



**REGULAR MEETING
BOARD OF DIRECTORS
MONDAY, NOVEMBER 16, 2015 – 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 any Consent Agenda item or 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

None

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 of October 22, 2015
- B. Approve Expenditures from October 14, 2015, through November 4, 2015
- C. Approve Contract for Professional Services in the amount of \$42,400 with Cornerstone Structural Engineering Group, Inc., for Hallmark Water Storage Tanks Seismic Retrofit Evaluation and Strategy Development
- D. Approve the Purchase of Four (4) Vehicles for MPWD Operations from Towne Ford of Redwood City for a Total Cost of \$108,000
- E. Approve the Emergency Purchase and Replacement of a New Electric Motor for Pump #3 at MPWD's Tunnels Pump Station from Pump Repair Service Company of Daly City at a Cost Not to Exceed \$60,000

6. HEARINGS AND APPEALS

None

7. DROUGHT AND WATER CONSERVATION

A. Water Conservation Progress Report

8. REGULAR BUSINESS AGENDA

A. Receive and Accept the Financial Audit Report for Fiscal Year Ended June 30, 2015, Presented by David Becker, CPA, of James Marta & Company LLP

B. Review MPWD PARS OPEB Trust Account Investment Structure and Performance, and Consider Resolution 2015-20 Approving Investment Portfolio for the OPEB Trust Account, and Receive Presentation about New PARS Pension Rate Stabilization Program

C. Discuss Preliminary DRAFT of Proposed MPWD 5-Year Capital Improvement Program for Fiscal Years 2016/2017 through FY 2020/2021 and Financing Options

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

C. Director Reports

10. FUTURE AGENDA ITEMS

Requests from Board members to receive feedback, direct staff to prepare information, and/or request a formal agenda report be prepared and the item placed on a future agenda. No formal action can be taken.

11. COMMUNICATIONS

12. ADJOURNMENT

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

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: Wednesday, December 16, 2015, at 6:30PM

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

October 22, 2015
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 Linvill at 6:30 PM.

B. Pledge of Allegiance – The Pledge of Allegiance was led by Board Secretary/Administrative Services Manager Candy Pina.

C. Establishment of Quorum:

PRESENT: Directors Linvill, Stuebing, Vella, Warden and Zucca.

ABSENT: None

A quorum was present.

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

District Treasurer Jeff Ira was absent.

2. PUBLIC COMMENTS

None.

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

Director Warden asked to pull Consent Agenda Item 5.C. for separate discussion: Approve Contract for Professional Services in the amount of \$42,400 with Cornerstone Structural Engineering Group, Inc., for Hallmark Water Storage Tank Seismic Retrofit Evaluation and Strategy Development.

4. ACKNOWLEDGEMENTS/PRESENTATIONS

None.

5. CONSENT AGENDA

A. Approve Minutes for the Regular Board Meeting of September 24, 2015.

B. Approve Expenditures from September 17, 2015, through October 13, 2015.

Director Vella moved to approve the Consent Agenda without Item 5.C., which was pulled for separate consideration, Director Stuebing seconded, and it was unanimously approved.

Consent Agenda Item 5.C. was considered separately.

50 **C. Approve Contract for Professional Services in the amount of \$42,400 with**
51 **Cornerstone Structural Engineering Group, Inc., for Hallmark Water Storage Tanks**
52 **Seismic Retrofit Evaluation and Strategy Development.**

53 Director Warden asked there be a breakdown in the contract scope by task and
54 information on housing rates to revise the proposed compensation from lump sum to
55 time and material with a sum not to exceed. President Linvill added she would like to
56 see background, including any prior project history MPWD has had with the vendor.
57 Director Zucca added this information is readily available by the consultant since they
58 have to go through this detailed process to arrive at their proposal. General Manager
59 Rudock will come back next month with the agreed upon parameters for this contract.
60

61 **6. HEARINGS AND APPEALS**

62 None.
63

64 **7. DROUGHT AND WATER CONSERVATION**

65 **A. Water Conservation Progress Report**

66 General Manager Rudock highlighted that MPWD exceeded its 20% target by almost
67 11%. Jeanette Kalabolas summarized her quarterly written report on water
68 conservation activities.

69 **B. Receive Report on State Model Water Efficient Landscape Ordinance**
70 **Revisions, Proposed BAWSCA Model Water Efficient Landscape**
71 **Ordinance, and Recommended Direction for MPWD**

72 General Manager Rudock summarized her written report and highlighted the MPWD's
73 options to use the State's Model Ordinance or the BAWSCA Model Ordinance. Staff is
74 working on a regional team to finalize the BAWSCA Ordinance and will bring that one
75 back for the Board's consideration in December. Vice President Zucca said in 2010,
76 MPWD symbolically adopted the BAWSCA Ordinance.
77

78 **8. REGULAR BUSINESS AGENDA**

79 **A. Consider Resolution 2015-19 Adopting the Revised MPWD Conflict of Interest**
80 **Code**

81 General Manager Rudock pointed out the only change made to the Conflict of Interest
82 Code was the change in the position title of one of the designated employees, from
83 Operations Superintendent to Operations Manager.
84

85 Director Warden moved to approve Resolution 2015-19 adopting the Revised MWP
86 Conflict of Interest Code, Vice President Zucca seconded. Roll call was taken, and it
87 was unanimously approved.

88 **B. Consider and Confirm MPWD 2016 Board Meeting Schedule**

89 General Manager Rudock offered up a proposed schedule for 2016's Board meeting
90 dates. All meeting dates through November were agreed upon, and Thursday,
91 December 15, 2016 was selected for the December Board meeting.
92

93 **9. MANAGER'S AND BOARD REPORTS**

94 **A. General Manager's Report**

95 General Manager Rudock highlighted that MPWD will be closed on November 11th for
96 Veteran's Day. She will not be attending the ACWA Conference in December due to
97 other scheduling conflicts. She distributed San Mateo County's informational document
98 regarding Sea Level Changes, and directed those interested in more detail to visit the
99 website: <http://www.pointblue.org/ocof>.

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1. Supplemented by Administrative Services Manager’s Report

Administrative Services Manager Pina pointed out staff had a pumpkin carving contest, and the pumpkins entered were sitting in the audience.

2. Supplemented by Operations Manager’s Report

Operations Manager Ramirez discussed the initial meeting BAWSCA organized for the San Mateo County Ground Water Sustainability Partnership he and General Manager Rudock attended. Dr. Adrienne Carr from BAWSCA spoke about the San Mateo County Plain sub-basin. There are 515 basins which are part of the Ground Water Act. Each basin has been ranked between low, medium, and high priority. Those that are ranked between medium and high priority will be required to have a Ground Water Management Plan in place by 2020. This plan will need to be implemented by 2042. BAWSCA will be creating a plan for the benefit of BAWSCA member agencies as a starting point for those that are required to put a plan in place by 2020.

3. Supplemented by District Engineer’s Report

District Engineer Pakpour distributed the list of capital projects, the resulting work product from the water hydraulic modeling project. The summary page outlined the 90 infrastructure projects with costs. Next steps are to prioritize the projects into a 5-year and 10-year Capital Improvement Program. Operations Manager Ramirez will be working with staff to prioritize and break out potential projects that can be accomplished internally. Next week, MPWD’s management team will be meeting with a financial advisor to start looking at possible funding scenarios for the identified capital needs of the MPWD. Given that the total projected CIP is \$47,400,000, the historical pay-as-you-go model appropriating \$1,500,000 each year for capital projects would take close to 50 years to complete the identified projects. Next month, General Manager Rudock will introduce a 5-year capital improvement program with a rolling 10-year plan. She will also have introductory remarks on funding options.

President Linvill thanked District Engineer and staff for the work they did on this very important and vital document of which she is very proud to be a part. Vice President Zucca said the work was outstanding. Director Stuebing appreciated the team building exercise this project offered, and speculated that the improved culture will live a long time. Director Warden asked to include a pay-as-you-go option as one of the funding mechanisms.

B. Financial Reports

General Manager Rudock noted that total revenues and expenses are on target.

C. Director Reports

Director Stuebing reported he will be attending the San Mateo County California Special District Association (CSDA) meeting.

Director Vella reported that he attended the HIA meeting and presentation and annual report on the industrial and commercial real estate market in Belmont and surrounding cities within San Mateo County.

151 President Linvill reported that the Audit Committee met with David Becker of James
152 Marta & Company to review the 2014-2015 financial audit results. She and Director
153 Warden confirmed they were very pleased with the results.
154

155 **10. FUTURE AGENDA BUSINESS ITEMS**

156 None.
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158 **11. COMMUNICATIONS**

159 None.
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161 Director Stuebing motioned to adjourn at 7:50PM, Director Warden seconded, and it was
162 unanimously approved.
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165 _____
166 DISTRICT SECRETARY
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168 APPROVED:
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171 _____
172 BOARD PRESIDENT

| Type | Num | Date | Name | Account | Paid Amount |
|------------------------|--------------------|-------------------|---------------------------|------------------------------|----------------------|
| Bill Pmt -Check | | 10/22/2015 | NAPA AUTO PARTS | 1030 · Cash- Checking | |
| Bill | Reverse Credit | 10/01/2015 | NAPA AUTO PARTS | 2100 · Accounts Payable | \$ - |
| | | | | | <u>\$ -</u> |
| Bill Pmt -Check | | 10/29/2015 | RICOH Philadelphia | 1030 · Cash- Checking | |
| Bill | Adj | 10/01/2015 | RICOH Philadelphia | 2100 · Accounts Payable | \$ - |
| | | | | | <u>\$ -</u> |
| Check | EFT101615-1 | 10/16/2015 | ICMA contributions | 1030 · Cash- Checking | |
| | | | | 1430 · Payroll Clearing A/C | \$ (666.24) |
| | | | | | <u>\$ (666.24)</u> |
| Check | EFT102015-1 | 10/20/2015 | CALPERS | 1030 · Cash- Checking | |
| | | | | 1430 · Payroll Clearing A/C | \$ (1,103.86) |
| | | | | 1430 · Payroll Clearing A/C | \$ (1,262.03) |
| | | | | | <u>\$ (2,365.89)</u> |
| Check | EFT102715-1 | 10/27/2015 | CALPERS | 1030 · Cash- Checking | |
| | | | | 1430 · Payroll Clearing A/C | \$ (3,138.17) |
| | | | | 1430 · Payroll Clearing A/C | \$ (3,587.81) |
| | | | | | <u>\$ (6,725.98)</u> |

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|------------------------|--------------------|---|---------------------------------------|----------------------|
| Bill Pmt -Check | EFT102915-1 | 10/29/2015 WELLS FARGO BUSINESS CARD | 1030 - Cash- Checking | |
| Bill | | 10/21/2015 | 7204 · Employee Travel/Training | \$ (13.58) |
| | | | 7204 · Employee Travel/Training | \$ (50.67) |
| | | | 7204 · Employee Travel/Training | \$ (9.78) |
| | | | 7204 · Employee Travel/Training | \$ (165.58) |
| | | | 7204 · Employee Travel/Training | \$ (273.93) |
| | | | 6801 · Dues & Publications | \$ (152.77) |
| | | | 6706 · Equipment Services/Maintenance | \$ (522.02) |
| | | | 6706 · Equipment Services/Maintenance | \$ (1,032.28) |
| | | | 7204 · Employee Travel/Training | \$ (10.17) |
| | | | 6303 · Public Outreach & Education | \$ (130.78) |
| | | | 6302 · School Conservation Program | \$ (176.62) |
| | | | 6052 · Uniforms | \$ (546.34) |
| | | | 7202 · Director Expenses | \$ (29.41) |
| | | | 9998 · Suspense Clearing | \$ (997.21) |
| | | | 1440 · Auto/Transprtion Clearing AC | \$ (25.93) |
| | | | 7205 · Meeting Expenses | \$ (1.53) |
| | | | | <u>\$ (4,138.60)</u> |
| Bill Pmt -Check | EFT110315-1 | 11/03/2015 WELLS FARGO BUSINESS CARD | 1030 - Cash- Checking | |
| Bill | | 10/21/2015 | 6503 · M&R - Vehicle & Large Equip | \$ (29.99) |
| | | | 6402 · Pumping | \$ (464.47) |
| | | | 7204 · Employee Travel/Training | \$ (75.00) |
| | | | | <u>\$ (569.46)</u> |
| Check | EFT101515-2 | 10/15/2015 ICMA contributions | 1030 - Cash- Checking | |
| | | | 1430 · Payroll Clearing A/C | \$ (887.98) |
| | | | | <u>\$ (887.98)</u> |
| Check | EFT101615-2 | 10/16/2015 Health Equity | 1030 - Cash- Checking | |
| | | | 1430 · Payroll Clearing A/C | \$ (659.58) |
| | | | | <u>\$ (659.58)</u> |
| Check | EFT102015-2 | 10/16/2015 Return Item Charge | 1030 - Cash- Checking | |
| | | | 4013 · Returned Water Charges | \$ (306.25) |
| | | | | <u>\$ (306.25)</u> |

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|-----------------|-------------|-------------------------------|--------------------------------------|-----------------------|
| Check | EFT102615-2 | 10/26/2015 ICMA contributions | 1030 - Cash- Checking | |
| | | | 1430 - Payroll Clearing A/C | \$ (887.98) |
| | | | | <u>\$ (887.98)</u> |
| Check | EFT102715-2 | 10/27/2015 Health Equity | 1030 - Cash- Checking | |
| | | | 1430 - Payroll Clearing A/C | \$ (859.58) |
| | | | | <u>\$ (859.58)</u> |
| Check | EFT101515-3 | 10/15/2015 Health Equity | 1030 - Cash- Checking | |
| | | | 1430 - Payroll Clearing A/C | \$ (250.00) |
| | | | 7106 - Prof Serv - Accting & Payroll | \$ (56.05) |
| | | | | <u>\$ (306.05)</u> |
| Check | EFT101615-3 | 10/16/2015 CALPERS | 1030 - Cash- Checking | |
| | | | 1430 - Payroll Clearing A/C | \$ (3,155.10) |
| | | | 1430 - Payroll Clearing A/C | \$ (3,890.61) |
| | | | | <u>\$ (7,045.71)</u> |
| Check | EFT102615-3 | 10/26/2015 Health Equity | 1030 - Cash- Checking | |
| | | | 1430 - Payroll Clearing A/C | \$ (250.00) |
| | | | | <u>\$ (250.00)</u> |
| Check | EFT102715-3 | 10/27/2015 ICMA contributions | 1030 - Cash- Checking | |
| | | | 1430 - Payroll Clearing A/C | \$ (666.24) |
| | | | | <u>\$ (666.24)</u> |
| Check | EFT101515-4 | 10/15/2015 CALPERS | 1030 - Cash- Checking | |
| | | | 1430 - Payroll Clearing A/C | \$ (7,448.00) |
| | | | | <u>\$ (7,448.00)</u> |
| Bill Pmt -Check | 30042 | 10/20/2015 ACWA/JPIA | 1030 - Cash- Checking | |
| Bill | 0376251 | 10/06/2015 | 1410 - Prepaid Expenses | \$ (38,145.73) |
| | | | | <u>\$ (38,145.73)</u> |
| Bill Pmt -Check | 30043 | 10/20/2015 AIRGAS, LLC | 1030 - Cash- Checking | |
| Bill | 9930597658 | 10/01/2015 | 6501 - M&R - Buildings & Grounds | \$ (111.44) |
| Bill | 9044137774 | 10/05/2015 | 6501 - M&R - Buildings & Grounds | \$ (90.28) |
| | | | | <u>\$ (201.72)</u> |

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| Bill Pmt -Check | 30044 | 10/20/2015 AT&T 60197 | 1030 - Cash- Checking | |
| Bill | 7119538 | 10/01/2015 | 7005 · Utilities - Telephones | \$ (34.85) |
| Bill | 7147295 | 10/10/2015 | 7005 · Utilities - Telephones | \$ (137.51) |
| Bill | 7147122 | 10/10/2015 | 7005 · Utilities - Telephones | \$ (18.60) |
| | | | | <u>\$ (190.96)</u> |
| Bill Pmt -Check | 30045 | 10/20/2015 BAY AREA AIR QUALITY MGMT DIST. | 1030 - Cash- Checking | |
| Bill | 3RH07 | 10/01/2015 | 6802 · Gov't Fees & Licenses | \$ (722.00) |
| | | | | <u>\$ (722.00)</u> |
| Bill Pmt -Check | 30046 | 10/20/2015 BAY AREA WATER SUPPLY & CONSERVATION AGEN | 1030 - Cash- Checking | |
| Bill | 2672-1 | 09/30/2015 | 1410 · Prepaid Expenses | \$ (16,783.00) |
| Bill | 2826 | 10/01/2015 | 6301 · Water Conservation Program | \$ (522.00) |
| Bill | 2815 | 10/06/2015 | 6301 · Water Conservation Program | \$ (658.00) |
| | | | | <u>\$ (17,963.00)</u> |
| Bill Pmt -Check | 30047 | 10/20/2015 BAY POINTE LANDSCAPE | 1030 - Cash- Checking | |
| Bill | BPL-0709 | 10/01/2015 | 6501 · M&R - Buildings & Grounds | \$ (125.00) |
| Bill | BPL0918 | 10/01/2015 | 6501 · M&R - Buildings & Grounds | \$ (5,400.00) |
| Bill | BPL-0708 | 10/07/2015 | 6501 · M&R - Buildings & Grounds | \$ (1,050.00) |
| | | | | <u>\$ (6,575.00)</u> |
| Bill Pmt -Check | 30048 | 10/20/2015 CANDY PINA | 1030 - Cash- Checking | |
| Bill | | 10/13/2015 | 7205 · Meeting Expenses | \$ (32.50) |
| | | | | <u>\$ (32.50)</u> |
| Bill Pmt -Check | 30049 | 10/20/2015 CINTAS CORPORATION | 1030 - Cash- Checking | |
| Bill | 464495835 | 10/01/2015 | 6052 · Uniforms | \$ (338.62) |
| Bill | 464498664 | 10/01/2015 | 6052 · Uniforms | \$ (336.98) |
| Bill | 464501488 | 10/01/2015 | 6052 · Uniforms | \$ (345.88) |
| Bill | 464504291 | 10/01/2015 | 6052 · Uniforms | \$ (340.69) |
| Bill | 464507084 | 10/01/2015 | 6052 · Uniforms | \$ (429.52) |
| | | | | <u>\$ (1,791.69)</u> |

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| Bill Pmt -Check | 30050 | 10/20/2015 COMCAST | 1030 - Cash- Checking | |
| Bill | | 09/30/2015 | 7001 · Utilities - Internet/Cable | \$ (209.03) |
| Bill | | 10/09/2015 | 7001 · Utilities - Internet/Cable | \$ (80.71) |
| Bill | | 10/10/2015 | 7001 · Utilities - Internet/Cable | \$ (94.02) |
| Bill | | 10/10/2015 | 7001 · Utilities - Internet/Cable | \$ (94.02) |
| Bill | | 10/10/2015 | 7001 · Utilities - Internet/Cable | \$ (94.02) |
| | | | | <u>\$ (571.80)</u> |
| Bill Pmt -Check | 30051 | 10/20/2015 GRANITE ROCK, INC. | 1030 - Cash- Checking | |
| Bill | 919825 | 10/03/2015 | 6405 · Meters & Service | \$ (149.03) |
| Bill | 920704 | 10/10/2015 | 6404 · Mains/Distribution | \$ (304.74) |
| | | | 6405 · Meters & Service | \$ (558.50) |
| | | | | <u>\$ (1,012.27)</u> |
| Bill Pmt -Check | 30052 | 10/20/2015 HOME DEPOT | 1030 - Cash- Checking | |
| Bill | 2282988 | 10/01/2015 | 6405 · Meters & Service | \$ (26.06) |
| Bill | 86062 | 10/06/2015 | 6502 · M&R - Equipment & Tools | \$ (35.73) |
| | | | 6501 · M&R - Buildings & Grounds | \$ (89.27) |
| Bill | 0628-00028-00076 | 10/07/2015 | 6405 · Meters & Service | \$ (8.69) |
| | | | | <u>\$ (159.75)</u> |
| Bill Pmt -Check | 30053 | 10/20/2015 JRocket Design77 | 1030 - Cash- Checking | |
| Bill | 2005 | 10/01/2015 | 7110 · Prof Serv - Miscellaneous | \$ (765.00) |
| | | | | <u>\$ (765.00)</u> |
| Bill Pmt -Check | 30054 | 10/20/2015 LINCOLN LIFE | 1030 - Cash- Checking | |
| Bill | | 10/15/2015 | 1430 · Payroll Clearing A/C | \$ (175.00) |
| | | | | <u>\$ (175.00)</u> |
| Bill Pmt -Check | 30055 | 10/20/2015 MADDAUS WATER MANAGEMENT | 1030 - Cash- Checking | |
| Bill | 10282 | 10/06/2015 | 6302 · School Conservation Program | \$ (667.00) |
| | | | | <u>\$ (667.00)</u> |
| Bill Pmt -Check | 30056 | 10/20/2015 OFFICE DEPOT, INC. | 1030 - Cash- Checking | |
| Bill | 9025 | 10/07/2015 | 6701 · Office Supplies | \$ (49.58) |
| Bill | 799230713001 | 10/14/2015 | 6701 · Office Supplies | \$ (77.51) |
| | | | | <u>\$ (127.09)</u> |

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| Bill Pmt -Check | 30057 | 10/20/2015 OFFICE TEAM | 1030 - Cash- Checking | |
| Bill | 44100021 | 10/06/2015 | 7110 · Prof Serv - Miscellaneous | \$ (1,000.00) |
| Bill | 44163591 | 10/14/2015 | 7110 · Prof Serv - Miscellaneous | \$ (1,000.00) |
| | | | | <u>\$ (2,000.00)</u> |
| Bill Pmt -Check | 30058 | 10/20/2015 PARS | 1030 - Cash- Checking | |
| Bill | 32665 | 10/09/2015 | 7110 · Prof Serv - Miscellaneous | \$ (300.00) |
| | | | | <u>\$ (300.00)</u> |
| Bill Pmt -Check | 30059 | 10/20/2015 PETERSON CAT | 1030 - Cash- Checking | |
| Bill | PC040236757 | 10/08/2015 | 6503 · M&R - Vehicle & Large Equip | \$ (45.74) |
| | | | | <u>\$ (45.74)</u> |
| Bill Pmt -Check | 30060 | 10/20/2015 PETTY CASH | 1030 - Cash- Checking | |
| Bill | | 10/19/2015 | 7205 · Meeting Expenses | \$ (18.98) |
| | | | 6501 · M&R - Buildings & Grounds | \$ (158.71) |
| | | | 6050 · Employee Service Recognition | \$ (24.49) |
| | | | 7204 · Employee Travel/Training | \$ (29.98) |
| | | | 6404 · Mains/Distribution | \$ (41.74) |
| | | | 6408 · Employee Safety | \$ (7.61) |
| | | | | <u>\$ (281.51)</u> |
| Bill Pmt -Check | 30061 | 10/20/2015 PG&E CFM/PPC DEPT | 1030 - Cash- Checking | |
| Bill | | 10/13/2015 | 7003 · Utilities - Electric - Pumping | \$ (159.35) |
| Bill | | 10/13/2015 | 7003 · Utilities - Electric - Pumping | \$ (5,576.19) |
| Bill | 6556Sep2015 | 10/13/2015 | 7003 · Utilities - Electric - Pumping | \$ (81.33) |
| Bill | 7816Sep2015 | 10/13/2015 | 7003 · Utilities - Electric - Pumping | \$ (286.19) |
| Bill | 3667Sep2015 | 10/13/2015 | 7003 · Utilities - Electric - Pumping | \$ (73.19) |
| Bill | 2454Sep2015 | 10/13/2015 | 7003 · Utilities - Electric - Pumping | \$ (36.12) |
| Bill | 9032-7OCT2015 | 10/13/2015 | 7003 · Utilities - Electric - Pumping | \$ (9,790.50) |
| Bill | 4665-4OCT2015 | 10/14/2015 | 7003 · Utilities - Electric - Pumping | \$ (676.47) |
| | | | 7004 · Utilities - Electric-Bldgs&Grnd | \$ (2,136.12) |
| | | | | <u>\$ (18,815.46)</u> |
| Bill Pmt -Check | 30062 | 10/20/2015 PRECISE, INC. | 1030 - Cash- Checking | |
| Bill | 15157 | 09/25/2015 | 7107 · Prof Serv - Customer Billing | \$ (632.72) |
| Bill | 15284 | 10/12/2015 | 7107 · Prof Serv - Customer Billing | \$ (630.43) |
| | | | | <u>\$ (1,263.15)</u> |

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|------------------------|--------------|--|---------------------------------------|-----------------------|
| Bill Pmt -Check | 30063 | 10/20/2015 RICOH Philadelphia | 1030 - Cash- Checking | |
| Bill | 47439254 | 10/10/2015 | 6705 · Printing/Printing Supplies | \$ (336.34) |
| | | | | <u>\$ (336.34)</u> |
| Bill Pmt -Check | 30064 | 10/20/2015 ROBERTS & BRUNE CO. INC. | 1030 - Cash- Checking | |
| Bill | S1515403.001 | 10/05/2015 | 6405 · Meters & Service | \$ (61.59) |
| Bill | S1515404.001 | 10/06/2015 | 6404 · Mains/Distribution | \$ (712.51) |
| | | | | <u>\$ (774.10)</u> |
| Bill Pmt -Check | 30065 | 10/20/2015 SAN MATEO ELECTRONICS, INC. | 1030 - Cash- Checking | |
| Bill | 0000290134 | 10/06/2015 | 6701 · Office Supplies | \$ (47.09) |
| | | | | <u>\$ (47.09)</u> |
| Bill Pmt -Check | 30066 | 10/20/2015 STANDARD INSURANCE COMPANY | 1030 - Cash- Checking | |
| Bill | | 10/19/2015 | 1410 · Prepaid Expenses | \$ (780.01) |
| | | | | <u>\$ (780.01)</u> |
| Bill Pmt -Check | 30067 | 10/20/2015 STEPFORD BUSINESS, INC. | 1030 - Cash- Checking | |
| Bill | 1501970 | 10/06/2015 | 6707 · Computer Supplies & Upgrades | \$ (1,564.01) |
| Bill | 1501982 | 10/14/2015 | 1759 · DL W/Cabling - Construction CY | \$ (31,600.60) |
| | | | | <u>\$ (33,164.61)</u> |
| Bill Pmt -Check | 30068 | 10/20/2015 TOWNE FORD SALES | 1030 - Cash- Checking | |
| Bill | 643064 | 10/01/2015 | 6503 · M&R - Vehicle & Large Equip | \$ (430.75) |
| | | | | <u>\$ (430.75)</u> |
| Bill Pmt -Check | 30069 | 10/20/2015 VALLEY OIL COMPANY | 1030 - Cash- Checking | |
| Bill | 315881 | 10/05/2015 | 6402 · Pumping | \$ (212.61) |
| Bill | 31589 | 10/06/2015 | 6402 · Pumping | \$ (213.10) |
| | | | | <u>\$ (425.71)</u> |
| Bill Pmt -Check | 30070 | 10/20/2015 ALLEYNE LABOSSIERE, CPA | 1030 - Cash- Checking | |
| Bill | | 10/14/2015 | 7110 · Prof Serv - Miscellaneous | \$ (100.00) |
| | | | | <u>\$ (100.00)</u> |
| Bill Pmt -Check | 30071 | 10/20/2015 GARY STILLIAN | 1030 - Cash- Checking | |
| Bill | | 10/06/2015 | 6307 · Lawn-Be-Gone Rebates | \$ (1,656.00) |
| | | | | <u>\$ (1,656.00)</u> |

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|------------------------|------------------|---|--------------------------------------|----------------------|
| Bill Pmt -Check | 30072 | 10/29/2015 AT&T 60197 | 1030 - Cash- Checking | |
| Bill | | 10/17/2015 | 7005 · Utilities - Telephones | \$ (17.96) |
| Bill | | 10/20/2015 | 7005 · Utilities - Telephones | \$ (858.23) |
| Bill | | 10/20/2015 | 7005 · Utilities - Telephones | \$ (19.16) |
| | | | | <u>\$ (895.35)</u> |
| Bill Pmt -Check | 30073 | 10/29/2015 BFI of California Inc. - Ox Mtn. Landfill | 1030 - Cash- Checking | |
| Bill | 4227-000042319 | 10/15/2015 | 6501 · M&R - Buildings & Grounds | \$ (89.79) |
| | | | | <u>\$ (89.79)</u> |
| Bill Pmt -Check | 30074 | 10/29/2015 C G UHLENBERG LLP | 1030 - Cash- Checking | |
| Bill | 10835 | 10/01/2015 | 7106 · Prof Serv - Accting & Payroll | \$ (1,025.00) |
| | | | | <u>\$ (1,025.00)</u> |
| Bill Pmt -Check | 30075 | 10/29/2015 CANDY PINA | 1030 - Cash- Checking | |
| Bill | 664716 | 10/22/2015 | 7205 · Meeting Expenses | \$ (75.00) |
| Bill | | 10/26/2015 | 9998 · Suspense Clearing | \$ (360.00) |
| | | | | <u>\$ (435.00)</u> |
| Bill Pmt -Check | 30076 | 10/29/2015 CORNERSTONE | 1030 - Cash- Checking | |
| Bill | 13047 | 10/01/2015 | 1741 · Dekoven - Prof Svs CY | \$ (1,925.00) |
| | | | | <u>\$ (1,925.00)</u> |
| Bill Pmt -Check | 30077 | 10/29/2015 GRANITE ROCK, INC. | 1030 - Cash- Checking | |
| Bill | 922132 | 10/17/2015 | 6405 · Meters & Service | \$ (133.95) |
| | | | 1957 · 2037 Lyon Avenue | \$ (155.16) |
| | | | | <u>\$ (289.11)</u> |
| Bill Pmt -Check | 30078 | 10/29/2015 HOME DEPOT | 1030 - Cash- Checking | |
| Bill | 63827 | 10/20/2015 | 6302 · School Conservation Program | \$ (12.02) |
| Bill | 022056 / 9572244 | 10/22/2015 | 6501 · M&R - Buildings & Grounds | \$ (250.17) |
| Bill | 86872 | 10/26/2015 | 6303 · Public Outreach & Education | \$ (35.05) |
| | | | | <u>\$ (297.24)</u> |
| Bill Pmt -Check | 30079 | 10/29/2015 IDENTIFIX | 1030 - Cash- Checking | |
| Bill | 08970263 | 10/01/2015 | 1410 · Prepaid Expenses | \$ (1,308.00) |
| | | | | <u>\$ (1,308.00)</u> |
| Bill Pmt -Check | 30080 | 10/29/2015 MATCO TOOLS | 1030 - Cash- Checking | |
| Bill | 236528 | 10/13/2015 | 6502 · M&R - Equipment & Tools | \$ (546.86) |
| | | | | <u>\$ (546.86)</u> |

