



REGULAR MEETING
BOARD OF DIRECTORS
WEDNESDAY, NOVEMBER 14, 2018 – 6:30PM
3 DAIRY LANE, BELMONT CALIFORNIA

AGENDA

1. OPENING

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

2. PUBLIC COMMENT

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

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

4. ACKNOWLEDGEMENTS/PRESENTATIONS

- A. 25-Year Service Anniversary – Chris Michaelis, Water System Operator

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 27, 2018
- B. Approve Expenditures from September 21, 2018 through October 16, 2018, and Expenditures from October 17, 2018 through November 6, 2018

6. HEARINGS AND APPEALS

None

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

- A. Receive Quarterly Reconciliation Report on 2016 COP Financing for Period July 1, 2018 through September 30, 2018, and Quarterly Project Fund Report through September 30, 2018
- B. Receive Cost Comparison Report for Capital Project 01-1621-CP 2017 Water Main Replacement Project

8. REGULAR BUSINESS AGENDA

- A. Receive and Accept the Financial Audit Report for Fiscal Year Ended June 30, 2018,
Presented by David Becker, CPA, of James Marta & Company LLP

9. MANAGER'S AND BOARD REPORTS

- A. General Manager's Report
 - 1. Supplemented by Administrative Services Manager's Report
 - 2. Supplemented by Operations Manager's Report
 - 3. Supplemented by District Engineer's Report
- B. Financial Reports
 - 1. Receive Financial Reports for Month Ended September 30, 2018
 - 2. Receive Financial Reports for Month Ended October 31, 2018
- C. Director Reports

10. COMMUNICATIONS

11. ADJOURNMENT

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

ACCESSIBLE PUBLIC MEETINGS

Upon request, the Mid-Peninsula Water District will provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation (including auxiliary aids or services), to enable individuals with disabilities to participate in public meetings. Please contact the District Secretary at (650) 591-8941 to request specific materials and preferred alternative format or auxiliary aid or service at least 48 hours before the meeting.

Next Board Meeting: Thursday, December 20, 2018, at 6:30PM

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

September 27, 2018
Belmont, California

1. **OPENING**

A. **Call to Order:**

The regular meeting of the Mid-Peninsula Water District Board of Directors was called to order by President Warden at 6:32PM.

B. **Establishment of Quorum:**

PRESENT: Directors Warden, Stuebing, Linvill and Vella.

Director Zucca was absent.

A quorum was present.

ALSO PRESENT: General Manager Tammy Rudock, Operations Manager Rene Ramirez, District Secretary/Administrative Services Manager Candy Pina, District Counsel Joan Cassman, District Treasurer Jeff Ira and District Engineer Joubin Pakpour.

C. Pledge of Allegiance – The Pledge of Allegiance was led by Director Vella.

2. **PUBLIC COMMENTS**

None.

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

None.

4. **ACKNOWLEDGEMENTS/PRESENTATIONS**

A. Michael Anderson, Operations Supervisor and Project Construction Inspector and Feraydoon Farsi, EIT and Project Manager – MPWD FY 2017/2018 CIP Completion District Engineer Pakpour acknowledged Mr. Anderson and Mr. Farsi and thanked both for their project efforts. General Manager Rudock expressed her appreciation and commented that their involvement from the very beginning of the water hydraulic modeling and CIP development has paid off when it gets down to project construction. Operations Manager Ramirez praised both on a job well done and relayed that he is proud to be part of the CIP team with them.

Mr. Anderson and Mr. Farsi mutually expressed their gratitude and thanked the Board and management for the opportunity to contribute.

Director Linvill and Vice President Vella separately congratulated and recognized both gentlemen.

B. Jonathan Anderson, Water Service Operator – 2nd Place in the First Annual San Mateo and Santa Clara Counties Equipment Rodeo

Mr. Anderson reported and shared photographs on his 2nd place finish in the San Mateo and Santa Clara Counties first annual equipment operators' competition, as well as his recent attendance at the APWA (American Public Works Association) National Equipment Rodeo held August 28, 2018 in Kansas City, Missouri.

5. CONSENT AGENDA

- A. Approve Minutes for the Regular Board Meeting on August 23, 2018
- B. Approve Expenditures from August 15, 2018 through September 20, 2018
- C. Receive FY 2018/2019 MPWD Operating and Capital Budgets Document

Director Stuebing moved to approve the Regular Board Meeting of August 23, 2018 minutes and Expenditures from August 15, 2018 through September 20, 2018. Director Linvill seconded and it was unanimously approved, except for Vice President Vella who abstained from the minutes.

6. HEARINGS AND APPEALS

None.

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

None.

8. REGULAR BUSINESS AGENDA

A. Consider Resolution 2018-19 Ratifying Letter Agreement between the MPWD and MPWD Employees Association for the term October 1, 2018 through September 30, 2023 including the Revised MPWD Compensation Plan and Revisions to the MPWD Personnel Manual

General Manager Rudock summarized bargaining provisions reached and sought Board ratification of Resolution 2018-19 Approval of Letter Agreement between the MPWD and MPWD Employees Association for the term October 1, 2018 through September 30, 2023, including the revised MPWD Compensation Plan and Revisions to the MPWD Personnel Manual.

MPWD Employee Association President, Michael Anderson spoke on behalf of the Association. He shared he was pleased with the overall negotiations process and results, recognized the value of the Koff & Associates Total Compensation Study, and thanked all parties involved in reaching an agreement.

Director Linvill offered that the agreement was fair and objective. She also asked why there were two different charts for overall performance ratings definitions. General Manager Rudock clarified that page 43 defines the overall performance matrix going forward in the new Compensation Plan and page 103 is a copy of the matrix that was used under the 2009 Salary Plan Amendment and was for reference purposes only.

Director Warden inquired about the new part-time accountant position mentioned under the Agreement. General Manager Rudock said she received the message from the Board on the subject of hiring additional full-time employees, and developed an alternate solution.

Vice President Vella shared he had concerns about overtime and the field crews new agreed upon hours of operation. General Manager Rudock assured the Board that

concerns were definitely addressed during discussions and confirmed that staff is always very conscientious with respect to overtime. Vice President Vella also asked staff if noise ordinance and start time concerns were taken into account. General Manager Rudock conveyed that staff is aware of the Belmont noise ordinance and that there is plenty to do before start-up of noisy work before 8:00AM. MPWD Employee Association President, Michael Anderson added that employees are always extremely respectful and mindful of the community and its citizens.

Vice President Vella moved to approve Resolution 2018-19 Ratifying Letter Agreement between the MPWD and MPWD Employees Association for the term October 1, 2018 through September 30, 2023 including the Revised MPWD Compensation Plan and Revisions to the MPWD Personnel Manual. Director Stuebing seconded. Roll call was taken and it was unanimously approved.

B. Consider Resolution 2018-20 Approving Salary Schedules for all MPWD Personnel Classifications effective October 1, 2018

General Manager Rudock sought Board ratification of Resolution 2018-20 Approval of Salary Schedules for all MPWD Personnel Classifications effective October 1, 2018.

Vice President Vella moved to approve Resolution 2018-20 Approving Salary Schedules for all MPWD Personnel Classifications effective October 1, 2018. Director Linvill seconded. Roll call was taken and it was unanimously approved.

C. Progress Report on MPWD 2017-2018 Strategic Plan

General Manager Rudock reported on 2017-2018 Strategic Plan progress and priorities.

Director Linvill asked for clarification on the completed status of the 2017 AMI meter change-out program. General Manager Rudock explained that the program is continuous but that the status reflected in the report for that particular goal for 2017 was achieved. Vice President Vella wanted to know why other agencies are interested in the District's AMI program. General Manager Rudock advised that most are beginning their meter change-out programs or might be having challenges and staff has found that shared conversations and information often resulted in good ideas such as cost savings or efficiencies in installation.

General Manager Rudock reminded the Board that a Special Board Meeting/Strategic Planning Session is planned for January 2019.

President Warden acknowledged public comment on this item. Brian Schmidt addressed the Board that ongoing coordination with the City of Belmont and open dialogue about consolidation potential were of interest to him as a candidate for the District Board.

D. Receive BAWSCA Update by Director Louis Vella

Vice President Vella reported on highlights from the BAWSCA Board Meeting he recently attended.

9. MANAGER AND BOARD REPORTS

A. General Manager's Report

General Manager Rudock requested Board direction on the hydrants painted for Belmont's 1976 Anniversary Celebration ("Happy Hydrants"). Board discussion followed.

The Board agreed that a sub-committee comprised of President Warden and Director Linvill would facilitate discussions with stakeholder groups and draft Board policy for future consideration.

General Manager Rudock reported that Director Zucca wanted to remind the Board about hosting a meeting with City of Belmont officials regarding continued coordination regarding development and water and sewer projects. She suggested that the Board revisit the idea at the January 2019 Strategic Planning Session. She also informed the Board that the San Carlos Economic Development Advisory Commission reached out and would like to meet with us regarding regional water supply. She shared a copy of the DRAFT Fee Schedule postcard and received input from Directors. She also reported that staff will be purchasing two replacement District plug-in hybrid vehicles by calendar year end, since recent legislation changed permitting requirements for clean air registration and the existing vehicles will not be eligible for permitting beyond 12/31/18. The two vehicles were scheduled for replacement next fiscal year.

1. Supplemented by Administrative Services Manager's Report

No report other than the submitted written report.

2. Supplemented by Operations Manager's Report

Operations Manager Ramirez provided an update on the number of AMI meters changed out and USA tags addressed last month. He also reported on new development and that staff has completed individual meter installations for 400-490 El Camino Real mixed-use development project.

President Warden inquired about the proposed development at 1325 Old County Road. Operations Manager Ramirez reported on details shared by staff, the City of Belmont and plan designer to date.

3. Supplemented by District Engineer's Report

District Engineer Pakpour reported on a workshop hosted at the MPWD for surrounding water districts regarding new innovative water loss technology that uses fire hydrants to listen for leaks and the hiring of the structural engineering firm of Beyaz & Patel to design the Dekoven replacement tanks.

B. Financial Reports

1. Receive Financial Reports for Month Ended August 31, 2018

2. Receive General Manager's Annual Report for Fiscal Year Ended June 30, 2018

General Manager Rudock reported on Fiscal Year End June 30, 2018 finances, Capital Programs, LAIF Reserves and Litigation status. She also advised that MPWD will be hosting its bi-annual fall 2018 Landscape Education Class on Tuesday, October 16, 2018 from 6-8PM. This year's topic is Design-It-Yourself Native Gardens.

C. Director Reports

Vice President Vella commented on a recent article written and released by a local Carlmont High School student.

Director Stuebing reported that he will not be at the October 25, 2018 regular Board meeting and shared that he recently read an article that weather experts are predicting a wetter than usual winter.

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10. COMMUNICATIONS

None.

11. ADJOURNMENT

The meeting was adjourned at 8:10PM.

DISTRICT SECRETARY

APPROVED:

BOARD PRESIDENT

Accounts Payable

Checks by Date - Summary by Check Date

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Check No	Vendor No	Vendor Name	Check Date	Check Amount
1064	PAKPOUR	PAKPOUR CONSULTING GROUP, INC	09/25/2018	58,628.94
1065	STOLOSKI	STOLOSKI & GONZALEZ, Inc.	09/25/2018	106,308.00
1066	WESTYOST	WEST YOST ASSOCIATES	09/25/2018	13,151.89
1067	HYDROENC	HYDROSCIENCE ENGINEERS INC.	09/25/2018	1,425.00
Total for 9/25/2018:				179,513.83
1068	4LEAFINC	4 LEAF, INC.	09/26/2018	1,914.00
Total for 9/26/2018:				1,914.00
1069	CTYBLMTP	CITY OF BELMONT PUBLIC WORKS	09/27/2018	466,328.40
34007	ACCELA	ACCELA, INC. #774375	09/27/2018	1,230.95
34008	AIRGAS	AIRGAS, LLC	09/27/2018	53.17
34009	BAAQMD	BAY AREA AIR QUALITY MGMT DIST.	09/27/2018	332.00
34010	CAPITKIA	CAPITOL KIA	09/27/2018	30,192.42
34011	CARQUEST	CARQUEST AUTO PARTS	09/27/2018	6.51
34012	CHANDAN	DANNY CHAN	09/27/2018	50.00
34013	CHBULLTO	CHBULL TOOLS & EQUIPMENT	09/27/2018	10,482.69
34014	EMILCHEN	EMILY CHEN	09/27/2018	200.00
34015	CTYBLMTP	CITY OF BELMONT PUBLIC WORKS	09/27/2018	376,941.76
34016	BRUGOWEI	BRUCE GOWER	09/27/2018	50.00
34017	HASSETTH	HASSETT HARDWARE	09/27/2018	576.82
34018	KELLYMOR	KELLY-MOORE PAINT CO	09/27/2018	604.97
34019	ASKHALAK	ASIF KHALAK	09/27/2018	50.00
34020	KOFFASSO	KOFF & ASSOCIATES INC	09/27/2018	2,648.00
34021	LINCOLNL	LINCOLN LIFE	09/27/2018	200.00
34022	MHN	MHN	09/27/2018	45.54
34023	OFFICTEM	OFFICE TEAM	09/27/2018	792.00
34024	PACWEST	PACIFIC WEST SECURITY, INC.	09/27/2018	1,809.00
34025	HPEDROZA	HERNANDO PEDROZA	09/27/2018	50.00
34026	PETROHAL	HAL PETROCCHI	09/27/2018	100.00
34027	PG&E	PG&E CFM/PPC DEPT	09/27/2018	22,952.70
34028	PINA	CANDY PINA	09/27/2018	50.00
34029	PIT71896	PITNEY BOWES 371896	09/27/2018	304.42
34030	SALIREZA	SEID ALIREZA RAZAVI MAJOMARO	09/27/2018	150.00
34031	RANDB	ROBERTS & BRUNE CO. INC.	09/27/2018	5,662.29
34032	SFWATER	SAN FRANCISCO WATER DEPT	09/27/2018	607,255.80
34033	SENDEBRD	DEB SEN	09/27/2018	100.00
34034	STANDINS	STANDARD INSURANCE COMPANY	09/27/2018	970.11
34036	VERIZON	VERIZON WIRELESS	09/27/2018	834.61
34037	ZARKILYA	ILYA ZARKHIN	09/27/2018	50.00
34039	USBANKPR	U.S. Bank PARS ACCOUNT #6746050100	09/27/2018	375,000.00
Total for 9/27/2018:				1,906,074.16
932	CALPERS	CALPERS	09/28/2018	8,064.90

Check No	Vendor No	Vendor Name	Check Date	Check Amount
933	CALPERS	CALPERS	09/28/2018	2,814.38
934	ICMACONT	ICMA contributions	09/28/2018	1,032.08
935	ICMACONT	ICMA contributions	09/28/2018	2,073.08
936	HEALTHEQ	Health Equity	09/28/2018	671.74
937	HEALTHEQ	Health Equity	09/28/2018	200.00
938	ADPPAYRL	adp	09/28/2018	36,481.39
939	ADPPAYRL	adp	09/28/2018	14,209.22
940	ADPPAYRL	adp	09/28/2018	10,286.53
941	ADPPAYRL	adp	09/28/2018	4,991.08
Total for 9/28/2018:				80,824.40
956	WFBUSCAR	WELLS FARGO BUSINESS CARD	09/30/2018	8,339.45
957	WFBUSCAR	WELLS FARGO BUSINESS CARD	09/30/2018	371.96
Total for 9/30/2018:				8,711.41
34040	ACWA5661	ACWA JPIA	10/15/2018	44,253.91
34041	AIRGAS	AIRGAS, LLC	10/15/2018	17.62
34042	ATT60197	AT&T 60197	10/15/2018	1,278.75
34043	AWWA6666	AWWA	10/15/2018	269.00
34044	BAWSCA	BAY AREA WATER SUPPLY & CONSER	10/15/2018	18,492.99
34045	BPLANDSC	BAY POINTE LANDSCAPE	10/15/2018	3,275.00
34046	BRAVOPRO	BRAVO PROMOTIONAL MARKETING	10/15/2018	3,882.19
34047	CGUHLENB	C G UHLENBERG LLP	10/15/2018	1,600.00
34048	CINTASOH	CINTAS	10/15/2018	84.33
34049	CINTS	CINTAS CORPORATION	10/15/2018	1,787.14
34050	COMCAST	COMCAST	10/15/2018	262.84
34051	COMCASTB	COMCAST BUSINESS	10/15/2018	628.47
34052	CULVERCO	CULVER COMPANY	10/15/2018	2,386.64
34053	DAVIDSON	JOHN T. DAVIDSON OR DBA JRocket77	10/15/2018	5,598.91
34054	EUROFINS	EUROFINS EATON ANALYTICAL, LLC	10/15/2018	1,400.00
34055	GSFLOWM	GOLDEN STATE FLOW MEASUREMEN	10/15/2018	449,299.02
34056	GRANITE	GRANITE ROCK, INC.	10/15/2018	459.27
34057	HANSONBR	HANSON, BRIDGETT	10/15/2018	4,428.00
34058	HASSETTH	HASSETT HARDWARE	10/15/2018	93.88
34059	HOMEDPC	HOME DEPOT	10/15/2018	110.58
34060	JAMESMAR	JAMES MARTA & COMPANY	10/15/2018	3,000.00
34061	KJWOODSC	K.J. WOODS CONSTRUCTION, INC.	10/15/2018	500.00
34062	K119OFCA	K-119 OF CALIFORNIA INC.	10/15/2018	34.52
34063	KOFFASSO	KOFF & ASSOCIATES INC	10/15/2018	5,092.00
34064	LINCOLNL	LINCOLN LIFE	10/15/2018	200.00
34065	LYNGSOMA	LYNGSO GARDEN MATERIAL INC	10/15/2018	89.18
34066	MATCOTLS	MATCO TOOLS	10/15/2018	967.06
34067	OFFICEDE	OFFICE DEPOT, INC.	10/15/2018	805.72
34068	OFFICTEM	OFFICE TEAM	10/15/2018	3,024.00
34069	PACOFFIC	PACIFIC OFFICE AUTOMATION	10/15/2018	31.41
34070	PG&E	PG&E CFM/PPC DEPT	10/15/2018	8.11
34071	PRECISE	PRECISE, INC.	10/15/2018	564.46
34072	PROFORMA	PROFORMA GRAPHICS, INC.	10/15/2018	3,988.80
34073	REDWING	RED WING SHOE STORE, INC.	10/15/2018	339.28
34074	RDWDTIRE	REDWOOD GENERAL TIRE CO INC	10/15/2018	138.98
34075	RANDB	ROBERTS & BRUNE CO. INC.	10/15/2018	3,168.99
34076	SMENVIRN	SAN MATEO CO. ENVIRO. HEALTH	10/15/2018	3,716.00
34077	STEPFORD	STEPFORD BUSINESS, INC.	10/15/2018	4,037.31
34078	TAPMASTR	TAP MASTER, INC	10/15/2018	865.00
34079	VALLEYOL	VALLEY OIL COMPANY	10/15/2018	2,595.41

Check No	Vendor No	Vendor Name	Check Date	Check Amount
34080	VANGUARE	VANGUARD CLEANING SYSTEMS, INC	10/15/2018	385.00
34081	VERIZON	VERIZON WIRELESS	10/15/2018	73.88
Total for 10/15/2018:				573,233.65
Report Total (91 checks):				2,750,271.45

Accounts Payable

Checks by Date - Summary by Check Date

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Check No	Vendor No	Vendor Name	Check Date	Check Amount
1070	PAKPOUR	PAKPOUR CONSULTING GROUP, INC	10/18/2018	19,845.01
1071	WESTYOST	WEST YOST ASSOCIATES	10/18/2018	20,323.90
1072	HYDROENC	HYDROSCIENCE ENGINEERS INC.	10/18/2018	12,333.75
1073	SCHAAFWE	SCHAAF & WHEELER	10/18/2018	100,299.47
1074	TANNERPA	TANNER PACIFIC	10/18/2018	20,918.31
Total for 10/18/2018:				173,720.44
986	ADPPRFEE	ADP Payroll Fees	10/19/2018	283.49
Total for 10/19/2018:				283.49
34082	ACWADUES	ACWA DUES	10/23/2018	16,370.00
34083	ACWAJPIA	ACWA/JPIA	10/23/2018	7,273.21
34084	AIRGAS	AIRGAS, LLC	10/23/2018	140.55
34085	ATT60197	AT&T 60197	10/23/2018	123.64
34086	BAAQMD	BAY AREA AIR QUALITY MGMT DIST.	10/23/2018	1,500.00
34087	BAWSCA	BAY AREA WATER SUPPLY & CONSER	10/23/2018	3,022.00
34088	CENTROPS	CENTRO	10/23/2018	80.42
34089	COMCAST	COMCAST	10/23/2018	600.36
34090	COMCASTB	COMCAST BUSINESS	10/23/2018	629.03
34091	CSDA	CSDA	10/23/2018	7,252.00
34092	DEPTMOTR	DEPARTMENT OF MOTOR VEHICLES	10/23/2018	22.00
34093	EUROFINS	EUROFINS EATON ANALYTICAL, LLC	10/23/2018	350.00
34094	GSFLOWM	GOLDEN STATE FLOW MEASUREMEN	10/23/2018	829.35
34095	HASSETTH	HASSETT HARDWARE	10/23/2018	720.88
34096	KIMBALLM	KIMBALL MIDWEST, INC.	10/23/2018	162.65
34097	OFFICTEM	OFFICE TEAM	10/23/2018	2,856.00
34098	OREILLYA	OREILLY AUTO PARTS, INC.	10/23/2018	65.71
34099	PAKPOUR	PAKPOUR CONSULTING GROUP, INC	10/23/2018	11,005.14
34100	PG&E	PG&E CFM/PPC DEPT	10/23/2018	6,375.81
34101	PINA	CANDY PINA	10/23/2018	380.37
34102	RECOLOGY	RECOLOGY SAN MATEO	10/23/2018	654.78
34103	RDWDTIRE	REDWOOD GENERAL TIRE CO INC	10/23/2018	800.53
34104	RANDB	ROBERTS & BRUNE CO. INC.	10/23/2018	1,822.12
34105	ROMIGENG	ROMIG ENGINEERS	10/23/2018	1,652.10
34106	SANDIEAR	SANDIE ARNOTT	10/23/2018	3,444.95
34107	SCOTSMAN	WILLIAMS SCOTSMAN	10/23/2018	537.91
34108	ISRAELSO	ISRAEL SOLER	10/23/2018	400.00
34109	SBRECYCL	SOUTH BAY RECYCLING	10/23/2018	3,000.00
34110	STANDINS	STANDARD INSURANCE COMPANY	10/23/2018	1,136.92
34112	PARSPRSP	U.S. Bank PARS ACCOUNT #6746050100	10/23/2018	400,000.00
34113	VALLEYOL	VALLEY OIL COMPANY	10/23/2018	1,577.63
34114	UB*00248	PAUL CRUZ	10/23/2018	711.69
34115	UB*00211	VARTKAIS DERMENJIAN	10/23/2018	23.76
34116	UB*00244	BABAK DOUST	10/23/2018	170.34
34117	UB*00180	DUKES ROOT CONTROL	10/23/2018	31.69

Check No	Vendor No	Vendor Name	Check Date	Check Amount
34118	UB*00238	HEATHER HUSMER	10/23/2018	2.34
34119	UB*00246	WINE BY AIR INTERNATIONAL, iNC.	10/23/2018	31.26
34120	UB*00245	YONG JIANG	10/23/2018	76.36
34121	UB*00240	JOHANN JUNGWIRTH	10/23/2018	5.18
34122	UB*00242	DENISE MARRS	10/23/2018	54.26
34123	UB*00247	MCGUIRE AND HESTER	10/23/2018	1,493.69
34124	UB*00243	ALFRED MOODIE	10/23/2018	157.04
34125	UB*00239	TOD SCHLESINGER	10/23/2018	7.67
34126	UB*00241	FUJUI WALSH	10/23/2018	4.20
Total for 10/23/2018:				477,555.54
987	ACHRETN	ACH Returns	10/24/2018	71.14
Total for 10/24/2018:				71.14
988	ACHRETN	ACH Returns	10/25/2018	289.08
Total for 10/25/2018:				289.08
968	CALPERS	CALPERS	10/26/2018	3,218.71
969	ICMACONT	ICMA contributions	10/26/2018	1,607.70
970	HEALTHEQ	Health Equity	10/26/2018	200.00
971	ADPPAYRL	adp	10/26/2018	12,976.41
972	ADPPAYRL	adp	10/26/2018	4,957.17
Total for 10/26/2018:				22,959.99
973	CALPERS	CALPERS	10/31/2018	8,234.78
974	HEALTHEQ	Health Equity	10/31/2018	932.08
975	ICMACONT	ICMA contributions	10/31/2018	649.64
976	ADPPAYRL	adp	10/31/2018	34,546.49
977	ADPPAYRL	adp	10/31/2018	13,814.80
34127	ACWAJPIA	ACWA/JPIA	10/31/2018	55,120.63
34128	CARLSONB	CARLSON, BARBEE & GIBSON, INC.	10/31/2018	405.99
34129	CODYBROC	CODY BROCK INC.	10/31/2018	40.52
34130	RUGGIERO	ERIL	10/31/2018	7,909.86
34131	ERTOLALI	LINDA ERTOLA	10/31/2018	596.30
34132	FAIRBAIR	JANET FAIRBAIRN	10/31/2018	675.50
34133	GABROVSK	PETER GARBROWSKY	10/31/2018	595.50
34134	GAROUTTE	MICHAEL GAROUTTE	10/31/2018	2,295.19
34135	MARCYBIL	BILL MARCY	10/31/2018	596.30
34136	MHN	MHN	10/31/2018	45.54
34137	P.A.C.E.	P.A.C.E.	10/31/2018	255.00
34138	PACOFFIC	PACIFIC OFFICE AUTOMATION	10/31/2018	226.96
34139	PG&E	PG&E CFM/PPC DEPT	10/31/2018	16,070.40
34140	PROFORMA	PROFORMA GRAPHICS, INC.	10/31/2018	2,485.44
34141	ISRAELSO	ISRAEL SOLER	10/31/2018	475.00
34142	STATION1	STATION 1 FIRE PROTECTION	10/31/2018	596.30
34143	THIRUVEN	SATHYA THIRUVENGADA	10/31/2018	5,839.40
34144	VERIZON	VERIZON WIRELESS	10/31/2018	152.56
34145	WOLFGEAR	WOLFPACK GEAR, INC.	10/31/2018	443.90
Total for 10/31/2018:				153,004.08
989	WFBUSCAR	WELLS FARGO BUSINESS CARD	11/05/2018	1,749.60

Check No	Vendor No	Vendor Name	Check Date	Check Amount
991	WFBUSCAR	WELLS FARGO BUSINESS CARD	11/05/2018	180.20
Total for 11/5/2018:				1,929.80
Report Total (83 checks):				829,813.56



AGENDA ITEM NO. 7.A.

DATE: November 14, 2018
TO: Board of Directors
FROM: Tammy Rudock, General Manager
Candy Pina, Administrative Services Manager
Rene Ramirez, Operations Manager

SUBJECT: RECEIVE QUARTERLY RECONCILIATION REPORT ON 2016 COP FINANCING FOR PERIOD JULY 1, 2018 THROUGH SEPTEMBER 30, 2018, AND QUARTERLY PROJECT FUND REPORT THROUGH SEPTEMBER 30, 2018

RECOMMENDATION

Receive Quarterly Reconciliation Report on 2016 COP Financing for period July 1, 2018 through September 30, 2018, and Quarterly Project Fund Report through September 30, 2018.

FISCAL IMPACT

MPWD 2016 COP CIP - RECONCILIATION @ 9/30/18		
Date	Activity	COP Funds
12/21/2016	Net Proceeds as of 12/21/16 to COP CIP	\$ 19,143,020.82
3/20/2017	Transfer to Project Funds	\$ 42,875.50
9/30/2018	Project Costs	\$ (3,465,081.53)
9/30/2018	Total Dividends Earned	\$ 307,328.59
9/30/2018	Balance	\$ 16,028,143.38

DISCUSSION

Staff's 2016 COP Quarterly Reconciliation Report is attached. Trustee bank statements were reconciled and the project fund balance at September 30, 2018, was \$16,028,143.38.

Dan Bergmann of IGService will present the attached quarterly report on capital project expenditures.

