; and
- Revenue requirements for FY 2020/2021 Operating and Capital Budgets.

##### **March/April 2020**

- COP CIP funding gap proposal;
- FY 2020/2021 Operating and Capital Budget review; and
- PARS Section 115 combined trust management plan [OPEB—Other Post-Employment Benefits and PRSP—Pension Rate Stabilization Program].

---

#### **UPCOMING MEETINGS/EVENTS**

BAWSCA Water Management Meeting (Foster City): February 6, 2020

HIA Meeting (Belmont): February 6, 2020

ACWA JPIA 2020 Spring Conference & Exhibition (Monterey): May 4-8, 2020

CSDA Special District Legislative Days (Sacramento): May 19-20, 2020

CSDA Annual Conference (Palm Desert): August 24-27, 2020

CSDA Special District Leadership Academy – Governance Conference (South Lake Tahoe): September 27-30, 2020



**Summary Report**  
**on**  
**The Amended and Restated Water Supply Agreement**  
**Between the City and County of San Francisco**  
**and**  
**Wholesale Customers in Alameda County, San Mateo County, and Santa Clara County**

**Prepared for**  
**The Bay Area Water Supply and Conservation Agency**

**By**  
**Allison Schutte and Nicole Witt**  
**Hanson Bridgett LLP**

**November 2018**

## TABLE OF CONTENTS

### Page

#### INTRODUCTION 1

#### **PART ONE WATER SUPPLY (ARTICLES 3 AND 4 OF AGREEMENT) ..... 4**

A.	Quantity .....	4
B.	Reliability .....	5
C.	Shortages .....	6
D.	Water Quality .....	7
E.	Conservation.....	7
F.	Operational Issues .....	8
G.	Interim Limit of 184 MGD Through 2028 .....	9
H.	Limits on SFPUC Taking on New Customers.....	10
I.	BAWSCA Involvement in SFPUC Planning for New or Alternate Supplies .....	11
J.	Amendment Required to Change Existing Condition of Hetch Hetchy Reservoir .....	11

#### **PART TWO COST (ARTICLES 5, 6 AND 7 OF AGREEMENT) .....12**

A.	Overview.....	12
B.	Individual Cost Categories .....	14
C.	Rates and Balancing Account .....	22
D.	Accounting and Auditing .....	23

#### **PART THREE ADMINISTRATIVE PROVISIONS .....23**

A.	Term (Section 2.01) .....	23
B.	Unanimous Participation Not Necessary (Section 2.02) .....	24
C.	Amendments to Agreement (Section 2.03).....	24
D.	Delegation of Administrative Tasks to BAWSCA (Section 8.04).....	24
E.	Annual Meeting with SFPUC Senior Management (Section 8.03) .....	25
F.	Dispute Resolution; Limitations on Damages (Section 8.01; Section 8.14).....	26
G.	Special Provisions for Some Agencies (Article 9 of Agreement).....	26

#### **Attachments:**

N-2, Schedule 1  
N-2, Schedule 4  
R-1, Introduction to Attachment R

# **SUMMARY REPORT ON THE AMENDED AND RESTATED WATER SUPPLY AGREEMENT**

## **INTRODUCTION**

This report was prepared at the request of the Bay Area Water Supply and Conservation Agency (BAWSCA). Its purpose is to provide a summary of the major provisions in the amended and restated Water Supply Agreement which BAWSCA has negotiated with representatives of the San Francisco Public Utilities Commission (SFPUC or Commission) and which was approved by the Commission on December 11, 2018. This summary replaces, in its entirety, the previous summary created for the Water Supply Agreement approved in 2009, and covers all aspects of the amended and restated Water Supply Agreement, not simply the amendments adopted in 2018.

In 1984, San Francisco and all of its wholesale customers entered into a “Settlement Agreement and Master Water Sales Contract,” the term of which was 25 years and which expired on June 30, 2009. This is a lengthy document which was executed in multiple identical counterparts by San Francisco and each of its wholesale customers. It was titled a “Settlement Agreement” because it settled a lawsuit brought by several of the wholesale customers against San Francisco, which is described in the opinion in *Palo Alto v. San Francisco* (9<sup>th</sup> Cir. 1977) 548 F.2d 1374, decided by the United States Court of Appeal for the Ninth Circuit.

The 1984 Settlement Agreement and Master Water Sales Contract was negotiated by the Bay Area Water Users Association (a less formal predecessor to BAWSCA) with support from attorneys, engineering consultants, municipal financial consultants, and CPAs.

In advance of the expiration of the 1984 Settlement Agreement and Master Water Sales Contract, BAWSCA offered its services as negotiator of a new agreement. The governing boards of all 27 wholesale customers adopted resolutions delegating that authority and

prescribing the parameters of that delegation. BAWSCA conducted negotiations with the SFPUC starting in 2007, which resulted in a new Water Supply Agreement effective July 1, 2009 through June 30, 2034.

In 2018, the SFPUC and the wholesale customers desired to adopt an amended and restated Water Supply Agreement in order to (1) change the classification of certain Hetch Hetchy Water and Power capital projects, adjusting the amount of capital funding to be provided towards these projects by the parties and the SFPUC Power Enterprise through the term of the Agreement; (2) extend the estimated timing of the completion of the Water System Improvement Program (WSIP) to reflect the currently adopted program completion date; (3) clarify the cost allocation and water accounting provisions used for the SFPUC's Groundwater Storage and Recovery Project approved on August 12, 2014 in Commission resolution no. 14-0127; (4) modify provisions related to the SFPUC's administration of the Wholesale Capital Fund to more closely align with the historic rate of capital project spending by the SFPUC and prevent volatility in the annual determination of the Wholesale Revenue Requirement; (5) adjust the provisions of the Water Shortage Allocation Plan regarding the initial allocation of water during shortages between SFPUC Retail and Wholesale water customers; (6) extend the December 31, 2018 deadline for the SFPUC to complete a water supply planning process and decide whether or not to (a) grant permanent customer status to the cities of San Jose and Santa Clara, dedicating a permanent share of the SFPUC water supply to these two wholesale customers, who currently have temporary, interruptible status, and (b) increase the 184 mgd Supply Assurance created as a permanent dedication of water supply by the 1984 Settlement Agreement and Master Water Sales Contract; and (7) implement a formal process by which SFPUC engages with BAWSCA on its 10-Year CIP development including, on-going tracking and monitoring, improvements to SFPUC's Quarterly Reports, and SFPUC's commitment to consider BAWSCA's findings and recommendations.

As with the 2009 Agreement, BAWSCA offered its services as negotiator of the amended and restated Water Supply Agreement. The governing boards of all 26 wholesale customers adopted resolutions delegating that authority and prescribing the parameters of that delegation. BAWSCA's negotiations with the SFPUC began in January of 2018.

The negotiating team was led by Nicole Sandkulla, BAWSCA's General Manager/CEO. Ms. Sandkulla was assisted by BAWSCA's Water Resources Manager, Tom Francis, Finance Manager, Christina Tang, Water Resources Specialist, Andree Johnson, and Special Counsel to the CEO/General Manager, Art Jensen. Attorneys at Hanson Bridgett served as legal counsel to the BAWSCA negotiating team and were the principal drafters of the amended and restated Water Supply Agreement. Bud Wendell provided strategic guidance throughout the negotiations.

The Agreement's Introductory Statement provides that both San Francisco and its wholesale customers "share a commitment to the Regional Water System providing a reliable supply of high quality water at a fair price and achieving these goals in an environmentally sustainable manner." Part One, Sections A, B, C and H of this report cover provisions in the amended and restated Agreement which address water supply reliability. Part One, Section D focuses on the Agreement's provisions related to water quality. Part Two covers the considerable portion of the amended and restated Agreement designed to ensure that the capital and operating costs of the regional water system are fairly allocated between San Francisco's retail customers and the wholesale customers. Finally, Part One, Sections E and F.2 summarize provisions in the Agreement explicitly addressing water conservation and use of alternative local sources of water.<sup>1</sup>

---

<sup>1</sup> In addition, Part One, Section G describes the mechanics through which the SFPUC implemented the Commission's decision in October 2008 to impose a limit on deliveries to 265 MGD through 2018 and to enforce the interim supply limitations assigned to individual agencies through Environmental Enhancement Surcharges. The mechanics remain, although the time for potential implementation has expired.

**PART ONE**  
**WATER SUPPLY (Articles 3 and 4 of Agreement)**

**A. Quantity**

1. Supply Assurance Reconfirmed. The amended and restated Agreement reconfirms San Francisco's perpetual commitment to deliver 184 million gallons per day (MGD), on an annual average basis, to the wholesale customers collectively, other than San Jose and Santa Clara (the "Supply Assurance"). It also preserves the wholesale customers' claim that San Francisco is obligated to provide water over and above the Supply Assurance, as well as San Francisco's denial of that obligation.
  
2. Allocation of Supply Assurance Incorporated. The amended and restated Agreement also incorporates and formally reconfirms the allocation of the collective 184 MGD Supply Assurance among the wholesale customers which was effected under the 1984 Contract (partly through triennial "vesting" and then by unanimous agreement of all agencies in 1994). The amended and restated Agreement includes, as an attachment, a list of the individual "Supply Guarantees" for each of the 24 wholesale customers that currently have one.<sup>2</sup>
  
3. Transferability of Supply Guarantees. The Agreement allows wholesale customers to transfer, on a permanent basis, portions of their Individual Supply Guarantees among themselves. These transfers are subject to only very limited San Francisco oversight to ensure Raker Act compliance and adequate physical capacity of the San Francisco regional system to deliver the additional water to the transferee agency. To date, there have been two transfers of Individual Supply Guarantees among wholesale customers.

---

<sup>2</sup> These quantified supply guarantees will remain subject to pro rata reduction if and when collective use exceeds 184 MGD due to growth in demand, in order to preserve Hayward's claimed entitlement under its 1962 contract and the overall limit on San Francisco's commitment of 184 MGD. The Agreement will also preserve other agencies' reservation of their right to challenge this reduction.

**B. Reliability**

1. WSIP Completion. The amended and restated Agreement commits San Francisco to complete the WSIP, originally approved by the Commission in October 2008, by 2021.<sup>3</sup> In addition, the amended and restated Agreement obligates San Francisco to provide full public review and opportunity for wholesale customers to comment on any proposed changes to the WSIP that would delay completion of or delete projects. Finally, the staff of the SFPUC will meet and confer with BAWSCA before proposing to the Commission any changes in scope that would reduce the ability of the regional system to meet level of service goals adopted by the Commission.

2. System Maintenance. The amended and restated Agreement requires the SFPUC to keep the regional system in good working order and repair, consistent with prudent utility practice. SFPUC will prepare and publish bi-annual reports on the "State of the Regional System," will cooperate with any audits of system repair/maintenance conducted by BAWSCA, will consider the findings of such audits, and will provide responses, including reasons why any audit recommendations were not adopted.

3. "Water First." The amended and restated Agreement commits the SFPUC to continue its "water first" policy, i.e., operating the Hetch Hetchy reservoirs in a manner that gives higher priority to delivery of water to the Bay Area, and to environmental values, than to electric power generation. It leaves day-to-day operational decisions up to the SFPUC.

---

<sup>3</sup> This commitment is conditional on SFPUC's completion of all CEQA analysis and documentation required for the individual facilities that collectively comprise the WSIP. It is also made subject to a "force majeure" clause that excuses both SFPUC and the wholesale customers from delays in performance, or failure to perform, due to "acts of God" and other circumstances not the fault of, and beyond the control of, the affected party that make performance impossible or extremely impracticable.

**C. Shortages**

1. Drought. The amended and restated Agreement continues the allocation of water between San Francisco and the wholesale customers which was agreed to in 2000 and memorialized as “Tier One” of the Interim Water Shortage Allocation Plan. The provisions of the Plan that allow wholesale customers to “bank” drought allocations and to transfer them are continued. In addition to the allocation agreed to by San Francisco and the wholesale customers in 2000, the amended and restated Agreement prevents SFPUC from receiving a positive allocation in the event of a water shortage and redistributes any calculated positive allocation among the wholesale customers. Furthermore, for any level of required reduction in system-wide water use during shortages, the SFPUC will require its retail customers to conserve a minimum of 5%, with any resulting reallocated supply credited to overall Regional Water System storage. The current “Tier Two” allocation of water among the wholesale customers themselves, currently scheduled to expire on December 31, 2019 and expected to be extended for another year, is not made a part of the amended and restated Agreement with San Francisco. The SFPUC, however, is obligated to honor any new allocation agreed to by the wholesale customers, either unanimously or through BAWSCA.

2. Disaster. The Agreement requires the SFPUC to distribute water on an equitable basis after an earthquake or other natural disaster. The SFPUC response to disasters is to be guided by the Emergency Response and Recovery Plan (ERRP) adopted by the SFPUC, the fundamental principles of which are incorporated into the Agreement itself. The ERRP is to be periodically reviewed and may be amended by the Commission. SFPUC staff will be required to provide 30 days’ notice to the wholesale customers of any proposal to amend the ERRP, along with the text of the proposed amendments.

