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**REGULAR MEETING  
BOARD OF DIRECTORS  
THURSDAY, OCTOBER 22, 2020 - 6:30 PM**

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

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

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

Board members, staff, and the public may participate remotely.

**Meeting Link:** <https://global.gotomeeting.com/join/398320517>  
**United States (Toll Free): 1 866 899 4679**  
**Access Code: 398-320-517**

## **AGENDA**

### **1. OPENING**

- A. Call to Order
- B. Establishment of Quorum

### **2. PUBLIC COMMENT**

*If you wish to address the Board, please follow the directions at the top of the agenda. If you have anything that you wish distributed to the Board and included for the official record, please include it in your email. Comments that require a response may be deferred for staff reply.*

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

### **4. ACKNOWLEDGEMENTS/PRESENTATIONS**

- A. Rick Bisio, Lead Operator – Service Retirement (23 Years of Service)

### **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 September 24, 2020, and Special Board Meeting on October 8, 2020
- B. Approve Expenditures from September 19, 2020 through October 13, 2020
- C. Approve Resolution 2020-29 Authorizing the Ninth Amendment to the Master Professional Services Contract with Pakpour Consulting Group, Inc. in the total amount of \$85,530, for Additional Engineering Services related to the Dekoven Tanks Replacement Capital Project (#08-1621-CP)
- D. Approve 2020 MPWD Catalog of Enterprise Systems per Government Code Section 6270.5

**6. HEARING AND APPEALS - None**

**7. REGULAR BUSINESS AGENDA**

- A. Receive and Accept the Financial Audit Report for Fiscal Year Ended June 30, 2020, Presented by David Becker, CPA, of James Marta & Company LLP
- B. Consider and Approve Revised Request for Proposal for Professional Accounting Services and Optional District Treasurer Services, and Notice of Intention to Fill District Treasurer Vacancy
- C. Receive Progress Report from General Manager on Revised MPWD 2019-2020 Strategic Plan
- D. Schedule MPWD Strategic Planning Special Meeting in January 2021
- E. Receive Update from General Manager regarding Actions taken During COVID-19 Pandemic, and Consider Resolution 2020-32 Authorizing an Extension through January 28, 2021 of the General Manager's Authority to take Necessary Actions for Continued Operations of the MPWD due to the COVID-19 Declared Emergency

**8. MANAGER'S AND BOARD REPORTS**

- A. General Manager's Report, including Quarterly Water Conservation Activities Report through September 30, 2020, supplemented by:
  - 1. Administrative Services Manager's Report
  - 2. Operations Manager's Report
  - 3. District Engineer's Report
- B. Financial Reports
  - 1. Month End September 30, 2020
  - 2. Development Revenues Compared to MPWD CIP and Water Conservation Program Expenditures through Fiscal Year End June 30, 2020
- C. Director Reports

**9. COMMUNICATIONS**

**10. CLOSED SESSION**

- A. Public Employee Performance Evaluation and Associated Negotiations, Government Code Section Sections 54957 and 54957.6,  
Title: General Manager

**11. RECONVENE TO OPEN SESSION**

**12. 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 and provide comments at/related to public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, auxiliary aid, service or alternative format requested. Requests should be sent to the District Secretary at (650) 591-8941 or [candyp@midpeninsulawater.org](mailto:candyp@midpeninsulawater.org). Requests must be received at least two days before the meeting. Requests will be granted whenever possible and resolved in favor of accessibility.*

***NEXT REGULAR BOARD MEETING: WEDNESDAY, NOVEMBER 18, 2020 AT 6:30PM***

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

September 24, 2020  
Belmont, California

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

MEMBERS OF THE PUBLIC COULD NOT ATTEND THIS MEETING IN PERSON.  
Board members, staff, and the public participated remotely.

A public comment submit option was available via email to  
District Secretary, Candy Pina, at [candyp@midpeninsulawater.org](mailto:candyp@midpeninsulawater.org).  
No public comments were received.

**1. OPENING**

**A. Call to Order:**

The regular teleconference meeting of the Mid-Peninsula Water District Board of Directors was called to order by President Zucca at 6:41PM.

**B. Establishment of Quorum:**

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

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 and District Counsel Julie Sherman.

**2. PUBLIC COMMENT**

None.

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

None.

**4. ACKNOWLEDGEMENTS/PRESENTATIONS**

**A. Brad Burwell, Maintenance Technician – Service Retirement (16 Years of Service)**

General Manager Rudock introduced Mr. Burwell to the Board and he thanked both the Board and General Manager Rudock for the opportunity to serve the District over the years. General Manager Rudock also reported on the retirement luncheon the District hosted for Mr. Burwell.

President Zucca congratulated Mr. Burwell on his years of service.

49 **B. Team Contributions on the Notre Dame Avenue, Cliffside Court and Tahoe Drive**  
 50 **Water Main Replacements and Zone 5 Fire Hydrant Upgrades Project and**  
 51 **Specifically:**

- 52  
 53 **1. Rick Bisio, Lead Operator**  
 54 **2. Michael Anderson, Operations Supervisor**  
 55 **3. Brent Chester, Operations Supervisor**  
 56 **4. Victor Fung, EIT, Pakpour Consulting Group, Inc.**  
 57

58 District Engineer Pakpour introduced Mr. Bisio, Mr. Anderson, Mr. Chester and Mr. Fung  
 59 to the Board and thanked the team for their project efforts and commended all on a job  
 60 well done.  
 61

62 **C. Customer Survey Results from Notre Dame Avenue, Cliffside Court and Tahoe**  
 63 **Drive Water Main Replacements and Zone 5 Fire Hydrant Upgrades Project**

64 District Engineer Pakpour provided background on the questionnaire used and reviewed  
 65 the survey results. The average positive response was 85%. An open discussion by the  
 66 Board followed, including potential follow-up with the one complaint made about  
 67 pavement repair.  
 68

69 **D. Introduce and Welcome New Employees:**

- 70  
 71 **1. Ron Okada, Administrative Assistant**  
 72 **2. Victor Monge, Maintenance Technician**  
 73 **3. Conor Killigrew, Maintenance Technician**  
 74

75 General Manager Rudock welcomed and introduced each employee and described the  
 76 positions they hold, and then each of their Supervisors shared a few words about their  
 77 subordinate.  
 78

79 **5. CONSENT AGENDA**

80 **A. Approve Minutes for the Board Meeting on July 23, 2020**

81 *(There was no MPWD Board Meeting in August)*

82 **B. Approve Expenditures from July 18, 2020 through August 17, 2020 and**  
 83 **Expenditures from August 18, 2020 through September 18, 2020**

84 **C. Approve Resolution 2020-25 Authorizing Award of Construction Contract to D&D**  
 85 **Pipelines, Inc. for Phase 1 of the SR101 Crossing Capital Project (#04-1621-CP**  
 86 **Phase 1) – Water Main Installation at Sutter Bay Medical Foundation d/b/a Palo**  
 87 **Alto Medical Foundation for Healthcare, Research and Education, San Carlos**  
 88 **Center in the amount of \$289,032 plus a 10% Contingency in the amount of**  
 89 **\$29,000 for a Total Project Budget of \$318,032**

90 **D. Approve Resolution 2020-26 Authorizing Amendment No. 1 to the Professional**  
 91 **Services Contract with TRC Companies, Inc. for Additional Pre-Construction**  
 92 **Services in the Amount of \$50,040 for a total of \$68,400 related to the El Camino**  
 93 **Real Water Main Replacement Capital Project #06-1621-CP**

94 **E. Approve Resolution 2020-27 Authorizing a Professional Services Contract with**  
 95 **Vector Vision, Inc. in the amount of \$35,000 for a Total Budget of \$38,500 for the**  
 96 **Project Management Services Related to the Demolition of the MPWD's**  
 97 **Abandoned Pump Station Capital Project at 1510 Folger Drive in Belmont, CA**

98 **F. Approve Resolution 2020-28 Establishing the Appropriations Limit Applicable to**  
 99 **the MPWD during Fiscal Year 2020/2021**

100 President Zucca moved to approve the Consent Agenda. Director Wheeler seconded  
 101 and a roll call vote was taken and all items were unanimously approved.  
 102

103 **6. HEARINGS AND APPEALS**

104 None.

105  
 106 **7. REGULAR BUSINESS AGENDA**

107 Regular Business Agenda items 7.D., 7.E., 7.H. were postponed due to the length of the  
 108 meeting's agenda and time.  
 109

110 **A. Consider Resolution 2020-29 Approving MPWD Emergency Operations Plan**

111 Operations Manager Ramirez provided background on development of the policy  
 112 document and reviewed seven bullet points under the executive summary, which laid the  
 113 framework for the document. He also noted that staff would be engaging in some  
 114 training exercises per the contract agreement, and then introduced Bart Spencer with  
 115 Tetra Tech, Inc. who prepared the document  
 116

117 Mr. Spencer gave a brief summary of his credentials and then talked about emergency  
 118 operations plans in general, legislation that provides for their creation, what is found in  
 119 policy documents, and what was used to develop the District's emergency operations  
 120 plan document.  
 121

122 An open Board discussion followed, including concerns expressed about the cost when  
 123 compared to the deliverable plan, and lack of specificity to MPWD operations, and  
 124 direction was given that staff consider comments offered by the Board and re-work the  
 125 plan for reconsideration. The General Manager stated that it made to sense to  
 126 reconsider the emergency operations plan within the six months following the  
 127 certification of the Risk and Resiliency Assessment Report due on July 1, 2021.  
 128

129 **B. Consider Resolution 2020-30 Authorizing the Commencement of Proceedings in  
 130 connection with the Refunding of the MPWD's Outstanding Certificates of  
 131 Participation (2016 Financing Project) Retaining a Municipal Advisor, Placement  
 132 Agent and Bond Counsel and Directing Certain Actions with Respect Thereto**

133 General Manager Rudock reported that the Board's Finance Committee met twice to  
 134 discuss this Agenda item, confirmed District Counsel's involvement in the process and  
 135 introduced Bud Levine and Rob Pankratz with Wulff, Hansen & Co.  
 136

137 Mr. Levine summarized briefly the recommendation and reported on available structure  
 138 options that can be used to refund the District's outstanding Certificates of Participation.  
 139

140 An open Board discussion followed. Director Vella moved to approve Resolution 2020-  
 141 30 Authorizing the Commencement of Proceedings in connection with the Refunding of  
 142 the MPWD's Outstanding Certificates of Participation (2016 Financing Project),  
 143 Retaining a Municipal Advisor, Placement Agent and Bond Counsel and Directing  
 144 Certain Actions with Respect Thereto. Director Warden seconded and a roll call vote  
 145 was taken and the Resolution was unanimously approved.  
 146

147 **C. Consider Resolution 2020-31 Authorizing a Water Service Agreement Between the  
 148 MPWD and MP Firehouse Square Associates, LP for a Mixed Use Development  
 149 located at 1300 El Camino Real in Belmont, CA**

150 Operations Manager Ramirez reported that the project is a mixed use multi-family and  
 151 retail development and that fees due the District by the Developer have been received in  
 152 full.

153  
 154 Director Wheeler inquired about the project and water conservation compliance.  
 155 Operations Manager Ramirez clarified that they will have to meet all plumbing code  
 156 requirements and although the proposed landscape areas are nominal, the Developer  
 157 will still have to abide by with the District's Water Efficiency Landscape Ordinance.

158  
 159 Director Vella moved to approve Resolution 2020-31 Authorizing a Water Service  
 160 Agreement between the MPWD and MP Firehouse Square Associates, LP for a Mixed-  
 161 Use Development located at 1300 El Camino Real in Belmont, CA. Vice President  
 162 Schmidt seconded and a roll call vote was taken and the Resolution was unanimously  
 163 approved.

164  
 165 **D. Consider Resolution 2020-32 Approving Other Post-Employment Benefits (OPEB)**  
 166 **and Pension Rate Stabilization Program (PRSP) Funding Policy**

167 Postponed.

168  
 169 **E. Consider and approve Revised Request for Proposal for Professional Accounting**  
 170 **Services and Optional District Treasurer Services and Notice of Intention to Fill**  
 171 **District Treasurer Vacancy**

172 Postponed.

173  
 174 **F. Consider Resolution 2020-33 Approving the Revised MPWD Compensation Plan,**  
 175 **including:**

- 176 1. **Three (3) New Classification Descriptions for Assistant General Manager,**
- 177 **Administrative Supervisor and Management Analyst**
- 178 2. **Revised Organizational Chart, and**
- 179 3. **Revised Salary Charts Adding the Positions of Administrative Supervisor**
- 180 **and Management Analyst for Represented Employees and Assistant**
- 181 **General Manager for Unrepresented Employees**

182 General Manager Rudock discussed the proposed plan revisions, fiscal impacts,  
 183 introduced the three new classification descriptions and part-time annuitant employee  
 184 concept, succession planning, and the updated organizational chart.

185  
 186 An open Board discussion followed and included feedback about concerns related to  
 187 adding a management level position—the Assistant General Manager—within the  
 188 organization. General Manager Rudock explained that the Operations Manager position  
 189 would remain vacant while the Assistant General Manager would be filled because the  
 190 position would include responsibility for Operations as well as take on additional duties  
 191 for General Manager succession planning. The Board supported the plan revisions  
 192 related to the Management Analyst and Administrative Supervisor but asked Staff to  
 193 revisit the need for the Assistant General Manager classification and bring it back for a  
 194 follow-up discussion.

195  
 196 President Zucca moved to approve Resolution 2020-33 Approving the Revised MPWD  
 197 Compensation Plan, with the exception of the Assistant General Manager classification.  
 198 Director Warden seconded and a roll call vote was taken and the amended Resolution  
 199 was unanimously approved.

200

201 **G. Consider Resolution 2020-34 Authorizing the Temporary Part-Time Employment of**  
 202 **Retired Annuitant Monique Madrid in Accordance with Government Code Sections**  
 203 **7522.56 and 21224 and Executive Order N-25-20**

204 General Manager Rudock introduced the Resolution and explained the need for a part-  
 205 time District employee and availability of a known candidate who is a retired annuitant.  
 206 Staff worked with District Counsel on the required resolution to hire a retired annuitant.

207  
 208 Vice President Schmidt moved to approve Resolution 2020-34 Authorizing the  
 209 Temporary Part-Time Employment of Retired Annuitant Monique Madrid in Accordance  
 210 with Government Code Sections 7522.56 and 21224 and Executive Order N-25-20.  
 211 Director Vella seconded and a roll call vote was taken and the Resolution was  
 212 unanimously approved.

213  
 214 **H. Receive Progress Report from General Manager on MPWD 2019-2020 Strategic**  
 215 **Plan**

216 Postponed

217  
 218 **I. Receive Update from General Manager on Actions Taken During COVID-19**  
 219 **Pandemic**

220 General Manager Rudock reported on actions taken since the last report delivered to the  
 221 Board. Direction was given to extend General Manager Rudock's authority on Covid-19  
 222 actions at the next Board meeting.

223  
 224 **J. Receive BAWSCA Update**

225 Director Vella reported on BAWSCA's bond surcharge collection, SFPUC Water Supply,  
 226 the regional decrease in July 2020 water consumption, Bay Delta/FERC (Tuolumne  
 227 River) Plans and Los Vaqueros Reservoir Expansion Project.

228  
 229 General Manager Rudock also commented that the Los Vaqueros Reservoir Expansion  
 230 Project would not be further pursued by BAWSCA, but that BAWSCA would be providing  
 231 oversight to ensure that the SFPUC pursued the project on behalf of wholesale  
 232 customers. She further reported that the BAWSCA Board had adopted a policy  
 233 regarding use of the wholesale customers' balancing account at the SFPUC, and that  
 234 discussions continued at the Water Management Representatives level regarding  
 235 proposed amendments to the Water Supply Agreement related to agencies with  
 236 Minimum Purchase Requirements.

237  
 238 **8. MANAGER'S AND BOARD REPORTS**

239 **A. General Manager's Report supplemented by:**

240 General Manager Rudock stated that she had nothing to add to her written report.

241  
 242 **1. Administrative Services Manager's Report**

243 Administrative Services Manager Pina provided an update on the LAIF bank account  
 244 balance and reminded the Board to review the Public Service Ethics Training  
 245 schedule provided.

246  
 247 **2. Operations Manager's Report**

248 Operations Manager Ramirez reported on the Dekoven Tanks Replacement Project  
 249 scope of work amendment, which addresses staff desires for water treatment  
 250 capability, ease of tank maintenance, and landscape improvements to the front of the



251 site along Dekoven Avenue. He also discussed recent water main repairs, new  
 252 development, and water conservation.

253

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

255 District Engineer Pakpour provided an update on the District's three major  
 256 construction projects that are near engineering design completion.

257

258 **B. Financial Reports**

259 **1. Month End July 31, 2020**

260 **2. Month End August 31, 2020**

261 Administrative Services Manager Pina reported on the template format of the new  
 262 report, addition of the prior year project balance carry over column, and YTD  
 263 revenues and expense totals.

264

265 Director Wheeler requested clarification on the year that the 2016 COP funded  
 266 budget column of the report represents. General Manager Rudock acknowledged the  
 267 confusion and advised that the report will be amended to define the term more  
 268 clearly before the report is brought back again next month.

269

270 **3. MPWD Annual Reimbursements Report for Fiscal Year 2019/2020 (Pursuant to  
 271 Government Code Section 53065.5)**

272 General Manager Rudock explained regulatory requirements to disclose annual  
 273 reimbursements to employees in excess of \$100.

274

275 **4. General Manager's Annual Report for Fiscal Year Ended June 30, 2020**

276 General Manager Rudock shared highlights for the Fiscal Year End June 30, 2020.

277

278 Director Wheeler commented on the revenue funded Capital Improvement Program's  
 279 zero expenditures and General Manager Rudock clarified that only a \$50,000 place  
 280 holder was established for Capital Improvements last year because all projects were  
 281 funded by Certificates of Participation (COP) financing.

282

283 **C. Director Reports**

284 Director Wheeler reported on the first ever ACWA JPIA Summer Virtual Conference held  
 285 July 29-30, 2020 and shared details about some of the workshops he attended.

286 General Manager Rudock also commented on a few sessions she attended. A Board  
 287 discussion ensued on new legislation regarding agency employees contracting COVID-  
 288 19 and the ability to file a workers' compensation claim. General Manager Rudock  
 289 ensured the Board that the ACWA JPIA Workers' Compensation team had already  
 290 reported on a few claims filed and their processes for ensuring protection of member  
 291 agencies against claims for COVID-19 not contracted while at work.

292

293 **9. COMMUNICATIONS**

294 Administrative Services Manager Pina shared an email she received from a customer  
 295 thanking employee Ron Okada, Administrative Assistant, for his help in accessing and  
 296 registering the District's home water use customer portal.

297

298 **10. CLOSED SESSION**

299 General Manager Rudock read the names of the two top offers made for the MPWD's  
 300 surplus property for sale at 1513 Folger Drive in Belmont:

- 301 • Matthew Salazar and Elizabeth Lui; and

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• Nicola P. Borisova & Georgana A. Vandova  
and the Board recessed into Closed Session at 9:40PM to discuss one matter:

**A. Conference with Real Property Negotiators (Julie Sherman, District Counsel and Tammy Rudock, General Manager) pursuant to Government Code Section 54956.8:**

**Property Location: APN 044-351-040, 1513 Folger Drive in Belmont, CA**

**Owner: Mid-Peninsula Water District**

**Under Negotiation: Price and Terms of Contract**

The Board came out of closed session at 10:20PM. District Counsel reported that no reportable action had been taken.

**11. ADJOURNMENT**

The meeting was adjourned at 10:25PM.

\_\_\_\_\_  
DISTRICT SECRETARY

APPROVED:

\_\_\_\_\_  
BOARD PRESIDENT

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

October 8, 2020  
Belmont, California

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

MEMBERS OF THE PUBLIC COULD NOT ATTEND THIS MEETING IN PERSON. Board members, staff, and the public participated remotely.

A public comment submit option was available via email to District Secretary, Candy Pina, at [candyp@midpeninsulawater.org](mailto:candyp@midpeninsulawater.org). No public comments were received.

1. **OPENING**

A. **Call to Order:**

The regular teleconference meeting of the Mid-Peninsula Water District Board of Directors was called to order by President Zucca at 6:31PM.

B. **Establishment of Quorum:**

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

A quorum was present.

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

2. **PUBLIC COMMENT**

None.

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

None.

4. **REGULAR BUSINESS AGENDA**

A. **Consider Resolution 2020-35 Authorizing Sale of MPWD Surplus Property located at 1513 Folger Drive in Belmont, CA (APN 044-351-040)**

General Manager Rudock introduced Resolution 2020-35 and requested Board approval to sell the surplus real property.

Vice President Schmidt asked staff to confirm that there had been no changes since the offer was last discussed and General Manager Rudock advised there was nothing further to report.

51 President Zucca asked if staff had heard back from the other interested parties with  
 52 respect to the District’s counter offers made and General Manager Rudock reported that  
 53 the counter offers had been rejected. Director Vella requested further clarification on the  
 54 counter offers and the District’s broker Cheryl Villanueva clarified that the second  
 55 highest offeror rejected the District’s counter offer and the third highest offeror returned a  
 56 reduced counter offer. She further shared that the expected closing date will be October  
 57 15, 2020.

58  
 59 Director Vella moved to approve Resolution 2020-35 Authorizing the Sale of MPWD  
 60 Surplus Property located at 1513 Folger Drive in Belmont, CA (APN 044-351-040).  
 61 Director Warden seconded and a roll call vote was taken and the Resolution was  
 62 unanimously approved.

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 64 **5. ADJOURNMENT**

65 The meeting was adjourned at 6:39PM.

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 DISTRICT SECRETARY

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 72 APPROVED:  
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 75 \_\_\_\_\_  
 76 BOARD PRESIDENT

# Accounts Payable

## Checks by Date - Summary by Check Date

User: candyp  
Printed: 10/14/2020 10:23 AM



Check No	Vendor No	Vendor Name	Check Date	Check Amount
36201	ATT60197	AT&T 60197	09/23/2020	44.07
36202	BAIRDTRK	BAIRD TRUCKING INC.	09/23/2020	1,890.00
36203	BAAQMD	BAY AREA AIR QUALITY MGMT DIST.	09/23/2020	360.00
36204	EQUIPMEN	BUS & EQUIPMENT REPAIR	09/23/2020	2,026.32
36205	CEDBAYAR	CED BAY AREA	09/23/2020	396.13
36206	CINTS	CINTAS CORPORATION	09/23/2020	519.78
36207	COMCAST	COMCAST	09/23/2020	626.71
36208	COMCASTB	COMCAST BUSINESS	09/23/2020	636.67
36209	GRANITE	GRANITE ROCK, INC.	09/23/2020	842.70
36210	HFHCONLT	HF & F CONSULTANTS, LLC	09/23/2020	8,863.00
36211	HOMEDEPC	HOME DEPOT	09/23/2020	296.07
36212	OFFICEDE	OFFICE DEPOT, INC.	09/23/2020	108.74
36213	PINA	CANDY PINA	09/23/2020	90.00
36214	PIT71896	PITNEY BOWES 371896	09/23/2020	327.57
36215	RANDB	ROBERTS & BRUNE CO. INC.	09/23/2020	2,485.96
36216	SMELECTR	SAN MATEO ELECTRIC SUPPLY	09/23/2020	44.35
36217	STEPFORD	STEPFORD BUSINESS, INC.	09/23/2020	1,400.00
36218	STEVCRKQ	STEVENS CREEK QUARRY, INC.	09/23/2020	133.92
36219	SUBTRONI	SUBTRONIC CORPORATION	09/23/2020	4,370.00
36220	VALLEYOL	VALLEY OIL COMPANY	09/23/2020	1,353.98
36221	XIOINC	XIO, INC.	09/23/2020	1,056.00
101113	ESRIINC	ESRI INC	09/23/2020	1,000.00
101114	EUROFINS	EUROFINS EATON ANALYTICAL, LLC	09/23/2020	400.00
101115	SCOTSMAN	WILLIAMS SCOTSMAN	09/23/2020	583.16
101139	DEPERROR	DEPOSIT ERROR	09/23/2020	48.81
Total for 9/23/2020:				29,903.94
101140	HEALTHEQ	Health Equity	09/24/2020	61.95
Total for 9/24/2020:				61.95
101107	CALPERS	CALPERS	09/25/2020	4,110.57
101108	CALPERS	CALPERS	09/25/2020	372.75
101109	ICMACONT	ICMA contributions	09/25/2020	2,834.62
101110	HEALTHEQ	Health Equity	09/25/2020	342.00
101111	ADPPAYRL	adp	09/25/2020	16,365.55
101112	ADPPAYRL	adp	09/25/2020	6,798.00
101141	ACHRETN	ACH Returns	09/25/2020	155.46
101142	ACHRETN	ACH Returns	09/25/2020	936.23
Total for 9/25/2020:				31,915.18
36222	ATT60197	AT&T 60197	09/30/2020	802.09
36223	CINTS	CINTAS CORPORATION	09/30/2020	519.78
36224	HASSETTH	HASSETT HARDWARE	09/30/2020	10.45
36225	HFHCONLT	HF & F CONSULTANTS, LLC	09/30/2020	7,832.00

Check No	Vendor No	Vendor Name	Check Date	Check Amount
36226	HOMEDPC	HOME DEPOT	09/30/2020	457.70
36227	MICHAELI	CHRIS MICHAELIS	09/30/2020	82.80
36228	OFFICEDE	OFFICE DEPOT, INC.	09/30/2020	268.11
36229	ONWORKI	ONE WORKPLACE	09/30/2020	28,532.63
36230	PG&E	PG&E CFM/PPC DEPT	09/30/2020	18,114.68
36231	ROYALBRS	ROYAL BRASS INC.	09/30/2020	85.55
36232	STEPFORD	STEPFORD BUSINESS, INC.	09/30/2020	399.98
36233	VALLEYOL	VALLEY OIL COMPANY	09/30/2020	1,851.49
36234	VERIZON	VERIZON WIRELESS	09/30/2020	871.05
101128	CALPERS	CALPERS	09/30/2020	7,597.83
101129	CALPERS	CALPERS	09/30/2020	1,081.98
101130	HEALTHEQ	Health Equity	09/30/2020	550.84
101131	ICMACONT	ICMA contributions	09/30/2020	599.64
101132	ADPPAYRL	adp	09/30/2020	36,664.91
101133	ADPPAYRL	adp	09/30/2020	16,636.95
101136	SFWATER	SAN FRANCISCO WATER DEPT	09/30/2020	572,378.40
101137	WFBUSCAR	WELLS FARGO -GM	09/30/2020	12,694.40
101138	WFBUSRR	WELLS FARGO-OM	09/30/2020	2,921.86
Total for 9/30/2020:				710,955.12
36235	A-IRENTA	A-1 TRUCK & EQUIPMENT RENTAL	10/08/2020	181.00
36236	ACWA5661	ACWA JPIA	10/08/2020	169,588.45
36237	ATT60197	AT&T 60197	10/08/2020	86.70
36238	BAWSCA	BAY AREA WATER SUPPLY & CONSER	10/08/2020	18,854.00
36239	BPLANDSC	BAY POINTE LANDSCAPE	10/08/2020	1,625.00
36240	EQUIPMEN	BUS & EQUIPMENT REPAIR	10/08/2020	797.53
36241	CGUHLENB	C G UHLENBERG LLP	10/08/2020	1,776.25
36242	CEDBAYAR	CED BAY AREA	10/08/2020	361.19
36243	CHESTER	BRENT CHESTER	10/08/2020	68.05
36244	HACHCOMI	HACH COMPANY INC	10/08/2020	2,147.69
36245	HOMEDPC	HOME DEPOT	10/08/2020	467.50
36246	MNGWATEF	MANAGEWATER CONSULTING,INC	10/08/2020	6,215.00
36247	RNIEHAUS	ROBERT D. NIEHAUS, INC.	10/08/2020	5,667.50
36248	OFFICEDE	OFFICE DEPOT, INC.	10/08/2020	97.30
36249	PACOFFIC	PACIFIC OFFICE AUTOMATION	10/08/2020	68.53
36250	PENBLDG	PENINSULA BUILDING MATERIALS	10/08/2020	46.64
36251	PG&E	PG&E CFM/PPC DEPT	10/08/2020	34.48
36252	PINA	CANDY PINA	10/08/2020	208.62
36253	RMORGAN	RAY MORGAN COMPANY	10/08/2020	2,202.23
36254	RANDB	ROBERTS & BRUNE CO. INC.	10/08/2020	2,864.37
36255	SMENVIRN	SAN MATEO CO. ENVIRO. HEALTH	10/08/2020	3,716.00
36256	SMELECTR	SAN MATEO ELECTRIC SUPPLY	10/08/2020	33.41
36257	STANDINS	STANDARD INSURANCE COMPANY	10/08/2020	1,246.36
36258	STATEPLU	STATE PLUMBING AND HEATING SUP	10/08/2020	79.21
36259	TMOBILE	T-MOBILE	10/08/2020	31.40
36260	VANGUARL	VANGUARD CLEANING SYSTEMS, INC	10/08/2020	385.00
101152	DFS	DOCUMENT FULFILLMENT SERVICES	10/08/2020	2,448.07
101153	JAMESMAR	JAMES MARTA & COMPANY	10/08/2020	11,300.00
101154	PAKPOUR	PAKPOUR CONSULTING GROUP, INC	10/08/2020	5,533.44
Total for 10/8/2020:				238,130.92
101143	CALPERS	CALPERS	10/09/2020	4,110.57
101144	CALPERS	CALPERS	10/09/2020	372.75
101145	HEALTHEQ	Health Equity	10/09/2020	242.00
101146	ICMACONT	ICMA contributions	10/09/2020	2,834.62

Check No	Vendor No	Vendor Name	Check Date	Check Amount
101147	ADPPAYRL	adp	10/09/2020	16,445.91
101148	ADPPAYRL	adp	10/09/2020	6,825.29
101149	CALPERS	CALPERS	10/09/2020	400.00
Total for 10/9/2020:				31,231.14
Report Total (92 checks):				1,042,198.25



***AGENDA ITEM NO. 5.C.***

DATE: October 22, 2020  
TO: Board of Directors  
FROM: Rene A. Ramirez, Operations Manager

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**SUBJECT: CONSIDER RESOLUTION 2020-29 AUTHORIZING THE NINTH AMENDMENT TO THE MASTER PROFESSIONAL SERVICES CONTRACT WITH PAKPOUR CONSULTING GROUP, INC., IN THE AMOUNT OF \$85,530.00 FOR ADDITIONAL ENGINEERING SERVICES RELATED TO THE DEKOVEN TANKS REPLACEMENT CAPITAL PROJECT (#08-1621-CP)**

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**RECOMMENDATION:**

Adopt Resolution 2020-29.

**FISCAL IMPACT:**

The District Engineer's amended scope proposal dated October 8, 2020 for the Dekoven Tank Replacement capital project to address CEQA; investigate feasibility of a bridge across the tanks, a chemical feed building; participate in field meetings with cell tower representatives; engage a landscape architect for site improvements; confer with a consultant for peer review; and assist in process to select a construction management consultant, and deduct the District Engineer's role in construction support services for capital project 08-1621-CP is an additional \$85,530.00. Funding for the additional engineering services will come from the 2016 COP proceeds and is budgeted.

**BACKGROUND:**

The District Engineer's contract defines any engineering or construction management support greater than \$100,000 as Major Improvement Projects and requires submittal of a proposal. In this case the requested scope amendment is less than \$100,000 and staff is recommending the 9<sup>th</sup> amendment to the District Engineer's Master Professional Services Contract.

The contract amendment template was created by District Counsel and has been used for previous amendments and now used again for the 9<sup>th</sup> amendment to the District Engineer's contract for professional services to the District.



**DISCUSSION**

As engineering work for the Dekoven Tank Replacement capital project has progressed beyond the original structural engineering efforts, staff and the District Engineer met and discussed the needs to define the other engineering support for the project, and have agreed to amend their scope of work.

In a letter from the District Engineer dated, October 8, 2020, they laid out the additional scope of work and cost which includes efforts in CEQA, the feasibility of a maintenance bridge across the 48-foot tall tanks to increase work efficiency, the ability to introduce a disinfectant and mixing system to these tanks for maintaining water quality, for time spent in the field with the two cell tower companies operating on the Dekoven Tank site, engaging a landscape architect to develop a plan for improving the site's appearance, engaging a consultant for a peer review of the project before it is bid, and assisting in the selection of a construction management consultant for the construction process. For each area of amended scope, the District Engineer has provided an explanation and breakdown of the time and cost involved.

As mentioned above in the fiscal impact section, the amended scope also includes a reduction the District Engineer's time and cost to the original contract related to construction inspection because the MPWD will contract separately with one of the pre-qualified construction management consultants.

All told the increase in scope and reduction in District Engineer's scope comes to an increase of \$85,530 to the original contract amount of \$196,292.00 and brings the new amended contract total to \$281,822.00. Staff reported this scope amendment to the Board last month.

The goal is to have plans and specifications ready for advertising the project in mid-December, opening bids on February 9, 2021, recommending award at the Board's February 25, 2021 regular meeting, and for construction to start in April 2021.