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|------------------------|--------------|--|-------------------------------------|----------------------|
| Bill Pmt -Check | 30081 | 10/29/2015 MHN | 1030 - Cash- Checking | |
| Bill | 3200073321 | 10/17/2015 | 1410 - Prepaid Expenses | \$ (45.54) |
| | | | | <u>\$ (45.54)</u> |
| Bill Pmt -Check | 30082 | 10/29/2015 NAPA AUTO PARTS | 1030 - Cash- Checking | |
| | | | | \$ - |
| Bill Pmt -Check | 30083 | 10/29/2015 OFFICE DEPOT, INC. | 1030 - Cash- Checking | |
| Bill | 801170959001 | 10/21/2015 | 6701 - Office Supplies | \$ (1.73) |
| Bill | 801170751001 | 10/21/2015 | 6707 - Computer Supplies & Upgrades | \$ (57.38) |
| Bill | 1961 | 10/23/2015 | 6707 - Computer Supplies & Upgrades | \$ (81.80) |
| | | | | <u>\$ (140.91)</u> |
| Bill Pmt -Check | 30084 | 10/29/2015 OFFICE TEAM | 1030 - Cash- Checking | |
| Bill | | 10/21/2015 | 7110 - Prof Serv - Miscellaneous | \$ (796.00) |
| | | | | <u>\$ (796.00)</u> |
| Bill Pmt -Check | 30085 | 10/29/2015 OREILLY AUTO PARTS | 1030 - Cash- Checking | |
| Bill | 3535-415180 | 10/01/2015 | 6502 - M&R - Equipment & Tools | \$ (14.15) |
| | | | 6503 - M&R - Vehicle & Large Equip | \$ (74.09) |
| | | | | <u>\$ (88.24)</u> |
| Bill Pmt -Check | 30086 | 10/29/2015 PACE SUPPLY CORP | 1030 - Cash- Checking | |
| Bill | 092980477 | 10/16/2015 | 6303 - Public Outreach & Education | \$ (606.04) |
| Bill | 093006518 | 10/20/2015 | 6405 - Meters & Service | \$ (49.31) |
| | | | | <u>\$ (655.35)</u> |
| Bill Pmt -Check | 30087 | 10/29/2015 PROFORMA | 1030 - Cash- Checking | |
| Bill | 9063702323 | 10/01/2015 | 6303 - Public Outreach & Education | \$ (873.95) |
| | | | | <u>\$ (873.95)</u> |
| Bill Pmt -Check | 30088 | 10/29/2015 ROBERTS & BRUNE CO. INC. | 1030 - Cash- Checking | |
| Bill | S1518593.001 | 10/19/2015 | 1738 - Meter Chg Out - Parts | \$ (28.34) |
| Bill | S1516851.001 | 10/14/2015 | 6404 - Mains/Distribution | \$ (490.96) |
| | | | 6405 - Meters & Service | \$ (1,788.51) |
| | | | | <u>\$ (2,307.81)</u> |
| Bill Pmt -Check | 30089 | 10/29/2015 SAN FRANCISCO WATER DEPT | 1030 - Cash- Checking | |
| | | | | \$ - |

| | | | | |
|------------------------|--------------|---|--------------------------------------|----------------------|
| Bill Pmt -Check | 30090 | 10/29/2015 SFPUC WATER QUALITY | 1030 - Cash- Checking | |
| Bill | 10000630 | 10/02/2015 | 6401 - Water Quality | \$ (6,059.00) |
| | | | | <u>\$ (6,059.00)</u> |
| Bill Pmt -Check | 30091 | 10/29/2015 STEPFORD BUSINESS, INC. | 1030 - Cash- Checking | |
| Bill | 1502035 | 10/20/2015 | 1410 - Prepaid Expenses | \$ (1,400.00) |
| Bill | 1502065 | 10/20/2015 | 7103 - Prof Serv - IT | \$ (400.00) |
| | | | | <u>\$ (1,800.00)</u> |
| Bill Pmt -Check | 30092 | 10/29/2015 VALLEY OIL COMPANY | 1030 - Cash- Checking | |
| Bill | 812009 | 10/16/2015 | 6504 - M&R - Fuel | \$ (1,131.04) |
| | | | | <u>\$ (1,131.04)</u> |
| Bill Pmt -Check | 30093 | 10/29/2015 VERIZON WIRELESS | 1030 - Cash- Checking | |
| Bill | 9753989254 | 10/15/2015 | 7002 - Utilities - Cell Telephone | \$ (824.14) |
| | | | | <u>\$ (824.14)</u> |
| Bill Pmt -Check | 30094 | 10/29/2015 ZEE MEDICAL SERVICE CO INC | 1030 - Cash- Checking | |
| Bill | 0163154126 | 10/01/2015 | 6408 - Employee Safety | \$ (353.76) |
| | | | | <u>\$ (353.76)</u> |
| Bill Pmt -Check | 30095 | 10/29/2015 DAVID GREEN | 1030 - Cash- Checking | |
| Bill | | 10/23/2015 | 6307 - Lawn-Be-Gone Rebates | \$ (802.00) |
| | | | | <u>\$ (802.00)</u> |
| Bill Pmt -Check | 30096 | 10/29/2015 MICHAEL ROTH | 1030 - Cash- Checking | |
| Bill | | 10/23/2015 | 6307 - Lawn-Be-Gone Rebates | \$ (1,780.00) |
| | | | | <u>\$ (1,780.00)</u> |
| Bill Pmt -Check | 30097 | 10/29/2015 PAKPOUR CONSULTING GROUP, INC | 1030 - Cash- Checking | |
| Bill | | 10/15/2015 | 7102 - Prof Serv - District Engineer | \$ (500.00) |
| | | | | <u>\$ (500.00)</u> |
| Bill Pmt -Check | 30098 | 10/29/2015 PAUL SHENG | 1030 - Cash- Checking | |
| Bill | | 10/23/2015 | 6307 - Lawn-Be-Gone Rebates | \$ (1,470.00) |
| | | | | <u>\$ (1,470.00)</u> |
| Bill Pmt -Check | 30099 | 10/29/2015 STEVE SCHNEIDER | 1030 - Cash- Checking | |
| Bill | | 10/23/2015 | 6307 - Lawn-Be-Gone Rebates | \$ (2,380.00) |
| | | | | <u>\$ (2,380.00)</u> |

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|------------------------|--------------|---|-------------------------------------|----------------------|
| Bill Pmt -Check | 30100 | 11/03/2015 AT&T 60197 | 1030 - Cash- Checking | |
| Bill | 7209442 | 10/24/2015 | 7005 · Utilities - Telephones | \$ (17.95) |
| | | | | <u>\$ (17.95)</u> |
| Bill Pmt -Check | 30101 | 11/03/2015 HANSON, BRIDGETT | 1030 - Cash- Checking | |
| Bill | 1154336 | 10/30/2015 | 7101 · Prof Serv - District Counsel | \$ (455.00) |
| Bill | 1154337 | 10/30/2015 | 7101 · Prof Serv - District Counsel | \$ (455.00) |
| Bill | 1154338 | 10/30/2015 | 7101 · Prof Serv - District Counsel | \$ (292.50) |
| Bill | 1154339 | 10/30/2015 | 7101 · Prof Serv - District Counsel | \$ (315.00) |
| Bill | 1154340 | 10/30/2015 | 7101 · Prof Serv - District Counsel | \$ (1,937.00) |
| Bill | 1154341 | 10/30/2015 | 7101 · Prof Serv - District Counsel | \$ (1,515.00) |
| Bill | 1154342 | 10/30/2015 | 7101 · Prof Serv - District Counsel | \$ (1,000.00) |
| Bill | 1154343 | 10/30/2015 | 7101 · Prof Serv - District Counsel | \$ (1,022.50) |
| Bill | 1154344 | 10/30/2015 | 7101 · Prof Serv - District Counsel | \$ (140.00) |
| | | | | <u>\$ (7,132.00)</u> |
| Bill Pmt -Check | 30102 | 11/03/2015 LINCOLN LIFE | 1030 - Cash- Checking | |
| Bill | | 10/31/2015 | 1430 · Payroll Clearing A/C | \$ (175.00) |
| | | | | <u>\$ (175.00)</u> |
| Bill Pmt -Check | 30103 | 11/03/2015 NAPA AUTO PARTS | 1030 - Cash- Checking | |
| Bill | Stmt090115 | 09/01/2015 | 6502 · M&R - Equipment & Tools | \$ (27.41) |
| | | | | <u>\$ (27.41)</u> |
| Bill Pmt -Check | 30104 | 11/03/2015 NORTHERN SAFETY CO. INC. | 1030 - Cash- Checking | |
| Bill | 980517480 | 10/26/2015 | 6408 · Employee Safety | \$ (414.94) |
| | | | | <u>\$ (414.94)</u> |
| Bill Pmt -Check | 30105 | 11/03/2015 OFFICE DEPOT, INC. | 1030 - Cash- Checking | |
| Bill | 801544507001 | 10/22/2015 | 6701 · Office Supplies | \$ (105.35) |
| Bill | 5722 | 10/26/2015 | 6701 · Office Supplies | \$ (30.51) |
| | | | | <u>\$ (135.86)</u> |
| Bill Pmt -Check | 30106 | 11/03/2015 OFFICE TEAM | 1030 - Cash- Checking | |
| Bill | 44270580 | 10/28/2015 | 7110 · Prof Serv - Miscellaneous | \$ (1,000.00) |
| | | | | <u>\$ (1,000.00)</u> |
| Bill Pmt -Check | 30107 | 11/03/2015 PACIFIC WEST SECURITY, INC. | 1030 - Cash- Checking | |
| Bill | 1005773 | 10/24/2015 | 6501 · M&R - Buildings & Grounds | \$ (16.31) |
| | | | | <u>\$ (16.31)</u> |

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|------------------------|---------------|---|--|------------------------|
| Bill Pmt -Check | 30108 | 11/03/2015 PAKPOUR CONSULTING GROUP, INC | 1030 - Cash- Checking | |
| Bill | 1805 | 10/31/2015 | 7102 · Prof Serv - District Engineer | \$ (366.19) |
| | | | 7102 · Prof Serv - District Engineer | \$ (6,443.06) |
| | | | 207018 · 1901 Alden Street | \$ (262.50) |
| | | | 7102 · Prof Serv - District Engineer | \$ (4,459.88) |
| | | | 7102 · Prof Serv - District Engineer | \$ (1,460.81) |
| | | | 1731 · Hallmark - Prof Svs CY | \$ (203.44) |
| | | | 1721 · Alameda - Prof Svs CY | \$ (3,321.94) |
| | | | 1726 · Karen Road - Prof Svs CY | \$ (2,291.63) |
| | | | 1746 · Folger Demo - Prof Svs CY | \$ (395.06) |
| | | | | <u>\$ (19,204.51)</u> |
| Bill Pmt -Check | 30109 | 11/03/2015 PG&E CFM/PPC DEPT | 1030 - Cash- Checking | |
| Bill | 4441-0OCT2015 | 10/28/2015 | 7004 · Utilities - Electric-Bldgs&Grnd | \$ (7.84) |
| | | | | <u>\$ (7.84)</u> |
| Bill Pmt -Check | 30110 | 11/03/2015 RICOH Philadelphia | 1030 - Cash- Checking | |
| Bill | 47643771 | 10/24/2015 | 6705 · Printing/Printing Supplies | \$ (140.51) |
| | | | | <u>\$ (140.51)</u> |
| Bill Pmt -Check | 30111 | 11/03/2015 ROBERTS & BRUNE CO. INC. | 1030 - Cash- Checking | |
| Bill | S1520365.001 | 10/26/2015 | 1738 · Meter Chg Out - Parts | \$ (450.08) |
| Bill | S1520423.001 | 10/28/2015 | 6404 · Mains/Distribution | \$ (1,372.38) |
| Bill | S1517385.001 | 10/28/2015 | 1957 · 2037 Lyon Avenue | \$ (111.16) |
| | | | | <u>\$ (1,933.62)</u> |
| Bill Pmt -Check | 30112 | 11/03/2015 SAN FRANCISCO WATER DEPT | 1030 - Cash- Checking | |
| Bill | | 10/23/2015 | 6101 · SFPUC Treated Water | \$ (372,194.46) |
| | | | 6102 · BAWSCA (Debt Service Surcharge) | \$ (38,438.00) |
| | | | 6104 · SFPUC Water Service Charge | \$ (6,635.04) |
| | | | | <u>\$ (417,267.50)</u> |
| Bill Pmt -Check | 30113 | 11/03/2015 SAN MATEO ELECTRIC SUPPLY | 1030 - Cash- Checking | |
| Bill | 0000290640 | 10/30/2015 | 6402 · Pumping | \$ (22.81) |
| | | | | <u>\$ (22.81)</u> |
| Bill Pmt -Check | 30114 | 11/03/2015 VANGUARD CLEANING SYSTEMS, INC. | 1030 - Cash- Checking | |
| Bill | | 11/02/2015 | 6501 · M&R - Buildings & Grounds | \$ (385.00) |
| | | | | <u>\$ (385.00)</u> |

| | | | | |
|---------------|-----------|--------------------|------------------------------|----------------------|
| Check | EFT101515 | 10/15/2015 CALPERS | 1030 - Cash- Checking | |
| | | | 1430 - Payroll Clearing A/C | \$ (1,103.86) |
| | | | 1430 - Payroll Clearing A/C | \$ (1,262.03) |
| | | | | <u>\$ (2,365.89)</u> |
| TOTAL: | | | | \$ 642,451.56 |



AGENDA ITEM NO. 5.C.

DATE: November 16, 2015
TO: Board of Directors
FROM: Rene A. Ramirez, Operations Manager
Joubin Pakpour, District Engineer

SUBJECT: APPROVE CONTRACT FOR PROFESSIONAL SERVICES IN THE AMOUNT NOT TO EXCEED \$42,400 WITH CORNERSTONE STRUCTURAL ENGINEERING GROUP, INC., FOR HALLMARK WATER STORAGE TANKS SEISMIC RETROFIT EVALUATION AND STRATEGY DEVELOPMENT

RECOMMENDATION

Approve the contract for professional services in the amount of \$42,400 (paid on a time and material basis) with Cornerstone Structural Engineering Group, Inc. (CSEG), for the Hallmark water tanks seismic retrofit evaluation and strategy development, and authorize the General Manager to sign it and related documents.

FISCAL IMPACT

The cost for these professional services is \$42,400, which is \$12,600 less than the budgeted amount. The Board adopted resolution 2015-18 on September 24, 2015 appropriating \$55,000 within the amended FY 2015/2016 Capital Budget for this project.

DISCUSSION

The Hallmark tank site consists of two tanks with a total available storage of 5.00 million gallons. Both tanks were constructed in 1967. The Hallmark tanks are one the last tank sites within the District that have yet to be seismically analyzed or retrofitted. Both tanks have a 140-foot diameter and a 24-foot height. The primary conveyance mechanism to fill the tanks at Hallmark are the three (3) pumps at the Tunnels Pump Station, though the District is capable of filling system tanks in a variety of methods with the pump stations, regulator stations and plumbing it operates and manages.

The emphasis of work proposed by CSEG will be to perform a useful seismic evaluation following criteria found in the American Water Works Association (AWWA) standard D100. They will compare available documents, notes from a site visit and other available information to compare each tank, as it exists, with contemporary seismic design criteria for similar tanks. From this information CSEG will prepare a report that will among things; describe the tanks structural performance during a "code-level" earthquake, and strategies for the District to

consider should CSEG find the tanks to be seismically deficient. A secondary aspect to CSEG's assignment is that of determining the feasibility of extending the roof height of both tanks in order to increase storage capacity. To complete this assignment, CSEG proposes to utilize the services Paso Robles Tank (the contractor who built the District's tanks at Buckland) for general quality assurance, to assist in developing a construction cost estimate, and as a peer reviewer for constructability.

The final work product will consist of a report with an itemized summary of potential options for the District to consider. The District Engineer expects a draft report within six (6) weeks of issuing a notice to proceed, with a final report three (3) weeks after the District finalizes its comments to the draft report.

The CSEG specializes in structural engineering. Structural engineering is a separate and unique discipline in the engineering field, just as with civil, chemical, industrial or electrical engineering. Professionals, such as engineers or architects, are engaged based on their qualifications and not on low bids for work. Over many years, the District Engineer, has qualified, and come to trust the work of CSEG. In the recent past, CSEG was hired by the District on the recommendation of the District Engineer to conduct a seismic evaluation of the Dekoven Tanks and also designed the recently completed Buckland Tanks.

Attachments: Contract for Professional Services w/attachments

BOARD ACTION: APPROVED:_____ DENIED:_____ POSTPONED:_____ STAFF DIRECTION:_____ UNANIMOUS_____ LINVILL_____ ZUCCA_____ WARDEN_____ STUEBING_____ VELLA_____

PROFESSIONAL SERVICES AGREEMENT

THIS AGREEMENT is made as of this ____ day of November, 2015, by and between MID-PENINSULA WATER DISTRICT, a public agency (“DISTRICT”) and CORNERSTONE STRUCTURAL ENGINEERING GROUP, Inc. a California corporation (“CONSULTANT”).

WHEREAS, the DISTRICT desires to obtain professional services in conjunction with the Hallmark Water Tanks Seismic Retrofit Strategy Project; and

WHEREAS, the CONSULTANT is ready, willing and able to furnish such services and has submitted a Proposal dated October 16, 2015 which is attached hereto and incorporated herein as Exhibit A.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. PROVISION OF SERVICES

The CONSULTANT agrees to provide professional services to DISTRICT in accordance with the terms and conditions of this Agreement. In the performance of its Services, CONSULTANT represents that it has and will exercise that degree of professional care, skill, efficiency and judgment ordinarily employed by consultants providing similar services. CONSULTANT further represents and warrants that it holds currently in effect all licenses, registrations, and certifications in good standing that may be required under applicable law or regulations to perform these services and agrees to retain such licenses, registrations, and certifications in active status throughout the duration of this engagement.

2. SCOPE OF WORK

The scope of CONSULTANT’s work shall be as set forth in Exhibit A. Otherwise, the terms of this Agreement shall control over any contrary provisions of Exhibit A.

3. TERM

This Agreement will commence upon its Effective Date and shall continue until the services set forth in Section 2 are successfully completed, as determined by the DISTRICT. It is understood that the term of this Agreement is subject to the DISTRICT’s right to terminate the Agreement in accordance with Section 13 of this Agreement.

4. CONTRACT AMOUNT

The CONSULTANT shall perform all work set forth in Section 2 of this Agreement for a total sum not to exceed \$42,400, including all labor, materials, taxes, insurance, subcontractor / subconsultant costs, overhead, profit, and all other costs and expenses incurred by CONSULTANT.

5. MANNER OF PAYMENT

The CONSULTANT shall submit monthly invoices as CONSULTANT completes work, and the invoices shall describe the work completed during the billing period, who performed the services, their applicable hourly rate, and all out-of-pocket costs and subcontractor / subconsultant payments, if any. The DISTRICT shall review and approve the invoices and shall pay approved invoices within thirty (30) days of DISTRICT's approval.

All invoices should be sent to: Mid-Peninsula Water District
3 Dairy Lane
P.O. Box 129
Belmont, CA 94002
ATTENTION: Tammy Rudock, General Manager

6. CONSULTANT'S KEY PERSONNEL

It is understood and agreed by the parties that at all times during the term of this Agreement that Tom Swayze, S.E., Principal, shall serve as the primary staff person of CONSULTANT to undertake, render and oversee all of the services under this Agreement.

7. DISTRICT REPRESENTATIVE

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

8. CONSULTANT'S STATUS

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

9. OWNERSHIP OF WORK

A. All reports, designs, drawings, plans, specifications, schedules, and other materials prepared by CONSULTANT under this Agreement ("Work Product") shall be the property of DISTRICT.

B. CONSULTANT assigns to DISTRICT all right, title, and interest in and to the Work Product, including ownership of the entire copyright in the Work Product and any causes of action existing or arising in connection with the copyright to said Work Product. DISTRICT shall be entitled to access to and copies of these materials as they are being developed. Any such materials in the hands of CONSULTANT or in the hands of any subcontractor upon completion or termination of services hereunder shall be immediately delivered to DISTRICT. If any property of the DISTRICT is lost, damaged or destroyed before final delivery to the DISTRICT, the CONSULTANT shall replace it at its own expense and the

CONSULTANT hereby assumes all risks of loss, damage or destruction of or to such materials. The CONSULTANT may retain a copy of all material produced under this agreement for its use in its general business activities.

10. CHANGES

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

11. RESPONSIBILITY; INDEMNIFICATION

CONSULTANT agrees to indemnify, defend and hold harmless the DISTRICT, and its directors, agents, and employees from and against all claims, losses, damages and liabilities (including reasonable attorneys fees) arising out of any injury to persons or property that may occur, or that may be alleged to have occurred, in the course of the performance of the Agreement to the extent caused by CONSULTANT's recklessness or willful misconduct; or by CONSULTANT's negligent provision or omission of services contemplated by this Agreement.

Irrespective of any language to the contrary in this Agreement or under applicable law, CONSULTANT shall have no duty to provide or fund up-front defense costs of DISTRICT against unproven claims or allegations, but shall reimburse those reasonable attorneys' fees, expert fees and all other costs and fees incurred in any judicial proceeding, litigation, arbitration, mediation or other negotiated settlement incurred by DISTRICT that are caused by the negligence, recklessness or willful misconduct of CONSULTANT, its employees, agents and subconsultants (collectively, "Defense Costs"). However, CONSULTANT shall provide its immediate cooperation, at no additional cost to the DISTRICT, to the DISTRICT in defending such claims. Moreover, CONSULTANT's responsibility for the DISTRICT's defense costs shall be limited to the proportion of CONSULTANT's responsibility for the underlying injury as determined in any judicial proceeding, litigation, arbitration, mediation, or other negotiated settlement which addressed the CONSULTANT's responsibility for the underlying injury. In the event that it is determined that the losses, injuries or damages claimed against the DISTRICT did not arise out of, pertain to, or relate to CONSULTANT's negligence, recklessness or willful misconduct, CONSULTANT shall not be responsible for any portion of the DISTRICT's defense costs. This indemnity shall survive the termination of this Agreement.

12. INSURANCE

A. Workers' Compensation: CONSULTANT shall procure and maintain at all times during the performance of such work Worker's Compensation Insurance in conformance with the laws of the State of California and Federal laws where applicable. Employers' Liability Insurance shall not be less than One Million Dollars (\$1,000,000) per accident or disease. Prior to commencement of work hereunder, CONSULTANT shall deliver to DISTRICT a Certificate of Insurance which shall stipulate that 30 days advance written notice of cancellation, shall be given to DISTRICT.

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

Inclusion of the DISTRICT as additional insured shall not in any way affect its rights as respects to any claim, demand, suit or judgment made, brought or recovered against CONSULTANT. Said policy shall protect CONSULTANT and DISTRICT in the same manner as though a separate policy had been issued to each; but nothing in said policy shall operate to increase the Insurer's liability as set forth in the policy beyond the amount or amounts shown or to which the Insurer would have been liable if only one interest had been named as an insured.

Prior to commencement of work hereunder, CONSULTANT shall deliver to DISTRICT a Certificate of Insurance which shall indicate compliance with the insurance requirements of this paragraph and shall stipulate that 30 days advance written notice of cancellation, shall be given to DISTRICT.

C. Professional Liability Insurance: CONSULTANT shall also maintain Professional Liability Insurance covering CONSULTANT's performance under this Agreement with a limit of liability of One Million Dollars (\$1,000,000) per claim and in annual aggregate. Such Insurance shall be renewed annually. Prior to commencing work under this Agreement, CONSULTANT shall furnish to DISTRICT a Certificate of Insurance, or certified copy of the Insurance policy if requested, indicating compliance with requirements of this paragraph. Such certificate or policy shall further stipulate that 30 days advance written notice of cancellation, shall be given to DISTRICT.

13. TERMINATION

DISTRICT shall have the right to terminate this Agreement upon thirty (30) days written notice to the CONSULTANT. Upon receipt of such notice, the CONSULTANT shall not commit itself to any further expenditure of time or resources.

If the Agreement is terminated for any reason other than breach of a material term by CONSULTANT, the DISTRICT shall pay to CONSULTANT all sums actually due and owing from DISTRICT for all services performed and all expenses incurred up to the day written notice of termination is given, plus any costs reasonably and necessarily incurred by CONSULTANT to effect such suspension or termination.

If CONSULTANT breaches a material term of this Agreement and fails to remedy the breach within ten (10) days after the DISTRICT notifies the CONSULTANT of the breach, the Agreement may be terminated immediately and the DISTRICT shall in such event not thereafter pay or allow to the CONSULTANT any compensation for any labor, supplies or materials furnished under this Agreement; and the DISTRICT may proceed to complete this Agreement by other means, and the CONSULTANT shall be liable to the DISTRICT for all loss or damage which it may suffer on account of the CONSULTANT's breach of this Agreement.

14. NOTICES

All communications relating to the day to day activities of the project shall be exchanged between the DISTRICT'S General Manager, or his designee, and the CONSULTANT's Project Manager.

All other notices and communications deemed by either party to be necessary or desirable to be given to the other party, except for confidential reports described in Section 6 of this Agreement, may be given by personal delivery to the representative of the parties or by mailing the same postage prepaid, addressed as follows:

If to the DISTRICT: Mid-Peninsula Water District
3 Dairy Lane
P.O. Box 129
Belmont, CA 94002
ATTENTION: Tammy Rudock, General Manager

If to the CONSULTANT: Cornerstone Structural Engineering Group
40 Federal Street
San Francisco, CA 94107
ATTENTION: Tom Swayze, S.E.

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

15. EQUAL EMPLOYMENT OPPORTUNITY

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

16. RECORDS

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

17. DISTRICT WARRANTIES

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

18. RELEASE OF INFORMATION

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

19. USE OF SUBCONTRACTORS

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

20. ASSIGNMENT

CONSULTANT shall not assign any of the rights nor transfer any of its obligations under this Agreement without the prior written consent of the DISTRICT.

21. ATTORNEY'S COSTS

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

22. APPLICABLE LAW

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

23. BINDING ON SUCCESSORS

All of the terms, provisions and conditions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns and legal representatives. CONSULTANT shall not assign this Agreement without the prior express written approval of the DISTRICT.

24. WAIVER

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

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

26. COMPLIANCE WITH LAWS AND REGULATIONS

During the progress of the work, CONSULTANT shall fully adhere to all applicable State and Federal laws and county, municipal or DISTRICT ordinances and regulations which in any manner affect those engaged or employed in the work, or the materials and equipment used in the work, or which in any way affect the conduct of the work. CONSULTANT, and any subcontractors performing any work under this Agreement, shall hold such licenses as may be required by the State of California for the performance of the work specified in this Agreement.

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

DISTRICT:

MID-PENINSULA WATER DISTRICT

CONSULTANT:

CORNERSTONE STRUCTURAL
ENGINEERING GROUP, INC.

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

*NOTE: This Agreement must be executed by two corporate officers, consisting of: (1) the President, Vice President or Chair of the Board, and (2) the Secretary, Assistant Secretary, Chief Financial Officer, Assistant Chief Financial Officer, or by any person authorized by the corporation to execute written contracts.



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
9/25/2015

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must be endorsed. If **SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

| | | |
|--|---|-----------------------------|
| PRODUCER Dealey, Renton & Associates License No. 0020739 P. O. Box 12675 Oakland CA 94604-2675 | CONTACT NAME: PHONE (A/C, No, Ext): 510-465-3090 E-MAIL ADDRESS: | FAX (A/C, No): 510-452-2193 |
| | INSURER(S) AFFORDING COVERAGE | |
| INSURED CORNESTRU1 Cornerstone Structural Engineering Group, Inc. 40 Federal Street San Francisco, CA 94107 | INSURER A: Travelers Indemnity Co. of Connecticut NAIC # 25682 | |
| | INSURER B: Sentinel Insurance Co. LTD 11000 | |
| | INSURER C: Travelers Property Casualty Co of A 25674 | |
| | INSURER D: XL Specialty Insurance Co. 37885 | |
| | INSURER E: INSURER F: | |

COVERAGES **CERTIFICATE NUMBER: 1100214271** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| INSR LTR | TYPE OF INSURANCE | ADDL INSD | SUBR WVD | POLICY NUMBER | POLICY EFF (MM/DD/YYYY) | POLICY EXP (MM/DD/YYYY) | LIMITS |
|----------|---|-----------|----------|---------------|-------------------------|-------------------------|---|
| A | <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> Contractual <input type="checkbox"/> Liab. Included GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC <input type="checkbox"/> OTHER: | Y | Y | 6809186L745 | 4/1/2015 | 4/1/2016 | EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$1,000,000 MED EXP (Any one person) \$10,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COMP/OP AGG \$2,000,000 \$ |
| B | <input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS | Y | Y | 57UEGAE5754 | 4/28/2015 | 4/28/2016 | COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$ |
| C | <input checked="" type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION \$0 | | | CUP1D324416 | 4/1/2015 | 4/1/2016 | EACH OCCURRENCE \$1,000,000 AGGREGATE \$1,000,000 \$ |
| C | <input checked="" type="checkbox"/> WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below | Y/N | N/A | UB5669Y54A | 3/22/2015 | 3/22/2016 | <input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000 |
| D | Professional Liability | | | DPR9721539 | 3/16/2015 | 3/16/2016 | \$1,000,000 \$3,000,000 Each Claim Annual Aggregate |

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

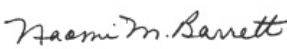
General Liability policy excludes claims arising out of the performance of professional services.

RE: Seismic Analysis of Dekoven and Hallmark

General Liability additional insureds, as required by written contract: Mid-Peninsula Water District Tanks, and its directors, officers, employees and agents
See Attached...

CERTIFICATE HOLDER

CANCELLATION 30 Day NOC/10 Day for NonPay of Prem

| | |
|---|---|
| Mid-Peninsula Water District Tanks 3 Dairy Lane P. O. Box 129 Belmont CA 94002 | SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE  |
|---|---|



ADDITIONAL REMARKS SCHEDULE

| | | | |
|---------------------------------------|-----------|---|--|
| AGENCY Dealey, Renton & Associates | | NAMED INSURED Cornerstone Structural Engineering Group, Inc. 40 Federal Street San Fransico, CA 94107 | |
| POLICY NUMBER | | EFFECTIVE DATE: | |
| CARRIER | NAIC CODE | (Empty) | |

ADDITIONAL REMARKS

**THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
 FORM NUMBER: 25 FORM TITLE: CERTIFICATE OF LIABILITY INSURANCE**

Insurance is primary and non-contributory, per policy wording
 Automobile Liability additional insureds, as required by written contract: Mid-Peninsula Water District Tanks, and its directors, officers, employees and agents



**WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY**

ENDORSEMENT WC 99 03 76(00) — 001

POLICY NUMBER: UB5669Y54A

**WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS
ENDORSEMENT CALIFORNIA
(BLANKET WAIVER)**

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule.

You must maintain payroll records accurately segregating the remuneration of your employees while engaged in the work described in the Schedule.

The additional premium for this endorsement shall be 3.00 % of the California workers' compensation premium otherwise due on such remuneration.

Schedule

Person or Organization

Job Description

Mid-Peninsula Water District Tanks
3 Dairy Lane
P. O. Box 129
Belmont CA 94002

General Liability policy excludes claims arising out of the performance of professional services.

RE: Seismic Analysis of Dekoven and Hallmark
General Liability additional insureds, as required by written contract:
Mid-Peninsula Water District Tanks, and its directors, officers, employees and agents
Insurance is primary and non-contributory, per policy wording
Automobile Liability additional insureds, as required by written contract:

DATE OF ISSUE: 9/25/2015

ST ASSIGN: CA

017106

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BLANKET ADDITIONAL INSURED (ARCHITECTS, ENGINEERS AND SURVEYORS)

This endorsement modifies insurance provided under the following:
COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following is added to WHO IS AN INSURED (Section II):

Any person or organization that you agree in a "contract or agreement requiring insurance" to include as an additional insured on this Coverage Part, but only with respect to liability for "bodily injury", "property damage" or "personal injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

- a. In the performance of your ongoing operations;
- b. In connection with premises owned by or rented to you; or
- c. In connection with "your work" and included within the "products-completed operations hazard".

Such person or organization does not qualify as an additional insured for "bodily injury", "property damage" or "personal injury" for which that person or organization has assumed liability in a contract or agreement.

The insurance provided to such additional insured is limited as follows:

- d. This insurance does not apply on any basis to any person or organization for which coverage as an additional insured specifically is added by another endorsement to this Coverage Part.
- e. This insurance does not apply to the rendering of or failure to render any "professional services".
- f. The limits of insurance afforded to the additional insured shall be the limits which you agreed in that "contract or agreement requiring insurance" to provide for that additional insured, or the limits shown in the Declarations for this Coverage Part, whichever are less. This endorsement does not increase the limits of insurance stated in the **LIMITS OF**

INSURANCE (Section III) for this Coverage Part.

B. The following is added to Paragraph a. of 4. Other Insurance in COMMERCIAL GENERAL LIABILITY CONDITIONS (Section IV):

However, if you specifically agree in a "contract or agreement requiring insurance" that the insurance provided to an additional insured under this Coverage Part must apply on a primary basis, or a primary and non-contributory basis, this insurance is primary to other insurance that is available to such additional insured which covers such additional insured as a named insured, and we will not share with the other insurance, provided that:

- (1) The "bodily injury" or "property damage" for which coverage is sought occurs; and
- (2) The "personal injury" for which coverage is sought arises out of an offense committed;

after you have entered into that "contract or agreement requiring insurance". But this insurance still is excess over valid and collectible other insurance, whether primary, excess, contingent or on any other basis, that is available to the insured when the insured is an additional insured under any other insurance.

C. The following is added to Paragraph 8. Transfer Of Rights Of Recovery Against Others To Us in COMMERCIAL GENERAL LIABILITY CONDITIONS (Section IV):

We waive any rights of recovery we may have against any person or organization because of payments we make for "bodily injury", "property damage" or "personal injury" arising out of "your work" performed by you, or on your behalf, under a "contract or agreement requiring insurance" with that person or organization. We waive these rights only where you have agreed to do so as part of the "contract or agreement requiring insurance" with such person or organization entered into by you before, and in effect when, the "bodily

COMMERICAL GENERAL LIABILITY

injury" or "property damage" occurs, or the "personal injury" offense is committed.

D. The following definition is added to **DEFINITIONS (Section V)**:

"Contract or agreement requiring insurance" means that part of any contract or agreement under which you are required to include a person or organization as an additional insured on this Cov-

erage Part, provided that the "bodily injury" and "property damage" occurs, and the "personal injury" is caused by an offense committed:

- a. After you have entered into that contract or agreement;
- b. While that part of the contract or agreement is in effect; and
- c. Before the end of the policy period.

EXCERPTS FROM CA 00001 (1001) HARTFORD BUSINESS AUTO COVERAGE

Additional Insured: SECTION II - LIABILITY COVERAGE

1. WHO IS AN INSURED: The following are “insureds”
- c. Anyone liable for the conduct of an “insured”...but only to the extent of that liability.