3. Localized Reductions. Provisions in the 1984 Contract and the 2009 Agreement governing localized shortages due to isolated damage or system repairs are continued.



4. Wheeling. The Agreement allows for BAWSCA and/or wholesale customers to "wheel" water from outside sources through the SFPUC regional system during periods of shortage, subject to provisions regarding water quality impacts and cost reimbursement.

**D. Water Quality**

1. Meet Safe Drinking Water Act Standards; Notice. The Agreement commits the SFPUC to deliver treated water meeting federal and state primary drinking water standards: maximum contaminant levels (MCL's) and treatment techniques. The next update of the SFPUC Water Quality Notification and Communication Plan will include expanded coverage of secondary MCL exceedances. The SFPUC will provide notice to wholesale customers of any exceedance concurrently with notice provided to operators of the In-City retail distribution system.

2. Joint Water Quality Committee. The Water Quality Committee, established in the 2009 Agreement and composed of a representative from the SFPUC and from each wholesale customer, is continued. The Committee will meet at least quarterly to collaboratively address water quality issues. The Committee's Chair and Vice Chair will rotate between SFPUC and the wholesale customers.

**E. Conservation**

1. Wholesale Customers. The Agreement commits the wholesale customers to take actions, within their legal authority, regarding water conservation that are necessary to ensure that the SFPUC remains eligible to receive state and federal grants and other financial assistance and to participate in the State Drought Water Bank.

2. SFPUC Support for BAWSCA Conservation Programs. The Agreement commits the SFPUC to collect a "water management charge," if and when such a charge is established by the BAWSCA board of directors, and to remit those funds to BAWSCA to support

regional water conservation measures and development of alternative supplies approved by the BAWSCA board of directors. This charge was levied in 2009 to fund BAWSCA's Long-Term Reliable Water Supply Strategy.

3. The "Green Option" to be Explored. The Agreement commits San Francisco to work with BAWSCA to explore ways to support water conservation and recycling in locations outside the Bay Area. This will include a particular focus on agricultural conservation/efficiency projects of the type described in the "Green Option," recommended by BAWSCA in its comments on the Program Environmental Impact Report on the WSIP, which can benefit the Tuolumne River.

**F. Operational Issues**

1. Service Areas. The Agreement continues existing restrictions on sales of water outside wholesale customers' service areas.<sup>4</sup> It clarifies and continues the existing contract provisions regarding expansion of service areas (SFPUC approval is needed, but cannot be withheld unreasonably) and sales to other wholesale customers (pre-approved in emergencies; otherwise SFPUC approval is needed, but cannot be withheld unreasonably).

2. Use of Local Sources. The Agreement extends the "best efforts" commitment to use of local sources to the SFPUC as well as the wholesale customers. Local sources include surface water, groundwater and available recycled water. The contractual obligation is subject to considerations of economic feasibility and the environmental and water supply reliability impacts of using these local sources.

3. Purchases from Third Parties; "Take or Pay" for Dual Source Agencies.  
The Agreement continues the prohibition on purchases from other sources if the SFPUC is able

---

<sup>4</sup> The service area maps are attached to each agency's individual Water Sales Contract. (Each wholesale customer has, and will continue to have, two contracts with San Francisco. One is the lengthy Water Supply Agreement which is identical for each agency. The other is a much shorter document that addresses the specifics for each agency: its service area map, connections to the regional water system, interties with neighboring agencies, etc.)

and willing to supply all water needed. It also expands exceptions to this prohibition by making it inapplicable to purchases of recycled water. In other words, wholesale customers that do not have direct access to a source of recycled water – i.e., a sewage treatment plant – may purchase from those that do.

The Agreement also allows the “dual source” agencies (Alameda County Water District, Milpitas, Mountain View, and Sunnyvale) to continue purchases from other suppliers, such as the California Department of Water Resources and the Santa Clara Valley Water District, subject to a required minimum purchase from SFPUC. Also, the amended and restated Agreement makes clear that wholesale customers are not obligated to purchase water from SFPUC in amounts larger than their Individual Supply Guarantees.

**G. Interim Limit of 184 MGD Through 2028**

1. No Decision by SF on Increase in Supply Assurance until 2028. The amended and restated Agreement extends the period by which SFPUC must make a decision regarding an increase in the 184 MGD Supply Assurance until 2028. It requires the SFPUC to make that decision by December 2028, after completing necessary cost analyses and CEQA evaluation/documentation. The Agreement does not constitute concurrence by wholesale customers in SFPUC’s limitation and also preserves the wholesale customers’ claim that they are legally entitled to water in excess of 184 MGD.

2. Interim Limit on Sales until 2018. In October 2008, San Francisco independently established a self-imposed limit on sales of water from surface watersheds to 265 MGD until 2018. At the same time, it also established subsidiary limits of (a) 81 MGD for City retail customers and (b) 184 MGD for all 26 wholesale customers, including San Jose and Santa Clara. The limitations have now expired.

3. Status of San Jose and Santa Clara. The amended and restated Agreement provides that both cities will remain temporary and interruptible customers until

2028. The maximum amount that the SFPUC will deliver to them collectively until 2028 is 9 MGD. SFPUC water may be used only within the two cities' defined service areas.

- Starting in December 2010 and continuing through 2027, the SFPUC will annually consider a report detailing the progress made toward 1) meeting the Interim Supply Limitation by June 30, 2018 (now expired) and 2) developing additional water supplies that will allow the Commission to designate San Jose and Santa Clara as permanent Wholesale Customers by the end of the term. If the SFPUC decides, on the basis of that report, that 1) the 265 MGD limit will not be achieved in 2018 or 2) the purchases of the wholesale customers, including San Jose and Santa Clara, are projected to exceed 184 MGD before June 2028, it may issue a conditional ten year notice of reduction, or interruption, in supply to San Jose and Santa Clara.

- Deliveries will not be reduced or terminated until the SFPUC has completed the required CEQA process and will not occur for the longer of (1) ten years from the notice or (2) two years from completion of the CEQA process.

- The SFPUC will decide by December 2028 whether long term supplies are adequate to serve San Jose and Santa Clara, as well as the SFPUC's retail and other wholesale customers and, if so, whether to make the two cities permanent customers and how much water in excess of 9 MGD it will supply to San Jose and Santa Clara.

#### **H. Limits on SFPUC Taking on New Customers.**

Before December 31, 2028, San Francisco may not take on any new wholesale customers (1) until it has completed CEQA review, and (2) unless San Jose and Santa Clara are concurrently made permanent customers and the Agreement is amended to accommodate their addition.

After 2028, San Francisco may not take on any new wholesale customers (1) until it has completed CEQA review, (2) unless system reliability is improved and (3) unless San Jose and Santa Clara are made permanent customers and the Agreement amended.

San Francisco may not take on new retail customers, outside City boundaries, except in areas adjacent to existing retail customers and no more in aggregate than 0.5 MGD additional demand.

**I. BAWSCA Involvement in SFPUC Planning for New or Alternate Supplies**

If regulatory or other events impact San Francisco's ability to maintain the Supply Assurance from its existing surface water supplies, it may develop substitute supplies, and will collaborate with the wholesale customers in doing so. If, after 2018, San Francisco elects to increase the Supply Assurance using water from its existing surface water supplies, it may charge the wholesale customers in accordance with the cost allocation provisions of the Agreement. If San Francisco seeks to develop new sources to increase the Supply Assurance, engineering studies and ensuing water supply projects will be conducted jointly with BAWSCA under separate agreements specifying the purpose of the project, anticipated regional benefits, and how costs will be allocated.

**J. Amendment Required to Change Existing Condition of Hetch Hetchy Reservoir**

The amended and restated Agreement includes the amendment, adopted by all parties in 2013, which requires that San Francisco may not 1) abandon or decommission O'Shaughnessy Dam or 2) drain Hetch Hetchy Reservoir (except for repair, water supply, and meeting water release requirements), without an amendment to the Agreement. The amendment must state: a) the level of service goals for seismic and delivery reliability adopted by the Commission, provided such goals are at least as protective of the wholesale customers as the current level of service goals and objectives; b) the level of water quality; and c) the specific cost allocation procedures that apply to decommission and developing new regional assets to replace water supplied by Hetch Hetchy Reservoir.

## **PART TWO**

### **COST (Articles 5, 6 and 7 of Agreement)**

#### **A. Overview**

1. Basic Principles Unchanged. The fundamental cost allocation principles underlying the 1984 Contract and the 2009 Agreement are continued in the amended and restated Agreement. These include:

- Wholesale customers should not pay for SFPUC programs/facilities that are used only in the generation/transmission of electric power or only in the collection/treatment of San Francisco wastewater.
- Wholesale customers should not pay for Water Enterprise programs/facilities that benefit only SFPUC's retail water customers, both inside and outside of San Francisco.
- Wholesale customers and City retail customers should both pay for costs of building and operating the regional water system, from which they both benefit.
- The costs of the regional water system which should be shared include:
  - The costs of building and operating the water-related facilities in Hetch Hetchy (e.g., the pipelines).
  - An appropriate share of the costs of building and operating joint facilities in Hetch Hetchy (e.g., the dams).
  - The costs of building and operating facilities for transmission, storage and treatment of water located in Alameda, Santa Clara, and San Mateo Counties, and the three terminal reservoirs in San Francisco.
  - An appropriate share of costs incurred inside San Francisco, but that benefit the regional water system (e.g., costs of various SFPUC bureaus that support the operating departments and San Francisco Water Enterprise's own administrative and general costs).
- The cost of the regional water system should be divided between the City retail customers and wholesale customers based on their proportionate annual use of water delivered by the Regional Water System.

2. Basic Implementing Rules and Practices Unchanged or Improved. Water usage will be determined by accurate, well-maintained and regularly-calibrated meters. The

standards for meter accuracy are spelled out in the Agreement, as are the procedures and schedules for maintenance and calibration of meters.

Costs will be determined by SFPUC's maintaining a system of accounting, consistent with Generally Accepted Accounting Principles as applied to governmental enterprises, that allows for the costs that are properly chargeable to the wholesale customers to be separated from those that are not.

The annual amount due from all wholesale customers (the "Wholesale Revenue Requirement") will be determined by applying the Agreement's detailed cost allocation rules to the costs actually incurred, based on actual water usage by City retail and wholesale customers during each fiscal year. That amount will be compared to revenues actually billed to wholesale customers for that year. The difference will be posted to a "balancing account." If wholesale customers were charged more than the amount calculated to have been due, the overcharge will be entered as a credit in the balancing account. Conversely, if wholesale customers were billed less, the undercharge will be recorded in the balancing account and may be recovered in future years' rates. Amounts in the balancing account, whether positive or negative, will earn interest at the same rate as SF's pooled investment funds.

3. Changes in Methodology Primarily Relate to Capital Costs. The amended and restated Agreement retains the significant changes made in the 2009 Agreement in how wholesale customers contribute to repayment of funds advanced by San Francisco to construct capital assets. The 1984 Contract adopted the "utility method" of recovering capital investments. Under this approach, wholesale customers paid depreciation and a return on the net book value of assets in the rate base. The 2009 Agreement replaced the utility method with the "cash method" on a going-forward basis. Under this method, wholesale customers pay their proportionate share of SFPUC's annual debt service payments and capital improvements funded out of revenues.

The 2009 Agreement created a simplified process by which the wholesale customers repay their share of assets already built and in service as of June 30, 2009. Instead of calculating the amount due each year, the 2009 Agreement provided for specified level payments over 25 years. In 2013, BAWSCA issued \$336 million in bonds at competitive interest rates to fully pay off their share of the remaining “rate base,” rather than continuing to pay down the amount due through 2034. Please see Section B.5 below for a more detailed description of the approach to capital costs in the Agreement.

In addition, the tables which appear at the end of this report, and which are also incorporated into the Agreement itself, illustrate the application of the cost allocation rules in Section B as applied to budgeted costs for the next fiscal year (FY 2009-10).

## **B. Individual Cost Categories**

1. Operating and Maintenance (“O&M”) Expenses. There are five subcategories of O&M expenses:

(i) Source of Supply: Regional system costs will continue to be allocated on the basis of annual proportional usage. The Agreement will reaffirm the general principle that the location of facilities determines their classification as City Retail or Regional. This was important since, in 2009, San Francisco planned and has begun to construct water recycling and groundwater projects inside the City. Absent negotiated clarity in the Agreement, those facilities could have been asserted to have value for all customers, and their costs (both capital and operating) allocated in part to wholesale customers. The South Westside Groundwater Basin conjunctive use project (in which Cal Water, Daly City and San Bruno are jointly participating with SFPUC) is considered a Regional project because of the benefits it will provide to the Regional System (i.e., all customers) during drought.

(ii) Pumping: Costs of operating and maintaining pumping facilities outside San Francisco will continue to be allocated on proportional annual usage.