Attachments: Resolution 2020-29  
Exhibit A - Proposal from Pakpour Consulting Group dated October 8, 2020  
Ninth Amendment to PCG Contract for Professional Services  
Project Description for #15-89

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

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

**RESOLUTION NO. 2020-29****AUTHORIZING THE NINTH AMENDMENT TO THE MASTER  
PROFESSIONAL SERVICES CONTRACT WITH PAKPOUR CONSULTING GROUP, INC.,  
IN THE AMOUNT OF \$85,530, FOR ADDITIONAL PROFESSIONAL ENGINEERING SERVICES  
RELATED TO THE DEKOVEN TANKS REPLACEMENT CAPITAL PROJECT (#08-1621-CP)**

\* \* \*

**MID-PENINSULA WATER DISTRICT**

**WHEREAS**, the Mid-Peninsula Water District (District) entered into a master professional services contract with Pakpour Consulting Group on June 25, 2015 to provide District Engineer services for the planning, design, construction, management and operation of the District water system (Contract); and

**WHEREAS**, a First Amendment to the Contract (referenced as Contract No. 01-1621-CP) with the District Engineer for the 2017 Water Main Improvements Project totaling \$292,155 was approved by the Board of Directors on September 22, 2016; and

**WHEREAS**, a Second Amendment to the Contract (referenced as Contract No. 02-1621-CP) with the District Engineer for the Hillcrest Pressure Regulating Station Project totaling \$89,250 was approved by the Board of Directors on February 23, 2017; and

**WHEREAS**, a Third Amendment to the Contract (referenced as Contract No. 07-1621-CP) with the District Engineer for design services for the 2018 Water Main Replacement Project totaling \$325,244 was approved by the Board of Directors on September 28, 2017; and

**WHEREAS**, a Fourth Amendment to the Contract (referenced as Contract No. 02-1621-CP) with the District Engineer provides an augmentation to design service costs in the amount of \$54,800 to address creation of an easement on City of Redwood City property, specialized construction details and specifications for the 20-inch concrete cylinder pipe, and detail for an emergency interconnection with Redwood City related to the Hillcrest Pressure Regulating Station approved by the Board of Directors on January 25, 2018; and

**WHEREAS**, a Fifth Amendment to the Contract (referenced as Contract No. 08-1621-CP) with the District Engineer for design services for the Dekoven Tanks Replacement Project totaling \$192,292 was approved by the Board of Directors on December 19, 2018; and

**WHEREAS**, a Sixth Amendment to the Contract (referenced as Contract No. 02-1621-CP) with the District Engineer for additional design services for the Hillcrest Pressure Regulating Station Project totaling \$45,000 was approved by the Board of Directors on February 28, 2019; and

**WHEREAS**, a Seventh Amendment to the Contract (referenced as Contract No. 07-1621-CP) with the District Engineer for a redesign of the water main on Notre Dame including surveying and negotiations with the contractor following unknown field circumstances and additional construction support totaling \$107,092.88 was approved by the Board on December 19, 2019; and

**WHEREAS**, an Eighth Amendment to the Contract (referenced as Contract No. 09-1621-CP) with the District Engineer for design services totaling \$243,300 for planning, engineering design, and construction support for the Hastings Drive Services Connection Replacements, Hastings Drive Water Main Replacement, and Vine Street Water Main Replacement project was approved by the Board on July 23, 2020; and

**WHEREAS**, the Board of Directors (Board) adopted the MPWD Comprehensive System Analysis and Capital Improvement Program (CIP), FY 2019/2020 Update, and authorized the MPWD 5-Year CIP for Fiscal Years 2019/2020 through 2023/2024 at its May 28, 2020, regular meeting; and

**WHEREAS**, the District now proposes a Ninth Amendment to the Contract totaling \$85,530 for additional engineering services described in a proposal from Pakpour Engineering Consultants dated October 2, 2020 attached as Exhibit A and related to the Dekoven Tanks Replacement capital project.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of the Mid-Peninsula Water District hereby authorizes a Ninth Amendment to the Contract with Pakpour Consulting Group, Inc., for additional engineering services related to the Dekoven Tanks Replacement capital project (#08-1621-CP) totaling \$85,530.

**REGULARLY PASSED AND ADOPTED** this 22nd day of October 2020.

AYES:

NOES:

ABSTENTIONS:

ABSENCES:

\_\_\_\_\_  
BOARD PRESIDENT

ATTEST:

\_\_\_\_\_  
BOARD SECRETARY

**NINTH AMENDMENT TO  
CONTRACT FOR PROFESSIONAL SERVICES**

This Ninth Amendment to Contract for Professional Services is made as of the 22nd day of October 2020, by and between the MID-PENINSULA WATER DISTRICT (hereinafter referred to as "DISTRICT") and PAKPOUR CONSULTING GROUP, INC. (hereinafter referred to as "ENGINEER").

- A. The Parties entered into a Contract for Professional Services ("Contract") on June 25, 2015, under which Engineer provides professional engineering services in connection with the planning, design, construction, management, and operation of the DISTRICT's water system, including optional services related to major improvement projects costing over \$100,000.
- B. The DISTRICT desires Engineer to provide additional engineering services to the District's Dekoven Tanks Replacement Project (#08-1621-CP), as more particularly described in the ENGINEER's proposal dated October 2, 2020, a copy of which is attached hereto and incorporated herein as Exhibit "A" to this Ninth Amendment.

NOW THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. Under Section 2 of the Contract, the Scope of Services is amended to add the ENGINEER's services described in Exhibit "A" to this Ninth Amendment.
2. Under Section 4.3 of the Contract, the Compensation to be paid the ENGINEER for the specified services to be provided pursuant to this Ninth Amendment is set forth on page 4 of Exhibit "A" to this Ninth Amendment and totals \$85,530.
3. Except for those changes expressly specified in this Ninth Amendment, all other provisions, requirements, conditions and sections of the Contract remain in full force and effect.

IN WITNESS WHEREOF, this Ninth Amendment to the Contract for Professional Services between the District and Engineer is entered into as of the date first written above by the duly authorized representatives of the parties.

MID-PENINSULA WATER DISTRICT

PAKPOUR CONSULTING GROUP, INC.

BY: \_\_\_\_\_  
Tammy A. Rudock, General Manager

BY: \_\_\_\_\_  
Joubin Pakpour, P.E., Principal



Pakpour Consulting Group, Inc.

October 8, 2020

**10012.13**

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

**Subject: Additional Budget Request No. 1 and Revised Schedule  
 Dekoven Tanks Replacement Project  
 Mid-Peninsula Water District**

Dear Tammy,

The plans for the Dekoven Tanks Replacement Project are approximately 80% complete, the project is schedule to be completed by the end of 2020 and start of construction in early 2021. On August 21, 2020, a Notice of Additional Services memo was sent summarizing the additional work requested by the District. The work included the review of the California Environmental Quality Act (CEQA) and preparation of Notice of Exemption document by environmental consultant MIG, the development of landscape exhibits and plans by the landscape architect Callander Associates, the addition of a chemical feed equipment and building by the manufacturer PAX, and the peer review of the plans by the tank specialist consultant TIC. As outlined in the said memo, we attempted to perform the additional coordination within the original proposed budget; however, the project required more attention between the different consultants to assure a comprehensive set of construction plans.

A breakdown of the additional work items and hours are detailed below:

- 1) Preparation of CEQA documents by Environmental Consultant – Due to the proximity of the tanks to neighboring homes the District elected to obtain the services of an environmental consultant to prepare the necessary CEQA documents. In addition, the consultant assisted in reviewing slight modifications to the tank dimensions, location and additions of potential appurtenances to ensure the project still met the categorical exemption designation. MIG will also prepare the necessary CEQA form which will be filed with the County of San Mateo.

District Engineer	Joubin Pakpour	3 hours @ \$220/hr	\$660.00
Project Engineer	Victor Fung	24 hours @ \$170/hr	\$4,080.00
		Direct Cost Multiplier 5%	\$237.00
Consultant	MIG	Site Investigation & Report	<u>\$12,900.00</u>
		<b>Total</b>	<b>\$17,877.00</b>



- 2) Bridge Crossing Between Tanks – The District requested information of the feasibility of adding a steel walking bridge between the tanks to eliminate the need to climbing multiple tanks for inspection and maintenance. We worked with the structural engineer, Beyaz & Patel to develop a preliminary construction cost estimate. If the District decides to add a bridge crossing, an additional \$20,000 design fee will be required for Beyaz and Patel to prepare the structural drawings (Proposal date August 20, 2020).

District Engineer	Joubin Pakpour	4 hours @ \$220/hr	\$880.00
Project Engineer	Victor Fung	16 hours @ \$170/hr	\$2,720.00
		Direct Cost Multiplier 5%	<u>\$180.00</u>
		<b>Total</b>	<b>\$3,780.00</b>

- 3) Chemical Feed Building – At the direction of the District we began to coordinate with Pax Water Technologies Inc. (PAX) on January 7, 2020, to incorporate a chemical feed system to the project design. The original building proposed by PAX to house the chemicals and the equipment was too large and did not fit the site. The building was resized several times to provide the allowable pathway between the building and tanks to drive a small boom lift. The building will replace an existing shed on site. Extensive coordination was required to design a “T” shape building to fit the site. In addition, we are working with PAX and the District to determine the necessary electrical conduits from the pump station to the new chemical building.

District Engineer	Joubin Pakpour	2 hours @ \$220/hr	\$440.00
Project Engineer	Victor Fung	48 hours @ \$170/hr	\$8,160.00
		Direct Cost Multiplier 5%	<u>\$430.00</u>
		<b>Total</b>	<b>\$9,030.00</b>

- 4) Antenna Field Meetings – During the start of the project we notified the two antenna representatives, Crown Castle (CC) and Precision Site Development (PSD) to initiate the process of relocating their antennas before start of construction. We attended several field meetings with CC and PSD in effort to allow enough time during the year to complete the relocation. The task was transferred to Rene Ramirez to continue the coordination with the antenna representatives.

Project Engineer	Victor Fung	8 hours @ \$170/hr	\$1,360.00
		Direct Cost Multiplier 5%	<u>\$68.00</u>
		<b>Total</b>	<b>\$1,428.00</b>



- 5) Landscape and Site Improvement Plan – Due to the sensitive nature of the project the District elected to obtain the services of a landscape architect to help with frontage and fence design. We contacted Callander Associates to produce a conceptual and landscape plan of the frontage of the tank site. The District expanded the scope of work to include the entire fence perimeter. After seven iterations a conceptual landscape plan and associated exhibits were finalized and ready to be presented to the public for feedback. Callander also allocated time to attend a public meeting.

Conceptual Plan

District Engineer	Joubin Pakpour	4 hours @ \$220/hr	\$880.00
Project Engineer	Victor Fung	14 hours @ \$170/hr	\$2,380.00
		Direct Cost Multiplier 5%	\$163.00
Consultant	Callander Associates	Conceptual Plan	<u>\$21,100.00</u>
		<b>Total</b>	<b>\$24,523.00</b>

Construction Documents

District Engineer	Joubin Pakpour	8 hours @ \$220/hr	\$1,760.00
Project Engineer	Victor Fung	36 hours @ \$170/hr	\$6,120.00
		Direct Cost Multiplier 5%	\$394.00
Consultant	Callander Associates	Conceptual Plan	<u>\$27,700.00</u>
		<b>Total</b>	<b>\$35,974.00</b>

- 6) Tank Industry Consultants (TIC) – Due to turnover and retirement of staff at Beyaz and Patel (project structural engineer) we recommended contracting with TIC to perform a constructability and construction cost review for the project. Leslie Scott of TIC has been an engineer in the tank industry for over 40 years and has worked on dozens of steel tanks in the Bay Area. TIC is also assisting with life cycle cost analysis of different types of steel for the tank.

District Engineer	Joubin Pakpour	2 hours @ \$220/hr	\$440.00
Project Engineer	Victor Fung	24 hours @ \$170/hr	\$4,080.00
		Direct Cost Multiplier 5%	\$226.00
Consultant	TIC	Peer Review	<u>\$7,250.00</u>
		<b>Total</b>	<b>\$11,996.00</b>

- 7) Selection and Interview Process for Inspections Services – The District has elected to utilize a consultant to inspect the project during construction. We were asked to set up interviews with the District's on-call construction management firms which were held on September 23<sup>rd</sup>.

District Engineer	Joubin Pakpour	8 hours @ \$220/hr	\$1,760.00
Project Engineer	Victor Fung	3 hours @ \$170/hr	\$510.00
		Direct Cost Multiplier 5%	<u>\$114.00</u>
		<b>Total</b>	<b>\$2,384.00</b>





8) Construction Support Services – The District has requested we provide complete construction management services during the construction phase. Victor Fung will oversee the project during construction. He will be assisted by an inspector hired through the consulting firm Tanner Pacific. Victor has served in same role for the construction of the District’s Exbourne and Buckland tanks. Our original proposal allocated time for construction support services. We are providing a credit for those ours and will provide a full construction management proposal once the design is complete. Credit amounts are based on billing rates of our original proposal dated December 10, 2018.

District Engineer	Joubin Pakpour	16 hours @ \$190/hr.	\$ 3,040.00
Project Engineer	Victor Fung	120 hours @ \$145/hr.	\$ 17,400.00
		Direct Cost Multiplier 5%	<u>\$ 1,022.00</u>
		<b>Credit Total</b>	<b>&lt;\$ 21,462.00&gt;</b>

Based on the scope of work noted above, we are requesting a budget increase of **\$85,530.00**.

Pakpour Consulting Group	\$16,580.00
MIG	\$12,900.00
Callander Associates	\$48,800.00
TIC	<u>\$7,250.00</u>
<b>Total:</b>	<b>\$85,530.00</b>

Our overall project budget is summarized below:

December 10, 2018	Preparation of Plans, Specifications and Estimate	\$196,292.00
<b>September 30, 2020</b>	<b>Additional Budget Request No. 1 (Detailed Above)</b>	<b>\$85,530.00</b>
	<b>Revised Contract Amount</b>	<b>\$281,822.00</b>

The original planning, design, and construction support detailed in capital improvement program (CIP) is **\$420,000**. Even with the current additional request we are still below the original CIP budget.



## Schedule

On July 22<sup>nd</sup> we submitted a schedule to the District showing awarding the project to a contractor at the December 17<sup>th</sup> board meeting. With the additional work and the coordination of the landscape architect and PAX, the schedule was pushed out by a month. We also extended the bid period from 3 weeks to 7 weeks to allow contractors enough time to formulate a competitive bid. The revised award date is now set for February 25, 2021 with construction starting in April.

Description Notes	Estimated Completion Date
100% Submittal Plans, Specs, and Estimate (PSE) Due for MPWD's Review	November 2, 2020
100% Submittal Review Meeting with MPWD (Monday)	November 23, 2020
Final Plans – Construction Documents	December 4, 2020
Advertise Project (3 Weeks)	December 14, 2020
Pre-Bid Meeting (Tuesday)	December 29, 2020
<b><i>Bids Due (7 weeks)</i></b>	<b><i>February 9, 2021</i></b>
Award Package Due with Recommendation (±1 Week) Memo	February 19, 2021
<b><i>Award Project at the Board Meeting</i></b>	<b><i>February 25, 2021</i></b>
Start Construction	April 2021

Should you have any questions, please do not hesitate to contact me at (925) 224-7717.

Very truly yours,

***Pakpour Consulting Group, Inc.***

Joubin Pakpour, P.E.  
District Engineer



## DEKOVEN TANKS REPLACEMENT

### PROJECT BACKGROUND

The Dekoven Tanks, constructed in 1952, are a critical element of the Zone 3 water distribution system. The existing tanks are 52 and 60 feet in diameter, approximately 48 feet tall and have capacities of 720,000 gallons and 1,000,000 gallons respectively. The tanks are currently operating between 17 feet (pump on) to 30 feet (pump off) and the overflow is located at 47 feet. A recent structural analysis determined the maximum capacity level (MCL) in the tanks should be reduced to 22 feet (from the current 30 feet) to withstand seismic events. However, the District would lose more than half of the tanks capacity and operation staff indicated this may not be feasible during high summer demands. The coatings on each tank are also failing increasing the urgency to rehabilitate or replace the tanks.

Given the seismic vulnerability and the coating failures, the District explored 3 options for rehabilitation / replacement including a) only recoating the tanks and reducing the MCL to 22 feet, b) seismic retrofits to each tank, and c) demolish and rebuild two 800,000 gallon tanks. After a cost analysis of each option and viewing potential construction difficulties, the District determined replacement of the tanks was the best option.

### PROPOSED IMPROVEMENTS

Replace the existing 1.0 MG and 0.7 MG tanks with two 0.8 MG tanks.

### PROJECT BENEFITS

The Dekoven Tanks Replacement project replaces seismically unsound water tanks with new tanks capable of withstanding seismic events while maintaining existing operating levels.

### PROJECT BUDGET (2020)

Tank Removal x2	\$ 150,000
Grading and Excavation	\$ 300,000
Foundation and Anchors	\$ 450,000
Tank Construction w/ Coating x2	\$ 1,600,000
PAX Mixing System	\$ 300,000
<b>Subtotal Construction</b>	<b>\$ 2,800,000</b>
Planning, Design & Construction Support	\$ 420,000
Construction Inspection	\$ 280,000
Contingency (±10%)	\$ 350,000
<b>Project Budget</b>	<b>\$ 3,850,000</b>

### PROJECT COMPLETED

Completion Date:

#### Actual Expenditures

Planning, Design, & Construction Support:	\$
Construction:	\$
<b>Total Expenditures:</b>	<b>\$</b>



**\*This project is currently under design. Construction costs are updated to reflect 2020 costs based on recent bid tabulations.**



Pakpour Consulting Group, Inc.  
5776 Stoneridge Mall Road, Suite 320  
Pleasanton, CA 94588  
925.224.7717 Fax: 925.224.7726  
www.pcgengr.com

JOB No.	10012.07
DATE	10/8/19
SCALE	AS NOTED
DRAWN:	BY <u>BL</u>
	CKD <u>JP</u>



MID-PENINSULA WATER DISTRICT  
SAN MATEO COUNTY, CALIFORNIA  
3 DAIRY LANE  
BELMONT, CA 94002

CAPITAL IMPROVEMENT PROGRAM  
DEKOVEN TANKS REPLACEMENT  
PROJECT 15-89

Rev 1 - 02/20  
Original 2015



**AGENDA ITEM NO. 5.D.**

DATE: October 22, 2020  
TO: Board of Directors  
FROM: Tammy Rudock, General Manager

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**SUBJECT: APPROVE 2020 MPWD CATALOG OF ENTERPRISE SYSTEMS PER GOVERNMENT CODE SECTION 6270.5**

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**RECOMMENDATION**

Approve 2020 MPWD Catalog of Enterprise Systems.

**FISCAL IMPACT**

None.

**DISCUSSION**

The MPWD’s Catalog of Enterprise Systems was developed in 2016 in response to SB 272 (codified as Government Code Section 6270.5) and has been maintained since then. According to law, it must be reviewed annually and approved by the Board before posting to the website. It was reviewed last by the Board on July 25, 2019.

Staff reviewed the catalog and added the agenda report management system, NovusAGENDA, and made a few minor revisions in data frequencies and updates for 2020.

Attachment: MPWD Catalog of Enterprise Systems dated October 22, 2020

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BOARD ACTION: APPROVED:\_\_\_\_ DENIED:\_\_\_\_ POSTPONED:\_\_\_\_ STAFF DIRECTION:\_\_\_\_  
UNANIMOUS \_\_\_\_ ZUCCA \_\_\_\_ SCHMIDT \_\_\_\_ WHEELER \_\_\_\_ WARDEN \_\_\_\_ VELLA \_\_\_\_

## **CATALOG OF ENTERPRISE SYSTEMS**

### **CA Senate Bill 272 Compliance (Codified as Government Code Section 6270.5)**

Approved on October 11, 2015, SB 272 added a section to the California Public Records Act requiring local agencies to create a catalog of Enterprise Systems by July 1, 2016, with annual updates.

### **Enterprise System**

As defined by SB 272, an Enterprise System is a software application or computer system that collects, stores, exchanges, and analyzes information an agency uses that is both of the following:

- A multi-departmental system or a system that contains information collected about the public.
- A system that serves as an original source of data within an agency.

### **An Enterprise System does not include any of the following:**

- Information Technology security systems, including firewalls and other cybersecurity systems.
- Physical access control systems, employee identification management systems, video monitoring and other physical control systems.
- Infrastructure and mechanical control systems, including those that control or manage street lights, electrical, natural gas, or water or sewer functions.
- Systems related to 911 dispatch and operation or emergency services.
- Systems that would be restricted from disclosure by Government Code Section 6254.19.
- The specific records that the information technology system collects, stores, exchanges, or analyzes.

### **Requirements**

1. Create a catalog of enterprise systems, containing:
  - Current vendor
  - Current system product
  - System's purpose
  - A description of categories or types of data
  - The department that is the prime custodian of the data
  - The frequency that system data is collected
  - The frequency that system data is updated
2. To make the catalog publicly available upon request
3. To post the catalog in a prominent location on the agency's website

### **Exception**

If the public interest served by not disclosing the information described clearly outweighs the public interest served by disclosure, the local agency may instead provide a system name, brief title or identifier of the system.

	<i>PRODUCT</i>	<i>SYSTEM PURPOSE</i>	<i>DATA CATEGORY</i>	<i>CUSTODIAN</i>	<i>COLLECTION FREQUENCY</i>	<i>UPDATE FREQUENCY</i>
Microsoft, Inc.	Exchange 2010	Email communications, scheduling/calendar	Unified messaging	MPWD/IT*	Daily	Daily
Microsoft, Inc.	Microsoft Office	Creation and organization of digital work product and running of applications	Interdepartmental database of forms and documents	MPWD/IT	Daily	Daily
CUSI**	Water Billing System	Water billing	Utility billing	MPWD	As Needed	As Needed
Adobe	Adobe Professional	PDF document production and editing	Other	MPWD	Daily	Daily
Comcast	Business Voice Edge	Integrated voice telephone and voicemail	Other	MPWD/IT	As Needed	As Needed
ESRI	ArcGIS	Geographic Information System (GIS)	Land records; water system database	MPWD	Daily	Daily
Intuit	QuickBooks	Financial management	Financial system	MPWD	As Needed	As Needed
ADP	ADP Payroll	Employee time entry and payroll	Financial system	MPWD/ADP***	Daily	Daily
Accela	Springbrook	Financial management and reporting	Financial system	MPWD	Daily	Daily
Granicus	NovusAGENDA	Meeting agenda and staff report management	Agenda management system	MPWD	Weekly	Weekly

\*IT = Information Technology

\*\*CUSI = Continental Utility Solutions, Inc.

\*\*\*ADP = Automatic Data Processing, Inc.



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

DATE: October 22, 2020  
TO: Board of Directors  
FROM: Candy Pina, Administrative Services Manager

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**SUBJECT: RECEIVE AND ACCEPT THE FINANCIAL AUDIT REPORT FOR FISCAL YEAR ENDED JUNE 30, 2020, PRESENTED BY DAVID BECKER, CPA, OF JAMES MARTA & COMPANY LLP**

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**RECOMMENDATION**

Receive and accept the financial audit report for the fiscal year ended June 30, 2020, presented by David Becker, CPA, of James Marta & Company LLP.

**FISCAL IMPACT**

\$19,725 paid to date to James Marta & Company LLP. (\$20,000 is the total contracted amount for the FY 2019/2020.)

**DISCUSSION**

Attached are the financial audit reports for Fiscal Year Ended June 30, 2020 and related documents, which will be presented by David Becker, CPA, of James Marta & Company LLP.

An audit exit conference was facilitated by David Becker on October 8, 2020 with the Board’s Finance Committee and staff.

Attachments: MPWD Financial Audit Report for Year Ended June 30, 2020  
MPWD Management Letter  
MPWD Board Communication

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

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



**MID-PENINSULA WATER DISTRICT  
FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEARS ENDED  
JUNE 30, 2020 AND 2019**

JAMES MARTA & COMPANY LLP  
CERTIFIED PUBLIC ACCOUNTANTS

701 HOWE AVENUE, E3  
SACRAMENTO, CA

(916) 993-9494  
(916) 993-9489 FAX  
WWW.JPMCPA.COM



**MID-PENINSULA WATER DISTRICT****BOARD OF DIRECTORS****JUNE 30, 2020**

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<u>Name</u>	<u>Office</u>	<u>Term Expires November</u>
Matthew Zucca	President	2020
Brian Schmidt	Vice President	2022
Dave Warden	Director	2022
Louis Vella	Director	2020
Kirk Wheeler	Director	2022

**ADMINISTRATION**

Tammy Rudock  
General Manager

**MID-PENINSULA WATER DISTRICT**

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Mid-Peninsula Water District  
Belmont, California

**Report on the Financial Statements**

We have audited the accompanying Statement of Net Position of Mid-Peninsula Water District (the District) as of June 30, 2020 and 2019 and the related Statements of Revenues, Expenses and Changes in Net Position and Cash Flows for the years then ended and the related notes to the financial statement.

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

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

**Auditor's Responsibility**

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

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

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

**Opinion**

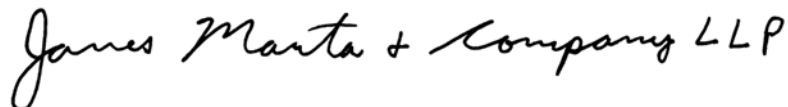
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Mid-Peninsula Water District as of June 30, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

**Other Matters***Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of Pension Contributions and Schedule of Changes in the Net OPEB Liability and Related Ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2020 on our consideration of Mid-Peninsula Water District's internal control over financial reporting and our tests of its compliance with provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mid-Peninsula Water District's internal control over financial reporting and compliance.



James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
October 14, 2020

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

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This section of the Mid-Peninsula Water District's ("District") annual financial report presents a discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2020. It should be reviewed in conjunction with the District's basic financial statements for the fiscal year ended June 30, 2020.

**FINANCIAL HIGHLIGHTS**

- The District's Net Position increased by \$3,423,144 (14%) during the fiscal year ended June 30, 2020.
- The District's operating revenues increased from the previous year by \$1,441,031 (11%).
- Non-operating revenues decreased from the previous year by -\$130,677 (-10%).
- Operating expenses increased by \$681,253 (6%).
- Non-Operating expenses decreased by -\$14,150 (-2%).

The "Changes in Net Position" portion of the report details the various factors behind the highlights.

**USING THIS ANNUAL REPORT**

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

**Required Financial Statements**

District financial statements report financial information about the District using accounting methods similar to those used by private sector companies, which include Generally Accepted Accounting Principles (GAAP). The Statement of Net Position included all District assets and liabilities, and provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District.

All of the fiscal year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges.

The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District cash receipts, cash disbursements and net changes in cash resulting from operating, investing, and capital and noncapital financing activities.

**FINANCIAL ANALYSIS OF THE DISTRICT**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

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

**Condensed Statement of Net Position**

	<b>June 30, 2020</b>	<b>June 30, 2019</b>	<b>Amount Increase (Decrease)</b>	<b>Percent Increase (Decrease)</b>	<b>June 30, 2018</b>
Current and Other Assets	\$ 9,646,952	\$ 5,765,142	\$ 3,881,810	67%	\$ 8,391,384
Restricted cash with fiscal agent	11,702,873	14,459,680	(2,756,807)	-19%	16,540,967
Net pension asset	74,271	-	74,271	0%	-
Capital Assets, Net	26,715,591	24,395,038	2,320,553	10%	20,657,271
Total Assets	48,139,687	44,619,860	3,519,827	8%	45,589,622
Deferred Outflows of Resources	721,495	2,226,591	(1,505,096)	-68%	1,210,080
Current and Other Liabilities	1,744,488	1,496,903	247,585	17%	2,665,025
Long-Term Liabilities	18,279,127	20,040,903	(1,761,776)	-9%	24,277,414
Total Liabilities	20,023,615	21,537,806	(1,514,191)	-7%	26,942,439
Deferred Inflows of Resources	1,071,617	965,839	105,778	11%	959,375
Net Investment in Capital Assets	20,868,464	20,284,718	583,746	3%	20,657,271
Unrestricted Net Position	6,897,486	4,058,088	2,839,398	70%	905,642
Total Net Position	\$ 27,765,950	\$ 24,342,806	\$ 3,423,144	14%	\$ 21,562,913

The District's net position at fiscal year end June 30, 2020 increased \$3,423,144 (14%) when compared to fiscal year end June 30, 2019. Factors contributing to this increase are mainly due to Construction in Progress totaling an increase of \$1,997,810 (85%); Utility Plant in Service which includes Water Main Replacements, Pressure Regulation Station Capital Project, and New and Upgraded Meter Services totaling an increase of \$1,294,589 (3%), and Vehicle & Computer System Upgrades totaling \$76,266 (17%).

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

**Changes in Net Position**

Changes in the District's net position between fiscal year end June 30, 2020, and fiscal year end June 30, 2019, can be determined by reviewing the following condensed Statement of Revenue, Expenses, and Changes in Net Position.

**Condensed Statement of Revenues, Expenses and Changes in Net Position**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Amount Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>	<u>June 30, 2018</u>
Operating Revenue	\$ 14,883,161	\$ 13,442,130	\$ 1,441,031	11%	\$ 12,853,697
Non-Operating Revenue	1,140,598	1,271,275	(130,677)	-10%	1,336,084
Total Revenues	<u>16,023,759</u>	<u>14,713,405</u>	<u>1,310,354</u>	9%	<u>14,189,781</u>
Operating Expenses	11,923,897	11,242,644	681,253	6%	10,872,601
Non-Operating Expenses	676,718	690,868	(14,150)	0%	704,552
Total Expenses	<u>12,600,615</u>	<u>11,933,512</u>	<u>667,103</u>	6%	<u>11,577,153</u>
Change in Net Position	3,423,144	2,779,893	643,251	23%	2,612,628
Net Position, Beginning	<u>24,342,806</u>	<u>21,562,913</u>	<u>2,779,893</u>	13%	<u>18,950,285</u>
Net Position, Ending	<u>\$ 27,765,950</u>	<u>\$ 24,342,806</u>	<u>\$ 3,423,144</u>	14%	<u>\$ 21,562,913</u>

The District's Operating Revenues increased by \$1,441,031 (11%) due to various factors: Water Commodity Charges increased by \$1,413,354 (15%); Fixed System Charges increased by \$254,914 (9%); Service Line & Installation Charges increased by \$91,858 (770%) due to New Service connections and Upgrades; Miscellaneous Operating Revenue decreased by -\$24,363 (-100%); and Water System Capacity Charges decreased by -\$267,219 (-41%).

The District's Non-Operating Revenues decreased by -\$130,677 (-10%) due to various factors: Lease of Physical Property increased by \$80,995 (53%); Property Tax Revenue increased by \$19,891 (5%); Contributed Capital decreased by -\$99,324 (-33%); LAIF and COP Funds Interest Revenue decreased by -\$131,265 (-30%) due to the investment market volatility as a result of the COVID-19 pandemic.

The District's Operating Expenses increased by \$681,253 (6%) due to various factors: Salaries and Benefits increased by \$180,450 (7%) due to salary equity adjustments and merit increases; Maintenance & Rehabilitation increased by \$130,788 (32%); Purchased Water increased by \$284,802 (5%); and Depreciation increased by \$109,728 (12%).

The District's Non-Operating Expenses decreased by -\$14,150 (-2%) due to one factor: Debt Service Interest decreased by -\$14,150 (-2%).



## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

**2016 COP CIP DEBT ISSUANCE**

In December 2016, the District issued COP's in the amount of \$18,570,000 to finance certain improvements to the District's municipal water system. Principal is due annually in December and interest is payable on June 1 and December 1. The certificates have an interest rate of 4% and mature on December 1, 2046 (reference Trust Agreement dated December 1, 2016). The Certificates of Participation were issued at a premium of \$938,447, which is being amortized over the life of the debt and is recorded as deferred inflows on the statement of net position.

The annual payments required to amortize the Certificates of Participation outstanding as of June 30, 2019, are as follows, which includes a reference to interest payments made based on the Official Statement Schedule (OSS):

<b>Year Ended</b>			
<b>June 30:</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ -	\$ 330,133	\$ 330,133
2018	315,000	736,500	1,051,500
2019	345,000	723,300	1,068,300
2020	360,000	709,200	1,069,200
<b>Total Payments Made to Date</b>	<b>1,020,000</b>	<b>2,499,133</b>	<b>3,519,133</b>
2021	375,000	694,500	1,069,500
2022	385,000	679,300	1,064,300
2023	405,000	663,500	1,068,500
2024	420,000	647,000	1,067,000
2025-2029	2,360,000	2,964,400	5,324,400
2030-2034	2,870,000	2,443,000	5,313,000
2035-2039	3,495,000	1,808,500	5,303,500
2040-2044	4,255,000	1,036,100	5,291,100
2045-2047	2,985,000	182,300	3,167,300
<b>Remaining Payments</b>	<b>\$ 17,550,000</b>	<b>\$ 11,118,600</b>	<b>\$ 28,668,600</b>

**BUDGETARY HIGHLIGHTS**

In its commitment to fiscal responsibility, the District timely adopted an annual budget for Fiscal Year 2019/2020 on June 27, 2019 per Resolutions #2019-12 and #2019-13 that projected revenues and expenditures for operations and capital improvements. The Fiscal Year 2019/2020 Operating and Capital Budgets were reviewed at mid-year and amended on February 27, 2020 per Resolution #2020-02.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

**CAPITAL ASSETS**

During the fiscal year ended June 30, 2020, the District had \$26,715,591 (net of accumulated depreciation) invested in capital assets. The following table is presented below to illustrate changes from the prior year:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Amount Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>	<u>June 30, 2018</u>
Land	\$ 1,045,264	\$ 1,045,264	\$ -	0%	\$ 1,045,264
Construction in Progress	4,345,242	2,347,432	1,997,810	85%	3,865,728
Utility Plant in Service	48,440,406	47,145,817	1,294,589	3%	41,163,223
Vehicles	1,718,138	1,711,727	6,411	0%	1,505,117
Computer System	496,386	426,531	69,855	16%	421,288
Capital Asset at Cost	56,045,436	52,676,771	3,368,665	6%	48,000,620
Less Accumulated Depreciation	(29,329,845)	(28,281,733)	1,048,112	4%	(27,343,349)
Capital Assets, Net	<u>\$ 26,715,591</u>	<u>\$ 24,395,038</u>	<u>\$ 2,320,553</u>	10%	<u>\$ 20,657,271</u>

**RATES AND OTHER ECONOMIC FACTORS**

The District is governed in part by provisions of the State Water Resources Control Board that require rate-based revenues must cover the costs of Operations, Maintenance and Repairs (OM&R) and capital improvement projects. The District is not subject to general economic conditions such as increases or reductions in property tax values or other types of revenues, such as sales taxes, that vary with economic conditions. Accordingly, the District sets its rates to its users to cover the costs of OM&R, capital improvement projects, plus any increments for known or anticipated changes in program costs. The MPWD is undertaking a Water Rate Study and Long-Term Financial Plan in Fiscal Year 2020/2021.