Primary Insurance: SECTION IV - BUSINESS AUTO CONDITIONS

- B. General Conditions – 5. Other Insurance
 - a. For any covered “auto” you own, this Coverage Form provides primary insurance. For any covered “auto” you don’t own, the insurance provided by this Coverage Form is excess over any other collectible insurance.
 - c. Regardless of the provisions of paragraph above, this Coverage Form’s Liability Coverage is primary for any liability assumed under an “insured contact”.

Cross Liability Clause: SECTION V - DEFINITIONS

- G. “Insured” means any person or organization qualifying as an insured in the Who Is An Insured provision of the applicable coverage. Except with respect to the Limit of insurance, the coverage afforded applies separately to each insured who is seeking coverage or against whom a claim or” suit” is brought

EXCERPTS FROM HA9916 (0302) HARTFORD COMMERCIAL AUTOMOBILE BROAD FORM ENDORSEMENT

15. WAIVER OF SUBROGATION - We waive any right of recovery we may have against any person or organization with whom you have a written contract that requires such waiver because of payments we make for damages under this Coverage Form,

October 16, 2015
2015XXX

Pakpour Consulting Group, Inc.
5776 Stoneridge Mall Road, Suite 320
Pleasanton, CA 94588

Attention: Joubin Pakpour

Subject: Water Tank Seismic Retrofit Strategy
Hallmark Tanks
Mid-Peninsula Water District
Belmont, CA
Structural Engineering Services

Dear Joubin:

Per your request, Cornerstone Structural Engineering Group would like to submit this proposal to provide structural engineering services for the subject water tanks. We understand that the existing tanks were constructed in 1970, and are 140 feet in diameter, approximately 24 feet tall and have a capacity of 2.5MG each. The tanks were previously evaluated for seismic performance in 1980. Cornerstone is going to perform an independent seismic and conditional assessment of the tank using the current AWWA D100 as the acceptance standard for essential services facilities.

Based on our conversations, a site visit, and a review of the existing site plan, our understanding of the scope of structural engineering services is as follows:

SCOPE OF SERVICES

ASSESSMENT and STRATEGY REPORT

1. Review available documents for water tanks, including structural drawings and previous reports.
2. Perform a site visit to observe the existing structural conditions for the tanks and SCADA Building.
3. Determine interior framing sizes from previous field report data.
4. Perform a cursory AWWA D100 seismic evaluation for the tanks. List and compare deficient elements performance to current code level design criteria. A seismic importance factor of 1.5 will be used as this is to be considered an essential services facility.
5. Provide commentary on conditional issues and potential remediation strategies.
6. Prepare a report describing the findings of our structural review and seismic risk assessment for the tanks with specific information related to the likely structural performance in a code-level earthquake. Compare results with previous report,

- provide qualitative commentary on construction access, and provide commentary on qualitative conceptual seismic and conditional rehabilitation strategies.
7. Investigate feasibility of extending roof height of tanks for additional capacity.
 8. Compile CSEG assessment recommendations and summarize final seismic strengthening goals
 9. Coordinate with Paso Robles Tank for general quality assurance consultation, cost estimating purposes and constructability quality control peer review.
 10. Attend 1 project meeting.
 11. Provide conceptual details as applicable for:
 - a. Rafter strengthening, rafter straightening, and stability bracing
 - b. Foundation remediation (ring beam and pressure grouting)
 - c. Tie-down anchors for shell
 - d. Commentary on previous shell strengthening
 - e. Corrosion repairs of bottom plate
 12. Provide commentary on conditional issues and extents of work.
 13. Prepare a report describing the construction recommendations based on our structural review and seismic risk assessment for the tank with specific detail sketches for cost estimating.
 14. Coordinate with PCG for cost estimating efforts.
 15. The report summary will be itemized with discussion so the District can select which combination of options they prefer to pursue further.

ASSUMPTIONS AND LIMITATIONS:

1. Design services for either retrofit or replacement of the tank are not included in this proposal.
2. Geotechnical report and additional recommendations will be provided by other subconsultants if necessary.
3. Civil Engineer will provide existing tank sizes and geometry.
4. We understand that as-built shop drawing plans are not available for the tanks. However, material data will be provided for our use from previous investigations. This fee does not include materials investigations or as-built documentation if necessary.
5. The scope of our services is limited to structural engineering issues only. Project management services will be provided by others.
6. Reimbursable expenses are included in the base fee but are not anticipated beyond printing and shipping.



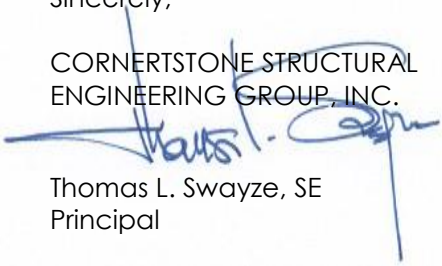
Cornerstone Structural Engineering Group proposes to provide the structural engineering services described above on a time and materials basis not to exceed the amounts outlined below per attached rate sheet:

| | |
|--|--------------|
| Assessment and Strategy Report: | \$32,500 |
| Paso Robles Tank consultation (EXHIBIT A): | \$9,000 |
| <u>Sub-consultant Markup:</u> | <u>\$900</u> |
| Total: | \$42,400 |

Should you have any questions or comments please do not hesitate to call.

Sincerely,

CORNERTSTONE STRUCTURAL
ENGINEERING GROUP, INC.



Thomas L. Swayze, SE
Principal



CHARGE RATE SCHEDULE

| | |
|--|----------------------|
| Principal | 205.00/hr |
| Associate | 175.00 |
| Construction Manager | 160.00 |
| Engineering Manager | 160.00 |
| Resident Engineer/Structure Representative | 145.00 |
| Assistant Structure Representative | 135.00 |
| Project Administrator | 150.00 |
| Senior Engineer | 140.00 |
| Project Engineer | 120.00 |
| Staff Engineer | 110.00 |
| Structural Designer II | 100.00 |
| Structural Designer I | 90.00 |
| Senior Computer Drafter | 100.00 |
| Computer Drafter | 90.00 |
| Junior Computer Drafter | 80.00 |
| Accounting Assistant | 90.00 |
| Administrative Assistant II | 80.00 |
| Administrative Assistant I | 70.00 |
| Expert Witness Services | 300.00 |
| Subconsultants | Cost Plus 10% |
| Expenses | Included in Base Fee |

Charge Rates Applicable January 1, 2015 through December 31, 2015



EXHIBIT A



APPENDIX A

www.cseg.com

Hallmark Tanks

Structural Engineering Add Services Proposal Cost Breakdown

Water Tank Seismic Retrofit Strategy

| Design Item | Principal \$205/hr | Engineering Manager \$160/hr | Staff Engineer \$110/hr | Structural Designer \$90/hr | Computer Drafter \$90/hr | Total |
|--|-----------------------|------------------------------------|-------------------------------|-----------------------------------|--------------------------------|-------------------|
| 1 Assessment and Strategy Report (Draft) | 34 | 35 | 126 | | 15 | \$ 27,780 |
| 2 Assessment and Strategy Report (Final) | 6 | 6 | 22 | | 3 | \$ 4,880 |
| | | | | | | Total = \$ 32,660 |

SAY \$ 32,500

40 Federal Street
San Francisco, CA 94107
tel (415) 369-9100
fax (415) 369-9101

EXHIBIT B



PASO ROBLES TANK, INC.

License No.: 784971

P. O. Box 3229
Paso Robles, CA 93447
Phone: (805) 227-1641
Fax: (805) 238-9654
www.pasoroblestank.com

October 14, 2015

Tom Swayze
Cornerstone Structural Engineering Group
40 Federal Street
San Francisco, CA 94107

Subject: Engineering Services – Peer Review of Structural/Seismic Evaluation
Mid-Peninsula Water District, 2.500 MG Hallmark Street Tanks

Tom,

We are pleased to provide this proposal for engineering services in relation to the subject project per your request. The scope of services offered is as follows:

Engineering consultation to review seismic recommendations prepared by Cornerstone and DRAFT report to assist Cornerstone in the development of a finalized seismic assessment and order of magnitude cost estimates for 2-4 retrofit strategy options qualitatively presented.

Review may include commentary on sloshing wave load impact to roof structure and proposed recommendations for remediation, if needed, and commentary on civil recommendations for venting details, review of proposed details and to provide general discussion regarding best practices. Commentary on corrosion issues on structural members will be made as appropriate.

Additional discussion will be provided regarding Cornerstone’s analysis of the shell stiffening configuration that was added to the tanks in the 1980’s. Detailed analysis of this shell stiffener system requires a finite element analysis and is beyond the scope of engineering services offered by PRT.

Terms of the engineering services offered will be per the attached Exhibit A.

Due to the anticipated research related to the unusual shell stiffening on this project, our not to exceed price is **\$9,000** ~~\$7,500~~ for the services described above. Thank you for considering Paso Robles Tank for the engineering review for the subject project.

Sincerely,

Leslie D. Scott, P.E.
President

Increase for additional
design services per email
dated 10-15-2015



CONSULTANT'S SERVICES

All cost for labor and expensed incurred during the performance of Consultant's services under the consulting agreement and any additional services added to the Consultant's scope during the course of the work being performed under the consulting agreement shall be billed at the following rates.

ENGINEERING SERVICES RATES

| <u>PERSONNEL</u> | <u>HOURLY RATE</u> |
|----------------------------------|--------------------|
| Principal Engineer/Pres. | \$175 |
| Chief Engr/V.P. | \$150 |
| Engineer | \$125 |
| Associate | \$110 |
| CAD Manager | \$95 |
| CAD Drafter | \$85 |
| Safety Manager | \$125 |
| QA/QC Manager | \$125 |
| Construction Manager | \$135 |
| Project Manager | \$110 |
| Clerical | \$45 |
| Travel Time | \$75 |
| | |
| <u>OUTSOURCED SERVICES</u> | <u>CHARGE RATE</u> |
| Specialized engineering services | Cost + 20% |
| Specialized inspection services | Cost + 20% |
| | |
| <u>EXPENSES</u> | <u>CHARGE RATE</u> |
| Equipment | Cost + 15% |
| Travel expenses – hotel | Cost + 15% |
| Travel expenses – meals | Cost + 15% |
| Travel expenses – mileage | IRS rate + 15% |
| Other expenses | Cost + 15% |



AGENDA ITEM NO. 5.D.

DATE: November 16, 2015
TO: Board of Directors
FROM: Rene A. Ramirez, Operations Manager

SUBJECT: APPROVE THE PURCHASE OF FOUR (4) VEHICLES FOR MPWD OPERATIONS FROM TOWNE FORD OF REDWOOD CITY FOR A TOTAL COST OF \$108,000

RECOMMENDATION

Authorize the purchase of four (4) model year 2016 vehicles for Field Operations: Three (3) Ford F-150 4x2 Supercab Styleside pickup trucks for a cost of \$83,589 and one (1) Ford Transit Connect cargo van for a cost of \$24,397 from Towne Ford of Redwood City for a total cost of \$107,985, which is inclusive of all fees and taxes, and authorize the General Manager to sign all related documents.

FISCAL IMPACT

A capital outlay budget of \$125,000 was established for this expense at the September 22, 2015 Board Meeting when the Board adopted Resolution 2015-18, which authorized the amendment of the FY15/16 Capital Outlay and Project budget and appropriated \$125,000 for the purchase of four (4) vehicles for Field Operations.

DISCUSSION

The last purchase of Field Operations pickup trucks took place in 2007 at which time two Chevrolet pickup trucks were purchased. All of the other pickup trucks in the fleet fall between year models 1999 and 2002. It has been staff's experience that the life-cycle of a pickup truck in utility operations is 10 years due to the extreme wear and tear that occurs during use in a metropolitan environment, i.e. a lot of stop and go driving and multiple drivers. Should the Board approve the purchase of these four vehicles, three vehicles will be retired from service via trade-in with Towne Ford. Funds received for the negotiated trade-ins will be used for tool boxes and light bars for the new trucks.

The current MPWD fleet consists of 17 pieces of rolling stock including: eight (8) pickup trucks, three (3) cars, two (2) service trucks, three (3) dump trucks, one (1) boom truck, as well as several pieces of equipment such as backhoes, a front loader and skid-steer multi-tool carrier. With approval to purchase these four vehicles, the District would replace three of the pickup trucks and add one small cargo van, which increases the rolling stock to 18.

The following is a brief description of the vehicles and cost proposals received:

| | Towne Ford | Fremont Ford | State Bid List |
|--|---------------------|--------------|----------------|
| 2016 Ford, F-150 Supercab XL Pickup Truck | | | |
| <u>Features include:</u> 3.5L V-6 engine w/Ecoboost 365 hp, 6-speed automatic, Fuel economy 17/24 mpg, GVWR 6,900 # payload, 17" wheels, 145" wheelbase, Class IV hitch, and A/C and cruise control. | | | |
| Unit Vehicle Cost | \$25,554.21 | \$27,311.00 | \$25,670.00 |
| All Other Appropriate Fees | \$2,308.63 | \$2,466.74 | \$2,581.25 |
| Total Cost for Each | \$27,862.84 | \$29,777.74 | \$28,251.25 |
| Cost for 3 Pickup Trucks | \$83,588.52 | \$89,333.22 | \$84,753.75 |
| 2016 Ford, Transit Connect XLT Cargo Van w/Long Wheel Base | | | |
| <u>Features include:</u> 1.6L I-4 engine w/Ecoboost 172 hp, 6-speed automatic, Fuel economy 22/30, GVWR 5,240# 16" wheels, 121" wheelbase, Rear hatch door, and A/C and cruise control. | | | |
| Vehicle Cost | \$22,374.11 | \$24,089.00 | \$21,780.00 |
| All Other Appropriate Fees | \$2,022.42 | \$2,176.76 | \$2,231.15 |
| Total Cost for Transit Connect | \$24,396.53 | \$26,265.76 | \$24,011.15 |
| Total Cost for All Four Vehicles | \$107,985.05 | \$115,598.98 | \$108,764.90 |

Note: the Fremont Ford proposal did not include sales tax and a tire fee, which was calculated by staff and the State fee included a delivery fee, which the others did not. Also, the State vendor does not accept trade-in vehicles, but Towne Ford has indicated they will purchase the three vehicles from the District once the new vehicles arrive. The new vehicles may take as long as eight (8) weeks to be delivered depending upon their availability.

Attachments: Photos of the F-150 and Transit Connect

BOARD ACTION: APPROVED:____ DENIED:____ POSTPONED:____ STAFF DIRECTION:____
UNANIMOUS____ LINVILL____ ZUCCA____ WARDEN____ STUEBING____ VELLA____



Towne Ford Sales
1601 El Camino Real, Redwood City, California, 94063
Office: 650-366-5744

Customer Proposal

Prepared for:

Stan Olson
Mid Peninsula Water District

Prepared by:

Lloyd Pratt
Office: 650-366-5744
Email: lloydpratt@towneford.com

Date: 10/30/2015

Vehicle: 2016 F-150 XL
4x2 SuperCab Styleside 6.5' box 145" WB





Towne Ford Sales
1601 El Camino Real, Redwood City, California, 94063
Office: 650-366-5744

Customer Proposal

Prepared for:

Stan Olson
Mid Peninsula Water District

Prepared by:

Lloyd Pratt
Office: 650-366-5744
Email: lloydpratt@towneford.com

Date: 10/30/2015

Vehicle: 2016 Transit Connect XLT
Cargo Van LWB





AGENDA ITEM NO. 5.E.

DATE: November 16, 2015
TO: Board of Directors
FROM: Rene A. Ramirez, Operations Manager

SUBJECT: APPROVE THE EMERGENCY PURCHASE AND REPLACEMENT OF A NEW ELECTRIC MOTOR FOR PUMP #3 AT THE MPWD'S TUNNELS PUMP STATION FROM PUMP REPAIR SERVICE COMPANY OF DALY CITY AT A COST NOT TO EXCEED \$60,000

RECOMMENDATION

Approve the General Manager's purchase of a new 450 horsepower, 4,160 volt, 1800 revolution per minute vertical solid shaft premium efficiency electric motor rated for continuous duty with oil lubrication for both top and bottom bearings from Pump Repair Service Company of Daly City for a cost, including taxes and shipping, not to exceed \$60,000, and authorize the General Manager to sign all related documents.

FISCAL IMPACT

The District's Procurement Policy adopted by Board Resolution No. 2005-09 provides for, among things, Emergency Contracts for goods and services. Section V of the Procurement Policy addresses emergency contracts, which are defined as those goods and services necessary in order to prevent the immediate interruption or cessation of necessary District services or to safeguard life, property or the public health and welfare.

For the following reasons, time was of the essence to order the replacement motor for Pump #3 at the Tunnels Pump Station:

- As a result of the motor's complete failure, the backup pump and motor are currently functioning in the primary operations role, meaning there is no redundancy or backup protection until the new motor is installed.
- There is an 8-10 week lead time to construct and transport the new motor.
- After the failed motor was analyzed by a mechanical specialist, it was determined that a new motor was more cost effective and energy efficient than rebuilding the failed motor.

The \$60,000 not-to-exceed cost will be included in the MPWD's Mid-Year Budget review and if the expenditure cannot be absorbed within operations, the funding would come from reserves.

DISCUSSION

Background:

On September 28, 2015, Field Operations staff was informed by SCADA of an event at the Tunnels Pump Station (TPS). The TPS is the District's largest pump station in the system and pumps water from the TPS to the Hallmark tank site where there are two tanks with a total capacity of 5.0 million gallons of water. Upon further investigation, it was found that the newest and most efficient motor and pump, pump #3 at the TPS, had failed and would not respond to a call for service. District Field Operations staff called in Pump Repair Service Company (PRS), who have provided years of service to the District, to provide their expertise and opinion on the matter. On October 14, 2015, PRS showed up at TPS with a two-man crew and a third-party contractor with a large crane to safely pull the electric motor from pump #3. The electric motor was then delivered to the RPS shop in Daly City in order to disassemble the motor and try to determine what caused the SCADA failure signal from this motor. On October 29, staff and I traveled to the PRS shop to see the disassembled motor and discuss the PRS findings. Mr. Wayne Archer, PRS owner, was there when the motor was disassembled. From his visual inspection and experience in this field he speculated that the lower bearing, which was lubricated with grease, had suffered a major failure. This lower bearing failure caused an excessive heat buildup within the motor. The two major components of an electric motor are a rotor and a stator. In general and in a simple explanation, electricity is provided to the stator, which creates a magnetic field causing the rotor to spin. This in turn converts the spinning rotor into mechanical energy to spin the pump. The lower bearings failure more than likely allowed heat due to friction build up very quickly. This heat melted some metal and the molten metal hardened on the rotor and led an insulation failure of the stator winding (see attached pictures). Mr. Archer told us that this motor had suffered a catastrophic failure. He also suggested that the motor could either be repaired or replaced with a new motor.

Currently as it stands, of the three motor/pump combinations at the TPS, only pump #2 is in a ready state. Pump #1 is experiencing some sort of vibration issue in either the motor or the pump and would only be used in an emergency. The vibration matter for pump #1 is being investigated but a resolution will not occur until pump #3 is ready for work. It is important to note that both pump #1 and #2 are original to the TPS.

The TPS was constructed in the late 1960s by the District in conjunction with the Hallmark Tanks on the far west end of the District, and in close proximity to a SFPUC pipeline. When initially built, the TPS had three pumps; #1 and #2 powered by 450 horsepower electric motors (still in service) and #3 which was powered by a large industrial motor (in the event of a power failure). This sort of pump station setup was typical of many utilities. In 2002, there was a major failure and fire involving the industrial motor for pump #3 and the District elected to replace the industrial-motor-powered pump #3 with a third electric motor providing power to pump #3. The new electric motor for pump #3 came with a much improved electrical and mechanical efficiency than the electric motors for pumps #1 and #2. For backup power purposes, the District installed a large 900 kilowatt power plant with a capacity to provide sufficient power to operate at least two of the pumps simultaneously at the TPS in the event normal electric power was unavailable. For the last 13 years pump #3 at the TPS has been the primary work horse due to the motor's energy efficiency and costs savings provided by operating this motor/pump combination when compared to the older and original electric motors on pumps #1 and #2. District maintenance records show that pump #3 has logged 16,607 hours of operation without any major repairs and only basic maintenance. A rule of thumb for major maintenance on large horsepower motors is to remove, disassemble, inspect and make

any appropriate repairs to extend the motor's life. Regular lubrication and maintenance had been carried out not only on pump #3, but all of the pumps in the District's system.

Pump #3 did have one specific manufacturing detail different than the older two pumps - the lubrication processes were different. Lubrication for the electric motors on pumps #1 and #2 were constructed with an oil lubrication process for the top and bottom bearings, while pump #3 was manufactured with oil lubrication for the top bearing and grease lubrication for the bottom bearing. The catastrophic failure of pump #3's motor was due to a complete failure of the lower bearing's grease lubrication process. A spinning electric motor, as with just about any type of motor, requires lubrication to minimize the heat buildup due to friction. Staff does not know why pump #3 was purchased with the different lubrication process for the top and bottom bearings. It may have been a cost savings issue, it could have been the preferred method by the motor manufacturers; we are just not certain. The replacement motor for pump #3 will have an oil lubrication process for both the top and bottom bearings.

Staff asked Mr. Archer to prepare a cost estimate to repair the damaged motor and a cost to replace it.

Cost to Rebuild Motor:

The motor can be repaired for an estimated cost of \$59,600. It will take at least 6 weeks and the work will come with a 90-day warranty. The most costly component of a rebuilt motor of this size is the re-stacking of rotor's plates. As you can see from the attached photo the rotor is made of many stacked plates and the middle section of stacked plates is covered in melted metal. The work to repair, replace and re-stack the rotor plates has to be completed by a specialty company located out of state – it is about one-third of the rebuild cost. A couple of things to note: 1) a rebuilt motor can lose some of its electrical efficiency; and 2) the rebuilt motor and its inherent construction would mean that the lower bearing would still be lubricated by grease, which staff and PRS believe is not the best method of lubrication for a motor of this size. (It was a failure of the grease lubricating system that led to this situation and we want to learn from it.)

Cost to Replace Motor:

A new motor with similar characteristics, i.e. 450 hp, 1800 rpm, 4,160 volts can be purchased for potentially the same cost and maybe a bit less – it depends on the shipping cost. The PRS proposal is a little less than \$60,000 (\$49,990 for the motor and about \$10,000 for taxes and shipping), but the shipping costs will not be known until an order is confirmed and there is a 10-week lead time. A new motor would come with a 3-year warranty, not a 90-day warranty, and the new motor would be more energy efficient than the motor it replaces. Both staff and Mr. Archer agree that a new motor would come with oil lubrication for both the top and bottom bearings, which is similar to the original two motors at the TPS.

District Emergency Procurement Policy:

The District has a procurement policy that complies with those Sections of the appropriate California Government Code (Section 54202) and the California Water Code (Section 30579.5) that was amended and adopted via Resolution No. 2005-09. Among the procurement policies stipulated is a process for an emergency. Found in Section V on page 5 of the policy is a description for purchasing in an emergency. The procurement process during an emergency provides the General Manager with the necessary discretion to *“arrange for public works, purchase of supplies or equipment or services without competitive bidding or proposals or prior Board approval, as required by Section II-IV but shall report on the award of any such contract for emergency work at the next meeting of the Board of Directors.”* This section of the policy defines an emergency as

circumstances needing immediate work or construction to mitigate the immediate interruption or cessation of necessary District services or to safeguard life, property or the public health and welfare. After discussing the situation and options with the General Manager, it was staff's recommendation to purchase a new electric motor with a 3-year warranty and its oil lubrication process for both bearings. The General Manager agreed and staff contacted Mr. Archer at PRS and directed him to procure a new electric motor.

Attachments: Photos of the Rotor and Stator

BOARD ACTION: APPROVED:_____ DENIED:_____ POSTPONED:_____ STAFF DIRECTION:_____
UNANIMOUS_____ LINVILL_____ ZUCCA_____ WARDEN_____ STUEBING_____ VELLA_____







AGENDA ITEM NO. 7.A.

DATE: November 16, 2015
 TO: Board of Directors
 FROM: Tammy Rudock, General Manager

SUBJECT: DROUGHT AND WATER CONSERVATION PROGRESS REPORT

RECOMMENDATION

Receive progress report on drought and water conservation activities.

DISCUSSION

Activities completed since the October 22nd Board meeting:

1. June 1, 2015 was the start of the SWRCB’s measurement period for the 2015/2016 statewide water conservation goals. The measurement period ends February 29, 2016, and the MPWD system’s conservation goal is 20% when compared to 2013 water consumption.
2. The report due November 15th to the SWRCB will be timely submitted. October’s water consumption was 98,345 units—the **lowest in MPWD’s history for October since 1979!** The reduction (compared with 2013) measured -19.5% and the R-GPCD was 75.5%. *By comparison, the October 2014 PERCENT CHANGE was -10.2% and the R-GPCD was 92.*

MPWD’s cumulative water savings (since tracking started on June 1, 2015) = -28.3%, which is 8.3% greater than the established MPWD system conservation goal of 20%.

| 2015/2016 MONTH | 2015/2016 UNITS | 2013 UNITS | PERCENT CHANGE* | CUMULATIVE WATER SAVINGS* | 2015/2016 R-GPCD | 2013 R-GPCD |
|-----------------|-----------------|------------|-----------------|---------------------------|------------------|-------------|
| June | 103,863 | 150,614 | -31.0% | -31.0% | 82.3 | 122.6 |
| July | 105,639 | 156,081 | -32.3% | -31.7% | 81.1 | 122.9 |
| August | 106,832 | 155,788 | -31.4% | -31.6% | 82.0 | 122.7 |
| September | 105,459 | 145,551 | -27.5% | -30.6% | 83.6 | 118.5 |
| October | 98,345 | 122,117 | -19.5% | -28.3% | 75.5 | 96.2 |
| November | | 106,535 | | | | 86.7 |
| December | | 94,062 | | | | 74.1 |
| January | | 84,202 | | | | 66.3 |
| February | | 86,478 | | | | 75.4 |

*Compared to 2013.

The R-GPCD (Residential-Gallons Per Capita Day) calculations are highlighted above in yellow. The SWRCB performance standard for indoor use is 55GPCD. (Note: For 2015/2016, the SWRCB formula for calculating the R-GPCD included MPWD factors: 85% residential use of total production, and 2014 population projection—26,730—from 2010 Urban Water Management Plan.)

- MPWD started tracking water waste complaints in July 2014. All have been investigated and resolved through communications and education.

| | JAN | FEB | MAR | APR | MAY | JUNE | JULY | AUG | SEPT | OCT | NOV | DEC | TOTAL |
|------|-----|-----|-----|-----|-----|------|------|-----|------|-----|-----|-----|-------|
| 2015 | 2 | 0 | 5 | 12 | 6 | 6 | 12 | 5 | 5 | 4 | | | 56 |
| 2014 | - | - | - | - | - | - | 3 | 6 | 3 | 4 | 7 | 0 | 23 |

- The SWRCB statewide Emergency Conservation Regulation Update dated November 4, 2015, is attached for information.

BACKGROUND

The following Calendar Year 2014 and 2015 tables reflect MPWD's water system purchases in units (1 unit = 748 gallons), percentage change comparison, and cumulative average savings (highlighted in blue).

CALENDAR YEAR 2015 - JANUARY THROUGH MAY

| 2015 MONTH | 2015 UNITS | 2014 UNITS | 2013 UNITS | PERCENT CHANGE* | CUMULATIVE WATER SAVINGS* | 2015 R-GPCD | 2014 R-GPCD | 2013 R-GPCD |
|------------|------------|------------|------------|-----------------|---------------------------|-------------|-------------|-------------|
| January | 82,360 | 102,910 | 84,202 | -2.2% | -2.2% / -15.1%** | 64.9 | 81.1 | 66.3 |
| February | 79,782 | 73,221 | 86,478 | -7.7% | -5.0% / -14.5% | 69.6 | 63.9 | 75.4 |
| March | 102,964 | 89,152 | 106,663 | -3.5% | -4.5% / -13.7% | 81.1 | 70.2 | 84.0 |
| April | 91,491 | 96,019 | 120,265 | -23.9% | -9.3% / -14.4% | 74.5 | 78.2 | 97.9 |
| May | 97,806 | 126,934 | 155,736 | -37.2% | -14.9% / -15.8% | 77.1 | 100.0 | 122.7 |

*Compared to 2013. **Cumulative total since February 2014.

CALENDAR YEAR 2014 - FEBRUARY THROUGH DECEMBER

| 2014 MONTH | 2014 UNITS | 2013 UNITS | PERCENT CHANGE* | CUMULATIVE WATER SAVINGS* | 2014 R-GPCD | 2013 R-GPCD |
|------------|------------|------------|-----------------|---------------------------|-------------|-------------|
| February | 73,221 | 86,478 | -15.3% | -15.3% | 64 | 75 |
| March | 89,152 | 106,663 | -16.4% | -15.9% | 70 | 84 |
| April | 96,019 | 120,265 | -20.2% | -17.3% | 78 | 98 |
| May | 126,934 | 155,736 | -18.5% | -17.6% | 100 | 123 |
| June | 139,729 | 150,614 | -7.2% | -15.5% | 114 | 123 |
| July | 134,669 | 156,081 | -13.7% | -15.2% | 106 | 123 |
| August | 128,924 | 155,788 | -17.2% | -15.5% | 102 | 123 |
| September | 118,284 | 145,551 | -18.7% | -15.9% | 96 | 119 |
| October | 109,652 | 122,117 | -10.2% | -15.3% | 92 | 96 |
| November | 86,670 | 106,535 | -18.6% | -15.6% | 71 | 87 |
| December | 72,835 | 94,062 | -22.6% | -16.2% | 57 | 74 |

*Compared to 2013.

The R-GPCD (Residential-Gallons Per Capita Day) calculations are highlighted above in yellow. The SWRCB performance standard for indoor use is 55GPCD. (Note: For Calendar Years 2014 and 2015 tracking, the SWRCB formula for calculating the R-GPCD included MPWD factors: 85% residential use of total production, and population from 2010 Urban Water Management Plan—26,030.)