Attachments: 2016 COP Quarterly Reconciliation Report through September 30, 2018
2016 COP Quarterly Project Fund Report through September 30, 2018

BOARD ACTION: APPROVED:_____ DENIED:_____ POSTPONED:_____ STAFF DIRECTION:_____

UNANIMOUS_____ WARDEN_____ VELLA_____ LINVILL_____ ZUCCA_____ STUEBING_____

MPWD 2016 COP CIP - RECONCILIATION @ 9/30/18

Date	Activity	COP Funds
12/21/2016	Net Proceeds as of 12/21/16 to COP CIP	\$ 19,143,020.82
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9/30/2018	Total Dividends Earned	\$ 307,328.59
9/30/2018	Balance	\$ 16,028,143.38

COST OF ISSUANCE

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

COP Project Costs YTD

Date	Activity	Project Costs
9/30/2018	Karen/Folger/Mezes/South/Arthur Water Main Replacement (WMR)	\$ 2,442,681.17
9/30/2018	Hillcrest Pressure Regulating Station	\$ 123,220.57
9/30/2018	Dekoven Tank Replacement	\$ 18,592.88
9/30/2018	Old County Road WMR	\$ 11,189.46
9/30/2018	El Camino Real/Malcolm Ave WMR	\$ 210,648.26
9/30/2018	Notre Dame/Tahoe/Cliffside	\$ 228,660.91
9/30/2018	SR 101 Crossing at PAMF Hospital	\$ 318,845.11
9/30/2018	Francis, Academy, Davey (w/Belmont)	\$ 111,243.17
	Total	\$ 3,465,081.53

Dividends Earned

Date	Activity	Interest Earned
12/31/2017	Dividends Earned (Jan - Dec 2017)	\$ 120,105.36
3/31/2018	Dividends Earned (Jan - Mar 2018)	\$ 51,173.04
6/30/2018	Dividends Earned (Apr - Jun 2018)	\$ 64,773.66
7/31/2018	Dividends Earned (Jul 2018)	\$ 22,571.92
8/31/2018	Dividends Earned (Aug 2018)	\$ 24,003.89
9/30/2018	Dividends Earned (Sep 2018)	\$ 24,700.72
	Total	\$ 307,328.59

Updated 09/30/18

October 18, 2018

Tammy Rudock, General Manager
Mid-Peninsula Water District

Email: trudock@midpeninsulawater.org

Re: Certificate of Participation (COP) Spending Report as of September 30, 2018

Dear Ms. Rudock:

The following are highlights from tracking of quarterly and overall COP spending as of September 30, 2018.

Total COP funds spent are \$3,465,082. This is 17.8 percent of the total current balance of \$19,493,225. (Table 1 and Chart)

Quarterly COP spending was \$584,100. Of this total, construction payments were \$282,705, and engineering costs were \$301,395. Quarterly spending reconciles exactly to the project detail and to the Bank of New York monthly statements. (Tables 1, 2, and 3)

Quarterly Pay-Go spending was \$86,778. The total amount of Pay-Go funds to date for the projects listed is \$257,398. (Table 3)

Detail pages included for completed and active projects. Detail pages from the tracking workbook are included in this report for the projects that are complete and for project that have had engineering estimates updated.

First five projects complete. The first five projects are complete (Karen/Folger/Mezes/South/Arthur). The comparison of original COP dollars to final cost for all five is:

Final Cost (first five)	\$2,593,663	
Original COP	-1,910,000	
<u>Inflation adjustment</u>	<u>-135,864</u>	
Increase above Original + Inflation	\$547,799	27%

(Continued next page)



Updated engineering estimates. Pakpour Engineering has updated engineering cost estimates for nine of the 17 projects not yet complete. Table 3 has a new column showing the updated projected costs, indicating which have been updated and which are still the original costs. The comparison of original COP dollar to final updated projections (including completed projects) is:

Final Projected Overall Cost	\$28,215,370	
Original COP	-20,045,000	
<u>Inflation adjustment</u>	<u>-3,176,005</u>	
Increase above Original + Inflation	\$4,994,365	25%

Sincerely,

Dan Bergmann
Principal



Table 1				
Bank of New York MPWD Account 361685				
Quarter Ending	Dividends	Expenditures		Ending Project Fund Balance
		Monthly	Quarterly	
Beginning Balance				\$19,143,020.82
Mar-17 ¹	\$42,875.50	0.00		\$19,185,896.32
Mar-17	12,640.32	0.00		19,198,536.64
Jun-17	26,269.49	(268,386.44)	(268,386.44)	18,956,419.69
Jul-17	11,186.97	(37,411.30)		18,930,195.36
Aug-17	13,178.04	(76,232.49)		18,867,140.91
Sep-17	13,889.47	(30,529.45)	(144,173.24)	18,850,500.93
Oct-17	13,740.78	(31,325.20)		18,832,916.51
Nov-17	14,584.55	(269,821.99)		18,577,679.07
Dec-17	14,615.74	(370,309.75)	(671,456.94)	18,221,985.06
Jan-18	16,315.52	(315,748.56)		17,922,552.02
Feb-18	17,717.32	(221,300.77)		17,718,968.57
Mar-18	17,140.20	(280,719.75)	(817,769.08)	17,455,389.02
Apr-18	20,666.32	(437,470.39)		17,038,584.95
May-18	21,315.01	(418,903.86)		16,640,996.10
Jun-18	22,792.33	(122,821.81) ▼	(979,196.06)	16,540,966.62
Jul-18	22,571.92	(346,653.05)		16,216,885.49
Aug-18	24,003.89	(56,018.89)		16,184,870.49
Sep-18	24,700.72	(181,427.83) ▼	(584,099.77)	16,028,143.38
Totals	\$350,204.09	(\$3,465,081.53)	(\$3,465,081.53)	\$16,028,143.38
Beginning Funds plus				
Total Dividends	\$19,493,224.91			
Percent Spent	17.8%			
Notes				
1) Transfer to Project Funds				



Table 2											
MPWD Projects: Through Sept 30, 2018			Requisitions								
Project	#	25	26	27	28	29	30	Subtotals	Construction	Engineering	
Karen Road Improvements	15-73	175,204.65	1,191.25	36,800.36	935.19	-	40,903.21	255,034.66	215,584.07	39,450.59	
Folger Drive Improvements	15-65	207.39	1,333.07	14,305.81	1,046.53	-	21,707.69	38,600.49	21,328.93	17,271.56	
Mezes Avenue Improvements	15-14	74.13	476.50	18,320.00	374.08	-	4,103.34	23,348.05	3,967.95	19,380.10	
South Road Abandonment	15-44	205.62	1,321.72	3,075.00	1,037.62	-	23,692.07	29,332.03	23,316.53	6,015.50	
Arthur Avenue Improvements	15-22	1,587.58	1,350.09	20,225.00	1,059.89	-	17,513.44	41,736.00	18,507.39	23,228.61	
Dekoven Tanks Replacement	15-89	-	-	-	-	-	-	-	-	-	
Hillcrest Pressure Regulating Station	15-87	-	-	-	799.31	-	-	799.31	-	799.31	
Old County Road Improvements	15-75	-	1,795.50	-	748.13	-	4,008.75	6,552.38	-	6,552.38	
El Camino Real Improvements	15-76	-	349.13	27,047.50	2,294.25	11,807.90	1,923.75	43,422.53	-	43,422.53	
Notre Dame Avenue Loop Closure	15-10	-	-	-	-	-	-	-	-	-	
Notre Dame Abandonment		-	4,273.54	-	4,893.97	-	9,434.43	18,601.95	-	18,601.95	
Tahoe Drive Area Improvements	15-28	-	6,018.44	-	6,892.19	-	13,286.54	26,197.17	-	26,197.17	
Cliffside Court Improvements	15-38	-	12,164.89	-	13,930.97	-	26,855.66	52,951.52	-	52,951.52	
N. Rd Cross Country / Davey Glen Rd Impr.	15-43	-	-	-	-	-	-	-	-	-	
Zone 5 Fire Hydrant Upgrades	15-06	-	-	-	-	-	-	-	-	-	
Civic Lane Improvements	15-78	-	-	-	-	-	-	-	-	-	
Dekoven Tank Utilization Project	15-09	-	263.81	-	2,370.38	-	3,949.31	6,583.50	-	6,583.50	
Belmont Canyon Road Improvements	15-29	-	-	-	-	-	-	-	-	-	
North Road Improvements	15-42	-	-	-	-	-	-	-	-	-	
SR 101 Crossing at PAMF Hospital	15-72	18,762.81	299.25	-	7,828.48	-	14,049.64	40,940.18	-	40,940.18	
Williams Ave, Ridge Rd, Hillman Ave Impr.	15-16	-	-	-	-	-	-	-	-	-	
Monte Cresta Dr / Alhambra Drive Impr.	15-17	-	-	-	-	-	-	-	-	-	
Francis, Academy, Davey (w/Belmont)		-	-	-	-	-	-	-	-	-	
TOTALS		196,042.18	30,837.20	119,773.67	44,210.99	11,807.90	181,427.83	584,099.77	282,704.87	301,394.90	
TOTALS								584,099.77	584,099.77		
TOTALS GROUPED TO RECONCILE WITH BNY MONTHLY			346,653.05		56,018.89		181,427.83	584,099.77	584,099.77		



MPWD Board-Approved CIP Budget vs Actual Spending

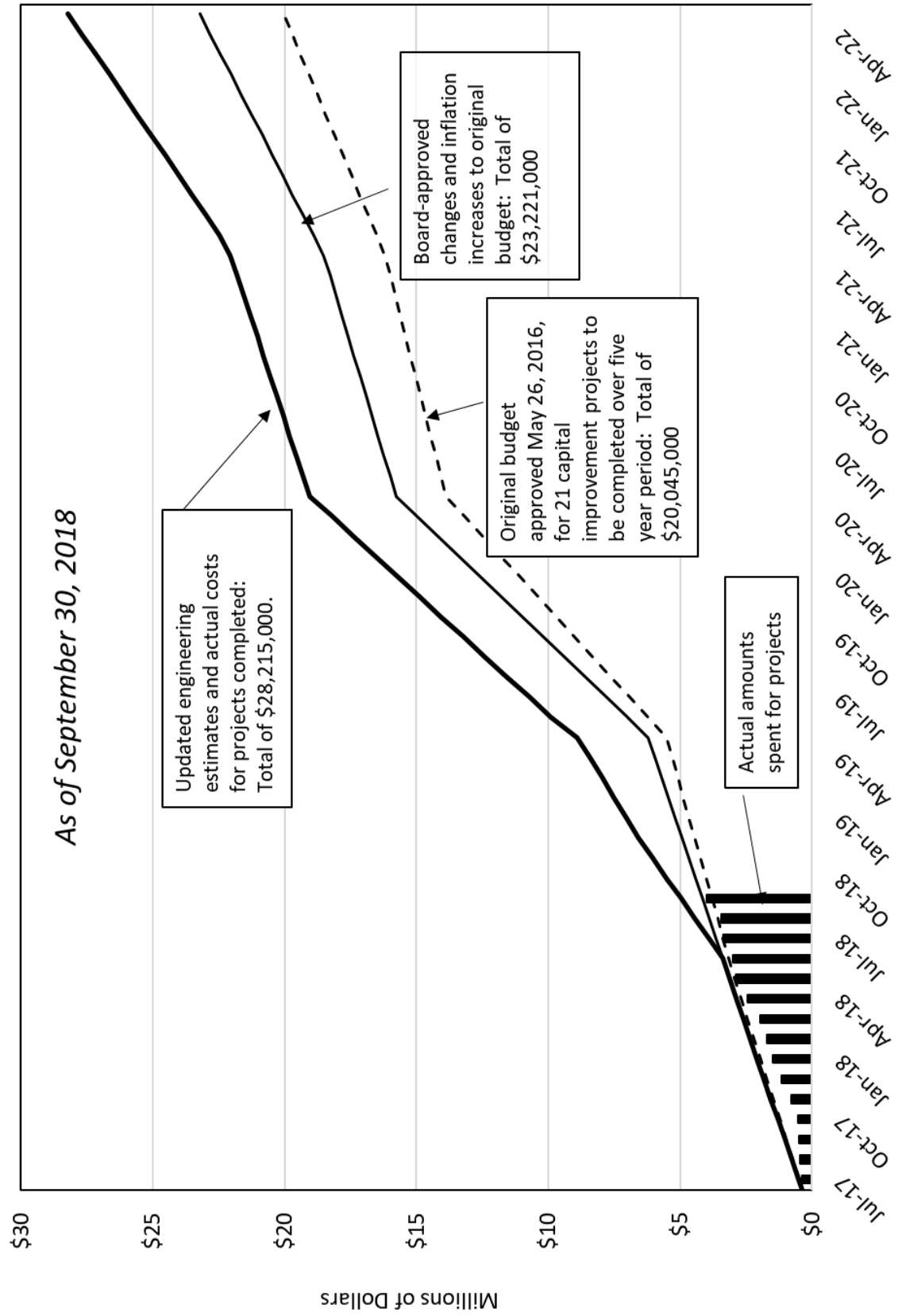




Table 3									
MPWD Projects: Through Sept 30, 2018		Cost Projections				Spent			Completion
Project	#	Original ¹	Inflation ²	Updated ³	Status ⁴	COP	Pay-Go	Total	
Karen Road Improvements	15-73	\$425,000	\$455,600	\$619,631	Final	(\$560,082)	(\$59,549)	(\$619,631)	Sep-18
Folger Drive Improvements	15-65	420,000	449,376	617,881	Final	(\$58,248)	(59,633)	(617,881)	Sep-18
Mezes Avenue Improvements	15-14	175,000	187,240	286,328	Final	(270,560)	(15,768)	(286,328)	Sep-18
South Road Abandonment	15-44	415,000	443,968	422,717	Final	(420,039)	(2,678)	(422,717)	Sep-18
Arthur Avenue Improvements	15-22	475,000	509,680	647,106	Final	(633,750)	(13,356)	(647,106)	Sep-18
Francis, Academy, Davey (w/Belmont)	15-43	680,000	727,328	1,839,264	Bid	(111,246)	(61,039)	(172,285)	Dec-18
Hillcrest Pressure Regulating Station	15-87	345,000	369,888	1,140,000	Eng	(123,220)	0	(123,220)	Jun-19
Notre Dame Abandonment	15-49	n/a	173,120	100,000	Eng	(42,723)	(1,951)	(44,674)	Jun-19
Notre Dame Avenue Loop Closure	15-10	910,000	1,009,891	1,600,000	Eng	(2,254)	0	(2,254)	Jun-19
Tahoe Drive Area Improvements	15-28	510,000	563,692	640,000	Eng	(61,446)	0	(61,446)	Jun-19
Cliffside Court Improvements	15-38	220,000	258,998	130,000	Eng	(122,239)	0	(122,239)	Jun-19
Zone 5 Fire Hydrant Upgrades	15-06	150,000	168,730	175,000	Eng				Jun-19
Civic Lane Improvements	15-78	800,000	887,405	887,405	N.U.				Jun-19
Dekoven Tank Utilization Project	15-09	1,035,000	1,185,325	1,185,325	N.U.	(8,667)			Jun-20
Dekoven Tanks Replacement	15-89	3,500,000	4,009,576	4,009,576	N.U.	(9,926)	(40,687)	(50,613)	Jun-20
Old County Road Improvements	15-75	3,400,000	3,892,590	4,300,000	Eng	(11,188)	0	(11,188)	Jun-20
Belmont Canyon Road Improvements	15-29	420,000	480,300	480,300	N.U.				Jun-20
North Road Improvements	15-42	220,000	258,998	258,998	N.U.				Jun-21
El Camino Real Improvements	15-76	2,100,000	2,489,975	2,735,000	Eng	(210,648)	(2,208)	(212,856)	Jun-21
SR 101 Crossing at PAMF Hospital	15-72	1,670,000	2,033,486	3,475,000	Eng	(318,846)	(529)	(319,375)	Jun-22
Williams Ave, Ridge Rd, Hillman Ave Impr.	15-16	1,100,000	1,352,053	1,352,053	N.U.				Jun-22
Monte Cresta Dr / Alhambra Drive Impr.	15-17	1,075,000	1,313,786	1,313,786	N.U.				Jun-22
TOTALS		\$20,045,000	\$23,221,005	\$28,215,370		(\$3,465,082)	(\$257,398)	(\$3,713,813)	
		COP Beginning Fund Total				\$19,143,021			
		Dividend Totals				\$350,204			
		COP Remaining Balance				\$16,028,143			

Notes:

- 1) Resolution No. 2016-06, May 26, 2016
- 2) Adjusted by four percent annual construction cost inflation factor at June 22, 2017 Board Meeting
- 3) Adjustment detail is shown within each project tab
- 4) "Eng" - Updated Engineer's Estimate; "Bid" - Contractor's Bid Price; "Final" - Final Project Cost; "N.U." - Not Updated

Karen Road WMR 15-73										
	Costs				Completion Tracking	Spent			Payment	
	Planning, Design & CM	Construction	Contingency	Total		Planning, Design & CM	Construction	Total	COP	Pay-Go
Original→	\$80,000	\$307,000	\$38,000	\$425,000	Jun-18					
Updates↓	Cost Adjustments				Added days					
Jun-17	\$5,760	\$22,104	\$2,736	\$30,600	0					
Sep-17				0	0					
Dec-17				0	0					
Mar-18				0	0					
Jun-18				0	61					
Sep-18				0	31					
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Folger Drive WMR 15-65										
	Costs				Completion Tracking	Spent			Payment	
	Planning, Design & CM	Construction	Contingency	Total		Planning, Design & CM	Construction	Total	COP	Pay-Go
Original→	\$77,000	\$306,000	\$37,000	\$420,000						
Updates↓	Cost Adjustments				Added days					
Jun-17	\$5,386	\$21,403	\$2,588	\$29,376	0	\$40,869	\$0	\$40,869	\$40,869	\$0
Sep-17				0	0	7,637		7,637	7,637	0
Dec-17				0	0	61,696		61,696	61,657	39
Mar-18				0	0	21,487	411,445	432,932	415,381	17,551
Jun-18				0	61	4,146	13,681	17,827	-5,896	23,723
Sep-18				0	31	21,285	35,635	56,920	38,600	18,320
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TOTALS	\$82,386	\$327,403	\$39,588	\$449,376	Sep-18	\$157,120	\$460,761	\$617,881	\$558,248	\$59,633
Increase from Original Cost→				\$29,376	% of Total Spent→			137%	\$617,881	
				7%					Balanced	
Comments:										
Jun-17	Costs adjusted by inflationary factor (6/22/17 Board meeting)									
Sep-17	\$11,382 Engineering costs allocated from MPWD's allocation									
Mar-18	Per Rene, two change orders increased cost.									
Sep-18	Final									

[illegible]

South Road Abandonment 15-44											
	Costs				Completion Tracking	Spent			Payment		
	Planning, Design & CM	Construction	Contingency	Total		Planning, Design & CM	Construction	Total	COP	Pay-Go	
Original→	\$75,000	\$302,000	\$38,000	\$415,000							Jun-18
Updates↓	Cost Adjustments				Added days						
Jun-17	\$5,235	\$21,080	\$2,652	\$28,968	0	\$40,521	\$0	\$40,521	\$40,521	\$0	
Sep-17				0	0	7,572		7,572	7,572	0	
Dec-17				0	0	3,713	297,778	301,491	301,491	0	
Mar-18				0	0	6,457	32,473	38,930	36,252	2,678	
Jun-18				0	61	4,111	760	4,871	4,871	0	
Sep-18				0	31	2,941	26,391	29,332	29,332	0	
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TOTALS	\$80,235	\$323,080	\$40,652	\$443,968	Sep-18	\$65,315	\$357,402	\$422,717	\$420,039	\$2,678	
Increase from Original Cost →				\$28,968	% of Total Spent→			95%	\$422,717		
				7%					Balanced		
Comments:											
Jun-17	Costs adjusted by inflationary factor (6/22/17 Board meeting) .										
Sep-17	\$11,382 Engineering costs allocated from MPWD's allocation										
Sep-18	Final										

Arthur Road WMR 15-22										
	Costs				Completion Tracking	Spent			Payment	
	Planning, Design & CM	Construction	Contingency	Total		Planning, Design & CM	Construction	Total	COP	Pay-Go
Original→	\$87,000	\$345,000	\$43,000	\$475,000	Jun-18					
Updates↓	Cost Adjustments				Added days					
Jun-17	\$6,352	\$25,189	\$3,139	\$34,680	0	\$41,391	\$0	\$41,391	\$41,391	\$0
Sep-17				0	0	7,734		7,734	7,734	0
Dec-17				0	0	3,793		3,793	3,793	0
Mar-18				0	0	8,167		8,167	3,958	4,209
Jun-18				0	61	4,200	540,085	544,285	535,138	9,147
Sep-18				0	31	3,004	38,732	41,736	41,736	0
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Francis 15-51, Academy 15-53, Davey 15-43 (w/ City of Belmont)											
	Costs				Completion Tracking	Spent			Payment		
	Planning, Design & CM	Construction	Contingency	Total		Planning, Design & CM	Construction	Total	COP	Pay-Go	
Original→	\$124,000	\$496,000	\$60,000	\$680,000	Jun-18						
Updates↓	Cost Adjustments				Added days						
Jun-17	\$8,630	\$34,522	\$4,176	\$47,328	0	\$30,725	\$0	\$30,725	\$0	\$30,725	
Sep-17	\$135,000	\$496,500	\$63,500	695,000	0	27,833	0	27,833	27,833	0	
Dec-17				0	0	16,046	0	16,046	12,331	3,715	
Mar-18				0	180	7,899	0	7,899	5,724	2,175	
Jun-18		544,612	-127,676	416,936	0	65,358	0	65,358	65,358	0	
Sep-18				0		24,424	0	24,424	0	24,424	
Dec-18				0				0	0		
Mar-19				0				0	0		
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TOTALS	\$267,630	\$1,571,634	\$0	\$1,839,264	Dec-18	\$172,285	\$0	\$172,285.00	\$111,246.00	\$61,039.00	
Increase from Original Cost →				\$1,159,264	% of Total Spent→			9%	\$172,285.00		
				170%					Balanced		
Comments:											
Jun-17	Costs adjusted by inflationary factor (6/22/17 Board meeting) .										
Sep-17	Francis and Academy added per Resolution 2017-11 dated 6/22/17. \$425K + \$270k = \$695k. These are pay-go funded.										
Mar-18	Per Rene, start work June/July. Complete by December										
Jun-18	Bids received for construction cost of \$1,571,634, slightly higher than estimate										

Hillcrest Pressure Regulating Station 15-87										
	Costs				Completion Tracking	Spent			Payment	
	Planning, Design & CM	Construction	Contingency	Total		Planning, Design & CM	Construction	Total	COP	Pay-Go
Original→	\$65,000	\$250,000	\$30,000	\$345,000	Jun-18					
Updates↓	Cost Adjustments				Added days					
Jun-17	\$4,689	\$18,035	\$2,164	\$24,888	0	\$34,836	\$0	\$34,836	\$34,836	\$0
Sep-17				0	0	27,619		27,619	27,619	0
Dec-17				0	0	41,073		41,073	41,073	
Mar-18				0	365	15,658		15,658	15,658	
Jun-18				0	0	3,235		3,235	3,235	
Sep-18	155,311	646,965	-32,164	770,112		799		799	799	
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Notre Dame Avenue Loop Closure 15-10										
	Costs				Completion Tracking	Spent			Payment	
	Planning, Design & CM	Construction	Contingency	Total		Planning, Design & CM	Construction	Total	COP	Pay-Go
Original→	\$138,000	\$689,500	\$82,500	\$910,000						
Updates↓	Cost Adjustments				Added days					
Jun-17	\$15,148	\$75,687	\$9,056	\$99,891	0		\$0	\$0	\$0	
Sep-17				0	0	2,254	0	2,254	2,254	
Sep-18	-3,148	684,813	-91,556	590,109	0			0	0	
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TOTALS	\$150,000	\$1,450,000	\$0	\$1,600,000	Jun-19	\$2,254	\$0	\$2,254	\$2,254	\$0
Increase from Original Cost →				\$690,000	% of Total Spent→			0%	\$2,254	
				76%					Balanced	
Comments:										
Jun-17	Costs adjusted by inflationary factor (6/22/17 Board meeting) .									
Sep-17	\$4,089 Engineering costs allocated									
Sep-18	Per Joubin. Updated Eng's estimate \$1,450,000 at 90%. Eng & Inspection \$150,000									

Mid Notre Dame Abandonment 15-49											
	Costs				Completion Tracking	Spent			Payment		
	Planning, Design & CM	Construction	Contingency	Total		Planning, Design & CM	Construction	Total	COP	Pay-Go	
Original→		173,120		\$173,120							Jun-19
Updates↓	Cost Adjustments				Added days						
Jun-17	\$0	\$0	\$0	\$0	0	\$0	\$0	\$0	\$0		
Sep-17				0	0	0	0	0	0		
Dec-17				0	0	3,520	0	3,520	3,520		
Mar-18				0	0	8,333		8,333	8,333		
Jun-18				0	0	12,268		12,268	12,268		
Sep-18	50,000	-123,120		-73,120		20,553		20,553	18,602	1,951	
Dec-18				0				0	0		
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TOTALS	\$50,000	\$50,000	\$0	\$100,000	Jun-19	\$44,674	\$0	\$44,674	\$42,723	\$1,951	
Increase from Original Cost →				-\$73,120	% of Total Spent→			45%	\$44,674		
				-42%					Balanced		
Comments:											
Sep-17	Project added to tracking for Oct Board meeting.										
Sep-18	Per Joubin. Eng's estimate \$50,000 at 90% level. Eng & Inspection \$50,000										

Tahoe Drive Area Improvements 15-28												
	Costs				Completion Tracking	Spent			Payment			
	Planning, Design & CM	Construction	Contingency	Total		Planning, Design & CM	Construction	Total	COP	Pay-Go		
Original→	\$94,000	\$369,000	\$47,000	\$510,000	Jun-19							
Updates↓	Cost Adjustments				Added days							
Jun-17	\$9,896	\$38,848	\$4,948	\$53,692	0		\$0	\$0	\$0			
Sep-17				0	0	1,258	0	1,258	1,258			
Dec-17				0	0	4,960		4,960	4,960			
Mar-18				0	0	11,743		11,743	11,743			
Jun-18				0	0	17,288		17,288	17,288			
Sep-18	-3,896	132,152	-51,948	76,308		26,197		26,197	26,197			
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TOTALS	\$100,000	\$540,000	\$0	\$640,000	Jun-19	\$61,446	\$0	\$61,446	\$61,446	\$0		
Increase from Original Cost→				\$130,000	% of Total Spent→			10%	\$61,446			
				25%					Balanced			
Comments:												
Jun-17	Costs adjusted by inflationary factor (6/22/17 Board meeting) .											
Sep-17	\$4,089 Engineering costs allocated											
Sep-18	Per Joubin. Updated Eng's estimate \$540,000 at 90%. Updated Eng & Insp \$100,000											

Cliffside Court Improvements 15-38											
	Costs				Completion Tracking	Spent			Payment		
	Planning, Design & CM	Construction	Contingency	Total		Planning, Design & CM	Construction	Total	COP	Pay-Go	
Original→	\$46,500	\$154,500	\$19,000	\$220,000							Jun-19
Updates↓	Cost Adjustments				Added days						
Jun-17	\$8,243	\$27,387	\$3,368	\$38,998	0		\$0	\$0	\$0		
Sep-17				0	0	578	0	578	578		
Dec-17				0	0	10,026		10,026	10,026		
Mar-18				0	0	23,737		23,737	23,737		
Jun-18				0	0	34,946		34,946	34,946		
Sep-18	-4,743	-101,887	-22,368	-128,998		52,952		52,952	52,952		
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TOTALS	\$50,000	\$80,000	\$0	\$130,000	Jun-19	\$122,239	\$0	\$122,239	\$122,239	\$0	
Increase from Original Cost→				-\$90,000	% of Total Spent→			94%	\$122,239		
				-41%					Balanced		
Comments:											
Jun-17	Costs adjusted by inflationary factor (6/22/17 Board meeting) .										
Sep-17	\$4,089 Engineering costs allocated										
Sep-18	Per Joubin. Updated Eng's estimate \$80,000 at 90% level. Updated Eng & Insp \$50,000										

Zone 5 Fire Hydrant Upgrades 15-06										
	Costs				Completion Tracking	Spent			Payment	
	Planning, Design & CM	Construction	Contingency	Total		Planning, Design & CM	Construction	Total	COP	Pay-Go
Original→	\$31,000	\$105,000	\$14,000	\$150,000						
Updates↓	Cost Adjustments				Added days					
Jun-17	\$3,871	\$13,111	\$1,748	\$18,730	0		\$0	\$0	\$0	
Sep-18	15,129	6,889	-15,748	6,270	0			0	0	
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TOTALS	\$50,000	\$125,000	\$0	\$175,000	Jun-19	\$0	\$0	\$0	\$0	\$0
Increase from Original Cost →				\$25,000	% of Total Spent →			0%	\$0	
				17%					Balanced	
Comments:										
Jun-17	Costs adjusted by inflationary factor (6/22/17 Board meeting) .									
Sep-18	Per Joubin. Updated Eng's estimate \$125,000 at 90% level. Updated Eng & insp \$50,000									

Old County Road WMR 15-75											
	Costs				Completion Tracking	Spent			Payment		
	Planning, Design & CM	Construction	Contingency	Total		Planning, Design & CM	Construction	Total	COP	Pay-Go	
Original→	\$510,000	\$2,580,500	\$309,500	\$3,400,000	Jun-20						
Updates↓	<i>Cost Adjustments</i>				<i>Added days</i>						
Jun-17	\$73,889	\$373,861	\$44,840	\$492,590	0	\$2,692	\$0	\$2,692	\$2,692		
Sep-17				0	0	1,495		1,495	1,495		
Dec-17				0	0	299		299	299		
Mar-18				0	0	150		150	150		
Jun-18				0	0	6,552		6,552	6,552		
Sep-18	216,112	545,639	-354,340	407,410				0	0		
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TOTALS	\$800,000	\$3,500,000	\$0	\$4,300,000	Jun-20	\$11,188	\$0	\$11,188	\$11,188	\$0	
<i>Increase from Original Cost →</i>				<i>\$900,000</i>	<i>% of Total Spent→</i>			<i>0%</i>	<i>\$11,188</i>		
				<i>26%</i>					<i>Balanced</i>		
Comments:											
Jun-17	Costs adjusted by inflationary factor (6/22/17 Board meeting) .										
Sep-18	Per Joubin. Updated Engineers Estimate = \$3,500,000 (35% Level), Engineering, Shaff & Wheeler = \$525,000, Engineering, Pakpour Consulting Group = \$25,000, CM, 4 Leaf = \$250,000 (estimate)										

El Camino Real Improvements 15-76										
	Costs				Completion Tracking	Spent			Payment	
	Planning, Design & CM	Construction	Contingency	Total		Planning, Design & CM	Construction	Total	COP	Pay-Go
Original→	\$360,000	\$1,463,000	\$277,000	\$2,100,000	Jun-21	Planning, Design & CM	Construction	Total	COP	Pay-Go
Updates↓	Cost Adjustments				Added days					
Jun-17	\$66,853	\$271,683	\$51,440	\$389,975	0					
Sep-17				0	0					
Dec-17				0	0					
Mar-18				0	0					
Jun-18				0	0					
Sep-18	208,147	365,317	-328,440	245,025						
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SR 101 Crossing at PAMF Hospital 15-72											
	Costs				Completion Tracking	Spent			Payment		
	Planning, Design & CM	Construction	Contingency	Total		Planning, Design & CM	Construction	Total	COP	Pay-Go	
Original→	\$350,000	\$1,040,000	\$280,000	\$1,670,000	Jun-22						
Updates↓	Cost Adjustments				Added days						
Jun-17	\$76,180	\$226,363	\$60,943	\$363,486	0	\$529	\$0	\$529	\$0	\$529	
Sep-17				0	0	12,997		12,997	12,997		
Dec-17				0	0	154,889		154,889	154,889		
Mar-18				0	0	29,913		29,913	29,913		
Jun-18				0	0	80,107		80,107	80,107		
Sep-18	248,820	1,533,637	-340,943	1,441,514		40,940		40,940	40,940		
				0				0	0		
				0				0	0		
				0				0	0		
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				0				0	0		
				0				0	0		
				0				0	0		
				0				0	0		
				0				0	0		
TOTALS	\$675,000	\$2,800,000	\$0	\$3,475,000	Jun-22	\$319,375	\$0	\$319,375	\$318,846	\$529	
Increase from Original Cost→				\$1,805,000	% of Total Spent→			9%	\$319,375		
				108%					Balanced		
Comments:											
Jun-17	Costs adjusted by inflationary factor (6/22/17 Board meeting) .										
Sep-18	Per Joubin. Updated Eng's estimate \$2,800,000 at 90% level. Engineering, West Yost = \$318,000+\$15,000+\$7,000+\$18,000+24,000+\$20,000 = \$400,000. Engineering Pakpour = \$25,000. CM, Tannner Pacific = \$250,000 (Estimate)										



AGENDA ITEM NO. 7.B.