(iii) Purification: Because the treatment plants are located outside the City, all costs associated with them have been, and will continue to be, classified as Regional and allocated on the basis of proportional annual usage. The new Agreement requires that expenses associated with the Water Quality Division's laboratories be fairly allocated between the Wastewater Enterprise and the Water Enterprise, with only the latter being reallocated between City Retail and Regional customers. Also, the costs allocated will be further reduced by revenues received for work done by the laboratories for third party customers.

(iv) Transmission and Distribution ("T&D"): The expenses in this category are divided between City Retail and the Regional system based on geographic location with one exception: the three in-City terminal reservoirs are considered components of the regional system. This classification is appropriate and will continue, as will allocation of Regional T&D costs on proportional annual use.<sup>5</sup>

(v) Customer Accounts: Currently all SFPUC Customer Accounts expenses are divided 98% to City and 2% to wholesale customers. The Agreement provides that only the Water Enterprise's share of Customer Accounts will be included; the cost of Customer Accounts for Wastewater and Hetch Hetchy Water and Power will be excluded. The 98/2 percent allocation will continue, applied to that smaller amount.

2. Property Taxes. San Francisco Water Enterprise properties and improvements in Alameda County, San Mateo County, and Santa Clara County are subject to property taxes levied by those counties. The 1984 Contract and the 2009 Agreement classified 100% of these tax payments as Regional and allocated them between City Retail and wholesale customers on the same basis that most O&M expenses are allocated -- proportional annual

---

<sup>5</sup> Engineering and supervision expenses incurred outside the City, in the Water Supply and Treatment Division, were classified as A&G, unlike those incurred inside the City, which are treated as City Distribution Division O&M prior to the 2009 Agreement. In the 2009 Agreement BAWSCA agreed to change the treatment so that these expenses are uniformly classified as O&M, provided that some in-City costs currently classified as Regional A&G are reclassified as City Retail. A similar treatment will apply to vehicle and building maintenance expenses.

water use. The amended and restated Agreement continues this, as well as the focus on net taxes; that is, tax refunds and taxes that are paid by tenants of City properties such as golf courses will be excluded.

3. Administrative and General (“A&G”) Expenses. There are three subcategories within this classification:

(i) City Overhead: This category consists of expenses of support services provided by the City’s central services departments that are not billed directly to the SFPUC. City overhead is allocated to the City’s operating departments through the Countywide Cost Allocation Plan (“COWCAP”) prepared by the City Controller.

For technical reasons no longer relevant, the parties in 1984 adopted a surrogate dollar amount, inflated each year by the CPI, in lieu of the COWCAP. The current contract allowed the parties to revisit this issue every five years, but both the City and wholesale customers have been satisfied to stay with the annually-inflated “deemed overhead” amount. The reasons for the initial adoption of the surrogate amount no longer apply. Moreover, San Francisco presented data showing that the “deemed overhead” figure had not allowed it to fully recover general City overhead as determined by the Controller and argued for using the actual COWCAP figure in the future. BAWSCA agreed.

(ii) SFPUC Bureaus: This subcategory consists of support services provided by the various SFPUC bureaus (e.g., Finance, Information Technology, Human Resources, etc.) to the three operating departments (or “enterprises” as they are called). The 1984 Contract provided that SFPUC would allocate federally reimbursable costs in accordance with an “Indirect Cost Allocation Plan” approved by the U.S. Department of Health and Human Services. Costs that are not federally reimbursable are to be allocated in accordance with a detailed list of metrics. As determined in the 2009 Agreement negotiations, this arrangement was no longer functional. The SFPUC no longer submits an Indirect Cost Allocation Plan to the

federal government and hasn't done so for many years. And the allocational metrics specified in the Contract, while reasonable in 1984, are in many cases now out of date. In 2009, BAWSCA developed an alternative formula which uses a readily-available statistic (salaries of the three operating enterprises) to divide bureau costs among the Water Enterprise, the Wastewater Enterprise, and the Hetch Hetchy Water and Power Enterprise.

(iii) Water Enterprise Administrative and General: As a corollary to the change in engineering and supervision expenses and vehicle and building maintenance expenses described above (Part Two B.1.iv), costs of the City Distribution Division and the Water Supply and Treatment Division previously included in joint A&G are now removed. Remaining A&G expenses are primarily those associated with Water Enterprise administration.

In each of these three categories, costs that clearly provide no benefit to the wholesale customers will be identified and excluded. The remaining costs will be divided between City Retail and wholesale customers on one of two formulas. First, costs of COWCAP and Water Enterprise A&G will continue to be allocated between City and wholesale customers based on the composite O&M percentage.<sup>6</sup> Second, SFPUC Bureau Costs will be divided between City retail and wholesale customers based on proportional annual usage.

Some of the changes to the treatment of O&M and A&G costs described above benefit the City; others benefit the wholesale customers. Overall, they are estimated to increase the wholesale customer share of these costs by approximately \$500,000 to \$1 million annually.

4. Hetch Hetchy Non-Capital Costs. Currently, Hetch Hetchy O&M expenses are identified as water-specific, power-specific, or joint. Wholesale customers pay no part of power-specific costs and less than half of the joint costs. The water-specific costs and

---

<sup>6</sup> Historically, this formula has assigned between 34-37% of these costs to wholesale customers. In 2009, with the reduced amount of Customer Accounts costs included in the formula, the wholesale percentage increased by about 3%-5%.

45% of the joint costs are allocated between City and wholesale customers on the basis of proportionate annual water use (with a minor adjustment to reflect sales of water to other customers upstream of the Bay Area). There will be no change to these principles.

Administrative and General costs are similarly classified. Water-related costs, including 45% of joint A&G, are again split between City and wholesale customers on the basis of adjusted annual proportionate use. Apart from use of COWCAP, and simplification of one allocational step, this will continue. Hetch Hetchy's share of Customer Accounts expenses has never been assigned to wholesale customers and will not be under the new Agreement.

Property taxes on Hetch Hetchy land and facilities were previously allocated among water, power and joint based on detailed analysis of asset classifications. The new Agreement will simply classify taxes as joint, with 45% allocated to water, and the wholesale customers' share based on adjusted annual water use.

These changes are expected to have a very minor impact on the amount of non-capital Hetch Hetchy costs allocable to the wholesale customers.

## 5. Capital Costs

(i) Existing Assets: In the 2009 Agreement, repayment of the wholesale customers' share of existing assets (i.e., those capitalized on or before June 30, 2009) was effectively converted from the utility method to an amortization schedule derived from the utility method, with several modifications:

- The current rate base was replaced by a principal amount due (i.e., the wholesale share of the existing assets) excluding the "working capital" allowance, about 15% of annual O&M expenses, which was permitted by the 1984 Contract.
- The former depreciation was replaced by principal repayments.
- Interest is paid on the outstanding principal, fixed at 5.1%, and decoupled from the variable equity rate of return allowed by the California Public Utilities Commission.

- Principal and interest are repaid in equal annual payments over 25 years.

On both a nominal and present discounted value basis, the payments by wholesale customers for their share of the then current rate base (about \$382 million including both SFWD and Hetch Hetchy) is less under the 2009 Agreement approach than under the 1984 Contract methodology. The fixed return also eliminates the fluctuation in payments due to future changes in the equity rate of return allowed by the California Public Utilities Commission.<sup>7</sup> In 2013, BAWSCA issued revenue bonds to pay off the wholesale share of existing assets early, and, due to favorable market conditions, at a lower interest rate than the one negotiated in 2009.

(ii) Disputed Assets: In Fiscal Year 2010-11, the SFPUC unilaterally changed the classification, and therefore cost-allocation, of a small number of "upcountry" assets of the Regional Water System. BAWSCA determined that, due to the highly technical nature of the dispute, it was unclear whether the wholesale customers would prevail in arbitration. As such, BAWSCA sought to resolve the classification of a discrete number of disputed and other assets in the amended and restated Agreement. The amended and restated Agreement (1) documents and "corrects" the classification of all "upcountry" significant, existing assets of the Regional Water System; and (2) limits changes from historical classifications to 7 specific projects on 5 assets without changing the classification of the underlying assets (as described in Attachment R-1, attached hereto). The amended and restated Agreement (a) further facilitates efficient contract administration and achieves significant cost savings by ensuring that the SFPUC cannot arbitrarily change an asset's classification, and therefore cost-allocation, moving forward, (b) limits and mitigates the wholesale customers' exposure to financial risks related to uncertain project scopes, schedules, costs, and permitting

<sup>7</sup> Revenues raised from retail customers through SFPUC appropriations prior to 2009 for revenue-funded regional projects not actually expended as of June 30, 2009 was tracked as they were spent during the first three years of the 2009 Agreement. That amount was then amortized through level payments over a 10-year period, at 4% interest.

requirements, and (c) limits changes from historical classifications to specific projects without changing the classification of the underlying assets.

(iii) New Assets: Starting with FY 2009-2010, wholesale customers have, like San Francisco retail customers, paid for capital projects on a “cash” basis.

This means, in practice, that wholesale customers pay a proportionate share of (1) debt service (i.e., payment of principal and interest on SFPUC bonds and commercial paper) related to regional system assets, and will contribute a corresponding share of the SFPUC’s “debt service coverage” obligation, and (2) capital projects in the regional system that SFPUC pays for out of revenues on a “pay-as-you-go” basis, rather than from borrowed funds.

In order to implement this, the Agreement continues the method in the 2009 Agreement and the 1984 Contract for distinguishing between in-City and Regional assets. In the 2009 Agreement, the allocation of differing percentages of the costs of those assets, based on usage patterns other than annual average use, was deleted. BAWSCA and SFPUC agreed to eliminate the division of assets into “current” and “ultimate” categories and to also eliminate the “maximum hour” and “maximum day” categories. These distinctions were insisted on by San Francisco in 1984 and have added considerable complexity to the calculation of each year’s Wholesale Revenue Requirement. Dispensing with them substantially reduces the number of categories of regional system assets and will simplify administration of the new Agreement, without significantly changing the overall allocation of costs.

Debt service “coverage” is the ratio of annual net revenues (and other qualifying funds) to annual debt service payments. Revenue bond indentures typically include a covenant by the issuer to maintain a minimum Debt Service Coverage (“DSC”) ratio. The higher the ratio, the more security for repayment is provided to the bondholders, which aids in achieving lower borrowing costs, which in turn benefits all system users.

The 2006 Series A Water Revenue Bonds indenture has a 1.25 minimum DSC covenant: net revenues and available fund balances must be at least 1.25 times the annual debt service payment due. The 2009 Agreement included a proportionate contribution to maintaining required coverage in the calculation of revenues for which wholesale customers are responsible. Wholesale payments in excess of debt service itself will be allocated to a reserve fund balance. Interest earned on the fund will be credited to wholesale customers. The Coverage Reserve also satisfies wholesale customers' share of the Water Enterprise's working capital requirements.

The wholesale customers will also continue to contribute their share (based on annual proportional water use) towards new regional system capital projects paid for out of revenues. SFPUC considers the San Francisco Charter to require that it have funds on hand sufficient to pay for a project before it awards a construction contract. Under the cash method, rates for both San Francisco retail customers and wholesale customers will be set based on annual appropriations fixed by the Commission in its budget, rather than on amounts subsequently expended. As with the debt service coverage issue, wholesale revenues used for revenue-funded capital projects will be transferred to a restricted reserve, interest on which will be credited to the wholesale customers. The 2009 Agreement provided for the reconciliation of planned versus actual revenue funded capital expenditures at five year intervals, surplus accumulations in the fund (i.e., those neither spent nor formally encumbered) were transferred to the wholesale customers' credit in the balancing account. The SFPUC sought an adjustment to this method in order to address an inconsistency between its process for funding capital projects and the timing of the reconciliation. The amended and restated Agreement now provides for an annual reconciliation which will more directly match the SFPUC's budget requirements, appropriations process, and project spending needs.

**C. Rates and Balancing Account**

1. Rates and Rate Structure. The requirements in the 1984 Contract and the 2009 Agreement for the SFPUC to provide budget information, an explanation of how rates for the upcoming fiscal year have been calculated, and advance notice of Commission action on rates will all be continued. The 1984 Contract and the 2009 Agreement allowed the SFPUC considerable latitude in establishing the structure of wholesale rates -- that is, the relationship among the various components of the rate schedule (e.g., meter service charge, consumption charge, etc.). The 1984 Contract and the 2009 Agreement did require that the rate structure not be arbitrary, unreasonable or unjustly discriminatory as among the wholesale customers. This same approach is continued in the amended and restated Agreement. In addition, the Agreement continues to provide for longer advance notice of any proposed changes in rate structure, together with an analysis of how the proposed change would affect different groups of wholesale customers and an ample opportunity for wholesale customers to comment on the proposals before they are presented to the Commission by SFPUC staff.