Emergency Conservation Regulation Update

Office of Research, Planning, and Performance

November 4, 2015



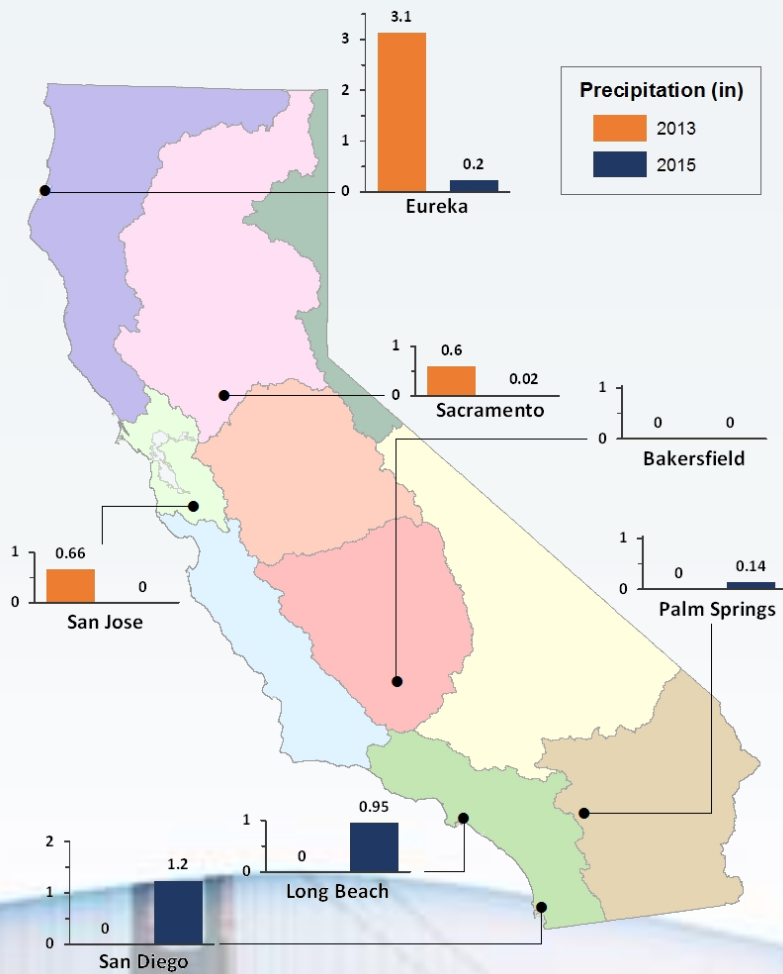
Status of Implementation

- Water production numbers collected from June 2014 through September 2015 (16 months)
- Fourth month with statewide goal to reduce total potable urban water use by 25 percent
- 389 (of 411) urban water suppliers submitted September production and enforcement numbers
- Enforcement actions taken based on June – September supplier compliance

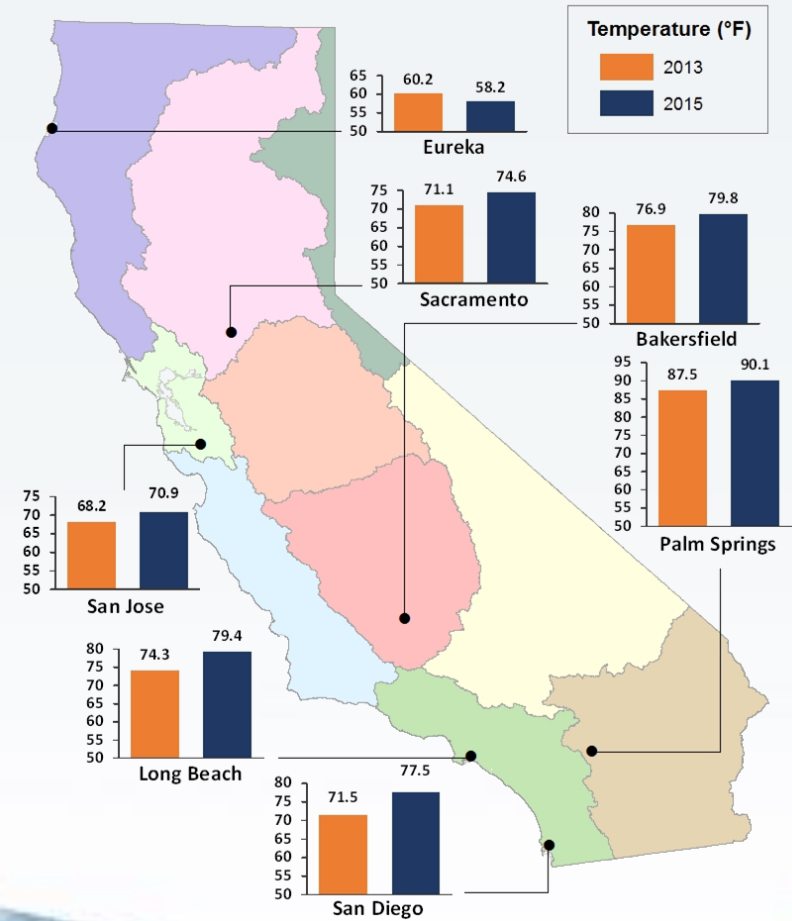
September Weather Conditions

(Select Cities)

Precipitation

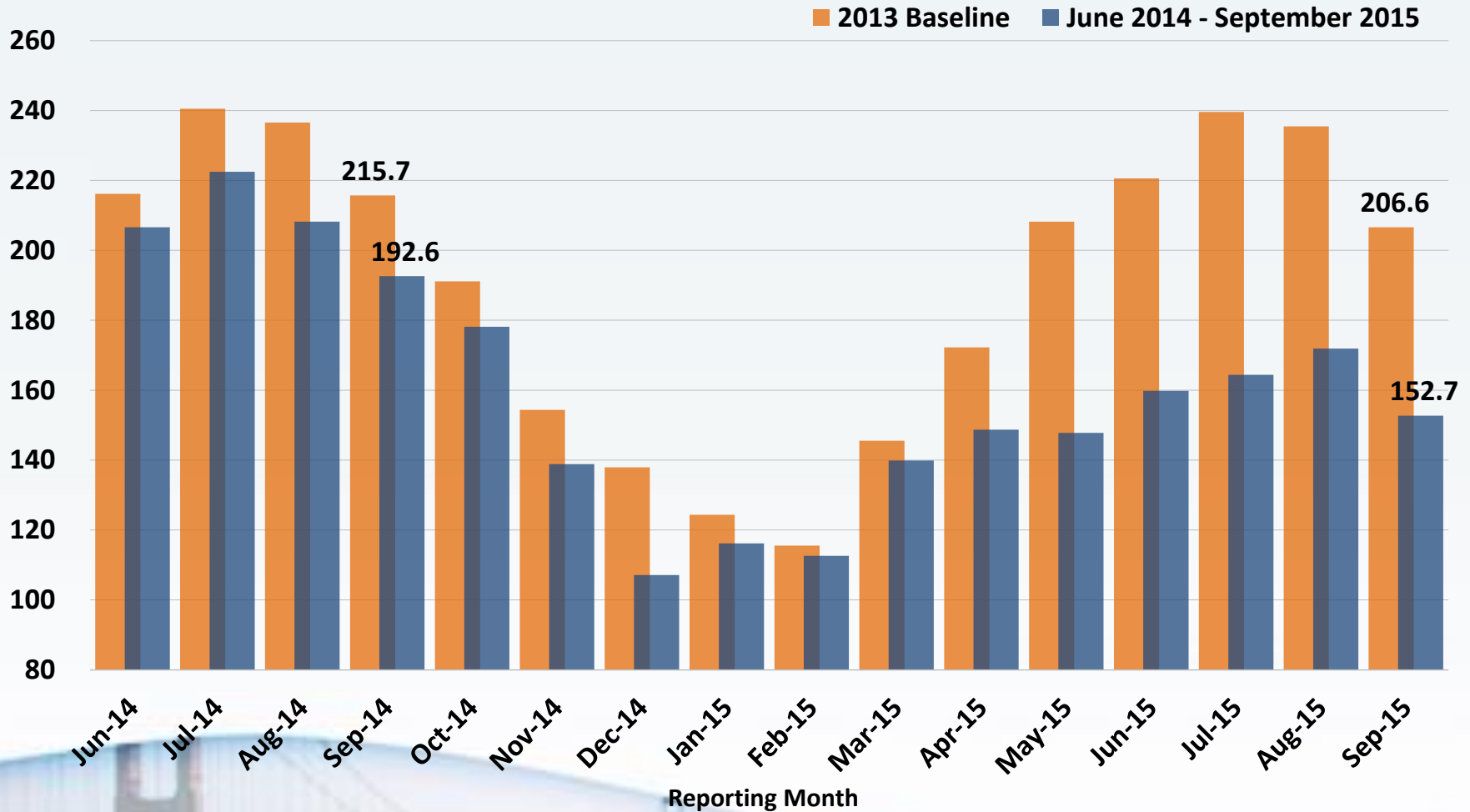


Temperature



Statewide, September 2015 was hotter and drier than September 2013

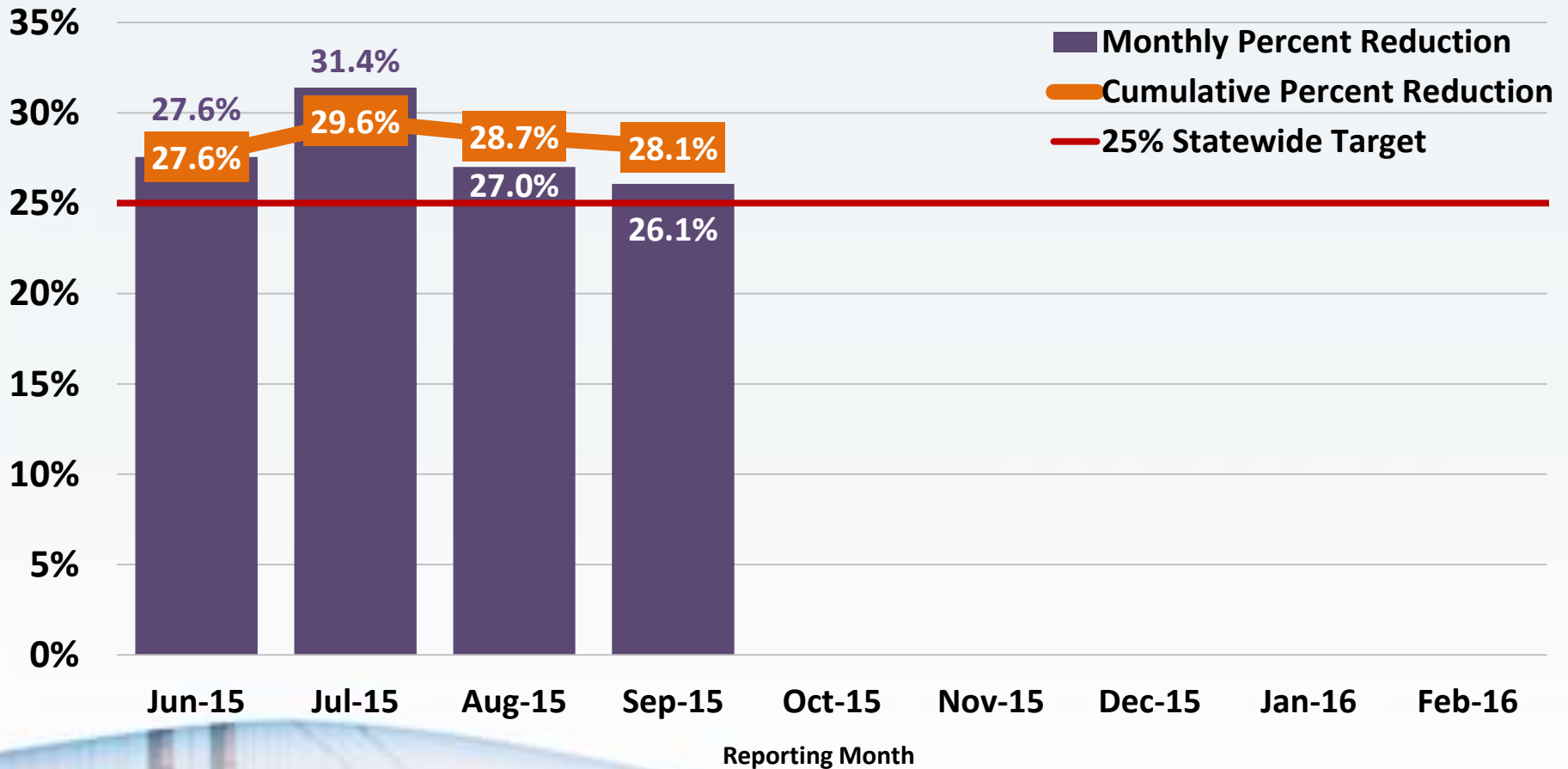
Statewide Water Conservation Results Water Production June 2014 – September 2015 (Billion Gallons)



September 2015 savings (53.8 billion gallons) is two times greater than September 2014 savings (23.1 billion gallons)

Statewide Water Conservation Results Water Production Percentage Reduction

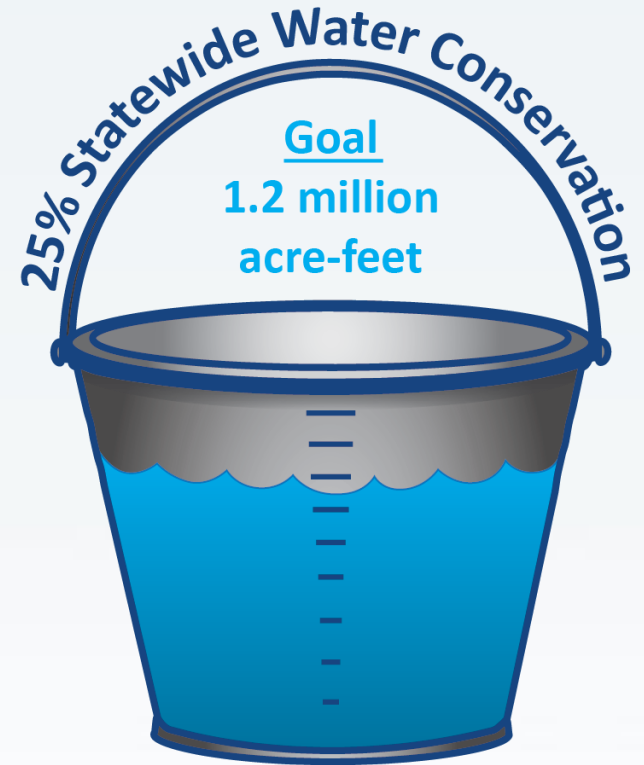
(Compared to 2013)



September 2015 savings (53.8 billion gallons; 165,233 acre-feet) brings statewide cumulative savings to 28.1%

Cumulative Savings (June - September 2015)

- 777,739 acre-feet (253.4 billion gallons) of water saved
- This is 65% of savings goal
- Savings is enough to provide 3.9 million Californians with water for one year














777,739 acre-feet
saved from June-Sept. 2015

September 2015 Residential Gallons per Capita per Day

- Average statewide September 2015 R-GPCD = 97
 - Lowest supplier R-GPCD = 38
 - Highest supplier R-GPCD = 359
- 19 suppliers report September R-GPCD less than 55
 - Suppliers represent 1.9 million people
 - 55 GPCD is the performance standard for **indoor** use

September R-GPCD Annual Trend by Hydrologic Region

| Hydrologic Region | Sep-13* | Sep-14 | Sep-15 | Annual Trend |
|-------------------|------------|------------|-----------|---|
| Central Coast | 106 | 89 | 79 |  |
| Colorado River | 195 | 182 | 184 |  |
| North Coast | 94 | 84 | 72 |  |
| North Lahontan | 134 | 127 | 114 |  |
| Sacramento River | 198 | 164 | 141 |  |
| San Francisco Bay | 99 | 84 | 72 |  |
| San Joaquin River | 176 | 158 | 125 |  |
| South Coast | 122 | 112 | 89 |  |
| South Lahontan | 173 | 158 | 127 |  |
| Tulare Lake | 202 | 179 | 150 |  |
| Statewide | 132 | 118 | 97 |  |

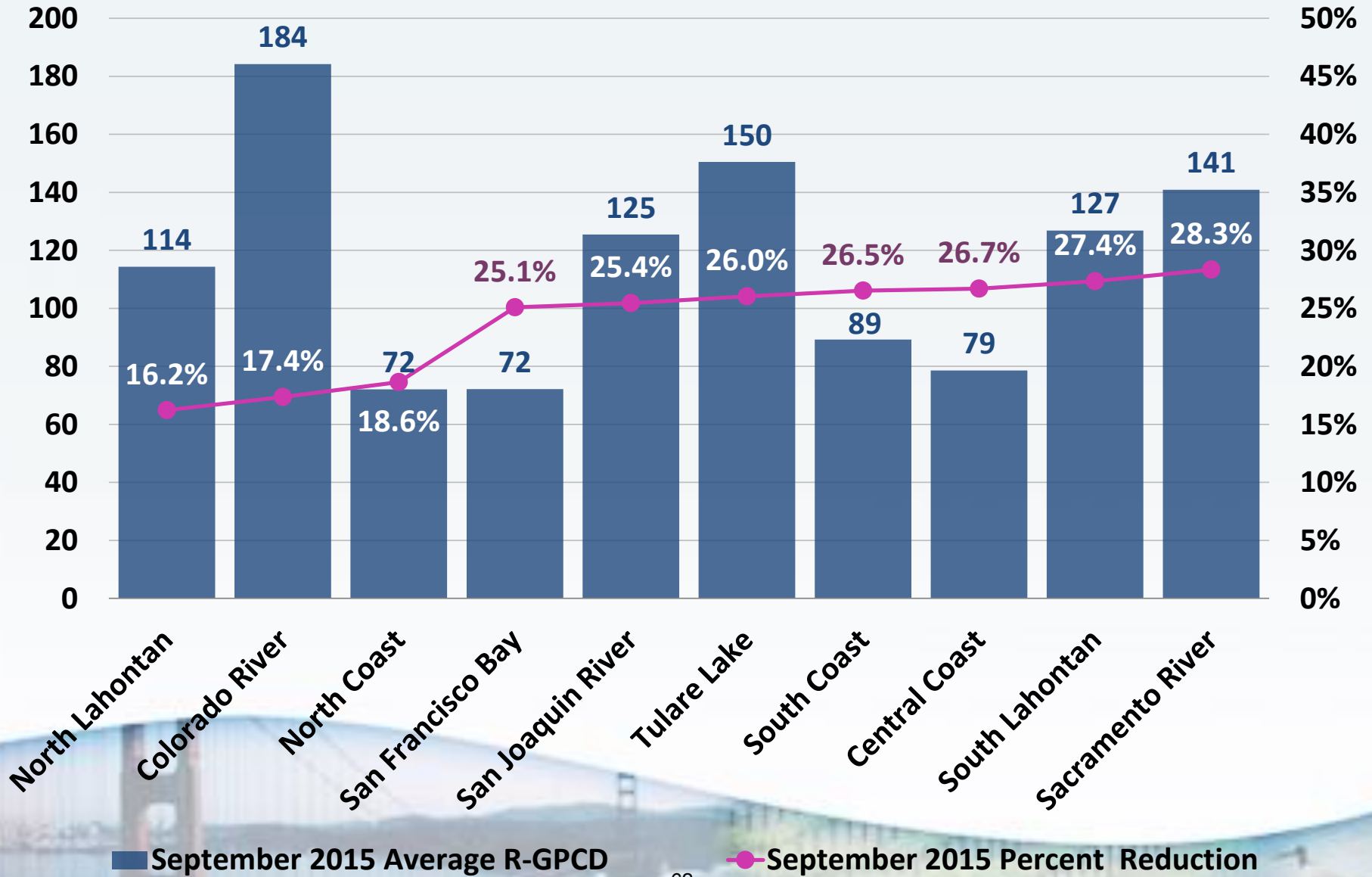
*Estimated based on September 2014 percent residential use and population

September 2015 R-GPCD and Conservation



■ September 2015 Average R-GPCD

September 2015 R-GPCD and Conservation

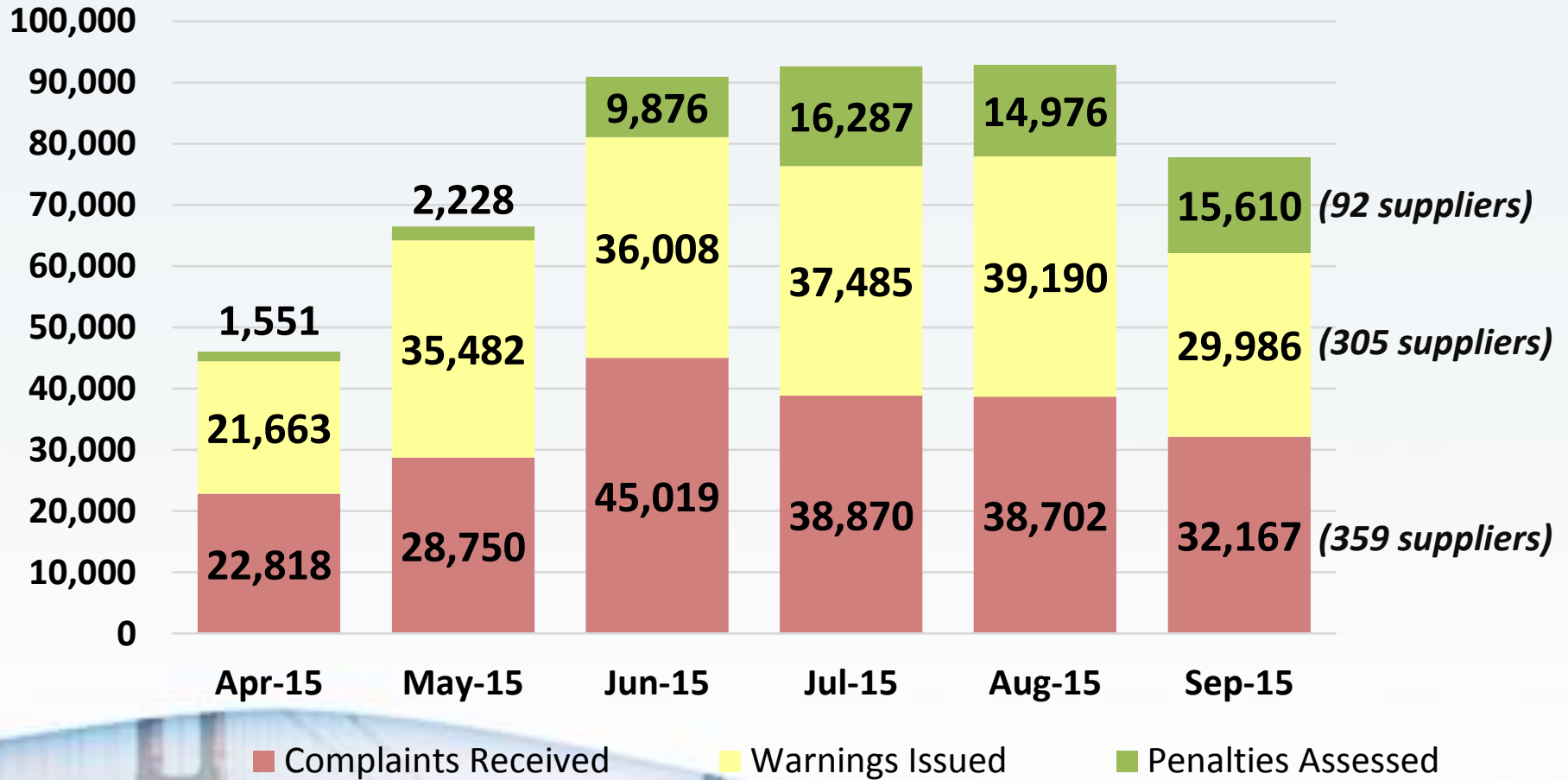


Noteworthy September 2015 Achievements

Suppliers with improved conservation enough to move into lower compliance priority between August and September.

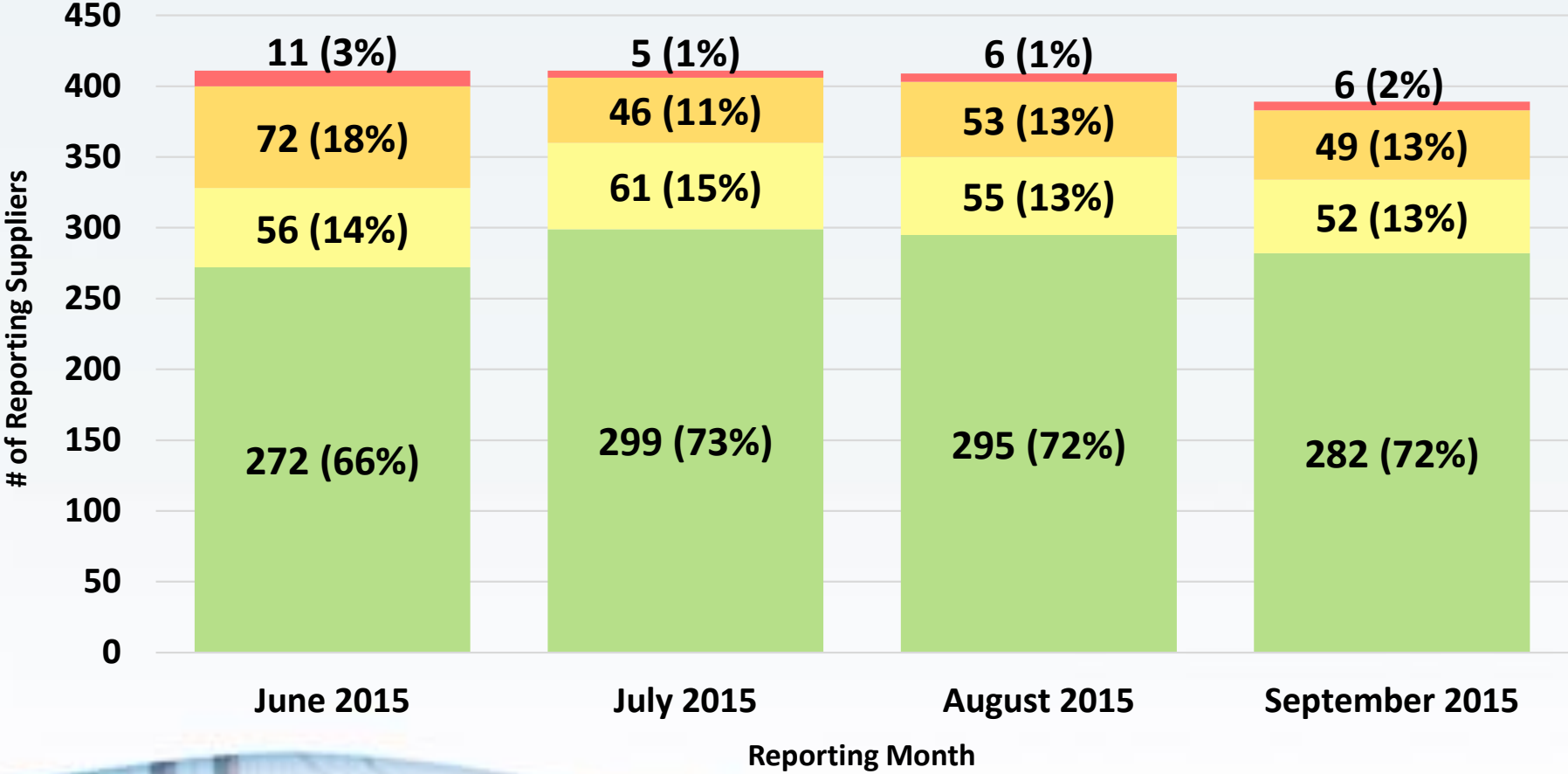
- Elsinore Valley Municipal Water District
- Chino Hills, City of
- Patterson, City of
- California Water Service Company Dominguez
- Alco Water Service
- California Water Service Company Westlake
- Suburban Water Systems Whittier/La Mirada
- Brea, City of
- Corona, City of
- Vernon, City of
- Valley Water Company
- Rancho California Water District

Supplier Enforcement Actions Taken April – September 2015



15 suppliers still allow outdoor irrigation 7 days a week

Number of Suppliers Reporting by Compliance Priorities June – September 2015



- 1 Greater than 15 percentage points from meeting standard
- 2 Between five and 15 percentage points from meeting standard
- 3 Between one and five percentage points from meeting standard
- 0 Met or within one percentage point from meeting standard

Water Board Enforcement Actions Taken Since June 2015

Office of Enforcement has issued:

- 68 Warning Letters
- 99 Informational Orders
- 7 Alternative Compliance Orders
- 8 Conservation Orders
- 4 Administrative Civil Liability Complaints

Next Steps

- Additional enforcement actions
- Issue responses to remaining requests for Alternate Compliance Orders
- December 7 - public workshop on potential expansion of the emergency regulation
- Small supplier reports due December 15



AGENDA ITEM NO. 8.A.

DATE: November 16, 2015
TO: Board of Directors
FROM: Candy Pina, Administrative Services Manager

SUBJECT: RECEIVE AND ACCEPT THE FINANCIAL AUDIT REPORT FOR FISCAL YEAR ENDED JUNE 30, 2015, 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, 2015, presented by David Becker, CPA, of James Marta & Company LLP.

FISCAL IMPACT

\$17,600 paid to date to James Marta & Company LLP. (\$17,100 is the total contracted amount for the FY 2013/2014 audit plus \$1,500 for added GASB 68 implementation).

DISCUSSION

Attached is the financial audit report for Fiscal Year Ended June 30, 2015 and related documents, which will be presented by David Becker, CPA, of James Marta & Company LLP.

Attachments: MPWD Financial Audit Report for Year Ended June 30, 2015
MPWD Management Letter
Representation Letter

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

UNANIMOUS _____ LINVILL _____ ZUCCA _____ WARDEN _____ STUEBING _____ VELLA _____



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

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2015 AND 2014**

JAMES MARTA & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

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Mid-Peninsula Water District

Board of Directors

JUNE 30, 2015

Board of Directors

| <u>Name</u> | <u>Office</u> | <u>Term Expires December</u> |
|-----------------|----------------|----------------------------------|
| Betty Linvill | President | 2017 |
| Matthew Zucca | Vice President | 2015 |
| Albert Stuebing | Director | 2017 |
| Dave Warden | Director | 2017 |
| Louis Vella | Director | 2015 |

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, 2015 and 2014 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. 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, 2015 and 2014, 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

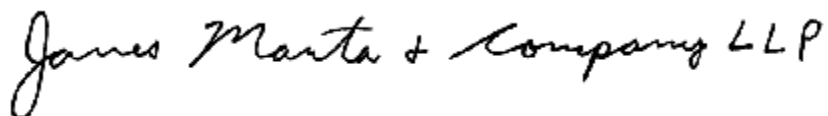
Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and Schedule of Funding Progress – Other Postemployment Benefits be presented to supplement the basic financial statements. Such information, although not a part of the basic financial 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. 68, *Accounting and Financial Reporting for Pensions*, which required a restatement of net position as of July 1, 2014. The effects of this restatement are described in Note 10 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 14, 2015 on our consideration of Mid-Peninsula Water District's internal control over financial reporting and our tests of its compliance with provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mid-Peninsula Water District's internal control over financial reporting and compliance.



James Marta & Company LLP
Certified Public Accountants
Sacramento, California
October 14, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

MID-PENINSULA WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

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, 2015. It should be reviewed in conjunction with the District's basic financial statements for the fiscal year ended June 30, 2015.

FINANCIAL HIGHLIGHTS

- The District implemented Governmental Accounting Standards Board (GASB) Statement No. 68 – Accounting and Financial Reporting for Pensions. This change in accounting principle required a restatement and reduction of beginning net position in the amount of \$1,193,079.
- After the restatements, the District's Net Position increased \$619,400 (3%) during the fiscal year ended June 30, 2015.
- The District's operating revenues decreased from the previous year by \$474,248 (-5%).
- Non-operating revenues decreased from the previous year by \$8,285 (-1%).
- Operating expenses increased by \$309,921 (3%).

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.

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.

MID-PENINSULA WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

FINANCIAL ANALYSIS OF THE DISTRICT

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.

Statement of Net Position

| | <u>June 30, 2015</u> | <u>June 30, 2014</u> | <u>Amount Increase (Decrease)</u> | <u>Percent Increase (Decrease)</u> | <u>June 30, 2013</u> |
|---------------------------------|----------------------|----------------------|---|--|----------------------|
| Current and Other Assets | \$ 4,575,012 | \$ 5,617,101 | \$ (1,042,089) | -19% | \$ 4,883,204 |
| Capital Assets, Net | 16,348,917 | 15,269,243 | 1,079,674 | 7% | 14,388,043 |
| Total Assets | <u>20,923,929</u> | <u>20,886,344</u> | <u>37,585</u> | 0% | <u>19,271,247</u> |
| Deferred Outflows | 203,461 | - | 203,461 | 0% | - |
| Current and Other Liabilities | 263,696 | 476,804 | (213,108) | -45% | 293,901 |
| Long-Term Liabilities | 1,400,680 | 252,043 | 1,148,637 | 456% | 231,703 |
| Total Liabilities | <u>1,664,376</u> | <u>728,847</u> | <u>935,529</u> | 128% | <u>525,604</u> |
| Deferred Inflows | 218,718 | - | 218,718 | 0% | - |
| Invested in Capital Assets, Net | 16,348,917 | 15,269,243 | 1,079,674 | 7% | 14,388,043 |
| Unrestricted Net Position | 2,895,379 | 4,888,254 | (1,992,875) | -41% | 4,357,600 |
| Total Net Position | <u>\$ 19,244,296</u> | <u>\$ 20,157,497</u> | <u>\$ (913,201)</u> | -5% | <u>\$ 18,745,643</u> |

The District's net position at fiscal year end June 30, 2015 decreased \$913,201 (-5%) when compared to fiscal year end June 30, 2014. Factors contributing to this decrease are mainly from the prior period adjustment recorded to reflect the CalPERS Net Pension Liability (GASB 68 requirement) of \$1,193,079 (-1,593%). Additionally, Capital Reserves decreased by \$989,937 (-53%) due to the construction completion of the Buckland Tank Replacement Project in Fiscal Year 2014/2015 totaling \$1,038,132 (100%).

MID-PENINSULA WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

Changes in Net Position

Changes in the District's net position between fiscal year end June 30, 2015, and fiscal year end June 30, 2014, can be determined by reviewing the following condensed Statement of Revenue, Expenses, and Changes in Net Position.

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

| | <u>June 30, 2015</u> | <u>June 30, 2014</u> | <u>Amount Increase (Decrease)</u> | <u>Percent Increase (Decrease)</u> | <u>June 30, 2013</u> |
|------------------------------------|----------------------|----------------------|---|--|----------------------|
| Operating Revenue | \$ 9,340,103 | \$ 9,814,351 | \$ (474,248) | -5% | \$ 9,403,414 |
| Non-Operating Revenue | 582,231 | 590,516 | (8,285) | -1% | 479,011 |
| Total Revenues | <u>9,922,334</u> | <u>10,404,867</u> | <u>(482,533)</u> | -5% | <u>9,882,425</u> |
| Operating Expenses | 9,302,934 | 8,993,013 | 309,921 | 3% | 8,934,652 |
| Non-Operating Expenses | - | - | - | 0% | - |
| Total Expenses | <u>9,302,934</u> | <u>8,993,013</u> | <u>309,921</u> | 3% | <u>8,934,652</u> |
| Change in Net Position | <u>619,400</u> | <u>1,411,854</u> | <u>(792,454)</u> | -56% | <u>947,773</u> |
| Net Position, Beginning - Original | 20,157,497 | 18,745,643 | 1,411,854 | 8% | 17,797,870 |
| Change in Accounting Principle | <u>(1,532,601)</u> | - | <u>(1,532,601)</u> | 0% | - |
| Net Position, Beginning - Restated | <u>18,624,896</u> | <u>18,745,643</u> | <u>(120,747)</u> | -1% | <u>17,797,870</u> |
| Net Position, Ending | <u>\$ 19,244,296</u> | <u>\$ 20,157,497</u> | <u>\$ (913,201)</u> | -5% | <u>\$ 18,745,643</u> |

The District's Operating Revenues decreased by \$474,248 (-5%) due to various factors. Water revenues decreased by \$479,175 (-5%), primarily as a result of the District's overall reduction in water use by 17.1% for the fiscal year as a result of targeted water conservation. Miscellaneous revenues increased by \$4,927 (7%).