DATE: November 14, 2018

TO: Board of Directors

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

**SUBJECT: RECEIVE COST COMPARISON REPORT FOR CAPITAL PROJECT
01-1621-CP 2017 WATER MAIN REPLACEMENT PROJECT**

RECOMMENDATION

Receive a report comparing the original estimates prepared by the District Engineer for the 2017 Water Main Replacement Project (2017 WMRP) 01-1621-CP with the actual engineering and construction costs now that this capital project is complete. Capital project 01-1621-CP was comprised of the following five projects:

- Project 15-14 – Mezes Avenue Improvements
- Project 15-65 – Folger Drive Improvements
- Project 15-73 – Karen Road Improvements
- Project 15-44 – South Road Abandonment
- Project 15-22 – Arthur Avenue Improvements

FISCAL IMPACT

The second capital project to be constructed, and the first to make use of proceeds from the Certificates of Participation (COP) was the 2017 WMRP. This capital project was publicly bid and awarded on July 20, 2017. Stoloski and Gonzalez was awarded the project with their bid of \$2,055,271, and a 10% contingency in the amount of \$205,000 was established, which provided a project construction budget of \$2,260,271.

What follows under *Discussion* is an analysis and explanation of the original project cost estimates and the actual costs for this project.

DISCUSSION

During calendar year 2015 the District was heavily involved in the preparation of a capital improvement program system-wide. As a part of the process, the District Engineer's office developed "project descriptions", including map, background, proposed improvements, project benefits, and project budget for 93 separate potential improvement projects. District staff ranked each project based on criteria they

developed from field experience. The District Engineer's project description established a "Project Budget" for each project based on current (calendar year 2015) bid information their office had compiled. Since then as discussed with the Board the original estimates have been adjusted by 4.1% for construction inflation.

Over the past few years the Bay Area Region has been a hot-bed of construction affecting contractors available for projects and their bids. Contractors have been able to command a much higher price for their work in the current bid environment, which contrasts sharply with contractor availability and bids 10 years ago during the recession. In the current construction environment, bids in the region out-pace the rate of inflation for the area.

This has not stopped the District's capital program, but will challenge staff's efforts to squeeze every bit of needed capital improvements from COP proceeds and fiscal capital budgeting over the current approved capital plan which goes through fiscal year 2021.

Table 1 (attached)

The project's original estimates, developed in 2015, can be found on Table 1 on the very top row. The estimate for engineering and construction support was \$356,000; construction was \$1,382,000, and contingency was estimated at \$171,500 for a total estimate of \$1,910,000. These figures were developed in 2015 by the District Engineer based on a database they maintain for project costs received during projects bid. Over time, the District Engineer's estimates were adjusted by 4.1% per year for construction inflation. Row 1, which is the Original Estimate with Inflation projected the construction costs to approach \$2,442,539.

The costs for Board approved contracts related to 2017 WMRP are found on Table 1, Row 4. A design contract with the District Engineer was executed on September 22, 2016 for \$292,155, and when added to \$39,199 previously spent on preliminary design for the five projects brought this project's engineering, support to \$331,354. *(To note: the District Engineer was able reduce their engineering costs by combining the five projects into one project)* Project bids were opened on July 20, 2017, (only two bids received in a very active construction market) and a contract executed with Stoloski and Gonzalez in the amount of \$2,055,271. A 10% project contingency, \$205,000, was provided for the project. Therefore the total for contracts approved by the Board was \$2,591,625.

Comparison

When comparing the Original Estimates with Inflation, Row 1, and Actual Costs, Row 2, a few factors need to be pointed out: By combining the five projects into one engineering project, the District Engineer was able to reduce his costs by 17%. The same could not be said for Construction and Contingency (Change Orders). The hot construction market in the Bay Area significantly increased prices, reduced the availability of contractors, exceeded the region's inflation rate, and the Actual Costs reflected this phenomena. When adjusted for inflation, the 2015 bidding climate, a

conservative construction/contingency estimate was \$1,664,543; the Actual Costs, a publicly bid Construction project was \$2,055,271 (*with only two bidders*) and Contract Change Orders totaled \$70,892, which made the 2017 WMRP 27.7% higher than the Original Estimate with Inflation.

When comparing the Contracts Approved by the Board, Row 4 with Actual Costs, Row 5, the District was able to do a good job managing and controlling costs such that the Actual Costs for 2017 WMRP, including engineering and construction, was 5.8% less than the budget set for the project from Board awarded contracts.

In conclusion, staff anticipates the current construction climate to remain, which is going to make it challenging to complete all of the capital projects through 2021. Staff intends to come back before the Board sometime in early 2019 with a report to discuss options for the Board to consider.

Attachments: Table 1
5 Project Descriptions: 15-14, 15-65, 15-73, 15-44, and 15-22

BOARD ACTION: APPROVED:_____ DENIED:_____ POSTPONED:_____ STAFF DIRECTION:_____

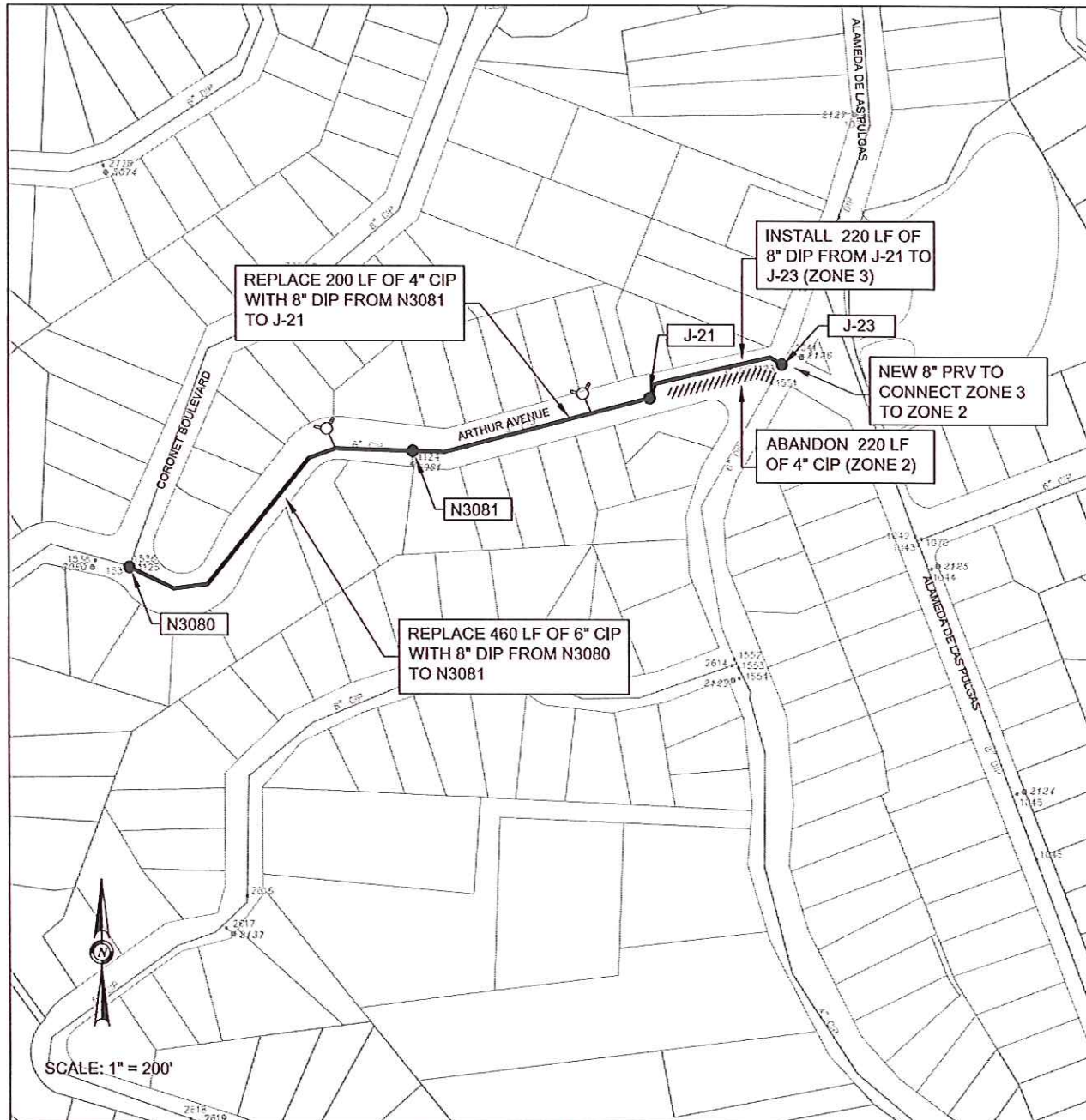
UNANIMOUS_____ WARDEN_____ VELLA_____ LINVILL_____ ZUCCA_____ STUEBING_____

Table 1: 2017 Water Main Replacement Project
Comparison of Estimates to Actuals

	A	B	C	D	B+C
	Engineering Planning/Design/ Construction Support	Stoloski & Gonzales		Total	Stoloski & Gonzales Combined
		Construction	Contingency		
Original Estimates (2015)	\$356,000	\$1,382,500	\$171,500	\$1,910,000	\$1,554,000
1 Original Estimates w/Inflation ²	\$381,321	\$1,480,844	\$183,699	\$2,045,864	\$1,664,543
2 Actual Costs	\$316,376	\$2,055,271	\$70,892 ¹	\$2,442,539	\$2,126,163
3 % difference	-17.0%	27.7%		19.4%	27.7%
4 Contracts Approved by Board	\$331,354	\$2,055,271	\$205,000	\$2,591,625	\$2,260,271
5 Actual Costs	\$316,376	\$2,055,271	\$70,892 ¹	\$2,442,539	\$2,126,163
6 % difference	-4.5%	-5.9%		-5.8%	-5.9%

¹ The figure in Column C, Rows 2 and 5, is the Contract Change Order amount for the project.

² A 4.1% construction inflation factor applied



ARTHUR AVENUE IMPROVEMENTS

PROJECT BACKGROUND

Water is provided to Arthur Avenue through two dead end 4" and 6" cast iron pipe (CIP) water mains: a Zone 3 water main from Coronet Blvd and a Zone 2 water main from Alameda De Las Pulgas. These undersized water mains, installed in the 1950's, are incapable of providing the minimum recommended fire flow of 1,500 gpm at 20 psi. This project replaces the existing 4" and 6" CIP with new 8" ductile iron pipe (DIP). The Zone 2 water main will be abandoned and the Zone 3 water main extended to Alameda De Las Pulgas and connected to Zone 2 with a 8" pressure reducing valve (PRV). Fifteen service connections will be replaced, 3 of which are transfers from Zone 2 to Zone 3. One hydrant will also be replaced and a new one will be installed to improve the existing hydrant spacing. Hydraulic analysis indicates a 281% increase in available fire flows along Arthur Avenue with the completion of this project. Distribution System Analysis 025

PROPOSED IMPROVEMENTS

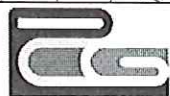
Replace 660 LF of 4" and 6" CIP (Zone 3) with 8" DIP
 Replace 220 LF of 4" CIP (Zone 2) with 8" DIP (Zone 3)
 Install a new 8" PRV
 Install 1 new fire hydrant assembly
 Replace 1 fire hydrant assembly
 Replace 15 service connections

PROJECT BENEFITS

The Arthur Avenue Improvements eliminates two dead ends, replaces aging and undersized water mains with new 8" DIP, provides a direct connection between Zone 3 and Zone 2, increases fire flows on the street by 281%, improves fire hydrant spacing.

PROJECT BUDGET

880 LF - 8" DIP @ \$ 250/LF	\$ 220,000
2 Fire Hydrants @ \$15,000/EA	\$ 30,000
8" PRV @ \$50,000/EA	\$ 50,000
15 Service Connections @ \$3,000/EA	\$ 45,000
Subtotal Construction	\$ 345,000
Planning, Design & Construction Support	\$ 87,000
Contingency (±10%)	\$ 43,000
Project Budget	\$ 475,000



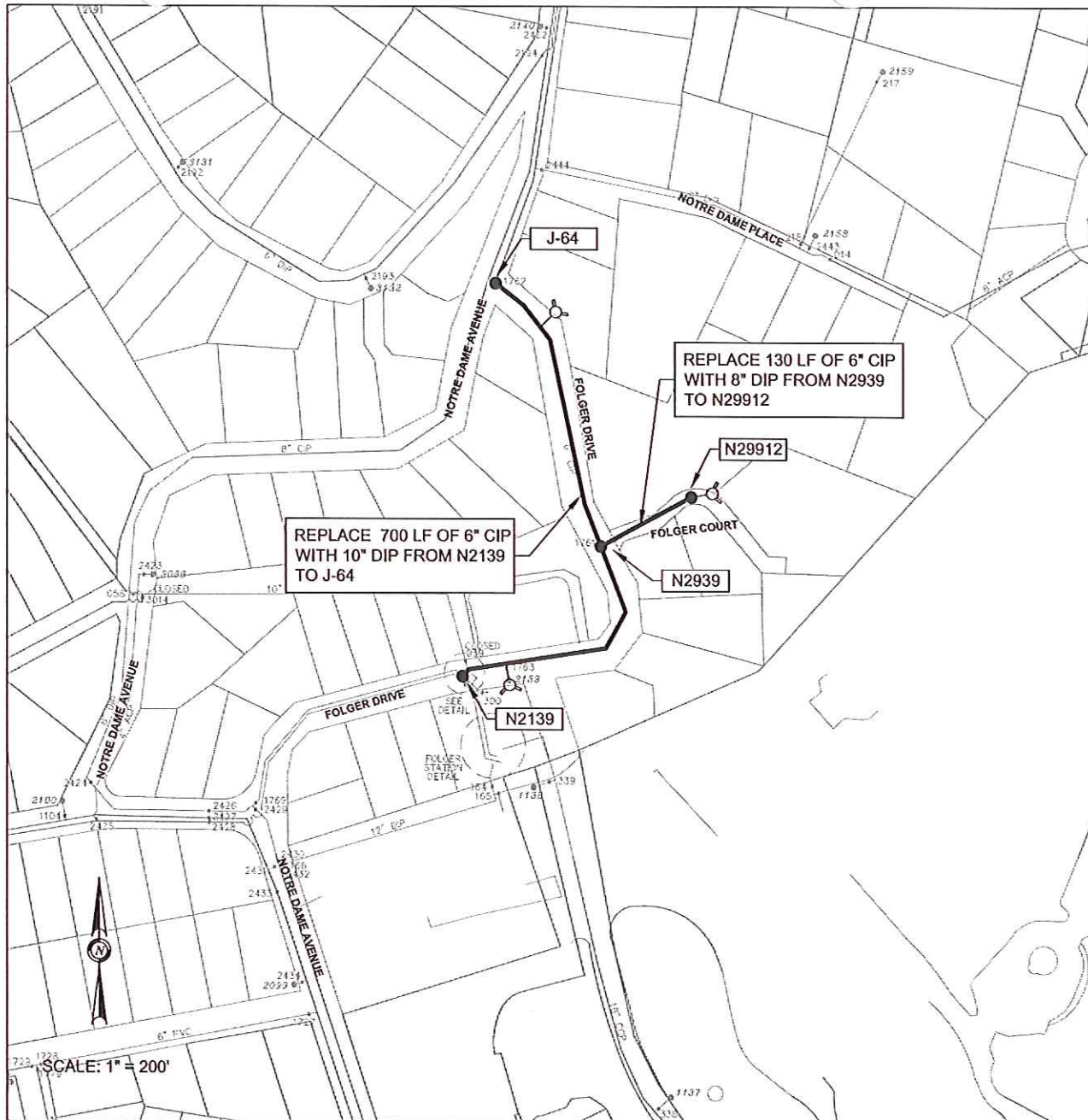
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 925.224.7717 Fax 925.224.7726
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JOB No. 10012.07
 DATE 5/20/16
 SCALE AS NOTED
 DRAWN: BY BL
 CKD JP



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

CAPITAL IMPROVEMENT PROGRAM
 ARTHUR AVENUE IMPROVEMENTS
 PROJECT 15-22



FOLGER DRIVE IMPROVEMENTS

PROJECT BACKGROUND

The water mains along Folger Drive are comprised of 350 LF of 10" polyvinylchloride (PVC) and 700 LF of 6" CIP. The 10" PVC was installed in 1987 and the 6" CIP in 1935, one of the oldest water mains in the District. Due to age, the District has reported several leaks on the 6" CIP. This project replaces the 6" CIP with a new 10" DIP further continuing the 10" up to Notre Dame Avenue. Upon completion of the parallel water main replacement along Notre Dame Avenue between Folger Drive and Ralston with a new 10" DIP, 10" pipe will extend further beyond the Hannibal Pump Station. This project also replaces 130 LF of 6" CIP on Folger Court, installed in 1959, with an 8" DIP. A total of 3 fire hydrants and 12 services would be replaced along Folger Drive and Folger Court.

PROPOSED IMPROVEMENTS

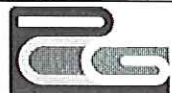
Replace 700 LF of 6" CIP with 10" DIP
 Replace 130 LF of 6" CIP with 8" DIP
 Replace 3 fire hydrant assemblies
 Replace 12 service connections

PROJECT BENEFITS

The Folger Drive Improvements replaces old and aging 6" CIP water mains that have experienced significant leaks with a new 8" or 10" DIP. This also extends the 10" water main from Hannibal Pump Station further up towards Hersom Tank.

PROJECT BUDGET

700 LF - 10" DIP @ \$275/LF	\$ 192,500
130 LF - 8" DIP @ \$250/LF	\$ 32,500
3 Fire Hydrants @ \$15,000/EA	\$ 45,000
12 Service Connections @ \$3,000/EA	\$ 36,000
Subtotal Construction	\$ 306,000
Planning, Design & Construction Support	\$ 77,000
Contingency (±10%)	\$ 37,000
Project Budget	\$ 420,000



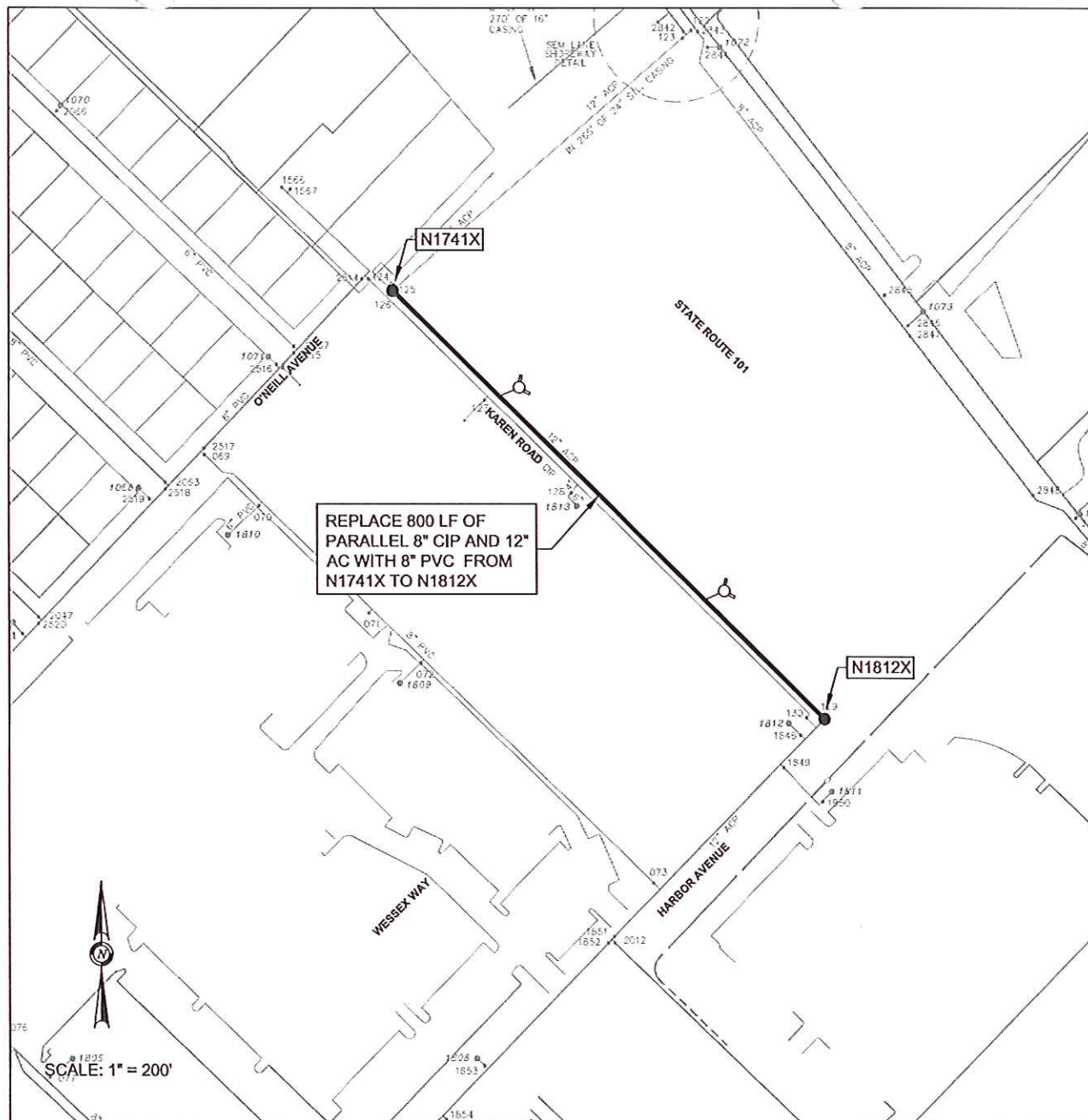
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JOB No.	10012.07
DATE	5/20/16
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CKD:	JP



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

CAPITAL IMPROVEMENT PROGRAM
 FOLGER DRIVE IMPROVEMENTS
 PROJECT 15-65



KAREN ROAD IMPROVEMENTS

PROJECT BACKGROUND

Karen Road is located immediately parallel to SR 101 between Harbor Boulevard and O'Neill Avenue and has two parallel water mains: an 800 LF 8" cast iron (CIP) installed in 1952 and an 800 LF 12" asbestos cement (AC) installed in 1957. The 12" AC is part of a continuous 12" transmission main serving Zone 1 on the eastern side of SR 101 whereas the 8" CIP is primarily used for the hydrants and service connections. The District has reported several leaks and subsequent repairs along the 8" CIP. Hydraulic analysis indicates the parallel water mains can be reduced to a single 8" water main with no affects on fire flows. In addition, with the likelihood of the 12" AC SR 101 crossing being relocated to the PAMF easement (CIP 15-72), there is no need for an additional 12" along Karen Road. Distribution System Analysis No. 078

PROPOSED IMPROVEMENTS

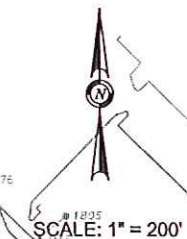
Replace 800 LF of parallel 12" AC and 8" CIP with a new single 8" PVC
 Replace 2 fire hydrant assemblies
 Replace 9 service connections
 Cathodic protection of all metallic fittings/materials

PROJECT BENEFITS

The Karen Road Improvements replaces two old and aging water mains prone to leaks and service repairs, and minimizes maintenance.

PROJECT BUDGET

800 LF - 8" PVC @ \$250/LF	\$ 200,000
Abandon 12" AC @ \$20,000/LS	\$ 20,000
Abandon 8" CIP @ \$20,000/LS	\$ 20,000
Caltrans Coordination @ \$10,000/LS	\$ 10,000
2 Fire Hydrants @ \$15,000/EA	\$ 30,000
9 Service Connections @ \$3,000/EA	\$ 27,000
Subtotal Construction	\$ 307,000
Planning, Design, & Construction Support	\$ 80,000
Contingency (±10%)	\$ 38,000
Project Budget	\$ 425,000



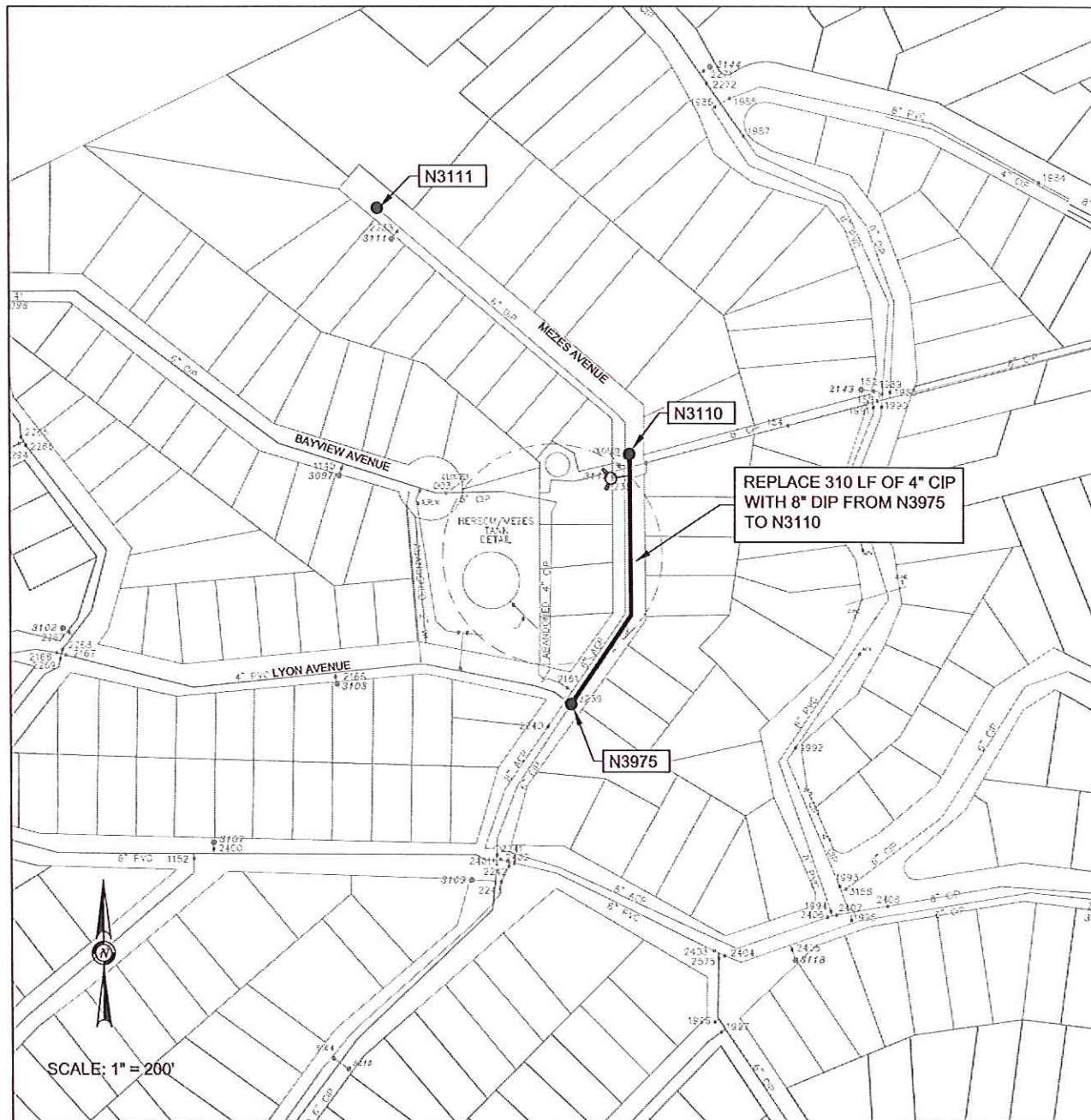
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MID-PENINSULA WATER DISTRICT
 SAN MATEO COUNTY, CALIFORNIA
 3 DAIRY LANE
 BELMONT, CA 94002

CAPITAL IMPROVEMENT PROGRAM
 KAREN ROAD IMPROVEMENTS
 PROJECT 15-73



MEZES AVENUE IMPROVEMENTS

PROJECT BACKGROUND

Water is currently provided to Mezes Avenue through a single 310 LF 4" cast iron pipe (CIP) from Lyon Avenue. It then transitions to a 415 LF 6" CIP and dead ends at the end of Mezes Avenue. Fire flows on this street are below the recommended 1,500 gpm at 20 psi recommendation due to the 4" bottleneck. In addition, the 4" main is over 50 years old. This project would replace the undersized pipe with a new 8" ductile iron pipe (DIP). One fire hydrant and 10 service connections will be replaced. Hydraulic analysis indicates a 192% increase in available fire flows upon completion of this project. This project has a negligible affect on water age increasing from 0.1 to 0.2 days during the winter and no increase during the summer. Distribution System Analysis No. 017

PROPOSED IMPROVEMENTS

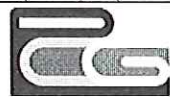
Replace 310 LF of 4" CIP with 8" DIP
Replace 1 fire hydrant assembly
Replace 10 service connections

PROJECT BENEFITS

The Mezes Avenue Improvements replaces an undersized 4" water main with 8" DIP. Fire flows at the midway point along Mezes Avenue increase by 192%.