2. Balancing Account. The Agreement retains the annual reconciliation between the amount due from wholesale customers (applying the formulas in the Agreement to actual costs and actual water sales) and the amount actually charged to wholesale customers. The difference will then be added to -- or subtracted from -- a "balancing account" which will earn interest and which can be taken into account in setting rates for future years. The 1984 Contract was, in retrospect, overly rigid in requiring the balancing account to be "zeroed out" as soon as possible, which in turn led to excessive fluctuations in wholesale rates, as one correction created a need for an offsetting correction in a subsequent year. The 2009 Agreement and the amended and restated Agreement allow far more flexibility in dealing with the annual variances than the 1984 Contract did. For example, "positive" balances (those in favor of the wholesale customers) will, in general, be held as a rate stabilization account; and "negative" balances (those in favor of SFPUC) may be drawn down over three years rather than



one. If a significant positive balance develops and persists for three years, wholesale customers may, through BAWSCA, direct that some or all of the credit be applied to one of several purposes, such as water conservation or water supply projects administrated by BAWSCA.

**D. Accounting and Auditing**

The 1984 Contract required the SFPUC to maintain a rigorous accounting system and to carefully calculate and clearly document each year the annual Wholesale Revenue Requirement. That calculation is then audited by an independent CPA, in accordance with Generally Accepted Auditing Standards, which then issues its own “compliance audit” report. The 2009 Agreement retained all these protections for wholesale customers. Some procedural requirements were simplified, but a new provision was added requiring SFPUC senior management to personally take responsibility for the SFPUC’s calculation of the accuracy of the annual Wholesale Revenue Requirement. The amended and restated Agreement continues these provisions.

**PART THREE  
ADMINISTRATIVE PROVISIONS**

**A. Term (Section 2.01)**

The amended and restated Agreement leaves the 2009 Agreement term (25 years, running from July 1, 2009 to June 30, 2034) unchanged. It may be extended for one, or two, additional five-year periods with the consent of the SFPUC and wholesale customers representing at least two-thirds in number and seventy-five percent (75%) of wholesale customers’ water use. If a wholesale customer does not want to remain a party to the Agreement as extended, it cannot be compelled to do so by the decision of other wholesale customers.

**B. Unanimous Participation Not Necessary (Section 2.02)**

The Agreement assumes that all 26 wholesale customers will sign it, and continue their individual water sales contracts with SFPUC. However, it does not require 100% participation to become effective. So long as 20 or more wholesale customers, representing collectively 75% or more of water use in 2018-19, have signed the Agreement, San Francisco may waive the requirement of unanimity, at which point the Agreement will become effective for all agencies that have signed.

**C. Amendments to Agreement (Section 2.03)**

The 1984 Contract was extremely difficult to amend, requiring concurrence by a very large super-majority of wholesale customers. BAWSCA agreed with the SFPUC's suggestion that some aspects of the 2009 Agreement should be somewhat easier to amend. However, super-majorities, in terms of both the number of agencies (two-thirds) and the percentage of water purchased (75%), continue to be required to amend basic provisions. Amendments affecting an individual agency's "fundamental rights" under the Agreement cannot be adopted without the approval of that agency. These provisions of the 2009 Agreement are continued in the amended and restated Agreement.

**D. Delegation of Administrative Tasks to BAWSCA (Section 8.04)**

When the 1984 Contract was negotiated, there was no durable, representative organization which could be delegated responsibility to act as agent for contract administration on behalf of the wholesale customers. BAWSCA's predecessor, the Bay Area Water Users Association (BAWUA), was at that point simply an unincorporated association, governed entirely by city and water agency staff. For that reason, the 1984 Contract provided for a variety of administrative decisions to be made by five "Suburban Representatives" -- agencies to be chosen by all BAWUA members or, absent a selection, the five largest agencies. In practice, the default option became the rule and for the 25 years decisions about financial aspects of the contract, including the annual audit of the Wholesale Revenue Requirement, and initiation of

arbitration, have been formally made by staff members of the five largest agencies, supported by BAWUA staff and consultants.

With BAWSCA's formation in 2002, wholesale customers have available a significantly better alternative to attend to a number of technical but important matters, many of which will require oversight and decisions each year. As a regional government agency, whose board of directors is comprised largely of elected officials, and with a capable professional staff, BAWSCA is both durable and well prepared to assume responsibility for many of these administrative tasks. The 2009 Agreement took advantage of this development by assigning the tasks previously handled by the Suburban Representatives to BAWSCA. It also enabled the BAWSCA board of directors to amend several technical attachments to the Agreement, such as those describing the details of water meter maintenance/calibration financial reporting, and review of SFPUC's calculation of the annual Wholesale Revenue Requirement. The amended and restated Agreement continues these provisions and expands this authority to reflect the actions taken in 2014, whereby all 26 wholesale customers adopted resolutions delegating authority to BAWSCA to initiate, defend, and settle arbitration for the matters that, pursuant to section 8.01 of the Agreement, are subject to mandatory, binding arbitration.

**E. Annual Meeting with SFPUC Senior Management (Section 8.03)**

Annual meetings of SFPUC senior management with the wholesale customers will be continued, covering topics such as water supply conditions and outlook, capital projects under construction and planned, forecasts of wholesale water purchases and rates, etc. The awkward and inaccurate name given to them in the 1984 Contract (Suburban Advisory Group, or "SAG") was omitted in the 2009 Agreement. The 2009 Agreement also established other avenues for communication between the SFPUC and the wholesale customers. One is the Water Quality Committee mentioned previously. Another is a commitment by the SFPUC to send representatives to the BAWSCA Water Management Representatives, if and when requested.

**F. Dispute Resolution; Limitations on Damages (Section 8.01; Section 8.14)**

The 1984 Contract and the 2009 Agreement required that disputes related to the calculation of the Wholesale Revenue Requirement be resolved through mandatory binding arbitration. This will be continued. The length of time within which arbitration must be initiated was shortened in the 2009 Agreement from 18 months after the delivery of the Compliance Auditor's report to 12 months. Disputes over other matters, such as water supply, may be presented to a court.

The Agreement limits all parties' exposure to (as well as their entitlement to) damages for breach of contract to "general damages" - those which are clearly foreseeable. There are no corresponding limits on recovery of tort damages.

**G. Special Provisions for Some Agencies (Article 9 of Agreement)**

Article 9 of the 1984 Contract contained provisions for 12 agencies which had one or another unique situation not shared by other wholesale agencies, but important enough to warrant inclusion in the overall Contract to insure that all parties were aware of, and consented to, these particularized arrangements. The reasons for special treatment of several agencies in 1984 (including ACWD, Coastside, and Daly City) no longer exist. However, the 2009 Agreement included individual sections applying to Brisbane/GVMID, Cal Water, Estero Municipal Improvement District, Hayward, Hillsborough, San Jose, Santa Clara, and Stanford. The provisions in the sections applicable to Estero and San Jose/Santa Clara merit brief discussion.

1. Estero Municipal Improvement District. Estero's 1961 contract had a term of 50 years, rather than the typical 25 years. As a result, it was not set to expire until July 1, 2011. Accommodating to this, the 1984 Contract provided that Estero's individual Supply Guarantee will be based on its water purchases from SFPUC in the last calendar year of the old Contract -- i.e., 2010. In 2008, Estero proposed an alternative approach to fixing its permanent

Supply Guarantee: adopting a fixed amount, and specifying that amount in the new Agreement, rather than waiting to see what occurs in 2010. The amount proposed was 5.9 MGD, about 0.3 MGD more than Estero's recent use at that time. Substantial support for, and no opposition to, this proposal was voiced at a meeting of the official representatives of the wholesale customers held in mid-March. Accordingly, it was included in the 2009 Agreement and continued in the amended and restated Agreement.

2. San Jose and Santa Clara. San Jose and Santa Clara have never had individual Supply Guarantees, because of their status as temporary customers. The Agreement does not provide them Supply Guarantees. It does, however, commit SFPUC to supply them up to 9 MGD through 2028, subject to various contingencies.<sup>8</sup> The Agreement does not allocate the 9 MGD cap between the two cities. That decision was made by San Jose and Santa Clara; other wholesale customers were not involved. Once made, the decision was incorporated in each city's individual Water Sales Contract with the SFPUC.

\* \* \* \* \*

If legal counsel for any of the wholesale customers have questions about this summary report, the amended and restated Water Supply Agreement, or the Individual Water Sales Contracts, they should feel free to contact either of the attorneys at Hanson Bridgett whose names appear below.

Respectfully submitted,

  
Allison C. Schutte  
415-995-5823  
[aschutte@hansonbridgett.com](mailto:aschutte@hansonbridgett.com)

  
Nicole S. Witt  
415-995-6454  
[nwitt@hasonbridgett.com](mailto:nwitt@hasonbridgett.com)

<sup>8</sup> This commitment does not extend beyond 2028 and does not affect the permanent Supply Guarantees of other wholesale customers.

## **ATTACHMENTS**

The two following pages are copies of two attachments to the amended and restated Water Supply Agreement. They are high-level summaries, illustrating the application of the cost-allocation principles in the Water Supply Agreement to a particular year -- in this case, FY 2009-10.

The first page (Attachment N-2, Schedule 1) shows the calculation of the overall Wholesale Revenue Requirement (\$140,994,733), which includes \$28,903,512 attributable to the Hetch Hetchy Water and Power Enterprise. This schedule also shows the amount to be contributed to the Wholesale Debt Service Coverage Reserve (\$4,488,233) in FY 2009-10.

The second page (Attachment N-2, Schedule 4) provides details showing how the \$28,903,512 Hetch Hetchy component was calculated.

The dollar values and water use percentages shown in these schedules are merely estimates. The schedules are intended to be illustrative, rather than predictive. However, they may be of assistance when reading Part Two of the Summary Report, which describes the Agreement's cost-allocation principles and formulas.

The third page is Attachment R-1, Introduction to Attachment R, which summarizes the classification of significant existing assets of the Regional Water System and the Special Classification of discrete projects.

WHOLESALE REVENUE REQUIREMENT SCHEDULES  
CALCULATION OF WHOLESALEREVENUE REQUIREMENT  
FISCAL YEAR 2009-10  
REFERENCE ARTICLE 5

ATTACHMENT N-2  
SCHEDULE 1

EXPENSE CATEGORY	CONTRACT REFERENCE	SCHEDULE REFERENCE	TOTAL	DIRECT RETAIL	DIRECT WHOLESALEREVENUE	REGIONAL	JOINT EXPENSE ALLOCATION FACTOR	WHOLESALEREVENUE SHARE
OPERATING AND MAINTENANCE EXPENSE:								
SOURCE OF SUPPLY	5.05 (A)	SCH 8.1	\$ 14,943,953	\$ 1,251,062	\$ -	\$ 13,692,891	ANNUAL USE <sup>1</sup>	\$ 9,364,568
PUMPING	5.05 (B)	SCH 8.1	\$ 4,342,682	\$ 3,854,000	\$ -	\$ 488,682	ANNUAL USE <sup>1</sup>	\$ 334,210
TREATMENT	5.05 (C)	SCH 8.1	\$ 30,445,053	\$ -	\$ -	\$ 30,445,053	ANNUAL USE <sup>1</sup>	\$ 20,821,372
TRANSMISSION & DISTRIBUTION	5.05 (D)	SCH 8.1	\$ 53,416,232	\$ 30,163,286	\$ -	\$ 23,252,946	ANNUAL USE <sup>1</sup>	\$ 15,902,690
CUSTOMER ACCOUNTS <sup>2</sup>	5.05 (E)	SCH 8.1	\$ 7,552,213	\$ 7,401,169	\$ 151,044	\$ -	2%	\$ 151,044
TOTAL O&M			\$ 110,700,133	\$ 42,669,517	\$ 151,044	\$ 67,879,572		\$ 46,573,883
COMPOSITE % (WHOLESALEREVENUE SHARE / TOTAL O&M)	5.06 (C)							42.07%
ADMINISTRATIVE AND GENERAL EXPENSES:								
COWCAP	5.06 (A)	SCH 8.1	\$ 1,238,009	\$ -	\$ -	\$ 1,238,009	COMPOSITE O&M	\$ 520,857
SERVICES OF SFPUC BUREAUS	5.06 (B)	SCH 7	\$ 22,465,291	\$ 8,178,424	\$ -	\$ 14,286,867	ANNUAL USE <sup>1</sup>	\$ 9,770,788
OTHER A&G	5.06 (C)	SCH 8.1	\$ 12,973,477	\$ 4,059,891	\$ -	\$ 8,913,586	COMPOSITE O&M	\$ 3,770,749
COMPLIANCE AUDIT	5.06 (D)	SCH 8.1	\$ 200,000	\$ -	\$ -	\$ 200,000	50%	\$ 100,000
TOTAL A&G			\$ 36,875,777	\$ 12,188,315	\$ -	\$ 24,687,462		\$ 14,162,394
PROPERTY TAXES	5.07	SCH 8.1	\$ 1,417,293	\$ -	\$ -	\$ 1,417,293	ANNUAL USE <sup>1</sup>	\$ 969,287
CAPITAL COST RECOVERY								
PRE-2009 ASSETS	5.03	ATT K						\$ 24,051,326
DEBT SERVICE ON NEW ASSETS	5.04 (A)	SCH 2						\$ 17,952,931
REVENUE FUNDED ASSETS - APPROPRIATED TO WHOLESALEREVENUE CAPITAL FUND	5.04 (B)	SCH 3						\$ 8,381,400
TOTAL CAPITAL COST RECOVERY								\$ 50,385,657
WHOLESALEREVENUE SHARE HETCH HETCHY WATER & POWER	5.04	SCH 4						\$ 28,903,512
WHOLESALEREVENUE REQUIREMENT								\$ 140,994,733
WHOLESALEREVENUE COVERAGE <sup>3</sup>								\$ 4,488,233