The District's Non-Operating Revenues decreased by \$8,285 (-1%) due to a decrease in rent received because of a cellular tower lease termination at the District's Dekoven tank site totaling \$14,837 (-7%), a decrease in meter upgrade installations of \$4,001 (-3%), and various other decreased revenues of \$6,637 (-40%). Property taxes received increased by \$17,190 (7%).

Operating Expenses increased by \$309,921 (3%) due to various factors:

- Salaries and benefits increased by \$43,989 (2%) due to the following: Net Pension Expense decreased by \$34,577 (-19%) due to new reporting requirements (GASB 68), Salaries & Wages increased by \$57,218 (4.3%), Workers Compensation Insurance increased by \$9,929 (22%), OPEB Expense increased by \$28,066 (39%), miscellaneous personnel costs decreased by \$16,647 (-23%).
- Maintenance and rehabilitation (M&R) increased by \$69,163 due to the following: M&R Operations increased by \$99,181 (32%) mainly due to a change in accounting for inventory; Facilities and Equipment decreased by \$17,724 (-17%) due to replacement of old vehicles; Fuel decreased by \$12,294 (-29%) due to purchase of plug-in hybrid vehicles.
- Purchased Water expense was higher by \$58,583 (1%) as the result of a combination of the SFPUC's increased wholesale customer water rates and the District's reduced water purchases and water use reduction from water conservation achievements.
- Utilities increased by \$8,950 (3%) due to cost of living increase.

MID-PENINSULA WATER DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2015

- Professional Services increased by \$75,186 due to increased District Counsel costs by \$26,249 (31%), District Engineer costs increased by \$32,211 (31%), incurred costs for the Water Capacity Charges Update and Rates Study totaling \$49,582 (100%), miscellaneous professional services costs decreased by \$32,856 (-17%).
- Administrative and other costs decreased by \$21,881 due to a decrease in Retiree’s Health costs of \$23,570 (-30%); miscellaneous administrative costs increased by \$1,689 (.3%).
- Depreciation increased by \$75,931 (9%) due to increased Fixed Assets of \$2,276,609 placed into service.

BUDGETARY HIGHLIGHTS

In its commitment to fiscal responsibility, the District timely adopted an annual budget for Fiscal Year 2014/2015 that projected revenues and expenditures for operations and capital improvements.

CAPITAL ASSETS

During the fiscal year ended June 30, 2015, the District had \$16,348,917 (net of accumulated depreciation) invested in capital assets. The following table is presented below to illustrate changes from the prior year:

| | <u>June 30, 2015</u> | <u>June 30, 2014</u> | <u>Amount Increase (Decrease)</u> | <u>Percent Increase (Decrease)</u> | <u>June 30, 2013</u> |
|-------------------------------|----------------------|----------------------|---|--|----------------------|
| Land | \$ 1,045,264 | \$ 1,045,264 | \$ - | 0% | \$ 1,045,264 |
| Construction in Progress | 74,588 | 1,212,700 | (1,138,112) | -94% | 567,386 |
| Utility Plant in Service | 38,313,237 | 36,710,048 | 1,603,189 | 4% | 35,830,229 |
| Vehicles | 1,577,427 | 347,014 | 1,230,413 | 355% | 219,329 |
| Computer System | 192,131 | 183,105 | 9,026 | 5% | 147,672 |
| Capital Asset at Cost | 41,202,647 | 39,498,131 | 1,704,516 | 4% | 37,809,880 |
| Less Accumulated Depreciation | (24,853,730) | (24,228,888) | 624,842 | 3% | (23,421,837) |
| Capital Assets, Net | <u>\$ 16,348,917</u> | <u>\$ 15,269,243</u> | <u>\$ 1,079,674</u> | 7% | <u>\$ 14,388,043</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.

MID-PENINSULA WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

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, 2015 AND 2014

| | <u>2015</u> | <u>2014</u> |
|-----------------------------------|----------------------|----------------------|
| <u>ASSETS</u> | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 3,582,734 | \$ 4,465,380 |
| Accounts receivables | 679,566 | 849,659 |
| Materials and supplies | 177,209 | 190,094 |
| Prepaid expenses and other assets | <u>135,503</u> | <u>92,625</u> |
| Total Current Assets | 4,575,012 | 5,597,758 |
| Net OPEB asset | - | 19,343 |
| Capital assets, net | <u>16,348,917</u> | <u>15,269,243</u> |
| TOTAL ASSETS | <u>20,923,929</u> | <u>20,886,344</u> |
| Deferred Outflows: | | |
| Pension related | <u>203,461</u> | <u>-</u> |
| <u>LIABILITIES</u> | | |
| Current Liabilities | | |
| Accounts payable | 185,507 | 422,373 |
| Accrued expenses | 46,879 | 54,431 |
| Deferred revenue | <u>31,310</u> | <u>-</u> |
| Total Current Liabilities | 263,696 | 476,804 |
| Long-Term Liabilities | | |
| Net pension liability | 1,118,234 | - |
| Net OPEB Liability | 4,565 | - |
| Compensated absences | <u>277,881</u> | <u>252,043</u> |
| Total Liabilities | <u>1,664,376</u> | <u>728,847</u> |
| Deferred Inflows: | | |
| Pension related | <u>218,718</u> | <u>-</u> |
| <u>NET POSITION</u> | | |
| Invested in capital assets | 16,348,917 | 14,388,043 |
| Unrestricted | <u>2,895,379</u> | <u>5,769,454</u> |
| Total Net Position | <u>\$ 19,244,296</u> | <u>\$ 20,157,497</u> |

MID-PENINSULA WATER DISTRICT

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

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2015 AND 2014**

| | <u>2015</u> | <u>2014</u> |
|--|----------------------|----------------------|
| OPERATING REVENUES | | |
| Water service charges | \$ 9,269,172 | \$ 9,748,347 |
| Other revenue | 70,931 | 66,004 |
| Total Operating Revenues | <u>9,340,103</u> | <u>9,814,351</u> |
| OPERATING EXPENSES | | |
| Salaries and benefits | 2,258,983 | 2,214,994 |
| Maintenance and rehabilitation | 529,883 | 460,720 |
| Purchased water | 4,160,810 | 4,102,227 |
| Utilities | 312,784 | 303,834 |
| Professional services | 461,682 | 386,496 |
| Administrative and other | 665,813 | 687,694 |
| Depreciation | 912,979 | 837,048 |
| Total Operating Expenses | <u>9,302,934</u> | <u>8,993,013</u> |
| OPERATING INCOME (LOSS) | 37,169 | 821,338 |
| NON-OPERATING REVENUES (EXPENSES) | | |
| Rent | 194,681 | 209,518 |
| Property taxes | 259,597 | 242,407 |
| Insurance claim reimbursement | - | 4,726 |
| Interest income | 9,751 | 11,662 |
| Completed projects | 118,202 | 122,203 |
| Total Non-Operating Revenues (Expenses) | <u>582,231</u> | <u>590,516</u> |
| CHANGE IN NET POSITION | <u>619,400</u> | <u>1,411,854</u> |
| NET POSITION, BEGINNING OF YEAR | | |
| As originally reported | 20,157,497 | 18,745,643 |
| Prior period adjustment | (1,532,601) | - |
| NET POSITION, BEGINNING OF YEAR, As restated | <u>18,624,896</u> | <u>18,745,643</u> |
| NET POSITION, END OF YEAR | <u>\$ 19,244,296</u> | <u>\$ 20,157,497</u> |

MID-PENINSULA WATER DISTRICT

STATEMENT OF CASH FLOWS

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2015 AND 2014**

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|
| Cash Flows From Operating Activities | | |
| Receipts from customers and users | \$ 9,470,575 | \$ 9,770,914 |
| Other operating revenue | 70,931 | 66,004 |
| Payments to suppliers | (6,405,383) | (5,673,967) |
| Payments related to employees | <u>(2,268,825)</u> | <u>(2,190,965)</u> |
| Net Cash Flows Provided (Used) by Operating Activities | <u>867,298</u> | <u>1,971,986</u> |
| Cash Flows From Non-Capital Financing Activities | | |
| Rent received | 194,681 | 209,518 |
| Property taxes received | 259,597 | 242,407 |
| Insurance claim reimbursement | - | 4,726 |
| Net Cash Flows Provided (Used) by Non-Capital Financing Activities | <u>454,278</u> | <u>456,651</u> |
| Cash Flows From Capital and Related Financing Activities | | |
| Acquisition of capital assets | (2,332,175) | (1,718,248) |
| Cash received for completed projects | <u>118,202</u> | <u>122,203</u> |
| Net Cash Flows Provided (Used) by Capital & Related Activities | <u>(2,213,973)</u> | <u>(1,596,045)</u> |
| Cash Flows From Investing Activities | | |
| Interest Income | <u>9,751</u> | <u>11,662</u> |
| Net Cash Flows Provided (Used) by Investing Activities | <u>9,751</u> | <u>11,662</u> |
| Net Increase (Decrease) in Cash | (882,646) | 844,254 |
| Beginning Cash and Equivalents | <u>4,465,380</u> | <u>3,621,126</u> |
| Ending Cash and Equivalents | <u>\$ 3,582,734</u> | <u>\$ 4,465,380</u> |

MID-PENINSULA WATER DISTRICT

STATEMENT OF CASH FLOWS

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2015 AND 2014**

| | <u>2015</u> | <u>2014</u> |
|--|-------------------|---------------------|
| Reconciliation of Operating Income (loss) to Net Cash Provided (used) by Operating Activities | | |
| Cash Flows from Operating Activities: | | |
| Operating Income (Loss) | \$ 37,169 | \$ 821,338 |
| Adjustments to Reconcile Operating Income (loss) to Net Cash Provided (used) by Operations: | | |
| Depreciation | 912,979 | 837,048 |
| (Increase) Decrease in: | | |
| Accounts receivable | 170,093 | 66,789 |
| Materials and supplies | 12,885 | 17,226 |
| Prepaid expenses and other assets | (42,878) | 22,653 |
| Net OPEB asset | 19,343 | 3,689 |
| Deferred outflows | (203,461) | - |
| Increase (Decrease) in: | | |
| Accounts payable | (236,866) | 260,178 |
| Accrued benefits | 25,838 | 20,340 |
| Net OPEB liability | 4,565 | - |
| Deferred revenue | 31,310 | (44,222) |
| Customer deposits | (7,552) | (33,053) |
| Net pension liability | (74,845) | - |
| Deferred inflows | 218,718 | - |
| | <u>218,718</u> | <u>-</u> |
| Net Cash Provided (used) by Operating Activities | <u>\$ 867,298</u> | <u>\$ 1,971,986</u> |

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

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.

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.

E. MATERIALS AND SUPPLIES

Materials and supplies are stated at average cost. Inventories consist primarily of parts and supplies used to maintain the distribution system including mains, metering equipment and hydrants used for fire suppression within the District.

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

F. DEFERRED 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 PTO (paid time off) 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, 2015 AND 2014

J. PROPERTY TAXES

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

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

2. CASH AND INVESTMENTS

Cash and cash equivalents as of June 30, 2015 and 2014 consisted of the following:

| | <u>2015</u> | <u>2014</u> |
|---------------------------------|---------------------|---------------------|
| Petty cash | \$ 400 | \$ 400 |
| Cash drawer | 200 | 200 |
| Cash in bank | 193,003 | 85,401 |
| Local Agency Investment Fund | <u>3,389,131</u> | <u>4,379,379</u> |
| Total Cash and Cash Equivalents | <u>\$ 3,582,734</u> | <u>\$ 4,465,380</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.

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 Authority’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.

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

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.

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 is as follows:

| | Balance June 30, 2014 | Prior Year Adjustments | Additions | Deletions | Balance June 30, 2015 |
|--|--------------------------|---------------------------|---------------------|---------------------|--------------------------|
| Capital assets not subject to depreciation | | | | | |
| Land | \$ 1,045,264 | \$ - | \$ - | \$ - | \$ 1,045,264 |
| Construction in progress | 1,212,700 | - | 74,588 | 1,212,700 | 74,588 |
| Total capital assets not subject to depreciation | <u>2,257,964</u> | <u>-</u> | <u>74,588</u> | <u>1,212,700</u> | <u>1,119,852</u> |
| Capital assets being depreciated | | | | | |
| Utility plant in service* | 36,710,048 | (1,807,150) | 3,410,339 | | 38,313,237 |
| Vehicles* | 347,014 | 1,807,150 | 69,995 | 646,732 | 1,577,427 |
| Computer and telephone systems | 183,105 | - | 9,026 | - | 192,131 |
| Total capital assets being depreciated | <u>37,240,167</u> | <u>-</u> | <u>3,489,360</u> | <u>646,732</u> | <u>40,082,795</u> |
| Less accumulated depreciation for: | | | | | |
| Utility plant in service* | 23,958,763 | (1,496,972) | 858,466 | | 23,320,257 |
| Vehicles* | 206,480 | 1,837,148 | 16,387 | 627,659 | 1,432,356 |
| Computer and telephone systems | 63,645 | (654) | 38,126 | - | 101,117 |
| Total accumulated depreciation | <u>24,228,888</u> | <u>339,522</u> | <u>912,979</u> | <u>627,659</u> | <u>24,853,730</u> |
| Total capital assets, net of depreciation | <u>\$ 15,269,243</u> | <u>\$ (339,522)</u> | <u>\$ 2,650,969</u> | <u>\$ 1,231,773</u> | <u>\$ 16,348,917</u> |

* During the year, there was a reclassification of fully depreciated items from Utility plant in service to Vehicles of \$1,807,150. In addition, \$578,215 of fully depreciated vehicles was removed. There was a prior period adjustment of \$339,522 to correct the accumulated depreciation accounts, which is more fully described in Note 10.

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

4. EMPLOYEE RETIREMENT PLAN

A. Plan Description

All qualified permanent and probationary employees are eligible to participate in the Mid-Peninsula Water District's the 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.

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

| | Prior to January 1, 2013 | On or after January 1, 2013 |
|---|-----------------------------|--------------------------------|
| Hire date | | |
| Benefit formula | 2.7% @ 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 | 8.003% | 6.237% |

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 year ended June 30, 2015, the contributions recognized as part of pension expense for the Plan were \$203,461.

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

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

As of June 30, 2015, the Mid-Peninsula Water District reported net pension liabilities for its proportionate share of the net pension liability of the Plan of \$1,118,234.

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, 2014, 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, 2013 rolled forward to June 30, 2014 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, 2013 and 2014 was as follows:

| | |
|------------------------------|----------|
| Proportion - June 30, 2013 | 0.03541% |
| Proportion - June 30, 2014 | 0.04525% |
| Change - Increase (Decrease) | 0.00984% |

For the year ended June 30, 2015, the District recognized pension expense of \$143,873. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Pension contributions subsequent to measurement date | \$ 203,461 | |
| Difference between proportionate share of aggregate employer contributions and actual contributions for 2013-14. | | \$ 62,799 |
| Change in employer's proportion and differences between proportionate share of contributions | | (23,453) |
| Net differences between projected and actual earnings on plan investments | | (258,064) |
| Total | \$ 203,461 | \$ (218,718) |

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

\$203,461 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Year Ended | |
|------------|-------------|
| June 30 | |
| 2016 | \$ (50,464) |
| 2017 | \$ (50,464) |
| 2018 | \$ (53,274) |
| 2019 | \$ (64,516) |

Actuarial Assumptions – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

| | |
|-------------------------------|--|
| Valuation Date | June 30, 2013 |
| Measurement Date | June 30, 2014 |
| Actuarial Cost Method | Entry-Age Normal Cost |
| Actuarial Assumptions | |
| Discount Rate | 7.50% |
| 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 underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 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 7.50% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained from the CalPERS website under the GASB 68 section.

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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.

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 (11-60 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 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 rounded down to the nearest one quarter of one percent.

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

| <u>Asset Class</u> | <u>New Strategic Allocation</u> | <u>Real Return Years 1 - 10(a)</u> | <u>Real Return Years 11+(b)</u> |
|-------------------------------|---|--|-------------------------------------|
| Global Equity | 47.0% | 5.25% | 5.71% |
| Global Fixed Income | 19.0% | 0.99% | 2.43% |
| Inflation Sensitive | 6.0% | 0.45% | 3.36% |
| Private Equity | 12.0% | 6.83% | 6.95% |
| Real Estate | 11.0% | 4.50% | 5.13% |
| Infrastructure and Forestland | 3.0% | 4.50% | 5.09% |
| Liquidity | 2.0% | -0.55% | -1.05% |

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

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% (6.50%) | Current Discount Rate (7.50%) | Discount Rate + 1% (8.50%) |
|------------------------------|-------------------------------|----------------------------------|-------------------------------|
| Plan's Net Pension Liability | \$ 1,764,997 | \$ 1,118,234 | \$ 581,482 |

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

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, 2015.

5. 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.

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

6. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. Plan Description

The District provides postemployment health care benefits for all employees who terminate or retire from the District after achieving age 55 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. Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) expense is calculated based on the annual required contributions (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the District's Annual OPEB Cost for the fiscal year ended June 30, 2015, the amount actually contributed to the plan, and changes in the District's Net OPEB Obligation (Asset):

| | |
|---|------------------|
| Annual required Contribution | \$ 155,500 |
| Interest on net OPEB obligation | (1,141) |
| Adjustment to annual required contribution | <u>1,169</u> |
| Annual OPEB cost (expense) | 155,528 |
| Contributions made | <u>(131,620)</u> |
| Change in net OPEB obligation (asset) | 23,908 |
| Net OPEB obligation (asset) - beginning of year | <u>(19,343)</u> |
| Net OPEB obligation (asset) - end of year | <u>\$ 4,565</u> |

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

C. Annual OPEB Cost and Net OPEB Obligation (Continued)

The District's Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the plan, and the Net OPEB Obligation (Asset) are as follows:

| Fiscal Year Ended | Annual OPEB Cost | Actual Contribution | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation (Asset) |
|----------------------|------------------------|------------------------|---|-----------------------------------|
| June 30, 2015 | \$ 155,528 | \$ 131,620 | 85% | \$ 4,565 |
| June 30, 2014 | \$ 151,033 | \$ 147,344 | 98% | \$ (19,343) |
| June 30, 2013 | \$ 123,748 | \$ 78,546 | 63% | \$ (23,032) |

D. Funding Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the Annual Required Contributions of the District are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The plan's most recent actuarial valuation was performed as of July 1, 2012. In that valuation, the Entry Age Normal Cost Method was used. The actuarial assumptions included a 5.9% discount rate, and a medical trend assumption of 7.0% graded down by 1.0% per year to an ultimate rate of 5.0% after 2 years. These assumptions reflect an implicit 3.0 percent general inflation assumption. The District's unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis over 30 years.

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

7. 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, 2014 and June 30, 2014, respectively, is as follows:

| | ACWA JPIA <u>September 30, 2014</u> | BAWSCA <u>June 30, 2014</u> |
|------------------------|--|--------------------------------|
| Total Assets | \$ 195,584,006 | \$ 387,484,003 |
| Total Liabilities | \$ 107,626,833 | \$ 377,650,644 |
| Total Net Position | \$ 87,957,173 | \$ 9,833,359 |
| Total Revenues | \$ 143,389,669 | \$ 24,995,269 |
| Total Expenses | \$ 149,948,264 | \$ 17,916,048 |
| Change in Net Position | \$ (6,558,595) | \$ 7,079,221 |

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

8. 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 44% and 46% of the District's operating costs for the years ended June 30, 2015 and 2014, respectively.

Operating lease

The District leases a copier under a 63 month term expiring in September 2015. Minimum future rental payments, under this non-cancelable operating lease, as of June 30, 2015, are as follows:

| Year Ending | Amount |
|-------------|-----------|
| June 30 | |
| 2016 | \$ 12,108 |

Total lease payments for the years ended June 30, 2015 and 2014 were \$53,957 and \$51,475, respectively. The District purchased a new copier in July 2015 and did not renew the lease.

9. LEASE REVENUES

The District contracts with five different companies to lease land for communications towers on those properties and has one lease for an office building. The agreements are for multiple years and require monthly payments based on the contracted amounts. Lease revenues for the years ended June 30, 2015 and 2014 totaled \$194,681 and \$209,518, respectively. A schedule of future lease revenues was not available as of the date of these financial statements.

10. PRIOR PERIOD RESTATEMENT

The District understated the accumulated depreciation on certain assets in prior years. As a result we had to increase the beginning balance for accumulated depreciation and decrease the beginning net position by \$339,522. Note 3 shows the adjustments to the various capital asset categories.

In addition, the District implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for 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 defined benefit pension plan described in Note 4. This change in accounting principle required a prior period adjustment which decreased the beginning net position by \$1,193,079.

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

11. SUBSEQUENT EVENTS

District management has evaluated its June 30, 2015 financial statements for subsequent events through October 14, 2015, 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
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS

JUNE 30, 2015

| Actuarial Valuation Date | Actuarial Accrued Liability (AAL) Entry Age (a) | Actuarial Value of Assets (b) | Unfunded Liability (UAAL) (a-b) | Funded Status (b/a) | Annual Covered Payroll (c) | UAAL as a % of payroll ([a-b]/c) |
|--------------------------------|--|--|--|---------------------------|-------------------------------------|---|
| July 1, 2009 | \$ 1,046,600 | \$ - | \$ 1,046,600 | 0% | \$ 1,190,000 | 87.9% |
| July 1, 2012 | \$ 1,517,700 | \$ 257,000 | \$ 1,260,700 | 17% | \$ 1,242,300 | 101.5% |

MID-PENINSULA WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

JUNE 30, 2015

| | June 30, 2014 ⁽¹⁾ |
|--|-------------------------------------|
| Proportion of the net pension liability | 0.01797% |
| Proportionate share of the net pension liability | \$ 1,118,234 |
| Covered-employee payroll ⁽²⁾ | \$ 1,178,386 |
| Proportionate Share of the net pension liability as percentage of covered-employee payroll | 94.90% |
| Plans fiduciary net position as a percentage of the total pension liability | 77.06% |
| Proportionate share of aggregate employer contributions ⁽³⁾ | \$ 101,596 |

- (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
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
JUNE 30, 2015

| | Fiscal Year 2013-14 ⁽¹⁾ |
|--|---|
| Actuarially Determined Contribution ⁽²⁾ | \$ 186,823 |
| Contributions in relation to the actuarially determined contributions ⁽²⁾ | (186,823) |
| Contribution deficiency (excess) | \$ - |
| Covered-employee payroll ^(3,4) | \$ 1,178,386 |
| Contributions as a percentage of covered-employee payroll ⁽³⁾ | 15.85% |

- ⁽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 (\$1,144,064) was assumed to increase by the 3.00 percent payroll growth assumption.

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, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 14, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 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 deficiencies, significant deficiencies or material weaknesses. Given these limitation, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

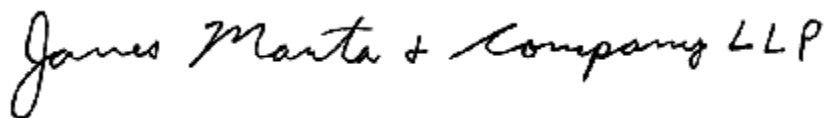
Compliance and Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated October 14, 2015.

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 cursive script that reads "James Marta & Company LLP".

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
October 14, 2015



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

MANAGEMENT LETTER

Mid-Peninsula Water District
Belmont, California

We have recently completed the audit of the financial statements of Mid-Peninsula Water District and have issued our report thereon dated October 14, 2015. In planning and performing our audit of your financial statements for the year ended June 30, 2015, we applied generally accepted auditing standards (GAAS) as we considered your internal control over financial reporting as a basis for designing our auditing procedures. We did this for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of your internal controls.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Although our audit was not designed to provide assurance on the internal control structure and its operation, we noted certain matters in Attachment A that we are submitting for your consideration for the improvement of the Mid-Peninsula Water District accounting and financial reporting functions. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. We will review the status of these comments during our next audit engagement. This letter does not affect our report dated October 14, 2015 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
Certified Public Accountants
October 14, 2015

Current Year Recommendations**2015-01 Depreciation of Capital Assets****Observation:**

One item listed in the meter change asset schedule was placed in operation in October 2014 and was over depreciated for the year by \$10,904. We did not post a journal entry to correct the amount as it was immaterial to the financial statements.

Recommendations:

Management should correct the monthly depreciation schedule going forward and ensure that the asset is only depreciated to the extent of cost.

Corrective Action Plan:

Staff has corrected the depreciation schedule for the one asset item.

2015-02 Inventory**Observation:**

In some cases, there are items entered into inventory under the same inventory number even though they are different items with different pricing. There are other cases where an item is entered into Quickbooks with no cost associated with it which is creating a lower valuation for these items.

Recommendations:

The information in the inventory system should be set up to match each distinct inventory item so the pricing and value of inventory is accurately reflected in the general ledger. Also, the correct cost associated with the item should be entered.

Reducing inventory to only items not readily available from vendors or needed in an emergency would alleviate the time and resources necessary to track and value inventory.

Corrective Action Plan:

Management continues to monitor the inventory and will review items on hand to determine which items will be maintained on hand in the future.

Status of Prior Year Recommendations**2014-01 Inventory Valuation****Observation:**

The valuation of inventory in QuickBooks uses an average cost basis. When we compared the most recent purchase price with the average price used, we found inventory items under the same inventory number even though they were different items with different pricing. We selected 25 of the inventory items for price testing and identified a potential understatement of inventory of \$44,868. This projection is comparing current inventory price with the average pricing calculated in QuickBooks and is therefore not an actual difference. There were also a number of items included in inventory with no value assigned as these items have already been expensed. These items represent mostly supply items used in repairs and maintenance such as nuts, bolts, gaskets, valves, etc. and are appropriately expensed.

Recommendations:

The information in the inventory system should be set up to match each distinct inventory item so the pricing and value of inventory is accurately reflected in the general ledger. For those inventory items used in repairs and maintenance that have already been expensed, we would recommend a specified separate area in the inventory room so it is cleared which items will not be included in the inventory valuation.

Corrective Action Plan:

The MPWD will be purchasing a Financial Management System (FMS) that will include an inventory module. Due to limitations in the MPWD's inventory room. It will not be possible to have expensed items separate from inventory items. However, staff will count both, and those items that are being expensed will have a zero value in the accounting system.

Status:

Management has been working to provide a more accurate inventory valuation, however similar issues were noted in the current audit. See current year recommendation 2015-02.

2014-02 Capital Assets

Observation:

Tracking of capital assets and construction in progress is currently done manually on an Excel spreadsheet. In addition, we had difficulty identifying and reconciling the vehicles in the spreadsheet with the vehicles actually owned and operated by the District.

Recommendations:

The District should consider purchasing fixed asset tracking software, which will make it easier to track and reconcile capital assets, values, and depreciation with the actual assets owned by the District

Corrective Action Plan:

Staff is in the process of evaluating the purchase of a financial management system in 2014/2015.

Status:

Not implemented. Will be implemented with new financial management system.

2014-03 Fund Balance

Observation:

The beginning Fund Balance for the year did not match to the prior year audit report. There had been entries that had been run through equity during the year. The majority of the entries had to do with adjustments to inventory made during the year.

Recommendations:

All adjustments should be made through the income statement and never directly to any fund balance account.

Corrective Action Plan:

This has been resolved. This was a one-time event trying to deal with prior year expensed inventory.

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 recommend 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 RevenuesObservation:

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 14, 2015

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, 2015 and 2014 and have issued our report thereon dated October 14, 2015. 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 July 29, 2013, 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 15, 2015.

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, 2015. 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, the net pension liability and related deferred inflows and other postemployment benefits liabilities (assets).

Management's estimate of the collectability of accounts receivable is based on a historical analysis of collections and bad debt. Management's estimate of the net pension liability, related deferred inflows and other postemployment benefits liabilities (assets) 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. The attached schedule summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit.

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 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 15, 2015.

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

GASB 68 Accounting and Financial Reporting for Pensions

This standard established new requirements for governments to report a "net pension liability" for the unfunded portion of its pension plan. Governments that participate in a multiple employer cost sharing defined benefit plan must report a liability for their "proportionate share" of the net pension liability of the entire system. Governments that maintain their own pension plans (either single employer or agent multiple-employer) report a liability for the difference between the total pension liability calculated in accordance with GASB 67 and the amount held in the pension trust fund.

Historically, governments have only been required to report a net pension obligation to the extent that they have not met the annual required contribution (ARC) in any given year. Governments are now required to report a net pension liability based on the current funded status of their pension plans. Changes in this liability from year to year will largely be reflected on the income statement, though certain amounts will be deferred and amortized over varying periods.

The impact of this statement for the fiscal year ended June 30, 2015 is a prior period restatement of \$1,193,079, recognizing a net pension liability of \$1,118,234, deferred inflows of \$218,718, deferred outflows of \$203,461 and a net pension expense of \$143,873.

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.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
October 14, 2015

Attachment A – Upcoming Changes in Accounting Standards

As of June 30, 2015

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

GASB 72 - Fair Value Measurement and Application

Effective for the fiscal year ending June 30, 2016

This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB 73 - Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68

Effective for the fiscal year ending June 30, 2017

This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes.

The requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

GASB 74 - Financial Reporting for Postemployment Benefits Other Than Pension Plans (OPEB)

Effective for the fiscal year ending June 30, 2017

This standard establishes the requirements for other postemployment benefit plans administered by trusts to report on their operations, including setting new uniform requirements for actuarial valuations of the total OPEB liability, and reporting various 10-year trend data as required supplementary information. The financial statements of pension plans will not change substantially as a result of GASB 74, though the additional note disclosures and required supplementary information will be significant. Additionally, actuarial valuations conducted in accordance with GASB 74 will have to match the government’s fiscal year, or be rolled forward to that date by the actuary.

GASB 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions
Effective for the fiscal year ending June 30, 2018

This standard establishes new requirements for governments to report a “net OPEB liability” for the unfunded portion of its other postemployment benefits, which includes retiree medical benefits.

Historically, governments have only been required to report a net OPEB liability to the extent that they have not met the annual required contribution (ARC) in any given year. Upon implementation of this standard, governments will be required to report a net OPEB liability based on the current funded status of their OPEB plans. Changes in this liability from year to year will largely be reflected on the income statement, though certain amounts will be deferred and amortized over varying periods.