PROJECT BUDGET

310 LF - 8" DIP @ \$ 250/LF	\$ 77,500
1 Fire Hydrant @ \$15,000/EA	\$ 15,000
10 Service Connections @ \$3,000/EA	\$ 30,000
Subtotal Construction	\$ 122,500
Planning, Design & Construction Support	\$ 37,000
Contingency (±10%)	\$ 15,500
Project Budget	\$ 175,000



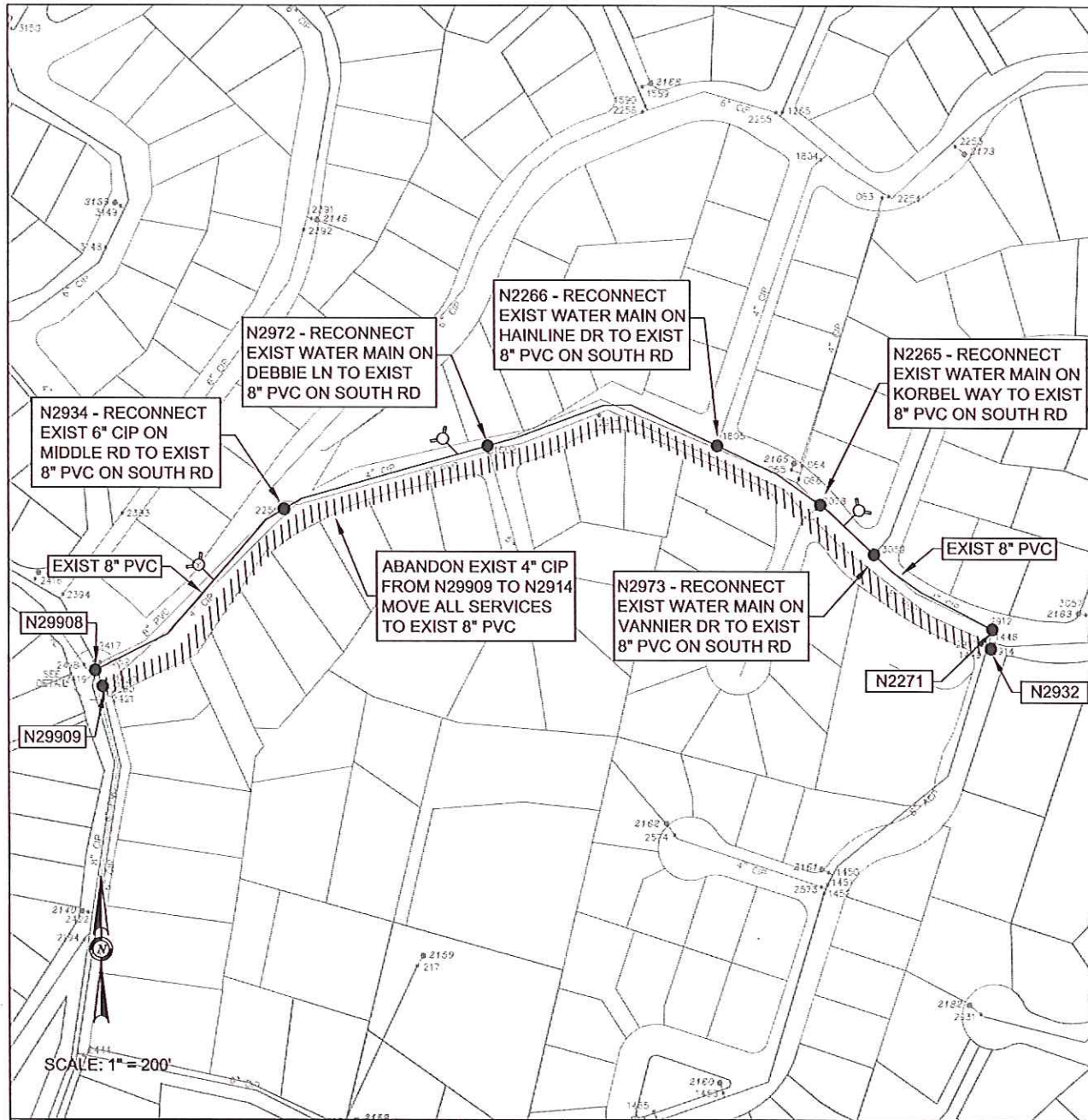
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CAPITAL IMPROVEMENT PROGRAM
MEZES AVENUE IMPROVEMENTS
PROJECT 15-14



SOUTH ROAD ABANDONMENT

PROJECT BACKGROUND

South Road between Notre Dame Avenue and College View Way has 1,325 LF of parallel 4" cast iron (CIP) and 8" polyvinylchloride (PVC) water mains. The 4" CIP and 8" PVC were installed in 1940 and 1983 respectively. According to the District GIS and hydraulic model, all branches off South Road including Middle Road, Debbie Lane, Hainline Drive, Korbey Way, Vannier Drive, and College View Way, are connected to the 4" CIP thereby restricting water flow and reducing fire flows to those areas. Fire flows in the immediate area, under existing conditions, are below minimum recommendations of 1,500 gpm at 20 psi. This project abandons the 4" CIP and reconnects all branches on this stretch of water main to the 8" PVC. Three new fire hydrants will also be added to the alignment to improve hydrant spacing in the area. Hydraulic analysis indicates an increase in fire flows as high as 175% (2,400 gpm) with an average increase of over 57%. Approximately 19 service connections would also be transferred from the 4" CIP to the 8" PVC. This project also provides additional fire flow benefits when combined with other DSA's within the area. Distribution System Analysis No. 045

PROPOSED IMPROVEMENTS

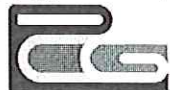
Abandon 1,325 LF of 4" CIP
Reconnect 6 branches to the existing 8" PVC
Install 3 new fire hydrant assemblies
Replace 19 service connections

PROJECT BENEFITS

The South Road Abandonment abandons an old and aging water main, reduces District maintenance, and increases fire flows in the area as much as 175% by moving all branches to an existing 8" PVC.

PROJECT BUDGET

6 Pipe Reconnects @ \$30,000/EA	\$ 180,000
2 Pipe Abandonment @ \$10,000/End	\$ 20,000
3 Fire Hydrants @ \$15,000/EA	\$ 45,000
19 Service Connections @ \$3,000/EA	\$ 57,000
Subtotal Construction	\$ 302,000
Planning, Design & Construction Support	\$ 75,000
Contingency (±10%)	\$ 38,000
Project Budget	\$ 415,000



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SCALE AS NOTED
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CKD JP



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

CAPITAL IMPROVEMENT PROGRAM
SOUTH ROAD ABANDONMENT
PROJECT 15-44



AGENDA ITEM NO. 8.A.

DATE: November 14, 2018
TO: Board of Directors
FROM: Candy Pina, Administrative Services Manager

SUBJECT: RECEIVE AND ACCEPT THE FINANCIAL AUDIT REPORT FOR FISCAL YEAR ENDED JUNE 30, 2018, PRESENTED BY DAVID BECKER, CPA, OF JAMES MARTA & COMPANY LLP

RECOMMENDATION

Receive and accept the financial audit report for the fiscal year ended June 30, 2018, presented by David Becker, CPA, of James Marta & Company LLP.

FISCAL IMPACT

\$15,000 paid to date to James Marta & Company LLP. (\$19,665 is the total contracted amount for the FY 2017/2018.)

DISCUSSION

Attached are the financial audit reports for Fiscal Year Ended June 30, 2018 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 29, 2018 with the Board's financial audit ad hoc committee and staff.

Attachments: MPWD Financial Audit Report for Year Ended June 30, 2018
MPWD Management Letter
MPWD Board Communication

BOARD ACTION: APPROVED:_____ DENIED:_____ POSTPONED:_____ STAFF DIRECTION:_____

UNANIMOUS_____ WARDEN_____ VELLA_____ LINVILL_____ ZUCCA_____ STUEBING_____



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

FOR THE FISCAL YEARS ENDED
JUNE 30, 2018 AND 2017**

**JAMES MARTA & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS**

**701 HOWE AVENUE, E3
SACRAMENTO, CA**

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(916) 993-9489 FAX
WWW.JPMCPC.COM**

MID-PENINSULA WATER DISTRICT

BOARD OF DIRECTORS

JUNE 30, 2018

<u>Name</u>	<u>Office</u>	<u>Term Expires December</u>
Dave Warden	President	2018
Louis Vella	Vice President	2020
Betty Linvill	Director	2018
Albert Stuebing	Director	2018
Matthew Zucca	Director	2020

ADMINISTRATION

Tammy Rudock
General Manager

MID-PENINSULA WATER DISTRICT

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James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

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, 2018 and 2017 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, 2018 and 2017, 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.

Other Matters

Required Supplemental Information

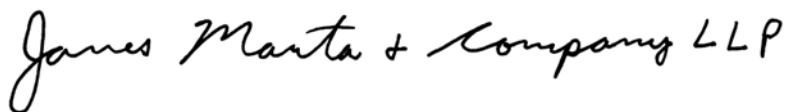
Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Schedule of the District's Proportionate Share of the Net Pension Liability and Schedule of Pension Contributions, Schedule of Changes in the Net OPEB Liability and Related Ratios and Schedule of OPEB Contributions 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.

Change in Accounting Principle

Mid-Peninsula Water District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which required a restatement of net position as of July 1, 2017. The effects of this restatement are described in Note 11 to the basic financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2018 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 29, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

MID-PENINSULA WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

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, 2018. It should be reviewed in conjunction with the District's basic financial statements for the fiscal year ended June 30, 2108.

FINANCIAL HIGHLIGHTS

- The District's Net Position increased by \$481,739 (2%) during the fiscal year ended June 30, 2108.
- The District's operating revenues increased from the previous year by \$1,399,786 (12%).
- Non-operating revenues increased from the previous year by \$557,043 (76%).
- Operating expenses increased by \$288,072 (3%).
- Non-Operating expenses increased by \$8,600 (0%).

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

MID-PENINSULA WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

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

	June 30, 2018	June 30, 2017	Amount Increase (Decrease)	Percent Increase (Decrease)	June 30, 2016
Current and Other Assets	\$ 8,391,384	\$ 6,647,328	\$ 1,744,056	26%	\$ 5,495,630
Restricted cash with fiscal agent	16,540,967	18,956,420	(2,415,453)	n/a	-
Capital Assets, Net	20,657,271	18,037,446	2,619,825	15%	16,801,357
Total Assets	45,589,622	43,641,194	1,948,428	4%	22,296,987
Deferred Outflows of Resources	1,210,080	803,133	406,947	51%	442,276
Current and Other Liabilities	2,665,025	2,064,658	600,367	29%	918,226
Long-Term Liabilities	24,277,414	20,069,136	4,208,278	21%	1,476,886
Total Liabilities	26,942,439	22,133,794	4,808,645	22%	2,395,112
Deferred Inflows of Resources	959,375	1,229,359	(269,984)	-22%	195,448
Net Investment in Capital Assets	20,657,271	18,037,446	2,619,825	15%	16,801,357
Unrestricted Net Position	905,642	3,043,728	(2,138,086)	-70%	3,347,346
Total Net Position	<u>\$ 21,562,913</u>	<u>\$ 21,081,174</u>	<u>\$ 481,739</u>	2%	<u>\$ 20,148,703</u>

The District's net position at fiscal year end June 30, 2018 increased \$481,739 (2%) when compared to fiscal year end June 30, 2017. Factors contributing to this increase are mainly due to an increase in our AMI Meter Change out program totaling an increase of \$493,802 (24%); AMI New & Upgraded Meters totaling an increase of \$336,155 (131%); Pumps & Valves totaling an increase of \$65,811 (63%); and Computer System upgrades totaling \$167,402 (66%).

Changes in Net Position

Changes in the District's net position between fiscal year end June 30, 2018, and fiscal year end June 30, 2017, can be determined by reviewing the following condensed Statement of Revenue, Expenses, and Changes in Net Position.

MID-PENINSULA WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

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

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Amount Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>	<u>June 30, 2016</u>
Operating Revenue	\$ 12,853,697	\$ 11,453,911	\$ 1,399,786	12%	\$ 10,130,083
Non-Operating Revenue	1,336,084	759,041	577,043	76%	451,951
Total Revenues	<u>14,189,781</u>	<u>12,212,952</u>	<u>1,976,829</u>	16%	<u>10,582,034</u>
Operating Expenses	10,872,601	10,584,529	288,072	3%	9,677,627
Non-Operating Expenses	704,552	695,952	8,600	0%	-
Total Expenses	<u>11,577,153</u>	<u>11,280,481</u>	<u>296,672</u>	3%	<u>9,677,627</u>
Change in Net Position	2,612,628	932,471	1,680,157	180%	904,407
Net Position, Beginning	<u>18,950,285</u> *	<u>20,148,703</u>	<u>(1,198,418)</u>	-6%	<u>19,244,296</u>
Net Position, Ending	<u>\$ 21,562,913</u>	<u>\$ 21,081,174</u>	<u>\$ 481,739</u>	2%	<u>\$ 20,148,703</u>

* The net position beginning July 1, 2017 was restated as a result of the implementation of GASB Statement No. 75.
See note 11 to the financial statements.

The District's Operating Revenues increased by \$1,399,786 (12%) due to various factors:

- Water revenues increased by \$1,283,855 (11%);

The District's Non-Operating Revenues Increased by \$557,043 (76%) due to various factors:

- Rent increased by \$9,764 (7%);
- Property Tax increased by \$26,194 (9%);
- Interest Income increased by \$196,254 (268%); and

Operating Expenses increased by \$288,072 (3%) due to various factors:

- Salaries and benefits decreased by -\$263,753 (-10%) primarily due to: Gross Salaries & Wages decreased by -\$198,442 (-13%) due to salaries attributed to capital projects and corrected sick leave balances that could be paid out at retirement. Overtime & Standby Labor increased by \$1,896 (3%); Payroll & Tax Benefits decreased by -\$67,207 (-6%) due to Board's decision to fully fund its OPEB (Other Post-Employment Benefits) liability.
- Maintenance and rehabilitation (M&R) increased by \$292,157 (74%) primarily due to: Mains & Distributions increased by \$309,520 (288%) due to significant water main breaks.
- Purchased Water increased by \$386,637 (7%) due to increased water usage.
- Utilities decreased by -\$17,115 (-6%) due to Utilities – Pumping decreased by -\$18,413 (9%) using non-peak hours to pump water through our system.
- Professional Services increased by \$24,743 (6%) primarily due to: District Counsel increased by \$4,734 (8%); District Engineer increased by \$23,056 in Operations Costs (43%); and Customer Billing increased by \$5,842 (10%).
- Administrative and other costs decreased by -\$102,253 (-15%) primarily due to a decrease in Net Pension Expense by -\$80,468 (-295%); Equipment Services/Maintenance decreased by -\$10,849 (-44%); and Computer Supplies & Upgrades decreased by -\$11,512 (-42).
- Depreciation decreased by -\$28,916 (-3%) due to assets fully depreciated during the year.
- Debt Service/Finance Costs increased by \$344,185 (88%) due to Certificates of Participation (COP) payments.

MID-PENINSULA WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

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, 2018, are as follows, which includes a reference to interest payments made based on the Official Statement Schedule (OSS):

Year Ended			
June 30:	Principal	Interest	Total
2019	\$ 345,000	\$ 723,300	\$ 1,068,300
2020	360,000	709,200	1,069,200
2021	375,000	694,500	1,069,500
2022	385,000	679,300	1,064,300
2023	405,000	663,500	1,068,500
2024-2028	2,270,000	3,057,000	5,327,000
2029-2033	2,760,000	2,555,600	5,315,600
2034-2038	3,360,000	1,945,600	5,305,600
2039-2043	4,090,000	1,203,000	5,293,000
2044-2047	3,905,000	320,100	4,225,100
Total	\$ 18,255,000	\$ 12,551,100	\$ 30,806,100

BUDGETARY HIGHLIGHTS

In its commitment to fiscal responsibility, the District timely adopted an annual budget for Fiscal Year 2017/2018 that projected revenues and expenditures for operations and capital improvements.

MID-PENINSULA WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

CAPITAL ASSETS

During the fiscal year ended June 30, 2018, the District had \$20,657,271 (net of accumulated depreciation) invested in capital assets. The following table is presented below to illustrate changes from the prior year:

	June 30, 2018	June 30, 2017	Amount Increase (Decrease)	Percent Increase (Decrease)	June 30, 2016
Land	\$ 1,045,264	\$ 1,045,264	\$ -	0%	\$ 1,045,264
Construction in Progress	3,865,728	1,476,675	2,389,053	162%	557,268
Utility Plant in Service	41,163,223	40,244,250	918,973	2%	39,021,042
Vehicles	1,505,117	1,685,412	(180,295)	-11%	1,685,412
Computer System	421,288	253,886	167,402	66%	256,462
Capital Asset at Cost	48,000,620	44,705,487	3,295,133	7%	42,565,448
Less Accumulated Depreciation	(27,343,349)	(26,668,041)	675,308	3%	(25,764,091)
Capital Assets, Net	<u>\$ 20,657,271</u>	<u>\$ 18,037,446</u>	<u>\$ 2,619,825</u>	15%	<u>\$ 16,801,357</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.

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

MID-PENINSULA WATER DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents (Note 2)	\$ 6,917,634	\$ 5,193,830
Accounts receivables	1,256,812	1,222,216
Prepaid expenses and other assets	<u>216,938</u>	<u>231,282</u>
Total Current Assets	8,391,384	6,647,328
Restricted cash with fiscal agent (Note 2)	16,540,967	18,956,420
Capital assets, net (Note 3)	<u>20,657,271</u>	<u>18,037,446</u>
TOTAL ASSETS	<u>45,589,622</u>	<u>43,641,194</u>
Deferred Outflows of Resources:		
OPEB related (Note 7)	391,509	-
Pension related (Note 5)	<u>818,571</u>	<u>803,133</u>
Total Deferred Outflows	<u>1,210,080</u>	<u>803,133</u>
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable	904,420	236,936
Accrued expenses	1,415,605	1,512,722
Unearned revenue	-	-
Current portion of long-term debt (Note 4)	<u>345,000</u>	<u>315,000</u>
Total Current Liabilities	<u>2,665,025</u>	<u>2,064,658</u>
Long-Term Liabilities		
Certificates of Participation (Note 4)	17,910,000	18,255,000
Net pension liability (Note 5)	1,588,940	1,387,977
Net OPEB Liability (Note 7)	1,825,778	68,498
Compensated absences	<u>287,671</u>	<u>357,661</u>
TOTAL LIABILITIES	<u>24,277,414</u>	<u>22,133,794</u>
Deferred Inflows of Resources:		
Pension related (Note 5)	70,457	309,159
Original issue premium	<u>888,918</u>	<u>920,200</u>
Total Deferred Inflows	<u>959,375</u>	<u>1,229,359</u>
<u>NET POSITION</u>		
Net investment in capital assets	18,628,238	18,037,446
Unrestricted	<u>2,934,675</u>	<u>3,043,728</u>
TOTAL NET POSITION	<u>\$ 21,562,913</u>	<u>\$ 21,081,174</u>

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

MID-PENINSULA WATER DISTRICT

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

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
Water service charges	\$ 12,630,636	\$ 11,346,781
Other revenue	223,061	107,130
Total Operating Revenues	<u>12,853,697</u>	<u>11,453,911</u>
OPERATING EXPENSES		
Salaries and benefits	2,371,885	2,742,823
Maintenance and rehabilitation	684,956	392,800
Purchased water	5,579,589	5,192,951
Utilities	252,124	269,238
Professional services	416,562	391,818
Administrative and other	692,452	690,950
Depreciation	875,033	903,949
Total Operating Expenses	<u>10,872,601</u>	<u>10,584,529</u>
OPERATING INCOME (LOSS)	1,981,096	869,382
NON-OPERATING REVENUES (EXPENSES)		
Rent	151,714	141,949
Property taxes	327,313	301,119
Amortization of COP premium	31,282	18,248
COP issue costs	-	(322,551)
Debt service interest	(735,834)	(391,649)
Interest income	289,386	73,205
Capital contributions	567,671	242,768
Total Non-Operating Revenues (Expenses)	<u>631,532</u>	<u>63,089</u>
CHANGE IN NET POSITION	<u>2,612,628</u>	<u>932,471</u>
NET POSITION, BEGINNING OF YEAR		
As originally reported	21,081,174	20,148,703
Prior period restatement Note 11)	<u>(2,130,889)</u>	<u>-</u>
NET POSITION, BEGINNING OF YEAR, restated	<u>18,950,285</u>	<u>20,148,703</u>
NET POSITION, END OF YEAR	<u>\$ 21,562,913</u>	<u>\$ 21,081,174</u>

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

MID-PENINSULA WATER DISTRICT

STATEMENT OF CASH FLOWS

FOR THE FISCAL YEARS ENDED
JUNE 30, 2018 AND 2017

	2018	2017
Cash Flows From Operating Activities		
Receipts from customers and users	\$ 12,596,040	\$ 11,108,406
Other operating revenue	223,061	107,130
Payments to suppliers	(7,040,972)	(6,081,793)
Payments related to employees	(3,260,170)	(2,670,967)
Net Cash Flows Provided (Used) by Operating Activities	<u>2,517,959</u>	<u>2,462,776</u>
Cash Flows From Non-Capital Financing Activities		
Rent received	151,714	141,949
Property taxes received	327,313	301,119
Net Cash Flows Provided (Used) by Non-Capital Financing Activities	<u>479,027</u>	<u>443,068</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition of capital assets	(3,494,858)	(2,140,038)
Cash received for completed projects	567,671	242,768
Issuance of COP Bonds	-	19,204,145
Restricted cash deposited with fiscal agent	2,415,453	(18,956,420)
Principal paid on COP Bonds	(315,000)	-
Interest paid on COP Bonds	(735,834)	(391,649)
Net Cash Flows Provided (Used) by Capital & Related Activities	<u>(1,562,568)</u>	<u>(2,041,194)</u>
Cash Flows From Investing Activities		
Interest Income	289,386	63,295
Net Cash Flows Provided (Used) by Investing Activities	<u>289,386</u>	<u>63,295</u>
Net Increase (Decrease) in Cash	1,723,804	927,945
Beginning Cash and Equivalents	<u>5,193,830</u>	<u>4,265,885</u>
Ending Cash, Cash Equivalents and Restricted Cash	<u>\$ 6,917,634</u>	<u>\$ 5,193,830</u>

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

MID-PENINSULA WATER DISTRICT

STATEMENT OF CASH FLOWS

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
Reconciliation of Operating Income (loss) to Net Cash Provided (used) by Operating Activities		
Cash Flows from Operating Activities:		
Operating Income (Loss)	\$ 1,981,096	\$ 869,382
Adjustments to Reconcile Operating Income (loss) to Net Cash Provided (used) by Operations:		
Depreciation	875,033	903,949
(Increase) Decrease in:		
Accounts receivable	(34,596)	(238,375)
Prepaid expenses and other assets	14,344	24,532
Deferred outflows	(406,947)	(360,857)
Increase (Decrease) in:		
Accounts payable	667,484	30,000
Accrued benefits	(69,990)	36,784
Net OPEB liability	(373,609)	26,029
Customer deposits	(97,117)	801,432
Net pension liability	200,963	274,437
Deferred inflows	(238,702)	95,463
	<u></u>	<u></u>
Net Cash Provided (used) by Operating Activities	<u>\$ 2,517,959</u>	<u>\$ 2,462,776</u>

MID-PENINSULA WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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.

MID-PENINSULA WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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, however a small provision has been made for doubtful accounts and accounts receivable are shown net of the allowance for doubtful accounts.

MID-PENINSULA WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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 by 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. No capacity charges have been collected by the District.

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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 1st 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.

MID-PENINSULA WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Petty cash	\$ 400	\$ 400
Cash drawer	200	200
Sweep account	1,717	-
Cash in bank	368,245	214,867
Local Agency Investment Fund	<u>6,547,072</u>	<u>4,978,363</u>
Total Cash and Cash Equivalents	<u>\$ 6,917,634</u>	<u>\$ 5,193,830</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.

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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, 2018, funds totaling \$16,540,967 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.

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 is as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets not subject to depreciation				
Land	\$ 1,045,264	\$ -	\$ -	\$ 1,045,264
Construction in progress	1,476,675	2,882,855	493,802	3,865,728
Total capital assets not subject to depreciation	2,521,939	2,882,855	493,802	4,910,992
Capital assets being depreciated				
Utility plant in service	40,244,250	918,973	-	41,163,223
Vehicles	1,685,412	19,430	199,725	1,505,117
Computer and telephone systems	253,886	167,402	-	421,288
Total capital assets being depreciated	42,183,548	1,105,805	199,725	43,089,628
Less accumulated depreciation for:				
Utility plant in service	(24,917,653)	(742,527)	-	(25,660,180)
Vehicles	(1,552,398)	(72,599)	(199,725)	(1,425,272)
Computer and telephone systems	(197,990)	(59,907)	-	(257,897)
Total accumulated depreciation	(26,668,041)	(875,033)	(199,725)	(27,343,349)
Total capital assets, net of depreciation	\$ 18,037,446	\$ 3,113,627	\$ 893,252	\$ 20,657,271

Depreciation for the year's ended June 30, 2018 and 2017 was \$875,033 and \$903,950, respectively.

4. LONG-TERM LIABILITIES

Summary of Long-Term Liabilities

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Due Within One Year
Net OPEB Liability	\$ 68,498	\$ 1,757,280	\$ -	\$ 1,825,778	\$ -
Net Pension Liability	1,387,977	200,963	-	1,588,940	-
Compensated Absences	357,661	-	69,990	287,671	-
Certificates of Participation	18,570,000	-	315,000	18,255,000	345,000
	\$ 20,384,136	\$ 1,958,243	\$ 384,990	\$ 21,957,389	\$ 345,000

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.

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

4. LONG-TERM LIABILITIES (CONTINUED)

The annual payments required to amortize the Certificates of Participation outstanding as of June 30, 2018, are as follows:

Year Ended June 30,	Principal	Interest	Total
2019	\$ 345,000	\$ 723,300	\$ 1,068,300
2020	360,000	709,200	1,069,200
2021	375,000	694,500	1,069,500
2022	385,000	679,300	1,064,300
2023	405,000	663,500	1,068,500
2024-2028	2,270,000	3,057,000	5,327,000
2029-2033	2,760,000	2,555,600	5,315,600
2034-2038	3,360,000	1,945,600	5,305,600
2039-2043	4,090,000	1,203,000	5,293,000
2044-2047	3,905,000	320,100	4,225,100
	<u>\$ 18,255,000</u>	<u>\$ 12,551,100</u>	<u>\$ 30,806,100</u>

5. EMPLOYEE RETIREMENT PLAN

A. Plan Description

All qualified permanent and probationary 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.