<sup>1</sup>Proportional Annual Use (68.39%)

<sup>2</sup>Water Enterprise Share of Customer Accounts Expenses (62% of Total Customer Accounts Expenses)

<sup>3</sup>25% of Wholesale Share of Debt Service

WHOLESALE REVENUE REQUIREMENT SCHEDULES  
CALCULATION OF WHOLESAL SHARE OF HETCH HETCHY WATER & POWER  
FISCAL YEAR 2009-10  
REFERENCE ARTICLE 5

ATTACHMENT N-2  
SCHEDULE 4

EXPENSE CATEGORY	CONTRACT REFERENCE	SCHEDULE REFERENCE	TOTAL	POWER SPECIFIC	WATER SPECIFIC	JOINT	JOINT ALLOCATION PERCENTAGE	WATER- RELATED TOTAL	WHOLESAL ALLOCATION FACTOR	WHOLESAL SHARE
OPERATION AND MAINTENANCE										
OPERATION	5.08 B 1	SCH 8.2	\$ 44,612,220	\$ 31,853,965	\$ 9,557,861	\$ 3,200,394	45%	\$ 10,988,038	ADJUSTED PROPORTIONAL ANNUAL USE	\$ 7,484,165
MAINTENANCE	5.08 B 1	SCH 8.2	\$ 16,868,612	\$ 5,048,039	\$ 3,238,622	\$ 8,581,951	45%	\$ 7,700,500	ADJUSTED PROPORTIONAL ANNUAL USE	\$ 4,931,990
TOTAL OPERATION AND MAINTENANCE			\$ 61,480,832	\$ 36,902,004	\$ 12,796,483	\$ 11,782,345		\$ 18,098,538		\$ 12,316,055
ADMINISTRATIVE AND GENERAL										
COWCAP	5.08 B 2	SCH 8.2	\$ 1,139,579	\$ -	\$ -	\$ 1,139,579	45%	\$ 512,811	ADJUSTED PROPORTIONAL ANNUAL USE	\$ 348,968
SERVICES OF SFPUC BUREAUS	5.08 B 2	SCH 7	\$ 8,255,307	\$ 5,375,656	\$ 2,879,651	\$ -	45%	\$ 2,879,651	ADJUSTED PROPORTIONAL ANNUAL USE	\$ 1,959,603
OTHER A&G	5.08 B 2	SCH 8.2	\$ 25,581,481	\$ 14,913,071	\$ 36,070	\$ 10,632,340	45%	\$ 4,820,823	ADJUSTED PROPORTIONAL ANNUAL USE	\$ 3,280,434
CUSTOMER ACCOUNTS	5.08 B 2	SCH 8.2	\$ 347,403	\$ 347,403	\$ -	\$ -	45%	\$ -	ADJUSTED PROPORTIONAL ANNUAL USE	\$ -
TOTAL ADMINISTRATIVE AND GENERAL			\$ 35,323,770	\$ 20,686,130	\$ 2,913,721	\$ 11,771,919		\$ 8,213,085		\$ 5,589,004
PROPERTY TAXES	5.08 B 3	SCH 8.2	\$ 452,000	\$ -	\$ -	\$ 456,305	45%	\$ 205,337	ADJUSTED PROPORTIONAL ANNUAL USE	\$ 139,732
CAPITAL COST RECOVERY										
PRE-2009 ASSETS	5.08 B 1	ATT K-4								\$ 3,118,033
DEBT SERVICE ON NEW ASSETS	5.08 B 2	SCH 5								\$ -
REVENUE FUNDED ASSETS-APPROPRIATIONS TO WHOLESAL CAPITAL FUND	5.08 B 3	SCH 6								\$ 7,740,688
TOTAL CAPITAL COST RECOVERY										\$ 10,858,721
WHOLESAL SHARE OF HETCH HETCHY WATER & POWER										\$ 28,903,512
										(TO SCHEDULE 1)
WHOLESAL REVENUE COVERAGE <sup>1</sup>										\$ -

<sup>1</sup>Adjusted Proportional Annual Use (68.39% X 99.50% = 68.05%)  
<sup>2</sup>25% of Wholesale Share of Debt Service



## ATTACHMENT R-1

### INTRODUCTION TO ATTACHMENT R

Attachment R is composed of three documents (1) this **R-1 Introduction to Attachment R**, (2) **R-2 Special Classification of Discrete Projects for 2018 WSA Amendment Purposes**, and (3) **R-3 Major Hetch Hetchy Enterprise Existing System Assets**. These R series attachments provide a record for purposes of maintaining the historical basis for the allocation of capital costs and operating expenses associated with Existing System Assets generally, with greater detail provided for major Hetch Hetchy Enterprise Existing System Assets due to the complexity of tracking the Water-Only, Power-Only, and Joint classifications as inputs to the Wholesale Revenue Requirement under Sections 5.08 and 5.09 of the Agreement.

**Attachment R-2, Special Classification of Discrete Projects for 2018 WSA Amendment Purposes** defines a limited number of capital projects involving five Hetch Hetchy Enterprise Existing System Assets where the parties have agreed to classify defined capital project costs separately from the assets' underlying classification listed on Attachment R-3. The classification listed in Attachment R-3 will continue to control the allocation of capital costs and operating expenses once the defined capital projects described in Attachment R-2 are complete.

**Attachment R-3, Major Hetch Hetchy Enterprise Existing System Assets** is a record of major assets at the "facility group" level (see below) as of January 1, 2019. The table contains six columns and 578 rows. The facility groups are broken down into individual facilities or assets. The facility group name and classification are provided for each asset. Assets listed on Attachment R-3 are classified as Joint, Water-Only, or Power-Only. Each asset is also assigned a unique identification ("ID") number for ease of reference. Attachment R-3 is not a complete record of all Hetch Hetchy Enterprise Existing System Assets.

#### General Explanation of Classification.

A "facility group" is a location where a group of facilities is located. A single facility may constitute a facility group. A "facility" is a primary asset in a facility group whose function determines its classification and the classification of appurtenances or sub-assets. An appurtenance is an asset or sub-asset that supports the function of the facility to which it is appurtenant. In most cases the classification of the appurtenance is determined by the classification of the facility to which the appurtenance belongs. The function of the appurtenance may not necessarily control its classification.

The classification of appurtenant assets generally follows the classification of the facility group served. These appurtenant assets include security, offices/housing, and utilities serving the facility group such as domestic water, wastewater, communications and solid waste disposal. Power distribution assets that provide power to a facility group (e.g. lower voltage power distribution lines) generally carry the classification of the facility group served, but do not include power generation or higher voltage transmission lines for export of power elsewhere, which remain classified as Power-Only. With limited exceptions for roads exclusively accessing Power-Only facilities, roads and bridges are classified as Joint because most roads serve multiple facilities or Joint facilities. Equipment and rolling stock are generally classified as Joint unless the asset has a specialized purpose serving the Power function. Capital costs and operating expenses related to Camp Mather are charged to Power in order to segregate these costs from the Wholesale Revenue Requirement.



TO: Board of Directors

FROM: Candy Pina

DATE: January 23, 2020

## ADMINISTRATIVE SERVICES MANAGER'S REPORT

### FINANCIAL REPORTING:

#### Schedule of Cash and Investments:

SCHEDULE OF CASH AND INVESTMENTS		
CASH ACCOUNT	BALANCE 12/31/2019	BALANCE @01/16/20
PETTY CASH	\$400	\$400
CASH DRAWER	\$200	\$200
WELLS FARGO CHECKING	\$317,618	\$210,165
LAIF	\$5,873,331	\$5,973,331
BNY INSTALLMENT ACCOUNT	\$276,771	\$376,771
<b>TOTAL</b>	<b>\$6,468,321</b>	<b>\$6,560,867</b>

### PARS OPEB Trust Program & PRSP - December 31, 2019

ACCOUNT SUMMARY							
FISCAL YEAR	Beginning Balance	CONTRIBUTIONS	EARNINGS	Expenses (Trustee/Investment Management Fee)	Account Transition*	Ending Balance	Expenses (Administrative Fee)
2014-2015	\$ 368,264.01	\$ 56,925.00	\$ 8,693.45	\$ 965.18	\$ -	\$ 432,917.28	\$ 3,600.00
2015-2016	\$ 432,917.28	\$ 181,575.00	\$ 13,043.87	\$ 1,179.47	\$ -	\$ 626,356.68	\$ 3,600.00
2016-2017	\$ 626,356.68	\$ 108,702.00	\$ 45,569.47	\$ 1,829.05	\$ -	\$ 778,799.10	\$ 3,600.00
2017-2018	\$ 778,799.10	\$ 534,109.67	\$ 39,383.38	\$ 2,693.35	\$ -	\$ 1,349,598.80	\$ 3,600.00
2018-2019	\$ 1,349,598.80	\$ 2,725,000.00	\$ 249,213.95	\$ 7,203.08	\$ 22,190.56	\$ 4,338,800.23	\$ 664.46
2019-2020	\$ 4,338,800.23	\$ -	\$ 235,087.04	\$ 9,142.44	\$ -	\$ 4,564,744.83	\$ 664.46
<b>2014-2020</b>	<b>\$ 368,264.01</b>	<b>\$ 3,606,311.67</b>	<b>\$ 590,991.16</b>	<b>\$ 23,012.57</b>	<b>\$ 22,190.56</b>	<b>\$ 4,564,744.83</b>	<b>\$ 15,064.46</b>
PARS OPEB	\$ 2,641,486.79	\$ -	\$ 143,122.35	\$ 5,565.97	\$ -	\$ 2,779,043.17	\$ -
PARS PENSION	\$ 1,697,313.44	\$ -	\$ 91,964.69	\$ 3,576.47	\$ -	\$ 1,785,701.66	\$ -

INVESTMENT RETURN						
FISCAL YEAR	1-Month	3-Months	1-Year	3-Years Annualized Return	5-Years Annualized Return	
2014-2015	-0.98%	-0.68%	2.18%	6.09%	0.00%	
2015-2016	0.85%	2.09%	2.11%	4.54%	0.00%	
2016-2017	0.29%	2.33%	6.65%	3.63%	5.39%	
2017-2018	0.17%	1.01%	4.43%	4.38%	4.94%	
2018-2019	0.72%	1.57%	2.51%	3.46%	3.04%	
2019-2020	0.89%	2.68%	8.72%	3.04%	2.40%	
	0.32%	1.50%	4.43%	4.19%	2.63%	

\* Transferred funds from original PARS OPEB account into the PARS OPEB Trust Program & PRSP account (additional interested earned transferred).

### Water Revenue Report:

<b>WATER REVENUES for FISCAL YEAR 2019/2020</b>					
Month	Total Units	Water Commodity Charges	Fixed System Charges	Total Water Revenues	Misc Rev
JUL	121,093	1,069,535	243,845	1,313,380	1,357
AUG	131,410	1,184,349	262,218	1,446,567	1,364
SEP	132,893	1,209,744	264,656	1,474,400	1,367
OCT	118,671	1,075,887	261,819	1,337,706	1,372
NOV	116,636	1,014,767	261,231	1,275,998	1,330
DEC	86,924	742,321	263,074	1,005,395	1,461
<b>TOTAL</b>	<b>707,627</b>	<b>6,296,603</b>	<b>1,556,843</b>	<b>7,853,446</b>	<b>8,251</b>

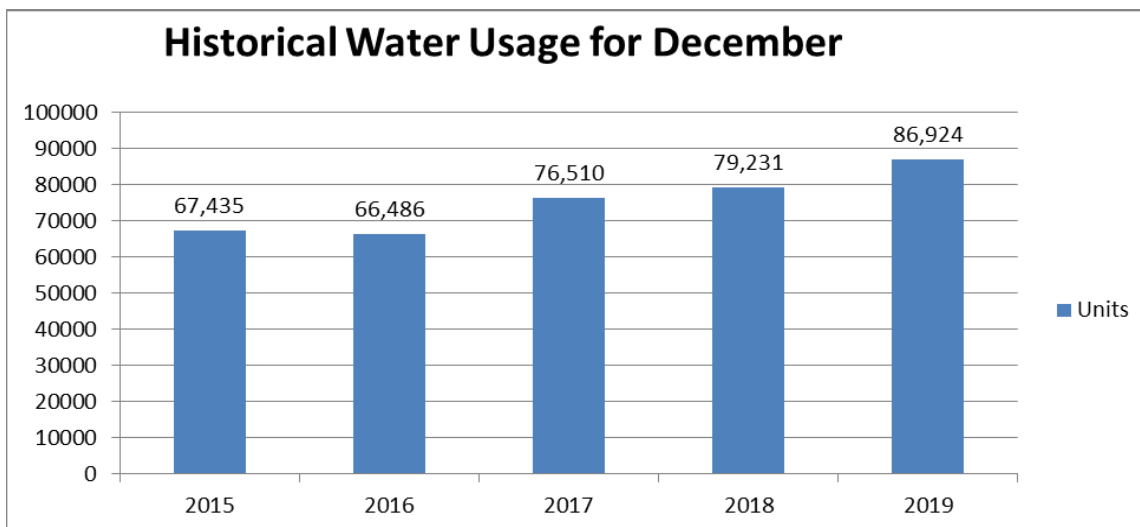
Please note the following: Total Units for each month on this report are calculated when customer meters are read:

Zone 2 meters are read on the 1<sup>st</sup> of every month;

Zone 3 meters are read on the 5<sup>th</sup> and,

Zones 1, 4, 5, 6, 7, 8 and 9 are read on the 15<sup>th</sup>

In the Operations Manager's report, units being reported are based on SFPUC reads, which occurs at 8:00 a.m. on the last day of each month.