GASB 76 - The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments

Effective for the fiscal year ending June 30, 2016

The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

GASB 77 - Tax Abatement Disclosures

Effective for the fiscal year ending June 30, 2016

This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

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

Uncorrected Audit Adjustments

| Account | Description | Debit | Credit |
|---|---------------------------------|-------------------------|-------------------------|
| Proposed JE # 8 | | | |
| To correct overdepreciation of meter change out item on line 154 placed in service October 2014 | | | |
| 1685 | Accum Depr - UtilityPlant inSvs | 10,904.00 | |
| 9010 | Depreciation and Amortization | | 10,904.00 |
| Total | | <u>10,904.00</u> | <u>10,904.00</u> |

Corrected Audit Adjustments

| Account | Description | Debit | Credit |
|---|---------------------------------|------------------|------------------|
| Adjusting Journal Entries JE # 2 | | | |
| Completion of WIP- PBC | | | |
| 1532 | Main Replacement CY | 91,951.00 | |
| 1928 | Notre Dame/Folger - Prof Svs CY | | 6,002.00 |
| 1930 | Notre Dame/Folger - Labor CY | | 10,974.00 |
| 1931 | Notre Dame/Folger - Const CY | | 74,975.00 |
| Total | | 91,951.00 | 91,951.00 |
| Adjusting Journal Entries JE # 3 | | | |
| To recognize depreciation for Notre Dame/Folger project for June 2015 - PBC | | | |
| 9010 | Depreciation and Amortization | 153.00 | |
| 1682 | Accum Depr - Main Replacement | | 153.00 |
| Total | | 153.00 | 153.00 |
| Adjusting Journal Entries JE # 4 | | | |
| To tie balance sheet totals to Main Inventory Evaluation Summary | | | |
| 1320 | Inventory- Hydrants | 10,502.00 | |
| 6404 | Mains/Distribution | 1,084.00 | |
| 6405 | Meters & Service | 25,555.00 | |
| 1310 | Inventory- Mains | | 1,084.00 |
| 1330 | Inventory- Meters | | 25,555.00 |
| 6406 | Fire Hydrants | | 10,502.00 |
| Total | | 37,141.00 | 37,141.00 |
| Adjusting Journal Entries JE # 5 | | | |
| To adjust net position to match prior year report | | | |
| 3900 | Unappropriated Fund Balance | 147.00 | |
| 7205 | Meeting Expenses | | 147.00 |
| Total | | 147.00 | 147.00 |
| Adjusting Journal Entries JE # 6 | | | |
| To adjust OPEB liability based on actuary valuation. | | | |
| 6053 | OPEB Expense | 23,908.00 | |
| 1801 | Net OPEB Asset | | 23,908.00 |
| Total | | 23,908.00 | 23,908.00 |

Corrected Audit Adjustments - Continued

| Account | Description | Debit | Credit |
|---|-------------------------------|---------------------|---------------------|
| Adjusting Journal Entries JE # 10 | | | |
| To record current year PERs contributions as deferred outflows. | | | |
| 1980 | Deferred Outflows | 203,461.00 | |
| 6045 | CALPERS Retirement - ER 2%@55 | | 203,461.00 |
| Total | | 203,461.00 | 203,461.00 |
| Adjusting Journal Entries JE # 11 | | | |
| To record GASB 68 liability | | | |
| 1980 | Deferred Outflows | 186,823.00 | |
| 2996 | Net Pension Liability | 160,072.00 | |
| 2996 | Net Pension Liability | 186,823.00 | |
| 2999 | Deferred Inflows | 62,799.00 | |
| 3950 | Prior Period Adjustment | 1,193,079.00 | |
| 6055 | Net Pension Expense | 22,428.00 | |
| 6055 | Net Pension Expense | 121,445.00 | |
| 1980 | Deferred Outflows | | 186,823.00 |
| 2996 | Net Pension Liability | | 85,227.00 |
| 2996 | Net Pension Liability | | 1,379,902.00 |
| 2999 | Deferred Inflows | | 281,517.00 |
| Total | | 1,933,469.00 | 1,933,469.00 |

MANAGEMENT REPRESENTATION LETTER

October 14, 2015

James Marta & Company LLP
Certified Public Accountants
Sacramento, California

This representation letter is provided in connection with your audit of the basic financial statements of Mid-Peninsula Water District as of June 30, 2015 and 2014 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 Mid-Peninsula Water District in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

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

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of October 14, 2015:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 29, 2013, 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 have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

- The effects of uncorrected misstatements summarized in the attached schedule and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
- We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- 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 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 are available is appropriately disclosed and net position 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 conformity 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 allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation and claims 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 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 District Counsel 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
- 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:

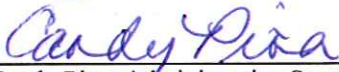
- a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with GASB Statement No. 45 and 68.
- b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with GASB standards.
- 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.

Use of a Specialist

We agree with the findings of specialists in evaluating the OPEB and pension liabilities 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



AGENDA ITEM NO. 8.B.

DATE: November 16, 2015
 TO: Board of Directors
 FROM: Tammy Rudock, General Manager

SUBJECT: REVIEW MPWD PARS OPEB TRUST ACCOUNT INVESTMENT STRUCTURE AND PERFORMANCE AND CONSIDER RESOLUTION 2015-20 APPROVING INVESTMENT PORTFOLIO FOR THE OPEB TRUST ACCOUNT, AND RECEIVE PRESENTATION ABOUT NEW PARS PENSION RATE STABILIZATION PROGRAM

RECOMMENDATION

Receive program overview of the PARS (Public Agency Retirement Services) OPEB (Other Post-Employment Benefits) trust account investment structure and performance, and consider Resolution 2015-20 approving an investment portfolio for the OPEB trust account, and receive presentation about new PARS Pension Rate Stabilization Program (PRSP).

FISCAL IMPACT

PARS OPEB

The investment strategy selected on May 16, 2011, for the MPWD PARS OPEB trust account was the Moderately Conservative HighMark PLUS. The investment objective is to “provide current income with moderate capital appreciation.”

Last year on December 17, 2014, Resolution 2014-18 was adopted approving the retention of the Moderately Conservative HighMark PLUS investment strategy for the trust account to achieve a projected 5.9% return on investment (ROI).

The Moderately Conservative HighMark PLUS objective includes the following:

- Allocation Target – 30% stocks, 67.25% bonds, 2.75% cash
- Large Cap 15.5%, Mid Cap 2.25%, Small Cap 4.25%, International 8%

MPWD OPEB ACCOUNT SUMMARY

| ACTION | AS OF SEPTEMBER 30, 2015 | AS OF SEPTEMBER 30, 2014 |
|---------------------|--|---|
| ROI PROGRESS | For the 12-month period the MPWD’s net ROI was .42%. The YTD (Year to Date—January 1 through September 30) | For the 12-month period the MPWD’s net ROI was 5.85%. The YTD (Year to Date—January 1 through September 30) |

| | | |
|---------------------------------------|---|---|
| | performance was -.94%. Since the trust account's inception (performance start date of 09/01/11), the MPWD's net ROI: 5.29%. | performance was 2.96%. Since the trust account's inception (performance start date of 09/01/11), the MPWD's net ROI: 6.92%. |
| INITIAL CONTRIBUTION | \$81,159 | \$81,159 |
| TOTAL ADDITIONAL CONTRIBUTIONS | \$304,422 | \$247,497 |
| TOTAL CONTRIBUTIONS | \$385,581 | \$328,656 |
| DISBURSEMENTS | \$0 | \$0 |
| TOTAL INVESTMENT EARNINGS | \$58,264 | \$57,807 |
| ACCOUNT BALANCE | \$440,908 | \$384,538 |

DISCUSSION

Staff meets annually with the PARS OPEB investment team and this year we met on October 14, 2015.

BACKGROUND

The MPWD's OPEB Trust team consists of:

- PARS – Trust Administrator and Consultant
- US Bank - Trustee
- HighMark Capital Investment – Senior Portfolio Manager

Combined, these organizations have 45 years of OPEB experience. The team administers 1,400 plans for 700 public agencies, including more than 180 OPEB/Pension client agencies.

The Board received the PARS OPEB Actuarial Report on September 19, 2013 (which is conducted every three years). That report included a 7% discount rate. At the Board's request in December 2013, a second actuarial analysis was performed at a 5.9% discount rate scenario.

SUMMARY OF ACTUARIAL RESULTS

Active Participants: 17
 Retirees: 4
 Total Plan Members: 21
 Active Average Age: 45.4
 Retiree Average Age: 72.5

| | <u>09/19/13</u> <u>At 7% ROI</u> | <u>12/26/13</u> <u>At 5.9% ROI</u> |
|------------------------------------|---|---|
| Present Value of Future Benefits: | \$2,226,500 | \$2,344,400 |
| Actuarial Accrued Liability (AAL): | \$1,517,700 | \$1,807,700 |
| Assets: | \$ 257,000 | \$ 257,000 |
| Unfunded AAL: | \$1,260,700 | \$1,550,700 |

| | | |
|-------------------------------------|------------|------------|
| Amortization of Unfunded AAL: | \$ 76,200 | \$ 82,800 |
| Normal Cost: | \$ 48,200 | \$ 63,800 |
| Annual Required Contribution (ARC): | \$ 124,400 | \$ 146,600 |

Jennifer Meza, Senior Client Services Coordinator from PARS will present a review of the MPWD OPEB Trust Account and progress.

Andrew Brown, CFA, Director and Senior Portfolio Manager from HighMark Capital Management will report on the MPWD's portfolio investment performance.

The following PARS investment portfolio options are attached for the Board's consideration:

- Conservative;
- Moderately Conservative;
- Moderate;
- Balanced; and
- Capital Appreciation.

NEW PARS PENSION RATE STABILIZATION PROGRAM (PRSP)

Ms. Meza and Mr. Brown will also present information about the new PARS Pension Rate Stabilization Program. This program is available to the MPWD and would provide an opportunity for pre-funding pension in a combined trust similar to the OPEB trust account and other benefits:

- Potential for greater return than LAIF;
- Lowers Net Pension Liability for GASB 68 reporting;
- Helps offset pension rate increases or possible underperformance by CalPERS;
- Access money at any time to pay down pension obligations;
- No cost to set up; and
- Assets aggregate with OPEB assets to possibly qualify for lower fees in tiered schedule.

Attachments: Resolution 2015-20
 PARS and HighMark Capital Management Presentation, including MPWD Performance Highlights
 HighMark Capital Management PARS Investment Portfolio Options

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

UNANIMOUS_____ LINVILL_____ ZUCCA_____ WARDEN_____ STUEBING_____ VELLA_____

RESOLUTION NO. 2015-20

**APPROVING THE INVESTMENT PORTFOLIO
FOR THE MPWD PARS OPEB TRUST ACCOUNT**

* * *

MID-PENINSULA WATER DISTRICT

WHEREAS, the Mid-Peninsula Water District ("MPWD") initiated an OPEB (Other Post Employment Benefits) trust account with PARS (Public Agency Retirement Services) in August of 2011; and

WHEREAS, in 2011 the MPWD selected as its investment strategy the PARS Moderately Conservative HighMark PLUS portfolio; and

WHEREAS, after review and consideration of its investment strategy and performance at its December 17, 2014, regular meeting the Board adopted Resolution 2014-18 approving retention of the PARS Moderately Conservative HighMark PLUS investment portfolio for the MPWD OPEB trust account; and

WHEREAS, the MPWD PARS OPEB trust account investment strategy and performance was reviewed and considered by the Board of Directors at its regular meeting on November 16, 2015.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Mid-Peninsula Water District hereby approves the retention of the PARS Moderately Conservative HighMark PLUS investment portfolio for the MPWD OPEB trust account.

REGULARLY PASSED AND ADOPTED this 16th day of November 2015, by the following vote:

AYES:

NOES:

ABSENT:

President, Board of Directors
Mid-Peninsula Water District

ATTEST:

District Secretary

OPEB Prefunding Trust Program Client Review



Mid-Peninsula Water District

November 16, 2015

PUBLIC
AGENCY
RETIREMENT
SERVICES

PARS

TRUSTED SOLUTIONS. LASTING RESULTS.



Contacts

PARS



Mitch Barker, Executive Vice President
mbarker@pars.org; 800.540.6369 ext. 116

Jennifer Meza, Senior Client Services Coordinator
jmeza@pars.org; 800.540.6369 ext. 141

HighMark Capital Management

Andrew Brown, CFA, Vice President, Senior Portfolio Manager
andrew.brown@highmarkcapital.com; 415-705-7605

OPEB Trust Team

| |  PARS |  |  |
|--------------------------------------|--|---|---|
| Role | Trust Administrator and Consultant <ul style="list-style-type: none"> • Recordkeeping/Sub-trust accounting • Actuarial Coordination • Monitor Contributions/ Process Disbursements • Monitor Plan Compliance • Ongoing Client Liaison • Pre-fund Pension Option – NEW! | Trustee <ul style="list-style-type: none"> • Safeguard plan assets • Oversight protection <ul style="list-style-type: none"> • Plan Fiduciary • Custodian of assets | Investment Manager <ul style="list-style-type: none"> • An investment sub-advisor to U.S. Bank <ul style="list-style-type: none"> • Open architecture • Investment policy assistance |
| Corporate Experience | 31 years (1984 – 2015) | 152 years (1863 – 2015) | 96 years (1919 – 2015) |
| OPEB Experience | 18 years | 9 years | 18 years |
| Number of plans under administration | 1,400 plans for 700 public agencies | | |
| Dollars under administration | More than \$1.8 billion | More than \$4 trillion | More than \$15.3 billion under management |

Plan Overview

Type of Plan: IRC Section 115 Irrevocable Exclusive Benefit Trust

Trustee Approach: Discretionary

Plan Effective Date: April 28, 2011

Plan Administrator: Candy Pina - District Secretary / Administrative Service Manager

Current Investment Strategy: Moderately Conservative HighMark PLUS (Active)

As of 9/30/2015:

Initial Contribution: August 2011 – \$81,159

Additional Contributions: \$304,422

Total Contributions: \$385,581

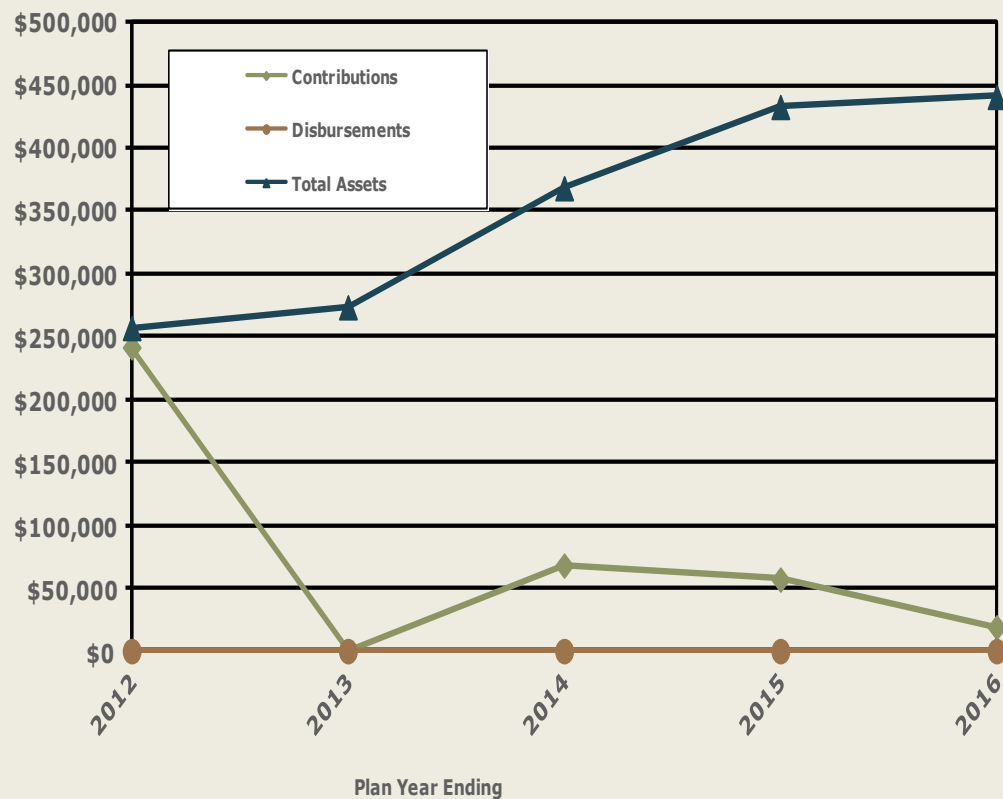
Disbursements: \$0

Total Investment Earnings: \$58,264

Account Balance: \$440,908

Summary of the Plan Activity

Mid-Peninsula Water District
Total Assets, Contributions & Disbursements



| Plan Y/E | Contributions | Disbursements | Total Assets |
|----------|---------------|---------------|--------------|
| Jun -12 | \$241,627 | \$0 | \$257,032 |
| Jun -13 | \$0 | \$0 | \$273,541 |
| Jun -14 | \$68,054 | \$0 | \$368,264 |
| Jun -15 | \$56,925 | \$0 | \$432,917 |
| Jun -16* | \$18,975 | \$0 | \$440,908 |

*Plan Year Ending June 2016 is based on 3 months of activity through 09/30/2015.

Actuarial Results

We have received the actuarial reports prepared by Steven T. Itelson with a valuation date of September 19, 2013. In the tables below, we have summarized the results.

Demographic Study

| | September 19, 2013 Valuation |
|----------------------------|------------------------------|
| Active Participants | 17 |
| Retirees | 4 |
| Total Plan Members | 21 |

Actuarial Results (continued)

| | September 19, 2013 Valuation 5.90% Discount Rate |
|--|---|
| Present Value of Future Benefits (PVFB) | \$2,344,400 |
| Actuarial Accrued Liability (AAL) | \$1,807,700 |
| Assets | \$257,000 |
| Unfunded AAL | \$1,550,700 |
| Amortization of Unfunded AAL | 82,800 |
| Normal Cost | 63,800 |
| Annual Required Contribution (ARC) | \$146,600* |
| Estimated Annual Benefit Payments | \$80,400† |

*Year Beginning 2012

† Fiscal Year 2015

PARS: Mid-Peninsula Water District

Third Quarter 2015

**Presented by
Andrew Brown, CFA**

Selected Period Performance

PARS/PRHCP MODERATELY CONSERVATIVE HM PLUS

Account 6746019203

Period Ending: 09/30/2015

| Sector | 3 Months | Year to Date (9 Months) | 1 Year | 3 Years | Since Inception (49 Months) |
|------------------------------------|---------------|-------------------------------|---------------|--------------|-----------------------------------|
| Cash Equivalents | .01 | .02 | .02 | .02 | .02 |
| <i>iMoneyNet, Inc. Taxable</i> | <i>.01</i> | <i>.01</i> | <i>.02</i> | <i>.02</i> | <i>.02</i> |
| Total Fixed Income | .11 | .45 | 1.37 | 1.51 | 2.95 |
| <i>BC US Aggregate Bd Index</i> | <i>1.23</i> | <i>1.13</i> | <i>2.94</i> | <i>1.71</i> | <i>2.69</i> |
| Total Equities | -8.69 | -4.98 | -2.76 | 9.80 | 10.74 |
| Large Cap Funds | -7.30 | -3.90 | -.04 | 12.85 | 13.96 |
| <i>S&P 500 Composite Index</i> | <i>-6.44</i> | <i>-5.29</i> | <i>-.61</i> | <i>12.40</i> | <i>14.19</i> |
| Mid Cap Funds | -9.85 | -7.74 | -2.03 | 10.02 | 11.10 |
| <i>Russell Midcap Index</i> | <i>-8.01</i> | <i>-5.84</i> | <i>-.25</i> | <i>13.91</i> | <i>14.04</i> |
| Small Cap Funds | -8.12 | -2.58 | 4.13 | 14.75 | 15.27 |
| <i>Russell 2000 Index</i> | <i>-11.92</i> | <i>-7.73</i> | <i>1.25</i> | <i>11.02</i> | <i>12.25</i> |
| International Equities | -11.24 | -7.33 | -10.77 | 1.15 | 1.13 |
| <i>MSCI EAFE Index</i> | <i>-10.23</i> | <i>-5.28</i> | <i>-8.66</i> | <i>5.63</i> | <i>4.84</i> |
| <i>MSCI EM Free Index</i> | <i>-17.90</i> | <i>-15.47</i> | <i>-19.28</i> | <i>-5.27</i> | <i>-3.92</i> |
| Total Managed Portfolio | -2.35 | -.94 | .42 | 3.98 | 5.29 |

Account Funded Date: 08/18/2011, Performance Start Date: 09/01/2011

Returns are gross of account level investment advisory fees and net of any fees, including fees to manage mutual fund or exchange traded fund holdings. Returns for periods over one year are annualized. The information presented has been obtained from sources believed to be accurate and reliable. Past performance is not indicative of future returns.

Securities are not FDIC insured, have no bank guarantee, and may lose value.

ASSET ALLOCATION – Mid Peninsula Water District

As of September 30, 2015

| Current Asset Allocation | | Investment Vehicle | |
|--------------------------|-------|---------------------------------------|----------------|
| Equity | | Range: 20%-40% | 29.85% |
| Large Cap Core | SMGIX | Columbia Contrarian Core Cl Z | 3.96% |
| Large Cap Value | DODGX | Dodge & Cox Stock Fund | 3.54% |
| | LSGIX | Loomis Sayles Value Fund | 3.54% |
| Large Cap Growth | HACAX | Harbor Capital Appreciation Instl | 2.07% |
| | PRGFX | T. Rowe Price Growth Stock Fund | 2.05% |
| Mid Cap Value | TIMVX | TIAA-CREF Mid-Cap Value Instl | 1.40% |
| Mid Cap Growth | IYMIX | Ivy Mid Cap Growth Fund I | 0.79% |
| Small Cap Value | NSVAX | Columbia Small Cap Value Fund II | 2.68% |
| Small Cap Growth | PRNHX | T. Rowe Price New Horizons Fund | 1.55% |
| International Core | NWHNX | Nationwide Bailard Intl Equities Fund | 2.31% |
| International Value | DODFX | Dodge & Cox International Stock Fund | 1.20% |
| International Growth | MQGIX | MFS International Growth Fund | 1.22% |
| Tactical - Europe | FEZ | SPDR EURO STOXX 50 ETF | 1.74% |
| Emerging Markets | SEMNX | Schroder Emerging Market Equity | 1.82% |
| Fixed Income | | Range: 50%-80% | 67.47% |
| Short-Term | VFSUX | Vanguard Short-Term Corp Adm Fund | 8.61% |
| Intermediate-Term | NWJJX | Nationwide HighMark Bond Fund | 28.57% |
| | PTTRX | PIMCO Total Return Instl Fund | 28.57% |
| High Yield | PHIYX | PIMCO High Yield Instl | 1.72% |
| Cash | | Range: 0%-20% | 2.68% |
| | FPZXX | First American Prime Obligations Fund | 2.68% |
| TOTAL | | | 100.00% |

Mid Peninsula Water District

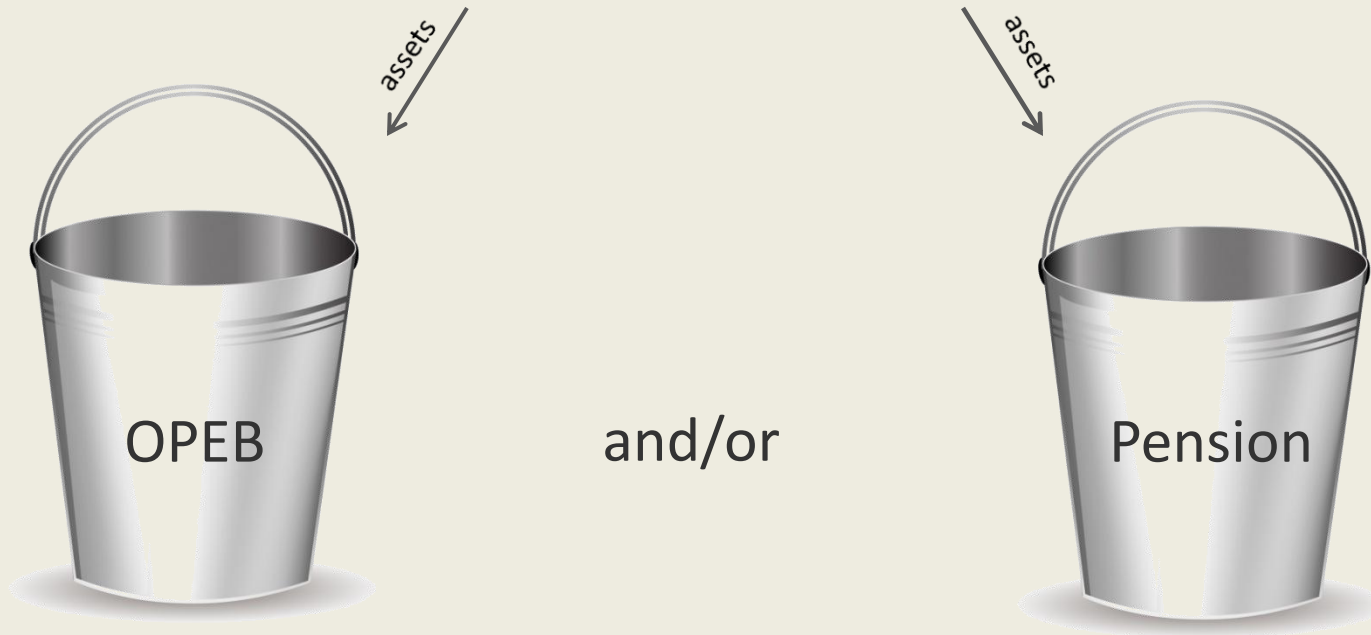
As of September 30, 2015

| LARGE CAP EQUITY FUNDS | | | | | | | | |
|--|-----------|----------------|----------------|---------------|---------------|---------------|---------------|----------------|
| Fund Name | Inception | 1-Month Return | 3-Month Return | Year-to-Date | 1-Year Return | 3-Year Return | 5-Year Return | 10-Year Return |
| Columbia Contrarian Core Cl Z | (6/11) | -3.41 | -7.22 | -4.43 | 0.05 | 13.74 | 14.35 | 8.94 |
| Dodge & Cox Stock | | -4.19 | -9.84 | -8.64 | -6.62 | 13.39 | 13.03 | 5.53 |
| Harbor Capital Appreciation Instl | (7/10) | -2.53 | -5.44 | 2.68 | 6.03 | 15.35 | 15.06 | 8.16 |
| Loomis Sayles Value Fund | (8/11) | -3.79 | -9.47 | -8.85 | -5.37 | 11.74 | 12.30 | 6.92 |
| T. Rowe Price Growth Stock | | -3.63 | -4.71 | 2.08 | 6.47 | 15.24 | 15.19 | 8.73 |
| S&P 500 Index | | -2.47 | -6.44 | -5.29 | -0.61 | 12.40 | 13.34 | 6.80 |
| MID CAP EQUITY FUNDS | | | | | | | | |
| Ivy Mid Cap Growth I | (5/14) | -4.18 | -11.61 | -8.56 | -2.75 | 9.90 | 10.81 | 8.47 |
| Russell Mid Cap Growth Index | | -3.86 | -7.99 | -4.15 | 1.45 | 13.98 | 13.58 | 8.09 |
| TIAA-Cref Mid-Cap Value Instl | (2/10) | -3.45 | -8.62 | -7.52 | -2.01 | 12.73 | 12.11 | 7.39 |
| Russell Mid Cap Value Index | | -3.34 | -8.04 | -7.66 | -2.07 | 13.69 | 13.15 | 7.42 |
| SMALL CAP EQUITY FUNDS | | | | | | | | |
| Columbia Small Cap Value II Z | | -2.78 | -8.97 | -5.09 | 1.33 | 12.91 | 12.62 | 7.22 |
| T. Rowe Price New Horizons | | -4.02 | -7.78 | -0.62 | 6.32 | 15.98 | 18.10 | 10.46 |
| Russell 2000 Index | | -4.91 | -11.92 | -7.73 | 1.25 | 11.02 | 11.73 | 6.55 |
| INTERNATIONAL EQUITY FUNDS | | | | | | | | |
| Dodge & Cox Intl Stock | | -6.23 | -15.38 | -12.09 | -16.19 | 6.62 | 4.06 | 4.21 |
| Nationwide Bailard Intl Equities | | -3.96 | -8.75 | -3.18 | -4.25 | 7.49 | 4.84 | 4.16 |
| MFS International Growth I | | -2.35 | -8.45 | -3.33 | -5.43 | 3.34 | 4.10 | 5.12 |
| MSCI EAFE Index | | -5.08 | -10.23 | -5.28 | -8.66 | 5.63 | 3.98 | 2.97 |
| Schroder Emerging Market Equity | (11/12) | -1.62 | -15.66 | -13.19 | -17.13 | -4.66 | -2.56 | -- |
| MSCI Emerging Markets Index | | -3.01 | -17.90 | -15.47 | -19.28 | -5.27 | -3.58 | 4.27 |
| SPDR Euro Stoxx 50 ETF | | -5.43 | -9.09 | -6.90 | -12.64 | 6.25 | 1.90 | 1.60 |
| BOND FUNDS | | | | | | | | |
| Nationwide HighMark Bond Fid | | 0.46 | 0.46 | 0.71 | 1.88 | 1.72 | 3.35 | 4.83 |
| Pimco Total Return Inst'l | | -0.47 | -0.09 | 0.25 | 1.58 | 1.36 | 3.23 | 5.76 |
| Vanguard Short-Term Investment-Grade Adm | | 0.46 | 0.44 | 1.41 | 1.63 | 1.64 | 2.18 | 3.68 |
| BarCap US Aggregate Bond | | 0.68 | 1.23 | 1.13 | 2.94 | 1.71 | 3.10 | 4.64 |
| PIMCO High Yield Instl | | -2.79 | -3.50 | -1.37 | -0.96 | 3.61 | 5.65 | 6.36 |
| Credit Suisse HY | | -2.50 | -5.17 | -2.42 | -3.96 | 3.30 | 5.93 | 6.89 |

Source: SEI Investments, Morningstar Investments

Returns less than one year are not annualized. Past performance is no indication of future results. The information presented has been obtained from sources believed to be accurate and reliable. Securities are not FDIC insured, have no bank guarantee and may lose value.

PARS IRS-Approved Combination 115 Trust



- Assets are sub-accounted for separately
- Pre-fund one now and the other later or not at all
- Can choose different investment risk tolerance levels for each
- Access OPEB account for OPEB expenses only; vice versa – pension assets for pension obligations only
- Assets (OPEB and Pension) will aggregate and reach lower fees on tiered schedule sooner – saving money!

Why Pre-fund Pension in a Separate Trust from your Retirement System?

1. Local control of reserve funds deposited in IRS-approved 115 Trust
2. Potential for greater return than general fund
3. Lowers Net Pension Liability (NPL) for GASB 68 reporting—started in 2015
4. Helps offset pension rate increases or possible underperformance by your Retirement System

Why Pre-fund Pension in a Separate Trust from your Retirement System?

5. Emergency source of funds when City revenues are impaired based on economic or other conditions
6. Can use these funds for pension obligations at anytime
7. Can choose more conservative investment strategy than your Retirement System
8. No downside to pre-funding pension (other than market volatility)

Which Agencies are Adopting the Pension Rate Stabilization Program?

(According to a leading California actuary)

- Cities that are very concerned about reducing their unfunded pension liability
- Cities that are concerned about their Retirement System having too much of their assets (i.e., putting all your eggs in one basket) without any input on risk tolerance level
- Cities that are concerned about their Retirement System contribution rate volatility
- Cities that want to have the capability of pre-funding their OPEB and Pension liabilities within the same Trust Program at the City's discretion

WHY THE PARS DIVERSIFIED CONSERVATIVE PORTFOLIO?

Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

Flexible Investment Options

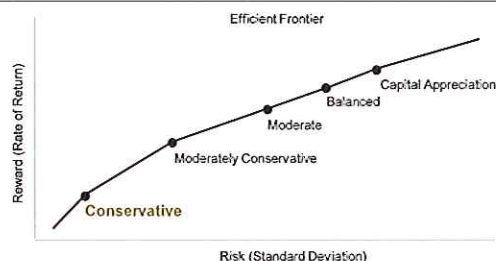
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

To provide a consistent level of inflation-protected income over the long-term. The major portion of the assets will be fixed income related. Equity securities are utilized to provide inflation protection.



ASSET ALLOCATION — CONSERVATIVE PORTFOLIO

| | Strategic Range | Policy | Tactical |
|--------------|-----------------|--------|----------|
| Equity | 5 – 20% | 15% | 15% |
| Fixed Income | 60 – 95% | 80% | 80% |
| Cash | 0 – 20% | 5% | 5% |

ANNUALIZED TOTAL RETURNS

(Gross of Investment Management Fees, but Net of Embedded Fund Fees)

| HighMark Plus (Active) | | Index Plus (Passive) | |
|------------------------|--------|----------------------|--------|
| Current Quarter* | -0.80% | Current Quarter* | -1.01% |
| Blended Benchmark** | -0.86% | Blended Benchmark** | -0.86% |
| Year To Date* | 1.03% | Year To Date* | 0.42% |
| Blended Benchmark* | 0.59% | Blended Benchmark* | 0.59% |
| 1 Year | 1.74% | 1 Year | 1.45% |
| Blended Benchmark | 1.98% | Blended Benchmark | 1.98% |
| 3 Year | 4.19% | 3 Year | 3.69% |
| Blended Benchmark | 3.62% | Blended Benchmark | 3.62% |
| 5 Year | 5.09% | 5 Year | 4.67% |
| Blended Benchmark | 4.31% | Blended Benchmark | 4.31% |
| 10 Year | 4.83% | 10 Year | 4.41% |
| Blended Benchmark | 4.24% | Blended Benchmark | 4.24% |

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 7.5% S&P500, 1.5% Russell Mid Cap, 2.5% Russell 2000, 1% MSCI EM FREE, 2% MSCI EAFE, 52.25% BC US Agg, 25.75% ML 1-3 Yr US Corp/Gov't, 2% US High Yield Master II, 0.5% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 12% S&P 500; 1% Russell 2000, 2% MSCI EAFE, 40% ML 1-3 Year Corp./Gov't, 40% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 15% S&P 500, 40% ML 1-3Yr Corp/Gov, 40% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

| HighMark Plus (Active) | | Index Plus (Passive) | |
|------------------------|--------|----------------------|--------|
| 2008 | -9.04% | 2008 | -6.70% |
| 2009 | 15.59% | 2009 | 10.49% |
| 2010 | 8.68% | 2010 | 7.67% |
| 2011 | 2.19% | 2011 | 3.70% |
| 2012 | 8.45% | 2012 | 6.22% |
| 2013 | 3.69% | 2013 | 3.40% |
| 2014 | 3.88% | 2014 | 4.32% |

PORTFOLIO FACTS

| HighMark Plus (Active) | | Index Plus (Passive) | |
|--------------------------|---------|--------------------------|---------|
| Inception Data | 07/2004 | Inception Data | 07/2004 |
| No of Funds in Portfolio | 19 | No of Funds in Portfolio | 14 |

A newly funded account enters a composite after three full months of management and is removed from a composite at the end of the last full month that the account is consistent with the criteria of the composite. Terminated accounts are included in the historical results of a composite through the last full month prior to closing. Composites may include accounts invested in domestic (U.S.) or international (non-U.S.) individual securities, funds, or a combination thereof. Account exclusions based on equity security concentrations are applied quarterly. Employing a construction methodology different from the above could lead to different results.