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

A. Plan Description (Continued)

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	7.000%	6.250%
Required employer contribution rates	8.377%	6.555%

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, 2018 and 2017, the contributions recognized as part of pension expense for the Plan were \$248,731 and \$204,748, respectively.

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

As of June 30, 2018 and 2017, the Mid-Peninsula Water District reported net pension liabilities for its proportionate share of the net pension liability of \$1,588,940 and \$1,387,977, 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, 2018, 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, 2016 rolled forward to June 30, 2017 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, 2018 and 2017 was as follows:

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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

Proportion - June 30, 2017	0.04031%
Proportion - June 30, 2016	0.03995%
Change - Increase (Decrease)	0.00036%

For the year ended June 30, 2018 and 2017, the District recognized pension expense of \$182,580 and \$232,039, respectively. The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

June 30, 2018

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 248,731	
Difference between projected and actual experience	2,178	\$ (31,200)
Difference in actual vs. projected contributions	66,930	
Change in proportion	169,414	(18,653)
Changes in assumptions	270,208	(20,604)
Net differences between projected and actual earnings on plan investments	61,110	
Total	\$ 818,571	\$ (70,457)

\$248,731 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30	
2019	\$ 205,086
2020	201,945
2021	128,635
2022	(36,282)
2023	-
Thereafter	-

MID-PENINSULA WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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

June 30, 2017

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 204,748	
Difference between projected and actual experience	7,451	\$ (1,707)
Changes in assumptions		(70,495)
Difference between proportionate share of aggregate employer contributions and actual contributions.		138,207
Change in employer's proportion and differences between proportionate share of contributions		(151,132)
Net differences between projected and actual earnings on plan investments	590,934	(224,032)
Total	<u>\$ 803,133</u>	<u>\$ (309,159)</u>

\$204,748 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:

Fiscal Year Ending June 30	
2018	\$ 16,874
2019	23,579
2020	157,806
2021	90,967
2022	-
Thereafter	-

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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, 2017 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth Rate	3.00%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return (1)	7.50%
Mortality	Derived using CalERS' Membership Data for all Funds

(1) Net of pension plan investment expenses, including inflation

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.

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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.

Asset Class	Current Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.0%	4.90%	5.38%
Fixed Income	19.0%	0.80%	2.27%
Inflation Assets	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

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%)
Plan's Net Pension Liability	\$ 2,479,624	\$ 1,588,940	\$ 851,260

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

MID-PENINSULA WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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, 2018.

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.

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. Plan Description

The District provides a single-employer defined benefit postemployment health care 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 Post-Retirement Health Care Pan Trust. The amount to be contributed to the trust is determined annually by the board of directors.

C. Benefits Provided

The District's plan provides healthcare benefits for retirees and their dependents. Benefits are provided through a third-party insurer and the full cost of the benefits is covered by the plan.

MID-PENINSULA WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

D. Employees Covered by Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	4
Inactive employees entitles to but not yet receiving benefit payments	-
Active employees	18
	<u>22</u>

E. Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2018, 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, 2018 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
2017	6.0%	4.0%
2018+	5.0%	4.0%

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Actuarial assumptions used in the July 1, 2017 valuation were based on a review of plan experience during the period July 1, 2015 to June 30, 2017.

The long-term expected rate of return on OPEB 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 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. To achieve the goal set by the investment policy, plan assets will be managed to earn, on a long-term basis, a rate of return equal to or more than the target rate of return of 5.5 percent.

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

F. Discount Rate

The discount rate used to measure the total OPEB liability was 5.5 percent. GASB 75 requires a discount rate that reflects the following:

- a. The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be enough to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b. A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District's Total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long-Term Expected Return	Municipal Bond 20-Year High Grade Rate Index	Discount Rate
July 1, 2017	July 1, 2017	5.50%	3.13%	5.50%
June 30, 2018	June 30, 2018	5.50%	3.62%	5.50%

G. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2017	\$ 2,978,186	\$ 778,799	\$ 2,199,387
Changes for the year:			
Service cost	100,557	-	100,557
Interest	162,026	-	162,026
Differences between expected and actual experience	-	-	-
Contributions - employer	-	599,502	(599,502)
Net investment income	-	39,388	(39,388)
Benefit payments	(65,392)	(65,392)	-
Administrative expense	-	(2,698)	2,698
Net changes	197,191	570,800	(373,609)
Balances at June 30, 2018	\$ 3,175,377	\$ 1,349,599	\$ 1,825,778

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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:

	1% Decrease (4.5%)	Discount Rate (5.5%)	1% Increase (6.5%)
Net OPEB liability (asset)	\$ 2,386,224	\$ 1,825,778	\$ 1,380,081

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:

	1% Decrease (5% decreasing to 4%)	Healthcare Cost Trend Rates (6% decreasing to 5%)	1% Increase (7% decreasing to 6%)
Net OPEB liability (asset)	\$ 1,312,594	\$ 1,825,778	\$ 2,483,445

J. OPEB plan fiduciary net position

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

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

For the year ended June 30, 2018, the District recognized OPEB expense of \$209,384. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual return on OPEB plan investments	16,509	-
Total	<u>\$ 16,509</u>	<u>\$ -</u>

MID-PENINSULA WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

K. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

<u>Year ended June 30</u>	<u>Total Deferred Outflows/(Inflows) of Resources</u>
2019	\$ 4,127
2020	4,127
2021	4,127
2022	4,127
2023	1
Thereafter	-
Total	<u>\$ 16,509</u>

L. Payable to the OPEB Plan

At June 30, 2018, the District had no outstanding amount of contributions payable to the plan.

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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, 2017 and June 30, 2017, respectively, is as follows:

	ACWA JPIA September 30, 2017	BAWSCA June 30, 2017
Total Assets	\$ 199,365,344	\$ 351,541,440
Total Deferred Outflows	1,404,974	307,944
Total Liabilities	123,871,469	338,145,602
Total Deferred Inflows	1,576,175	145,356
Total Net Position	75,322,674	13,558,426
Total Revenues	170,789,597	31,097,575
Total Expenses	164,170,540	29,612,624
Change in Net Position	6,619,057	1,484,951

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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 51% and 49% of the District's operating costs for the years ended June 30, 2018 and 2017, respectively.

10. LEASE REVENUES

The District contracted with five different companies to lease land for communication towers on those properties and had one lease for an office building. The building lease was cancelled in December 2015. The remaining agreements are for multiple years and require monthly payments based on the contracted amounts. Lease revenues for the years ended June 30, 2018 and 2017 totaled \$151,714 and \$141,949, respectively. A schedule of future lease revenues was not available as of the date of these financial statements.

11. PRIOR PERIOD RESTATEMENT

The District implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses related to the District's other postemployment benefit plan described in Note 7. This change in accounting principle required a prior period adjustment which decreased the beginning net position by \$2,130,889.

12. SUBSEQUENT EVENTS

District management has evaluated its June 30, 2018 financial statements for subsequent events through October 29, 2018, 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, 2018

	Fiscal Year⁽¹⁾			
	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
Proportion of the net pension liability	0.04525%	0.04059%	0.03995%	0.04031%
Proportionate share of the net pension liability	\$ 1,118,234	\$ 1,113,540	\$ 1,387,977	\$ 1,588,940
Covered-employee payroll (2)	\$ 1,178,386	\$ 1,457,920	\$ 1,565,051	\$ 1,628,722
Proportionate share of the net pension liability as percentage of covered-employee payroll	94.90%	76.38%	88.69%	97.56%
Plans fiduciary net position as a percentage of the total pension liability	77.06%	79.89%	75.41%	75.41%
Proportionate share of aggregate employer contributions (3)	\$ 101,596	\$ 107,544	\$ 133,318	\$ 153,703

(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, 2018

	Fiscal Year ⁽¹⁾			
	2013-14	2014-15	2015-16	2016-17
Actuarially Determined Contribution (2)	\$ 186,823	\$ 189,429	\$ 213,992	\$ 244,660
Contributions in relation to the actuarially determined contributions (2)	(186,823)	(203,461)	(204,748)	(248,731)
Contribution deficiency (excess)	\$ -	(14,032)	9,244	(4,071)
Covered-employee payroll (3,4)	\$ 1,178,386	\$ 1,457,920	\$ 1,565,051	\$ 1,628,722
Contributions as a percentage of covered-employee payroll (3)	15.85%	12.99%	13.67%	15.02%

⁽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.

MID-PENINSULA WATER DISTRICT

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

JUNE 30, 2018

	<u>2018</u>
Total OPEB liability	
Service cost	\$ 100,557
Interest	162,026
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments	<u>(65,392)</u>
Net change in total OPEB liability	197,191
Total OPEB liability - beginning	<u>2,978,186</u>
Total OPEB liability - ending (a)	\$ 3,175,377
Plan fiduciary net position	
Contributions - employer	\$ 599,502
Net investment income	39,388
Benefit payments	(65,392)
Administrative expense	<u>(2,698)</u>
Net change in plan fiduciary net position	570,800
Plan fiduciary net position - beginning	<u>778,799</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 1,349,599</u></u>
District's net OPEB liability - ending (a) - (b)	<u><u>\$ 1,825,778</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	74%
Covered-employee payroll	\$ 1,695,877
District's net OPEB liability as a percentage of covered-employee payroll	108%

MID-PENINSULA WATER DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS
JUNE 30, 2018

	<u>2018</u>
Actuarially determined contribution	\$ 207,743
Contributions in relation to the actuarially required contribution	<u>\$ 599,502</u>
Contribution deficiency (excess)	<u>\$ 807,245</u>
Covered-employee payroll	\$ 1,695,877
Contributions as a percentage of covered-employee payroll	12.25%

MID-PENINSULA WATER DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2018

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 four 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 one year is shown.

D - Schedule of OPEB Contributions

Valuation date: July 1, 2017

Actuarially determined contribution rates are calculated as of June 30, 2017.

Fiscal year 2018 was the first year of implementation, therefore only one year is shown.

MID-PENINSULA WATER DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2018

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	6.0% for 2017 and 5.0% thereafter
Salary increases	3.00 percent
Investment rate of return	5.5 percent, 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, without projection Post-retirement - RP-2014 Healthy Annuitant Mortality, without projection
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OTHER INDEPENDENT AUDITOR’S REPORT



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

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, 2018 and 2017, 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 29, 2018.

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 financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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. We did identify certain deficiencies in internal control, described in the accompanying in the accompanying schedule of findings and recommendations that we consider to be significant deficiencies (2018-1).

Compliance and Other Matters

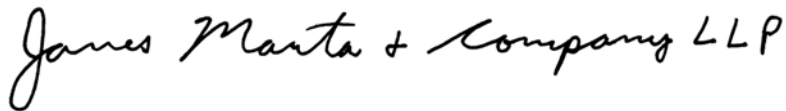
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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*.

District's Response to Findings

Mid-Peninsula Water District's response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 29, 2018

MID-PENINSULA WATER DISTRICT

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

JUNE 30, 2018

2018-01 Audit Adjustments – Significant Deficiency

Observation:

Our audit procedures identified an accrual of interest on the certificates of participation for June 2018 that was accrued twice in the amount of \$365,100. We also identified an invoice that was received and paid in July 2018, but was for services performed in May on a construction project in the amount of \$176,397. This invoice should have been accrued in accounts payable.

Recommendation:

The principal and interest payments and accruals on the certificates of participation should be reconciled annually to the debt service schedule provided at the time of issuance. This would ensure that all payments and accruals are properly accounted for.

Invoices received after year end should be reviewed for the date of services and be recorded in the appropriate fiscal year.

Management Response:

Accrual of Interest on the certificates of participation for June 2018 for \$365,100 was an oversight. It was inadvertently entered twice. We have put controls in place to ensure a duplicate entry cannot be entered into the system without an alert to avoid this from happening in the future.

Invoice dated 5/31/18 from Stoloski & Gonzalez, Inc. for the 2017 WMR Project in the amount of \$176,397 was received on July 2, 2018, and processed for payment on that day. Because we pay projects out of COP funds, this was not entered into the accounting system until month end, when the bank reconciliation took place. As a result, this invoice was not recognized in May 2018, since the year end was closed and the field testing for the audit had been performed. This was later discovered when the auditors had follow up questions. We have changed our process for recording COP invoices which will ensure this does not happen again.



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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 29, 2018. In planning and performing our audit of your financial statements for the year ended June 30, 2018, 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 January 12, 2018 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 29, 2018

Current Year Recommendations**2018-02 Vacation Approval****Observation:**

There is currently no formal process for approving the vacation time taken by the general manager.

Recommendations:

The general manager's vacation should be approved by the board so it is documented that they are aware when she will be absent from work.

Corrective Action Plan:

The general manager will provide the appropriate documentation to the board.

Status of Prior Year Recommendations**2017-01 Cash: Reconciling Statements Regularly****Observation:**

The Wells Fargo checking account was not reconciled to the general ledger as of June 30, 2017. We were unable to obtain a complete listing of outstanding items from the Spring Brook accounting software. Most of the problems encountered within the area of cash can be avoided if a proper system of checks and balances is incorporated into the District's procedures.

Recommendations:

We recommend that all of the bank accounts be reconciled monthly to the general ledger and that all suspicious reconciling items be promptly investigated and adjusted with adequate explanations.

Corrective Action Plan:

All bank accounts have been reconciled on a monthly basis in both the former accounting system and new financial management system (FMS). However, backup documentation was unavailable for the year end reconciliation because of the Springbrook programming and system transition. Some items were not "snipped" and printed for the year-end reference as documentation. Procedures are now in place for backup documentation to be maintained for each month's end bank reconciliation.

Status:

Implemented.

2017-02 Cash: Check Log**Observation:**

The District is not making daily deposits of cash to the bank. This practice opens the District to the threat of a loss or theft of cash while it is on the premises. To strengthen internal controls in this area, we suggest that during times of heavy cash inflow, deposits to the bank be made on a daily basis. During periods of less cash inflow, we recommend that cash be deposited at the bank no less than once a week. This practice will strengthen the District's internal control process over cash receipts and reduce the likelihood that cash could be lost or stolen before it is deposited in the bank.

We noted that there are no standard procedures for receiving checks at the office. This is a weakness in internal control and should be remedied as soon as possible.

Recommendations:

The following procedures should be implemented to greatly improve internal controls:

- Checks should be immediately endorsed when they are received.
- A control list should be made of receipts when they are opened.
- Checks should be deposited to the bank on a timely basis.
- Receipts should be processed on a timely basis.
- Deposit slips should be matched against the list of receipts to ensure that all amounts on the receipts were deposited.

Corrective Action Plan:

The recommended controls are already in place at the MPWD with the exception of having a "control list" of checks received through the mail. Checks will be date stamped and logged by an employee in order that the "timeliness" is able to be acknowledged.

Status:

Implemented.

2017-03 Journal Entries- Supporting Documentation

Observation:

During our testing of journal entries we noted one sided entries were posted in Spring Brook due to an input error during the system conversion from Quick Books to Spring Brook. The one-sided journal entries were posted in order to get the balance sheet to balance in Spring Brook. We reviewed various e-mails back and forth with Spring Brook and the District staff discussing the adjustments that were posted. We were unable to trace where the amounts came from as supporting documentation was not retained.

Recommendations:

We recommend that for all manual journal entries posted to the general ledger the supporting documentation are attached either manually or electronically to the journal entries. Supporting documentation consists of source documents, supportive calculations, and/or other items necessary to substantiate the accuracy and appropriateness of a journal entry. Examples of typical supporting documents include, but are not limited to, general ledger reports, worksheets with supportive calculations, copies of source documents such as check requests, purchase requisitions, travel expense reports, third party reports/statements, or related emails.

Corrective Action Plan:

The above recommendations will be implemented.

Status:

Implemented.

2017-04 Approval of InvoicesObservation:

During our audit of cash disbursements we noted there was no indication of approval for the December 2016 health contributions payment paid to Health Equity.

Recommendations:

We recommend that the General Manager review and approve the Health Equity invoices.

Corrective Action Plan:

The above recommendations will be implemented.

Status:

Implemented.

2017-05 Fixed AssetsObservation:

We were unable to reconcile the detail for construction in progress records to the general ledger.

Recommendations:

To prevent the need for major adjustments to the property accounts at the end of each year, we suggest that the general ledger fixed asset and construction in progress accounts be reconciled to the detailed records on a monthly basis.

Corrective Action Plan:

The above recommendations will be implemented.

Status:

Implemented.

2013-01 Policies and ProceduresObservation:

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. This recommendation should be completed by February 28, 2014.

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 provide a summary of capital asset activity to the Board either monthly or quarterly. The summary should include the beginning balance, additions, deletions and ending balance for each major category of assets similar to the capital asset schedule included in the footnotes of the annual audit report.

Corrective Action Plan:

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.

Status:

In process.



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COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

October 29, 2018

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, 2018 and 2017 and have issued our report thereon dated October 29, 2018. 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 29, 2018.

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, 2018. 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 collectability of accounts receivable, other postemployment benefits liabilities, the net pension liability and related deferred inflows and outflows.

Management's estimate of the collectability of accounts receivable is based on a historical analysis of collections and bad debt. Management's estimate of other postemployment benefits liabilities, 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 29, 2018.

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.

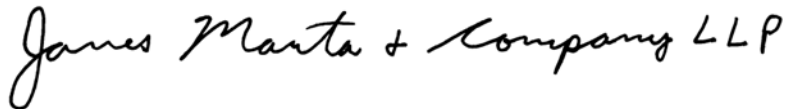
Other Significant Matters, Findings, or Issues

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 29, 2018

Attachment A – New and Upcoming Changes in Accounting Standards

GASB Statement No. 83, Certain Asset Retirement Obligations

Effective for the fiscal year ending June 30, 2019

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

GASB Statement No. 84, Fiduciary Activities

Effective for the fiscal year ending June 30, 2020

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.

GASB Statement No. 87, Leases

Effective for the fiscal year ending June 30, 2021

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.

Attachment B – Adjusting Journal Entries

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
To adjust net position to match prior year audit report and record capital contributions			
3900	Unappropriated Fund Balance	567,671.00	
4203	New Construction Revenue		567,671.00
Total		567,671.00	567,671.00
Adjusting Journal Entries JE # 2			
To record Net Pension Liability adjustment			
1890	Deferred Outflows	15,438.00	
2071	Deferred Inflows	238,702.00	
2996	Net Pension Liability		200,963.00
6055	Net Pension Expense		53,177.00
Total		254,140.00	254,140.00
Adjusting Journal Entries JE # 3			
To adjust OPEB liability			
1891	Deferred Outflows - OPEB	391,509.00	
3950	Prior Period Adjustment	2,130,889.00	
1410	Prepaid Expenses		724,364.00
2072	Net Opeb Obligation		1,757,280.00
6053	Opeb Expense		40,754.00
6053	Opeb Expense		
Total		2,522,398.00	2,522,398.00
Adjusting Journal Entries JE # 4			
To correct the double accrual of the COP interest payment			
2060.1	COP Interest Accrual	365,100.00	
7405	Financing Cost Interest		365,100.00
Total		365,100.00	365,100.00
Adjusting Journal Entries JE # 5			
To book May Progress billing for CIP			
1700	Construction in Progress	176,397.00	
2100	Accounts Payable		176,397.00
Total		176,397.00	176,397.00
Adjusting Journal Entries JE # 7			
To adjust laif to agree to online LIAF statement			
1042	Laif Interest Accrual	19,927.00	
4102.1	Interest Revenue- Laif		19,927.00
Total		19,927.00	19,927.00

MANAGEMENT REPRESENTATION LETTER

October 29, 2018

James Marta & Company LLP
Certified Public Accountants
Sacramento, California

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, 2018 and 2017 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 29, 2018:

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.

BOARD OF DIRECTORS

DAVE WARDEN
President

LOUIS J. VELLA
Vice-President

BETTY L. LINVILL
Director

MATTHEW P. ZUCCA
Director

AL STUEBING
Director

OFFICERS

TAMMY RUDECK
General Manager

CANDY PIÑA
District Secretary

RENE RAMIREZ
Operations Manager

JOAN L. CASSMAN
JULIE SHERMAN
District Counsel

JOUBIN PAKPOUR
District Engineer

JEFF IRA
Treasurer



- 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.⁹
- 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



TO: Board of Directors

FROM: Tammy A. Rudock
General Manager

DATE: November 14, 2018

MANAGER'S REPORT

FOLLOW-UP FROM 09/27/18 REGULAR BOARD MEETINGS

- MPWD FY 2018/2019 MPWD Operating and Capital Budgets document was posted to the MPWD website.
- Letter Agreement between the MPWD and MPWD Employee Association and MPWD Compensation Plan was distributed to employees and will be posted to the MPWD website within the next 60 days (site under construction), together with the Salary Schedules.
- Progress Report on MPWD 2017-2018 Strategic Plan was posted to the MPWD website.

UPDATE ON SURPLUS REAL PROPERTY

Letters to local public agencies were transmitted declaring available MPWD surplus real property located at 1513-1515 Folger in Belmont and the "F" Street vacant parcel in San Carlos. A letter was also transmitted to the neighboring property owner to pay the market value of \$35,000 for the encroached property or remove the fencing that is encroaching on MPWD property at 1510 Folger. District Counsel is finalizing a draft sales contract for the broker to use once the requisite time period passes after the mailing of the notifications.

EMPLOYEE SATISFACTION SURVEY

During recent meetings between individual employees and management for equity adjustments and personnel document distribution, we took the opportunity to ask seven survey questions about employee satisfaction at the MPWD. The survey questions and response results are depicted in the attached graph.

MPWD 2019-2010 STRATEGIC PLAN SPECIAL MEETING

Staff contacted Julie Brown who has facilitated the Board's strategic planning process for the past several years, and coordinated her availability with staff on the following two dates in January 2019:

- Wednesday, January 9, 2019
- Thursday, January 10, 2019.

The strategic planning session will start at 6:00PM with dinner and be conducted in a workshop fashion.

Next month will be the agenda item that formally considers and confirms the date for the 2019-2020 strategic planning session.

HIA MEETING ON JANUARY 3, 2019 WILL FEATURE MPWD PRESENTATION

The Harbor Industrial Association invited the MPWD to present an update on its capital program during its January 3, 2019 business meeting at The Van's Restaurant in Belmont. The District Engineer and staff will be making the presentation.

WATER CONSERVATION SUMMARY

Water consumption for September 2018 was down 18.2% and for October was down 5.4% when compared to 2013. (For trend comparison, last year for September 2017, water consumption was down 17.9% and for October was down 1.0% when compared to 2013.)

The R-GPCD (Residential-Gallons per Capita per Day) for September 2018 was 99.2 and for October was 93.2 (compared to 118.5 and 96.2, respectively, in 2013).

Cumulative water savings from July 1, 2018 through October 31, 2018 (compared to 2013) was -13.7%.

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

PUBLIC SERVICE ETHICS EDUCATION (AB 1234)

The due dates (in alphabetical order) for certification renewal of Public Service Ethics education, required every two (2) years by AB 1234:

- | | |
|------------------|-------------------|
| • Joan Cassman | March 9, 2019 |
| • Jeff Ira | December 7, 2018 |
| • Betty Linvill | December 27, 2018 |
| • Joubin Pakpour | December 7, 2018 |
| • Candy Pina | December 20, 2018 |
| • Rene Ramirez | December 15, 2018 |
| • Tammy Rudock | December 28, 2018 |
| • Julie Sherman | December 31, 2018 |
| • Al Stuebing | December 17, 2018 |
| • Louis Vella | December 26, 2018 |
| • Dave Warden | January 12, 2019 |
| • Matt Zucca | April 16, 2019 |

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>

3-MONTH “LOOK AHEAD” FOR BOARD MEETINGS

DECEMBER 20, 2018

- Retiring Director Service Appreciation Resolutions and Reception for Betty Linvill – 11 Years (2007-2018) and Al Stuebing – 9 Years (2009-2018) .
- Election of officers for 2019.
- Consider professional services contract for structural engineering design of Dekoven Tanks Replacement Project.
- Receive annual PARS performance review and report on investment strategy for the MPWD Public Agencies Post-Employment Benefits Trust.
- Consider approval of annual Board meeting schedule for 2019. Post to website.
- Select a date and time for Strategic Planning Meeting in January 2019 to establish MPWD 2019-2010 Strategic Plan.
- Review and approve Conflict of Interest Code (every even-numbered year).
- Receive BAWSCA report.

JANUARY 24, 2019

- Receive Quarterly Reconciliation Report on 2016 COP Financing for period October 1, 2018 through December 31, 2018, and Quarterly Project Fund Report through December 31, 2018.
- Annual water awareness calendar contest award presentations.
- Closed Session: Complete General Manager annual performance evaluation.
- Required Statement of Facts, Roster of Public Agencies Filing, to be completed and transmitted to the Secretary of State and County of San Mateo regarding verification of the governing body and its members and officers (CA Government Code § 53051).

FEBRUARY 28, 2019

- Approve MPWD 2019-2010 Strategic Plan.
- Receive mid-year review of current fiscal year Operating and Capital Budgets and consider/approve Amended Budgets (as needed).
- Required bi-annual Harassment Prevention training expanded by January 1, 2020 for all employees (SB 1343) and for elected officials (AB 1661).

UPCOMING MEETINGS/EVENTS

BAWSCA Water Management Meeting (Foster City): December 6, 2018

HIA Meeting (Belmont): December 6, 2018

ACWA JPIA 2018 Fall Conference & Exhibition (San Diego): November 26-30, 2018

ACWA JPIA 2019 Fall Conference & Exhibition (Monterey): May 6-10, 2019



DATE: October 17, 2018
TO: Tammy Rudock, General Manager
FROM: Jeanette Kalabolas, Water Conservation Administrative Specialist

SUBJECT: COMBINED 2018 SECOND AND THIRD QUARTER WATER CONSERVATION STAFF REPORT

SUBJECT #1: MPWD Rebate Programs

BACKGROUND: Provide a summary of Fiscal Year (FY) High-Efficiency Toilet (HET), Lawn Be Gone (LBG) and Rain Barrel Rebates issued

DISCUSSION: 109 HETs, 4 LBG rebates and 1 rain barrel were paid out in FY 2017-2018. 1-LBG rebate remains pending into the next FY 2018-2019. BAWSCA again issued a handful of grant reimbursement checks, to date those totals are as follows - \$4,417.50 for Wash Machines (WMRP), \$8,230.24 for HETs, \$6,336.12 for the LBG program and \$0 for Rain Barrels for the replacement period of July 2016–September 2017. In addition, WMRP closeout activities have finally been completed by BAWSCA and a check in the amount of \$5,796.00 was issued March of 2018 for the remaining balance held in our deposit account since the onset of the rebate program to pre-fund expenditures and cover administrative costs. All afore-mentioned rebate programs are being renewed for FY2018-2019. MPWD will also join BAWSCA's Sprinkler Voucher Replacement Program once a complete program over-haul wraps up at end of FY 2018-2019.

SUBJECT #2: MPWD Water Conservation Position Procedures Underway

BACKGROUND: Staff has been instructed to compile a policies and procedures manual to meet the District Auditor's Systems Controls Directive

DISCUSSION: Administrative staff met to discuss the project in depth and a Standard Operating Procedures (SOP) schedule was created, so that office staff can catalog tasks and place specific dates on a calendar to complete individual assignments. Once an SOP is completed, a review and verification of procedures test will follow to ensure the accuracy of the written instruction. Water conservation SOP short list includes: WELO Plan Check and Reviews, Rebates, Field Trips, Calendar Contest, Water Conservation Annual Report, Newsletter, Community Events Coordination and Local-Regional-State Report requirements, with others to follow as the directive evolves.

SUBJECT #3: MPWD Adult Open House Opportunity

BACKGROUND: Host an age 18+ community event to promote water awareness, system insight and share source-supply knowledge

DISCUSSION: MPWD customers over the years have expressed interest in learning more about the internal operations of the District with many going so far as to suggest that we develop an adult class that mirrors the education portion of the Elementary School Apprentice Program (field-trip) offered bi-annually to students within our service territory. Staff likes the idea and will provide a course curriculum outline for management's review by spring of 2019. Agenda

thoughts to date include review of the system scale model, interactive equipment demonstration stations, Hetch Hetchy overview and conservation videos or presentations. The event would be marketed heavily, instructed and demonstrated by employees, run approximately two hours in length, offer light refreshments, include potential guest speakers and be repeated on an annual basis if Open House pilot is successful.

SUBJECT #4: MPWD Future Campaign – Fire Safe Landscapes

BACKGROUND: Belmont's topography, climate and proximity to open space areas make the District's service territory a natural target

DISCUSSION: California's fire history is a powerful reminder of the dangers homeowners face living in a region prone to wildfires. Fire-resistant landscapes incorporate buffer zones, high-moisture plants, hardwood trees and non-living materials to create defensible space around a home. This method of landscaping also focuses on the removal of fuels – kindling, trash and dead or dry trees, plants, flowers and shrubs from the property. Wild land fire managers recommend fire safe landscapes as precautionary action that should be taken to ensure a home's survival should a blaze erupt, and CAL-FIRE devotes an entire website to this topic: <http://www.readyforwildfire.org/Fire-Safe-Landscaping/>. MPWD will do a feature article on the subject under the conservation corner section of the FY 2018-2019 Waterline Newsletter edition and continue the campaign through spring and summer of 2019 by way of utility bill messaging, website posts and community events.