**MISC FEE REVENUES UPDATE:**

From 01/01/19 – 12/31/19, MPWD was charged \$148,001 in credit card/bank fees of which \$102,971 are directly related to Credit Card fees, recovering about 54% of the credit card costs. Total miscellaneous fees collected since January 2019 was \$165,394.

MISCELLANEOUS FEE REVENUES COLLECTED - 2019							CREDIT CARD EXP	
Month	Credit Card Fees	Late Fees	48-Hour Notice Fees	Shut Off Fees	After Hour Fees	Total Fees	Credit Card (CC) Expenses	% CC Recovery
JAN	6,576	-	-	-	-	6,576	9,566	69%
FEB	5,427	-	-	-	-	5,427	9,105	60%
MAR	5,960	7,140	8,270	2,250	300	23,920	9,912	60%
APR	5,090	3,410	3,170	260	-	11,930	9,905	51%
MAY	3,869	5,150	6,650	1,050	600	17,319	8,078	48%
JUN	3,175	4,200	3,590	975	600	12,540	8,342	38%
JUL	4,242	12,407	8,430	825	500	26,404	7,732	55%
AUG	3,723	(430)	5,375	1,575	300	10,543	8,992	41%
SEP	6,429	3,940	775	75	100	11,319	8,117	79%
OCT	3,432	3,990	2,390	-	-	9,812	8,195	42%
NOV	3,534	5,510	1,460	260	-	10,764	8,389	42%
DEC	4,449	10,605	3,625	160	-	18,839	11,070	40%
<b>TOTAL</b>	<b>55,906</b>	<b>55,922</b>	<b>43,735</b>	<b>7,430</b>	<b>2,400</b>	<b>165,394</b>	<b>107,402</b>	<b>52%</b>

Starting next month, this report will be shown quarterly.

**CONFERENCES, TRAINING, & MEETINGS:**

- 1) Laura Ravella: Cross training on Civic Pay, Credit Card Fees and Cash/Check Deposits for Banking
- 2) Ron Okada: Cross training on reminder letters, shut off's and shut off notices
- 3) Jeanette Kalabolas: 01/02/20 – California Water Efficiency Partnership (CalWEP) QWEL Conference Call
- 4) Candy Pina: 01/09/20 – Meeting with consultant Sheila Mozayeny & Ray Gutierrez from Global Furniture Group for office furniture options
- 5) Candy Pina: 01/10/20 – Webinar on Moving from Operational Manager to a Strategic Leader
- 6) Jeanette Kalabolas: 01/13/20 – BAWSCA Large Meter Testing Workshop Logistics Conference Call
- 7) Jeanette Kalabolas: 01/15/20 – Norcal Regional Utility Water AMI and Metering Meeting
- 8) Candy Pina/Jeanette Kalabolas: 01/15/20 – Special Board Meeting
- 9) Candy Pina: 01/16/20 – Financial Review with Vincent Xi from C. G. Uhlenberg
- 10) Candy Pina: 01/16/20 – HIPPA Training
- 11) Candy Pina: 01/23/20 – Executive Team Meeting
- 12) Candy Pina/Jeanette Kalabolas: 01/23/20 – Regular Board Meeting
- 13) Jeanette Kalabolas/Misty Malczon: 01/30/20 – Sensus Analytics Workshop

### **PUBLIC SERVICE ETHICS EDUCATION (AB 1234)**

Everyone is current with their Ethics training. The due dates (in alphabetical order) for certification renewal of Public Service Ethics education, required every two (2) years by AB 1234:

- |                  |                   |
|------------------|-------------------|
| • Jeff Ira       | November 23, 2020 |
| • Joubin Pakpour | November 19, 2020 |
| • Candy Pina     | December 13, 2020 |
| • Rene Ramirez   | December 7, 2020  |
| • Tammy Rudock   | November 29, 2020 |
| • Brian Schmidt  | March 18, 2021    |
| • Julie Sherman  | February 8, 2021  |
| • Louis Vella    | December 4, 2020  |
| • Dave Warden    | January 26, 2021  |
| • Kirk Wheeler   | January 3, 2021   |
| • Matt Zucca     | March 29, 2021    |

For compliance, training should be completed on or before the due date, and the certificate turned in to the MPWD.

Here is the link to the FPPC free online ethics training:

<http://localethics.fppc.ca.gov/login.aspx>

### **SEXUAL HARASSMENT PREVENTION EDUCATION (AB 1825 FOR MANAGERS, SB 1343 FOR EMPLOYEES, AB 1661 FOR ELECTED OFFICIALS)**

Everyone is current with their Harassment Prevention training. The due dates (in alphabetical order) for certification renewal of Sexual Harassment Prevention Education, required every two (2) years:

- |                      |                   |
|----------------------|-------------------|
| • Jonathan Anderson  | December 18, 2021 |
| • Michael Anderson   | December 18, 2021 |
| • Rick Bisio         | December 18, 2021 |
| • Brent Chester      | December 18, 2021 |
| • Jeff Ira           | December 18, 2021 |
| • Jeanette Kalabolas | December 18, 2021 |
| • Conor Killigrew    | December 18, 2021 |
| • Ron Leithner       | December 18, 2021 |
| • Misty Malczon      | December 18, 2021 |
| • Tava Mataele       | December 18, 2021 |
| • Chris Michaelis    | December 18, 2021 |
| • Victor Monge       | December 18, 2021 |
| • Ron Okada          | December 18, 2021 |
| • Stan Olsen         | December 18, 2021 |
| • Joubin Pakpour     | June 14, 2021     |
| • Rob Piccolotti     | December 18, 2021 |
| • Candy Pina         | December 18, 2021 |
| • Rene Ramirez       | December 18, 2021 |
| • Laura Ravella      | December 18, 2021 |
| • Tammy Rudock       | December 18, 2021 |
| • Brian Schmidt      | December 18, 2021 |
| • Julie Sherman      | December 13, 2020 |
| • Louis Vella        | October 22, 2021  |
| • Dave Warden        | December 18, 2021 |
| • Kirk Wheeler       | December 17, 2021 |
| • Matt Zucca         | March 19, 2021    |



TO: Board of Directors

FROM: Rene A. Ramirez, Operations Manager

DATE: January 23, 2020

---

## OPERATIONS REPORT – December

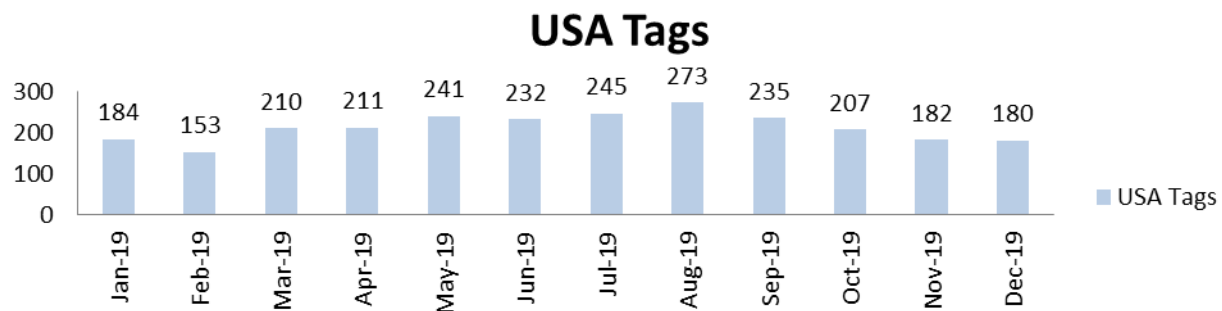
---

### **Projects:**

- Completed service upgrades due to home remodel or new construction for the following addresses: 2728 Belmont Canyon, 524 Cambridge, 1465 6<sup>th</sup>, and 2503 Cipriani; and
- Met with District Engineer and capital project contractor, Stoloski & Gonzalez, to discuss issue and solutions to service connections on a small diameter, thin-walled water system pipeline.

### **Maintenance:**

- Responded to and completed 180 USA (underground service alerts) requests in December. During calendar year 2019, staff responded to and completed 2,553 location requests - an average of almost 213 per month or 11 per work shift.



- Completed sidewalk repairs or repaved portions of streets following system repairs in front of the following addresses: intersection of 6<sup>th</sup> and Hill, 2621 Prindle, 3711 Naughton, 2728 Belmont Canyon, and at Rose Lane & Hastings;
- Replaced hydrants near or in front of: 409 Yorkshire, 507 Mountain View, 409 Hiller, 270 Industrial and 551 Cambridge;
- Re-plumbed four meters on Rose Lane and set a larger, B36 box, to accommodate them;

- Replaced a dual and leaking plastic service with new individual copper services for 2315 and 2317 Hastings;
- Made repairs to the water system following two (2) water main breaks including one on Christmas day – hats off to staff!
- Following strong winds, staff attended to and cleaned up debris at all tank sites;
- Loaded out and recycled all miscellaneous materials in the spoils area located on District office site;
- Flushed parts of the system in areas surrounding San Juan, Haskins and Marburger to better the water quality in these neighborhoods;
- Collected a requisite 44 water samples in September for bacteriological testing – all samples were absent of any coliform bacteria contamination;
- Continue to routinely monitor water system dead-ends continued for disinfectant residual; and
- Monitored for signs of nitrification within our tanks, sample stations and dead ends continues as a part of regular water quality monitoring.

#### **System Repairs:**

<b>Date</b>	<b>Location</b>	<b>Event</b>	<b>Material</b>	<b>Installation Date</b>	<b>Estimated Water Loss (Gals.)</b>
<b>12/06/19</b>	<b>2315 Hastings</b>	<b>Service Leak</b>	<b>Plastic</b>	<b>1976</b>	<b>&lt;4,000</b>
<b>12/25/19</b>	<b>3242 Upper Lock</b>	<b>Main Break</b>	<b>CIP</b>	<b>1956</b>	<b>5,000</b>

#### **Development:**

Staff is currently working with developers on 53 development projects:

##### **Mixed Use Commercial/Multi-Family Residential:**

- o 1300 El Camino Real - Currently reviewing plans, letter of intent and schedule for apartment building provided;
- o 1325 Old County Rd. – Site has been cleared of the existing structures;
- o 425/501 Old County Rd - Contacted by engineer regarding system information;
- o 800 Belmont Ave. – Currently reviewing plans;
- o 800 Laurel Ave - Awaiting plans
- o 803 Belmont Ave -815 Old County Rd. – currently reviewing plans;
- o 815 Old County Rd. – Currently reviewing plans; and
- o 900 El Camino Real – Letter of intent provided.

##### **Commercial:**

- o City of Belmont Island Park - Plans are through staff approval process;
- o 612-614 Mountain View - Awaiting revised plans;
- o 1110 Old County Rd. – Plans are through staff approval process;
- o 1306-1308 Old County Rd. – Submittals approved;

- 1400 Alameda de las Pulgas – Plans are through staff approval process;
- 1500 Ralston – Plans are through staff approval process;
- 2710 Ralston – Fee schedule provided;
- 300 Industrial – Currently reviewing plans;
- 405 Industrial – Information provided to developer; and
- Belmont Ave Parcels – awaiting plans.