**REQUESTS FOR FINANCIAL INFORMATION**

This financial report is designed to provide our customers and creditors with a general overview of District finances, and demonstrate District fiscal accountability for the money it receives. If you have any questions about this report, or need additional financial information, please contact:

Tammy Rudock, General Manager  
Mid-Peninsula Water District  
3 Dairy Lane  
Belmont, CA 94002  
(650) 591-8941

## **BASIC FINANCIAL STATEMENTS**

## STATEMENT OF NET POSITION

JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b><u>ASSETS</u></b>		
Current Assets		
Cash and cash equivalents (Note 2)	\$ 7,977,332	\$ 4,357,722
Accounts receivables	1,441,842	1,206,156
Prepaid expenses and other assets	<u>227,778</u>	<u>201,264</u>
Total Current Assets	9,646,952	5,765,142
Restricted cash with fiscal agent (Note 2)	11,702,873	14,459,680
Net pension asset (Note 5)	74,271	-
Capital assets, net (Note 3)	<u>26,715,591</u>	<u>24,395,038</u>
TOTAL ASSETS	<u>48,139,687</u>	<u>44,619,860</u>
Deferred Outflows of Resources:		
OPEB related (Note 7)	156,867	12,382
Pension related (Note 5)	<u>564,628</u>	<u>2,214,209</u>
Total Deferred Outflows	<u>721,495</u>	<u>2,226,591</u>
<b><u>LIABILITIES</u></b>		
Current Liabilities		
Accounts payable	1,053,269	422,846
Accrued expenses	316,219	714,057
Current portion of long-term debt (Note 4)	<u>375,000</u>	<u>360,000</u>
Total Current Liabilities	<u>1,744,488</u>	<u>1,496,903</u>
Long-Term Liabilities		
Certificates of Participation (Note 4)	17,175,000	17,550,000
Net pension liability (Note 5)	-	1,503,970
Net OPEB liability (Note 7)	744,943	668,889
Compensated absences	<u>359,184</u>	<u>318,044</u>
TOTAL LIABILITIES	<u>20,023,615</u>	<u>21,537,806</u>
Deferred Inflows of Resources:		
Pension related (Note 5)	65,217	70,382
OPEB related (Note 7)	180,045	37,820
Original issue premium	<u>826,355</u>	<u>857,637</u>
Total Deferred Inflows	<u>1,071,617</u>	<u>965,839</u>
<b><u>NET POSITION</u></b>		
Net investment in capital assets	20,868,464	20,284,718
Unrestricted	<u>6,897,486</u>	<u>4,058,088</u>
TOTAL NET POSITION	<u>\$ 27,765,950</u>	<u>\$ 24,342,806</u>

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

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION**

**FOR THE FISCAL YEARS ENDED  
JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Water service charges	\$ 14,669,447	\$ 13,170,928
Other revenue	213,714	271,202
Total Operating Revenues	<u>14,883,161</u>	<u>13,442,130</u>
OPERATING EXPENSES		
Salaries and benefits	2,903,078	2,722,423
Maintenance and rehabilitation	543,617	412,829
Purchased water	5,866,091	5,581,289
Utilities	334,459	304,832
Professional services	479,370	522,511
Administrative and other	749,170	760,376
Depreciation	1,048,112	938,384
Total Operating Expenses	<u>11,923,897</u>	<u>11,242,644</u>
OPERATING INCOME (LOSS)	2,959,264	2,199,486
NON-OPERATING REVENUES (EXPENSES)		
Rent	233,920	152,926
Property taxes	400,400	380,509
Amortization of COP premium	31,282	31,282
Debt service interest	(708,000)	(722,150)
Interest income	305,838	438,076
Capital contributions	200,440	299,764
Total Non-Operating Revenues (Expenses)	<u>463,880</u>	<u>580,407</u>
CHANGE IN NET POSITION	3,423,144	2,779,893
NET POSITION, BEGINNING OF YEAR	<u>24,342,806</u>	<u>21,562,913</u>
NET POSITION, END OF YEAR	<u>\$ 27,765,950</u>	<u>\$ 24,342,806</u>

**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEARS ENDED**  
**JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>Cash Flows From Operating Activities</b>		
Receipts from customers and users	\$ 14,433,761	\$ 13,221,584
Other operating revenue	213,714	271,202
Payments to suppliers	(7,766,636)	(8,749,285)
Payments related to employees	(2,721,969)	(4,912,674)
<b>Net Cash Flows Provided (Used) by Operating Activities</b>	<u>4,158,870</u>	<u>(169,173)</u>
<b>Cash Flows From Non-Capital Financing Activities</b>		
Rent received	233,920	152,926
Property taxes received	400,400	380,509
<b>Net Cash Flows Provided (Used) by Non-Capital Financing Activities</b>	<u>634,320</u>	<u>533,435</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Acquisition of capital assets	(3,368,665)	(4,676,151)
Cash received for completed projects	200,440	299,764
Restricted cash deposited with fiscal agent	2,756,807	2,081,287
Principal paid on COP bonds	(360,000)	(345,000)
Interest paid on COP bonds	(708,000)	(722,150)
<b>Net Cash Flows Provided (Used) by Capital &amp; Related Activities</b>	<u>(1,479,418)</u>	<u>(3,362,250)</u>
<b>Cash Flows From Investing Activities</b>		
Interest income	305,838	438,076
<b>Net Cash Flows Provided (Used) by Investing Activities</b>	<u>305,838</u>	<u>438,076</u>
Net Increase (Decrease) in Cash	3,619,610	(2,559,912)
Beginning Cash and Equivalents	<u>4,357,722</u>	<u>6,917,634</u>
Ending Cash, Cash Equivalents and Restricted Cash	<u>\$ 7,977,332</u>	<u>\$ 4,357,722</u>

**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEARS ENDED**  
**JUNE 30, 2020 AND 2019**

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	<b>2020</b>	<b>2019</b>
<b>Reconciliation of Operating Income (loss) to Net Cash Provided (used) by Operating Activities</b>		
Cash Flows from Operating Activities:		
Operating Income (Loss)	\$ 2,959,264	\$ 2,199,486
Adjustments to Reconcile Operating Income (loss) to Net Cash Provided (used) by Operations:		
Depreciation	1,048,112	938,384
(Increase) Decrease in:		
Accounts receivable	(235,686)	50,656
Prepaid expenses and other assets	(26,514)	15,674
Deferred outflows	1,505,096	(1,016,511)
Increase (Decrease) in:		
Accounts payable	630,423	(481,574)
Accrued benefits	41,140	30,373
Net OPEB liability	76,054	(1,156,889)
Customer deposits	(397,838)	(701,548)
Net pension liability	(1,578,241)	(84,970)
Deferred inflows	137,060	37,746
	<b>\$ 4,158,870</b>	<b>\$ (169,173)</b>
Net Cash Provided (used) by Operating Activities	<b>\$ 4,158,870</b>	<b>\$ (169,173)</b>

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****A. REPORTING ENTITY**

Mid-Peninsula Water District (the District) is a separate political subdivision of the State of California. The District was established on July 2, 1929 as the Belmont County Water District and changed its name effective July 1, 2000. The District maintains and operates a system of storage tanks and water mains. It purchases water from the San Francisco Public Utilities Commission for distribution to its customers through this system.

The District's Board of Directors formed a non-profit public benefit corporation known as the Public Property Financing Corporation of California (Financing Authority). The District and the Financing Authority have a financial and operational relationship which meets the reporting entity definition criteria of Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, for inclusion of the Financing Authority as a blended component unit of the District. Therefore, the financial activities of Financing Authority have been included in the financial statements of the District.

The following are those aspects of the relationship between the District and Financing Authority which satisfy Codification of Governmental Accounting and Financial Reporting Standards, Section 2100:

Manifestations of Oversight

The Financing Authority's Board of Directors is the District's Board of Directors.

The Financing Authority has no employees. The District's general manager functions as an agent of the Financing Authority. The individuals did not receive additional compensation for work performed in this capacity.

The District exercises significant influence over operations of the Financing Authority as it is anticipated that the District will be the sole lessee of all facilities owned by the Financing Authority.

Accounting for Fiscal Matters

All major financing arrangements, contracts, and other transactions of the Financing Authority must have the consent of the District.

Any deficits incurred by the Financing Authority will be reflected in the lease payments of the District. Any surpluses of the Financing Authority revert to the District at the end of the lease period.

It is anticipated that the District's lease payments will be the sole revenue source of the Financing Authority.



## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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**A. REPORTING ENTITY (CONTINUED)**Scope of Public Service and Financial Presentation

The Financing Authority was created for the sole purpose of financially assisting the District.

The Financing Authority is a nonprofit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State. The Financing Authority was formed to provide financing assistance to the District for construction and improvement to the District's municipal water system. Upon completion, the District intends to purchase all improvements from the Financing Authority. When the Financing Authority's Certificates of Participation have been paid, title to all Financing Authority property will pass to the District for no additional consideration.

The Financing Authority's financial activity is presented in the financial statements of the District. Certificates of Participation issued by the Financing Authority are included in the long-term liabilities.

**B. BASIS OF ACCOUNTING**

The District is accounted for as an enterprise fund and its financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows.

Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District include water service charges. Operating expenses of the District include employee costs, water purchases, maintenance, utilities, and other administrative costs. All revenues and expenses not meeting this definition are reported as non-operating revenue and expense.

**C. CASH AND CASH EQUIVALENTS**

The District considers cash on hand, cash in banks and the Local Agency Investment Fund to be cash and cash equivalents.

**D. ACCOUNTS RECEIVABLE**

The District extends credit to customers in the normal course of operations. The District has not experienced any significant bad debt losses, and elects to write off the bad debt as it is identified.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

**E. RESTRICTED CASH**

In December 2016, the Mid-Peninsula Water District issued certificates of participation in the amount of \$18,570,000. All proceeds are held by a fiscal agent and cash is restricted for certain improvements to the District's municipal water system.

**F. UNEARNED REVENUE**

Contractors developing projects, which include construction of facilities to bring water from District mains into the project, deposit a construction advance with the District for an amount estimated to cover the District's costs related to the project. The District accounts for expenditures as construction in progress until the completion of the project, the final inspection and approval of the District, and then it is capitalized as part of capital assets. Revenues are recognized as the project progresses. At the completion of the project, any excess funds are returned to the contractor.

**G. COMPENSATED ABSENCES**

The District has a paid time off (PTO) policy in effect. It is the District's policy to permit employees to accumulate earned but unused vacation, sick leave and compensated time off. The District pays all earned PTO upon termination. All accumulated PTO is recorded as an expense and a liability at the time the benefit is earned.

**H. CAPITAL ASSETS**

Capital assets are recorded at cost, or if contributed, at estimated value at time of acquisition. Depreciation is recognized on buildings, furniture, fixtures, equipment and subsurface lines by the straight-line method over their estimated useful lives. Estimated useful lives are as follows:

Utility plant	10 - 50 years
Vehicles	5 years
Machinery and equipment	7 years
Computer system	5 years

District policy is to capitalize all assets, which cost \$5,000 or more, and to charge to current operations all additions under that cost limit. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are also expensed in the current period.

**I. REVENUES**

Customer water meters are read on a monthly basis. Bills are rendered and income is recognized in the period in which meters are read. The District does not accrue income for water distributed but not yet billed at the end of the year. California state law requires water districts to report capacity charges collected and spent separately from operating revenue and expense and any fees unspent at year-end are shown in a separate equity fund.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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**J. PROPERTY TAXES**

The District's property taxes are levied each calendar year on all taxable real property located in the District. Property taxes are recorded on an accrual basis of accounting. The County Assessor is responsible for assessment of all taxable real property within San Mateo County. Reassessment is on a three-year schedule established by the Assessor. The County Clerk computes the annual tax for each parcel of real property and prepares tax books used by the County Collector as the basis for issuing tax bills to all taxpayers in the County. Property taxes are collected by the County Collector and are submitted to the County Treasurer, who remits to each unit its respective share of the collections. Taxes levied in one year become due and payable in two installments during the following year generally on March 1st and August 30th. The first installment is an estimated bill, and is approximately one-half of the prior year's tax bill. The second installment is based on the current levy, assessment, equalization, and certificate to limit levy, if any and any changes from the prior year will be reflected in the second installment bill. Taxes must be levied by the last Tuesday in December for the following collection year. The levy becomes an enforceable lien against the property as of January 1<sup>st</sup> of the levy year.

**K. INCOME TAXES**

The District is a governmental entity and as such its income is exempt from taxation under Section 115(1) of the Internal Revenue Code and Section 23701d of the California and Taxation Code. Accordingly, no provision for federal or state income taxes has been made in the accompanying financial statements.

**L. PENSIONS**

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

**M. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

For purposes of measuring the District's net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan and additions to/deductions from the District Plan's fiduciary net position have been determined on the same basis as they are reported by the District's OPEB plan. For this purpose, the District's plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

**N. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES**

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time.

**O. USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**2. CASH AND INVESTMENTS**

Cash and cash equivalents as of June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Petty cash	\$ 400	\$ 400
Cash drawer	200	200
Sweep account	527,454	290,389
Cash in bank	414,301	144,837
Local Agency Investment Fund	<u>7,034,977</u>	<u>3,921,896</u>
Total Cash and Cash Equivalents	<u>\$ 7,977,332</u>	<u>\$ 4,357,722</u>

The carrying amount of the District's cash is covered by federal depository insurance up to \$250,000. Should deposits exceed the insured limits, the balance is covered by collateral held by the bank in accordance with California law requiring the depository bank to hold collateral equal to 110% of the excess government funds on deposit.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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**2. CASH AND INVESTMENTS (Continued)**Local Agency Investment Fund

The District is a voluntary participant in Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's Office pools these funds with those of other governmental agencies in the State and invests the cash. The fair value of the District's investment in this pool, which approximates cost, is reported in the accompanying financial statements based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds are accessible and transferable to the master account with twenty-four hour notice. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity, and yield are not jeopardized. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset backed securities, and floating rate securities issued by Federal Agencies, government-sponsored enterprises and corporations. The monies held in the LAIF are not subject to categorization by risk category. It is also not rated as to credit risk by a nationally recognized statistical rating organization. LAIF is administered by the State Treasurer and audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office: 915 Capitol Mall, Sacramento, California 95814.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The monies held in the LAIF investment pool are not subject to categorization by risk category. It is also not rated as to credit risk by a nationally recognized statistical rating organization.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

Restricted Cash With Fiscal Agent

At June 30, 2020 and 2019, funds totaling \$11,702,873 and \$14,459,680, respectively, were held by The Bank of New York Mellon Trust Company, N.A. in various accounts related to the Certificates of Participation issued in December 2016 for the purpose of funding certain improvements to the District's municipal water system.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

**3. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2020 is as follows:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets not subject to depreciation				
Land	\$ 1,045,264	\$ -	\$ -	\$ 1,045,264
Construction in progress	2,347,432	4,222,143	2,224,333	4,345,242
Total capital assets not subject to depreciation	<u>3,392,696</u>	<u>4,222,143</u>	<u>2,224,333</u>	<u>5,390,506</u>
Capital assets being depreciated				
Utility plant in service	47,145,817	1,294,589	-	48,440,406
Vehicles	1,711,727	6,411	-	1,718,138
Computer and telephone systems	426,531	69,855	-	496,386
Total capital assets being depreciated	<u>49,284,075</u>	<u>1,370,855</u>	<u>-</u>	<u>50,654,930</u>
Less accumulated depreciation for:				
Utility plant in service	(26,476,619)	(895,665)	-	(27,372,284)
Vehicles	(1,485,387)	(77,244)	-	(1,562,631)
Computer and telephone systems	(319,727)	(75,203)	-	(394,930)
Total accumulated depreciation	<u>(28,281,733)</u>	<u>(1,048,112)</u>	<u>-</u>	<u>(29,329,845)</u>
Total capital assets, net of depreciation	<u>\$ 24,395,038</u>	<u>\$ 4,544,886</u>	<u>\$ 2,224,333</u>	<u>\$ 26,715,591</u>

Depreciation for the year's ended June 30, 2020 and 2019 was \$1,048,112 and \$938,384, respectively.

**4. LONG-TERM LIABILITIES**Summary of Long-Term Liabilities

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Due Within One Year
Net OPEB Liability	\$ 668,889	\$ 76,054	\$ -	\$ 744,943	\$ -
Net Pension Liability (Asset)	1,503,970	-	1,578,241	(74,271)	-
Compensated Absences	318,044	41,140	-	359,184	-
Certificates of Participation	17,910,000	-	360,000	17,550,000	375,000
	<u>\$ 20,400,903</u>	<u>\$ 117,194</u>	<u>\$ 1,938,241</u>	<u>\$ 18,579,856</u>	<u>\$ 375,000</u>

Certificates of Participation

In December 2016, the Mid-Peninsula Water District issued certificates of participation in the amount of \$18,570,000 to finance certain improvements to the District's municipal water system. Principal is due annually in December and interest is payable on June 1 and December 1. The certificates have an interest rate of 4% and mature on December 1, 2046. The Certificates of Participation were issued at a premium of \$938,447, which is being amortized over the life of the debt and is recorded as deferred inflows on the statement of net position.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

**4. LONG-TERM LIABILITIES (CONTINUED)**

The annual payments required to amortize the Certificates of Participation outstanding as of June 30, 2020, are as follows:

Year Ended June 30,	Principal	Interest	Total
2021	\$ 375,000	\$ 694,500	\$ 1,069,500
2022	385,000	679,300	1,064,300
2023	405,000	663,500	1,068,500
2024	420,000	647,000	1,067,000
2025	435,000	629,900	1,064,900
2026-2030	2,455,000	2,868,100	5,323,100
2031-2035	2,985,000	2,325,900	5,310,900
2036-2040	3,635,000	1,665,900	5,300,900
2041-2045	4,425,000	862,500	5,287,500
2046-2047	2,030,000	82,000	2,112,000
	<u>\$ 17,550,000</u>	<u>\$ 11,118,600</u>	<u>\$ 28,668,600</u>

**5. EMPLOYEE RETIREMENT PLAN****A. Plan Description**

All qualified regular employees are eligible to participate in the Mid-Peninsula Water District's cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan is established by State statute and Mid-Peninsula Water District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the plan are applied as specified by the Public Employees' Retirement Law.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

**A. Plan Description (Continued)**

The Plans' provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Prior to January 1, 2013	On or after January 1, 2013
Hire date	2% @ 55	2% @ 62
Benefit formula	5 years service	5 years service
Benefit vesting schedule	monthly for life	monthly for life
Benefit payments	50 - 55	52 - 67
Retirement age	2.0% to 2.7%	1.0% to 2.5%
Monthly benefits, as a % of eligible compensation	7.000%	6.750%
Required employee contribution rates	9.680%	6.985%
Required employer contribution rates		

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Mid-Peninsula Water District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the years ended June 30, 2020 and 2019, the contributions recognized as part of pension expense for the Plan were \$307,601 and \$1,866,231, respectively.

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

As of June 30, 2020 and 2019, the Mid-Peninsula Water District reported net pension liabilities for its proportionate share of the net pension liability (asset) of (\$74,271) and \$1,503,970, respectively.

Mid-Peninsula Water District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. Mid-Peninsula Water District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2020 and 2019 was as follows:



## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

Proportion - June 30, 2020	0.04053%
Proportion - June 30, 2019	0.03991%
Change - Increase (Decrease)	<u>0.00062%</u>

For the year ended June 30, 2020 and 2019, the District recognized pension expense of \$2,071,089 and \$385,549, respectively. The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**June 30, 2020**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pension contributions subsequent to measurement date	\$ 307,601	
Difference between projected and actual experience	112,727	\$ 8,734
Difference between employer's contributions and proportionate share of contributions	26,973	
Change in proportion	39,933	671
Changes in assumptions	77,394	27,436
Net differences between projected and actual earnings on plan investments		28,376
Total	<u>\$ 564,628</u>	<u>\$ 65,217</u>

\$307,601 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<b>Fiscal Year Ending June 30</b>	
2021	\$ 168,022
2022	(109)
2023	18,163
2024	5,734
2025	-
<b>Thereafter</b>	-

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)****June 30, 2019**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 1,866,231	
Difference between projected and actual experience	57,705	\$ 19,636
Changes in assumptions	171,457	42,021
Difference between employer's contributions and proportionate share of contributions.	56,625	
Change in employer's proportion	54,756	8,725
Net differences between projected and actual earnings on plan investments	7,435	
Total	<u>\$ 2,214,209</u>	<u>\$ 70,382</u>

\$1,866,231 reported as deferred outflows of resources related to contributions subsequent to the measurement date are recognized as a reduction of the net pension liability in the current year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<b>Fiscal Year Ending June 30</b>	
2020	\$ 200,735
2021	128,241
2022	(37,853)
2023	(13,527)
2024	-
<b>Thereafter</b>	-

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

*Actuarial Assumptions* – The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by Entry Age and Service
Mortality	Derived using CalERS' Membership Data for all Funds
Post-retirement benefit increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvement using Society of Actuaries Scale BB. For more details on this table, please refer to the April 2014 CalPERS Experience Study and Review of Actuarial Assumptions report based on CalPERS demographic data from 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

*Discount Rate* – The discount rate used to measure the total pension liability was 7.15% and reflects the long-term expected rate of return for the Plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of a discount rate for public agency plans (including PERF C), the amortization and smoothing periods adopted by the Board in 2013 were used. For the Plan, the crossover test was performed for a miscellaneous agent plan and a safety agent plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for PERF C. The crossover test results can be found on CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>Current Strategic Allocation (a)</u>	<u>Real Return Years 1 - 10 (b)</u>	<u>Real Return Years 11+ (c)</u>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%

(a) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.00% used for this period

(c) An expected inflation of 2.92% used for this period

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

***Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** – The following presents the District’s proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
CalPERS Net Pension Liability	\$ 2,701,400	\$ 1,623,042	\$ 732,934
Amounts held in PARS Trust	1,697,313	1,697,313	1,697,313
Plan's Net Pension Liability (Asset)	<u>\$ 1,004,087</u>	<u>\$ (74,271)</u>	<u>\$ (964,379)</u>

***Pension Plan Fiduciary Net Position*** – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

***Additional Funding*** – The District funded a separate pension trust account through Public Agency Retirement Services. The balance as of June 30, 2020 and 2019 was \$1,753,971 and \$1,697,313, respectively. The actuarially determined net pension liability does not account for this additional trust account, therefore the balance of this separate trust as of the beginning of the fiscal year is subtracted from the actuarially determined net pension liability.

**C. Payable to the Pension Plan**

The District had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

**6. DEFERRED COMPENSATION PLAN**

The District has established a deferred compensation plan in accordance with Internal Revenue Code Section 457, whereby employees may elect to defer portions of their compensation in a self-directed investment plan for retirement. Plan assets are invested in each individual's name with a deferred compensation plan provider. Distributions are made upon the participant's termination, retirement, death or total disability, and in a manner in accordance with the election made by the participant. All employees are eligible for plan participation. The District offers two plans, one with Lincoln Life and the other with ICMA-RC.

The District believes it has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The District has formally established a trust in accordance with Internal Revenue Code Section 457(g) to provide protection from the claims of the employer's general creditors. Accordingly deferred compensation assets placed in the trust are not reflected in these financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

**7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**A. Plan Description**

The District provides a single-employer defined benefit postemployment health care plan (the Plan) for all employees who terminate or retire from the District after achieving age 50 with at least 20 years of service. For employees hired before June 28, 2008, District-paid benefits are available to eligible beneficiaries. The General Manager position qualifies for postemployment healthcare benefits after 7 ½ years of service with the District per the employment agreement.

**B. Funding Policy**

The District has an agreement with the Public Agency Retirement Services (PARS) to be the Trust Administrator to the PARS Public Agencies OPEB Trust Plan. The amount to be contributed to the trust is determined annually by the board of directors.

**C. Benefits Provided**

Depending on the employee’s placement within the tiered system, the District’s plan provides healthcare benefits for retirees and their dependents, or retirees only. Benefits are provided through a third-party insurer and the full cost of the benefits is covered by the plan.

**D. Employees Covered by Benefit Terms**

At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	5
Inactive employees entitles to but not yet receiving benefit payments	-
Active employees	19
	<u>24</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

**E. Net OPEB Liability**

The District’s net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

*Actuarial assumptions.* The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	3.00%
Investment rate of return	5.5%, net of OPEB plan investment expense
Healthcare cost trend rate	Healthcare costs were assumed to increase according to the following schedule:

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

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

**F. Discount Rate**

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

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

**G. Changes in the Net OPEB Liability**

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
Balances at June 30, 2019	\$ 3,310,376	\$ 2,641,487	\$ 668,889
Changes for the year:			
Service cost	86,889	-	86,889
Interest	185,027	-	185,027
Differences between expected and actual experience	(182,016)	-	(182,016)
Changes of assumptions	137,343		137,343
Contributions - employer	-	63,015	(63,015)
Net investment income	-	145,068	(145,068)
Differences between expected and actual investment income		(42,701)	42,701
Benefit payments	(63,015)	(63,015)	-
Administrative expense	-	(14,193)	14,193
Net changes	164,228	88,174	76,054
Balances at June 30, 2020	<u>\$ 3,474,604</u>	<u>\$ 2,729,661</u>	<u>\$ 744,943</u>

**H. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.5 percent) or 1-percentage-point higher (6.5 percent) than the current discount rate:

	<b>1% Decrease (4.5%)</b>	<b>Discount Rate (5.5%)</b>	<b>1% Increase (6.5%)</b>
Net OPEB liability (asset)	\$ 1,338,158	\$ 744,943	\$ 269,303



## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

**I. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5 percent decreasing to 4 percent) or 1-percentage-point higher (7 percent decreasing to 6 percent) than the current healthcare cost trend rates:

	<b>1% Decrease (6% decreasing to 4%)</b>	<b>Healthcare Cost Trend Rates (7% decreasing to 5%)</b>	<b>1% Increase (8% decreasing to 6%)</b>
Net OPEB liability (asset)	\$ 206,838	\$ 744,943	\$ 1,428,955

**J. OPEB plan fiduciary net position**

Detailed information about the OPEB plan's fiduciary net position is available in the separate PARS financial report issued and presented annually to the board of directors.

**K. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2020, the District recognized OPEB expense of (\$335,926). At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 151,680
Changes of assumptions	114,452	-
Net difference between projected and actual return on OPEB plan investments	42,415	28,365
Total	<u>\$ 156,867</u>	<u>\$ 180,045</u>

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

<b>Year ended June 30</b>	<b>Total Deferred Outflows/(Inflows) of Resources</b>
2021	\$ (4,233)
2022	\$ (4,233)
2023	\$ (4,233)
2024	\$ (4,233)
2025	(6,246)
Thereafter	-
Total	<u>\$ (23,178)</u>

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

**L. Payable to the OPEB Plan**

At June 30, 2020, the District had no outstanding amount of contributions payable to the plan.

**8. JOINTLY GOVERNED ORGANIZATIONS**

The District is a member of two jointly governed organizations. The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA) which provides employee benefits coverage for medical, dental, vision, life and disability. The District is also a member of Bay Area Water Supply & Conservation Agency (BAWSCA) which purchases water on a wholesale basis from the San Francisco regional water system for its members.

ACWA JPIA and BAWSCA are governed by a Board consisting of representatives from member agencies. The Board controls the operations, including selection of management and approval of operating budgets, independent of any influence by the member agencies beyond their representation on the Board. Each member agency pays a contribution or assessment commensurate with the level of coverage and services requested and shares surpluses and deficits proportionate to their participation in the joint powers authority. Full financial statements are available separately from ACWA JPIA and BAWSCA. Condensed information for ACWA JPIA and BAWSCA for the years ended September 30, 2019 and June 30, 2019, respectively, is as follows:

	ACWA JPIA September 30, 2019	BAWSCA June 30, 2019
Total Assets	\$ 212,099,851	\$ 326,913,389
Total Deferred Outflows	553,790	423,762
Total Liabilities	112,046,920	310,854,728
Total Deferred Inflows	1,672,219	70,636
Total Net Position	98,934,502	16,411,787
Total Revenues	181,825,144	31,768,964
Total Expenses	169,356,246	30,054,923
Change in Net Position	12,468,898	1,714,041

**9. COMMITMENTS**Purchase commitment

The District entered into an agreement with the City and County of San Francisco to purchase water to be delivered to the District's customers. This is a 25 year agreement that was effective July 1, 2009 and ends on June 30, 2034. The cost of purchasing water through this agreement represented approximately 49% and 50% of the District's operating costs for the years ended June 30, 2020 and 2019, respectively.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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**10. LEASE REVENUES**

The District contracted with five different companies to lease land for communication towers on District-owned properties. The agreements are for multiple years and require monthly payments based on the contracted amounts. Lease revenues for the years ended June 30, 2020 and 2019 totaled \$233,920 and \$152,926, respectively. A schedule of future lease revenues was not available as of the date of these financial statements.

**11. SUBSEQUENT EVENTS**

District management has evaluated its June 30, 2020 financial statements for subsequent events through October 14, 2020, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**MID-PENINSULA WATER DISTRICT**

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY**

**JUNE 30, 2020**

	<b>Fiscal Year<sup>(1)</sup></b>					
	<b>June 30, 2014</b>	<b>June 30, 2015</b>	<b>June 30, 2016</b>	<b>June 30, 2017</b>	<b>June 30, 2018</b>	<b>June 30, 2019</b>
Proportion of the net pension liability	0.04525%	0.04059%	0.03995%	0.04031%	0.03991%	0.04053%
Proportionate share of the net pension liability (asset)	\$ 1,118,234	\$ 1,113,540	\$ 1,387,977	\$ 1,588,940	\$ 1,503,970	\$ (74,271)
Covered-employee payroll (2)	\$ 1,178,386	\$ 1,457,920	\$ 1,565,051	\$ 1,628,722	\$ 1,677,384	\$ 1,762,962
Proportionate share of the net pension liability as percentage of covered-employee payroll	94.90%	76.38%	88.69%	97.56%	89.66%	-4.21%
Plans fiduciary net position as a percentage of the total pension liability	77.06%	79.89%	75.41%	75.41%	77.69%	77.73%
Proportionate share of aggregate employer contributions (3)	\$ 101,596	\$ 107,544	\$ 133,318	\$ 153,703	\$ 170,970	\$ 210,237

- (1) Historical information is required only for measurement periods for which GASB 68 is applicable.
- (2) Covered-employee payroll represented above is based on pensionable earnings provided by the employer.
- (3) The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of fiduciary net position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

**MID-PENINSULA WATER DISTRICT**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**JUNE 30, 2020**

	Fiscal Year <sup>(1)</sup>					
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Actuarially Determined Contribution (2)	\$ 186,823	\$ 189,429	\$ 213,992	\$ 244,660	\$ 266,231	\$ 313,615
Contributions in relation to the actuarially determined contributions (2)	<u>(186,823)</u>	<u>(203,461)</u>	<u>(204,748)</u>	<u>(248,731)</u>	<u>(1,866,231)</u>	<u>(307,601)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (14,032)</u>	<u>\$ 9,244</u>	<u>\$ (4,071)</u>	<u>\$ (1,600,000)</u>	<u>\$ 6,014</u>
Covered-employee payroll (3,4)	\$ 1,178,386	\$ 1,457,920	\$ 1,565,051	\$ 1,628,722	\$ 1,677,384	\$ 1,762,962
Contributions as a percentage of covered-employee payroll (3)	15.85%	12.99%	13.67%	15.02%	15.87%	17.79%

(1) Historical information is required only for measurement periods for which GASB 68 is applicable.

(2) Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as "side funds" do not conform to the circumstances described in paragraph 120 of GASB 68, therefore are not considered separately financed specific liabilities.

(3) Covered-employee payroll represented above is based on pensionable earnings provided by the employer.

(4) Payroll from prior year was assumed to increase by the 3.00 percent payroll growth assumption.

## SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

JUNE 30, 2020

	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Total OPEB liability</b>			
Service cost	\$ 100,557	\$ 103,576	\$ 86,889
Interest	162,026	170,863	185,027
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	(182,016)
Changes of assumptions	-	-	137,343
Benefit payments	(65,392)	(139,440)	(63,015)
<b>Net change in total OPEB liability</b>	197,191	134,999	164,228
<b>Total OPEB liability - beginning</b>	<u>2,978,186</u>	<u>3,175,377</u>	<u>3,310,376</u>
<b>Total OPEB liability - ending (a)</b>	\$ 3,175,377	\$ 3,310,376	\$ 3,474,604
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 599,502	\$ 1,264,440	\$ 63,015
Net investment income	39,388	171,926	145,068
Differences between expected and actual investment income	-	-	(42,701)
Benefit payments	(65,392)	(139,440)	(63,015)
Administrative expense	(2,698)	(5,038)	(14,193)
<b>Net change in plan fiduciary net position</b>	570,800	1,291,888	88,174
<b>Plan fiduciary net position - beginning</b>	<u>778,799</u>	<u>1,349,599</u>	<u>2,641,487</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 1,349,599</u>	<u>\$ 2,641,487</u>	<u>\$ 2,729,661</u>
<b>District's net OPEB liability - ending (a) - (b)</b>	<u>\$ 1,825,778</u>	<u>\$ 668,889</u>	<u>\$ 744,943</u>
Plan fiduciary net position as a percentage of the total OPEB liability	43%	80%	366%
Covered-employee payroll	\$ 1,695,877	\$ 1,677,384	\$ 2,069,385
District's net OPEB liability as a percentage of covered-employee payroll	108%	40%	36%

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2020

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**1. PURPOSE OF SCHEDULES****A - Schedule of District's Proportionate Share of the Net Pension Liability****Changes of Assumptions**

In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

Fiscal year 2015 was the first year of implementation, therefore only six years are shown.

**B - Schedule of Pension Contributions**

If an employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements, the employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll.

**C - Schedule of the Changes in the Net OPEB Liability and Related Ratios**

*Benefit changes.* There were no benefit changes during the year.

*Change of assumptions.* There was a change in the actuarial cost method from projected unit credit to entry age, level percent of pay, as required by GASB 75.

Fiscal year 2018 was the first year of implementation, therefore only three years are shown.



## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2020

**1. PURPOSE OF SCHEDULES (CONTINUED)**

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent of pay
Amortization period	30 years
Asset valuation method	Fair value
Healthcare cost trend rates	7.0% for 2019-20, decreasing to 5.0% for 2021-22 and after
Salary increases	3.00%
Investment rate of return	5.50%, net of OPEB plan investment expense
Retirement age	Retirement ages are based on the following table:

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

Mortality	Pre-retirement - RP-2014 Employee Mortality, projected using a generational projection based on 100% of scale MP-2016 for years 2014 through 2029, 50% of MP-2016 for years 2030 through 2049 and 20% of MP-2016 for 2050 and thereafter.
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## **OTHER INDEPENDENT AUDITOR'S REPORT**



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

**Independent Auditor's Report**

Board of Directors  
Mid-Peninsula Water District  
Belmont, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Mid-Peninsula Water District (the "District"), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 14, 2020.

**Internal Control Over Financial Reporting**

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

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

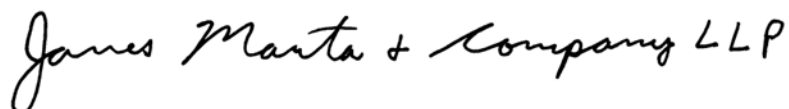
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and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

## Compliance and Other Matters

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

### Purpose of this Report

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

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
October 14, 2020



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**COMMUNICATION WITH THOSE CHARGED  
WITH GOVERNANCE**

October 14, 2020

To the Board of Directors  
Mid-Peninsula Water District  
Belmont, California

We have audited the financial statements of Mid-Peninsula Water District as of and for the years ended June 30, 2020 and 2019 and have issued our report thereon dated October 14, 2020. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated December 7, 2016, our responsibility, as described by professional standards, is to form and express an opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Mid-Peninsula Water District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided management recommendations noted during our audit in a separate letter to you dated October 14, 2020.

**Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

**Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Mid-Peninsula Water District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the fiscal year ended June 30, 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are the net OPEB liability, the net pension liability and related deferred inflows and outflows.

Management's estimate of the net OPEB liability, the net pension liability and related deferred inflows and outflows are based on actuarial studies performed by independent third parties. We evaluated the key factors and assumptions used to develop the estimates and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements are those related to the net pension liability.

## **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

## **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. We did not identify any uncorrected misstatements as a result of our audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached (See attachment B) schedule of audit adjustments were identified as a result of our audit procedures were brought to the attention of, and corrected by, management.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Mid-Peninsula Water District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

**Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated October 14, 2020.

**Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

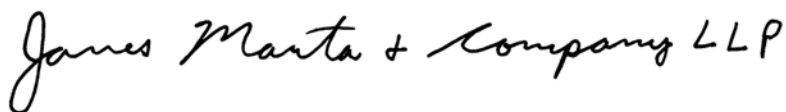
**Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with Mid-Peninsula Water District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Mid-Peninsula Water District's auditors.

**New Accounting Standards**

See Attachment A

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

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
October 14, 2020

## Attachment A – New and Upcoming Changes in Accounting Standards

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the District in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the District. For the complete text of these and other GASB standards, visit [www.gasb.org](http://www.gasb.org) and click on the “Standards & Guidance” tab. If you have questions regarding the applicability, timing, or implementation approach for any of these standards, please contact your audit team.

### **GASB Statement No. 84, Fiduciary Activities**

*Effective for the fiscal year ending June 30, 2021*

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government’s fiduciary funds.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

We do not expect this standard to have any significant impact on the District.



**GASB Statement No. 87, Leases***Effective for the fiscal year ending June 30, 2022*

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The District is currently assessing the financial statement impact of GASB 87.

**GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period***Effective for the fiscal year ending June 30, 2022*

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The District is currently assessing the financial statement impact of GASB 89.

**GASB Statement No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61**

*Effective for the fiscal year ending June 30, 2021*

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

We do not expect this standard to have any significant impact on the District.

**GASB Statement No. 91, Conduit Debt Obligations**

*Effective for the fiscal year ending June 30, 2023*

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

We do not expect this standard to have any significant impact on the District.

## **GASB Statement No. 92, Omnibus 2020**

*Effective dates vary*

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports – *Effective for the fiscal year ending June 30, 2022*
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan – *Effective for the fiscal year ending June 30, 2022*
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits – *Effective for the fiscal year ending June 30, 2022*
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements – *Effective for the fiscal year ending June 30, 2022*
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition – *Effective for the government acquisitions occurring in reporting periods beginning after June 15, 2021*
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers – *Effective for the fiscal year ending June 30, 2022*
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature – *Effective for the fiscal year ending June 30, 2022*
- Terminology used to refer to derivative instruments. – *Effective for the fiscal year ending June 30, 2022*

The District is currently assessing the financial statement impact of GASB 92.

### **GASB Statement No. 93, Replacement of Interbank Offered Rates**

*Effective for the fiscal year ending June 30, 2022*

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended

Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

We do not expect this standard to have any significant impact on the District.

### **GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements**

*Effective for the fiscal year ending June 30, 2023*

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

We do not expect this standard to have any significant impact on the District.

**GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance**

*Effective immediately*

The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The effective dates of the preceding statements have been updated to reflect the impact of the issuance of GASB 95.

The District is currently assessing the financial statement impact of GASB 95.

**GASB Statement No. 96, Subscription-Based Information Technology Arrangements**

*Effective for the fiscal year ending June 30, 2023*

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

We do not expect this standard to have any significant impact on the District.

**GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans**

*Effective for the fiscal year ending June 30, 2021*

The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

We do not expect this standard to have any significant impact on the District.

## Attachment B

### Adjusting Journal Entries

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>			
To agree beginning fund balance to prior year audit. Client posts new construction revenue between equity and contributed capital.			
4204	Contributed Capital	28,863.00	
3900	Unappropriated Fund Balance		28,863.00
<b>Total</b>		<b>28,863.00</b>	<b>28,863.00</b>
<b>Adjusting Journal Entries JE # 2</b>			
To adjust Net OPEB liability and related deferred inflows and outflows based on actuarial report.			
1891	Deferred Outflows - OPEB	144,485.00	
6053	Opeb Expense	73,794.00	
2072	Net Opeb Obligation		76,054.00
2999	Deferred Inflows		142,225.00
<b>Total</b>		<b>218,279.00</b>	<b>218,279.00</b>
<b>Adjusting Journal Entries JE # 4</b>			
To adjust NPL based on actuary and GASB 68 work book. Also adjusted liability for beginning balance in separate pension trust with			
2071	Deferred Inflows	5,165.00	
2996	Net Pension Liability	1,697,313.00	
6055	Net Pension Expense	1,763,488.00	
1890	Deferred Outflows		1,649,581.00
2996	Net Pension Liability		119,072.00
6055	Net Pension Expense		1,697,313.00
<b>Total</b>		<b>3,465,966.00</b>	<b>3,465,966.00</b>

### Reclassifying Journal Entries

<b>Reclassifying Journal Entries JE # 3</b>			
To reclassify OPEB and NPL deferred outflows included in total.			
1891	Deferred Outflows - OPEB	12,382.00	
2071	Deferred Inflows	37,820.00	
1890	Deferred Outflows		12,382.00
2999	Deferred Inflows		37,820.00
<b>Total</b>		<b>50,202.00</b>	<b>50,202.00</b>

## MANAGEMENT REPRESENTATION LETTER

October 14, 2020

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California

### BOARD OF DIRECTORS

**MATTHEW P. ZUCCA**  
President

**BRIAN SCHMIDT**  
Vice-President

**LOUIS J. VELLA**  
Director

**DAVE WARDEN**  
Director

**KIRK R. WHEELER**  
Director

### OFFICERS

**TAMMY RUDOCK**  
General Manager

**CANDY PIÑA**  
District Secretary

**RENE RAMIREZ**  
Operations Manager

**JULIE SHERMAN**  
District Counsel

**JOUBIN PAKPOUR**  
District Engineer

**JEFF IRA**  
Treasurer

This representation letter is provided in connection with your audit of the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows of Mid-Peninsula Water District as of June 30, 2020 and 2019 and for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of Mid-Peninsula Water District in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of October 14, 2020:

### Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated December 7, 2016, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We acknowledge that we are responsible for distributing the issued report as well as the communication with governance letter and internal control letter to all governing board members.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.



- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of uncorrected misstatements summarized in the attached schedule and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.<sup>9</sup>
- We have reviewed and approved the adjusting and reclassifying journal entries reflected in the audit statements and Attachment A.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
  - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
  - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

#### **Information Provided**

- We have provided you with:



- Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- Mid-Peninsula Water District has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which Mid-Peninsula Water District is contingently liable.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.

- Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
- Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- Mid-Peninsula Water District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

### Required Supplementary Information

With respect to the required supplementary information accompanying the financial statements:

- a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with GASB Statement No. 68 and 75.
- b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with GASB standards.
- c. The methods of measurement or presentation have not changed from those used in the prior period.
- d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances:

### Use of a Specialist

We agree with the findings of specialists in evaluating the net OPEB and net pension liability and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

  
 \_\_\_\_\_  
 Tammy Rudock, General Manager

  
 \_\_\_\_\_  
 Candy Pina, Administrative Services Manager

## Attachment A Journal Entries

### Adjusting Journal Entries

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>			
To agree beginning fund balance to prior year audit. Client posts new construction revenue between equity and contributed capital.			
4204	Contributed Capital	28,863.00	
3900	Unappropriated Fund Balance		28,863.00
<b>Total</b>		<b>28,863.00</b>	<b>28,863.00</b>
<b>Adjusting Journal Entries JE # 2</b>			
To adjust Net OPEB liability and related deferred inflows and outflows based on actuarial report.			
1891	Deferred Outflows - OPEB	144,485.00	
6053	Opeb Expense	73,794.00	
2072	Net Opeb Obligation		76,054.00
2999	Deferred Inflows		142,225.00
<b>Total</b>		<b>218,279.00</b>	<b>218,279.00</b>
<b>Adjusting Journal Entries JE # 4</b>			
To adjust NPL based on actuary and GASB 68 work book. Also adjusted liability for beginning balance in separate pension trust with			
2071	Deferred Inflows	5,165.00	
2996	Net Pension Liability	1,697,313.00	
6055	Net Pension Expense	1,763,488.00	
1890	Deferred Outflows		1,649,581.00
2996	Net Pension Liability		119,072.00
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<b>Total</b>		<b>3,465,966.00</b>	<b>3,465,966.00</b>

### Reclassifying Journal Entries

<b>Reclassifying Journal Entries JE # 3</b>			
To reclassify OPEB and NPL deferred outflows included in total.			
1891	Deferred Outflows - OPEB	12,382.00	
2071	Deferred Inflows	37,820.00	
1890	Deferred Outflows		12,382.00
2999	Deferred Inflows		37,820.00
<b>Total</b>		<b>50,202.00</b>	<b>50,202.00</b>

### Proposed Journal Entries

None



## James Marta & Company LLP

*Certified Public Accountants*

*Accounting, Auditing, Consulting, and Tax*

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### MANAGEMENT LETTER

Mid-Peninsula Water District  
Belmont, California

We have recently completed the audit of the financial statements of Mid-Peninsula Water District and have issued our report thereon dated October 14, 2020. In planning and performing our audit of your financial statements for the year ended June 30, 2020, we applied generally accepted auditing standards (GAAS) as we considered your internal control over financial reporting as a basis for designing our auditing procedures. We did this for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of your internal controls.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Although our audit was not designed to provide assurance on the internal control structure and its operation, we noted certain matters in Attachment A that we are submitting for your consideration for the improvement of the Mid-Peninsula Water District accounting and financial reporting functions. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. We will review the status of these comments during our next audit engagement. This letter does not affect our report dated October 14, 2020 on the financial statements of the Mid-Peninsula Water District.

We believe that the implementation of these recommendations will provide Mid-Peninsula Water District with a stronger system of internal accounting control while also making its operations more efficient. We will be happy to discuss the details of these recommendations with you and assist in any way possible with their implementation.

This report is intended solely for the information and use of the Board of Directors, management, and others within the administration and is not intended to be and should not be used by anyone other than these specified parties.

*James Marta & Company LLP*

James Marta & Company LLP  
Certified Public Accountants  
October 14, 2020

## Current Year Recommendations

No matters were identified.

## Status of Prior Year Recommendations

### **2013-01 Policies and Procedures**

#### Observation:

The District does not currently have a policies and procedures manual. The only way to determine which policies are in place for the District, someone would have to go back through all the resolutions adopted by the Board of Directors since the formation of the District. The District does, however, have a personnel manual.

#### Recommendations:

The District should create and update a policies and procedures manual and specifically address the financial and administrative policies of the organization. It may be too time-consuming to go back through all the resolutions adopted by the Board and may be more efficient to adopt new policies that would replace any existing policies. The manual should be organized into sections so that policies pertaining to specific areas may be easily located. The following are critical policies that should be developed in the near term, while other policies may be added later:

1. Inventory control policies and procedures.
2. Accounts receivable recognition, bad debt allowance and write-off policies and procedures.
3. Bank reconciliation preparation and review policies and procedures.
4. Board member duties and responsibilities.
5. Budgeting.
6. Travel and reimbursement policies and procedures

The District does have the following policies, however we feel it would be prudent to review and update these policies to ensure they address all key areas:

1. Purchasing policies to include required authorization, check signing, bid procedures and credit cards.
2. Conflict of interest policy to include current staffing and board members.
3. Investment policy, which should be reviewed and approved annually by the board.
4. Capitalization policies and procedures to include the methodology and lives for each category of capital assets.
5. Records security and retention that includes and references all records and documents of the District.

#### Corrective Action Plan:

Management agrees with the recommended policy development, including policy updates. A few of the policy recommendations will be included within the internal control policy manual presently under development with the MPWD's consultant, Experis, Inc.

#### Status:

Management has developed an internal control policies and procedures manual to address, however a board approved policies and procedures manual is still in process.

**2013-10 Land Lease Revenues**Observation:

The District currently has nine land lease agreements with various companies. Some of the leases go back many years and the contract files do not all reflect the current terms of the agreement. In addition, there is no process for invoicing or proper tracking for the collection of these revenues.

Recommendations:

Management should create a schedule of these leases showing the lessee, expiration date, monthly payment amount and a reference to the actual contract. The contract files should have the most recent signed contract and a schedule of contract terms at the front of the file. The leases should be invoiced monthly using the QuickBooks accounting software to ensure proper tracking and prompt collection of these revenues.

Corrective Action Plan:

Management agrees with the recommendations. Management has been auditing the contract and lease files, including payment calculations.

Status:

In process.



## ***AGENDA ITEM NO. 7.B.***

DATE: October 22, 2020  
 TO: Board of Directors  
 FROM: Tammy Rudock, General Manager

**SUBJECT: CONSIDER AND APPROVE REQUEST FOR PROPOSAL FOR PROFESSIONAL ACCOUNTING SERVICES AND OPTIONAL DISTRICT TREASURER SERVICES, AND NOTICE OF INTENTION TO FILL DISTRICT TREASURER VACANCY**

### **RECOMMENDATION**

Approve RFP and Notice for posting and distribution.

**FISCAL IMPACT** - None.

### **BACKGROUND**

Long-time MPWD District Treasurer, Jeff Ira, CPA retired in April. He served the MPWD since 2000. Jeff Ira recommended CPA candidate, Sheldon Chavan.

Month-end professional accounting services for the MPWD continue between staff and C.G. Uhlenberg LLP per the contract, until a decision is made by the Board.

Options considered by the Board:

1. Interview Sheldon Chavan, CPA (recommended by Jeff Ira), and determine if he should be appointed as District Treasurer.
2. Create a notice for the open District Treasurer position within the MPWD service community and interview candidates.
3. Create and advertise an RFP/RFQ for District Treasurer and professional accounting services and interview candidates.
4. Revise the draft RFP into two (2) distinct tasks--District Treasurer duties and professional accounting services expectations. That revised draft is attached for review.
5. Proceed with a "hybrid" approach—RFP for professional accounting services and notice of vacancy for the District Treasurer position.
6. Do not fill the District Treasurer vacancy.

The District Treasurer and professional accounting services have historically been provided by contract at the MPWD, and all other public official positions at the MPWD are by contract—General Manager, District Engineer, and District Counsel.

**DISCUSSION**

During its regular meetings on May 28, 2020, June 25, 2020, and July 23, 2020 the Board discussed the District Treasurer vacancy.

In July, direction was provided by the Board to include the optional District Treasurer services within the RFP (the Board's option) and include the expected services and deliverables in the vacancy notice for the District Treasurer position. Further, it was advised that it be clear that the simultaneous RFP and notice processes would be going on to advise prospective CPA firms and/or candidates.

Staff revised the RFP and notice to fill the District Treasurer vacancy and reviewed with the Board Finance Committee on September 9, 2020, and they supported staff in moving it forward for consideration by the Board .

Attachment: RFP for Professional Accounting Services and Optional District Treasurer  
Notice of Intention to Fill District Treasurer Vacancy

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BOARD ACTION: APPROVED:\_\_\_\_ DENIED:\_\_\_\_ POSTPONED:\_\_\_\_ STAFF DIRECTION:\_\_\_\_  
UNANIMOUS\_\_\_\_ ZUCCA\_\_\_\_ SCHMIDT\_\_\_\_ WHEELER\_\_\_\_ WARDEN\_\_\_\_ VELLA\_\_\_\_





3 Dairy Lane  
Belmont, CA 94002  
(650) 591-8941

**REQUEST FOR PROPOSAL (RFP)  
FOR PROFESSIONAL ACCOUNTING SERVICES  
AND OPTIONAL DISTRICT TREASURER SERVICES**

The Mid-Peninsula Water District (MPWD) seeks the services of a Certified Public Accountant (CPA) or firm to provide professional accounting services and optional District Treasurer services for the MPWD in Belmont, California. It is the intent of this RFP to have the successful CPA or firm enter into a Contract for Professional Services with the MPWD to supply the services as outlined herein.

**NOTE: Simultaneously with the issuance of this RFP the Board of Directors authorized the separate posting of a Notice of Intention to Fill the Vacancy of its District Treasurer position. Respondents are required to propose to provide the professional accounting services along with the optional services of the District Treasurer.**

Respondents are directed to submit one (1) electronic copy of their proposal via email to:

**Tammy Rudock, General Manager**  
Mid-Peninsula Water District  
[tammyr@midpeninsulwater.org](mailto:tammyr@midpeninsulwater.org)

**by 12:00PM on Wednesday, December 16, 2020.**

The MPWD Board of Directors reserves the right to reject any and all proposals, or parts of proposals, when it is judged to be in the best interest of the MPWD.

**All questions should be transmitted in writing via email by 12:00PM on Monday, November 30, 2020** to the MPWD General Manager, Tammy Rudock, at [tammyr@midpeninsulwater.org](mailto:tammyr@midpeninsulwater.org).

**RFP KEY DATES**

Request for Proposal Issued.....On or before November 12, 2020  
Deadline for Submitting RFP Questions.....By 12:00PM on November 30, 2020  
Deadline for MPWD’s Response to RFP Questions.....By 4:00PM on December 4, 2020  
Due Date for Proposals to MPWD.....By 12:00PM on December 16, 2020

**A. SCOPE OF SERVICES**

The successful CPA or firm shall agree to contract with the MPWD to provide the Professional Accounting Services and optional (at the District's sole discretion) District Treasurer services. The following table breaks down the expected services, frequencies, and deliverables:

<b>SERVICE FREQUENCY</b>	<b>PROFESSIONAL ACCOUNTING SERVICES</b>	<b>OPTIONAL DISTRICT TREASURER</b>
<b>MONTHLY</b>	<ul style="list-style-type: none"> <li>➤ Coordinate with Administrative Services Manager at month-end, when all data entry and reports are ready, and review:                             <ul style="list-style-type: none"> <li>• A/R summary;</li> <li>• A/P summary;</li> <li>• Bank reconciliation statements and reports;</li> <li>• BNY 2016 COP bank statements and reports;</li> <li>• LAIF statements and reports;</li> <li>• PARS statements related to OPEB and PRSP, and related GASB actuarial report; and</li> <li>• Monthly spreadsheets/work papers, including each account reconciliation.</li> </ul> </li> <li>➤ Identify and investigate any discrepancies with bank statement balances to bank reconciliation reports.</li> <li>➤ Prepare or review journals entered in general ledger system, including sales journal, general journals for depreciation, insurance, retirement expense, notes payable, miscellaneous bank activities, and investment income/expense, payroll journal, and fund balance adjustments.</li> <li>➤ Review internally prepared financial statements and recommend revisions as needed for compliance with GAAP.</li> <li>➤ Identify and investigate any unusual account activities and resolve with staff.</li> <li>➤ Provide a report to the Board of any findings and/or recommendations.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Attend all regular and/or special meetings of the Board of Directors and participate as District Treasurer.</li> </ul>
<b>QUARTERLY</b>		<ul style="list-style-type: none"> <li>➤ Provide written summary overview report of accounting activities to General Manager.</li> </ul>

<b>SERVICE FREQUENCY</b>	<b>PROFESSIONAL ACCOUNTING SERVICES</b>	<b>OPTIONAL DISTRICT TREASURER</b>
		<ul style="list-style-type: none"> <li>➤ Attend Board Finance Committee meetings and participate as member (as scheduled).</li> </ul>
<b>ANNUAL</b>	<ul style="list-style-type: none"> <li>➤ Work with MPWD’s financial auditor regarding accounting inquiries, as needed.</li> <li>➤ Prepare and submit timely to the State Controller’s Office the Annual Financial Transactions Report and Local Government Compensation Report.</li> <li>➤ Review and evaluate accounting personnel duties and recommend changes to ensure proper cross training of accounting staff to allow for future succession planning.</li> <li>➤ Evaluate the MPWD’s use of the financial management system—currently Springbrook accounting software—to ensure full utilization of the system capabilities to eliminate duplication of effort in the MPWD’s use of independent spreadsheets.</li> <li>➤ Prepare special reports as requested by the General Manager.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Prepare special reports as requested by the Board of Directors or General Manager.</li> <li>➤ Meet with General Manager regarding overall MPWD financial management.</li> </ul>

**B. QUALIFICATIONS**

Respondents to this RFP shall have the following qualifications:

- Must be a licensed CPA and in good standing with the State of California;
- Must have an excellent reputation in the CPA professional community (requests for references may be made);
- Must be knowledgeable in governmental accounting, and GASB and GAAP compliance;
- Must have governmental auditing experience;
- Must have experience preparing and submitting annual State Controller’s reports;
- Experience working with California special districts and governing bodies is desirable; and
- Must be knowledgeable in the use of automated financial management systems and should be familiar with the use of Springbrook accounting software and system capabilities.

**C. INSURANCE REQUIREMENTS**

Respondents are directed to Section 12 of the Sample Professional Services Agreement.

#### **D. FEE SCHEDULE**

The proposed fee schedule shall include the following items:

1. Fee for monthly accounting review services;
2. Fee to attend monthly regular and/or special Board meeting and participate as District Treasurer;
3. Fee to attend Board Finance Committee meetings (as scheduled) and participate as a member; and
4. Fee for quarterly summary reports to General Manager; and
5. Fee for preparation of annual State Controller's report for the MPWD.

CPA or firm should include schedule of hourly rates for other annual items and additional services as requested.

#### **E. RFP SUBMITTAL REQUIREMENTS**

Respondents represent that they have thoroughly examined and become familiar with the Scope of Services outlined in this RFP and can perform quality work to achieve the MPWD objectives.

1. Cover Letter. The cover letter should summarize the major points contained in the proposal and should be signed by an authorized representative of the firm. The Respondent must acknowledge that their Proposal shall be firm for at least ninety (90) days from the due date for the Proposals.
2. List number of years in business, including previous names of the CPA firm, if any.
3. Describe firm, including size, location, number and nature of the professional staff to be assigned to the MPWD, staff experience and training, including a brief resume for each key person listed.
4. Describe pertinent governmental accounting experience (minimum of five [5] years' proven experience).
5. Describe experience in assisting other local government entities, particularly California special districts, and the services provided.
6. List at least three (3) references, including names and telephone numbers for the contacts.
7. Describe additional services offered.
8. List current litigation, outstanding judgments and liens.
9. Separate fee schedule for each service (one for Professional Accounting Services and one for Treasurer Services).
10. State any other costs the MPWD may anticipate relating to the accounting services to be provided.

#### **F. WITHDRAWAL OF PROPOSAL**

Submission of a proposal shall constitute a firm offer to MPWD for ninety (90) days from the deadline for receipt of proposals. A Respondent may withdraw its proposal any time before the date and time when proposals are due, without prejudice, by submitting a written request for its withdrawal to the MPWD General Manager, Tammy Rudock, at [tammyr@midpeninsulawater.org](mailto:tammyr@midpeninsulawater.org). A telephone request is not acceptable.

**G. SELECTION CRITERIA**

1. Knowledge of California special districts and working with governing bodies.
2. Governmental accounting experience, qualifications, and references, including automated financial management systems.
3. Fee schedule(s).
4. Completeness of response to the RFP.
5. Ability of the CPA or firm to meet or exceed the RFP submittal requirements.

Respondents shall furnish MPWD such additional information as MPWD may reasonably require.

Respondents may be required to give an oral presentation of their proposal. Additional technical and/or cost information may be requested for clarification purposes, but in no way will change the original proposal submitted.

**H. TERM OF CONTRACT**

The contract period for the successful CPA or firm will be from the date of contract award until terminated sooner in accordance with the Agreement.

Issuance of this RFP and receipt of proposals does not commit the MPWD to award a contract. The MPWD reserves the right to:

1. Revise the RFP Key Dates;
2. Accept or reject any or all proposals received in response to this RFP;
3. Negotiate with any of the CPAs/firms that submitted a response to this RFP; or
4. Cancel all or part of this RFP, and re-issue a new RFP for the subject services.

**I. EVALUATION AND AWARD**

Contract award, if made, will be made to the Respondent that submits the proposal considered most advantageous to MPWD based on the criteria set forth in Section G above. Respondents shall bear all costs incurred in the preparation of the Proposal and participation in the Proposal process. At the District's sole discretion, the District may award a contract for the Professional Accounting Services only, or award a contract for both the Professional Accounting Services and the District Treasurer services.

**J. AGREEMENT FOR PROFESSIONAL SERVICES**

The firm selected by MPWD to provide the services outlined in this RFP will be required to execute an Agreement for Professional Services with MPWD. A sample of the general form of this Agreement is attached hereto as Exhibit A so that Respondents will have an opportunity to review the terms and conditions that will be included in the final contractual agreement. If a Respondent desires any additions, deletions or modifications to the form of Agreement, they must submit a request for such additions, deletions or modifications with the proposal. Except for any requests for such additions, deletions, and modifications, the Respondent will, by making a proposal, be deemed to have accepted the form of Agreement.

**K. CONFIDENTIALITY OF PROPOSALS**

The California Public Records Act (California Government Code Sections 6250 et seq.) mandates public access to government records. Therefore, unless the information is exempt from disclosure by law, the content of any request for explanation, exception or substitution, response to these specifications,

protest or any other written communication between MPWD and the Respondent shall be available to the public.

If the Respondent believes any communication contains trade secrets or other proprietary information that the Respondent believes would cause substantial injury to the Respondent's competitive position if disclosed, the Respondent shall request that MPWD withhold from disclosure the proprietary or other confidential information by marking each page containing such information as confidential. The Respondent may not designate its entire proposal or bid as confidential. Additionally, Respondent may not designate its cost proposal or any required bid forms or certifications as confidential.

If Respondent requests that MPWD withhold from disclosure information identified as confidential, and MPWD complies with the Respondent's request, Respondent shall assume all responsibility for any challenges resulting from the non-disclosure, indemnify and hold harmless MPWD from and against all damages (including but not limited to attorneys' fees that may be awarded to the party requesting the Respondent information), and pay any and all costs and expenses related to the withholding of Respondent information. Respondent shall not make a claim, sue or maintain any legal action against MPWD or its directors, officers, employees or agents in connection with the withholding from disclosure of Respondent information.

If Respondent does not request that MPWD withhold from disclosure information identified as confidential, MPWD shall have no obligation to withhold the information from disclosure and may release the information sought without any liability to MPWD.

#### **L. CONFLICT OF INTEREST**

Respondent represents and warrants that it presently has no interest and agrees that it will not acquire any interest which would present a conflict of interest under California Government Code §§ 1090 et seq. or §§ 87100 et seq. during the performance of services under this Agreement. Respondent shall promptly disclose any actual or potential conflict of interest to MPWD as soon as Respondent becomes aware of such conflict. Respondent further covenants that it will not knowingly employ any person having such an interest in the performance of this Agreement. Violation of this provision may result in this Agreement being deemed void and unenforceable.

Depending on the nature of the work performed, Respondent may be required to publicly disclose financial interests under MPWD's Conflict of Interest Code. Respondent agrees to promptly submit a Statement of Economic Interest on the form provided by MPWD upon receipt.

No member, officer or employee of MPWD or of any of its member jurisdictions during his/her tenure of office, or for one year thereafter, shall have any interest, direct or indirect, in this contract or the proceeds therefrom.



**NOTICE OF INTENTION TO FILL A VACANCY  
FOR DISTRICT TREASURER  
BY APPOINTMENT**

Notice is hereby given that the Board of Directors for the Mid-Peninsula Water District (MPWD) is accepting applications for appointment to District Treasurer to fill a vacancy created by the retirement of long-time District Treasurer Jeff Ira, CPA, on April 23, 2020.

**NOTE: Simultaneously with the posting of this notice, the Board of Directors authorized the issuance a Request for Proposal (RFP) for Professional Accounting Services, and Optional District Treasurer Services. Respondents to the RFP have the option of proposing to provide the professional accounting services only or including the services of the District Treasurer.**

The term of the District Treasurer position is from the date of appointment until terminated by the Board of Directors.

Candidates must be at least 18 years of age. Residency within the MPWD service area is desired.

**EXPECTED DISTRICT TREASURER SERVICES, FREQUENCIES, AND DELIVERABLES**

<b>MONTHLY</b>	➤ Attend all regular and/or special meetings of the Board of Directors and participate as District Treasurer. A stipend will be paid
<b>QUARTERLY</b>	➤ Attend Board Finance Committee meetings and participate as member (as scheduled). A stipend will be paid.
<b>ANNUALLY</b>	➤ Meet with General Manager regarding overall MPWD financial management.
<b>AS NEEDED</b>	➤ Prepare special reports as requested by the Board of Directors or General Manager.

The application materials should include:

1. A letter of interest and resume not exceeding 400 words indicating interest, qualifications, background, and other information useful for making an appointment;
2. At least two (2) reference letters but no more than three (3); and
3. A completed FPPC Form 700 "Statement of Economic Interests" available online:  
<http://www.fppc.ca.gov/content/dam/fppc/NS-Documents/TAD/Form%20700/2019-2020/Form%20700%202019.2020%20IA.pdf>

**By 12:00PM on Wednesday, December 16, 2020**, applicants are directed to submit either one (1) electronic copy of their application materials via email to:

**Tammy Rudock, General Manager**  
**Mid-Peninsula Water District**  
[tammyr@midpeninsulwater.org](mailto:tammyr@midpeninsulwater.org)

**OR**

one (1) paper copy by mail to:

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

At a regular meeting of the MPWD Board of Directors scheduled on Thursday, January 28, 2021 at 6:30PM each approved applicant may be asked to make a 5-minute presentation to the Board. The Board meeting will be conducted through a virtual platform and details for access to the meeting will be provided by the General Manager to each applicant the week before the Board meeting.

The applicant may be asked to respond to questions the Board may have about their application or presentation. The order in which the applicant will make their presentation will be determined by a random draw by the General Manager before the regular Board meeting.

The Board of Directors may make a decision at the regular meeting or may direct staff to place the matter on a future agenda for action.