SUBJECT #5: BAWSCA Water Loss Management Program

BACKGROUND: In October of 2015, the Governor of California signed SB 555 into law to improve water system auditing throughout the state. SB 555 requires all California urban retail water suppliers to submit a completed and validated water loss audit annually to the Department of Water Resources. In addition, long-term "Making Water Conservation a California Way of Life" Legislation AB 1668 and SB 606 require efficient levels of water loss as a calculation component to be determined through the SB 555 process

DISCUSSION: BAWSCA has partnered with Water Systems Optimization (WSO) to create a multi-phase implementation core-subscription program. The program is designed to provide individual support for BAWSCA agencies to help meet state audit requirements and improve water loss management. The program's goal is to refine understanding of water loss profiles and develop/implement a customized regional water loss strategy. The program offers a 7-task menu and 14 member agencies have enrolled to participate to date. Interest in the programs task offerings is mixed amongst members. MPWD opted to subscribe for FY 2018-2019 to the task 3 data validation services only. Staff may explore additional task offerings for FY 2019-2020. BAWSCA will host its first Loss Evaluation and Knowledge (LEAK) associated workgroup on Monday, November 5th at 10AM to provide additional water loss controls understanding and peer to peer learning opportunities.

SUBJECT #6: BAWSCA Looking for Pilot Program Volunteers for Phase 2 of Water Conservation Strategic Plan

BACKGROUND: During BAWSCA's winter 2017 planning workshops, member agencies strategized ways to prepare for existing and potential state regulatory requirements. Agencies expressed interest in five actions with two requiring volunteers that will be explored during phase 2 of BAWSCA's Strategic Plan - Indoor-Outdoor Residential Water Use Study and Regional CII Audit Pilot Program

DISCUSSION: The goal of Indoor-Outdoor Residential Water Use Study is to determine residential water use levels on a per-capita basis throughout BAWSCA's service area and remaining potential for water use efficiency improvements. The pilot will provide data for the various subcategories of residential customers, accounting for differences in housing stock, lot sizes, and climates amongst BAWSCA agencies and will build upon prior California end-use

studies and focus primarily on representative subsets, including some with and some without AML data. The purpose of the Regional CII Audit pilot is to evaluate the potential implementation of a regional CII audit program and determine a cost-effective approach for providing CII water audits and achieve the following: (1) a regional CII audit training program for agency staff, (2) an online CII self-audit assessment tool for customers, (3) a CII audit software tool for use by agency and/or BAWSCA staff to support data collection and report writing and (4) a subscription program for completion of complex water audits by consultants. In addition to these four options, BAWSCA may consider regional targeting (e.g., marketing, incentives, or audits) of a customer-specific sector such as hotels or restaurants. Along with any tools or software developed during the pilot(s) results and recommendations from the studies will be documented and provided member agencies upon conclusion.

SUBJECT #7: BAWSCA's FY 2018-2019 Demand Study

BACKGROUND: Regional Demand Studies have been completed periodically since 2002, as a means to support environmental documents and State UWMP filings. Individual Member Agency Models were last revised July of 2014

DISCUSSION: BAWSCA is committed to developing transparent, defensible, and uniform demand projections using a common methodology to best support regional conservation planning efforts, California's "Making Conservation A Way of Life" initiative and UWMP's due July 2021. BAWSCA sought member agency feedback on approach and timing at its last Water Resources Committee Meeting held August 15, 2018. Member comments included: Agencies use and are generally satisfied with current DSS Models, agree better approach needed for ongoing use of model to support Water Shortage Agreement (accounting for water use in proposed new developments), model should also incorporate water loss actions/resulting savings and include demands for different climatological scenarios (wet, normal, dry, multi-dry). Demands will be quantified through the year 2045 and both active and passive conservation savings potential and programs considered. BAWSCA intends to issue an RFP late 2018 and commence work early 2019. The study is expected to take 15 months to complete.

SUBJECT #8: Department of Water Resources (DWR) Public Holds Listening Sessions on Landscape Area Measurement for Retail Urban Water Suppliers

BACKGROUND: One component of AB 1688 legislation is the outdoor residential water use standard. DWR in collaboration with the SWRCB must develop a reliable method for estimating irrigable landscape areas for residential outdoor use and provide landscape area data to urban water suppliers no later than January 1, 2021

DISCUSSION: The DWR selected a vendor to use an analytical measurement approach and test its accuracy through a series of stakeholder pilots. The first of two pilot programs involving Padre Dam Water District and the City of Santa Rosa concluded late spring 2018 and a listening session was held on June 11, 2018 to discuss phase 1 findings, landscape area definitions that were used to classify landscapes and overall measurements outcomes. Phase 2 of the pilot program to test the vendors established methodology is expected to begin shortly and intended to grow. Once 2-50 agency pilots are complete and methods finalized, all service areas across the state will be measured and recommendation objectives provided the SWRCB for implementation.

SUBJECT #9: California "Save Our Water" Management Changes

BACKGROUND: The "Save Our Water" program was created in 2009 as a statewide brand to encourage Californian's to focus on water conservation as a daily household habit rather than a drought contingency

DISCUSSION: On July 1, 2018 "Save Our Water" administrative duties transitioned from the Association of California Water Agencies (ACWA) to the DWR. Current website, messaging and social media campaigns will remain active through 2018. Toolkits and other valuable resources

will also remain available to business partners, CA Water Agencies and affiliates post conversion. ACWA and DWR will continue to collaborate and both promise to do their best to make the changeover as seem less as possible for all stakeholders involved! DWR's Assistant Director of Public Affairs, Niki Woodard has been named as the new program coordinator.

SUBJECT #10: Environmental Protection Agency (EPA) WaterSense Labeling Program Receives Federal Funding

BACKGROUND: WaterSense is a voluntary partnership program of the U.S. EPA founded to protect future water supplies. By promoting and enhancing the market for water-efficient products and services, WaterSense makes every drop count by leveraging relationships with key utility, manufacturer and retail partners across the country

DISCUSSION: The EPA's voluntary labeling program to identify products that conserve water is headed toward the U.S. Senate. For the past 10-years WaterSense has been operated by the EPA under the administrator's discretionary funding authority and instructions to continue that directive were set to expire at the end of fiscal year Sept. 30, 2018. However, that ruling got overturned under the massive government spending bill approved back in March 2018. Bill S2800 – America's Water Infrastructure Act of 2018 extends favorable financing under the Water Infrastructure Finance and Innovation Act (WIFIA) to drinking water received unanimous approval by the Senate Environment and Public Works Committee and full passage is anticipated when the statute reaches the senate floor.

SUBJECT #11: State Approves New Water Storage Projects

BACKGROUND: A \$7.5 billion bond measure passed by voters in 2014 committed funding to upgrade California water infrastructure, restore watersheds and develop new water storage, earmarking capital for reservoirs and underground water banks

DISCUSSION: On Tuesday, July 24, 2018 California Water Officials approved Prop 1 bond money for use on 8 new water storage endeavors across the state. The projects slated for construction are as follows: two new off-stream reservoirs tapping the Sacramento and San Joaquin rivers, south Sacramento County and Chino Basin conjunctive use programs (banking of treated wastewater underground), Pacheco (Gilroy) and Los Vasqueros (east bay) Reservoir expansions, and develop new Karen Fan and Willow Springs groundwater banks. \$2.7 billion in funding was approved and will collectively add about 4.3 million acre feet of water storage across the state. The projects were vetted and each was scored by how much public benefit it would provide to make sure they won't serve special interests, considerations included water recreation activities, improvement to fish habitats and wastewater treatment progressions. While some of these projects are slated to commence, others still lack full funding to begin. The new supply is intended to help weather drought.



TO: Board of Directors

FROM: Candy Pina

DATE: November 14, 2018

ADMINISTRATIVE SERVICES MANAGER'S REPORT

FINANCIAL REPORTING:

1) Schedule of Cash and Investments:

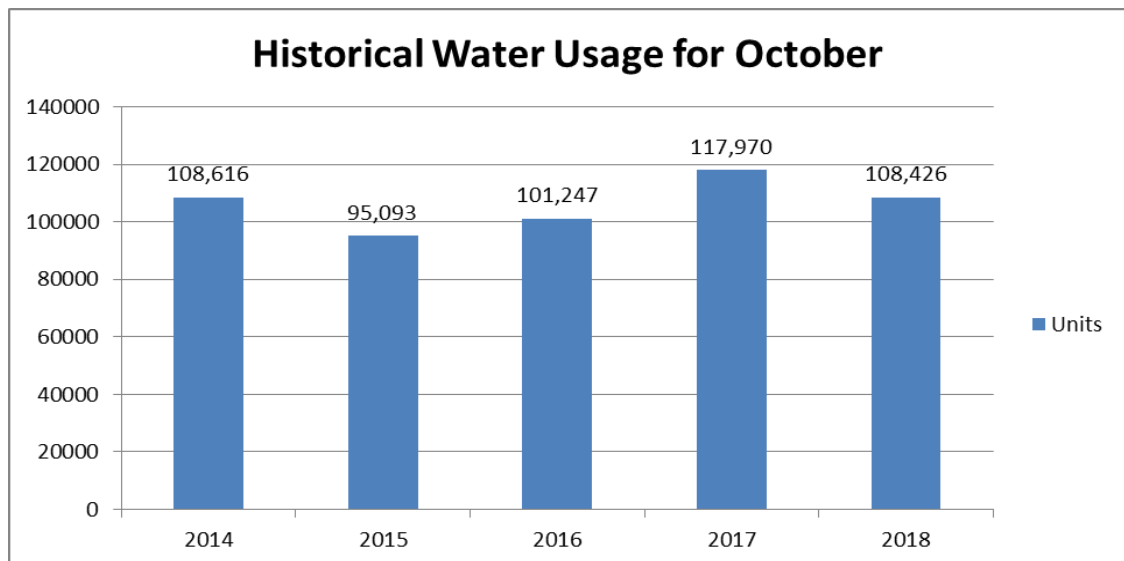
SCHEDULE OF CASH AND INVESTMENTS		
CASH ACCOUNT	BALANCE @ 10/31/18	BALANCE @ 11/06/18
PETTY CASH	\$400	\$400
CASH DRAWER	\$200	\$200
WELLS FARGO CHECKING*	\$97,919	\$590,267
LAIF	\$5,211,766	\$5,211,766
BNY INSTALLMENT ACCOUNT	\$752,812	\$752,812
TOTAL	\$6,063,097	\$6,555,445
* Balance on 11/6/18 high due to SFPUC Invoice to be paid this week.		

Reserve Account	Balance @ 010/31/2016	Balance @ 010/31/2017	Balance @ 010/31/2018	Budget for Reserve Policy
Capital Reserves			\$ 2,036,766	\$ 1,500,000
Working Capital Reserves			\$ 1,500,000	\$ 1,500,000
TOTAL RESERVE FUNDS	\$ 4,061,323	\$ 5,704,854	\$ 3,536,766	\$ 3,000,000
Committed Capital Pay-Go			\$ 500,000	\$ 500,000
PARS OPEB Liability*			\$ 375,000	\$ 1,500,000
PARS PRSP Pension Liability			\$ 800,000	\$ 1,600,000
APPROVED RESERVE EXP			\$ 1,675,000	\$ 3,600,000
TOTAL RESERVE FUNDS	\$ 4,061,323	\$ 5,704,854	\$ 5,211,766	\$ 6,600,000
* Paid \$375,000 in May 2018, June 2018, and Sept 2018 so reduced liability by that amount.				
** Paid \$400,000 in Aug 2018 and Oct 2018 so reduced liability by that amount.				

Please see attached quarterly report through September 30, 2018 on MPWD PARS (Public Agency Retirement Services) Combined Trust Program – OPEB (Other Post-Employment Benefits) and PRSP (Pension Rate Stabilization Program).

2) Water Revenue Report:

WATER REVENUES for FISCAL YEAR 2018/2019					
Month	Total Units	Water Commodity Charges	Fixed System Charges	Total Water Revenues	Misc Rev
JUL	122,334	1,020,243	221,322	1,241,565	1,309
AUG	122,489	1,064,995	240,529	1,305,524	1,302
SEP	123,229	1,094,168	240,313	1,334,481	1,315
OCT	108,426	922,019	240,702	1,162,721	1,303
TOTAL	476,478	4,101,425	942,866	5,044,291	5,229



CONFERENCES, TRAINING, & MEETINGS:

- 1) Candy Pina: 10/29/18 – Audit Review with Audit Committee and David Becker of audit firm James Marta & Company
- 2) Jeanette Kalabolas: 11/05/18 – BAWSCA Loss Evaluation and Knowledge (LEAK) Meeting
- 3) Jeanette Kalabolas: 11/06/18 – BAWSCA CII Pilot Project Kick-Off Meeting
- 4) Candy Pina: 11/09/18 – Financial Review with Jen Dermon & Vincent Li from C.G. Uhlenburg
- 5) Laura Ravella: 11/13/18 – JPIA Training – Ergonomics & Defensive Driving
- 6) Candy Pina: 11/27-28/18 – ACWA Conference

TEAM BUILDING ACTIVITIES:

We celebrated Chris Michaelis' 25th Anniversary with the District. We continue to celebrate birthdays and participated in Trivia and Wellness Program activities.

PARS OPEB Trust Program - Sept 30, 2018

ACCOUNT SUMMARY						INVESTMENT RETURN				
FISCAL YEAR	Beginning Balance	CONTRIBS	EARNINGS	Expenses (Trustee/Investm ent Management Fee)	Ending Balance	1-Month	3-Months	1-Year	3-Years Annual Return	5-Years Annual Return
2014-2015	\$ 368,264.01	\$ 56,925.00	\$ 8,693.45	\$ 965.18	\$ 432,917.28	-0.98%	-0.68%	2.18%	6.09%	
2015-2016	\$ 432,917.28	\$ 181,575.00	\$ 13,043.87	\$ 1,179.47	\$ 626,356.68	0.85%	2.09%	2.11%	4.54%	
2016-2017	\$ 626,356.68	\$ 108,702.00	\$ 45,569.47	\$ 1,829.05	\$ 778,799.10	0.29%	2.33%	6.65%	3.63%	5.39%
2017-2018	\$ 778,799.10	\$ 534,109.67	\$ 39,383.38	\$ 2,693.35	\$ 1,349,598.80	0.17%	1.01%	4.43%	4.38%	4.94%
PARS OPEB	\$ 1,349,598.80	\$ 375,000.00	\$ 45,935.90	\$ 1,597.84	\$ 1,768,936.86	1.40%	2.81%	5.20%	5.20%	5.13%
PARS PRSP	\$ -	\$ 400,000.00	\$ (360.97)	\$ 75.00	\$ 399,564.03	0.02%	0.00%	0.00%	0.00%	0.00%
2018-2019	\$ 1,349,598.80	\$ 775,000.00	\$ 45,573.83	\$ 1,671.74	\$ 2,168,500.89	1.36%	2.81%	5.20%	5.20%	5.13%



TO: Board of Directors

FROM: Rene A. Ramirez, Operations Manager

DATE: November 8, 2018

OPERATIONS REPORT – September & October

Projects:

- Staff was able to install 64 AMI meters in Zone 2. Overall, the District-wide AMI installation is at 63%;
- With construction of water facilities on the Joint Project complete, staff is working with contractor K.J. Woods on punch list items. A project progress report and photos are attached;
- Staff reviewed plans for the Hillcrest Pressure Reducing Station capital project, 02-1621-CP provided by District Engineer and then participated in a meeting with District Engineer providing feedback as design nears completion;
- Replace fire hydrant at 1201 Shoreway as part of a new hotel construction and meter changeout;
- Replumb and replace meters at 21 and 23 Willow Lane;
- Constructed a new 1-inch service for 2607 Monte Cresta Drive;
- Constructed a new 1-inch service for 1105 Tahoe Drive;
- Staff was at a City sewer job site while contractor crossed our water infrastructure on Shoreway;
- Constructed a new 1-inch service at 1809 Oak Knoll;
- Constructed a new 1-inch service at 1829 Oak Knoll;
- Constructed a new 1-inch service at 2856 San Juan;
- Met with District Engineer and Beyaz & Patel to discuss a structural engineering scope of work for the Dekoven Tank Replacement Capital project;
- Participated in the final review of the Hillcrest Pressure Reducing Station plans and specifications. The intent is to bid project during winter when water use is down so the work near the SFPUC supply point can take place;
- Participated in a conference call with West Yost and Associates, among others, regarding potholing on Shoreway Road near 54-inch sewer force main;
- Staff spent time with Schaaf and Wheeler engineers walking up and down Old County Road to see where water services located and may need to be moved;
- Participated in a conference call with XiO Corporation to discuss SCADA equipment for entire system; and
- Had a telephone conversation with builder of pickup truck service body to find ways to lighten body weight.

Maintenance:

- Responded to and completed 212 USA (underground service alerts) requests in September and 293 requests during October. Staff reported 278 requests during the month of August;
- Read meters in zones without AMI;
- North tank at the West Belmont Tank site was drained, cleaned and taken out of service in order to reduce water age in system, which has created water quality challenges over the past few years during the fall;
- Five members of the Ops Team spent approximately 11 days in September at the Hallmark Tank site re-caulking the interface between the tank bottom ring and concrete footing; work also included sand-blasting, priming and some painting of areas showing external corrosion;
- Repaired a leaking service at 1610 Clee Street;
- Replace a leaking hydrant at 6th and Broadway;
- Painted new hydrant in front of 1835 Oak Knoll;
- Collected a requisite 44 water samples for bacteriological testing – all samples were absent of coliform bacteria contamination;
- Continue to routinely monitor water system dead-ends continued for disinfectant residual; and
- Monitored for signs of nitrification within our tanks, sample stations and dead ends continues as a part of regular water quality monitoring. One of two tanks at the following tank sites was removed from service for maintenance work and to maintain water quality: Buckland, Exbourne and Dekoven.

System Repairs:

Date	Location	Event	Material	Installation Date	Estimated Water Loss (Gals.)
9/15	2918 San Juan	Main Break	CIP	1950	<5,000
9/28	3426 Hillcrest	Hit Hydrant	CIP	1956	<500
10/1	1610 Clee	Service Leak	Plastic	1970	<1,000
10/10	3405 Haskins	Main Break	CIP	1956	Unknown*

* (At time of break, system was in period of peak demand and pumps were filling tanks)

Development:

Staff is currently working with developers on 67 development projects:

Mixed Use Commercial/Multi-Family Residential:

- o 576-600 El Camino Real – Fire and domestic backflows installed, awaiting meter manifold installation;
- o 400-490 El Camino Real – 75 meters installed at manifold;

- 1325 Old County Rd. – Project re-submitted larger project of 250 units; letter of intent provided;
- 800 Belmont Ave. – Contacted by developer, tentative plans;
- 815 Old County Rd. – Contacted by developer regarding fire flow;
- 1300 El Camino Real - Currently reviewing plans, letter of intent provided; and
- 803-815 Belmont Ave – Contacted by developer regarding existing facilities and available fire flows. Additional information requested on adjacent parking lot parcels.

Commercial:

- 539 Harbor Blvd. – Updated installation quote;
- 1201 Shoreway Road – Awaiting irrigation backflow installation;
- 554 El Camino – Installation complete;
- 1477 El Camino Real – Currently reviewing their plans;
- Belmont Ave Parcel APN's – (2) awaiting plans;
- 1500 Ralston Ave. – Currently reviewing plans;
- 2200 Carlmont Dr. – Installation in progress;
- 1400 Alameda de las Pulgas – Submittals approved;
- 1306-1308 Old County Rd– Submittals approved;
- 1888 Ralston – Awaiting payment for fire service installation;
- 612 Mountain view - Awaiting plans
- 800 Old County Rd- Awaiting plans;
- 1110 Old County Rd Currently reviewing plans;
- 360 A Industrial – Awaiting payment; and
- 2710 Ralston Ave. – Awaiting plans.

Residential:

- 1829 Oak Knoll – Installation scheduled;
- 2828 Monroe - Currently reviewing their plans;
- 410 Oxford way – Installation complete;
- 10 Notre Dame Place – Pre-construction meeting scheduled;
- 3828 Naughton Ave - Awaiting payment;
- 1919 Oak Knoll Dr. – Awaiting payment;
- 1630 Robin Whipple – Currently reviewing their plans;
- 2720 Belmont Canyon Rd – Installation complete;
- 2515 Carlmont Dr. - Currently reviewing their plans;
- 1105 Tahoe – Installation complete;
- 2856 San Juan - Plans approved, fee schedule provided;
- 2009 Mezes – Currently reviewing their plans;
- 2723 Monserat – Currently reviewing their plans;
- 796 Miramar Terrace - Currently reviewing their plans;
- 2114 Cipriani – Currently reviewing their plans;
- Bishop Road development – Installed 1 of 3, Awaiting plans on 2 remaining lots;
- 4 Tioga Way – Plans approved;

- Talbryn Dr. parcel - Developer requesting system information;
- Ralston Parcel - Developer requesting system information;
- 2620 Ponce – Currently reviewing their plans;
- 1320 Talbryn Lane Development- Awaiting connection fees;
- 3918 Christian Dr. – Plans approved;
- 517 Middlesex Road - Currently reviewing their plans;
- 665 South - Currently reviewing plans;
- 713 Alameda – Awaiting payment;
- 853 Alameda – Plans approved;
- 857 Alameda – Plans approved;
- 861 Alameda – Currently reviewing their plans;
- 2723 Wemberly - Currently reviewing their plans;
- 3900 Marsten – Currently reviewing their plans;
- 3405 Hillcrest – Installation scheduled;
- 1121 Notre Dame – Installation completed; and
- 3900 Christian – Currently reviewing their plans;
- 1136 North Ct – Installation completed;
- 1424 Sunny Slope - Currently reviewing their plans;
- 1503 Folger - Currently reviewing their plans;
- 1651 Francis - Currently reviewing their plans;
- 1961 Bishop Rd - Currently reviewing their plans;
- 2021 Lyon Ave - Currently reviewing their plans;
- 526 Cambridge - Currently reviewing their plans;
- 1651 Francis - Currently reviewing their plans;
- 2019 Belle Monti - Currently reviewing their plans;
- Monte Cresta Drive Extension – Reviewing plans, WSA required;
- 1234 North Rd – Installation completed; and
- 3105 Marburger – Awaiting plans.

Administration:

- XiO scada system is up and running at both the Buckland and Exbourne Tank sites satisfactorily as staff discusses further integration of XiO scada into the system;
- Attended the HIA Monthly luncheon and provided an update on District matters;
- Staff spent some time with employee uniform services provider, CINTAS, as a new service contract was implemented;
- Attended a lunch and learn seminar put-on by the District Engineer, here at District facilities and attended by other agencies, that showed and talked about new water leak detection equipment that can be mounted to fire hydrants and is slowly gaining acceptance by purveyors;
- Held an Ops Staff meeting;
- Met with General Manager to discuss evaluations;
- Purchased first of two clean air vehicles – 2018 Kia Niro PHEV
- Coordinated with Mr. Alan Sarver to have On-Call Operator assist with filling barrels with water in support of the Save the Music event;

- Participated in a conference call with Dan Bergmann to go over the financials for the capital improvement program;
- Held a training event for all District employees on the importance of locating utilities – put on by PG&E here in Board Room;
- Continued to actively managing five (5) engineering design contracts related to the CIP; and
- Continued to actively manage power use for pumping operations.

Mid-Peninsula Water District Project Progress Report

Capital Improvement Program Update – October 2018

Mid-Peninsula Water District has teamed with the City of Belmont and the independent construction management firm of Tanner Pacific, Inc. to improve the reliability and safety of the water it supplies. By collaborating and coordinating the water system upgrades with ongoing sewer rehabilitation projects by the City, both agencies are able to upgrade their systems at the same time, thereby reducing the impact of construction on businesses and residents. Since May 2018, over 2,800 linear feet of existing water lines have been replaced utilizing open trench construction methods.

North Road/Davey Glen Road (Project 15-43)

The original water line along Davey Glen Road was installed in 1961 and comprised of 1,400 linear feet of 6-inch and 8-inch cast iron pipe (CIP). Recent improvements include the abandonment of this CIP water main and relocating its alignment. Approximately 1,800 linear feet of 8-inch ductile iron pipe (DIP) was constructed utilizing open trench construction methods. This 2018 project also included the replacement of a pipeline that was installed in 1962. This aging 6-inch CIP pipeline extended down from North Road and supplied water to the Davey Glen Road water main. To correct fire flow deficiencies, a new 8-inch DIP water main was put in place. Upon completion of this pipeline work, the roadway was repaired by grinding a 5-foot wedge to provide a smooth surface before installing a 1-inch asphalt overlay.

Francis Avenue and Francis Court (Project 15-51)

In 1975, a water main consisting of 640 linear feet of 4-inch polyvinylchloride (PVC) pipe was installed. The water main differentiated at the cross section of Francis Avenue, creating a “Y” shaped pipeline that extended for an additional 190 linear feet. This recent capital improvement project replaced the existing PVC water main with approximately 800 linear feet of 8-inch DIP and included the addition of a fire hydrant at end of Francis Court. Roadway reconstruction included the installation of 4-inch asphalt concrete for paving repairs.

Academy Avenue / Belburn Drive (Project 15-53)

Along Academy Avenue, two parallel water mains were installed in the 1970s. The first one was completed in 1970 and included 600 linear feet of a 4-inch PVC pipe. The second water main was installed in 1977 and included 600 linear feet of 6-inch CIP. Recent improvements consisted of the abandonment of the 4-inch PVC pipeline and relocating all services to the existing 6-inch CIP water main.

Connecting to the Academy Avenue water main, a 4-inch PVC pipe at the intersection of Academy Avenue and Belburn Drive had insufficient fire flow. This 2018 capital improvement project replaced 150 linear feet of PVC pipe with 8-inch DIP and successfully connected it to the 6-inch CIP on Academy Avenue. After the pipeline construction was completed, roadway repairs included a 2-inch asphalt overlay on Academy Avenue and laying down an asphalt concrete slurry seal at the Belburn Drive intersection.