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ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has over 90 years (including predecessor organizations) of institutional money management experience with more than \$15.0 billion in assets under management. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

ABOUT THE PORTFOLIO MANAGEMENT TEAM

Andrew Brown, CFA®
Senior Portfolio Manager
Investment Experience: since 1994
HighMark Tenure: since 1997
Education: MBA, University of Southern California; BA, University of Southern California

Kevin Churchill, CFA®, CFP®
Senior Portfolio Manager
Investment Experience: since 1996
HighMark Tenure: since 2012
Education: MS, Seattle University; BS, University of Puget Sound

Salvatore "Tory" Milazzo III, CFA®
Senior Portfolio Manager
Investment Experience: since 2004
HighMark Tenure: since 2014
Education: BA, Colgate University

J. Keith Stribling, CFA
Senior Portfolio Manager
Investment Experience: since 1985
HighMark Tenure: since 1995
Education: BA, Stetson University

Christiane Tsuda
Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2010
Education: BA, International Christian University, Tokyo

Matthew Webber, CFA®
Senior Portfolio Manager
Investment Experience: since 1995
HighMark Tenure: since 2011
Education: BA, University of California, Santa Barbara

Anne Wimmer, CFA®
Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2007
Education: BA, University of California, Santa Barbara

Asset Allocation Committee
Number of Members: 15
Average Years of Experience: 26
Average Tenure (Years): 14

Manager Review Group
Number of Members: 9
Average Years of Experience: 22
Average Tenure (Years): 8

SAMPLE HOLDINGS

HighMark Plus (Active)

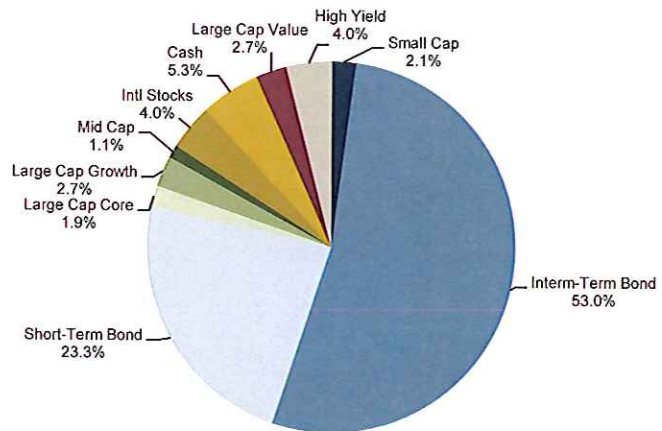
- Columbia Contrarian Core Z
- T. Rowe Price Growth Stock
- Columbia Small Cap Value II Z
- T. Rowe Price New Horizons
- Nationwide Baird International Equities
- Nationwide HighMark Bond
- Vanguard Short-Term Invest-Grade Adm
- Loomis Sayles Value Y
- PIMCO Total Return
- Dodge & Cox International Stock
- MFS International Growth I
- First American Prime Obligation Z
- TIAA-CREF Mid Cap Value
- Ivy Mid Cap Growth
- Harbor Capital Appreciation
- Schroder Emerging Market Equity
- Dodge & Cox Stock
- SPDR Euro Stoxx 50 ETF
- PIMCO High Yield

Index Plus (Passive)

- iShares S&P 500
- iShares S&P 500/Value
- iShares S&P 500/Growth
- iShares Russell 2000 Value
- iShares Russell 2000 Growth
- iShares MSCI EAFE
- iShares Russell Midcap Value
- iShares Russell Midcap Growth
- iShares Barclays Aggregate Bond
- Vanguard Short-Term Invest-Grade Adm
- First American Prime Obligation Z
- SPDR Euro Stoxx 50 ETF
- SPDR Barclays High Yield Bond ETF
- Vanguard FTSE Emerging Markets ETF

Holdings are subject to change at the discretion of the investment manager.

STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Composites are managed by HighMark's HighMark Capital Advisors (HCA) with full investment authority according to the PARS Conservative active and passive objectives and do not have equity concentration of 25% or more in one common stock security.

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of June 30, 2015, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a \$10 million initial value would grow to \$12.54 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from \$750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT Index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFG Union Bank, N.A. (MUB). HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, public and private retirement plans, and personal trusts of all sizes. It may also serve as sub-adviser for mutual funds, common trust funds, and collective investment funds. MUB, a subsidiary of MUFG Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.

WHY THE PARS DIVERSIFIED MODERATELY CONSERVATIVE PORTFOLIO?

Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

Flexible Investment Options

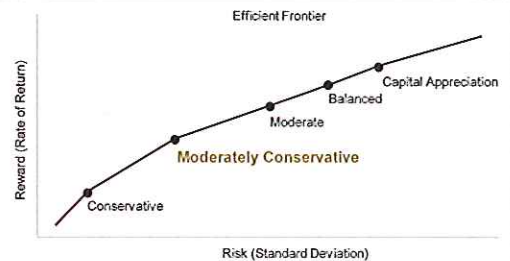
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Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

To provide current income and moderate capital appreciation. The major portion of the assets is committed to income-producing securities. Market fluctuations should be expected.



ASSET ALLOCATION — MODERATELY CONSERVATIVE PORTFOLIO

| | Strategic Range | Policy | Tactical |
|--------------|-----------------|--------|----------|
| Equity | 20 - 40% | 30% | 29% |
| Fixed Income | 50 - 80% | 65% | 68% |
| Cash | 0 - 20% | 5% | 3% |

ANNUALIZED TOTAL RETURNS

(Gross of Investment Management Fees, but Net of Embedded Fund Fees)

| HighMark Plus (Active) | | Index Plus (Passive) | |
|------------------------|--------|----------------------|--------|
| Current Quarter* | -0.65% | Current Quarter* | -1.00% |
| Blended Benchmark** | -0.84% | Blended Benchmark** | -0.84% |
| Year To Date* | 1.43% | Year To Date* | 0.73% |
| Blended Benchmark* | 0.87% | Blended Benchmark* | 0.87% |
| 1 Year | 2.08% | 1 Year | 2.03% |
| Blended Benchmark | 2.58% | Blended Benchmark | 2.58% |
| 3 Year | 6.09% | 3 Year | 5.60% |
| Blended Benchmark | 5.77% | Blended Benchmark | 5.77% |
| 5 Year | 7.06% | 5 Year | 6.63% |
| Blended Benchmark | 6.52% | Blended Benchmark | 6.52% |
| 10 Year | 5.43% | 10 Year | 5.04% |
| Blended Benchmark | 4.97% | Blended Benchmark | 4.97% |

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 15.5% S&P500, 3% Russell Mid Cap, 4.5% Russell 2000, 2% MSCI EM FREE, 4% MSCI EAFE, 49.25% BC US Agg, 14% ML 1-3 Yr US Corp/Gov't, 1.75% US High Yield Master II, 1% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 25% S&P 500, 1.5% Russell 2000, 3.5% MSCI EAFE, 25% ML 1-3 Year Corp/Gov't, 40% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 30% S&P 500, 25% ML 1-3Yr Corp/Gov, 40% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

| HighMark Plus (Active) | | Index Plus (Passive) | |
|------------------------|---------|----------------------|---------|
| 2008 | -15.37% | 2008 | -12.40% |
| 2009 | 18.71% | 2009 | 11.92% |
| 2010 | 10.46% | 2010 | 9.72% |
| 2011 | 1.75% | 2011 | 3.24% |
| 2012 | 10.88% | 2012 | 8.24% |
| 2013 | 7.30% | 2013 | 6.78% |
| 2014 | 4.41% | 2014 | 5.40% |

PORTFOLIO FACTS

| HighMark Plus (Active) | | Index Plus (Passive) | |
|--------------------------|---------|--------------------------|---------|
| Inception Data | 08/2004 | Inception Data | 05/2005 |
| No of Funds in Portfolio | 19 | No of Funds in Portfolio | 14 |

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 Senior Portfolio Manager
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 HighMark Tenure: since 1997
 Education: MBA, University of Southern California; BA, University of Southern California

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 Senior Portfolio Manager
 Investment Experience: since 1996
 HighMark Tenure: since 2012
 Education: MS, Seattle University; BS, University of Puget Sound

Salvatore "Tory" Milazzo III, CFA®
 Senior Portfolio Manager
 Investment Experience: since 2004
 HighMark Tenure: since 2014
 Education: BA, Colgate University

J. Keith Stribling, CFA
 Senior Portfolio Manager
 Investment Experience: since 1985
 HighMark Tenure: since 1995
 Education: BA, Stetson University

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 Senior Portfolio Manager
 Investment Experience: since 1987
 HighMark Tenure: since 2010
 Education: BA, International Christian University, Tokyo

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 Education: BA, University of California, Santa Barbara

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 HighMark Tenure: since 2007
 Education: BA, University of California, Santa Barbara

Asset Allocation Committee
 Number of Members: 15
 Average Years of Experience: 26
 Average Tenure (Years): 14

Manager Review Group
 Number of Members: 9
 Average Years of Experience: 22
 Average Tenure (Years): 8

SAMPLE HOLDINGS

HighMark Plus (Active)

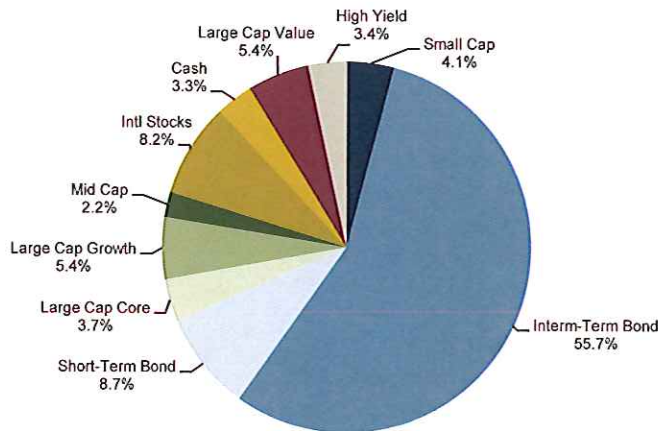
- Columbia Contrarian Core Z
- T. Rowe Price Growth Stock
- Columbia Small Cap Value II Z
- T. Rowe Price New Horizons
- Nationwide Baird International Equities
- Nationwide HighMark Bond
- Vanguard Short-Term Invest-Grade Adm
- Loomis Sayles Value Y
- PIMCO Total Return
- Dodge & Cox International Stock
- MFS International Growth I
- First American Prime Obligation Z
- TIAA-CREF Mid Cap Value
- Ivy Mid Cap Growth
- Harbor Capital Appreciation
- Schroder Emerging Market Equity
- Dodge & Cox Stock
- SPDR Euro Stoxx 50 ETF
- PIMCO High Yield

Index Plus (Passive)

- iShares S&P 500
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STYLE



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WHY THE PARS DIVERSIFIED MODERATE PORTFOLIO?

Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

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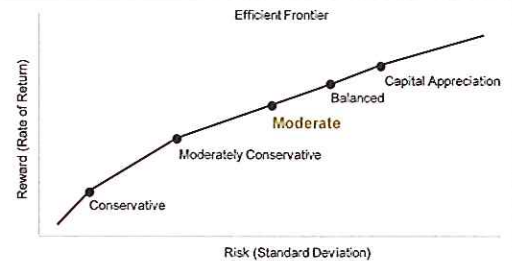
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Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

To provide growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important.



ASSET ALLOCATION — MODERATE PORTFOLIO

| | Strategic Range | Policy | Tactical |
|--------------|-----------------|--------|----------|
| Equity | 40 - 60% | 50% | 49% |
| Fixed Income | 40 - 60% | 45% | 48% |
| Cash | 0 - 20% | 5% | 3% |

ANNUALIZED TOTAL RETURNS

(Gross of Investment Management Fees, but Net of Embedded Fund Fees)

| HighMark Plus (Active) | | Index Plus (Passive) | |
|------------------------|--------|------------------------------|--------|
| Current Quarter* | -0.28% | Current Quarter* | -0.69% |
| Blended Benchmark** | -0.62% | Blended Benchmark** | -0.62% |
| Year To Date* | 2.10% | Year To Date* | 1.29% |
| Blended Benchmark* | 1.30% | Blended Benchmark* | 1.30% |
| 1 Year | 2.78% | 1 Year | 2.52% |
| Blended Benchmark | 3.31% | Blended Benchmark | 3.31% |
| 3 Year | 8.45% | 3 Year | 8.25% |
| Blended Benchmark | 8.64% | Blended Benchmark | 8.64% |
| 5 Year | 9.33% | 5 Year | 9.22% |
| Blended Benchmark | 9.29% | Blended Benchmark | 9.29% |
| 10 Year | 5.63% | Inception To Date (110-Mos.) | 5.45% |
| Blended Benchmark | 5.74% | Blended Benchmark | 5.62% |

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 26.5% S&P500, 5% Russell Mid Cap, 7.5% Russell 2000, 3.25% MSCI EM FREE, 6% MSCI EAFE, 33.50% BC US Agg, 10% ML 1-3 Yr US Corp/Govt, 1.50% US High Yield Master II, 1.75% Wtshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 43% S&P 500, 2% Russell 2000, 5% MSCI EAFE, 15% ML 1-3 Year Corp./Govt, 30% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 50% S&P 500, 15% ML 1-3Yr Corp/Govt, 30% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

| HighMark Plus (Active) | | Index Plus (Passive) | |
|------------------------|---------|----------------------|---------|
| 2008 | -22.88% | 2008 | -18.14% |
| 2009 | 21.47% | 2009 | 16.05% |
| 2010 | 12.42% | 2010 | 11.77% |
| 2011 | 0.55% | 2011 | 2.29% |
| 2012 | 12.25% | 2012 | 10.91% |
| 2013 | 13.06% | 2013 | 12.79% |
| 2014 | 4.84% | 2014 | 5.72% |

PORTFOLIO FACTS

| HighMark Plus (Active) | | Index Plus (Passive) | |
|--------------------------|---------|--------------------------|---------|
| Inception Data | 10/2004 | Inception Data | 05/2006 |
| No of Funds in Portfolio | 19 | No of Funds in Portfolio | 14 |

A newly funded account enters a composite after three full months of management and is removed from a composite at the end of the last full month that the account is consistent with the criteria of the composite. Terminated accounts are included in the historical results of a composite through the last full month prior to closing. Composites may include accounts invested in domestic (U.S.) or international (non-U.S.) individual securities, funds, or a combination thereof. Account exclusions based on equity security concentrations are applied quarterly. Employing a construction methodology different from the above could lead to different results.



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Asset Allocation Committee
Number of Members: 15
Average Years of Experience: 26
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Manager Review Group
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SAMPLE HOLDINGS

HighMark Plus (Active)

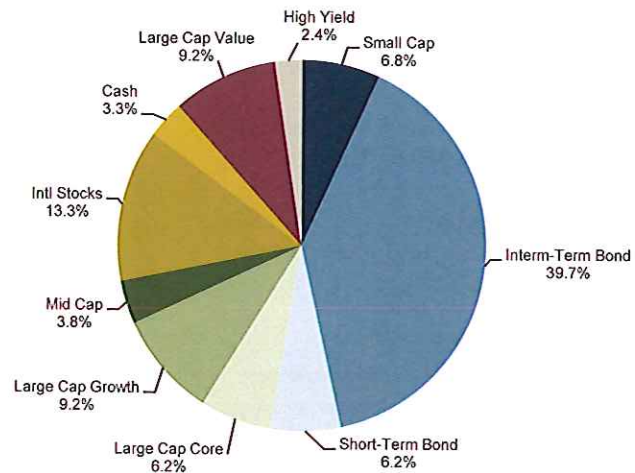
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- MFS International Growth I
- First American Prime Obligation Z
- TIAA-CREF Mid Cap Value
- Ivy Mid Cap Growth
- Harbor Capital Appreciation
- Schroder Emerging Market Equity
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- PIMCO High Yield

Index Plus (Passive)

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STYLE



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The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of June 30, 2015, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to \$12.54 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from \$750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wisdom REIT Index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

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WHY THE PARS DIVERSIFIED BALANCED PORTFOLIO?

Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

Flexible Investment Options

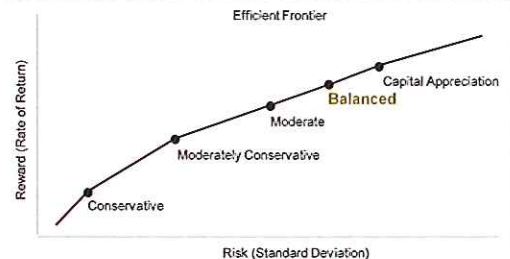
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

To provide growth of principal and income. While dividend and interest income are an important component of the objective's total return, it is expected that capital appreciation will comprise a larger portion of the total return.



ASSET ALLOCATION — BALANCED PORTFOLIO

| | Strategic Range | Policy | Tactical |
|--------------|-----------------|--------|----------|
| Equity | 50 – 70% | 60% | 58% |
| Fixed Income | 30 – 50% | 35% | 39% |
| Cash | 0 – 20% | 5% | 3% |

ANNUALIZED TOTAL RETURNS

(Gross of Investment Management Fees, but Net of Embedded Fund Fees)

| HighMark Plus (Active) | | Index Plus (Passive) | |
|------------------------------|--------|-----------------------------|--------|
| Current Quarter* | -0.05% | Current Quarter* | -0.56% |
| Blended Benchmark** | -0.51% | Blended Benchmark** | -0.51% |
| Year To Date* | 2.57% | Year To Date* | 1.49% |
| Blended Benchmark* | 1.52% | Blended Benchmark* | 1.52% |
| 1 Year | 3.11% | 1 Year | 2.69% |
| Blended Benchmark | 3.69% | Blended Benchmark | 3.69% |
| 3 Year | 9.94% | 3 Year | 9.53% |
| Blended Benchmark | 10.12% | Blended Benchmark | 10.12% |
| 5 Year | 10.53% | 5 Year | 10.35% |
| Blended Benchmark | 10.77% | Blended Benchmark | 10.77% |
| Inception to Date (105-Mos.) | 5.33% | Inception to Date (93-Mos.) | 4.62% |
| Blended Benchmark | 5.89% | Blended Benchmark | 5.16% |

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 32% S&P500, 6% Russell Mid Cap, 9% Russell 2000, 4% MSCI EM FREE, 7% MSCI EAFE, 27% BC US Agg, 6.75% ML 1-3 Yr US Corp/Gov't, 1.25% US High Yield Master II, 2% Wtshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 51% S&P 500; 3% Russell 2000, 6% MSCI EAFE, 5% ML 1-3 Year Corp./Gov't, 30% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 60% S&P 500, 5% ML 1-3Yr Corp/Gov, 30% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

| HighMark Plus (Active) | | Index Plus (Passive) | |
|------------------------|---------|----------------------|---------|
| 2008 | -25.72% | 2008 | -23.22% |
| 2009 | 21.36% | 2009 | 17.62% |
| 2010 | 14.11% | 2010 | 12.76% |
| 2011 | -0.46% | 2011 | 1.60% |
| 2012 | 13.25% | 2012 | 11.93% |
| 2013 | 16.61% | 2013 | 15.63% |
| 2014 | 4.70% | 2014 | 6.08% |

PORTFOLIO FACTS

| HighMark Plus (Active) | | Index Plus (Passive) | |
|--------------------------|---------|--------------------------|---------|
| Inception Data | 10/2006 | Inception Data | 10/2007 |
| No of Funds in Portfolio | 19 | No of Funds in Portfolio | 14 |

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HighMark Plus (Active)

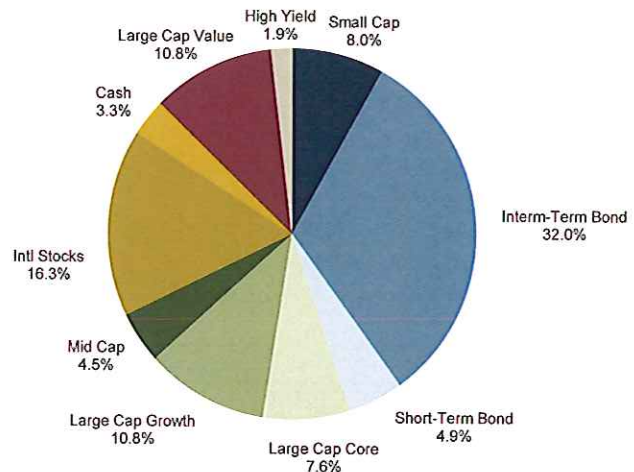
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Index Plus (Passive)

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The composite name has been changed from PARS Balanced/Moderately Aggressive to PARS Balanced on 5/1/2013. The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of June 30, 2015, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to \$12.54 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from \$750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

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WHY THE PARS DIVERSIFIED CAPITAL APPRECIATION PORTFOLIO?

Comprehensive Investment Solution

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Rigorous Manager Due Diligence

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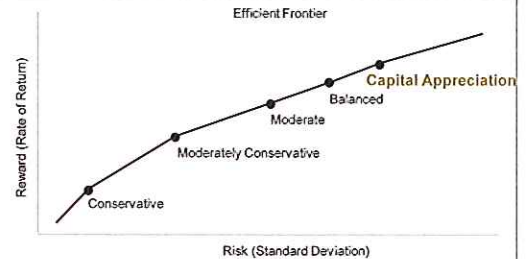
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Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

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



ASSET ALLOCATION — CAPITAL APPRECIATION PORTFOLIO

| | Strategic Range | Policy | Tactical |
|--------------|-----------------|--------|----------|
| Equity | 65 - 85% | 75% | 73% |
| Fixed Income | 10 - 30% | 20% | 24% |
| Cash | 0 - 20% | 5% | 3% |

ANNUALIZED TOTAL RETURNS

(Gross of Investment Management Fees, but Net of Embedded Fund Fees)

| | |
|-----------------------------|--------|
| Current Quarter* | 0.30% |
| Blended Benchmark** | -0.29% |
| Year To Date* | 2.79% |
| Blended Benchmark* | 1.90% |
| 1 Year | 3.65% |
| Blended Benchmark | 3.97% |
| 3 Year | 11.73% |
| Blended Benchmark | 12.13% |
| 5 Year | 11.77% |
| Blended Benchmark | 12.25% |
| Inception To Date (78-Mos.) | 11.76% |
| Blended Benchmark | 12.60% |

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 39.5% S&P500, 7.5% Russell Mid Cap, 10.5% Russell 2000, 5.25% MSCI EM FREE, 10.25% MSCI EAFE, 16% BC US Agg, 3% ML 1-3 Yr US Corp/Govt, 1% US High Yield Master II, 2% Wilshire REIT, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

| | |
|------|--------|
| 2008 | N/A% |
| 2009 | 23.77% |
| 2010 | 12.95% |
| 2011 | -1.35% |
| 2012 | 13.87% |
| 2013 | 20.33% |
| 2014 | 6.05% |

PORTFOLIO FACTS

| HighMark Plus (Active) | | Index Plus (Passive) | |
|--------------------------|---------|--------------------------|-----|
| Inception Data | 01/2009 | Inception Data | N/A |
| No of Funds in Portfolio | 19 | No of Funds in Portfolio | 14 |

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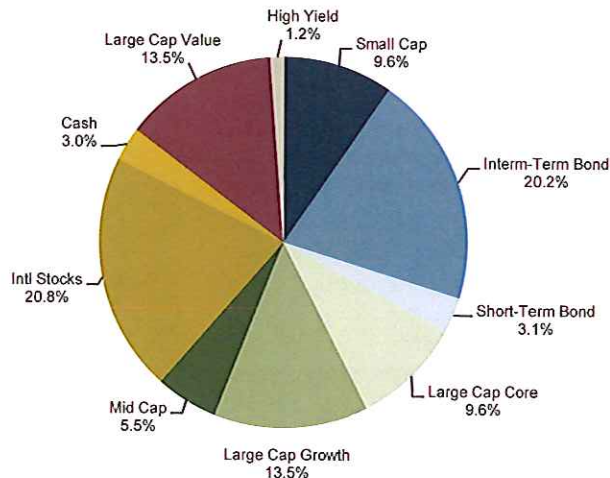
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STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Composites are managed by HighMark's HighMark Capital Advisors (HCA) with full investment authority according to the PARS Capital Appreciation active and passive objectives and do not have equity concentration of 25% or more in one common stock security.

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of June 30, 2015, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to \$12.54 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from \$750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT Index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFG Union Bank, N.A. (MUB). HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, public and private retirement plans, and personal trusts of all sizes. It may also serve as sub-adviser for mutual funds, common trust funds, and collective investment funds. MUB, a subsidiary of MUFG Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.



AGENDA ITEM NO. 8.C.

DATE: November 16, 2015
TO: Board of Directors
FROM: Tammy Rudock, General Manager
Rene A. Ramirez, Operations Manager
Joubin Pakpour, District Engineer

SUBJECT: DISCUSS PRELIMINARY DRAFT OF PROPOSED MPWD FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM FOR FISCAL YEARS 2016/2017 THROUGH FISCAL YEARS 2020/2021 AND FINANCING OPTIONS

RECOMMENDATION

Discuss and consider the proposed five-year capital improvement plan for the District and provide direction to the General Manager regarding implementation and method of financing.

FISCAL IMPACT

There is no immediate fiscal impact by Board action.

DISCUSSION

At the last Board meeting, District Engineer Pakpour provided each Board member with a package of capital improvement program projects, some 90 project sheets, along with a summary sheet that contained a cost estimate for each project in 2015 dollars. This engineering effort was the outcome of a water system model prepared for the District by the District Engineer's office. The total estimated cost for infrastructure improvement projects within the District's nine (9) pressure zones is estimated at \$42,400,000.

With some assistance from the District Engineer, staff developed a list of six scoring criteria in order to rank and prioritize each of the 90 projects (see attached Scoring Criteria document). The District's Field Operations staff has much institutional knowledge, over 85 years of combined District experience, and in developing scoring criteria it was important to them that those projects that have had numerous leaks over the past five years be weighted the highest. The scoring criteria also took into account the condition of Belmont's roads. District staff asked for and City of Belmont staff provided their most recent report on road conditions titled, "Pavement Management Program Budget Options Report" from April 2015. These criteria with several others were used to score and rank each project.

Based on the score and ranking, staff created and is proposing a five-year capital improvement program totaling \$12,035,000 (in 2015 dollars) that proposes to construct improvements on the

top 18 ranked projects (see attached Proposed Five Year CIP for FY 2016/17 through FY 2020/21).

Staff also prepared a 10-year CIP list of projects (see attached Proposed 10-Year CIP for FY 2016/17 through FY 2025/26), which targeted an additional \$12 million in projects. The ensuing list of capital projects increased from 18 to 34 and has an estimated cost of slightly more than \$24 million.

For transparency purposes, the remaining 56 projects, from project 35 through 89, were listed on a separate table with their score and rank (see attached Beyond FY2025/26 CIP).

Also since the last Board meeting, the General Manager and staff had a very informal meeting with a Municipal Financial Advisor familiar with funding options for public agencies. It is staff's intention to place funding options on the Board's agenda for discussion and input at an upcoming meeting.

Attachments: Scoring Criteria
Proposed Five Year CIP for FY2016/17 through FY2020/21
Proposed 10-Year CIP for FY 2016/17 through FY 2025/26
Beyond FY2025/26 CIP

BOARD ACTION: APPROVED:_____ DENIED:_____ POSTPONED:_____ STAFF DIRECTION:_____ UNANIMOUS_____ LINVILL_____ ZUCCA_____ WARDEN_____ STUEBING_____ VELLA_____

Scoring Criteria – MPWD CIP

October 27, 2015

The Operations Team developed and used the following criteria to evaluate and rank water mains in the District Service Area (District). The higher the score, the higher the priority for the District's rolling 5-Year CIP.

1. Pipe Failure Score – Operation's personnel assigned scores based on institutional knowledge of the District's distribution/transmission system during a 5-year period.

| | |
|------------------------|----|
| 6 or more water leaks | 30 |
| 5 water leaks | 25 |
| 4 water leaks | 20 |
| 3 water leaks | 15 |
| 2 water leaks | 10 |
| 1 or fewer water leaks | 5 |

2. Distribution System Benefits, Hydraulic Capacity & Low Flow Hydrants Affected - Operation's personnel developed this scoring matrix. (Add up score from each cell selected)

| | Deficient by 2 or more pipe sizes | Deficient by 1 or fewer pipe sizes | Min. standard for fire hydrants affects 2 or more fire hydrants | Min. standard for fire hydrants affects 1 or fewer fire hydrants |
|---|-----------------------------------|------------------------------------|---|--|
| Improves capability of distribution system | 2 | 1 | 2 | 1 |
| Can or is Serving as Backbone Infrastructure | 2 | 1 | 2 | 1 |
| Serves to intertie or eliminate a pressure zone | 2 | 1 | 2 | 1 |

3. Water Main Age – It is not unusual, but not always true, for older water mains to have a higher rate of failure as they approach the end of their engineered life. Operations personnel scored each proposed project based on the age of the pipe to be replaced.

When was Water Main Constructed

| | |
|--------------|----|
| Before 1939 | 10 |
| 1940 – 1959 | 8 |
| 1960 – 1979 | 6 |
| 1980 – 1999 | 4 |
| 2000 – newer | 1 |

4. Water Main Material – the current standard for water pipe is based on restrained ductile iron or PVC pipe materials. In the past, steel pipe, cast iron pipe and asbestos cement pipe were materials of choice. This criteria will score each project based on a pipe material, where District history has provided information on the types of pipe material that do not perform as well as other pipe materials.

Water Main Material

| | |
|--|---|
| Unlined Cast Iron | 5 |
| Steel (Not Cathodically Protected) & Cast Iron | 4 |
| Asbestos Cement | 3 |
| Other Unrestrained Pipe | 2 |
| Appropriate Pipe Material (Restrained PVC/DI) | 0 |

5. Scheduled Paving – Each of the proposed projects were scored in relation to the City of Belmont’s Pavement Condition Index (PCI). A higher priority will be given to water mains under streets with a low PCI.

Street's PCI

| | |
|--------------------------|---|
| PCI under 49 | 5 |
| PCI of 50 to 59 | 4 |
| PCI of 60 to 69 | 3 |
| PCI of 70 to 79 | 2 |
| PCI of 80 and > | 1 |
| Cross Country Water Main | 1 |

6. Static Pressure – Normally, the higher the static water pressure, the more potential damage caused by the leaking water main once it bursts. Additionally, higher system pressures increase the long-term stress on the pipe increasing the chance of failure when combined with corrosion.