**All questions should be transmitted in writing via email by 12:00PM on Monday, November 30, 2020** to the MPWD General Manager, Tammy Rudock, at [tammyr@midpeninsulwater.org](mailto:tammyr@midpeninsulwater.org).

**KEY DATES**

Notice of Vacancy Posted by MPWD.....	On or before November 12, 2020
Deadline for Submitting Questions.....	By 12:00PM on Monday, November 30, 2020
Deadline for MPWD’s Response to Questions.....	By 4:00PM on December 4, 2020
Due Date for Application Materials to MPWD.....	By 12:00PM on December 16, 2020
Board Meeting Presentation by Applicants.....	January 28, 2021





**AGENDA ITEM NO. 7.C.**

DATE: October 22, 2020  
 TO: Board of Directors  
 FROM: Tammy Rudock, General Manager

**SUBJECT: RECEIVE UPDATE FROM GENERAL MANAGER ON MPWD 2019-2020 STRATEGIC PLAN**

**RECOMMENDATION**

Receive report through August 31, 2020.

**FISCAL IMPACT**

None.

**BACKGROUND**

The Board approved a two-year strategic plan on February 28, 2019. A progress report (through December 31, 2019) was delivered to the Board on January 15, 2020 during a special meeting to review the plan. Revisions were made by the Board on January 15, 2020, and the Revised 2019-2020 Strategic Plan was approved on February 27, 2020, which is attached for reference.

**DISCUSSION**

Attached is an updated progress report for the 2019-2020 Measures of Success prioritized within the MPWD Strategic Plan. Of the 57 total strategic priorities for 2019-2020

Twenty-nine (29) have been completed	2019 Priority Nos. 1-3/19, 1-4/19, 2-1/19, 2-2/19, 2-3/19, 2-4/19, 2-5/19, 3-4/19, 3-5/19, 4-1/19, 4-2/19, 4-3/19, 5-1/19, 5-2/19, 5-5/19, and 5-6/19  2020 Priority Nos. 1-5/20, 2-1/20, 2-3/20, 2-4/20, 2-5/20, 2-6/20, 2-7/20, 4-2/20, 5-1/20, 5-3/20, 5-4/20, 5-6/20, and 5-7/20
Eight (8) are in progress and projected to be completed on or before March 31, 2021	2019 Priority Nos. 5-3/19, 5-4/19  2020 Priority Nos. 2-2/20, 3-6/20, 3-7/20, 3-8/20, 4-1/20, 5-2/20
Ten (10) are in progress and projected to be completed by June 30, 2021	2019 Priority Nos. 3-2/19 and 5-7/19  2020 Priority Nos. 2-8/20, 3-2/20, 3-3/20, 3-4/20, 3-5/20, 4-3/20, 4-4/20, and 5-5/20

Three (3) are in progress and ongoing	2019 Priority Nos. 2-9/20 and 3-3/19 2020 Priority No. 3-1/20
One (1) will carry over for completion by December 31, 2021	2019 Priority No. 3-1/19
Four (4) are to be determined by the Board	2019 Priority Nos. 1-1/19 and 1-2/19 2020 Priority Nos. 1-1/20 and 1-2/20
Two (2) were events canceled due to the COVID-19 Pandemic.	2020 Priority Nos. 1-3/20 and 1-4/20

In summary:

- Just over one-half of the action items (29) have been completed.
- Eight (8) action items will be completed in the first quarter of 2021.
- Ten (10) more action items will be completed by FYE June 30, 2021.
- One (1) ongoing item should be removed from the strategic plan because Standard Operating Procedures are process- and regulatory-driven and in a constant state of flux—always being reviewed, tested, revised and updated as needed.
- One (1) item will carry over to the next strategic plan.
- The remaining four (4) items should be re-evaluated by the Board during the 2021-2022 Strategic Planning process in January 2021.

Attachments: Revised MPWD 2019-2020 Strategic Plan dated February 27, 2020  
Progress Report dated October 22, 2020

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BOARD ACTION: APPROVED:\_\_\_\_ DENIED:\_\_\_\_ POSTPONED:\_\_\_\_ STAFF DIRECTION:\_\_\_\_  
UNANIMOUS\_\_\_\_ ZUCCA\_\_\_\_ SCHMIDT\_\_\_\_ WHEELER\_\_\_\_ WARDEN\_\_\_\_ VELLA\_\_\_\_



**2019-2020 STRATEGIC PLAN  
PROGRESS REPORT  
October 22, 2020**

**Strategic Element #1 – External Relationships and Customer Service**

**Strategic Element #2 – Resource Management**

**Strategic Element #3 – Infrastructure Management and Operations**

**Strategic Element #4 – Human Resources Management**

**Strategic Element #5 – Financial Management**

**2019-2020 MEASURES OF SUCCESS (Through September 30, 2020)**

<b>PRIORITY NO.</b>	<b>ACTION ITEM</b>	<b>STATUS</b>
1-1/19	Coordinate with Belmont Chamber of Commerce for presentation of 2019 "State of District – <i>Celebrating 90 Years of Service</i> " Address.	As determined by the Board.  GM and Board President collaborated on and staff implemented proactive messaging for the MPWD 90 <sup>th</sup> Anniversary, including a special logo, press release, street banners in Belmont and at the MPWD Dairy Lane headquarters (front and back of building), a special edition newsletter, a webpage, business cards, a lapel pin, special swag for community events and promotion of continued water conservation, and reference in the MPWD CCR and ALL MPWD press releases and messaging.
1-2/19	Coordinate meeting between Belmont city officials and MPWD officials for continued project coordination and efficiencies.	To be determined by the Board.  Two attempts were made with Belmont during 2019, to no avail. Staffing issues at Belmont, including City Manager retirement and recruitment, occupied the organization.
1-3/19	Implement new customer account/service fees.	Completed.
1-4/19	Continue website maintenance and data updates and apply for SDLF District Transparency Certificate of Excellence.	Completed.  An SOP (Standard Operating Procedure) for website maintenance and staff accountability was created. Training

		<p>sessions on the SOP were conducting with the leadership team and all staff on October 6-7, 2020. One more training session is planned for the staff authorized to post on the website in November 2020. After that training session and input from staff, the SOP will be finalized by November 30, 2020.</p>
1-1/20	Coordinate MPWD presentation to Belmont City Council and San Carlos City Council as relevant.	To be determined by the Board.
1-2/20	Coordinate meeting between Belmont city officials and MPWD officials for continued collaboration as relevant.	To be determined by the Board.
1-3/20	Continue participation in Belmont's Earth Day event.	Canceled due to COVID-19 Pandemic.
1-4/20	Continue participation in Belmont's National Night Out event.	Canceled due to COVID-19 Pandemic.
1-5/20	Upgrade website for increased transparency, accessibility and user-friendly resources.	Completed. Report delivered to Board on July 23, 2020.

<b>PRIORITY NO.</b>	<b>ACTION ITEM</b>	<b>STATUS</b>
2-1/19	Annual CCR by July 1 <sup>st</sup> .	Completed.
2-2/19	Continue distribution system unidirectional flushing program.	Staff completed more system flushing in the first half of 2019 than in previous years in preparation for the construction of the Hillcrest Pressure Regulating Station as part of the CIP. MPWD records were updated.
2-3/19	Promote online Sensus Customer Portal with public outreach.	Completed. Formally launched with newsletter distributed to all customers in late July 2020.
2-4/19	Annual MPWD Conservation Report to customers by September 30 <sup>th</sup> .	Completed.
2-5/19	Comply with DDW/SWRCB regulations: <i>"A California Way of Life"</i> : <ul style="list-style-type: none"> <li>A. Prepare for regulatory leak detection monitoring/reporting.</li> <li>B. Prepare for new service shut-off regulations.</li> <li>C. Prepare for implementation of Low-Income Water Rate Assistance Program.</li> </ul>	<ul style="list-style-type: none"> <li>A. Completed and ongoing.</li> <li>B. Completed.</li> <li>C. Regulatory status unclear due to COVID-19 Pandemic.</li> </ul>
2-1/20	Annual CCR by July 1 <sup>st</sup> .	Completed.
2-2/20	Continue distribution system unidirectional flushing program.	Staff will continue the flushing program in Winter 2020 as part of its O&M activities. Projected completion by March 31, 2021.
2-3/20	Continue compliance with DDW/SWRCB regulations: Long-Term Urban Water Conservation Policy – <i>"A California Way of Life"</i> .	Staff has provided updates on these activities in its quarterly reports to the Board. The MPWD has achieved targets as established by the state.
2-4/20	Annual MPWD Conservation Report to customers by September 30 <sup>th</sup> .	Completed in January 2021 as part of the MPWD's annual Water Awareness Calendar program. It was well received by customers. The due date for this report will change to January 31 <sup>st</sup> .
2-5/20	Request proposals for 2020 Urban Water Management Plan (due June 30, 2021).	Completed. Plan development in progress with ManageWater Consulting.
2-6/20	Host BAWSCA landscaper certification workshop for compliance with new state standards.	Completed.
2-7/20	Host BAWSCA Large Meter Testing Workshop.	Completed.

2-8/20	Investigate potential ground water supply options (e.g., shallow water aquifers, recycled water).	In progress with EKI Environment & Water, Inc.
2-9/20	Consider solar at facilities and electric vehicle fleet replacements were feasible.	Solar components exist within the MPWD system and many were replaced recently due to age and breakdown.  Staff continues to explore solar as feasible.

<b>PRIORITY NO.</b>	<b>ACTION ITEM</b>	<b>STATUS</b>
3-1/19	Complete updated Emergency Operations Plan	To be completed after the EPA federal unfunded mandate for a Risk & Resiliency Assessment is completed by June 30, 2021.
3-2/19	Review/revise/update Water Service Ordinance No. 103.	Projected completion June 30, 2021.
3-3/19	Continue development of O&M Manual.	In progress and ongoing.
3-4/19	Continued CIP: A. Construct Hillcrest Pressure Regulating Station. B. Construct FY 2018/2019 water main replacements: 1. Notre Dame Avenue Loop Closure 2. Zone 5 Fire Hydrant Upgrades 3. Cliffside Court Improvements 4. Tahoe Drive Area Improvements. C. Complete engineering design and construct El Camino Real WMR. D. Complete engineering design: 1. Phase 1 – SR 101 Crossing at PAMF 2. Old County Road WMR 3. Dekoven Tanks Replacement 4. Dekoven Tank Utilization Project 5. Belmont Canyon Road Improvements. E. Complete AMI meter change-out project. F. Continue coordination of capital improvement projects with surrounding local agencies (Belmont, San Carlos, San Mateo City/County).	A. Completed and in service. B. Completed, except for Cliffside Court Improvements, which are being completed by MPWD Operations staff and a contractor due to the nature of the work. Projected completion by March 31, 2021. C. Out to bid. Construction and CM/CI contract awards scheduled for November 18 <sup>th</sup> Board meeting. D. 1. Completed. 2. 60% design completed and reviewed. 3. 60% design completed and reviewed. 4. Replaced with reprioritized project and not in current CIP. 5. Reprioritized within FY 2023/2024 CIP. E. Completed. F. Continued and ongoing.
3-5/19	Review and update Comprehensive System Analysis and CIP (dated August 19, 2016), including cost estimates, and plan for execution.	Completed.
3-1/20	Finalize development of O&M Manual.	Ongoing. Always a work in progress. Staff will present a summary of completed SOPs by June 30, 2021.
3-2/20	Review/revise/update Water Service Ordinance No. 103.	Projected completion June 30, 2021.
3-3/20	Develop records/email retention policy.	Projected completion June 30, 2021.
3-4/20	Develop business interruption/resumption procedures.	Projected completion June 30, 2021.
3-5/20	Continued CIP: A. Construct: 1. El Camino Real WMR 2. Phase 1 – SR 101 Crossing at PAMF Medical Center 3. Dekoven Tanks Replacement.	A.1 Out to bid. Projected completion June 30, 2021. A.2 Construction contract awarded on September 24 <sup>th</sup> to D&D Pipelines. Project

	<p>B. Complete engineering design:</p> <ol style="list-style-type: none"> <li>1. Phase 1 – Old County Road WMR;</li> <li>2. F Street Improvements; and</li> <li>3. Ralston Avenue Improvements.</li> </ol>	<p>completion by November 30, 2020.</p> <p>A.3 Construction contract award tentatively scheduled for December 17, 2020, Board meeting. Project completion by September 30, 2021.</p> <p>B.1. Completed.</p> <p>B.2. Eliminated project due to a workaround determined by MPWD Operations team and District Engineer.</p> <p>B.3. 60% completed.</p>
3-6/20	Demolish abandoned pump station at 1510 Folger Drive.	In progress. Projected completion by January 31, 2021.
3-7/20	Develop capital project to rehabilitate MPWD Operations Center at 3 Dairy Lane.	In progress. Projected completion by March 31, 2021.
3-8/20	Request proposals for Transmission Water Main Assessments.	In progress. Projected completion by March 31, 2021.



<b>PRIORITY NO.</b>	<b>ACTION ITEM</b>	<b>STATUS</b>
4-1/19	Review and update MPWD Personnel Manual.	Completed.
4-2/19	With employee involvement, create updated performance evaluation tool and updated annual review process.	New performance evaluation tool completed. In progress with automation of evaluation process.
4-3/19	Review/update Rules of Board for SDLF District Transparency Certificate of Excellence.	Completed.
4-1/20	Implement updated employee performance review tool and process.	Delayed by COVID-19 pandemic. Projected completion by March 31, 2021.
4-2/20	Reorganization for employee succession planning.	Completed on September 24, 2020. MPWD Compensation Plan updated to include Administrative Supervisor and Management Analyst classifications, salary ranges, and organizational chart. Assistant General Manager classification to be further explored.
4-3/20	Create and maintain staff training schedule, and launch ACWA JPIA Learning Management System.	In progress. Delayed by COVID-19 Pandemic. Projected completion by June 30, 2021.
4-4/20	Review Annual Planning Schedule for Board of Directors for updates.	In progress. Projected completion by May 31, 2021.

<b>PRIORITY NO.</b>	<b>ACTION ITEM</b>	<b>STATUS</b>
5-1/19	Complete transition to full AMI system billing, including one billing cycle for all customers.	Completed.
5-2/19	Continue quarterly reporting on 2016 COP financial status.	Completed. Changed to semi-annual reporting effective January 1, 2020.
5-3/19	Discuss potential \$8 million funding gap in 2016 COP CIP and plan alternatives.	The funding gap is a projection based upon completed CIP projects and the engineer's estimates (updated in 2020) for projects scheduled to be completed. Also, reprioritized and phased projects are impacting the projected gap in funding.  A reconciliation will be provided with the next quarterly COP Semi-Annual Project Report due on January 28, 2021.
5-4/19	Develop long-term financial forecast model and 10-year financial plan.	Projected completion by March 31, 2021.
5-5/19	Create financial plan policy for PARS OPEB and PRSP pre-funded liabilities.	Completed. Scheduled for approval by Board on November 18, 2020.
5-6/19	Determine whether water rate study will be needed for next 5-year plan for Proposition 218 hearing process.	Completed.
5-7/19	Continue development of MPWD Financial Control Policy Manual, including the review/update and/or development of the following policies: A. Procurement policy (2005) B. Accounts payable/receivable policy C. Billing/Invoicing policy D. Cash disbursement (check-writing) policy E. Customer Billing policy F. Credit card management policy.	Draft policy document to Finance Committee anticipated by December 2020.
5-1/20	Request proposals for Water Rate Study for FYs 2020-2025, including 10-year financial plan and financial forecast model, and 5-year rate plan in preparation for Proposition 218 hearing process in 2021.	Completed and in progress with HFH consulting team. Projected completion by March 31, 2021, for effective date of July 1, 2021.
5-2/20	Cost-of-service fees review and update, including fire protection charges.	In progress. Projected completion by March 31, 2021.
5-3/20	Request proposals for review and analysis of connection fees, water capacity charges, and water demand offset fees.	Completed and in progress with RDN consulting team. Projected completion by March 31, 2021, for effective date of July 1, 2021.
5-4/20	Continue reporting on 2016 COP CIP financial status on a semi-annual basis (January and July).	Completed.

5-5/20	Complete DRAFT MPWD Financial Control Policy.	In progress and projected completion by June 30, 2021.
5-6/20	Update Conflict of Interest Code as needed.	Completed, adding District Treasurer position, and submitted to County in July 2021 (Resolution 2020-22).
5-7/20	Create financial plan for management of the pre-funded OPEB and PRSP liabilities held in trust with PARS.	Completed. Scheduled for approval by Board on November 18, 2020.

**REVISED**  
**2019-2020 STRATEGIC PLAN**

**STRATEGIC ELEMENT #1 – External Relationships and Customer Service**

Core Goals/Objectives	2019 Measures of Success	2020 Measures of Success
<p><u>Goal:</u> Maintain effective working relationships with external agencies</p> <p><u>Objectives:</u> <i>Maintain appropriate agency presence in local, regional and state industry organizations and activities</i></p> <p><i>Maintain outreach and project coordination with City of Belmont, City of San Carlos, and the County of San Mateo</i></p>	<p><b>Priority No. 1-1/19:</b> Coordinate with Belmont Chamber of Commerce for presentation of 2019 “State of the District – <i>Celebrating 90 Years of Service</i>” address.</p> <p><b>Priority No. 1-2/19:</b> Coordinate meeting between Belmont city officials and MPWD officials for continued project coordination and efficiencies.</p>	<p><b>Priority No. 1-1/20:</b> Coordinate MPWD presentation to Belmont City Council and San Carlos City Council as relevant.</p> <p><b>Priority No. 1-2/20:</b> Coordinate meeting between Belmont city officials and MPWD officials for continued collaboration as relevant.</p> <p><b>Priority No. 1-3/20:</b> Continue participation in Belmont’s Earth Day event.</p> <p><b>Priority No. 1-4/20:</b> Continue participation in Belmont’s National Night Out event.</p>
<p><u>Goal:</u> Maintain organizational standards that ensure a high level of service orientation for our ratepayers</p> <p><u>Objective:</u> <i>Provide ratepayers with prompt, professional and courteous service</i></p>	<p><b>Priority No. 1-3/19:</b> Implement new customer account/service fees.</p> <p><b>Priority No. 1-4/19:</b> Continue website maintenance and data updates and apply for SDFL District Transparency Certificate of Excellence.</p>	<p><b>Priority No. 1-5/20:</b> Upgrade website for increased transparency, accessibility, and user-friendly resources.</p>

**STRATEGIC ELEMENT #2 – Resource Management**

Core Goals/Objectives	2019 Measures of Success*	2020 Measures of Success
<p><u>Goal:</u> Ensure water quality meets desired quality standards</p> <p><u>Objective:</u> <i>Water quality standards for SWRCB/Division of Drinking Water are met</i></p>	<p><b>Priority No. 2-1/19:</b> Annual CCR by July 1<sup>st</sup>.</p> <p><b>Priority No. 2-2/19:</b> Continue distribution system unidirectional flushing program.</p>	<p><b>Priority No. 2-1/20:</b> Annual CCR by July 1<sup>st</sup>.</p> <p><b>Priority No. 2-2/20:</b> Continue distribution system unidirectional flushing program.</p>
<p><u>Goal:</u> Develop long-term resource sustainability through energy and water conservation measures</p> <p><u>Objectives:</u> <i>Participate in BAWSCA water supply reliability and water conservation projects</i></p> <p><i>Develop plan for meeting SB7X per capita water demand goals (20% reduction by 2020)</i></p> <p><i>Monitor fuel and energy use to identify opportunities for improvement efficiencies</i></p>	<p><b>Priority No. 2-3/19:</b> Promote online Sensus Customer Portal with public outreach.</p> <p><b>Priority No. 2-4/19:</b> Annual MPWD Conservation Report to customers by September 30<sup>th</sup>.</p> <p><b>Priority No. 2-5/19:</b> Comply with DDW/SWRCB regulations: Long-Term Urban Water Conservation Policy – “A California Way of Life”:</p> <ul style="list-style-type: none"> <li>A. Prepare for regulatory leak detection monitoring/reporting.</li> <li>B. Prepare for new service shut-off regulations.</li> <li>C. Prepare for implementation of Low Income Water Rate Assistance Program.</li> </ul>	<p><b>Priority No. 2-3/20:</b> Continue compliance with DDW/SWRCB regulations: Long-Term Urban Water Conservation Policy – “A California Way of Life”.</p> <p><b>Priority No. 2-4/20:</b> Annual MPWD Water Conservation Report to customers by September 30<sup>th</sup>.</p> <p><b>Priority No. 2-5/20:</b> Request proposals for 2020 Urban Water Management Plan (due June 30, 2021).</p> <p><b>Priority No. 2-6/20:</b> Host BAWSCA landscaper certification workshop for compliance with new state standards.</p> <p><b>Priority No. 2-7/20:</b> Host BAWSCA Large Meter Testing Workshop.</p> <p><b>Priority No. 2-8/20:</b> Investigate potential ground water supply options (e.g., shallow water aquifers, recycled water).</p> <p><b>Priority No. 2-9/20:</b> Consider solar at facilities and all electric vehicle fleet replacements where feasible.</p>

**STRATEGIC ELEMENT #3 – Infrastructure Management and Operations**

Core Goals/Objectives	2019 Measures of Success*	2020 Measures of Success
<p><b>Goal:</b> Maintain operations and maintenance procedures</p> <p><b>Objective:</b> <i>Develop standard operating procedures in accordance with best management practices as an organized manual</i></p>	<p><b>Priority No. 3-1/19:</b> Complete updated Emergency Response Plan.</p> <p><b>Priority No. 3-2/19:</b> Review/revise/update Water Service Ordinance No. 103.</p> <p><b>Priority No. 3-3/19:</b> Continue development of O&amp;M Manual.</p>	<p><b>Priority No. 3-1/20:</b> Finalize development of O&amp;M manual.</p> <p><b>Priority No. 3-2/20:</b> Review/revise/update Water Service Ordinance No. 103.</p> <p><b>Priority No. 3-3/20:</b> Develop records/email retention policy.</p> <p><b>Priority No. 3-4/20:</b> Develop business interruption/resumption procedures.</p>
<p><b>Goal:</b> Maintain long-term capital improvement plan</p> <p><b>Objective:</b> <i>Review MPWD infrastructure modeling for assessment of capital improvement priorities, and assess other fixed assets in accordance with best management practices</i></p>	<p><b>Priority No. 3-4/19:</b> Continued CIP:</p> <ul style="list-style-type: none"> <li>A. Construct Hillcrest Pressure Regulating Station.</li> <li>B. Construct FY 2018/2019 water main replacements:               <ul style="list-style-type: none"> <li>1. Notre Dame Avenue Loop Closure;</li> <li>2. Zone 5 Fire Hydrant Upgrades;</li> <li>3. Cliffside Court improvements; and</li> <li>4. Tahoe Drive Area Improvements.</li> </ul> </li> <li>C. Complete engineering design and construct El Camino Real WMR.</li> <li>D. Complete engineering design:               <ul style="list-style-type: none"> <li>1. Phase 1 – SR 101 Crossing at PAMF Medical Center;</li> <li>2. Old County Road WMR; and</li> <li>3. Dekoven Tanks Replacement;</li> <li>4.</li> </ul> </li> <li>E. Complete AMI meter change-out project.</li> <li>F. Continue coordination of capital improvement projects with surrounding local agencies (Belmont, San Carlos, and San Mateo City/County).</li> </ul> <p><b>Priority No. 3-5/19:</b> Review and update Comprehensive System Analysis and CIP (dated August 19, 2016), including cost estimates, and plan for execution.</p>	<p><b>Priority No. 3-5/20: Pending Board approval of UPDATED Comprehensive System Analysis and CIP, including funding plan</b> - Continued CIP:</p> <ul style="list-style-type: none"> <li>A. Construct:               <ul style="list-style-type: none"> <li>1. El Camino Real WMR;</li> <li>2. Phase 1 – SR 101 Crossing at PAMF Medical Center;</li> <li>3. and</li> <li>4. Dekoven Tanks Replacement.</li> <li>5.</li> </ul> </li> <li>B. Complete engineering design:               <ul style="list-style-type: none"> <li>1. Phase 1 – Old County Road WMR;</li> <li>2. F Street Improvements; and</li> <li>3. Ralston Avenue Improvements.</li> </ul> </li> </ul> <p><b>Priority No. 3-6/20:</b> Demolish abandoned pump station at 1510 Folger.</p> <p><b>Priority No. 3-7/20:</b> Develop capital project to rehabilitate MPWD Operations Center at 3 Dairy Lane.</p> <p><b>Priority No. 3-8/20:</b> Request proposals for Transmission Water Main Assessments.</p>

**STRATEGIC ELEMENT #4 – Human Resources Management**

Core Goals/Objectives	2019 Measures of Success*	2020 Measures of Success
<p><u>Goal:</u> Develop and maintain systems and processes for effective workforce management</p> <p><u>Objectives:</u> <i>Develop/maintain effective workforce to meet organizational needs</i></p> <p><u>Maintain:</u></p> <ul style="list-style-type: none"> <li>▪ <i>Appropriate communication channels with employees</i></li> <li>▪ <i>Positive work environment and employee satisfaction</i></li> <li>▪ <i>Organizational human resources policy manual</i></li> </ul>	<p><b>Priority No. 4-1/19:</b> Review and update MPWD Personnel Manual.</p> <p><b>Priority No. 4-2/19:</b> With employee involvement, create updated performance evaluation tool and update annual review process.</p>	<p><b>Priority No. 4-1/20:</b> Implement updated employee performance review tool and process.</p> <p><b>Priority No. 4-2/20:</b> Reorganization for employee succession planning.</p> <p><b>Priority No. 4-3/20:</b> Create and maintain staff training schedule, and launch ACWA JPIA Learning Management System.</p>
<p><u>Goal:</u> Develop and maintain Board of Directors procedures for effective and transparent governance</p> <p><u>Objective:</u> <i>Develop and maintain Board of Directors policies and procedures</i></p>	<p><b>Priority No. 4-3/19:</b> Review/update Rules of the Board for SDLF District Transparency Certificate of Excellence.</p>	<p><b>Priority No. 4-4/20:</b> Review Annual Planning Schedule for Board of Directors for updates.</p>

**STRATEGIC ELEMENT #5 – Financial Management**

Core Goals/Objectives	2019 Measures of Success*	2020 Measures of Success
<p><b>Goal:</b> Establish and achieve annual budget trends</p> <p><b>Objectives:</b> <i>Complete annual budget process on a timely basis</i></p> <p><i>Monitor financial projections for accurate forecasting</i></p> <p><i>Maintain/monitor schedules of water rates, water capacity charges, and miscellaneous fees</i></p> <p><i>Update, monitor and implement capital plan</i></p>	<p><b>Priority No. 5-1/19:</b> Complete transition to full AMI system billing, including one billing cycle for all customers.</p> <p><b>Priority No. 5-2/19:</b> Continue quarterly reporting on 2016 COP financial status.</p> <p><b>Priority No. 5-3/19:</b> Discuss potential \$8 million funding gap in 2016 COP CIP and plan alternatives.</p> <p><b>Priority No. 5-4/19:</b> Develop long-term financial forecast model and 10-year financial plan.</p> <p><b>Priority No. 5-5/19:</b> Create financial plan policy for PARS OPEB and PRSP liabilities.</p> <p><b>Priority No. 5-6/19:</b> Determine whether water rate study will be needed for next 5-year plan for Proposition 218 hearing process.</p> <p><b>Priority No. 5-7/19:</b> Continue development of MPWD Financial Control Policy Manual, including the review/update and/or development of the following policies:  A. Procurement policy (2005);  B. Accounts payable/receivable policy;  C. Billing/Invoicing policy;  D. Cash disbursement (check-writing) policy;  E. Customer Billing policy; and  F. Credit card management policy.</p>	<p><b>Priority No. 5-1/20:</b> Request proposals for Water Rate Study for FYs 2020-2025, including 10-year financial plan and financial forecast model, and 5-year rate plan in preparation for Proposition 218 hearing process in 2021.</p> <p><b>Priority No. 5-2/20:</b> Cost-of-service fees review and update, including fire protection charges.</p> <p><b>Priority No. 5-3/20:</b> Request proposals for review and analysis of connection fees, water capacity charges and water demand offset fees.</p> <p><b>Priority No. 5-4/20:</b> Continue reporting on 2016 COP CIP financial status on a semi-annual basis (January and July).</p> <p><b>Priority No. 5-5/20:</b> Complete DRAFT MPWD Financial Control Policy Manual.</p> <p><b>Priority No. 5-6/20:</b> Update Conflict of Interest Code as needed.</p> <p><b>Priority No. 5-7/20:</b> Create financial plan for management of the pre-funded OPEB and PRSP liabilities, held in trust with PARS.</p>





**AGENDA ITEM NO. 7.D.**

DATE: October 22, 2020  
TO: Board of Directors  
FROM: Tammy Rudock, General Manager

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**SUBJECT: SCHEDULE MPWD STRATEGIC PLANNING SPECIAL MEETING IN JANUARY 2021**

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**RECOMMENDATION**

Schedule the MPWD Strategic Planning Special Meeting in January 2021.

**FISCAL IMPACT**

None.

**BACKGROUND**

The MPWD Board of Directors traditionally schedules a Special Meeting in January for its biennial strategic planning. The meeting typically begins at 6:00PM. The last strategic planning session was on January 10, 2019, when action items for a 2-year plan (2019-2020) were developed. The Board met last on January 15, 2020 and revised the 2019-2020 Strategic Plan.

**DISCUSSION**

Consultant Julie Brown will virtually facilitate the strategic planning meeting and process. Staff has confirmed the following available dates for the Board’s consideration:

- Tuesday, January 12, 2021
- Wednesday, January 13, 2021
- Thursday, January 14, 2021
- Tuesday, January 19, 2021
- Wednesday, January 20, 2021
- Thursday, January 21, 2021

For advance preparation, the MPWD’s Revised 2019-2020 Strategic Plan is included with the preceding agenda item (No. 7.C.). It is also available at the MPWD website:

[https://storage.googleapis.com/midpeninsulawater-org/uploads/REVStrategicPlan2019-20\\_FINAL.pdf](https://storage.googleapis.com/midpeninsulawater-org/uploads/REVStrategicPlan2019-20_FINAL.pdf)

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

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



## **AGENDA ITEM NO. 7.E.**

DATE: October 22, 2020  
 TO: Board of Directors  
 FROM: Tammy Rudock, General Manager

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**SUBJECT: RECEIVE UPDATE FROM GENERAL MANAGER REGARDING ACTIONS TAKEN DURING COVID-19 PANDEMIC, AND CONSIDER RESOLUTION 2020-32 AUTHORIZING AN EXTENSION THROUGH JANUARY 28, 2021, OF THE GENERAL MANAGER'S AUTHORITY TO TAKE NECESSARY ACTIONS FOR CONTINUED OPERATIONS OF THE MPWD DUE TO THE COVID-19 DECLARED EMERGENCY**

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### **RECOMMENDATION**

Receive report and approve Resolution 2020-32.

**FISCAL IMPACT** – None.

### **BACKGROUND**

Emergencies were declared statewide, locally, and federally because of the recent COVID-19 pandemic:

- On March 4, 2020 by the Governor for California;
- On March 10, 2020 by the San Mateo County Health Officer;
- On March 13, 2020 by the US President; and
- On March 16, 2020, the San Mateo County Health Officer issued an order for individuals to shelter-in-place at their residence unless receiving or providing essential services. It was revised many times always retaining the shelter-in-place order, until June 17<sup>th</sup> when the order rescinded the shelter-in-place and aligned with the state's reopening guidelines.

### **DISCUSSION**

The Board President requested I provide a monthly report on actions taken or decisions made during the declared emergency that were outside of established policy. There were no new actions taken since the last report presented on September 24, 2020.

- In September 2020:
  - Revised Employee Workplace Safety Procedures During COVID-19 Pandemic (attached). All employees participated in revisions and signed.
- In August and September 2020:
  - Staff continued working on the El Camino Real WMR Capital Project, including final pre-bidding/construction review and customer outreach activities with TRC Companies, Inc., which exceeded my contract signature authority of \$25,000. The Operations Manager presented a contract amendment for the Board's approval on this month's Consent agenda since the project and services were budgeted.

- By August 31, 2020:
  - Allowed employees to cash out up to 80 hours of vacation leave to avoid bumping up against their vacation leave accrual caps.
- On August 25, 2020:
  - Amended MPWD’s ICMA-RC (International City Managers Association-Retirement Corporation) 457 Plan to allow for CARES Act Coronavirus Related Distributions. I have authority to amend the plan as the designated Plan Administrator but wanted to report it out to the Board.
- On August 13, 2020:
  - Approved one additional month adjustment relief for a customer that had a water heater leak (three months instead of two).
- On April 14, 2020:
  - Credit card and debit card fees were suspended (and refunded for payments made since March 17, 2020) through the end of this fiscal year (June 30, 2020) or until further notice after discussion with the Board at a future meeting.
- On March 18, 2020:
  - Terminations of service for non-payment were suspended through the end of this fiscal year (June 30, 2020) or until further notice after discussion with the Board at a future meeting.
  - All fees related to late payments were suspended through the end of this fiscal year (June 30, 2020) or until further notice after discussion with the Board at a future meeting.

The attached Resolution 2020-32 authorizes extension of the General Manager’s emergency authority through January 28, 2021.