SPEED
LIMIT
25













**MID-PENINSULA WATER DISTRICT
BUDGET FOR YEAR 2018-2019
SUMMARY**

DESCRIPTION	APPROVED FY 2018-2019 BUDGET \$	ACTUALS 7/1/2018 9/30/18	REMAINING BALANCE/ (OVER BUDGET)	Target YTD % 25.2%
				Y-T-D % OF BUDGET
OPERATING REVENUE				
WATER COMMODITY CHARGES	9,200,000	3,179,406	6,020,594	34.6%
FIXED SYSTEM CHARGES	2,880,000	702,164	2,177,836	24.4%
FIRE SERVICE CHARGES	14,000	3,926	10,074	28.0%
SERVICE LINE & INSTALLATION CHARGES	10,000	-	10,000	NA
MISCELLANEOUS OPERATING	10,000	8,265	1,735	82.6%
PROPERTY TAX REVENUE	268,000	1,573	266,427	0.6%
TOTAL OPERATING REVENUE	12,382,000	3,895,335	8,486,665	31.5%
WATER SYSTEM CAPACITY CHARGES	250,000	-	250,000	NA
WATER DEMAND OFFSET CHARGES	65,000	-	65,000	NA
MISCELLANEOUS NON-OPERATING	10,000	11,275	(1,275)	112.8%
INTEREST REVENUE - LAIF	25,000	19,854	5,146	79.4%
INTEREST REVENUE - COP	150,000	71,764	78,236	47.8%
LEASE OF PHYSICAL PROPERTY	155,000	44,552	110,448	28.7%
LANDSCAPE PERMIT REVENUE	11,200	-	11,200	NA
TOTAL NON-OPERATING REVENUE	666,200	147,445	518,755	22.1%
TOTAL REVENUE	13,048,200	4,042,780	9,005,420	31.0%
OPERATING EXPENDITURES (OP EXP)				
SALARIES & WAGES	2,096,385	411,249	1,685,136	19.6%
PAYROLL TAXES & BENEFITS	1,034,131	220,962	813,169	21.4%
PURCHASED WATER	5,654,624	1,768,693	3,885,931	31.3%
OUTREACH & EDUCATION	95,634	9,788	85,846	10.2%
M&R - OPS SYSTEM	474,777	58,603	416,174	12.3%
M&R - FACILITIES & EQUIPMENT	172,700	37,035	135,665	21.4%
MAJOR MAINTENANCE	31,050	-	31,050	NA
OFFICE SUPPLIES & EQUIPMENT	292,022	73,901	218,121	25.3%
MEMBERSHIP & GOV FEES	215,915	58,125	157,790	26.9%
BAD DEBT & CLAIMS	17,595	21,625	(4,030)	122.9%
UTILITIES	316,917	81,034	235,883	25.6%
PROFESSIONAL SERVICES	420,676	137,746	282,930	32.7%
TRAINING/TRAVEL & RECRUITMENT	61,575	9,614	51,961	15.6%
RESTRICTED EARNINGS	125,000	91,618	33,382	73.3%
DEBT SERVICE TRUSTEE FEES & EXPENSES	-	-	-	N/A
DEBT SERVICE 2016 COPs	1,051,500	174,730	876,770	16.6%
TOTAL OP EXP LESS DEPRECIATION (DEPREC)	12,060,501	3,154,722	8,905,779	26.2%
TOTAL OP REVENUE LESS OP EXP & DEPREC	987,699	888,058	99,641	89.9%
DEPRECIATION	931,500	217,874	713,626	23.4%
TOTAL OP REVENUE LESS OP EXP	56,199	670,185	(613,986)	1192.5%
NET TRANSFERS TO CAPITAL	(56,199)	(670,185)	613,986	1192.5%
NET RESULTS OF OPERATIONS	134	-	-	

MID-PENINSULA WATER DISTRICT
OPERATIONS BUDGET FOR YEAR 2018-2019
DETAILED

Target YTD % 25.2%

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	APPROVED FY 2018-2019 BUDGET \$	ACTUAL 7/1/2018 9/30/2018	REMAINING BALANCE/ (OVER BUDGET)	Y-T-D % OF BUDGET
4010	Water Commodity Charges (A)	9,200,000	3,179,406	6,020,594	34.6%
4020	Fixed System Charges	2,880,000	702,164	2,177,836	24.4%
4030	Fire Service Charges	14,000	3,926	10,074	28.0%
4050	Service Line & Installation Charges	10,000	-	10,000	NA
4080	Miscellaneous Operating (B)	10,000	8,265	1,735	82.6%
4000	TOTAL WATER CHARGES	12,114,000	3,893,762	8,220,238	32.1%
4202	Property Tax Revenue	268,000	1,573	266,427	0.6%
4200	OTHER OPERATING REVENUE	268,000	1,573	266,427	0.6%
	TOTAL OPERATING REVENUE	12,382,000	3,895,335	8,486,665	31.5%
4060	Water System Capacity Charges	250,000	-	250,000	NA
4070	Water Demand Offset Charges	65,000	-	65,000	NA
4090	Miscellaneous - Non Operating (C)	10,000	11,275	(1,275)	112.8%
4102	Interest Revenue- LAIF (D)	25,000	19,854	5,146	79.4%
4103	Interest Revenue-COP Funds (D)	100,000	71,764	28,236	71.8%
4100	INTEREST REVENUE	125,000	91,618	33,382	73.3%
4201	Lease of Physical Property	155,000	44,552	110,448	28.7%
4208	Landscape Plan Permit Review	5,000	-	5,000	NA
4200	OTHER NON-OPERATING REVENUE	160,000	44,552	115,448	27.8%
4000	TOTAL NON-OPERATING REVENUE	610,000	147,445	462,555	24.2%
	TOTAL OPERATING & NON-OP REVENUE	12,992,000	4,042,780	8,949,220	31.1%
6011	Salaries & Wages	2,000,000	395,234	1,604,766	19.8%
6012	Director Compensation	11,385	1,200	10,185	10.5%
6010	GROSS REGULAR WAGES	2,011,385	396,434	1,614,951	19.7%
6017	CAPITAL SALARY & WAGES reversed	-	-	-	
6021	Overtime Labor	45,000	4,612	40,388	10.2%
6022	Standby Labor	40,000	10,203	29,797	25.5%
6020	SUB-TOTAL SALARY & WAGES	2,096,385	411,249	1,685,136	19.6%
6031	FICA/Medicare PR Tax	159,849	30,360	129,489	19.0%
6038	ACWA Health Care	430,723	96,055	334,668	22.3%
6039	ACWA Dental	32,179	6,970	25,209	21.7%
6040	ACWA Vision	4,638	1,213	3,425	26.2%
6041	ACWA Life/AD&D	4,577	1,207	3,370	26.4%
6042	Standard LDL/SDL Disability	18,000	4,378	13,622	24.3%
6043	Workers' Comp Insurance	41,400	10,297	31,103	24.9%
6044	Unemployment	135 1,066	-	1,066	NA
6045	CALPERS Retirement - ER 2%@55 (E)	164,625	66,902	97,723	40.6%

MID-PENINSULA WATER DISTRICT
OPERATIONS BUDGET FOR YEAR 2018-2019
DETAILED

Target YTD % 25.2%

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	APPROVED FY 2018-2019 BUDGET \$	ACTUAL 7/1/2018 9/30/2018	REMAINING BALANCE/ (OVER BUDGET)	Y-T-D % OF BUDGET
6046	Retirees' ACWA Health Care (F)	-	10,475	(10,475)	NA
6047	Directors' ACWA Health Care	115,133	30,138	84,995	26.2%
6049	Medical Reimbursement	1,066	137	929	12.8%
6050	Employee Service Recognition	10,350	171	10,179	16.1%
6051	Safety Incentive Program	15,525	1,380	14,145	8.9%
6052	Uniforms	35,000	7,206	27,794	20.6%
6053	PARS OPEB Expense	-	-	-	NA
6030	TOTAL PAYROLL TAXES & BENEFITS	1,034,131	266,888	767,243	25.8%
6054	CAPITAL PAYROLL, TAXES & BENEFITS		(45,926)	45,926	N/A
6000	PERSONNEL COSTS	3,130,516	632,211	2,498,305	20.2%
6101	SFPUC Treated Water (A)	5,100,000	1,622,407	3,477,593	31.8%
6102	BAWSCA (Debt Service Surcharges)	476,000	126,720	349,280	26.6%
6103	Rates Stabilization	-	-	-	NA
6104	SFPUC Water Service Charge	78,624	19,566	59,058	N/A
6100	PURCHASED WATER	5,654,624	1,768,693	3,885,931	31.3%
6301	Water Conservation Program	7,452	100	7,352	1.3%
6302	School Conservation Program	7,452	-	7,452	NA
6303	Public Outreach & Education (G)	15,525	8,965	6,560	57.7%
6305	HET Rebates	20,441	580	19,861	2.8%
6306	Washing Machine Rebates	-	-	-	NA
6307	Lawn-Be-Gone Rebates	39,434	112	39,322	0.3%
6308	Rain Barrel Rebates	5,330	30	5,300	0.6%
6304	TOTAL WATER CONSERVATION REBATES	65,205	723	64,482	1.1%
6300	OUTREACH/EDUCATION	95,634	9,788	85,846	10.2%
6401	Water Quality	60,000	8,620	51,380	14.4%
6402	Pumping	50,000	3,182	46,818	6.4%
6403	Storage Tanks	10,661	2,212	8,449	20.8%
6404	Mains/Distribution	207,000	20,479	186,521	9.9%
6405	Meters & Service	31,982	8,229	23,753	25.7%
6406	Fire Hydrants	33,048	7,865	25,183	23.8%
6407	Regulator Stations	6,396	-	6,396	NA
6408	Safety	34,114	7,434	26,680	21.8%
6409	SCADA Maintenance	15,991	82	15,909	0.5%
6410	Generator Maintenance	25,585	501	25,084	2.0%
6400	M&R - OPS SYSTEMS	474,777	58,603	416,174	12.3%
6501	M&R-Buildings&Grounds	99,143	22,841	76,302	23.0%
6502	M&R- Equipment&Tools	22,387	5,200	17,187	23.2%
6503	M&R- Vehicles & Large Equipment	20,255	1,834	18,421	9.1%
6504	M&R - Fuel	30,915	7,160	23,755	23.2%
6500	M&R - FACILITIES & EQUIPMENT	172,700	37,035	135,665	21.4%
6601	Cathodic Protection Survey		-	-	NA

MID-PENINSULA WATER DISTRICT
OPERATIONS BUDGET FOR YEAR 2018-2019
DETAILED

Target YTD % 25.2%

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	APPROVED FY 2018-2019 BUDGET \$	ACTUAL 7/1/2018 9/30/2018	REMAINING BALANCE/ (OVER BUDGET)	Y-T-D % OF BUDGET
6602	Leak Detection Survey	31,050	-	31,050	NA
6600	MAJOR MAINTENANCE	31,050	-	31,050	NA
6701	Office Supplies	15,991	2,431	13,560	15.2%
6702	Insurance- Liability/Vehicles	82,800	18,149	64,651	21.9%
6703	Postage	8,528	1,283	7,245	15.0%
6704	Printing/Printing Supplies	10,350	(854)	11,204	-8.3%
6705	Equipment Services/Maintenance	20,700	4,152	16,548	20.1%
6706	Computer Supplies & Upgrades	33,120	6,028	27,092	18.2%
6707	Security & Safety	11,461	2,498	8,963	21.8%
6708	Other Fees	533	-	533	NA
6709	Customer Credit Card Svs Fees (H)	108,539	40,214	68,325	37.1%
6700	OFFICE SUPPLIES & EQUIP	292,022	73,901	218,121	25.3%
6801	Dues & Publications	31,759	10,454	21,305	32.9%
6802	Gov't Fees & Licenses	30,893	6,937	23,956	22.5%
6803	BAWSCA Membership Assessments	78,660	18,332	60,328	23.3%
6804	Env Health - Cross Connection Inspection	33,048	8,375	24,673	25.3%
6805	Software License	41,555	14,028	27,527	33.8%
6800	MEMBERSHIP & GOV FEES	215,915	58,125	157,790	26.9%
6901	Bad Debt (I)	7,245	21,575	(14,330)	297.8%
6902	Claims	10,350	50	10,300	0.5%
6900	BAD DEBT & CLAIMS	17,595	21,625	(4,030)	122.9%
7001	Utilities-Internet/Cable	10,350	1,555	8,795	15.0%
7002	Utilities-Cellular Telephones	12,633	2,614	10,019	20.7%
7003	Utilities-Electric-Pumping	234,531	62,425	172,106	26.6%
7004	Utilities-Electric-Bldgs&Grounds	25,585	6,707	18,878	26.2%
7005	Utilities-Telephones	25,875	6,165	19,710	23.8%
7006	Utilities-Sewer - NPDES	7,943	1,567	6,376	19.7%
7000	UTILITIES	316,917	81,034	235,883	25.6%
7101	Prof Serv - District Counsel	77,625	14,803	62,822	19.1%
7102	Prof Serv - District Engineer (J)	67,275	25,283	41,992	37.6%
7103	Prof Serv - IT	20,441	5,792	14,649	28.3%
7104	Prof Serv- Annual Finance Audit (K)	19,665	15,000	4,665	76.3%
7105	Prof Serv - Mngmt Consult	-	42	(42)	NA
7106	Prof Serv- Accounting & Payroll	22,511	5,785	16,726	25.7%
7107	Prof Serv- Customer Billing	74,779	18,893	55,886	25.3%
7109	Prof Serv - Answering Svs	5,175	843	4,332	16.3%
7110	Prof Serv - Miscellaneous (L)	129,375	50,405	78,970	39.0%
7111	Prof Serv - District Treasurer	3,830	900	2,930	23.5%
7100	PROFESSIONAL SERVICES	420,676	137,746	282,930	32.7%
7201	Director Travel	137 5,175	-	5,175	NA
7202	Director Expense	1,035	-	1,035	NA

**MID-PENINSULA WATER DISTRICT
OPERATIONS BUDGET FOR YEAR 2018-2019
DETAILED**

Target YTD % 25.2%

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	APPROVED FY 2018-2019 BUDGET \$	ACTUAL 7/1/2018 9/30/2018	REMAINING BALANCE/ (OVER BUDGET)	Y-T-D % OF BUDGET
7203	Elections	15,000	-	15,000	NA
7204	Employee Travel/Training	33,120	7,751	25,369	23.4%
7205	Meetings Expense	7,245	1,863	5,382	25.7%
7200	TRAINING & TRAVEL	61,575	9,614	51,961	15.6%
7302	Restricted Earnings Expense - Interest LAIF & COP (D)	125,000	91,618	33,382	73.3%
7300	RESTRICTED EARNINGS EXPENSE	125,000	91,618	33,382	73.3%
8001	Working Reserves: Capital	-	-	-	NA
8002	Working Reserves: Operating	-	-	-	NA
8000	RESERVES	-	-	-	NA
9010	DEPRECIATION	931,500	217,874	713,626	23.4%
9011	DEBT SERVICE TRUSTEE FEES & EXPENSES	-	-	-	NA
9012	DEBT SERVICE 2017-2018 COPs	1,051,500	174,730	876,770	16.6%
SUB-TOTAL - OPERATING EXPENSES		9,861,485	2,740,385	7,121,100	27.8%
TOTAL OPERATING EXPENSES		12,992,000	3,372,596	9,619,405	26.0%
NET OPERATING SURPLUS/(LOSS)					
TRANSFER TO CAPITAL		-	670,185	(670,185)	

- (A) Water revenues are at 34.6% and water purchases are at 31.8%. Water revenues is a preliminary number. Revenue does not include the second half of the month.
- (B) Reimbursement for damage to Fire Hydrant totaling \$8,245.
- (C) Fire Flow Revenue totaling \$1,979; PG&E Reimbursement for work not completed totaling \$6,029; Project vehicle revenue totaling \$2,273.
- (D) LAIF and COP funds generating more interest revenue than expected.
- (E) Will be adjusting this at mid-year.
- (F) Currently not paying retiree benefits out of the PARS OPEB account but will be this fiscal year.
- (G) Purchase of promotional inventory totaling \$7,871.
- (H) More customers are using credit cards to pay their monthly water bills. This will be reduced when a \$3 fee is added to the credit card fees.
- (I) First month since the implementation of the new financial management system to send customers to collections.
- (J) Costs related to fire flow tests are allocated back when test completed totaling \$1,979. However, there is offsetting income for the same amount in Non-Operating Misc Income.
- (K) Field work for the audit completed.
- (L) Personnel Koff Study and GM Housing \$8,598; Fee & Service Study \$6,600.

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

	Jul 18 - Sep 18	Jul 17 - Sep 17	\$ Change	% Change
Ordinary Income/Expense				
Income				
OPERATING REVENUE	3,895,335.08	4,137,585.54	-242,250.46	-5.86%
INTEREST INCOME	91,618.08	52,640.44	38,977.64	74.05%
OTHER INCOME	55,827.22	35,445.56	20,381.66	57.5%
Total Income	<u>4,042,780.38</u>	<u>4,225,671.54</u>	<u>-182,891.16</u>	<u>-4.33%</u>
Expense				
PERSONNEL COSTS	632,211.13	592,422.93	39,788.20	6.72%
PURCHASED WATER	1,768,692.90	1,712,035.30	56,657.60	3.31%
OUTREACH/EDUCATION (A)	9,787.90	3,463.58	6,324.32	182.6%
M&4 - OPS SYSTEMS	58,603.02	54,228.62	4,374.40	8.07%
FACILITIES & EQUIPMENT (B)	37,035.34	26,375.10	10,660.24	40.42%
OFFICE SUPPLIES & EQUIPMENT	73,900.71	68,224.75	5,675.96	8.32%
MEMBERSHIP & GOV FEES	58,125.21	46,458.71	11,666.50	25.11%
BAD DEBT & CLAIMS (C)	21,624.79	-590.36	22,215.15	3,762.98%
UTILITIES	81,033.91	59,086.08	21,947.83	37.15%
PROFESSIONAL SERVICES (D)	137,745.61	85,856.97	51,888.64	60.44%
TRAINING & TRAVEL	9,613.95	8,640.98	972.97	11.26%
Total Expense	<u>2,888,374.47</u>	<u>2,656,202.66</u>	<u>232,171.81</u>	<u>8.74%</u>
Net Ordinary Income	<u>1,154,405.91</u>	<u>1,569,468.88</u>	<u>-415,062.97</u>	<u>-26.45%</u>
Other Income/Expense				
Other Expense				
DEPRECIATION	217,873.67	205,868.32	12,005.35	5.83%
COP Financing Costs	174,729.60	176,726.19	-1,996.59	-1.13%
Total Other Expense	<u>392,603.27</u>	<u>382,594.51</u>	<u>10,008.76</u>	<u>2.6%</u>
Net Revenue/(Expenses)	<u>761,802.64</u>	<u>1,186,874.37</u>	<u>-425,071.73</u>	<u>-35.8%</u>

RECONCILIATION TO OPERATING BUDGET

Adjustments to Increase Net Operating Surplus

Interest Income - LAIF & COP Interest	<u>-91,618.08</u>
Total Adjustments to Increase Net Operating Surplus	<u>-91,618.08</u>

Net Revenue/(Expenses)	<u>761,802.64</u>
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Net Operating Surplus/(Loss) Transfer to Capital	<u>670,184.56</u>
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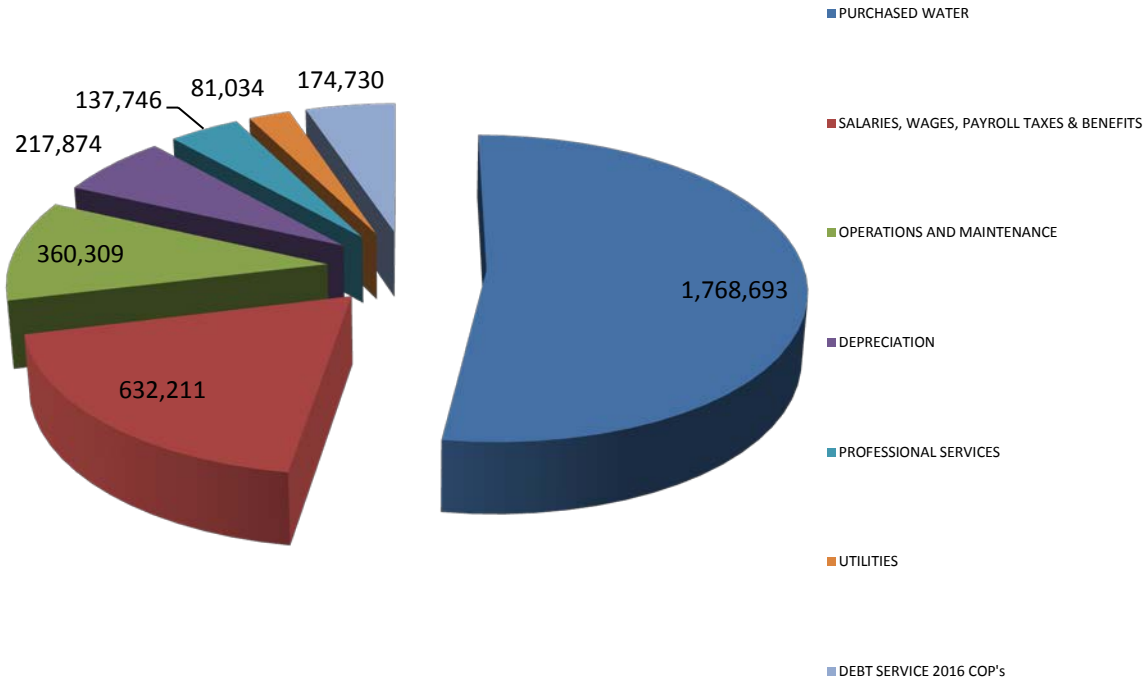
(A) Promotional items purchased in September totaling \$7,871.

(B) Tree Trimming at Buckland Tank totaling \$5,100 in FY2018/2019; Various meter upgrade costs totaling \$3,229 pulled from Operations and put into Projects Costs for Fixed Assets in FY2017/2018.

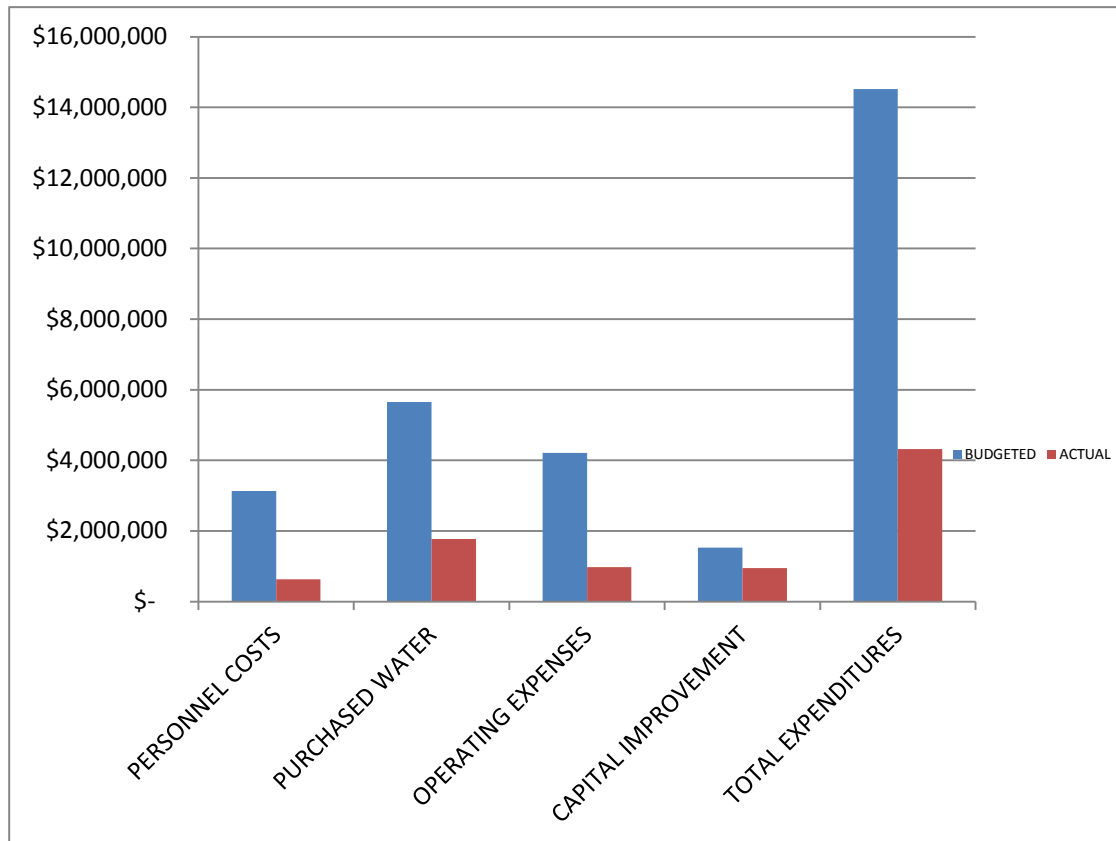
(C) Bad Debt Claims were not assessed in 2017-2018 due to new Financial Management System. So all were recognized in 2018/2019.

MID-PENINSULA WATER DISTRICT
ACTUAL OPERATING EXPENDITURES SUMMARY
Sep-18

OPERATING EXPENDITURES	ACTUAL \$	% OF TOTAL
PURCHASED WATER	1,768,693	52.4%
SALARIES, WAGES, PAYROLL TAXES & BENEFITS	632,211	18.7%
OPERATIONS AND MAINTENANCE	360,309	10.7%
DEPRECIATION	217,874	6.5%
PROFESSIONAL SERVICES	137,746	4.1%
UTILITIES	81,034	2.4%
DEBT SERVICE 2016 COP's	174,730	5.2%
TOTAL OPERATING EXPENDITURES	3,372,596	100%



2018/2019 BUDGET vs ACTUAL TOTAL EXPENDITURES Sep-18



	BUDGETED	ACTUAL	BUDGETED % OF TOTAL	ACTUAL % OF TOTAL
TOTAL EXPENDITURES				
PERSONNEL COSTS	\$ 3,130,516	\$ 632,211	22%	15%
PURCHASED WATER	\$ 5,654,624	\$ 1,768,693	39%	41%
OPERATING EXPENSES	\$ 4,206,860	\$ 971,692	29%	23%
CAPITAL IMPROVEMENT	\$ 1,526,500	\$ 944,808	11%	22%
TOTAL EXPENDITURES	\$ 14,518,500	\$ 4,317,404	100%	100%

**MID-PENINSULA WATER DISTRICT
BUDGET FOR FY 2018-2019
Capital Projects**

DESCRIPTION	APPROVED FY 2018-2019 BUDGET \$	ACTUAL 7/1/2018 9/30/2018	REMAINING BALANCE/ (OVER BUDGET)	Target YTD % 25.2%
				Y-T-D % OF BUDGET
CAPITAL IMPROVEMENTS - WORK IN PROCESS (WIP)				
2017 Joint WMR and Belmont Sewer Rehab Project (Pay-Go Portion)	500,000	401,515	98,485	80.3%
2017 Water Main Replacement CIP (Pay-Go Portion)	-	58,195	(58,195)	N/A
El Camino Real Improvements	-	2,208	(2,208)	N/A
Notre Dame/Cliffside/Tahoe	-	1,952	(1,952)	N/A
AMI Meter Change Out Program	778,500	428,299	350,201	55.0%
CAPITAL IMPROVEMENTS - WIP TOTAL	1,278,500	892,168	386,332	69.8%
CAPITAL OUTLAY				
Replacement Mini-Excavator for Operations	50,000	45,998	4,002	92.0%
Replacement Service Truck for Operations	148,000	-		
Miscellaneous Capital Outlay/Projects	50,000	6,642	43,358	13.3%
CAPITAL OUTLAY TOTAL	248,000	52,640	47,360	21.2%
CAPITAL IMPROVEMENTS & CAPITAL OUTLAY TOTAL	1,526,500	944,808	433,692	61.9%
DEPRECIATION	931,500	217,874	713,626	23.4%
TRANSFER FROM OPS	-	670,185	(670,185)	N/A
TRANSFER (TO)/FROM CAPITAL RESERVES	595,000	(56,750)	651,750	-9.5%
CAPITAL OUTLAY/CAPITAL PROJECTS	(1,526,500)	(944,808)	(581,692)	61.9%
NET RESULTS OF CAPITAL	-	(113,500)	113,500	N/A

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

	30-Sep-18	30-Sep-17	\$ Change	% Change
ASSETS				
CURRENT ASSETS				
Total Checking/Savings	5,913,232.38	24,942,129.73	-19,028,897.35	-76.29%
Total COP Funds	15,561,814.98	0.00	0.00	100.0%
Total Accounts Receivable	1,401,928.90	1,467,312.33	-65,383.43	-4.46%
Total Other Current Assets	306,392.23	307,587.18	-1,194.95	-0.39%
TOTAL CURRENT ASSETS	23,183,368.49	26,717,029.24	-3,533,660.75	-13.23%
FIXED ASSETS				
Fixed Assets	46,938,751.84	43,818,177.84	3,120,574.00	7.12%
Accumulated Depreciation	-27,484,642.05	-26,873,909.06	-610,732.99	-2.27%
Construction in Progress	2,915,041.87	1,295,322.11	1,619,719.76	125.04%
TOTAL FIXED ASSETS	22,369,151.66	18,239,590.89	4,129,560.77	22.64%
TOTAL OTHER ASSETS	1,210,079.34	803,133.00	406,946.34	50.67%
TOTAL ASSETS	46,762,599.49	45,759,753.13	1,002,846.36	2.19%
LIABILITIES & EQUITY				
LIABILITIES				
CURRENT LIABILITIES				
Total Accounts Payable	568,097.90	338,012.90	230,085.00	68.07%
Total Other Current Liabilities	2,291,591.47	2,009,322.88	282,268.59	14.05%
TOTAL CURRENT LIABILITIES	2,859,689.37	2,347,335.78	512,353.59	21.83%
LONG TERM LIABILITIES				
Total COP Financing Debt (B)	17,910,000.00	18,255,000.00	-345,000.00	-1.89%
Total COP Premium (B)	881,097.70	912,379.30	-31,281.60	-3.43%
Total Other Long Term Liabilities (B)	2,710,175.00	1,765,634.45	944,540.55	53.5%
TOTAL LONG TERM LIABILITIES	21,501,272.70	20,933,013.75	568,258.95	2.72%
TOTAL LIABILITIES	24,360,962.07	23,280,349.53	1,080,612.54	4.64%
EQUITY				
3000 - Opening Bal Equity	0.00	0.00	0.00	0.0%
3800 - RESERVES *	5,178,998.77	5,890,511.28	-711,512.51	-12.08%
3940 - Fund Bal Invest in Util Plant	22,369,151.66	17,996,822.89	4,372,328.77	24.3%
Net Assets (A)	-5,146,513.01	-1,407,930.57	-3,738,582.44	-265.54%
TOTAL EQUITY	22,401,637.42	22,479,403.60	-77,766.18	-0.35%
TOTAL LIABILITIES & EQUITY	46,762,599.49	45,759,753.13	1,002,846.36	2.19%