Residential:

- 0 Longfellow - Currently reviewing plans;
- 10 Notre Dame Place – Awaiting contractor installation schedule;
- 1224 Lane - Installation complete;
- 1241 Hiller - Plans are through staff approval process;
- 1320 Talbryn Lane development- Contractor continues to install the water system under MPWD inspection;
- 1465 Sixth – Plans are through staff approval process;
- 1803 Miller – Installation complete;
- 1926 Oak Knoll – Plans are through staff approval process;
- 1961 Bishop - Plans are through staff approval process;
- 2033 Mezes – Currently reviewing plans;
- 2110 Pullman – Installation complete, awaiting compliance;
- 2503 Cipriani - Plans are through staff approval process;
- 2709 Comstock - Plans are through staff approval process;
- 2723 Monserat – Plans are through staff approval process;
- 2723 Wemberly - Plans are through staff approval process;
- 2728 Belmont Canyon - Installation complete;
- 2828 Monroe - Plans are through staff approval process;
- 2836 Benson Way - Plans are through staff approval process;
- 3105 Marburger – Plans are through staff approval process;
- 3900 Marsten – Plans are through staff approval process;
- 50 Notre Dame Place – Plans are through staff approval process;
- 524 Cambridge – Installation complete
- 533 Chesterton - Installation complete;
- 539 South - Plans are through staff approval process;
- 55 Ralston Ranch - Plans are through staff approval process;
- 665 South - Plans are through staff approval process;
- 76 Miramar Terrace - Awaiting revised plans;
- 796 Miramar Terrace – Currently reviewing plans;
- 853 Alameda – Plans are through staff approval process;
- 857 Alameda – Plans are through staff approval process;
- 861 Alameda – Currently reviewing plans;
- Bishop Road development – Installations (2) scheduled;
- Monte Cresta Drive Extension – Currently reviewing plans;



- Ralston parcel - Developer requesting system information/ District requirements; and
- Talbryn Dr. parcel – Information provided to developer.

### **Administration:**

- Continued to attend and participate at weekly progress meetings at City Hall with Belmont Public Works staff during construction of their latest sewer system rehabilitation project targeting sewers in backyard easements and cross country runs;
- Gathered Ops Team for a Training Session on a couple of Standard Operating Procedures;
- Participated in discussion with Management Team to discuss reorganization;
- Participated in meeting with PARS consultants prior to their presentation to Board;
- Met with Foster City Public Works representatives at our shared intertie, along the embankment of the Belmont Slough, to discuss their future water system improvement in 2020 that may require flow through the intertie to augment their water system while improvements are being constructed over a few days;
- Board Member Zucca and I met with several representatives from Pacific Clean Energy to discuss an idea for generating clean power via water flowing in pipes;
- Attended mandatory sexual harassment prevention training course along with all District employees;
- Participated in the first monthly conference call for the JPIA Leadership class;
- Staff met with City of Belmont Public Works staff to discuss concerns with their proposed street trench revisions;
- Attended the monthly BAWSCA Manager's meeting in Foster City; and
- Continue to actively manage power use for pumping operations.

### **Water Conservation:**

#### Recent 2-Month Comparison Summary

<b>2019/2020 MONTH</b>	<b>2019/2020 UNITS</b>	<b>2013 UNITS</b>	<b>PERCENT CHANGE*</b>	<b>CUMULATIVE WATER SAVINGS*</b>	<b>2019/2020 R-GPCD**</b>	<b>2013 R-GPCD</b>
November 2019	103,869	106,535	-2.5%	-9.2%	86.6	86.7
December 2019	72,739	94,062	-22.7%	-10.8%	58.7	74.1

<b>2018/2019 MONTH</b>	<b>2018/2019 UNITS</b>	<b>2013 UNITS</b>	<b>PERCENT CHANGE*</b>	<b>CUMULATIVE WATER SAVINGS*</b>	<b>2018/2019 R-GPCD**</b>	<b>2013 R-GPCD</b>
November 2018	100,419	106,535	-5.7%	-12.1%	83.7	86.7
December 2018	75,215	94,062	-20.0%	-13.4%	60.1	74.1

Staff's quarterly update on water conservation activities is attached.



DATE: January 16, 2020

TO: Rene Ramirez, Operations Manager

FROM: Jeanette Kalabolas, Water Conservation Administrative Specialist

---

**SUBJECT: 2019 FOURTH QUARTER WATER CONSERVATION STAFF REPORT**

---

**SUBJECT #1:** 2019 Water Awareness Calendar Award Ceremony

**BACKGROUND:** Each year MPWD sponsors a community school contest grades 3-5 to increase student's water savings awareness. Rain or shine, key conservation practices are necessary to assure enough water for the health and well-being of our youth and planet

**DISCUSSION:** The deadline to submit entries was October 25, 2019. Four schools participated in this year's contest - Cipriani, Immaculate Heart of Mary, Nesbit Elementary School and San Carlos Charter Learning Center (SCCLC). A total of 146 drawings were received and 12-winning entries were chosen. Gift awards will be issued as follows: Grand-Prize \$50 plus two Runner-ups at \$25. A token of appreciation in the amount of \$75.00 will also be presented to the teacher(s) with the most student participation of 146 entries per class. All will be provided Certificates of Recognition, as well as copies of the finished calendars. A ceremony acknowledging all students whose artwork was chosen for feature will take place at next month's board meeting on Thursday, February 27, 2020 at 6:30PM with a brief celebration reception to follow. The delay in release is due to the holidays, school schedules, and a new calendar single poster design and format change. This year's calendar will also be presented to all MPWD customers along with the annual Water Conservation Report on the reverse side.

**SUBJECT #2:** MPWD 2013 – 2019 Water Use Comparison Graph

**BACKGROUND:** Track annual water use for comparison purposes as the SWRCB moves in the direction of a "California, A Conservation Way of Life" statute

**DISCUSSION:** General Manager Rudock asked staff to create a chart for Board information of consumption totals from 2013-2019 (see attached). The graph will be updated quarterly and incorporated into staff's first quarter water conservation report. Inputs were set using monthly SF Meter Totals recorded by staff. SWRCB reporting began in 2015 and the present climate reflects that the District is trending in the direction of pre-drought (2013) usage totals. Staff will begin a "California, A Conservation Way of Life" campaign in FY20-21 to remind customers about the importance of saving water and stretching our available resources as water suppliers

across the state work to improve water supplies that are more drought resilient and more conservation requirements are imposed in the future.

**SUBJECT #3:** Bay Area Water Supply and Conservation Agency (BAWSCA) Online Resources Library FY20-21

**BACKGROUND:** Build onto existing foundation of links, lists, workshops and applications for better customer accessibility and convenience

**DISCUSSION:** Member Agencies discussed present in-house resources, compilation of accessible Agency video(s) from a number of BAWSCA members (Millbrae, ACWD, Palo Alto) who already film landscape classes for shared use, possibility of Valley Water self-audit instructional videos as a source, creation of examples templates, landscape consultation possibilities and the use of indoor/outdoor leak detection guide at the Water Resources Committee meeting held December 10, 2019 from 12-2PM. BAWSCA will consider comments provided and discuss suggestions made with Agencies mentioned above, then bring the item back as a future Agenda item for further discussion.

**SUBJECT #4:** California Water Efficiency Partnership (CalWEP) WaterView Conservation Web Portal

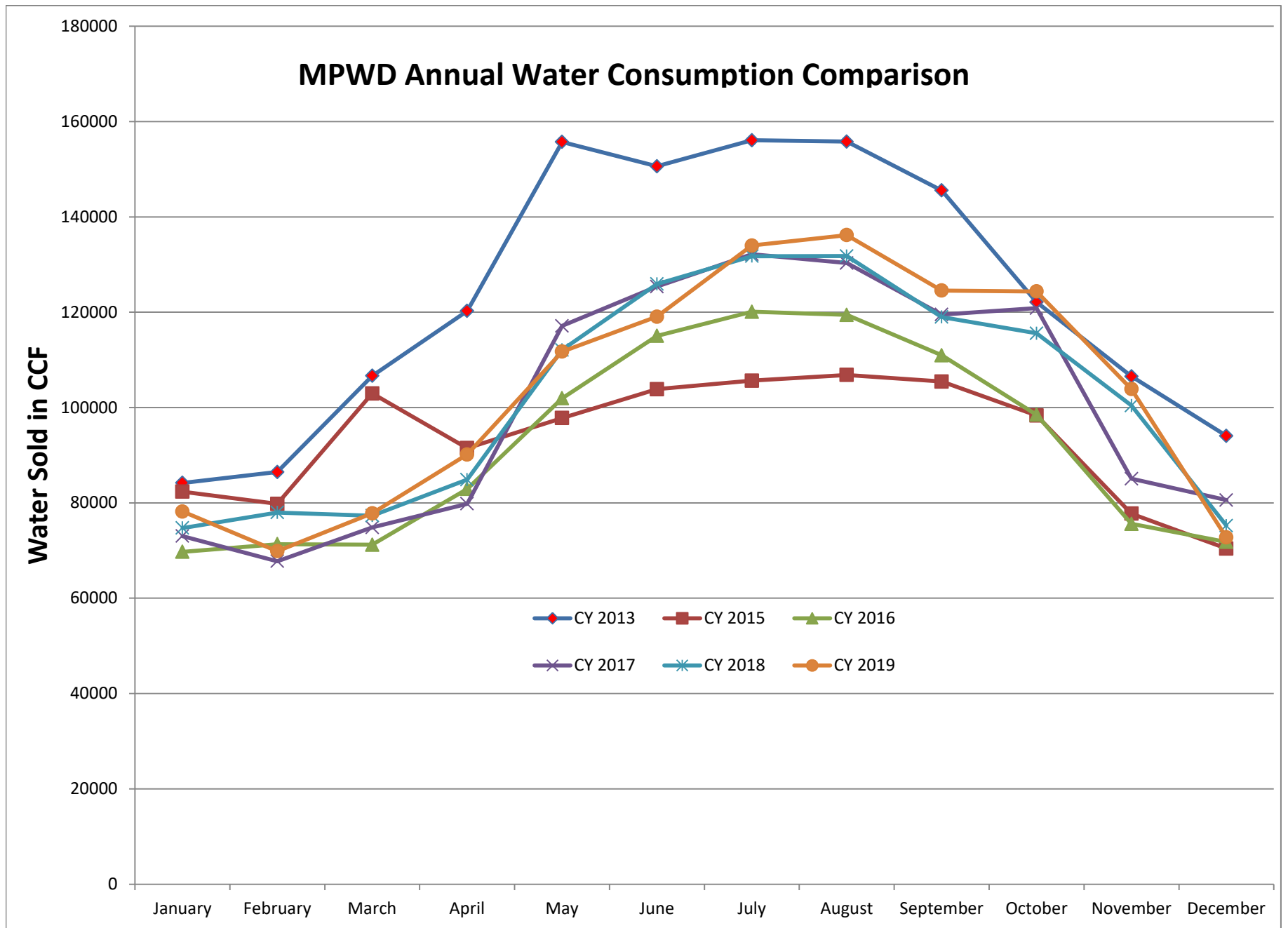
**BACKGROUND:** A water conservation and data management tool developed in partnership with Eagle Ariel Solutions to help state Agencies who are members of CalWEP meet the outdoor efficiency and allocation requirement established under the new long-term California Water Conservation Legislation SB606 and AB1668

**DISCUSSION:** CalWEP is committed to responding to its member needs and working with both the Department of Water Resources (DWR) and Eagle Aerial Solutions to ensure Agencies have access to the resources they need to prepare, assess, implement and comply with the new indoor, outdoor and water loss regulations. Over the next two years, DWR will be providing residential landscape area measurement data to every retail urban water agency in the state. The data will be provided in tabular format and will be accompanied by aerial imagery hosted on an online portal with tools to assess the accuracy. While agencies will be able to retain the tabular data permanently, they will only be able to access the aerial imagery and the portal for a limited time. The portal's main function will be for agencies to assess the accuracy of the tabular data and provide feedback to both DWR and Eagle Aerial Solutions and because several state agencies have expressed an interest in acquiring aerial imagery of their service territory for various reasons, including (but not limited to) conducting their own advanced landscape analysis following DWR specifications in response to forthcoming state-mandated water conservation targets CalWEP is partnering with Eagle Aerial to make available the same one-foot pixel resolution imagery that is being used by DWR for purchase by water Agencies. The imagery is available directly from Eagle Aerial Solutions. Purchasing this data is not mandatory for compliance and is completely optional. There will be an associated cost and those Agencies interested will have to make the purchase directly from Eagle Aerial Solutions. Interested Agencies will have to contact Eagle Aerial Solutions directly. Contact information is available through the CalWEP website.