Attachment: Resolution 2020-32

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BOARD ACTION: APPROVED:\_\_\_\_ DENIED:\_\_\_\_ POSTPONED:\_\_\_\_ STAFF DIRECTION:\_\_\_\_  
 UNANIMOUS\_\_\_\_ ZUCCA\_\_\_\_ SCHMIDT\_\_\_\_ WHEELER\_\_\_\_ WARDEN\_\_\_\_ VELLA\_\_\_\_

**RESOLUTION NO. 2020-32****AUTHORIZING THE GENERAL MANAGER TO TAKE NECESSARY  
ACTIONS DUE TO THE COVID-19 PANDEMIC IN RECOGNITION OF THE  
FEDERAL, STATE, AND LOCAL DECLARED STATE OF EMERGENCY**

\* \* \*

**MID-PENINSULA WATER DISTRICT**

**WHEREAS**, on March 4, 2020, the Governor of the State of California declared a State Emergency as a result of the COVID-19 virus pandemic; and

**WHEREAS**, on March 10, 2020, the County of San Mateo proclaimed the existence of a local emergency throughout the county as a result of COVID-19; and

**WHEREAS**, on March 13, 2020, the President of the United States declared a National Emergency and provided recommendations from the Centers for Disease Control; and

**WHEREAS**, on March 16, 2020, the San Mateo County Health Officer issued a Shelter in Place Order (Order) directing, among other things, all individuals living in the county to shelter at their place of residence except to provide or receive essential services or engage in certain essential activities and work for essential businesses and governmental services; and

**WHEREAS**, on June 17, 2020 the Order was rescinded and cautiously aligned with the State's reopening guidelines; and

**WHEREAS**, in its order dated July 14, 2020, the San Mateo County Health Officer reported that "there is evidence of continued significant community transmission of COVID-19 within the County and throughout the Bay Area, including asymptomatic transmission, and continued uncertainty regarding the degree of undetected asymptomatic transmission, scientific evidence, and best practices regarding the most effective approaches to slow the transmission of communicable diseases generally and COVID-19 specifically"; and

**WHEREAS**, the Mid-Peninsula Water District (District), which provides water service to residences, businesses, government agencies, and other entities throughout the County, is an Essential Business and performs an Essential Governmental Function and operates Essential Infrastructure, and its employees, consultants and contractors perform Essential Activities, all as defined in the Order; and

**WHEREAS**, as a result of the federal, state, and local emergency declarations, emergency measures were taken by the General Manager and further emergency measures may be required to be taken to ensure the District can continue to provide a safe and reliable water supply and to protect the safety and health of its employees and the public; and

**WHEREAS**, because the duration of the declared state of emergencies is unknown and the impacts of COVID-19 continue to change rapidly, the District must be prepared to act quickly, yet thoughtfully, to address these changing circumstances.

**NOW, THEREFORE BE IT RESOLVED** that the Board of Directors of the Mid-Peninsula Water District, in light of the recitals set forth above, recognizes that there is a state of emergency within the District's service area and jurisdiction resulting from the COVID-19 pandemic and ratifies the necessary immediate actions taken by the General Manager in response to the impacts of COVID-19 on District operations; and

**BE IT FURTHER RESOLVED** that the General Manager is authorized to suspend and/or modify administrative procedures, including fees related to customer billing and payments, personnel rules and policies, and procurement policies, to expand paid administrative and sick leave, and to take all other actions necessary to protect District employees and the public and to ensure safe and reliable water supply during the declared national, state, and local emergencies resulting from the COVID-19 pandemic; and

**BE IT FURTHER RESOLVED** that the General Manager, or designee, is authorized to prepare and submit applications on the District's behalf to federal, state, and local government entities for funding and/or reimbursement related to the fiscal impacts of the COVID-19 pandemic on the District's operations; and

**BE IT FURTHER RESOLVED** that the General Manager shall comply with all federal, state, and local laws when taking actions authorized by this Resolution, and the General Manager will report the actions and financial impacts of such actions to the Board; and

**BE IT FURTHER RESOLVED** that this authority granted to the General Manager shall expire on January 28, 2021, or until the emergency declarations are rescinded, whichever comes first, or unless this authority is extended by the Board of Directors.

**REGULARLY PASSED AND ADOPTED** this 22<sup>nd</sup> day of October 2020.

AYES:

NOES:

ABSTENTIONS:

ABSENCES:

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BOARD PRESIDENT

ATTEST:

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BOARD SECRETARY



TO: Board of Directors

FROM: Tammy A. Rudock  
General Manager

DATE: October 22, 2020

## MANAGER'S REPORT

### **FOLLOW-UP FROM 09/24/2020 REGULAR BOARD MEETING**

- Executed the construction contract with D&D Pipelines, Inc., for Phase 1 of the SR101 Crossing Capital Project (#04-1621-CP Phase 1)—Water Main Installation at Sutter Bay Medical Foundation d/b/a Palo Alto Medical Foundation for Healthcare, Research and Education, San Carlos Center.
- Executed the amendment to the TRC Companies, Inc., professional services contract for additional pre-construction services related to the El Camino Real Water Main Replacement Capital Project #06-1621-CP.
- Executed the professional services contract with Vector Vision PC for project management services related to the Demolition of the Abandoned Pump Station Capital Project at 1510 Folger Drive in Belmont.
- Executed the Water Service Agreement between the MPWD and MP Firehouse Square Associates, LP for a Mixed-Use Development located at 1300 El Camino Real in Belmont.
- Revised Resolution 2020-33 Approving the Revised MPWD Compensation Plan, except for the Assistant General Manager classification and position.
- Onboarded new part-time retired annuitant employee Monique Madrid, Management Analyst.

### **SALE OF F STREET PARCEL IN SAN CARLOS**

The San Mateo County Housing Division continues its due diligence inspections, surveying, and environmental review work, although it was delayed a few months by the COVID-19 Pandemic. Communications continued between our agencies and we expect to present the Board with a purchase agreement for consideration by year's end.

### **GRAND JURY REPORT DATED OCTOBER 7, 2020**

Attached is a report from the Grand Jury related to a questionnaire they sent a year ago regarding ransomware attacks. As you recall, staff has previously shared with the Board its intent to undertake a system review by a technical consultant. The ACWA JPIA shared the results of its review last year during the JPIA Conference. Mostly recently, the North Coast County Water District shared that they completed a similar review of its system. The MPWD's IT consultant is aware of the report. Staff will update the Board as progress is made with the MPWD's responses. A Closed Session will be scheduled in the future to discuss progress with details of the sensitive and privileged nature of the system review.

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

#### **NOVEMBER 18, 2020**

- Award Construction Contract for El Camino Real Water Main Replacement Capital Project.
- Award Contract for Professional Services for Construction Management and Inspection Services related to the El Camino Real Water Main Replacement Capital Project.
- Amend Pakpour Consulting Group’s professional services contract to add the Harbor Boulevard Water Main Replacement Capital Project to their engineering design work.
- Consider/Approve annual Board meeting schedule.
- Closed Session: General Manager annual performance evaluation.
- Required Ethics training reminder.

#### **DECEMBER 17, 2020**

- Election of Board officers.
- Award Construction Contract for Dekoven Tanks Replacement Capital Project.
- Award Professional Services Contract for Transmission Water Mains Assessments Capital Project.
- Approve Refunding of 2016 COPs.
- Authorize Purchase Sale Agreement between the MPWD and County of San Mateo for the F Street Parcel in San Carlos.
- Receive annual PARS OPEB trust account performance review and confirm investment strategy.
- Receive BAWSCA report (carry over from November).
- Complete General Manager performance evaluation and consider amended employment agreement and salary schedule effective January 1, 2021.
- Required Ethics training reminder.

#### **MID-JANUARY 2021 – Date TBD**

- MPWD 2021-2022 Strategic Planning Session (Virtual)

#### **JANUARY 28, 2021**

- Award Construction Contract for Demolition of MPWD’s Abandoned Pump Station Capital Project at 1510 Folger Drive in Belmont.
- Award Contract for Professional Accounting Services (and District Treasurer services at the Board’s option).
- Receive District Treasurer Candidate Presentations (and authorize appointment at the Board’s option).

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

HIA Meeting (Belmont): CANCELED (until further notice)

ACWA JPIA 2020 Fall Conference (Virtual): November 30, 2020

ACWA 2020 Fall Conference & Exhibition (Virtual): December 2-3, 2020

CSDA Annual Conference (Monterey): August 30 – September 2, 2021





## **Ransomware: It Is Not Enough To Think You Are Protected**

[Issue](#) | [Summary](#) | [Glossary](#) | [Background](#) | [Discussion](#) | [Findings](#)  
[Recommendations](#) | [Methodology](#) | [Bibliography](#) | [Appendixes](#) | [Responses](#)

### **ISSUE**

City and county government computer systems are at risk of Ransomware attacks. Are adequate measures being taken by local government agencies to mitigate the risks and provide recovery options?

### **SUMMARY**

Ransomware has already hit many governmental Information Technology (IT) systems in San Mateo County. In December 2019 the Grand Jury sent an online survey to all 68 public entities in San Mateo County,<sup>1</sup> received 37 survey responses (a 54% response rate), and interviewed several responders including one IT Manager (who had refused to respond to the survey for fear of being successfully attacked once again), for a total of 38 responses via survey and interview. More than 25% (10 of 38) of the public entities responding to the Grand Jury reported that they have been a victim of one or more Ransomware attacks. More concerning is the certainty that there will be more attempts to violate the integrity of our local governments' electronic infrastructure.

This report is intended to present “best practices” in developing a Cybersecurity strategy, then implementing and testing that plan. It addresses actions that can be taken (and have been taken, in some cases) in order to guard against Ransomware attacks, recover from an attack and the additional measures that can be taken to reduce the possibility of an attack. However, it is not an exposé with details of potential system weaknesses, in light of the need for Cybersecurity strategies and practices to be highly confidential. As such, this report walks the line between providing an informed discussion of potential concerns without providing a road map of how to breach public government IT systems.

The single largest exposure every organization has to cyber-thieves is phishing, the illegal practice of sending legitimate-looking emails to an organization's employees. These emails may contain malware or links that, when clicked, infect the computer with a virus that can spread to the entire information systems network.

Although many email software programs include some level of protection against Ransomware attacks, such protections require customization and activation, and it is not clear that local public

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<sup>1</sup> See Appendix F: Public Entities in San Mateo County (Cities, County, School Districts, Special Districts)

entity IT departments are undertaking these necessary customization and activation steps. In addition, training for new employees and recurring training for existing employees is critical to dramatically reducing the probability of a Ransomware infection. In some agencies, it appears that only limited training is provided for new employees with little or no recurring training provided for current employees.<sup>2</sup>

Ransomware and other malware attacks are a test to an organization's backup and restoration procedures.<sup>3</sup> The Grand Jury found that none of the survey responders has actually performed a full restore as a test of their backup process. However, without adequate testing, backups do not provide sufficient protection.

Rigorous preparation for an attack is essential if fast and full recovery is desired and the payment of a ransom is to be avoided. There are several significant steps that local public entities should take to improve their defenses, their ability to detect incursions, and their responses to Ransomware attacks. These steps include:

- Using firewalls to protect internal environments from breaches;
- Using malware detection software to monitor incoming emails and network activity;
- Ensuring that users are educated and tested to learn what to watch for and avoid, especially in emails;
- Developing and fully testing a thorough backup and restore strategy to enable a complete recovery from an attack;
- Putting in place internal controls such as subnets, which require departmental authorization to access other department's data or programs.

In addition, cloud hosting should be considered for email and certain applications to reduce the success of Malware and Ransomware attacks on information systems infrastructure.

While all attacks are malicious in terms of time and potential data loss, in the case of Ransomware (or worse, Ransomware 2.0 that also infects backup data) the financial cost of paying the ransom in order to remove the infection and restore a data system can be significant. Alternatively, if the decision is to not pay the ransom but to attempt to recover from the infection manually, the direct and indirect costs could be considerably more.

This report is directed to the governing bodies of government entities in San Mateo County urging them to have their IT staff confidentially and urgently assess their respective Ransomware protection strategies and training and then move with all deliberate speed to address any shortcomings in their Cybersecurity programs.

## **GLOSSARY**

### **CLOUD COMPUTING**

Cloud computing is the delivery of on-demand computing services -- from applications to storage and processing power -- typically over the internet and on a pay-as-you-go basis. Rather

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<sup>2</sup> Grand Jury interviews

<sup>3</sup> Epicor Corporation, *Protecting Yourself From Ransomware*, January 2020

than owning their own computing infrastructure or data centers, companies can rent access to anything from applications to storage from a cloud service provider.<sup>4</sup> Some examples of this are Yahoo Mail, services like Google Docs, and customer relationship management software.<sup>5</sup>

## CYBERSECURITY

Cybersecurity refers to the body of technologies, processes, and practices designed to protect networks, devices, programs, and data from attack, damage, or unauthorized access.<sup>6</sup>

Cybersecurity is a combination of secure systems (hardware and software) built into technology as well as human intervention, monitoring, training, awareness, and recovery.

## ENCRYPTION

The process of locking out the contents of a file and the renaming of the file such that it cannot be opened and used in the intended application (e.g. Microsoft Excel). Typically, a 128 Bit (or larger) encryption key (a long series of letters and numbers) is used first to encrypt then later to un-encrypt a file.

## MALWARE

Short for “malicious software,” this software is designed specifically to damage or disrupt computer systems. Not all malware is Ransomware because some malware has no related attempt to extort money.

## PHISHING

The illegal practice of sending email claiming to be from reputable companies to induce individuals to reveal personal information or click on website links or open attachments that then install malware.

## RANSOMWARE

Ransomware can be simply described as an infection on a host machine that prevents access to data until a ransom is paid. The most common method of infection is to encrypt files making them totally unreadable by a user. The infection is usually delivered by a *Trojan Horse* (a term referring to the misleading of users of its true intent) installed when a user clicks on a malicious link or attachment in an email.

## RANSOMWARE 2.0

This newer version of Ransomware no longer is just malware that encrypts data and asks for ransom, the attacker also threatens to release the data onto the internet and demands money in order not to do so. This newer Ransomware works in such a way that even backup copies of most important files will not be able to save an infected organization.<sup>7</sup> By planting the malware but delaying its activation, Ransomware 2.0 can infect backups thus defeating their value.

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<sup>4</sup> <https://www.zdnet.com/article/what-is-cloud-computing-everything-you-need-to-know-from-public-and-private-cloud-to-software-as-a/>

<sup>5</sup> Pearson Education, Ubuntu Unleashed 2015 Edition: Covering 14.10 and 15.04, page 655

<sup>6</sup> <https://digitalguardian.com/blog/what-cyber-security>

<sup>7</sup> <https://www.itproportal.com/news/welcome-to-the-era-of-ransomware-20/>

## BACKGROUND

Ransomware is a real and serious threat to every entity: government organizations, corporations, and individuals. The more dependence an organization has on the software and data in its network(s), the more important the concern should be. Loss of access to mission-critical data, systems, and software can severely impact an organization in both the short and long term.

According to an October 2019 report by the National League of Cities, since 2013, Ransomware attacks have been reported by at least 170 county, city or state government entities across the United States.<sup>8</sup> The actual number is likely to be much higher because it represents only those attacks that have been reported. Many infections go unreported when ransoms are paid,<sup>9</sup> when organizations are seeking to avoid embarrassment, or when the attacks were simply undetected or untraceable.<sup>10</sup> This has been true even in San Mateo County where local public governing entities have had Ransomware attacks that were not publicly reported.<sup>11</sup>

Not only do such data breaches embarrass and slow organizational productivity, they can be very expensive. For example, the MIT Technical Review (2019) asserts: “Ransomware may have cost the U.S. more than \$7.5 billion in 2019... the victims were 113 governments and agencies, 764 health-care providers, and up to 1,233 individual schools affected by Ransomware attacks...most local governments do a poor job of practicing Cybersecurity.”<sup>12</sup> The cost to the city of Atlanta to recover from its Ransomware breach was estimated at \$17 million.<sup>13</sup> Similarly, a recent Baltimore Ransomware breach is estimated to have cost over \$18 million.<sup>14</sup> In 2020, the UC San Francisco School of Medicine paid \$1.14 million in ransom to recover its own data.<sup>15</sup> These are large cities and entities and although the ransom amounts they paid may not represent the expenses a San Mateo County public organization could incur, they provide examples of the severity of the potential threat and the enormous costs.

Specifically, the costs of a Ransomware attack could include some or all of the following:<sup>16</sup>

- Direct Costs:
  - Paying the ransom to obtain an encryption key and hoping that it works;

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<sup>8</sup> National League of Cities report, *Protecting Our Data: What Cities Should Know About Cybersecurity*. Forward by Clarence Anthony, CEO and Executive Director.

<sup>9</sup> <https://healthitsecurity.com/news/as-ransomware-attacks-increase-dhs-alerts-to-Cybersecurity-insights>

<sup>10</sup> Sheehan, Patrick, Ohio Emergency Management Agency, *Cascading Effects of Cyber Security on Ohio*, September 19, 2012

<sup>11</sup> Grand Jury survey responses

<sup>12</sup> MIT Technology Review, *Ransomware may have cost the US more than \$7.5 billion in 2019*, January 2, 2020

<sup>13</sup> The Atlanta Journal- Constitution, Stephen Deere. *Confidential Report: Atlanta’s cyber attack could cost taxpayers \$17 million*. August 2018.

<sup>14</sup> Baltimore Sun, Ian Duncan, *Baltimore estimated cost of ransomware attack at \$18.2 million as government begins to restore email accounts*. May 29, 2019.

<sup>15</sup> San Jose Mercury News, David Wu, “*UCSF pays \$1.14 million ransom to recover data*”, July 4, 2020

<sup>16</sup> <https://www.sentinelone.com/blog/what-is-the-true-cost-of-a-ransomware-attack-6-factors-to-consider/>

- Expenditures for outside IT professionals and new systems providers to plan and implement improved breach security based on new Ransomware strategies;
- Paying for enrollments in credit reporting bureaus to stop or correct identity thefts (from the release of previously confidential or secure personal information) for client/customers.
- Replacing hardware and/or software.
- Indirect Costs:
  - Operations efforts to restore systems and data;
  - Organizational downtime as well as employee overtime;
  - Reputation loss including negative public relations and loss of confidence by the organizations' constituents;
  - Liabilities for legal costs, including defense of lawsuits for breach of private and confidential information and poor handling of personal data.

According to the Coveware Report,<sup>17</sup> the median ransom payment in the first quarter of 2020 was \$44,021. This was an increase of roughly 10% over the last quarter of 2019. Public sector entities represented 12% of attacks, about half of which were school systems. The average days of downtime was 15 representing an alarming number of days of inability to service constituents.<sup>18</sup> This underlines an urgent need to understand and evaluate current local governments' Cybersecurity strategies.

The discussion that follows is intended to encourage local public agencies and their IT staff to confidentially evaluate their respective Cybersecurity plans, software and prevention strategies. Since data and systems security are essential to the operation of every public entity in the County, the discussion will not present a specific road map for potential Ransomware-prevention actions but rather establish a "best practice model" that will enhance understanding of the elements essential for an adequate protection plan.

## DISCUSSION

In December 2019, the Grand Jury developed an online survey that was sent to all 68 public entities in San Mateo County.<sup>19</sup> Responses were received from 37 of the entities (a 54% response rate). Additionally, follow-up interviews were conducted with three local public IT Managers, one of whom had refused to complete the online survey for fear of disclosing confidential information that could lead to a successful malware or Ransomware attack. These interviewees were questioned regarding the adequacy of Cybersecurity planning and execution. Following a general analysis of local government practices, this report concludes with a review of Cybersecurity best practices which local agencies should consider adopting.

### Two Ransomware Attacks Derailed: Best Practices in Action

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<sup>17</sup> <https://www.coveware.com/blog/q1-2020-ransomware-marketplace-report>

<sup>18</sup> <https://www.msspalert.com/Cybersecurity-research/average-ransomware-payment-rises-again-research/>

<sup>19</sup> Appendix F

In order to better understand how to successfully defeat a Ransomware attack, the Grand Jury interviewed an IT Manager of a private enterprise that was attacked twice by Ransomware and was able to fully restore the environment and re-establish workflow within just a few hours.

Given the usual secrecy involved in most malware incursions, the following description of this IT manager's actual experience is instructive since it offers an example of "best practices" that can guide others anticipating or facing a Ransomware threat.<sup>20</sup>

This organization suffered two serious breaches less than two months apart and successfully recovered both times. In the first breach, within 45 minutes of a user clicking on an email attachment, the Crypto virus had spread to 12 of the organization's 23 servers. The IT Manager was alerted to the problem both by the user whose PC was locked with the Ransomware demand on his screen and an auto alert from the network scanning software that reported unusual activity.

The IT Manager's first action was to rapidly shut down the entire server network. This of course stopped the spread of the virus, but also prevented users from performing their jobs. Fortunately, their backup strategy implementation worked well as they were able to fully recover within hours.

The major components of the protection strategy employed included:

- Separating the network into discrete departments or segments (creating subnets) which restricted individuals' access to only servers containing their department's software and network storage. This limited the spreading of the virus across various departments within the organization. The analogy is a modern ship with rooms and decks that can be completely closed off from each other in the event of a fire or explosion.
- Taking snapshots (copies) of their Storage Area Network (SAN) twice a day.
- Completing full nightly backups of their SQL databases and incremental backups of the databases at five-minute intervals.
- Performing server backups with a commercial external backup appliance and/or service. See Appendix D for examples of companies in this market.<sup>21</sup>
- Regularly testing the restore process to ensure the successful recovery of critical server hardware. Without testing, there is no assurance that the Cybersecurity plan will work. Moreover, even if it works once, that is no assurance it will work again, without periodic re-testing.
- Conducting weekly backups of critical personnel's full PC hard drives.
- Use the "3-2-1 strategy"<sup>22</sup>: do three backups into two different media including one offsite.

Having all of these Cybersecurity plan components was a good start but it took much more to affect a recovery. First a commercial Virus Removal Software Tool was used which did not work (in this case). Therefore, the IT team used the snapshot copies to replace corrupted data on

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<sup>20</sup> Grand Jury Interview

<sup>21</sup> These services include onsite and offsite backup and recovery services which are usually located outside the immediate locale.

<sup>22</sup> Management Wire, *The 3-2-1 Backup Rule and Effective Cybersecurity Strategy*, January 7, 2020.

infected server units followed by the application of the incremental backups of the database to complete the restore.

This detailed example represents a well thought out and highly prepared plan, executed with precision. The first breach resulted in 4½ hours of downtime as 12 servers were infected. The second breach resulted in 6 ½ hours of downtime to recover 19 affected servers. The IT team was able to recover the servers and their data both times, become fully operational within hours, and the organization did not pay any ransom demands.

### Grand Jury Cybersecurity Survey and Follow-up Interviews

Survey question:<sup>23</sup> *“Has your Organization had a Ransomware attack? Specifically, has there been an instance or multiple instances when an attack has locked up a computer or computers and presented a demand for ransom to unlock the infection?”*

Nine survey responders and one non-survey responder interviewee, a total of 10 of 38 (37 responders to the online survey and one non-survey responder) affirmed an attack had occurred or had possibly occurred in their organization, a 26% “hit” rate. The circumstances of their attacks were reviewed.<sup>24</sup> The non-survey interviewee was the IT manager from a public entity in the County who was unwilling to complete the survey because they did not want to reveal that their organization had been subject to “one or more” Ransomware attacks. Nor were they willing to disclose how successful the Ransomware attack(s) were for fear that they would open themselves up to more attacks.

Survey Question:<sup>25</sup>

*“Is your Information Systems Budget adequate to secure your network properly from malicious attack?”*

Thirty-two of the 37 survey respondents, or 86%, answered Yes to this question. This high percentage of “Yes” responses either indicates a high level of confidence in their defense setup, a reluctance to complain about their IT budget, or as two of our follow-up interviewees revealed<sup>26</sup>, a lack of understanding of the complexity of a well-written, well-executed Cybersecurity Plan.<sup>27</sup> Suggesting the latter, The National League of Cities conducted a similar survey of 165 city governments nationwide and asked the same question, (*“Is your budget adequate enough to secure your network properly?”*): 67% replied “No”.<sup>28</sup>

### Investigation Results Regarding Backup/Restore/Maintenance

The Grand Jury survey and follow-up interviews revealed that, while many local agencies have backup plans,<sup>29</sup> only a portion of those same agencies had successfully recovered lost files from

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<sup>23</sup> Appendix A – Question #1

<sup>24</sup> Grand Jury Interview

<sup>25</sup> Appendix A – Question #2

<sup>26</sup> Grand Jury Interviews

<sup>27</sup> Federal Communications Commission, *Cyber Security Planning Guide*, October 2012.

<sup>28</sup> National League of Cities report, *Protecting Our Data: What Cities Should Know About Cybersecurity*, page 8

<sup>29</sup> Appendix A – Question #3

backups and none of the survey responders had ever done a full restore of a server.<sup>30</sup> When an attack occurs with inadequate backup processes in place, there is no way to recover. Moreover, a proactive and well-thought-out business continuity plan is something that all system and data administrators must embrace.

What is a good backup strategy? Certain applications provide the ability within the applications themselves to set up different types of backups and schedule them to be performed automatically. A good example of this is SQL.<sup>31</sup> Using a SQL-based approach, both nightly full database backups can be scheduled as well as intermittent transaction log backups (which capture activity during small time increments), so that a recovery could be completed with virtually no loss of data. These backups should then be stored according to the 3-2-1 backup rule<sup>32</sup> whereby three copies or versions are taken, stored on two different media, one of which is offsite. Operating systems and third-party vendors offer a multitude of backup solutions for servers. Snapshots or image backups<sup>33</sup> provide the most complete backup and the fastest restore option.<sup>34</sup>

Raj Samani, Chief Technology Officer for Europe at Intel Security captures the importance of a complete backup strategy, “Most Ransomware attacks can be avoided through good cyber hygiene and effective, regular data backups that are continually tested to ensure they can be restored if needed.”<sup>35</sup>

As this discussion shows, the technology to prevent and if necessary, correct, the impact of a malware attack is available. Local government agencies must be pro-active and vigilant in using such to protect their data and their businesses.

#### Investigation Results Regarding Employee Training

Education is the best defense. “Preventing infection is far easier than correcting the situation as most of the infections are acquired either from a socially engineered email (one that appears reputable or from a familiar source), or from visiting an infected website, so controlling risk on your side is the easiest method.”<sup>36</sup>

Answers to Survey Question #5 provide strong evidence for the need for the governing boards to review with their IT managers their defenses against cyberthreats: “*Do you provide training to employees regarding malware?*” 12 responded with a non-qualified “Yes”. Nine responded “No” (24%) and 16 responded with a qualified “Yes” (42%) and described their training as

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<sup>30</sup> Appendix A – Question #4

<sup>31</sup> Structured Query Language (SQL) is a programming language

<sup>32</sup> Management Wire, *The 3-2-1 Backup Rule and Effective Cybersecurity Strategy*, January 7, 2020.

<sup>33</sup> Image backup consists of block by block storing of the contents of a hard drive

<sup>34</sup> <https://www.ltnow.com/file-backup-vs-image-backup-which-is-best/>

<sup>35</sup> Zerto, Raj Samani, *Ransomware – Mitigating the Threat of Cyber Attacks*, 2019

<sup>36</sup> Epicor, *Protecting Yourself from Ransomware*, January 2020



needing improvements.<sup>37</sup> As one survey responder commented, “The answer is yes, but a lot more needs to be done.”

Cybersecurity training is a well-established industry – providing a focused set of classes and materials designed to reduce users’ clicks on harmful links and attachments. Security training, awareness, and assessment should be a routine part of the Cybersecurity strategy in government. Deploying such a program covers the education, training and testing of employees to recognize, delete and report attempted attacks. Studies show these programs reduce but do not eliminate user error.

*Government Technology* magazine captured it best in their cover story entitled “In the quest to guard against cyberthreats, can we solve the people problem? The Weakest Link.”<sup>38</sup> The article concluded that even with the best training programs and defenses, the human element may never be completely overcome.<sup>39</sup> This is precisely why recurring training and user testing is encouraged by best practices.

#### Handling Incoming Emails – Phishing Defenses

In a worldwide survey of Managed IT Service Providers (MSP’s) in 2019, “67% of Ransomware attacks originated from a phishing or spam email...the easiest method of delivery and man does it pay off.”<sup>40</sup> The greatest threats take advantage of users “within” the network, i.e., users who click on malicious links or open email attachments that contain viruses or make other mistakes that allow hackers to gain access to the entity’s system or network. Trend Micro estimates that the vast majority of all attacks occur when a user clicks on something they should not.<sup>41</sup>

There are different ways to help the user community recognize and protect against a phishing attack. Most network environments utilize spam filters to automatically filter incoming messages. Spam filters are used to detect unsolicited, unwanted, and virus-infested email and stop it from getting into email inboxes.<sup>42</sup> “Additionally, malware detection software can also be highly successful in reducing the risk of Ransomware but the anti-malware definitions (a database of known infectious code) need to be constantly updated...which takes effort and time but represents the single most effective defensive strategy.”<sup>43</sup>

Message rules can be used to flag external emails and thereby decrease the probability that a user clicks on bad content. An administrator can set up message rules on a users’ client or the email server. An example of a message rule might be if the sending organization includes @smithco.com in the sender’s address, the message is automatically moved the incoming message into a personal folder called “Smith Company.” A better example would be a rule that

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<sup>37</sup> Grand Jury Survey responses

<sup>38</sup> Government Technology Magazine, Adam Stone, *The Weakest Link*, Oct/Nov 2018

<sup>39</sup> Ibid

<sup>40</sup> VadeSecure – Predictive Email Defense, *Ransomware Attacks: Why Email is still the #1 Delivery Method*, January 16, 2020

<sup>41</sup> <https://blog.trendmicro.com/online-phishing-how-to-stay-out-of-the-hackers-nets/>

<sup>42</sup> <https://www.mailchannels.com/what-is-spam-filtering/>

<sup>43</sup> Epicor, *Protecting Yourself from Ransomware*, January 2020

flags all external emails (not from the host's domain) and warns about the threats of clicking on attachments or weblinks. An example of this visual potential threat message rule is displayed in Appendix C.

Message rules can be very powerful to alert users of potential threats or to be careful about what they might click on and endanger their system. Some of the vendors listed in Appendix B also can “report” a suspected phishing attempt to an IT administrator. The Grand Jury’s review revealed that some of the Information Technology Services departments for local public entities have installed message rules on their email servers to notify users of external emails.<sup>44</sup> This is a “best practice” which all local governmental agencies should consider.

Phishing emails are easy to create, as they do not take a high level of skill to provide the illusion of legitimacy by mimicking web-site brands or using logos from Google images. They can also easily spoof (fake) an email address to look like a trusted source.<sup>45</sup> It can often be very difficult to catch these risky emails, as the spoofed emails are cleverly disguised. A YouTube video created by Cisco Systems illustrates the sophisticated approach a phishing email may take – “Anatomy of an Attack”.<sup>46</sup> It shows an attacker constructing a realistic identity deception email and can be viewed at <https://www.youtube.com/watch?v=4gR562GW7TI> After you watch this video please note, had an email filter caught this message and flagged it as external and warned about clicking on links, the deception may have been caught.

#### What Does Excellent Cyber Defense Look Like?

Survey Question<sup>47</sup>: “*What defenses do you currently employ to block malware? Please be specific. (Firewall brand/model, Software filters/spam blocker, etc.)*”

Five survey responders did not divulge the infrastructure of their environment. 17 responders provided abbreviated details indicating they do have Cybersecurity protections in place. The remaining 15 responses were explicit about their organizations’ hardware and software defense strategies. Below is a survey response that illustrates a well-protected environment using some of the best practices of Cybersecurity:

“At the first layer, we use a PAN 220 Firewall with all subscriptions enabled, (URL Filtering, Antivirus/Vulnerability, Wildfire, etc.), block all international countries both in and outbound. Once traffic is passed for email, it passes through a Barracuda spam filter, filtering and scanning phishing and virus emails, checks with External Reputation servers for known virus and spamming servers, then passes to an on-premise exchange server. The exchange servers have another layer installed, Symantec Antivirus, giving a third layer of scanning. All servers and workstations have the latest version of the antivirus installed controlled by a centralized server. Window patches are applied on a monthly basis to all servers and workstations, and servers are retired once Microsoft ends support for an operating system.”<sup>48</sup>

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<sup>44</sup> Grand Jury interviews

<sup>45</sup> Ibid

<sup>46</sup> Cisco Systems, *Ransomware - Anatomy of an Attack*, <https://www.youtube.com/watch?v=4gR562GW7TI>

<sup>47</sup> Appendix A - Question #6

<sup>48</sup> Grand Jury Survey response

The survey respondent's best practices:

- Filtering incoming email for viruses, malware, and phishing attempts;
- Utilizing protection software from multiple vendors;
- Utilizing multiple layers of defense;
- Keeping systems up-to date.

Breaches and attacks that manage to extract data (Ransomware 2.0) expose additional risks to sensitive information. Security professionals point out additional options for securing organizational data:<sup>49</sup>

- Use Subnets<sup>50</sup> to section out servers with separate security permissions and limited access;
- Disable and block unused services, protocols and ports;
- Perform Backup & Recovery (focus on full testing of recovery);
- Strengthen the password policy (long, complex, with expiration dates);
- Employ 2-factor authentication (password then keycode) for external user access.<sup>51</sup>
- Install Anti-malware / Antivirus software on all machines and keep current (update at least monthly);
- Update at least monthly, patches for operating systems, firewalls, spam filters, malware, and other key applications;
- Perform monitoring and auditing of failed logins, password changes, resource usage, and services stopping.