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

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

**MID-PENINSULA WATER DISTRICT
BUDGET FOR YEAR 2018-2019
SUMMARY**

DESCRIPTION	APPROVED FY 2018-2019 BUDGET \$	ACTUALS 7/1/2018 10/31/18	REMAINING BALANCE/ (OVER BUDGET)	Target YTD % 33.7%
				Y-T-D % OF BUDGET
OPERATING REVENUE				
WATER COMMODITY CHARGES	9,200,000	4,101,425	5,098,575	44.6%
FIXED SYSTEM CHARGES	2,880,000	942,866	1,937,134	32.7%
FIRE SERVICE CHARGES	14,000	5,229	8,771	37.3%
SERVICE LINE & INSTALLATION CHARGES	10,000	-	10,000	NA
MISCELLANEOUS OPERATING	10,000	24,363	(14,363)	243.6%
PROPERTY TAX REVENUE	268,000	13,802	254,198	5.1%
TOTAL OPERATING REVENUE	12,382,000	5,087,685	7,294,315	41.1%
WATER SYSTEM CAPACITY CHARGES	250,000	9,375	240,625	3.8%
WATER DEMAND OFFSET CHARGES	65,000	633	64,367	1.0%
MISCELLANEOUS NON-OPERATING	10,000	29,753	(19,753)	297.5%
INTEREST REVENUE - LAIF	25,000	43,689	(18,689)	174.8%
INTEREST REVENUE - COP	150,000	97,107	52,893	64.7%
LEASE OF PHYSICAL PROPERTY	155,000	64,803	90,197	41.8%
LANDSCAPE PERMIT REVENUE	11,200	400	10,800	3.6%
TOTAL NON-OPERATING REVENUE	666,200	245,760	420,440	36.9%
TOTAL REVENUE	13,048,200	5,333,445	7,714,755	40.9%
OPERATING EXPENDITURES (OP EXP)				
SALARIES & WAGES	2,096,385	557,793	1,538,592	26.6%
PAYROLL TAXES & BENEFITS	1,034,131	277,614	756,517	26.8%
PURCHASED WATER	5,654,624	2,275,072	3,379,552	40.2%
OUTREACH & EDUCATION	95,634	21,152	74,482	22.1%
M&R - OPS SYSTEM	474,777	64,406	410,371	13.6%
M&R - FACILITIES & EQUIPMENT	172,700	54,294	118,406	31.4%
MAJOR MAINTENANCE	31,050	-	31,050	NA
OFFICE SUPPLIES & EQUIPMENT	292,022	101,325	190,698	34.7%
MEMBERSHIP & GOV FEES	215,915	79,138	136,777	36.7%
BAD DEBT & CLAIMS	17,595	20,539	(2,944)	116.7%
UTILITIES	316,917	108,786	208,131	34.3%
PROFESSIONAL SERVICES	420,676	161,045	259,631	38.3%
TRAINING/TRAVEL & RECRUITMENT	61,575	10,470	51,105	17.0%
RESTRICTED EARNINGS	125,000	140,796	(15,796)	112.6%
DEBT SERVICE TRUSTEE FEES & EXPENSES	-	-	-	N/A
DEBT SERVICE 2016 COPs	1,051,500	232,973	818,527	22.2%
TOTAL OP EXP LESS DEPRECIATION (DEPREC)	12,060,501	4,105,403	7,955,098	34.0%
TOTAL OP REVENUE LESS OP EXP & DEPREC	987,699	1,228,042	(240,343)	124.3%
DEPRECIATION	931,500	295,641	635,859	31.7%
TOTAL OP REVENUE LESS OP EXP	56,199	932,402	(876,203)	1659.1%
NET TRANSFERS TO CAPITAL	(56,199)	(932,402)	876,203	1659.1%
NET RESULTS OF OPERATIONS	144	-	-	

MID-PENINSULA WATER DISTRICT
OPERATIONS BUDGET FOR YEAR 2018-2019
DETAILED

Target YTD % 33.7%

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	APPROVED FY 2018-2019 BUDGET \$	ACTUAL 7/1/2018 10/31/2018	REMAINING BALANCE/ (OVER BUDGET)	Y-T-D % OF BUDGET
4010	Water Commodity Charges (A)	9,200,000	4,101,425	5,098,575	44.6%
4020	Fixed System Charges	2,880,000	942,866	1,937,134	32.7%
4030	Fire Service Charges	14,000	5,229	8,771	37.3%
4050	Service Line & Installation Charges	10,000	-	10,000	NA
4080	Miscellaneous Operating (B)	10,000	24,363	(14,363)	243.6%
4000	TOTAL WATER CHARGES	12,114,000	5,073,883	7,040,117	41.9%
4202	Property Tax Revenue	268,000	13,802	254,198	5.1%
4200	OTHER OPERATING REVENUE	268,000	13,802	254,198	5.1%
	TOTAL OPERATING REVENUE	12,382,000	5,087,685	7,294,315	41.1%
4060	Water System Capacity Charges	250,000	9,375	240,625	3.8%
4070	Water Demand Offset Charges	65,000	633	64,367	1.0%
4090	Miscellaneous - Non Operating (C)	10,000	29,753	(19,753)	297.5%
4102	Interest Revenue- LAIF (D)	25,000	43,689	(18,689)	174.8%
4103	Interest Revenue-COP Funds (D)	100,000	97,107	2,893	97.1%
4100	INTEREST REVENUE	125,000	140,796	(15,796)	112.6%
4201	Lease of Physical Property	155,000	64,803	90,197	41.8%
4208	Landscape Plan Permit Review	5,000	400	4,600	8.0%
4200	OTHER NON-OPERATING REVENUE	160,000	65,203	94,797	40.8%
4000	TOTAL NON-OPERATING REVENUE	610,000	245,760	364,240	40.3%
	TOTAL OPERATING & NON-OP REVENUE	12,992,000	5,333,445	7,658,555	41.1%
6011	Salaries & Wages	2,000,000	536,589	1,463,411	26.8%
6012	Director Compensation	11,385	1,600	9,785	14.1%
6010	GROSS REGULAR WAGES	2,011,385	538,189	1,473,196	26.8%
6017	CAPITAL SALARY & WAGES reversed	-	-	-	
6021	Overtime Labor	45,000	7,459	37,541	16.6%
6022	Standby Labor	40,000	12,146	27,854	30.4%
6020	SUB-TOTAL SALARY & WAGES	2,096,385	557,793	1,538,592	26.6%
6031	FICA/Medicare PR Tax	159,849	40,566	119,283	25.4%
6038	ACWA Health Care	430,723	131,489	299,234	30.5%
6039	ACWA Dental	32,179	9,509	22,670	29.6%
6040	ACWA Vision	4,638	1,654	2,984	35.7%
6041	ACWA Life/AD&D	4,577	1,664	2,913	36.4%
6042	Standard LDL/SDL Disability	18,000	5,877	12,123	32.7%
6043	Workers' Comp Insurance	41,400	12,071	29,329	29.2%
6044	Unemployment	145,106	-	1,066	NA
6045	CALPERS Retirement - ER 2%@55 (E)	164,625	88,449	76,176	53.7%

MID-PENINSULA WATER DISTRICT
OPERATIONS BUDGET FOR YEAR 2018-2019
DETAILED

Target YTD % 33.7%

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	APPROVED FY 2018-2019 BUDGET \$	ACTUAL 7/1/2018 10/31/2018	REMAINING BALANCE/ (OVER BUDGET)	Y-T-D % OF BUDGET
6046	Retirees' ACWA Health Care (F)	-	14,311	(14,311)	NA
6047	Directors' ACWA Health Care	115,133	40,184	74,949	34.9%
6049	Medical Reimbursement	1,066	182	884	17.1%
6050	Employee Service Recognition	10,350	271	10,079	25.5%
6051	Safety Incentive Program	15,525	2,080	13,445	13.4%
6052	Uniforms	35,000	8,064	26,936	23.0%
6053	PARS OPEB Expense	-	-	-	NA
6030	TOTAL PAYROLL TAXES & BENEFITS	1,034,131	356,373	677,758	34.5%
6054	CAPITAL PAYROLL, TAXES & BENEFITS		(78,759)	78,759	N/A
6000	PERSONNEL COSTS	3,130,516	835,407	2,295,109	26.7%
6101	SFPUC Treated Water (A)	5,100,000	2,080,024	3,019,976	40.8%
6102	BAWSCA (Debt Service Surcharges)	476,000	168,960	307,040	35.5%
6103	Rates Stabilization	-	-	-	NA
6104	SFPUC Water Service Charge	78,624	26,088	52,536	33.2%
6100	PURCHASED WATER	5,654,624	2,275,072	3,379,552	40.2%
6301	Water Conservation Program	7,452	3,155	4,297	42.3%
6302	School Conservation Program	7,452	-	7,452	NA
6303	Public Outreach & Education (G)	15,525	17,274	(1,749)	111.3%
6305	HET Rebates	20,441	580	19,861	2.8%
6306	Washing Machine Rebates	-	-	-	NA
6307	Lawn-Be-Gone Rebates	39,434	112	39,322	0.3%
6308	Rain Barrel Rebates	5,330	30	5,300	0.6%
6304	TOTAL WATER CONSERVATION REBATES	65,205	723	64,482	1.1%
6300	OUTREACH/EDUCATION	95,634	21,152	74,482	22.1%
6401	Water Quality	60,000	11,820	48,180	19.7%
6402	Pumping	50,000	3,335	46,665	6.7%
6403	Storage Tanks	10,661	2,212	8,449	20.8%
6404	Mains/Distribution	207,000	33,088	173,912	16.0%
6405	Meters & Service	31,982	(2,576)	34,558	-8.1%
6406	Fire Hydrants	33,048	8,021	25,028	24.3%
6407	Regulator Stations	6,396	-	6,396	NA
6408	Safety	34,114	7,878	26,236	23.1%
6409	SCADA Maintenance	15,991	82	15,909	0.5%
6410	Generator Maintenance	25,585	547	25,038	2.1%
6400	M&R - OPS SYSTEMS	474,777	64,406	410,371	13.6%
6501	M&R-Buildings&Grounds	99,143	32,000	67,143	32.3%
6502	M&R- Equipment&Tools	22,387	6,174	16,213	27.6%
6503	M&R- Vehicles & Large Equipment	20,255	5,225	15,030	25.8%
6504	M&R - Fuel	30,915	10,895	20,020	35.2%
6500	M&R - FACILITIES & EQUIPMENT	172,700	54,294	118,406	31.4%
6601	Cathodic Protection Survey		-	-	NA

MID-PENINSULA WATER DISTRICT
OPERATIONS BUDGET FOR YEAR 2018-2019
DETAILED

Target YTD % 33.7%

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	APPROVED FY 2018-2019 BUDGET \$	ACTUAL 7/1/2018 10/31/2018	REMAINING BALANCE/ (OVER BUDGET)	Y-T-D % OF BUDGET
6602	Leak Detection Survey	31,050	-	31,050	NA
6600	MAJOR MAINTENANCE	31,050	-	31,050	NA
6701	Office Supplies	15,991	2,723	13,268	17.0%
6702	Insurance- Liability/Vehicles	82,800	24,685	58,115	29.8%
6703	Postage	8,528	1,311	7,217	15.4%
6704	Printing/Printing Supplies	10,350	(579)	10,929	-5.6%
6705	Equipment Services/Maintenance	20,700	5,281	15,419	25.5%
6706	Computer Supplies & Upgrades	33,120	8,076	25,044	24.4%
6707	Security & Safety	11,461	3,101	8,360	27.1%
6708	Other Fees	533	-	533	NA
6709	Customer Credit Card Svs Fees (H)	108,539	56,728	51,811	52.3%
6700	OFFICE SUPPLIES & EQUIP	292,022	101,325	190,698	34.7%
6801	Dues & Publications (I)	31,759	14,041	17,718	44.2%
6802	Gov't Fees & Licenses	30,893	10,797	20,096	34.9%
6803	BAWSCA Membership Assessments	78,660	24,443	54,217	31.1%
6804	Env Health - Cross Connection Inspection	33,048	11,167	21,881	33.8%
6805	Software License	41,555	18,691	22,864	45.0%
6800	MEMBERSHIP & GOV FEES	215,915	79,138	136,777	36.7%
6901	Bad Debt (J)	7,245	20,489	(13,244)	282.8%
6902	Claims	10,350	50	10,300	0.5%
6900	BAD DEBT & CLAIMS	17,595	20,539	(2,944)	116.7%
7001	Utilities-Internet/Cable	10,350	2,156	8,194	20.8%
7002	Utilities-Cellular Telephones	12,633	5,279	7,354	41.8%
7003	Utilities-Electric-Pumping	234,531	82,463	152,068	35.2%
7004	Utilities-Electric-Bldgs&Grounds	25,585	9,125	16,460	35.7%
7005	Utilities-Telephones	25,875	8,197	17,678	31.7%
7006	Utilities-Sewer - NPDES	7,943	1,567	6,376	19.7%
7000	UTILITIES	316,917	108,786	208,131	34.3%
7101	Prof Serv - District Counsel	77,625	16,003	61,622	20.6%
7102	Prof Serv - District Engineer (K)	67,275	32,086	35,189	47.7%
7103	Prof Serv - IT	20,441	7,442	12,999	36.4%
7104	Prof Serv- Annual Finance Audit (L)	19,665	15,000	4,665	76.3%
7105	Prof Serv - Mngmt Consult	-	42	(42)	NA
7106	Prof Serv- Accounting & Payroll	22,511	6,398	16,113	28.4%
7107	Prof Serv- Customer Billing	74,779	19,462	55,317	26.0%
7109	Prof Serv - Answering Svs	5,175	1,124	4,051	21.7%
7110	Prof Serv - Miscellaneous (M)	129,375	62,588	66,787	48.4%
7111	Prof Serv - District Treasurer	3,830	900	2,930	23.5%
7100	PROFESSIONAL SERVICES	420,676	161,045	259,631	38.3%
7201	Director Travel	147 5,175	-	5,175	NA
7202	Director Expense	1,035	-	1,035	NA

**MID-PENINSULA WATER DISTRICT
OPERATIONS BUDGET FOR YEAR 2018-2019
DETAILED**

Target YTD % 33.7%

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	APPROVED FY 2018-2019 BUDGET \$	ACTUAL 7/1/2018 10/31/2018	REMAINING BALANCE/ (OVER BUDGET)	Y-T-D % OF BUDGET
7203	Elections	15,000	-	15,000	NA
7204	Employee Travel/Training	33,120	8,607	24,513	26.0%
7205	Meetings Expense	7,245	1,863	5,382	25.7%
7200	TRAINING & TRAVEL	61,575	10,470	51,105	17.0%
7302	Restricted Earnings Expense - Interest LAIF & COP (D)	125,000	140,796	(15,796)	112.6%
7300	RESTRICTED EARNINGS EXPENSE	125,000	140,796	(15,796)	112.6%
8001	Working Reserves: Capital	-	-	-	NA
8002	Working Reserves: Operating	-	-	-	NA
8000	RESERVES	-	-	-	NA
9010	DEPRECIATION	931,500	295,641	635,859	31.7%
9011	DEBT SERVICE TRUSTEE FEES & EXPENSES	-	-	-	NA
9012	DEBT SERVICE 2017-2018 COPs	1,051,500	232,973	818,527	22.2%
SUB-TOTAL - OPERATING EXPENSES		9,861,485	3,565,637	6,295,848	36.2%
TOTAL OPERATING EXPENSES		12,992,000	4,401,044	8,590,957	33.9%
NET OPERATING SURPLUS/(LOSS)					
TRANSFER TO CAPITAL		-	932,402	(932,402)	

- (A) Water revenues are at 44.6% and water purchases are at 40.8%. Water revenues is a preliminary number. Revenue does not include the second half of the month.
- (B) Reimbursement for damage to Fire Hydrant totaling \$8,245.
- (C) Fire Flow Revenue totaling \$1,979; PG&E Reimbursement for work not completed totaling \$6,029; Project vehicle revenue totaling \$2,273.
- (D) LAIF and COP funds generating more interest revenue than expected.
- (E) Will be adjusting this at mid-year.
- (F) Currently not paying retiree benefits out of the PARS OPEB account but will be this fiscal year.
- (G) Purchase of promotional inventory totaling \$7,871.
- (H) More customers are using credit cards to pay their monthly water bills. This will be reduced when a \$3 fee is added to the credit card fees.
- (I) CSDA membership which was not paid for 2017 totaled \$561.
- (J) First month since the implementation of the new financial management system to send customers to collections.
- (K) Costs related to fire flow tests are allocated back when test completed totaling \$1,979. However, there is offsetting income for the same.
- (L) Field work for the audit completed.
- (M) Personnel Koff Study and GM Housing \$8,598; Fee & Service Study \$6,600.

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

	Jul 18 - Oct 18	Jul 17 - Oct 17	\$ Change	% Change
Ordinary Income/Expense				
Income				
OPERATING REVENUE	5,087,685.14	5,335,192.24	-247,507.10	-4.64%
INTEREST INCOME	140,796.11	73,455.89	67,340.22	91.67%
CAPITAL CONTRIBUTION	5,591.50	0.00	5,591.50	100.0%
OTHER INCOME	104,964.13	63,362.13	41,602.00	65.66%
Total Income	5,339,036.88	5,472,010.26	-132,973.38	-2.43%
Expense				
PERSONNEL COSTS	835,407.03	814,549.04	20,857.99	2.56%
PURCHASED WATER	2,275,072.30	2,303,920.30	-28,848.00	-1.25%
OUTREACH/EDUCATION (A)	21,152.48	8,644.50	12,507.98	144.69%
M&4 - OPS SYSTEMS	64,405.53	96,804.93	-32,399.40	-33.47%
FACILITIES & EQUIPMENT (B)	54,294.07	41,847.10	12,446.97	29.74%
OFFICE SUPPLIES & EQUIPMENT	101,324.50	87,244.47	14,080.03	16.14%
MEMBERSHIP & GOV FEES	79,137.53	63,523.10	15,614.43	24.58%
BAD DEBT & CLAIMS (C)	20,539.12	-4,431.46	24,970.58	563.48%
UTILITIES	108,786.45	84,018.08	24,768.37	29.48%
PROFESSIONAL SERVICES (D)	161,045.38	111,304.16	49,741.22	44.69%
TRAINING & TRAVEL	10,469.89	10,706.21	-236.32	-2.21%
Total Expense	3,731,634.28	3,618,130.43	113,503.85	3.14%
Net Ordinary Income	1,607,402.60	1,853,879.83	-246,477.23	-13.3%
Other Income/Expense				
Other Expense				
DEPRECIATION	295,640.54	278,189.47	17,451.07	6.27%
COP Financing Costs	232,972.80	232,580.50	392.30	0.17%
Total Other Expense	528,613.34	510,769.97	17,843.37	3.5%
Net Revenue/(Expenses)	1,078,789.26	1,343,109.86	-264,320.60	-19.7%

RECONCILIATION TO OPERATING BUDGET

Adjustments to Increase Net Operating Surplus

Interest Income - LAIF & COP Interest	-140,796.11
Capital Contribution	-5,591.50
Debt Service Principal Payment	
Total Adjustments to Increase Net Operating Surplus	<u>-146,387.61</u>

Net Revenue/(Expenses) 1,078,789.26

Net Operating Surplus/(Loss) Transfer to Capital 932,401.65

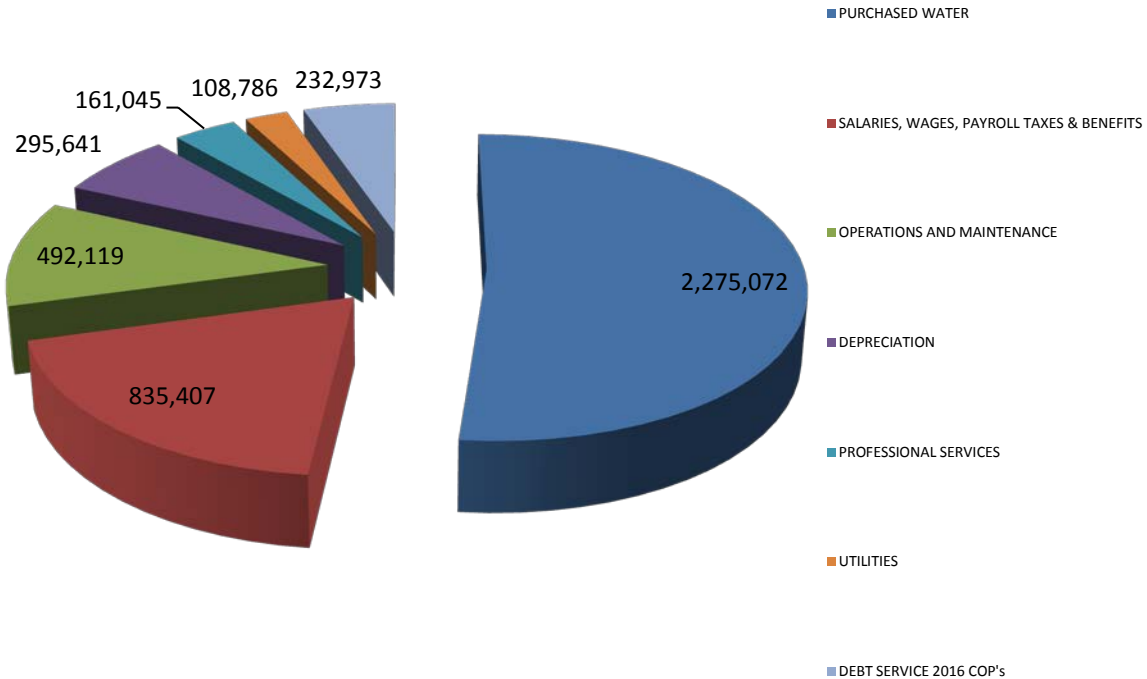
(A) Promotional items purchased in September totaling \$7,871.

(B) Tree Trimming at Buckland Tank totaling \$5,100 in FY2018/2019; Various meter upgrade costs totaling \$3,229 pulled from Operations and put into Projects Costs for Fixed Assets in FY2017/2018.

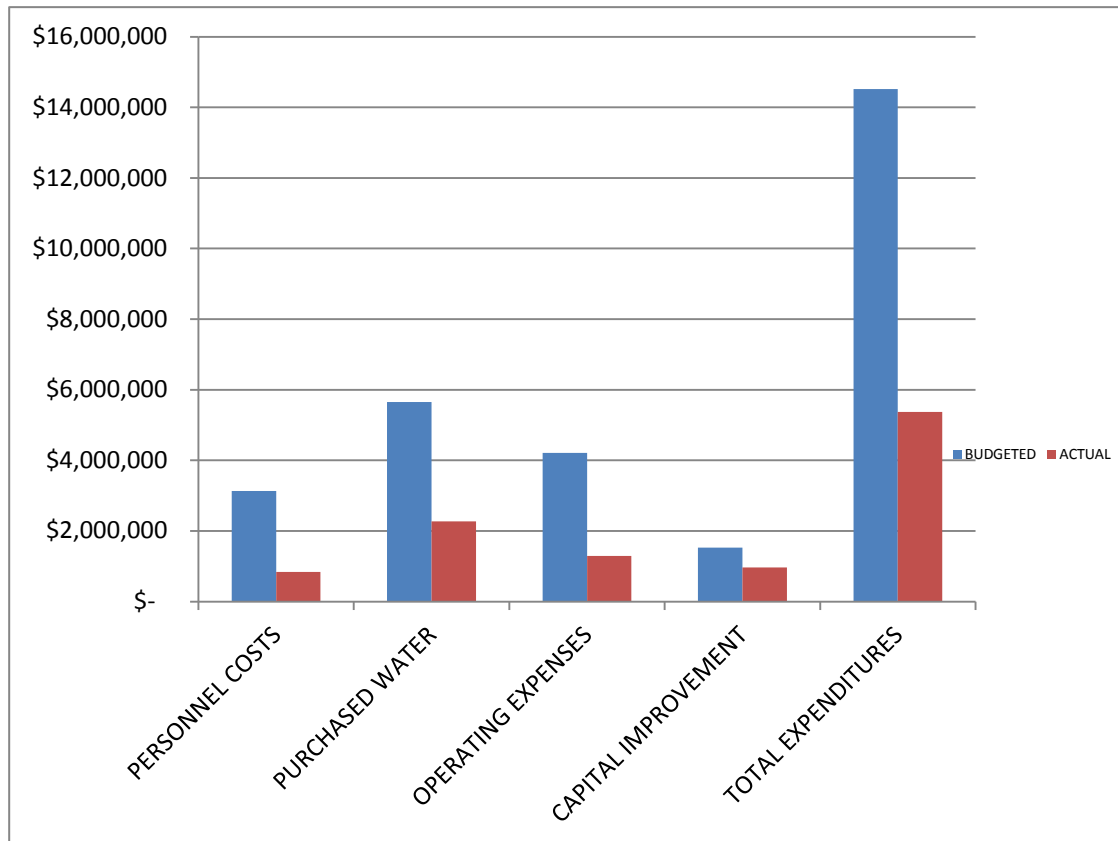
(C) Bad Debt Claims were not assessed in 2017-2018 due to new Financial Management System. So all were recognized in 2018/2019.

MID-PENINSULA WATER DISTRICT
ACTUAL OPERATING EXPENDITURES SUMMARY
Oct-18

OPERATING EXPENDITURES	ACTUAL \$	% OF TOTAL
PURCHASED WATER	2,275,072	51.7%
SALARIES, WAGES, PAYROLL TAXES & BENEFITS	835,407	19.0%
OPERATIONS AND MAINTENANCE	492,119	11.2%
DEPRECIATION	295,641	6.7%
PROFESSIONAL SERVICES	161,045	3.7%
UTILITIES	108,786	2.5%
DEBT SERVICE 2016 COP's	232,973	5.3%
TOTAL OPERATING EXPENDITURES	4,401,044	100%



2018/2019 BUDGET vs ACTUAL TOTAL EXPENDITURES Oct-18



	BUDGETED	ACTUAL	BUDGETED % OF TOTAL	ACTUAL % OF TOTAL
TOTAL EXPENDITURES				
PERSONNEL COSTS	\$ 3,130,516	\$ 835,407	22%	16%
PURCHASED WATER	\$ 5,654,624	\$ 2,275,072	39%	42%
OPERATING EXPENSES	\$ 4,206,860	\$ 1,290,564	29%	24%
CAPITAL IMPROVEMENT	\$ 1,526,500	\$ 968,311	11%	18%
TOTAL EXPENDITURES	\$ 14,518,500	\$ 5,369,355	100%	100%

**MID-PENINSULA WATER DISTRICT
BUDGET FOR FY 2018-2019
Capital Projects**

DESCRIPTION	APPROVED FY 2018-2019 BUDGET \$	ACTUAL 7/1/2018 10/31/2018	REMAINING BALANCE/ (OVER BUDGET)	Target YTD %
				33.7% Y-T-D % OF BUDGET
CAPITAL IMPROVEMENTS - WORK IN PROCESS (WIP)				
2017 Joint WMR and Belmont Sewer Rehab Project (Pay-Go Portion)	500,000	403,632	96,368	80.7%
2017 Water Main Replacement CIP (Pay-Go Portion)	-	58,195	(58,195)	N/A
El Camino Real Improvements	-	2,208	(2,208)	N/A
Notre Dame/Cliffside/Tahoe	-	1,952	(1,952)	N/A
AMI Meter Change Out Program	778,500	449,684	328,816	57.8%
CAPITAL IMPROVEMENTS - WIP TOTAL	1,278,500	915,671	362,829	71.6%
CAPITAL OUTLAY				
Replacement Mini-Excavator for Operations	50,000	45,998	4,002	92.0%
Replacement Service Truck for Operations	148,000	-		
Miscellaneous Capital Outlay/Projects	50,000	6,642	43,358	13.3%
CAPITAL OUTLAY TOTAL	248,000	52,640	47,360	21.2%
CAPITAL IMPROVEMENTS & CAPITAL OUTLAY TOTAL	1,526,500	968,311	410,189	63.4%
DEPRECIATION	931,500	295,641	635,859	31.7%
TRANSFER FROM OPS	-	932,402	(932,402)	N/A
TRANSFER (TO)/FROM CAPITAL RESERVES	595,000	(259,731)	854,731	-44.0%
CAPITAL OUTLAY/CAPITAL PROJECTS	(1,526,500)	(968,311)	(558,189)	63.4%
NET RESULTS OF CAPITAL	-	(0)	0	N/A

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

	31-Oct-18	31-Oct-17	\$ Change	% Change
ASSETS				
CURRENT ASSETS				
Total Checking/Savings	6,074,019.65	25,445,446.34	-19,371,426.69	-76.13%
Total COP Funds	15,412,830.36	0.00	0.00	100.0%
Total Accounts Receivable	1,236,196.44	1,247,697.58	-11,501.14	-0.92%
Total Other Current Assets	317,550.73	290,903.07	26,647.66	9.16%
TOTAL CURRENT ASSETS	23,040,597.18	26,984,046.99	-3,943,449.81	-14.61%
FIXED ASSETS				
Fixed Assets	47,009,523.52	43,818,177.84	3,191,345.68	7.28%
Accumulated Depreciation	-27,562,408.92	-26,946,230.21	-616,178.71	-2.29%
Construction in Progress	3,069,611.72	1,319,356.14	1,750,255.58	132.66%
TOTAL FIXED ASSETS	22,516,726.32	18,191,303.77	4,325,422.55	23.78%
TOTAL OTHER ASSETS	1,210,079.34	803,133.00	406,946.34	50.67%
TOTAL ASSETS	46,767,402.84	45,978,483.76	788,919.08	1.72%
LIABILITIES & EQUITY				
LIABILITIES				
CURRENT LIABILITIES				
Total Accounts Payable	568,143.07	240,198.60	327,944.47	136.53%
Total Other Current Liabilities	2,341,503.57	2,172,239.12	169,264.45	7.79%
TOTAL CURRENT LIABILITIES	2,909,646.64	2,412,437.72	497,208.92	20.61%
LONG TERM LIABILITIES				
Total COP Financing Debt (B)	17,910,000.00	18,255,000.00	-345,000.00	-1.89%
Total COP Premium (B)	878,490.90	909,772.50	-31,281.60	-3.44%
Total Other Long Term Liabilities (B)	2,310,175.00	1,765,634.45	544,540.55	30.84%
TOTAL LONG TERM LIABILITIES	21,098,665.90	20,930,406.95	168,258.95	0.8%
TOTAL LIABILITIES	24,008,312.54	23,342,844.67	665,467.87	2.85%
EQUITY				
3000 - Opening Bal Equity	0.00	0.00	0.00	0.0%
3800 - RESERVES *	5,211,765.83	5,704,853.91	-493,088.08	-8.64%
3940 - Fund Bal Invest in Util Plant	22,516,726.32	17,996,822.89	4,519,903.43	25.12%
Net Assets (A)	-4,969,401.85	-1,066,037.71	-3,903,364.14	-366.16%
TOTAL EQUITY	22,759,090.30	22,635,639.09	123,451.21	0.55%
TOTAL LIABILITIES & EQUITY	46,767,402.84	45,978,483.76	788,919.08	1.72%

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

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