**SUBJECT #5:** San Francisco Public Utility Commission (SFPUC) Compost Toilets Program

**BACKGROUND:** Eco-friendly toilets that save water by breaking down organic matter into compost or fertilizer through the use of micro-organisms under controlled conditions

**DISCUSSION:** In an effort to protect and preserve its water supply SFPUC offers alternative conservation opportunities and encourages its customers interested in diversifying saving efforts to explore available options. One of those viable prospects is composting toilets, which are well suited for isolated areas or locations where water and/or sewer facilities are not available and cost almost nothing to operate. They are used in national parks, golf courses and roadside facilities. While all function in the same capacity, makes and models vary and are typically classified as self-contained (residential) or centralized (remote) systems. Self-contained systems are sold as a single unit and cannot process large volumes. In centralized systems, the toilet connects to a composting tank that is usually located below grade and can handle higher volumes. Natural additives such as leaves, sawdust and most can be used as well to help promote breakdown and maintenance is essential to ensure ongoing safe operation and the avoidance of health hazards and odors. Compost may be put to beneficial use for landscaping or disposed of at a waste water treatment plant, however in the City of San Francisco the use of waste in landscaped areas is not allowed and can only be hauled and discharged by a California State licensed waste hauler with authority to discharge at one of San Francisco's wastewater treatment plants. To learn more visit: <https://sfwater.org/index.aspx?page=835>



**MID-PENINSULA WATER DISTRICT  
BUDGET FOR YEAR 2019-2020  
SUMMARY**

				Target YTD % 50.4%
DESCRIPTION	APPROVED FY 2019-2020 BUDGET \$	ACTUALS 7/1/2019 12/31/19	REMAINING BALANCE/ (OVER BUDGET)	Y-T-D % OF BUDGET
<b>OPERATING REVENUE</b>				
WATER COMMODITY CHARGES (A)	9,800,000	6,296,603	3,503,397	64.3%
FIXED SYSTEM CHARGES	3,000,000	1,556,843	1,443,157	51.9%
FIRE SERVICE CHARGES	14,000	8,161	5,839	58.3%
MISC CUSTOMER ACCOUNT FEES (B)	43,000	80,310	(37,310)	186.8%
SERVICE LINE & INSTALLATION CHARGES	10,000	-	10,000	NA
MISCELLANEOUS OPERATING	25,000	-	25,000	NA
PROPERTY TAX REVENUE (C)	268,000	172,539	95,461	64.4%
<b>TOTAL OPERATING REVENUE</b>	<b>13,160,000</b>	<b>8,114,457</b>	<b>5,045,543</b>	61.7%
WATER SYSTEM CAPACITY CHARGES (D)	100,000	338,277	(238,277)	338.3%
WATER DEMAND OFFSET CHARGES (D)	10,000	45,396	(35,396)	454.0%
MISCELLANEOUS NON-OPERATING (E)	50,000	110,536	(60,536)	221.1%
INTEREST REVENUE - LAIF (F)	75,000	51,296	23,704	68.4%
INTEREST REVENUE - COP (F)	150,000	136,437	13,563	91.0%
LEASE OF PHYSICAL PROPERTY (G)	175,000	131,161	43,839	74.9%
LANDSCAPE PERMIT REVENUE (H)	1,000	18,320	(17,320)	1832.0%
<b>TOTAL NON-OPERATING REVENUE</b>	<b>561,000</b>	<b>831,422</b>	<b>(270,422)</b>	148.2%
<b>TOTAL REVENUE</b>	<b>13,721,000</b>	<b>8,945,879</b>	<b>4,775,121</b>	65.2%
<b>OPERATING EXPENDITURES (OP EXP)</b>				
SALARIES & WAGES	2,069,385	843,423	1,225,962	40.8%
PAYROLL TAXES & BENEFITS	1,414,093	371,729	1,042,364	26.3%
PURCHASED WATER	5,654,624	3,236,850	2,417,775	57.2%
OUTREACH & EDUCATION	60,000	16,292	43,708	27.2%
M&R - OPS SYSTEM	387,751	96,956	290,795	25.0%
M&R - FACILITIES & EQUIPMENT	162,625	59,656	102,969	36.7%
MAJOR MAINTENANCE	35,000	-	35,000	NA
OFFICE SUPPLIES & EQUIPMENT	306,377	132,475	173,902	43.2%
MEMBERSHIP & GOV FEES	228,585	129,470	99,115	56.6%
BAD DEBT & CLAIMS	30,000	-	30,000	NA
UTILITIES	326,814	161,971	164,843	49.6%
PROFESSIONAL SERVICES	460,575	248,113	212,462	53.9%
TRAINING/TRAVEL & RECRUITMENT	37,500	15,695	21,805	41.9%
RESTRICTED EARNINGS (F)	225,000	187,733	37,267	83.4%
DEPRECIATION	970,000	520,111	449,889	53.6%
DEBT SERVICE TRUSTEE FEES & EXP	-	613	(613)	N/A
DEBT SERVICE 2016 COPs (I)	1,069,200	716,959	352,241	67.1%
<b>TOTAL OPERATING EXPENSES</b>	<b>13,437,528</b>	<b>6,738,044</b>	<b>6,699,484</b>	50.1%
<b>NET OPERATING SURPLUS/(LOSS)</b>	<b>283,472</b>	<b>2,207,835</b>	<b>(1,924,363)</b>	778.9%
<b>TRANSFER TO CAPITAL</b>	<b>(283,472)</b>	<b>(2,207,835)</b>	<b>1,924,363</b>	778.9%
<b>DEBT SERVICE COVERAGE</b>	<b>1.93</b>	<b>4.05</b>		

- B See discussion on Administrative Services Manager's report.
- C Second half of property tax revenue starting to come in.
- D Recognized revenue for 3 New services installed.
- E Closed 26 meter upgrade installations and 15 Fire Flow tests.
- F LAIF & COP interest higher than expected.
- G Received payment for City of Belmont's Buckland Tank Lease for prior year.
- H Recognized 4 Landscape Review Revenue and 2 Plan Check Review Revenue.
- I Includes Debt Service Principal Payment of \$375,000.

**MID-PENINSULA WATER DISTRICT  
STATEMENT OF NET POSITION  
PREVIOUS YEAR COMPARISON**

	31-Dec-19	31-Dec-18	\$ Change	% Change
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Total Checking/Savings	6,493,820.73	20,511,587.69	-14,017,766.96	-68.34%
Total COP Funds	12,255,072.61	0.00	0.00	100.0%
Total Accounts Receivable	1,065,312.48	935,872.47	129,440.01	13.83%
Total Other Current Assets	325,346.55	237,986.63	87,359.92	36.71%
<b>TOTAL CURRENT ASSETS</b>	<b>20,139,552.37</b>	<b>21,685,446.79</b>	<b>-1,545,894.42</b>	<b>-7.13%</b>
<b>FIXED ASSETS</b>				
Fixed Assets	51,446,008.92	47,184,900.69	4,261,108.23	9.03%
Accumulated Depreciation	-28,801,842.39	-27,719,111.62	-1,082,730.77	-3.91%
Construction in Progress	3,663,895.28	3,077,921.40	585,973.88	19.04%
<b>TOTAL FIXED ASSETS</b>	<b>26,308,061.81</b>	<b>22,543,710.47</b>	<b>3,764,351.34</b>	<b>16.7%</b>
<b>TOTAL OTHER ASSETS</b>	<b>2,226,591.34</b>	<b>1,210,079.34</b>	<b>1,016,512.00</b>	<b>84.0%</b>
<b>TOTAL ASSETS</b>	<b>48,674,205.52</b>	<b>45,439,236.60</b>	<b>3,234,968.92</b>	<b>7.12%</b>
<b>LIABILITIES &amp; EQUITY</b>				
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Total Accounts Payable	145,246.04	93,792.33	51,453.71	54.86%
Total Other Current Liabilities	969,836.95	1,989,063.14	-1,019,226.19	-51.24%
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,115,082.99</b>	<b>2,082,855.47</b>	<b>-967,772.48</b>	<b>-46.46%</b>
<b>LONG TERM LIABILITIES</b>				
Total COP Financing Debt (B)	17,175,000.00	17,550,000.00	-375,000.00	-2.14%
Total COP Premium (B)	841,995.70	873,277.30	-31,281.60	-3.58%
Total Other Long Term Liabilities (B)	2,281,061.00	1,535,175.00	745,886.00	48.59%
<b>TOTAL LONG TERM LIABILITIES</b>	<b>20,298,056.70</b>	<b>19,958,452.30</b>	<b>339,604.40</b>	<b>1.7%</b>
<b>TOTAL LIABILITIES</b>	<b>21,413,139.69</b>	<b>22,041,307.77</b>	<b>-628,168.08</b>	<b>-2.85%</b>
<b>EQUITY</b>				
3000 - Opening Bal Equity	0.00	0.00	0.00	0.0%
<b>3800 - RESERVES</b>	<b>5,873,331.43</b>	<b>4,811,765.83</b>	<b>1,061,565.60</b>	<b>22.06%</b>
3940 - Fund Bal Invest in Util Plant	26,308,061.81	22,622,301.16	3,685,760.65	16.29%
Net Assets (A)	-4,920,327.41	-4,036,138.16	-884,189.25	-21.91%
<b>TOTAL EQUITY</b>	<b>27,261,065.83</b>	<b>23,397,928.83</b>	<b>3,863,137.00</b>	<b>16.51%</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>48,674,205.52</b>	<b>45,439,236.60</b>	<b>3,234,968.92</b>	<b>7.12%</b>

(A) CalPERS Net Pension Liability - GASB 68 requirement.

(B) COP Financing Debt and Debt Premium total \$19,185,626.90.



**MID-PENINSULA WATER DISTRICT  
STATEMENT OF REVENUES & EXPENSES  
PREVIOUS YEAR COMPARISON - GAAP BASIS**

	Jul 19-Dec 19	Jul 18-Dec18	\$ Change	% Change
Ordinary Income/Expense				
Income				
OPERATING REVENUE	8,114,457	7,276,082	838,375	11.52%
INTEREST INCOME	187,733	226,842	-39,109	-17.24%
CAPITAL CONTRIBUTION	147,692	108,729	38,963	35.84%
OTHER INCOME	643,689	257,964	385,726	149.53%
Total Income	9,093,571	7,869,617	1,223,954	15.55%
Expense				
PERSONNEL COSTS	1,215,153	1,252,129	-36,977	-2.95%
PURCHASED WATER	3,236,850	3,149,403	87,447	2.78%
OUTREACH/EDUCATION	16,292	22,156	-5,864	-26.47%
M&4 - OPS SYSTEMS	96,956	77,527	19,429	25.06%
FACILITIES & EQUIPMENT	59,656	78,882	-19,226	-24.37%
OFFICE SUPPLIES & EQUIPMENT	132,475	160,483	-28,008	-17.45%
MEMBERSHIP & GOV FEES	129,470	118,407	11,062	9.34%
BAD DEBT & CLAIMS	0	25,523	-25,523	-100.0%
UTILITIES	161,971	158,100	3,870	2.45%
PROFESSIONAL SERVICES	248,113	246,531	1,583	0.64%
TRAINING & TRAVEL	15,695	14,698	997	6.78%
Total Expense	5,312,630	5,303,839	8,790	0.17%
Net Ordinary Income	3,780,942	2,565,778	1,215,164	47.36%
Other Income/Expense				
Other Expense				
DEPRECIATION	520,111	452,343	67,768	14.98%
COP Financing Costs	341,959	348,309	-6,350	-1.82%
Total Other Expense	862,683	800,652	62,030	7.7%
Net Revenue/(Expenses)	2,918,259	1,765,125	1,153,134	65.3%

**RECONCILIATION TO OPERATING BUDGET**

**Adjustments to Increase Net Operating Surplus**

Interest Income - LAIF & COP Interest	-187,732
Capital Contribution	-147,692
Debt Service Principal Payment	-375,000
<b>Total Adjustments to Increase Net Operating Surplus</b>	<b>-710,424</b>

**Net Operating Surplus/(Loss) Transfer to Capital** 2,207,835

**MID-PENINSULA WATER DISTRICT  
BUDGET FOR FY 2019-2020  
Capital Projects**

DESCRIPTION	APPROVED FY 2019-2020 BUDGET \$	ACTUAL 7/1/2019 12/31/2019	REMAINING BALANCE/ (OVER BUDGET)	Target YTD % 50.4%
				Y-T-D % OF BUDGET
CAPITAL IMPROVEMENTS - WORK IN PROCESS (WIP)				
Miscellaneous Capital Improvements*	-	113,238	(113,238)	N/A
<b>CAPITAL IMPROVEMENTS - WIP TOTAL</b>	<b>-</b>	<b>113,238</b>	<b>(113,238)</b>	N/A
<b>CAPITAL OUTLAY</b>				
Miscellaneous Capital Outlay/Projects	50,000	-	50,000	0.0%
<b>CAPITAL OUTLAY TOTAL</b>	<b>50,000</b>	<b>0</b>	<b>50,000</b>	0.0%
<b>CAPITAL IMPROVEMENTS &amp; CAPITAL OUTLAY TOTAL</b>	<b>50,000</b>	<b>113,238</b>	<b>(63,238)</b>	226.5%
DEPRECIATION	970,000	520,111	449,889	53.6%
TRANSFER FROM OPS	283,477	2,207,834	(1,924,357)	778.8%
TRANSFER (TO)/FROM CAPITAL RESERVES**	(1,203,477)	(2,614,707)	1,411,230	217.3%
CAPITAL OUTLAY/CAPITAL PROJECTS	(50,000)	(113,238)	63,238	226.5%
<b>NET RESULTS OF CAPITAL</b>	<b>-</b>	<b>(0)</b>	<b>0</b>	N/A