Local public entities can get assistance from The Federal Communications Commission's (FCC) Cyber Security Planning Guide that includes a customized Cyber Security Planning Tool to craft and execute a customizable Cybersecurity plan.<sup>52</sup> As their introduction explains, "data security is crucial ... customer and client information, payment information, personal files, bank account details ... all of this information is often impossible to replace if lost and dangerous in the hands of criminals... losing (your data) to hackers or malware infection can have far graver consequences."<sup>53</sup> Public entities should take advantage of this Guide in reviewing the current status of their own data system security.

When answering questions of respondents via email it was found that some already use cloud hosting for email.<sup>54</sup> During the interviews it was further uncovered that a school IT manager is considering additional cloud hosting of one or more of their applications. Cloud providers are able to provide layers of protection for a customer's network and software, as well as creating a segregation between their network and their customers. A cloud provider will patch and

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<sup>49</sup> Government Technology Magazine, Adam Stone, *The Weakest Link*, Oct/Nov 2018

<sup>50</sup> <https://searchnetworking.techtarget.com/tutorial/Protocols-Lesson-6-IP-subnetting-The-basic-concepts>

<sup>51</sup> The County's Office of the Assessor-County Clerk-Recorder and Elections has already instituted 2-factor authentication. 2018-2019 Grand Jury Report – Security of Election Announcements.

<sup>52</sup> Federal Communications Commission, *Cyber Security Planning Guide* <https://transition.fcc.gov/cyber/cyberplanner.pdf> and FCC *Cyber Security Planner* (customizable) <https://www.fcc.gov/cyberplanner>

<sup>53</sup> Ibid, page PDS-1

<sup>54</sup> eMails received from public domain accounts

maintain current software versions, leverage security and malware and have a dedicated security team (24x7x365) that is responsible for staying on top of the security risks.<sup>55</sup>

## Conclusions

Grand Jury survey results and in-depth interviews determined that some local government agencies have Cybersecurity strategies in place. For them, this report is asking those IT departments to re-challenge the sufficiency of their employee training, the regular (full) testing of their defense strategies and the adequacy/age of their Cybersecurity strategy including consideration of cloud hosting. For the rest, this is a good time to complete a review and see what additional measures can be taken to beef up their IT security using the information provided in this report as a guide. The biggest trap is believing that a malware attack, or in the worst case a Ransomware attack, is unlikely to happen to organizations and that the Cybersecurity strategies already in place are sufficient to successfully recover.

As learned from the best practices example of the IT manager who thwarted two attacks successfully, a comprehensive Cybersecurity plan includes user prevention steps, spam and malware software, back-ups and full recovery testing. These suggestions as well as those from the professional literature on Cybersecurity include the following list of best practices:

- Anti-Malware definitions need to be constantly updated to retain their effectiveness.
- Software updates need to be kept current.
- To identify external emails, message rules can be used to flag external emails and thereby decrease the probability that a user clicks on bad content.
- To thwart phishing attempts, footers can be added to incoming emails to warn about opening attachments and clicking on links (see Appendix C).
- Security training, awareness and assessment need to be routine along with testing all employees to recognize, delete and report attempted attacks (See Appendix B).
- Establishing a thorough and comprehensive backup process for all Servers using the 3-2-1 rule and establishing a separate backup process for key users' critical folders (e.g., administration, accounting, human resources) to be able to restore/recover from a secure onsite and/or offsite backup.
- Snapshots and/or image backups provide the most complete backup and the fastest recovery option.
- Consider cloud-hosting of email and other applications to provide added security, backup & restore capabilities and filtering benefits to close the largest and easiest route for Ransomware to penetrate entity systems.

## **FINDINGS**

- F1. Ransomware is a real and growing threat to public entities including those in San Mateo County.
- F2. Across the country, local governments and schools represent 12% of all Ransomware attacks.

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<sup>55</sup> Government Technology Magazine, Adam Stone, *The Weakest Link*, Oct/Nov 2018

- F3. The direct and indirect costs of Ransomware can be significant.
- F4. Cybersecurity reviews and assessments, and an updated, well-executed Cybersecurity plan, are critical components of IT security strategy.
- F5. A comprehensive Cybersecurity plan should include, at a minimum, information concerning prevention steps, spam and malware software, and backups and full recovery testing.
- F6. The identification of phishing attempts, including the use of spam filters, is an important component to protecting an IT system from Ransomware attacks.
- F7. Testing a full restore of a server to ensure that backups are reliable should be undertaken regularly as part an entity's backup plan to recover lost information.
- F8. Training of new employees, and the recurring training of existing employees, is an important component of defense against Ransomware.

## RECOMMENDATIONS

The Grand Jury recommends that each governing body undertake its own confidential effort to protect against Ransomware attacks. Specifically:

- R1. Each of the governmental entities in San Mateo County with an IT department or IT function (whether in-house, handled by another government unit or outsourced to a private enterprise) as listed in Appendix F, should by November 30, 2020, make a request for a report from their IT organization that addresses the concerns identified in the report, specifically:
  - 1. System Security (Firewalls, Anti-malware/Antivirus software, use of subnets, strong password policies, updating/patching regularly)
  - 2. Backup & Recovery (In the event of an attack, can you shut down your system quickly? What is being backed up, how it is being backed up, when are backups run, and where are the backups being stored? Have backups been tested? Can you fully restore a Server from a backup?)
  - 3. Prevention (turning on email filtering, setting up message rules to warn users, providing employee training on phishing and providing a reporting system to flag suspect content)
- R2. These confidential internal reports should be provided to the governing body by June 30, 2021. This report should describe what actions have already been taken and which will be given timely consideration for future enhancements to the existing cybersecurity plan.
- R3. Given the results of their internal reports, governmental entities may choose to request further guidance by means of a Cybersecurity review from the U.S. Department of

Homeland Security<sup>56</sup> and/or a cyber hygiene assessment from the County Controller's Office.<sup>57</sup>

- R4. Given the results of their internal reports, governmental entities may choose to ask their IT departments to review their own Cybersecurity Plan with the detailed template provided by the FCC's Cybersecurity Planning Guide and consider customizing it using FCC's Create Custom Cybersecurity Planning Guide tool (see footnote 52).

## METHODOLOGY

### Documents

- Attack incident reports were requested from IT Departments who experienced attack(s). No incident reports were received.

### Site Tours

- No site tours were performed as a part of this report.

### Interviews

Reports issued by the Civil Grand Jury do not identify individuals interviewed. Penal Code Section 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Civil Grand Jury.

- Three Information Systems Managers of three different public entity IT organizations.
- Two non-public professional IT Managers. Both of these Managers' IT infrastructure environments had been infected with Ransomware attacks. One paid the ransom and the other did not.
- A professional Ransomware expert who often consults with companies who have been attacked or desire assistance preventing attacks. He also teaches classes on preparing for and preventing Ransomware attacks.
- Numerous security industry professionals at the RSA Conference held at Moscone Center in San Francisco between February 24<sup>th</sup> and 28<sup>th</sup> 2020.

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<sup>56</sup> <https://www.us-cert.gov/resources/assessments>

<sup>57</sup> 2018-2019 San Mateo Grand Jury Report – Security of Election Announcements

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## APPENDIX A – SURVEY QUESTIONS

1. Has your Organization had a Ransomware attack? Specifically, has there been an instance or multiple instances when an attack has locked up a computer or computers and presented a demand for ransom to unlock the infection?

If you answered Yes or Possibly to Question 1, please provide a detailed description of the attack. What actions were taken once the attack was realized?

2. Is your Information Systems Budget adequate to secure your network properly from malicious attack?
3. Please provide an explanation of your Systems Backup processes? How often are backups run, where do you store the Backups?
4. Have you ever had to Restore from Backups? Please describe in detail why you did the Restore and describe the process used.
5. Do you provide training to employees regarding Malware?
6. What defenses do you currently employ to block malware? Please be specific. (Firewall brand/model, Software filters/spam blocker, etc.)

## APPENDIX B – EMPLOYEE TRAINING OPTIONS

Phishing is the primary method of entry in cyber-attacks worldwide. Over the past few years, some security industry companies have come up with excellent testing, training, monitoring, measuring and reporting solution to help with employee training. The primary goal of an employee training program is to change user's behavior when viewing emails that might contain threats.

The typical components of these solutions include:

- Customized phishing attacks designed to test employees in spotting attack attempts
- Provide users a simple to use reporting tool to flag suspected attacks
- An incidence response platform for controlling the spread of an attack
- Reporting dashboards tracking user click-throughs
- Employee training programs

Here are some website links for the companies offering training solutions.

[www.knowbe4.com](http://www.knowbe4.com)

[www.lucysecurity.com](http://www.lucysecurity.com)

[www.metacompliance.com](http://www.metacompliance.com)

[www.mediapro.com](http://www.mediapro.com)

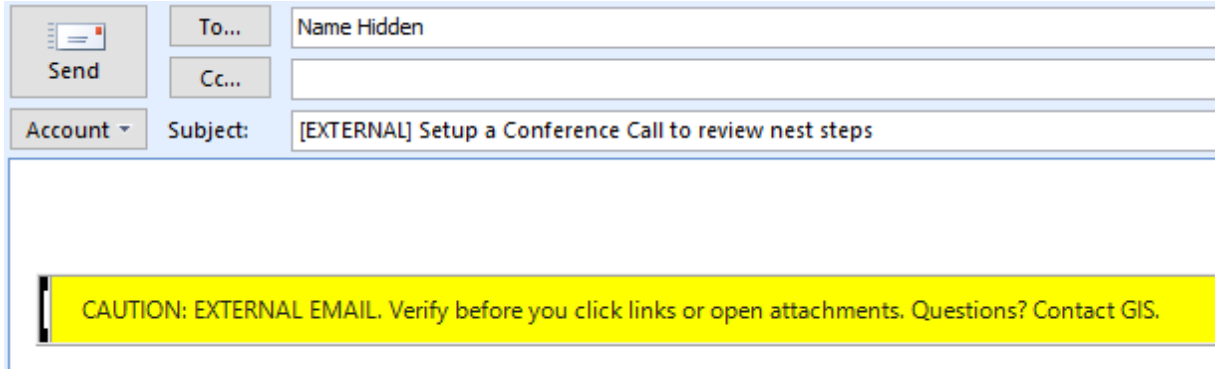
[www.cofense.com](http://www.cofense.com)

[www.elevatesecurity.com](http://www.elevatesecurity.com)

[www.securitymentor.com](http://www.securitymentor.com)

[www.habitu8.io](http://www.habitu8.io)

**APPENDIX C – EMAIL MESSAGE RULE - EXTERNAL**



**APPENDIX D – BACKUP & RECOVERY APPLIANCES & SERVICES**

There are a large number of companies that provide Backup and Recovery solutions. Solutions Review has prepared a buyer’s guide for the leading vendors. Click on the following link or copy and paste this URL into a browser to get your own copy of this guide.

<https://solutionsreview.com/backup-disaster-recovery/get-a-free-backup-and-disaster-recovery-buyers-guide/>

Specifically, some of the vendors in this report do not provide appliances, only virtual server support. Here is a partial list of appliance and solution vendors:

- [www.unitrends.com](http://www.unitrends.com)
- [www.barracuda.com](http://www.barracuda.com)
- [www.carbonite.com](http://www.carbonite.com)
- [www.commvault.com](http://www.commvault.com)
- [www.dellemc.com](http://www.dellemc.com)
- [www.axcient.com](http://www.axcient.com)
- [www.cohesity.com](http://www.cohesity.com)
- [www.datto.com](http://www.datto.com)
- [www.infrascale.com](http://www.infrascale.com)

**APPENDIX E – PHISHING DEFENSE VENDORS**

Some companies that provide solutions that improve email defenses are:

- <https://www.opswat.com/products/metadefender/email-gateway-security>
- <https://www.agari.com/products/phishing-defense/>
- <https://www.inky.com/anti-phishing-software>
- <https://www.mimecast.com/products/email-security-with-targeted-threat-protection/>

**APPENDIX F: PUBLIC ENTITIES IN SAN MATEO COUNTY (68)****City/Town Governments (20)**

Town of Atherton  
 City of Belmont  
 City of Brisbane  
 City of Burlingame  
 City of Colma  
 City of Daly City  
 City of East Palo Alto  
 City of Foster City  
 City of Half Moon Bay  
 City of Hillsborough  
 City of Menlo Park  
 City of Millbrae  
 City of Pacifica  
 Town of Portola Valley  
 City of Redwood City  
 City of San Bruno  
 City of San Carlos  
 City of San Mateo  
 City of South San Francisco  
 Town of Woodside

**County Government (1)**

County of San Mateo, Information Services Department

**School Districts (25)**

Bayshore Elementary School District  
 Belmont Redwood Shores School District  
 Brisbane School District  
 Burlingame School District  
 Cabrillo Unified School District  
 Hillsborough City School District  
 Jefferson Elementary School District  
 Jefferson Union High School District  
 La Honda Pescadero School District  
 Las Lomas Elementary School District  
 Menlo Park City School District  
 Millbrae School District  
 Pacifica School District  
 Portola Valley School District  
 Ravenswood City School District  
 Redwood City School District  
 San Bruno Park School District  
 San Carlos School District

San Mateo Foster City School District  
 San Mateo Union High School District  
 Sequoia Union High School District  
 San Mateo County Community College School District  
 San Mateo County Office of Education  
 South San Francisco Unified School District  
 Woodside School District

**Independent Special Districts (22)**

Bayshore Sanitary District  
 Broadmoor Police Protection District  
 Coastside County Water District  
 Coastside Fire Protection District  
 Colma Fire Protection District  
 East Palo Alto Sanitary District  
 Granada Community Services District  
 Highlands Recreation District  
 Ladera Recreation District  
 Menlo Park Fire Protection District  
 Mid Peninsula Regional Open Space District  
 Mid-Peninsula Water District  
 Montara Water and Sanitary District  
 North Coast County Water District  
 Peninsula Health Care District  
 San Mateo County Harbor District  
 San Mateo County Mosquito and Vector Control District  
 San Mateo County Resource Conservation District  
 Sequoia Healthcare  
 West Bay Sanitary District  
 Westborough Water District  
 Woodside Fire Protection District

Not Included: County-governed special districts and subsidiary special districts governed by their respective city councils.

Issued: October 7, 2020



TO: Board of Directors

FROM: Candy Pina

DATE: October 22, 2020

### ADMINISTRATIVE SERVICES MANAGER'S REPORT

**FINANCIAL REPORTING:**

**Schedule of Cash and Investments:**

<b>SCHEDULE OF CASH AND INVESTMENTS</b>		
<b>CASH ACCOUNT</b>	<b>BALANCE 9/30/2020</b>	<b>BALANCE 10/13/2020</b>
PETTY CASH	\$400	\$400
CASH DRAWER	\$200	\$200
WELLS FARGO CHECKING	\$238,919	\$150,579
LAIF	\$7,609,292	\$7,609,292
BNY INSTALLMENT ACCOUNT	\$827,525	\$827,525
<b>TOTAL</b>	<b>\$8,676,335</b>	<b>\$8,587,996</b>

**Water Revenue Report:**

<b>WATER REVENUES for FISCAL YEAR 2020/2021</b>					
Month	Total Units	Water Commodity Charges	Fixed System Charges	Total Water Revenues	Misc Rev
JUL	127,235	1,155,373	265,043	1,420,416	1,372
AUG	130,402	1,190,550	262,741	1,453,291	1,384
SEP	130,150	1,186,635	262,913	1,449,548	1,384
<b>TOTAL</b>	<b>387,787</b>	<b>3,532,558</b>	<b>790,697</b>	<b>4,323,255</b>	<b>4,140</b>

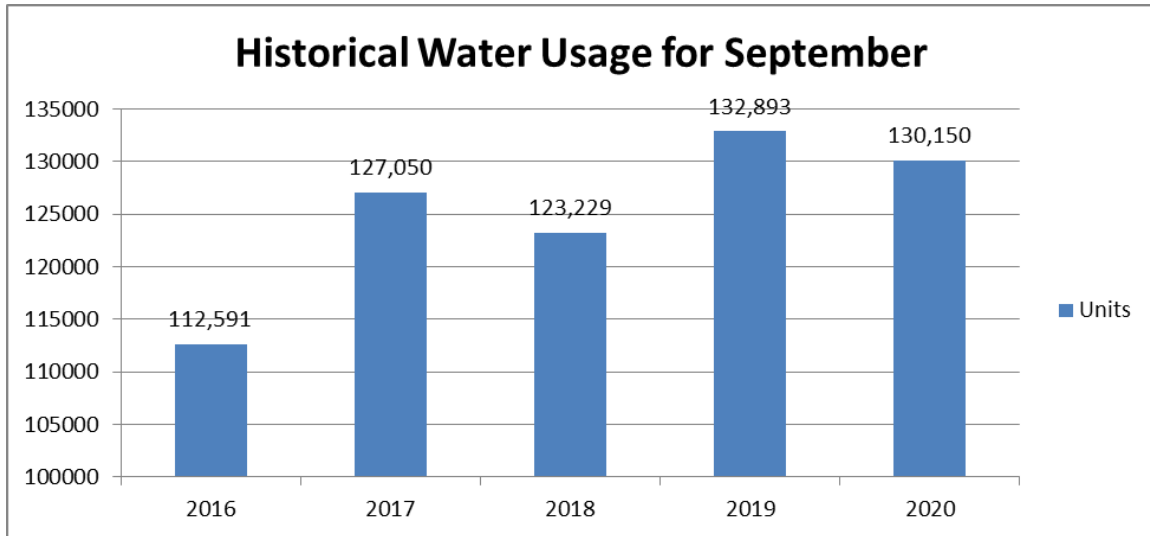
Please note the following: Total Units for each month on this report are calculated when customer meters are read:

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

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

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.



#### **CONFERENCES, TRAINING, & MEETINGS:**

- 1) Candy Pina: 09/29/20 – Meeting with Springbrook team
- 2) Misty Malczon: 10/1, 10/5, 10/13, 10/15, 10/19, 10/22, 10/26, 10/29 – Leadership Training with Public Utilities and Waterworks Management Institute
- 3) Candy Pina: 10/02/20 – Meeting with Ray Greenwall from Office Team
- 4) Candy Pina: 10/06/20 – Executive Team Briefing
- 5) Misty Malzcon/Candy Pina: 10/06/20 – MPWD Leadership Team Briefing
- 6) Misty Malczon/Ron Okada/Laura Ravella/Candy Pina: 10/08/20 – Retirement luncheon for Rick Bisio
- 7) Candy Pina: 10/08/20 – Finance Committee Meeting
- 8) Candy Pina: 10/08/20 – Special Board Meeting
- 9) Misty Malczon/Ron Okada/Laura Ravella/Candy Pina: 10/07/20 – MPWD Lunch & Learn
- 10) Candy Pina: 10/20/20 – LAIF Pension Funding Policy Development
- 11) Misty Malczon/Ron Okada/Laura Ravella/Candy Pina: 10/22/20 – MPWD Safety Meeting/Rap Session
- 12) Misty Malzcon: 10/27-28/20 – AWWA Leadership Training
- 13) Candy Pina: 10/28/20 – ACWA JPIA Leadership Summit 2020
- 14) Candy Pina: 10/29/20 – Coffee with Carrum – ACWA JPIA

### PARS OPEB Trust Program & PRSP - September 2020

ACCOUNT SUMMARY								
FISCAL YEAR	Beginning Balance	CONTRIBUTIONS	EARNINGS	Expenses (Trustee/Investment Management Fee)			Ending Balance	Expenses (Administrative Fee)
				Account Transition*	Account Transition*	Account Transition*		
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	\$ -	\$ 168,144.25	\$ 23,312.34	\$ -	\$ -	\$ 4,483,632.14	\$ -
2020-2021	\$ 4,483,632.14	\$ -	\$ 203,686.84	\$ 6,644.60	\$ -	\$ -	\$ 4,680,674.38	\$ -
<b>2014-2020</b>	<b>\$ 368,264.01</b>	<b>\$ 3,606,311.67</b>	<b>\$ 727,735.21</b>	<b>\$ 43,827.07</b>	<b>\$ 22,190.56</b>	<b>\$ -</b>	<b>\$ 4,680,674.38</b>	<b>\$ 15,064.46</b>
PARS OPEB	\$ 2,729,661.26	\$ -	\$ 124,005.73	\$ 4,045.26	\$ -	\$ -	\$ 2,849,621.73	\$ -
PARS PENSION	\$ 1,753,970.88	\$ -	\$ 79,681.11	\$ 2,599.34	\$ -	\$ -	\$ 1,831,052.65	\$ -

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

INVESTMENT RETURN - PARS OPEB					
FISCAL YEAR	1-Month	3-Months	1-Year	3-Years	5-Years
				Annualized Return	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	3.81%	3.17%	6.79%	5.95%	4.41%
2019-2020	2.10%	12.79%	3.89%	5.03%	4.76%
2020-2021**	-1.64%	4.54%	7.70%	5.80%	6.20%

INVESTMENT RETURN - PARS PENSION					
FISCAL YEAR	1-Month	3-Months	1-Year	3-Years	5-Years
				Annualized Return	Annualized Return
2018-2019	3.81%	3.11%	0.00%	0.00%	0.00%
2019-2020	2.10%	12.79%	3.89%	0.00%	0.00%
2020-2021	-1.64%	4.54%	7.70%	0.00%	0.00%

\*\* Current Fiscal Year Percentages reflect the percentages as follows: 1-Month is the percentage for the month being reported on; 3-Month % is the last three months being reported on; 1-year is for the last 12 months being reported on; 3-Years Annualized is for the last 36 months being reported on; and 5-Year Annualized Return is for the last 60 months being reported on. So if the month being reported on is March 2020, the following would be true:

1 month = March 2020 %

3-months = January – March 2020 %

1 year = April 2019 – March 2020 %

3-year Annualized Return = April 2017 – March 2020

5-year Annualized Return = April 2015 – March 2020

The prior Fiscal years in this report use the same logic as above with June being the month that is reported.

**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:

- 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 Harassment Prevention training (required every two years). Due dates (in alphabetical order) for certification renewal of Sexual Harassment Prevention Education:

- Joubin Pakpour June 14, 2021
- Candy Pina December 18, 2021
- Rene Ramirez 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: October 22, 2020

## **OPERATIONS REPORT – September**

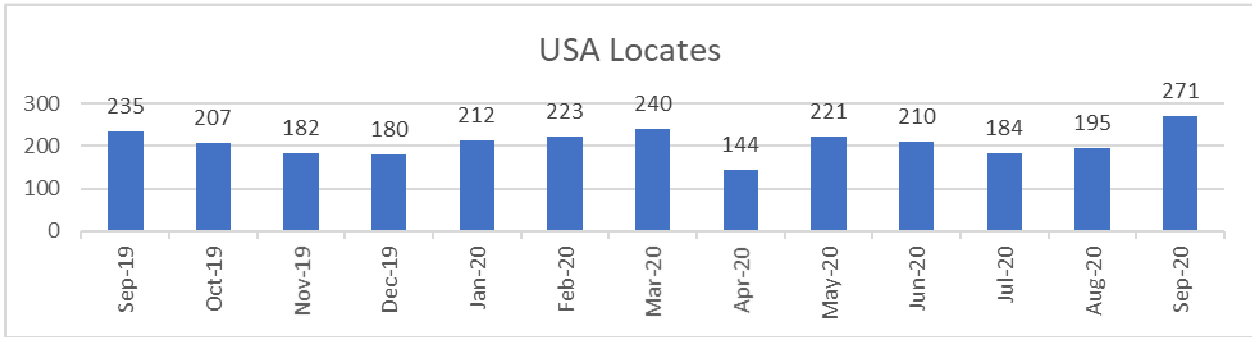
### **Projects:**

- Reviewed Chapters 1 through 3 of the draft Urban Water Management Plan document and provided comments to consultant;
- Held 60% review for the Old County Road Water Main Improvement Project, capital project 05-1621-CP (15-75);
- Participated in a virtual meeting with Water Rate/Financial Model consultant;
- Met virtually to discuss outreach program for the El Camino Real capital project. Mailed approximately 350 customers to offer opportunities to discuss project and impacts to their place of business or residence. Had only 2 virtual meetings/phone calls over the 3 week period ending October 8. Staff intends to visit each business on path for project to make sure they understand project and answer any questions;
- Practiced Zoom meeting for the Sign-Up Genius platform used to hold El Camino Real outreach virtual meetings;
- Attended virtual meeting with Capacity Charge Consultant;
- Attended a pre-bid meeting for the El Camino Real capital project 06-1621-CP (15-76);
- Participated in a virtual discussion over Addendum #1 for the El Camino Real capital project with team;
- Held virtual interviews for Dekoven Tank Replacement capital project construction manager/inspector;

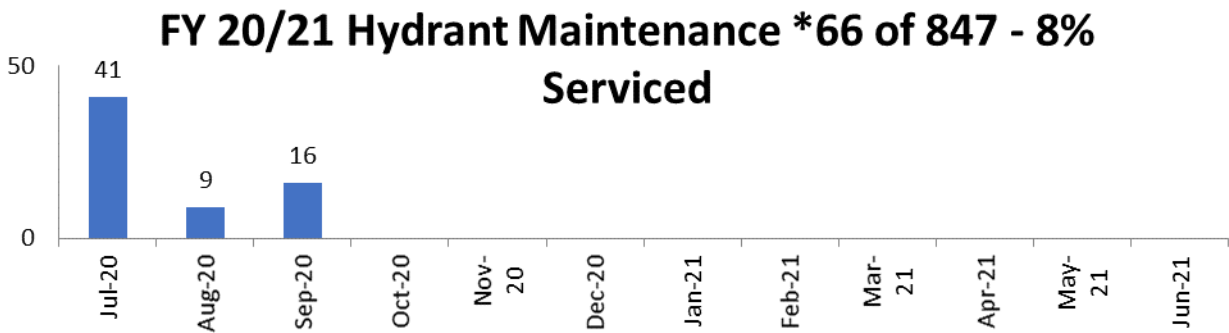
### **Maintenance:**

- Paved of water main repair on Vine St., Naughton Ave., and Sequoia Ave.;
- Repaired service line leaks at: 1458 Sunnyslope and 914 Avon Streets and paved repair areas;
- Repaired the 4-inch plumbing to the backflow device at the City's Island Parkway ball fields;
- Took care of some landscape clean-up at 1510 Folger Drive;
- Replaced fire hydrant at 2515 Carlmont Drive;

- Replaced a 3/4-inch air relief/vacuum valve at 550 South Road;
- Replaced 20 meter lids with lids that are traffic rated along Karen and South Roads and Mezes and Arthur Avenues;
- Installed nine (9) fire hydrant check valves on hydrants along Mirimar Terrace, Holly and South Road;
- Replaced valve can at intersection of Shoreway Rd. and Sem Lane and 1700 Ralston Ave;
- Repaired water main in front of 1203 Notre Dame Ave.;
- Serviced all water pumps – lubed and changed oil;
- Installed XiO SCADA hardware at Dekoven and Tunnels Pump Stations (still need industrial electrician to provide power);
- Staff spent a weekend dealing with a water quality issue emminating from the SFPUC RWS in our area (affected Cal-Water in San Mateo and San Carlos and Foster City as well);
- Responded to and completed 271 USA (underground service alerts) location requests during September;

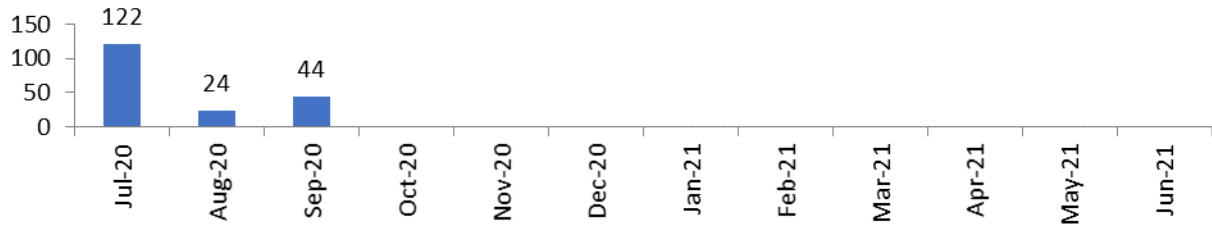


During the month of September 16 fire hydrants received a service visit. This maintenance work brings the percentage up to 8% of the system’s 847 fire hydrants;



- During the month of September 44 valves were exercised. This brings the percentage of system valves exercised to 7% of the system’s 2,780 valves;

### Valve Maintenance \*190 of 2780 - 7% Exercised



- Collected a requisite 55 water samples during the month for bacteriological testing from 11 sample station sites. None of the samples tested positive for total coliform;
- Continued to routinely monitor, less frequently, water system dead-ends continued for disinfectant residual; and
- Monitoring for signs of nitrification within our tanks, sample stations and dead ends continues, as often as possible, as a part of regular water quality monitoring.

**System Repairs:**

Date	Location	Event	Material	Installation Date	Estimated Water Loss (Gals.)
9/4/20	1548 Sunnyslope	Service Repair	Copper	1977	<500
9/5/20	914 Avon	Service Repair	Polybutylene	1970	3,000
9/27/20	1203 Notre Dame	Main Repair	CIP	1946	28,000

**Development:**

Staff is currently working with developers on 56 development projects:

Mixed Use Commercial/Multi-Family Residential: 10

- o 1300 El Camino Real; a 66-unit multi-family residential project starting on 2<sup>nd</sup> floor with commercial lease space on 1<sup>st</sup> floor covering 0.72 acres;
- o 1320 El Camino Real; a 15-unit town home residential project (area not provided);
- o 1325 Old County Road; a 250-unit multi-family residential project covering 2.09 acres;
- o 900 El Camino Real; a 37-unit multi-family residential project starting on 2<sup>nd</sup> floor with commercial lease space on 1<sup>st</sup> floor (area not provided);
- o 425-501 Old County Road; a 94-unit multi-family residential project (area not provided on our water system improvement plans);
- o 800 Laurel Avenue; a 16-unit town home residential project (area not provided);
- o 800-803 Belmont Avenue; a 125-unit multi-family residential project (area

- not provided);
- 815 Old County Road; a 177-unit multi-family residential project (area not provided);
- 1324 Old County Road; a 2 or 3 unit multi-family with ground floor retail space; and
- 608 Harbor: a 103-unit multi-family development.

**Commercial: 10**

- Reviewing Plans – 4
- Approvals Received – 4
- In Construction - 2

**Residential: 36**

- Plans In Review – 18
- Plans Through Staff Approval Process – 12
- Project In Construction - 6

**Administration:**

- Administered employee evaluation;
- Participated in a virtual meeting with Belmont Public Works staff;
- Met with Operations Supervisors to discuss human resources as an long-time employees ready to retire;
- Two Operations staffers participated in the 2020 APWA Silicon Chapter Equipment Rodeo at the city of Belmont Corporation Yard – staff finished in 3<sup>rd</sup> and 4<sup>th</sup> place in a couple of equipment events (much smaller event due to pandemic)
- Participated in an all-hands lunch and learn with staff;
- Attended BAWSCA Water Manager’s monthly virtual meeting;
- Participated in bi-weekly executive and leadership internal meetings;
- Participated in a virtual Finance Committee meeting;
- Participated in a virtual meeting with JPIA Leadership cohort from northern California;
- Interview candidate for temporary Operations employee from OTS;
- Had call with uniform representative regarding District’s uniform needs;
- Staff held internal meeting to discuss status on preparation of the AWIA – Risk and Resiliency Assessment;
- Participating in weekly calls with District Engineer and General Manager;
- Participating in Agenda Review meeting;
- Continue to actively manage power use for pumping operations via SCADA;
- Attended a BAWSCA Droplet Technologies training workshop in June;
- Participated in a BAWSCA DSS model Zoom training meeting in June;
- Participated in a Rachio Smart Irrigation Controller Zoom meeting in July;
- Participated in the quarterly BAWSCA Water Resources Committee meeting via Zoom;
- Participated in a Western States Water Conservation & Demand Network meeting virtually;

- Participated in a virtual workshop put on by the Department of Water Resources on the Urban Water Management Plan – Guidebook;
- Participated in a review meeting for the WSO AWWA Water Loss Report;
- Attended a webinar held by the Department of Water Resources on Water Loss; and
- Attended a virtual workshop held by the State Water Resources Control Board on the Monthly Report Tool update.

**Water Conservation:**

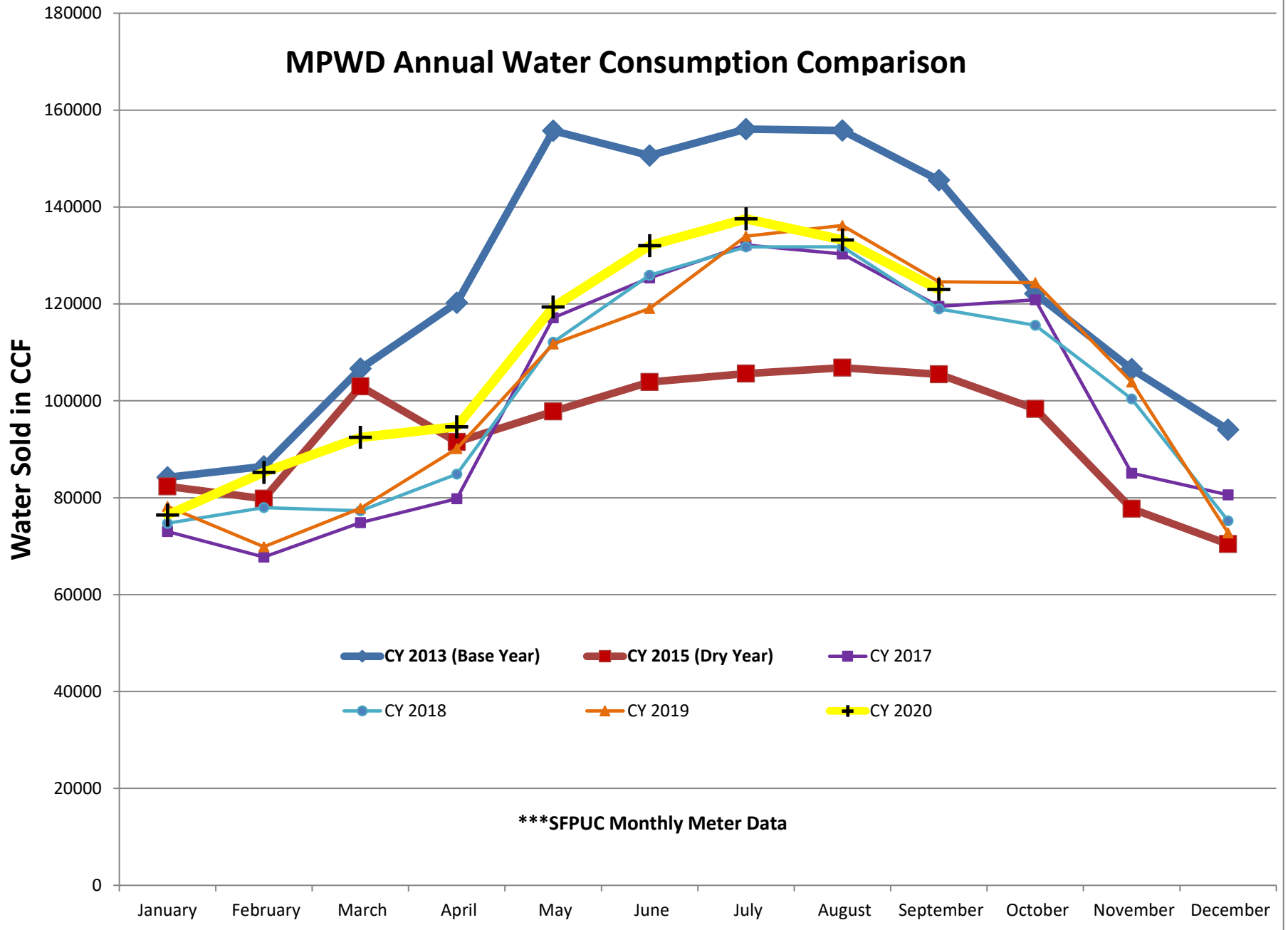
Recent 2-Month Comparison Summary

<i>2019/2020 MONTH</i>	<i>2019/2020 UNITS</i>	<i>2013 UNITS</i>	<i>PERCENT CHANGE*</i>	<i>CUMULATIVE WATER SAVINGS*</i>	<i>2019/2020 R-GPCD**</i>	<i>2013 R-GPCD</i>
August 2020	133,220	155,788	-14.5%	-13.2%	107.5	122.7
September 2020	122,978	145,551	-15.5%	-13.9%	102.5	118.5



<i>2018/2019 MONTH</i>	<i>2018/2019 UNITS</i>	<i>2013 UNITS</i>	<i>PERCENT CHANGE*</i>	<i>CUMULATIVE WATER SAVINGS*</i>	<i>2018/2019 R-GPCD**</i>	<i>2013 R-GPCD</i>
August 2019	136,191	155,788	-12.6%	-13.4%	109.8	122.7
September 2019	124,550	145,551	-14.4%	-13.7%	103.8	118.5

# MPWD Annual Water Consumption Comparison





DATE: October 14, 2020  
TO: Rene Ramirez, Operations Manager  
FROM: Jeanette Kalabolas, Water Conservation Administrative Specialist

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**SUBJECT: THIRD QUARTER WATER CONSERVATION STAFF REPORT**

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**SUBJECT #1:** 2020 Urban Water Management Plan (UWMP) Update

**BACKGROUND:** Every 5-years the DWR requires California Agencies to submit a report in present and future water sources and demands, as well as an assessment of water resource needs. Specifically, a 20-year planning period in 5-year increments must be provided. Agencies must also ID and quantify adequate supplies for existing and future demands during normal, dry and drought periods and assure efficient used of urban supplies.

**DISCUSSION:** The project is on schedule and the task of gathering initial data, providing resources and worksheet entries for our consultant hired has been completed. Staff has attended several state and regional workshops to date on various subjects surrounding plan development and continues to meet monthly as a team, as well as on an as need basis to address consultant comments and answer any questions that need attending. Draft Chapters 1-3 were delivered September 23, 2020, reviewed and returned accordingly and work on chapter 4 is now underway. Staff will continue to keep the Board updated on this project until it's completion in June 2021.

**SUBJECT #2:** MPWD Covid-19 Water Use Impact Analysis

**BACKGROUND:** Compare 2017-2019 to 2020 water use data Residential vs. CII Sectors to help further identify District impacts and challenges

**DISCUSSION:** Staff has been working with our UWMP consultant on a Covid-19 data analysis component for our 2020 UWMP. Residential, commercial, Industrial and institutional classifications for the years 2017-2019 will be compared to water consumption totals seen January-December of 2020. A findings report has yet to be provided, however our consultant has shared that preliminary indicators reflect a definitive change in prior year patterns. Once the study is completed staff will bring the report before the Board for further discussion.

**SUBJECT #3:** Change in Water Conservation Staff Reporting

**BACKGROUND:** In the past each month for informational purposes the Administrative Services Manager included in her Board Report a list of Conference(s), Training(s) and Meeting(s) that I attended

**DISCUSSION:** Due to the recent restructuring of the Organization and the fact that Water Conservation duties have transitioned from Administration to Operations please note that the list of Conference(s), Training(s) and Meeting(s) that I attend going forward can now be

found under the Administration section of Operation Manager monthly Board report each month. Below is an example for reference purposes:

9/10/2020–UWMP Team Zoom Meeting Chapters 1-3–11AM to 12:30PM

9/15/2020–Western States Water Conservation & Demand Innovators Network Meeting–10 to 11:30AM

9/16/2020–DWR UWMP Guidebook Workshop–12:30 to 2PM

9/21/2020–WSO AWWA Water Loss Report Review Meeting–9 to 10AM

9/21/2020–DWR Q&A Water Loss Webinar–1:30 to 3PM

9/22/2020–UWMP Chapters 1-3 Review Meeting between Marty & JK–11AM to 12PM

9/22/2020–SWRCB Monthly Reporting Tool Updates Workshop–1 to 3PM

9/24/2020–UWMP Chapters 1-3 Follow-Up Meeting between Marty & JK–6 to 6:30PM

**SUBJECT #4:** CSDA Annual Board Clerk Conference

**BACKGROUND:** CSDA is a non-profit association formed in 1969 to promote good governance and improved core local services through professional development, recognition programs, advocacy, and other services for all types of independent special districts throughout the state of California

**DISCUSSION:** I will be attending a 3-Day Virtual Seminar October 26-28, 2020 to earn the gold-standard certification for the Board Clerk position. A community posting board and reference library have been up and running now for several weeks to allow attendees the opportunity to share and engage with one another prior to the scheduled event and the conference Agenda includes: keynote speakers, breakout sessions, raffle, networking events, exhibitor demos and agenda topics will cover topics such as, capturing better notes, staying in compliance, advanced training in public records act and understanding District liability issues.

**SUBJECT #5:** Water Demand and Conservation Innovators Network

**BACKGROUND:** The group was created by Maddaus Water Management, Inc. to openly discuss and share information on key industry topics and research results with water innovators and Agencies throughout the western United States

**DISCUSSION:** The first virtual meeting of this newly formed group took place on September 15, 2020 from 10-11:30AM. Topics included, pending showerhead legislation and a Department of Energy call for action by the Alliance for Water Efficiency and CalWEP, DSS Model, creation of a shared resources board, Covid-19 impacts, grants and Urban Water Management Planning. Networking is encouraged and Agencies are invited to present on trade matters. Information will only be shared with industry leaders and meetings will be held bi-monthly with the next event scheduled to take place on October 29, 2020 at 10AM.

**SUBJECT #6:** BAWSCA Lawn Be Gone (LBG) Rebate Program Expansion

**BACKGROUND:** The LBG Rebate program has been modified to include an optional Rain Garden element for interested water customers

**DISCUSSION:** BAWSCA held a workshop on October 13, 2020 from 11AM-12PM for participating member Agencies to introduce the concept of natural hydrology and the benefits of a rain garden. A rain garden is a shallow landscaped depression that captures, cleans, and absorbs rain water from a roof, driveway or street and the practice mimics nature by infiltrating and evapo-transpiring storm water runoff as it collects and moves through the landscape. An additional \$300.00 will be made available to customers participating in the Lawn Be Gone Rebate Program and is being funded by Flows To Bay, the San Mateo Countywide Storm Water Pollution Prevention Program, a program of the City/County Association of



Governments of San Mateo County, or C/CAG. The plan was designed to help reduce localized flooding, standing water issues, keep greater amounts of storm water run-off from leaving your property and better facilitate water conservation. Planted with deep-rooted native plants, rain gardens also facilitate the filtration of pollutants and provide food and shelter for pollinators, butterflies, and birds.

**SUBJECT #7:** Department of Water Resources (DWR) Water Supply Demand Assessment Practice Effort and Submittal

**BACKGROUND:** In May 2018, Governor Brown signed into law Assembly Bill 1668 and Senate Bill 606, which implement new water use efficiency and water shortage contingency planning requirements for urban retail water suppliers in California. This legislation requires urban water suppliers to conduct an annual water supply and demand assessment and, on or before July 1 each year, submit an annual water shortage assessment report to DWR with information on: 1) anticipated shortage; 2) triggered shortage response actions; 3) compliance and enforcement actions; and 4) communication actions consistent with the supplier’s water shortage contingency plan. This analysis is to be completed for the current year and one additional dry year (*Water Code Section 10632.1 and 10632.2*)

**DISCUSSION:** On March 9, 2020, DWR held a workshop on the Annual Water Supply and Demand Assessment requirement and at this workshop DWR staff requested that agencies consider preparing “practice 2020 submittals” for the current year annual shortage assessment period. The practice submittals are intended to support DWR in developing the guidelines for the annual water supply and demand assessments and to provide an opportunity for agencies to consider best practices for these assessments. In the 2020 UWMPs (due July 1, 2021), agencies are required to document procedures for conducting the annual water supply and demand assessments and will be required to meet a mandated water shortage assessment deadline by July 1 annually and every year thereafter. Because BAWSCA member Agencies expressed interest in a regional effort BAWSCA, using its Regional Reliability Model assessed water shortages for the current year and one dry year, BAWSCA developed and provided reports for each agency in accordance with the new state requirements. The analysis involved close coordination with SFPUC to identify the 1) baseline assumptions to use in the modeling based upon current water supply conditions and 2) single dry year assumptions consistent with adopted UWMPs. MPWD did not participate in the practice submittal process, as we are actively engaged in updating our UWMP, however the District will comply with the onset of the filing process effective July 1, 2021 and will do so in accordance with the filing deadline each year thereafter.

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APPROVED:\_\_\_\_\_ DENIED:\_\_\_\_\_ NO ACTION:\_\_\_\_\_ DIRECTION GIVEN:\_\_\_\_\_



TO: Board of Directors

FROM: Joubin Pakpour, PE – Pakpour Consulting Group, Inc.  
District Engineer

DATE: October 22, 2020

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**DISTRICT ENGINEER'S REPORT**

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***NO WRITTEN REPORT THIS MONTH***

**MID-PENINSULA WATER DISTRICT  
OPERATIONS BUDGET FOR FY 2020-2021  
SUMMARY**

				Target YTD % 25.2%
DESCRIPTION	APPROVED FY 2020-2021 BUDGET \$	ACTUALS 7/1/2020 9/30/2020	REMAINING BALANCE/ (OVER BUDGET)	Y-T-D % OF BUDGET
<b>OPERATING REVENUE</b>				
WATER COMMODITY CHARGES (A)	9,800,000	3,532,558	6,267,442	36.0%
FIXED SYSTEM CHARGES	3,000,000	790,697	2,209,303	26.4%
FIRE SERVICE CHARGES	14,000	4,140	9,860	29.6%
MISC CUSTOMER ACCOUNT FEES	49,750	(440)	50,190	-0.9%
MISCELLANEOUS OPERATING	60,000	-	60,000	N/A
PROPERTY TAX REVENUE	268,000	57,062	210,938	21.3%
<b>TOTAL OPERATING REVENUE *</b>	<b>13,191,750</b>	<b>4,384,017</b>	<b>8,807,733</b>	<b>33.2%</b>
WATER SYSTEM CAPACITY CHARGES	40,000	10,043	29,957	25.1%
WATER DEMAND OFFSET CHARGES	20,000	673	19,327	3.4%
SERVICE LINE & INSTALLATION CHARGES	60,000	14,439	45,561	24.1%
MISCELLANEOUS NON-OPERATING *	75,000	7,616	67,384	10.2%
INTEREST REVENUE - LAIF *	75,000	24,315	50,685	32.4%
INTEREST REVENUE - COP	150,000	1,776	148,224	1.2%
LEASE OF PHYSICAL PROPERTY *	175,000	37,996	137,004	21.7%
LANDSCAPE PERMIT REVENUE (B)	10,000	9,800	200	98.0%
<b>TOTAL NON-OPERATING REVENUE</b>	<b>605,000</b>	<b>106,658</b>	<b>498,342</b>	<b>17.6%</b>
<b>TOTAL REVENUE</b>	<b>13,796,750</b>	<b>4,490,675</b>	<b>9,306,075</b>	<b>32.5%</b>
<b>OPERATING EXPENDITURES (OP EXP)</b>				
SALARIES & WAGES	2,148,750	471,231	1,677,519	21.9%
PAYROLL TAXES & BENEFITS	1,320,352	292,977	1,027,375	22.2%
PURCHASED WATER (A)	5,667,168	1,799,562	3,867,606	31.8%
OUTREACH & EDUCATION	66,000	16,623	49,377	25.2%
M&R - OPS SYSTEM	458,557	99,907	358,650	21.8%
M&R - FACILITIES & EQUIPMENT	141,625	34,458	107,167	24.3%
SYSTEM SURVEYS '(C)	85,000	49,970	35,030	58.8%
ADMINISTRATION & EQUIPMENT	346,500	69,751	276,750	20.1%
MEMBERSHIP & GOV FEES	261,894	54,844	207,050	20.9%
BAD DEBT & CLAIMS	56,000	3,856	52,144	6.9%
UTILITIES	347,600	61,865	285,735	17.8%
PROFESSIONAL SERVICES	886,675	126,085	760,590	14.2%
TRAINING/TRAVEL & RECRUITMENT	61,500	4,642	56,858	7.5%
RESTRICTED EARNINGS	225,000	26,091	198,909	11.6%
DEPRECIATION	1,080,000	260,539	819,461	24.1%
DEBT SERVICE	1,069,500	168,166	901,334	15.7%
<b>TOTAL OPERATING EXPENSES</b>	<b>14,222,121</b>	<b>3,540,566</b>	<b>10,681,555</b>	<b>24.9%</b>
<b>NET OPERATING SURPLUS/LOSS</b>	<b>(425,370)</b>	<b>950,109</b>	<b>(1,375,480)</b>	<b>-223.4%</b>
<b>TRANSFER FROM WORKING CAPITAL RESERVES*</b>	<b>425,370</b>	<b>(950,109)</b>	<b>1,375,480</b>	<b>-223.4%</b>
<b>NET TRANSFERS TO CAPITAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>N/A</b>
<b>DEBT SERVICE COVERAGE</b>	<b>1.80</b>	<b>2.42</b>		

\* Revenues included in Debt Service Coverage Ratio

- A Water revenues are at 36% and water purchases are at 32.5%.
- B Three (3) Plan Reviews and two (2) Landscape Reviews were completed totaling \$9,800.
- C Leak Detection survey project underway, so will conclude and be complete.

**MID-PENINSULA WATER DISTRICT  
CAPITAL BUDGET FOR FY 2020-2021  
CAPITAL IMPROVEMENT PROGRAM (CIP)**

<b>PROJ #</b>	<b>PROJECT NAME</b>	<b>CAPITAL FY 2020-2021 BUDGET \$</b>	<b>ACTUAL 07/01/20 09/30/20</b>	<b>BALANCE/ (OVER BUDGET)</b>	<b>2016 COP FUNDED BUDGET \$</b>	<b>ACTUAL THROUGH 06/30/20</b>	<b>ACTUAL 07/01/20 09/30/20</b>	<b>ACTUAL PROJECT TOTAL</b>	<b>BALANCE/ (OVER BUDGET)</b>					
15-86	Folger Pump Station Demolition - Project #15-86	330,000	-	-										
20-05	Transmission Water Main Assessments	220,000	7,229	-										
20-09	Dairy Lane Operations Center Rehabilitation – Phase 1 (Planning, Architectural/Engineering Design, and Construction Support, including Contingencies)	150,000	-	-										
20-01	Hastings Drive Service Connection Replacements; and	138,000	6,276	-										
15-40	Hastings Drive Water Main Replacement (Planning, Engineering Design, and Construction Support, including Contingencies)	88,000	-	-										
15-88	Vine Street (Zone 5) Improvements (Planning,	165,000	-	-										
N/A	Miscellaneous Capital Outlay/Projects	50,000	102	-										
15-76	El Camino Real Water Main Replacement									3,520,000	385,328	44,756	430,084	3,089,916
15-89	Dekoven Tanks Replacement									3,850,000	160,013	107,594	267,608	3,582,392
15-72-A	SR 101 Crossing at PAMF Hospital – Phase 1 (Water Main Construction within easement on PAMF property in San Carlos from Industrial Road to PAMF property line west of SR101)									595,000	427,416	23,937	451,354	143,646
15-75A	Old County Road Improvements				4,030,000	258,548	8,552	267,101	3,762,899					
<b>TOTAL</b>		<b>1,141,000</b>	<b>13,608</b>	<b>1,127,392</b>	<b>11,995,000</b>	<b>1,231,306</b>	<b>184,840</b>	<b>1,416,146</b>	<b>10,578,854</b>					
<b>DEPRECIATION</b>		<b>1,080,000</b>	<b>260,539</b>	<b>819,461</b>										
<b>NET OPERATING SURPLUS/LOSS</b>		<b>(425,370)</b>	<b>950,109</b>	<b>(1,375,479)</b>										
<b>TRANSFER FROM WORKING CAPITAL RESERVES*</b>		<b>425,370</b>	<b>(950,109)</b>	<b>1,375,479</b>										
<b>NET TRANSFERS TO CAPITAL</b>		<b>61,000</b>	<b>(246,932)</b>	<b>307,932</b>										
<b>CAPITAL OUTLAY/CAPITAL PROJECTS</b>		<b>(1,141,000)</b>	<b>(13,608)</b>	<b>(1,127,392)</b>										
<b>NET RESULTS OF CAPITAL</b>		<b>-</b>	<b>(0)</b>	<b>0</b>										

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

<i>DESCRIPTION</i>	<i>30-Sep-20</i>	<i>30-Sep-19</i>	<i>\$ Change</i>	<i>% Change</i>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Total Checking/Savings	8,700,650	6,018,212	2,682,438	44.57%
Total COP Funds	11,412,295	13,291,546	-1,879,251	-14.14%
Total Accounts Receivable	1,482,917	1,545,151	-62,235	-4.03%
Total Other Current Assets	485,445	311,341	174,104	55.92%
<b>TOTAL CURRENT ASSETS</b>	<b>22,081,307</b>	<b>21,166,250</b>	<b>915,056</b>	<b>4.32%</b>
<b>FIXED ASSETS</b>				
Fixed Assets	51,731,587	51,337,633	393,954	0.77%
Accumulated Depreciation	-29,590,385	-28,537,772	-1,052,613	-3.69%
Construction in Progress	4,463,993	2,435,063	2,028,930	83.32%
<b>TOTAL FIXED ASSETS</b>	<b>26,605,195</b>	<b>25,234,924</b>	<b>1,370,271</b>	<b>5.43%</b>
<b>TOTAL OTHER ASSETS</b>	<b>721,495</b>	<b>2,226,591</b>	<b>-1,505,096</b>	<b>-67.6%</b>
<b>TOTAL ASSETS</b>	<b>49,407,997</b>	<b>48,627,765</b>	<b>780,232</b>	<b>1.6%</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Total Accounts Payable	163,839	691,713	-527,874	-76.31%
Total Other Current Liabilities	1,564,293	1,499,816	64,477	4.3%
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,728,132</b>	<b>2,191,529</b>	<b>-463,396</b>	<b>-21.15%</b>
<b>LONG TERM LIABILITIES</b>				
Total COP Financing Debt <b>(B)</b>	17,175,000	17,550,000	-375,000	-2.14%
Total COP Premium <b>(B)</b>	818,535	849,816	-31,282	-3.68%
Total Other Long Term Liabilities <b>(B)</b>	915,934	2,281,061	-1,365,127	-59.85%
<b>TOTAL LONG TERM LIABILITIES</b>	<b>18,909,469</b>	<b>20,680,877</b>	<b>-1,771,409</b>	<b>-8.57%</b>
<b>TOTAL LIABILITIES</b>	<b>20,637,601</b>	<b>22,872,406</b>	<b>-2,234,805</b>	<b>-9.77%</b>
<b>EQUITY</b>				
Reserves	7,609,292	5,047,535	2,561,756	50.75%
Fund Bal Invest in Util Plant	26,605,195	25,234,924	1,370,271	5.43%
Net Assets <b>(A)</b>	-5,444,090	-4,527,099	-916,991	-20.26%
<b>TOTAL EQUITY</b>	<b>28,770,397</b>	<b>25,755,360</b>	<b>3,015,037</b>	<b>11.71%</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>49,407,997</b>	<b>48,627,765</b>	<b>780,232</b>	<b>1.6%</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**

DESCRIPTION	Jul 20-Sep 20	Jul 19-Sep 19	\$ Change	% Change
<b>ORDINARY INCOME/EXPENSE</b>				
<b>INCOME</b>				
OPERATING REVENUE	4,384,017	4,292,706	91,311	2.13%
INTEREST INCOME	26,091	101,985	-75,894	-74.42%
CAPITAL CONTRIBUTION	32,220	65,086	-32,866	-50.5%
OTHER INCOME	80,567	143,895	-63,328	-44.01%
<b>TOTAL INCOME</b>	<b>4,522,896</b>	<b>4,603,673</b>	<b>-80,777</b>	<b>-1.76%</b>
<b>EXPENSE</b>				
PERSONNEL COSTS	764,207	563,827	200,381	35.54%
PURCHASED WATER	1,799,562	1,793,452	6,110	0.34%
OUTREACH/EDUCATION	16,623	10,244	6,378	62.26%
M&4 - OPS SYSTEMS	99,907	8,467	91,441	1,080.01%
FACILITIES & EQUIPMENT	34,458	30,704	3,754	12.23%
MAJOR MAINTENANCE	49,970	0	49,970	100.0%
OFFICE SUPPLIES & EQUIPMENT	69,751	70,699	-948	-1.34%
MEMBERSHIP & GOV FEES	54,844	62,748	-7,904	-12.6%
BAD DEBT & CLAIMS	3,856	0	3,856	100.0%
UTILITIES	61,865	77,204	-15,339	-19.87%
PROFESSIONAL SERVICES	126,085	140,361	-14,275	-10.17%
TRAINING & TRAVEL	4,642	6,608	-1,966	-29.75%
<b>TOTAL EXPENSES</b>	<b>3,085,770</b>	<b>2,764,313</b>	<b>321,456</b>	<b>11.63%</b>
<b>NET ORDINARY INCOME</b>	<b>1,437,126</b>	<b>1,839,359</b>	<b>-402,233</b>	<b>-21.87%</b>
<b>OTHER INCOME/EXPENSE</b>				
<b>OTHER EXPENSE</b>				
DEPRECIATION	260,539	255,221	5,319	2.08%
DEBT SERVICE PRINCIPAL & INTEREST PAYMENT	167,680	171,280	-3,600	-2.1%
COP FINANCING COSTS	486	306	180	58.78%
<b>TOTAL OTHER EXPENSE</b>	<b>428,705</b>	<b>426,806</b>	<b>1,899</b>	<b>0.4%</b>
<b>NET REVENUE/(EXPENSES)</b>	<b>1,008,421</b>	<b>1,412,553</b>	<b>-404,132</b>	<b>-28.6%</b>
<b>RECONCILIATION TO OPERATING BUDGET</b>				
<b>ADJUSTMENTS TO INCREASE NET OPERATING SURPLUS</b>				
INTEREST INCOME - LAIF & COP INTEREST	-26,091			
CAPITAL CONTRIBUTION	-32,220			
<b>TOTAL ADJUSTMENTS TO INCREASE NET OPERATING SURPLUS</b>	<b>-58,311</b>			
<b>NET OPERATING SURPLUS/(LOSS) TRANSFER TO CAPITAL</b>	<b>950,109</b>			



**AGENDA ITEM NO. 8.B.2.**

DATE: October 22, 2020  
TO: Board of Directors  
FROM: Tammy Rudock, General Manager  
Candy Pina, Administrative Services Manager

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**SUBJECT: REPORT ON DEVELOPMENT REVENUES COMPARED TO MPWD CIP AND WATER CONSERVATION PROGRAM EXPENDITURES THROUGH FISCAL YEAR ENDED JUNE 30, 2020**

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**RECOMMENDATION**

Receive report on development revenues—Water Capacity Charges and Water Demand Offset Fees—compared to MPWD CIP and Water Conservation Program expenditures through Fiscal Year Ended (FYE) June 30, 2020.

**FISCAL IMPACT**

None.

**DISCUSSION**

The attached report is one that compares development impact fee revenues to MPWD CIP and Water Conservation Program expenditures since collecting and recognizing them—beginning FYE June 30, 2016 through FYE June 30, 2020.

The report does not include all of the development revenues “received” during the time period, but rather projects “recognized” in the MPWD’s accounting system as completed, in accordance with GAAP (Generally Accepted Accounting Principles).

While it is not required reporting, it provides an analytical overview of development’s proportional contribution to MPWD capital improvement and water conservation and public outreach/education programs. It will be updated on a fiscal year basis and reported to the Board by September 30<sup>th</sup> of each year. However, because September’s Board meeting was very large, we pushed this report to October 2020.

Attachment: MPWD Report on Development Fees Compared to CIP and Water Conservation Program Expenditures through FYE June 30, 2020

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

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

**MID-PENINSULA WATER DISTRICT  
REPORT ON DEVELOPMENT FEES COMPARED TO CIP AND WATER CONSERVATION PROGRAM EXPENDITURES**

	<b>FY 15/16</b>	<b>FY 16/17</b>	<b>FY 17/18</b>	<b>FY 18/19</b>	<b>FY 19/20</b>	<b>Total</b>
<b>WATER SYSTEM CAPACITY CHARGES</b>						
1804 Miller Avenue	9,375					9,375
2847 San Juan Boulevard	9,375					9,375
2830 San Juan Boulevard	9,375					9,375
1717 Notre Dame Avenue	9,375					9,375
1808 Miller Avenue	9,375					9,375
2113 Coronet Drive	9,375					9,375
1710 Valley View	9,375					9,375
360/370/380 Industrial Road	15,625					15,625
2940 Alhambra Drive	9,375					9,375
2177 Carlmont Drive		67,500				67,500
3826 Naughton Avenue		9,375				9,375
Davis Drive (CSUS)			81,250			81,250
2902 San Juan Boulevard			9,375			9,375
905 South Road			9,375			9,375
2904 San Juan Boulevard			3,053			3,053
2906 San Juan Boulevard			5,689			5,689
1401 Shoreway Road			125,000			125,000
2828 Monte Cresta Drive			9,375			9,375
2128 Pullman Avenue			9,375			9,375
699 Ralston Avenue			21,242			21,242
2227 Thurm			9,375			9,375
2013 Bishop				9,375		9,375
360 A Industrial				15,625		15,625
1201 Shoreway				93,750		93,750
2607 Monte				9,375		9,375
400-490 El Camino				448,125		448,125
2200 Carlmont				50,000		50,000
3828 Naughton				9,375		9,375
713 Alameda				10,043		10,043
2009 Bishop Road					10,043	10,043
2011 Bishop Road					10,043	10,043
576-600 El Camino Real					318,191	318,191
1320 Talbrem					30,129	30,129
55 Ralston					10,043	10,043
<b>TOTAL WATER SYSTEM CAPACITY CHARGES</b>	<b>90,625</b>	<b>76,875</b>	<b>283,109</b>	<b>645,668</b>	<b>378,449</b>	<b>1,474,726</b>



**MID-PENINSULA WATER DISTRICT  
REPORT ON DEVELOPMENT FEES COMPARED TO CIP AND WATER CONSERVATION PROGRAM EXPENDITURES**

	<b>FY 15/16</b>	<b>FY 16/17</b>	<b>FY 17/18</b>	<b>FY 18/19</b>	<b>FY 19/20</b>	<b>Total</b>
<b>CAPITAL IMPROVEMENT PROGRAM EXPENDITURES</b>						
AMI Meter Change Out Program - CIP	456,819	513,972	216,068	548,335		1,735,194
Karen Road Water Main Replacement - CIP	32,322	-	96,251	2,635		131,208
Hallmark Tank Structural and Seismic Retrofit - CIP	41,068	-	-			41,068
Dekoven Tanks Structural and Seismic Retrofit - CIP	51,157	-	-			51,157
Folger Pump Station Demolition - CIP	24,963	-	-			24,963
Buckland Tank Replacement Project - CIP	26,689	-	-			26,689
Alameda de las Pulgas Water Main Replacement Project - CIP	104,055	243,708	-			347,763
Francis Improvements - CIP	-	-	36,129	750,000		786,129
Academy Improvements - CIP	-	-	6,319			6,319
Notredame/Cliffside/Tahoe - CIP					50,606	50,606
101 Crossing @ PAMF - CIP					173	173
Old County Road Road Improvements - CIP					778	778
<b>TOTAL CAPITAL IMPROVEMENT PROGRAM EXPENDITURES</b>	<b>737,073</b>	<b>757,680</b>	<b>354,767</b>	<b>1,300,970</b>	<b>51,557</b>	<b>3,202,048</b>
<b>2016 COP DEBT SERVICE</b>	<b>-</b>	<b>330,133</b>	<b>1,051,500</b>	<b>1,035,868</b>	<b>3,124,574</b>	<b>5,542,075</b>
<b>TOTAL</b>	<b>737,073</b>	<b>1,087,813</b>	<b>1,406,267</b>	<b>2,336,838</b>	<b>3,176,131</b>	<b>8,744,124</b>

**MID-PENINSULA WATER DISTRICT  
REPORT ON DEVELOPMENT FEES COMPARED TO CIP AND WATER CONSERVATION PROGRAM EXPENDITURES**

	<b>FY 15/16</b>	<b>FY 16/17</b>	<b>FY 17/18</b>	<b>FY 18/19</b>	<b>FY 19/20</b>	<b>Total</b>
<b>WATER DEMAND OFFSET FEES</b>						
1804 Miller Avenue	1,217					1,217
2847 San Juan Boulevard	1,217					1,217
2830 San Juan Boulevard	1,217					1,217
1717 Notre Dame Avenue	1,217					1,217
1808 Miller Avenue	1,217					1,217
2113 Coronet Drive	1,217					1,217
1710 Valley View	1,217					1,217
360/370/380 Industrial Road	4,057					4,057
2940 Alhambra Drive	1,217					1,217
2177 Carlmont Drive		8,760				8,760
3826 Naughton Avenue		633				633
Davis Drive (CSUS)			10,547			10,547
2902 San Juan Boulevard			633			633
905 South Road			633			633
2904 San Juan Boulevard			442			442
2906 San Juan Boulevard			824			824
1401 Shoreway Road			16,227			16,227
2828 Monte Cresta Drive			1,217			1,217
2128 Pullman Avenue			633			633
2013 Bishop				633		633
360 A Industrial				1,055		1,055
1201 Shoreway				6,330		6,330
2607 Monte				633		633
400-490 El Camino				31,116		31,116
2200 Carlmont				3,376		3,376
3828 Naughton				633		633
713 Alameda				673		673
BAWSCA REBATES		36,048	28,390	545		64,984
2009 Bishop Road					673	673
2011 Bishop Road					673	673
576-600 El Camino Real					44,050	44,050
1320 Talbren					2,692	2,692
55 Ralston					673	673
<b>TOTAL WATER DEMAND OFFSET FEES</b>	<b>13,793</b>	<b>45,441</b>	<b>59,546</b>	<b>44,994</b>	<b>48,761</b>	<b>212,536</b>
<b>WATER CONSERVATION PROGRAM EXPENDITURES</b>						
6301 · Water Conservation Program	4,541	3,589	5,474	6,154	5,941	25,699
6302 · School Conservation Program	24,403	12,439	24,347	10,178	6,619	77,986
6303 · Public Outreach & Education	32,208	27,191	8,922	31,754	22,547	122,620
6305 · HET (High Efficiency Toilet)	13,068	14,015	8,922	2,025	1,562	39,593
6306 · Washing Machine Rebates	13,447	29	0	0	0	13,477
6307 · Lawn-Be-Gone Rebates	31,076	20,896	8,717	10,122	9,583	80,393
6308 · Rain Barrels Rebate	727	1,000	220	240	421	2,608
<b>TOTAL WATER CONSERVATION PROGRAM EXPENDITURES</b>	<b>119,470</b>	<b>79,158</b>	<b>56,602</b>	<b>60,473</b>	<b>46,673</b>	<b>362,376</b>