Static Pressure

| | |
|------------------|---|
| Over 100 psi | 5 |
| 75 – 99 psi | 3 |
| Less than 75 psi | 1 |



Mid-Peninsula Water District
 Proposed Five-Year Capital Improvement Plan
 for FY 2016/17 through FY 2020/21
 (in 2015 Dollars)

| Project No. | Zone | Description | Cost | Scoring Criteria No. 1 | Scoring Criteria No. 2 | Scoring Criteria No. 3 | Scoring Criteria No. 4 | Scoring Criteria No. 5 | Scoring Criteria No. 6 | Total Score | Rank |
|-------------|------|--|--------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-------------|------|
| 15-14 | Z3 | Mezes Avenue Improvements | \$ 175,000 | 25 | 4 | 6 | 4 | 5 | 5 | 49 | 1 |
| 15-30 | Z3 | Alameda De Las Pulgas Improvements | \$ 780,000 | 20 | 9 | 8 | 4 | 3 | 5 | 49 | 2 |
| 15-76 | Z1 | El Camino Real Improvements | \$ 2,100,000 | 25 | 6 | 8 | 4 | State | 5 | 48 | 3 |
| 15-65 | Z2 | Folger Drive Improvements | \$ 420,000 | 20 | 8 | 10 | 4 | 3 | 3 | 48 | 4 |
| 15-73 | Z1 | Karen Road Improvements | \$ 425,000 | 30 | 0 | 8 | 4 | NR | 5 | 47 | 5 |
| 15-10 | Z3 | Notre Dame Avenue Loop Closure | \$ 910,000 | 20 | 8 | 8 | 4 | 2 | 5 | 47 | 6 |
| 15-44 | Z2 | South Road Abandonment | \$ 415,000 | 25 | 3 | 8 | 4 | 5 | 1 | 46 | 7 |
| 15-22 | Z3 | Arthur Avenue Improvements | \$ 475,000 | 20 | 4 | 8 | 4 | 4 | 5 | 45 | 8 |
| 15-16 | Z3 | Williams Avenue, Ridge Road, Hillman Avenue Improvements | \$ 1,100,000 | 20 | 4 | 8 | 4 | 3 | 5 | 44 | 9 |
| 15-43 | Z2 | North Road Cross Country / Davey Glen Road Improvements | \$ 680,000 | 20 | 4 | 6 | 4 | 4 | 5 | 43 | 10 |
| 15-06 | Z5 | Zone 5 Fire Hydrant Upgrades | \$ 150,000 | 30 | 3 | n/a | n/a | 4 | 5 | 42 | 11 |
| 15-78 | Z1 | Civic Lane Improvements | \$ 800,000 | 15 | 4 | 8 | 4 | 5 | 5 | 41 | 12 |
| 15-17 | Z3 | Monte Cresta Drive, Alhambra Drive Improvements | \$ 1,075,000 | 20 | 3 | 8 | 4 | 1 | 5 | 41 | 13 |
| 15-87 | Z1 | Hillcrest Pressure Regulating Station | \$ 345,000 | 30 | 9 | n/a | n/a | n/a | 1 | 40 | 14 |
| 15-09 | Z3 | Dekoven Tank Utilization Project | \$ 1,035,000 | 15 | 12 | 4 | 4 | 2 | 3 | 40 | 15 |
| 15-28 | Z7 | Tahoe Drive Area Improvements | \$ 510,000 | 20 | 4 | 8 | 4 | 1 | 3 | 40 | 16 |
| 15-29 | Z7 | Belmont Canyon Road Improvements | \$ 420,000 | 15 | 4 | 8 | 4 | 5 | 3 | 39 | 17 |
| 15-38 | Z8 | Cliffside Court Improvements | \$ 220,000 | 20 | 4 | 6 | 2 | 2 | 5 | 39 | 18 |

Total \$ 12,035,000

Legend: n/a - Not Applicable
 NR - Not Rated
 State - State Road



Mid-Peninsula Water District
 Proposed 10-Year Capital Improvement Plan
 for FY 2016/17 through FY 2025/26
 (in 2015 Dollars)

| Project No. | Zone | Description | Cost | Total Score | Rank |
|-------------|------|--|--------------|-------------|------|
| 15-14 | Z3 | Mezes Avenue Improvements | \$ 175,000 | 49 | 1 |
| 15-30 | Z3 | Alameda De Las Pulgas Improvements | \$ 780,000 | 49 | 2 |
| 15-76 | Z1 | El Camino Real Improvements | \$ 2,100,000 | 48 | 3 |
| 15-65 | Z2 | Folger Drive Improvements | \$ 420,000 | 48 | 4 |
| 15-73 | Z1 | Karen Road Improvements | \$ 425,000 | 47 | 5 |
| 15-10 | Z3 | Notre Dame Avenue Loop Closure | \$ 910,000 | 47 | 6 |
| 15-44 | Z2 | South Road Abandonment | \$ 415,000 | 46 | 7 |
| 15-22 | Z3 | Arthur Avenue Improvements | \$ 475,000 | 45 | 8 |
| 15-16 | Z3 | Williams Avenue, Ridge Road, Hillman Avenue Improvements | \$ 1,100,000 | 44 | 9 |
| 15-43 | Z2 | North Road Cross Country / Davey Glen Road Improvements | \$ 680,000 | 43 | 10 |
| 15-06 | Z5 | Zone 5 Fire Hydrant Upgrades | \$ 150,000 | 42 | 11 |
| 15-78 | Z1 | Civic Lane Improvements | \$ 800,000 | 41 | 12 |
| 15-17 | Z3 | Monte Cresta Drive, Alhambra Drive Improvements | \$ 1,075,000 | 41 | 13 |
| 15-87 | Z1 | Hillcrest Pressure Regulating Station | \$ 345,000 | 40 | 14 |
| 15-09 | Z3 | Dekoven Tank Utilization Project | \$ 1,035,000 | 40 | 15 |
| 15-28 | Z7 | Tahoe Drive Area Improvements | \$ 510,000 | 40 | 16 |
| 15-29 | Z7 | Belmont Canyon Road Improvements | \$ 420,000 | 39 | 17 |
| 15-38 | Z8 | Cliffside Court Improvements | \$ 220,000 | 39 | 18 |
| 15-42 | Z2 | North Road Improvements | \$ 220,000 | 37 | 19 |
| 15-02 | Z5 | Courtland Road Improvements | \$ 345,000 | 37 | 20 |
| 15-24 | Z3 | San Juan Boulevard Improvements | \$ 320,000 | 36 | 21 |
| 15-75 | Z1 | Old County Road Improvements | \$ 3,400,000 | 34 | 22 |
| 15-41 | Z2 | Mills Avenue Improvements | \$ 195,000 | 34 | 23 |
| 15-63 | Z2 | Lower Notre Dame Avenue Improvements | \$ 815,000 | 34 | 24 |
| 15-46 | Z2 | Miramar Terrace Improvements | \$ 600,000 | 32 | 25 |
| 15-61 | Z2 | Chula Vista Drive Improvements | \$ 440,000 | 31 | 26 |
| 15-11 | Z3 | Carmelita Avenue Improvements | \$ 635,000 | 31 | 27 |
| 15-72 | Z1 | SR 101 Crossing at PAMF Hospital | \$ 1,670,000 | 30 | 28 |
| 15-49 | Z2 | Mid-Notre Dame Improvements | \$ 160,000 | 30 | 29 |
| 15-01 | Z5 | Buckland / Shelford Avenue Improvements | \$ 110,000 | 30 | 30 |
| 15-26 | Z7 | West Belmont Tank Water Main Improvements | \$ 1,400,000 | 30 | 31 |
| 15-19 | Z3 | Oak Knoll Drive Improvements | \$ 690,000 | 29 | 32 |
| 15-27 | Z7 | Lassen Drive Improvements | \$ 855,000 | 29 | 33 |
| 15-03 | Z5 | Spring Lane Improvements | \$ 165,000 | 28 | 34 |

Total \$ 24,055,000

Legend: n/a - Not Applicable
 NR - Not Rated
 State - State Road



Mid-Peninsula Water District
 Beyond FY25/26 Capital Improvement Plan
 (in 2015 Dollars)

| Project No. | Zone | Description | Cost | SC 1 | SC 2 | SC 3 | SC 4 | SC 5 | SC 6 | Total Score | Rank |
|-------------|------|--|-------------|------|------|------|------|------|------|-------------|------|
| 15-40 | Z8 | Hastings Drive Improvements | \$310,000 | 5 | 8 | 6 | 2 | 2 | 5 | 28 | 35 |
| 15-50 | Z2 | Fairway Drive Improvements | \$630,000 | 5 | 4 | 6 | 2 | 5 | 5 | 27 | 36 |
| 15-15 | Z3 | Shirley Road Improvements | \$325,000 | 10 | 3 | 8 | 4 | 1 | 1 | 27 | 37 |
| 15-18 | Z3 | Pine Knoll Drive Improvements | \$260,000 | 5 | 4 | 6 | 2 | 5 | 5 | 27 | 38 |
| 15-21 | Z3 | Lincoln, Monserat Avenues Improvements | \$125,000 | 5 | 4 | 8 | 4 | 5 | 1 | 27 | 39 |
| 15-31 | Z3 | Monserat Avenue Cross Country Abandonment | \$30,000 | 5 | 0 | 8 | 4 | 5 | 5 | 27 | 40 |
| 15-25 | Z7 | Christian Court Improvements | \$200,000 | 5 | 4 | 6 | 4 | 5 | 3 | 27 | 41 |
| 15-69 | Z1 | Sussex Court Improvements | \$90,000 | 5 | 3 | 6 | 2 | 5 | 5 | 26 | 42 |
| 15-79 | Z1 | F Street Improvements | \$235,000 | 5 | 3 | 6 | 2 | 5 | 5 | 26 | 43 |
| 15-81 | Z1 | Sixth / O'Neill Avenue Improvements | \$990,000 | n/a | 6 | 10 | 4 | 1 | 5 | 26 | 44 |
| 15-45 | Z2 | Hainline Drive and Vicinity Improvements | \$890,000 | 5 | 4 | 8 | 4 | 4 | 1 | 26 | 45 |
| 15-08 | Z4 | Zone 4 Water Main Improvement Project | \$745,000 | 5 | 4 | 6 | 4 | 4 | 3 | 26 | 46 |
| 15-64 | Z2 | Tierra Linda Isolation Valve Install | \$25,000 | 10 | 0 | 8 | 4 | NR | 3 | 25 | 47 |
| 15-66 | Z2 | Vine Street / Oak Tree Lane Improvements | \$355,000 | 0 | 3 | 8 | 4 | 5 | 5 | 25 | 48 |
| 15-56 | Z2 | Carlmont Drive Improvements | \$170,000 | 0 | 4 | 8 | 4 | 5 | 3 | 24 | 49 |
| 15-59 | Z2 | Valdez Avenue Improvements | \$485,000 | 0 | 4 | 8 | 4 | 5 | 3 | 24 | 50 |
| 15-13 | Z3 | Monroe, Bellemonti, Coronet Avenues Improvements | \$1,445,000 | 5 | 4 | 6 | 2 | 2 | 5 | 24 | 51 |
| 15-82 | Z1 | Ralston Avenue Improvements | \$290,000 | 0 | 2 | 10 | 4 | 2 | 5 | 23 | 52 |
| 15-52 | Z2 | Chevy / Clee Streets Improvements | \$375,000 | 5 | 4 | 6 | 2 | 1 | 5 | 23 | 53 |
| 15-57 | Z2 | Alomar Avenue Improvements | \$350,000 | 0 | 3 | 8 | 4 | 5 | 3 | 23 | 54 |
| 15-12 | Z3 | Buena Vista Avenue Improvements | \$585,000 | 5 | 4 | 6 | 2 | 5 | 1 | 23 | 55 |
| 15-34 | Z8 | Ridgewood Court Improvements | \$135,000 | 5 | 3 | 6 | 2 | 2 | 5 | 23 | 56 |
| 15-35 | Z8 | Bridge Court Improvements | \$160,000 | 5 | 3 | 6 | 2 | 2 | 5 | 23 | 57 |
| 15-51 | Z2 | Francis Avenue / Court Improvements | \$425,000 | 0 | 4 | 6 | 2 | 5 | 5 | 22 | 58 |
| 15-55 | Z2 | Covington Road Improvements | \$500,000 | 0 | 4 | 8 | 4 | 3 | 3 | 22 | 59 |
| 15-58 | Z2 | Fernwood Way Improvements | \$380,000 | 0 | 4 | 8 | 4 | 5 | 1 | 22 | 60 |
| 15-67 | Z2 | Village Drive / Geraldine Way Improvements | \$770,000 | 5 | 3 | 8 | 4 | 1 | 1 | 22 | 61 |
| 15-20 | Z3 | Thurm and Bettina Avenues Improvements | \$525,000 | 5 | 3 | 6 | 2 | 3 | 3 | 22 | 62 |
| 15-68 | Z1 | Wessex Way Dead End Improvements | \$185,000 | 0 | 3 | 6 | 2 | 5 | 5 | 21 | 63 |
| 15-71 | Z1 | Wessex Way Loop Improvements | \$150,000 | 0 | 3 | 6 | 2 | 5 | 5 | 21 | 64 |
| 15-54 | Z2 | Villa Avenue Improvements | \$730,000 | 0 | 4 | 8 | 4 | 2 | 3 | 21 | 65 |
| 15-04 | Z5 | Rose Lane Improvements | \$110,000 | 5 | 3 | 6 | 4 | NR | 3 | 21 | 66 |
| 15-07 | Z6 | Dartmouth Avenue Improvements | \$200,000 | 5 | 3 | 8 | 4 | ND | 1 | 21 | 67 |
| 15-36 | Z8 | Parkridge Court Improvements | \$160,000 | 5 | 3 | 6 | 2 | 2 | 3 | 21 | 68 |
| 15-47 | Z2 | Virginia Avenue Improvements | \$510,000 | 0 | 0 | 8 | 4 | 5 | 3 | 20 | 69 |
| 15-62 | Z2 | Sixth Avenue Improvements | \$760,000 | 0 | 0 | 10 | 4 | 1 | 5 | 20 | 70 |



Mid-Peninsula Water District
 Beyond FY25/26 Capital Improvement Plan
 (in 2015 Dollars)

| Project No. | Zone | Description | Cost | SC 1 | SC 2 | SC 3 | SC 4 | SC 5 | SC 6 | Total Score | Rank |
|-------------|------|--|-----------|------|------|------|------|------|------|-------------|------|
| 15-05 | Z5 | Calwater Intertie | \$170,000 | 5 | 6 | 1 | 2 | 5 | 1 | 20 | 71 |
| 15-32 | Z8 | Soho Circle Improvements | \$95,000 | 5 | 3 | 6 | 2 | 2 | 1 | 19 | 72 |
| 15-37 | Z8 | Waterloo Court Improvements | \$95,000 | 5 | 3 | 6 | 2 | 2 | 1 | 19 | 73 |
| 15-39 | Z8 | Zone 8 - 14" Cross Country Improvements | \$460,000 | 5 | 0 | 6 | 2 | 1 | 5 | 19 | 74 |
| 15-70 | Z1 | Shoreway Road Improvements | \$125,000 | 0 | 0 | 6 | 3 | 4 | 5 | 18 | 75 |
| 15-53 | Z2 | Academy Avenue / Belburn Drive Improvements | \$270,000 | 0 | 4 | 6 | 2 | 1 | 5 | 18 | 76 |
| 15-60 | Z2 | Escondido Way Cross Country Abandonment | \$45,000 | 0 | 0 | 8 | 4 | 1 | 5 | 18 | 77 |
| 15-23 | Z3 | Dekoven and Hallmark Tanks Structural and Seismic Evaluation | \$110,000 | 5 | 0 | 8 | 4 | ND | 1 | 18 | 78 |
| 15-33 | Z8 | Paddington Court Improvements | \$110,000 | 5 | 3 | 6 | 2 | 1 | 1 | 18 | 79 |
| 15-48 | Z2 | Willow Lane Improvements | \$320,000 | 0 | 4 | 8 | 4 | ND | 1 | 17 | 80 |
| 15-80 | Z1 | Bragato Road Improvements | \$420,000 | n/a | 3 | 3 | 2 | NR | 5 | 13 | 81 |
| 15-74 | Z1 | Malcolm Avenue Improvements | \$265,000 | 0 | 2 | n/a | n/a | 5 | 5 | 12 | 82 |
| 15-77 | Z1 | Sixth Avenue (Zone 1) Improvements | \$190,000 | ND | 2 | 1 | 2 | 1 | 5 | 11 | 83 |
| 15-84 | Z1 | Ralston Avenue Regulator Relocation | \$345,000 | n/a | 2 | n/a | n/a | n/a | 5 | 7 | 84 |
| 15-85 | Z1 | O'Neill Slough Bridge Crossing Assessments | \$55,000 | 0 | 0 | n/a | n/a | n/a | 5 | 5 | 85 |
| None | Z9 | | \$0 | | | | | | | 0 | 86 |
| 15-83 | DW | Emergency Intertie Rebuilds | \$620,000 | | | | | | | 0 | 87 |
| 15-86 | DW | Folger Pump Station Site Demolition | \$0 | | | | | | | 0 | 88 |
| 15-88 | DW | Zone 1 - 20" CC and Zone 8 - 24" Transmission Main Assessments | \$0 | | | | | | | 0 | 89 |
| 15-89 | DW | Poly Service Connection Replacements | \$0 | | | | | | | 0 | 90 |

Total \$18,305,000



TO: Board of Directors
FROM: Tammy A. Rudock
General Manager
DATE: November 16, 2015

MANAGER'S REPORT

FOLLOW-UP FROM 10/22/15 REGULAR BOARD MEETING

The District Engineer requested and received a "time and materials" and "not to exceed" breakdown from Cornerstone Structural Engineering Group, Inc., for Hallmark Water Storage Tanks Seismic Retrofit Evaluation and Strategy Development, which is included on today's Consent Agenda for consideration.

2015 URBAN WATER MANAGEMENT PLAN (UWMP)

The Request for Proposals for professional services to prepare the MPWD's 2015 UWMP was distributed and posted to the MPWD website. The deadline to receive proposals is Monday, November 30, 2015, by 5:00PM. Consultant contract award is tentatively scheduled for consideration by the Board at its regular meeting on December 16th.

MISCELLANEOUS FEES PROJECT UPDATE

Preliminary work has been accomplished for this project. No progress since last month's Board meeting due to other priorities.

PERSONNEL MANUAL UPDATE

The manual is 65% complete now and I am targeting November 30th to get it to ACWA/JPIA for their review before meeting with District Counsel for legal review.

HOLIDAY CLOSURE

The MPWD Administration, Customer Services, and Field Operations will be closed on Thursday and Friday, November 26 and 27, 2015 in observance of the Thanksgiving holiday.

On-call staff will be available for service interruptions and emergencies. Customers may contact the MPWD's 24-hour answering service at 650-591-8941.

MEETINGS

| DATE | EVENT |
|---|--|
| October 19 th | Attended BAWSCA Groundwater Sustainability Partnership meeting in Redwood City. |
| October 21 st | Attended Belmont Chamber of Commerce Dine-Around-Town dinner meeting with Senator Jerry Hill at The Van's Restaurant. |
| October 22 nd | Attended safety session with staff and facilitated GM rap session. |
| October 25 th and 26 th | Attended ACWA Region 5 meeting in Buellton. |
| October 27 th | Participated with staff during San Carlos Charter Learning Center student tour of MPWD operations. |
| October 29 th | Attended SFPUC Wholesale Customer Meeting in Millbrae. |
| November 3 rd | Annual GM luncheon for staff. Pre-move out inspection with tenant and Operations staff at 1513 Folger Street. |
| November 4 th | Attended Belmont Breakfast Series meeting at Café Bliss in Belmont. Debriefing of Tunnels distribution line inspection hike with Operations staff. Attended Operations team meeting to finalize working draft of 5-year CIP. |
| November 5 th | Attended BAWSCA Water Management meeting in Foster City Attended HIA meeting in Belmont |

UPCOMING MEETINGS/EVENTS

ACWA/JPIA Fall Conference (Indian Wells) – December 1-4, 2015

HIA Meeting (Belmont) – December 3, 2015

BAWSCA Water Management Meeting (Foster City) – December 10, 2015



TO: Board of Directors
 FROM: Candy Pina
 DATE: November 16, 2015

ADMINISTRATIVE SERVICES MANAGER'S REPORT

CONFERENCES, TRAINING, & MEETINGS:

- 1) Jeanette Kalabolas: 10/26/15 – “Department of Water Resources” Workshop
- 2) All Staff: San Carlos Charter Learning Center (SCCLC) field trip at MPWD offices
- 3) Misty Malczon & Jeanette Kalabolas: 11/05/15 – BAWSCA Tech Forum
- 4) Candy Pina, Tammy Rudock: 11/05/15 – Monthly HIA meeting
- 5) Candy Pina: 11/06/15 – Meeting with Jennifer Dermon (Jeff Ira’s office) and Erika Cade (Accela) regarding Springbrook Financial Management System project launch; Meeting with Jennifer Dermon for monthly review of financials
- 6) Laura Ravella: 11/12/15 – “How to Effectively Handle Customer Complaints” Webinar
- 7) Misty Malczon: 11/18/15 – Comcast phone demo
- 8) Jeanette Kalabolas: 11/18/15 – “Recycle Works Volunteer Academy” Webinar Speaking Engagement
- 9) Laura Ravella: 11/12/15 – “The Essentials of Front Desk Safety & Security” Webinar

FINANCIAL REPORTING:

- 1) Schedule of Cash and Investments:

| SCHEDULE OF CASH AND INVESTMENTS | | |
|---|-------------------------------|-----------------------------|
| CASH ACCOUNT | BALANCE @ 10/31/15 | BALANCE 11/04/15 |
| PETTY CASH | 400 | 400 |
| CASH DRAWER | 200 | 200 |
| WELLS FARGO CHECKING | \$ 385,632 | \$ 66,937 |
| LAIF | \$ 3,392,186 | \$ 3,392,186 |
| TOTAL | \$ 3,778,418 | \$ 3,459,723 |

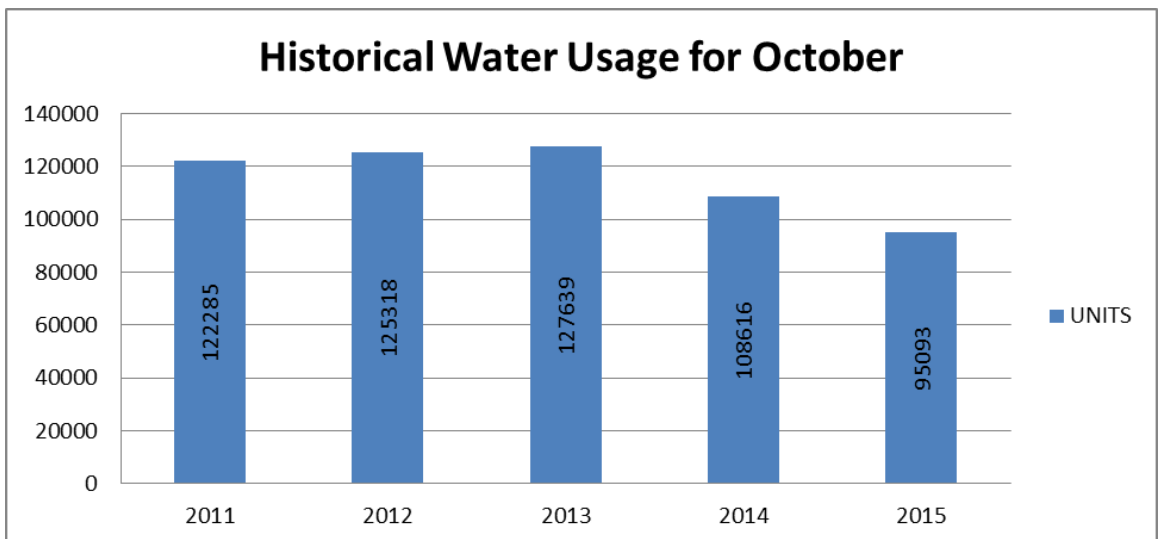
Month End Balance of PARS/OPEB for September 2015 (Oct 2015 reports not yet received): \$440,908.02. An overall decrease in Net Earnings of \$5,205.27 reported.

2) Reserve Report:

| MPWD RESERVE FUNDS | | | | |
|----------------------------|-----------------------------|-----------------------------|-----------------------------|----------------------------------|
| Reserve Account | Balance @ 10/31/2013 | Balance @ 10/31/2014 | Balance @ 10/31/2015 | Budget for Reserve Policy |
| Capital Reserves | \$ 1,500,000 | \$ 1,432,101 | \$ 886,728 | \$ 2,500,000 |
| Emergency Reserves | \$ 1,000,000 | \$ 2,000,000 | \$ 2,000,000 | \$ 2,000,000 |
| Working Capital Reserves | \$ 500,000 | \$ 500,000 | \$ 500,000 | \$ 500,000 |
| TOTAL RESERVE FUNDS | \$ 3,000,000 | \$ 3,932,101 | \$ 3,386,728 | \$ 5,000,000 |

3) Water Revenue Report:

| WATER REVENUES for FISCAL YEAR 2015/2016 | | | | | |
|---|--------------------|--------------------------------|-----------------------------|-----------------------------|-----------------|
| Month | Total Units | Water Commodity Charges | Fixed System Charges | Total Water Revenues | Misc Rev |
| JUL | 102,202 | 655,215.69 | 174,717.33 | 829,933.02 | 1,223.75 |
| AUG | 104,096 | 788,694.37 | 206,692.18 | 995,386.55 | 1,217.50 |
| SEP | 101,546 | 767,490.00 | 206,247.53 | 973,737.53 | 1,213.75 |
| OCT | 95,095 | 715,010.00 | 206,496.89 | 921,506.89 | 1,218.88 |
| TOTAL | 402,939 | 2,926,410.06 | 794,153.93 | 3,720,563.99 | 4,873.88 |



TEAM BUILDING ACTIVITIES:

1. We continue to celebrate birthdays.
2. The potluck this month was the Annual General Manager's Luncheon for staff which she served Rib-eyes, with all the fixings. This is the third year for this event. Several days later, Tammy made breakfast for the staff with the left-overs.
3. San Carlos Charter Learning Center (SCCLC) field trip at the MPWD's offices was a great success. All staff participated in making this event a huge success.



TO: Board of Directors
FROM: Rene A. Ramirez, Operations Manager
DATE: November 16, 2015

OPERATIONS REPORT

Projects:

- AMI: Since last month's report, staff have installed 49 commercial meters for a total of 60 in Zone 1. This zone is taking more time as District staff has to coordinate and accommodate customer water needs with their meter installation in addition to preparing the old meter site for a new AMI meter. In several cases, staff has come in early before normal work hours to accommodate a customer's needs in order for the water meter to be replaced;
- Stepford has completed the installation of the cable, they have verified compatibility with Comcast and Sonitrol and they have ordered the telephone service through Comcast. ;
- The biannual leak survey awarded by the Board in September is underway. The contractor, Subtronic, initiated the survey on October 26 and has been working in Zone 7. To date, they have yet to report any confirmed leaks from their work; and
- Upgraded a customer service at 2037 Lyon per paid request.

Maintenance:

- All backflow devices in the system scheduled for testing in the 3rd quarter have done so;
- During October responded to and completed 124 USA (underground service alerts) requests to identify our infrastructure;
- During October staff exercised 34 water system valves in Zone 8, bringing the total to 280 valves exercised this fiscal year;
- The 4 and 6 inch regulators at the San Juan Regulator station were rebuilt; all four of the 2-inch the four 8-inch regulators at the Carlmont Regulator station were rebuilt;
- A high-pressure blow-off located at the North Road Regulating Station was rebuilt. This regulator works to relieve excess pressure in Zone 2;

- With October's work effort all 22 pressure regulating valves found at the 12 system stations have been rebuilt over the past four months. This is the first time in 10 years that records show this has happened and all regulators are fully functional at the same time;
- A regular program of bimonthly regulator exercising continues throughout the distribution system;
- Hannibal Pump #1: while performing routine maintenance on the larger pump at the Hannibal Pump Station, staff noticed a potential issue with the pump control valve that was traced to the pilot solenoid valve. This pump has been removed from service until the pilot solenoid valve is repaired and the smaller backup pump, Pump #1, has been placed in service;
- All pumps throughout the system had their oil replaced and were lubricated;
- Replaced a polybutylene (plastic) service with a copper service at Terrace and Hillman;
- Saw cut and paved the site of the water main repair at 905 Chevy;
- Reset water system valve cans along Cipriani following City of Belmont street work;
- Replace portion of sidewalk along Industrial following a fire hydrant service line repair;
- Grabbed 44 water samples for bacteriological testing – all samples were normal and showed no signs of coliform bacteria;
- We also monitored dead-ends for disinfectant residual, and where needed, we flowed water into landscapes, street sweepers or sewer flushing trucks versus monitoring for discharge into the storm water systems to improve water quality; and
- Staff continues monitoring for signs of nitrification within our tanks – the new pumping protocol that more routinely “pumps-up” fresh water to all tanks during off-peak hours and then “flows-down” this water throughout the day in an attempt to keep our water as fresh as possible seems to be working well.

System Repairs:

| Location | Event | Material | Installation Date | Estimated Water Loss (Gals.) |
|----------------|------------|----------|-------------------|------------------------------|
| 14 Spring Lane | Main Break | CIP | 1958 | < 1,000 |
| 305 Middle Rd. | Main Break | CIP | 1940 | <1,000 |
| 1827 Mezes | Main Break | CIP | 1960 | Unknown |
| 1557 Vine St. | Main Break | CIP | 1958 | 32,000 |

| | | | | |
|------------------|--------------|----------|------|---------|
| 1609 Notre Dame | Main Break | CIP | 1954 | Unknown |
| Manzanita & ND | Main Break | Duc Iron | 1977 | 8,100 |
| 1829 Mezes | Main Break | CIP | 1960 | 4,200 |
| Cipriani & Ponce | Hydrant Leak | CIP | 1950 | 1,500 |
| 1907 Hillman | Hit Hydrant | PVC | 1977 | 112,000 |
| 1557 Vine | Main Break | CIP | 1958 | 24,000 |

Development:

- Staff is currently working with developers on six (6) development projects located at:
 - o 576-600 El Camino Real – there is nothing to report out at this time;
 - o 1401 Shoreway Road – a hotel building; their plans are in good shape. The District has made a request to make the landscape service connection from Shoreway in order to improve water quality in the area versus Cormorant where they will be taking water for the hotel building;
 - o 1201 Shoreway Road – a hotel building; the developer has agreed to locate their services in a better spot and to install an additional fire hydrant off of their private fire system;
 - o 360-380 Industrial Road – a commercial building; District has received payment for the installation of the services requested. At this time, District staff are waiting to hear when site demolition is complete and the existing fire service connection has been exposed ;
 - o 2177 Carlmont Avenue – a 10 unit residential condominium project; a revised set of plans following District comments have been re-submitted and are under review by staff; and
 - o 2204 Thurm – a residential unit; their initial plans were returned for correction with an outdated detail for service and backflow device connections and staff is awaiting a resubmittal.

Administration:

- Conducted two Operations staff meetings during month;
- An amended pumping strategy that has been working well this past summer to reduce our pumping power costs will continue. The most recent power bill from PG&E showed that we had reduced our power costs by 28% (\$6,400) though some of the reduced cost was due to a reduced customer demand due to the drought;

- Staff sat in on a webinar regarding Tank Mixing Strategies to mitigate water quality degradation;
- Staff sat in on a webinar presented by the SWRCB on Point of Use technologies;
- Staff on site when the Tunnels Pump Station Pump #3 pulled for repair/replacement by Pump Repair Services Company;
- Attended meeting with OPEB consultant;
- Attended a Groundwater Reliability Partnership forum for the San Mateo Plain basin in Redwood City;
- Staff met to begin discussing the ranking of the CIP projects;
- Attended the quarterly General Manager luncheon;
- Pulled together and attended meeting with a Financial consultant;
- A few members of staff met at the Pump Repair Service shop to see the damage on Pump #3;
- Staff prepared for and discussed water conservation with local school children during their field trip to the District office/shop;
- Attended the monthly BAWSCA meeting in Foster City;
- Worked hand-in-hand with Operations staff and cleaned up the shop area; and
- Continuing conversation with Crown Castle Corporation, as the representative for T-Mobile, on two potential projects on cellular phone service towers on District property under agreement.

**MID-PENINSULA WATER DISTRICT
BUDGET FOR YEAR 2015-2016
SUMMARY**

| DESCRIPTION | APPROVED FY 2015-2016 BUDGET \$ | ACTUAL 7/1/15 10/31/15 | REMAINING BALANCE/ (OVER BUDGET) | Target YTD % 33.7% |
|--|---------------------------------------|------------------------------|--|-------------------------|
| | | | | Y-T-D % OF BUDGET |
| OPERATING REVENUE | | | | |
| WATER COMMODITY CHARGES | 8,400,000 | 2,922,896 | 5,477,104 | 34.8% |
| FIXED SYSTEM CHARGES | 2,443,780 | 798,319 | 1,645,461 | 32.7% |
| FIRE SERVICE CHARGES | 14,400 | 4,874 | 9,526 | 33.8% |
| METER CHARGES | 10,000 | 698 | 9,302 | 7.0% |
| SERVICE LINE & INSTALLATION CHARGES | 25,000 | 30,229 | (5,229) | 120.9% |
| WATER SYSTEM CAPACITY CHARGES | 200,000 | 28,125 | 171,875 | 14.1% |
| WATER DEMAND OFFSET CHARGES | 10,000 | 3,651 | 6,349 | 36.5% |
| TEMP CONSTRUCTION CONNECTION CHARGES | 10,000 | - | 10,000 | NA |
| MISCELLANEOUS CHARGES | 10,000 | 1,000 | 9,000 | 10.0% |
| INTEREST REVENUE - LAIF | 10,000 | 3,966 | 6,034 | 39.7% |
| LEASE OF PHYSICAL PROPERTY | 245,140 | 62,302 | 182,838 | 25.4% |
| PROPERTY TAX REVENUE | 245,000 | 56,712 | 188,288 | NA |
| TOTAL OPERATING REVENUE | 11,623,320 | 3,912,771 | 7,710,549 | 33.7% |
| OPERATING EXPENDITURES | | | | |
| SALARIES & WAGES | 1,653,300 | 495,217 | 1,158,083 | 30.0% |
| PAYROLL TAXES & BENEFITS | 1,141,017 | 357,480 | 783,537 | 31.3% |
| PURCHASED WATER | 5,062,000 | 1,730,254 | 3,331,746 | 34.2% |
| CUSTOMER CREDIT CARD SERVICE FEES | 114,638 | 38,405 | 76,233 | 33.5% |
| OUTREACH & EDUCATION | 130,000 | 55,204 | 74,796 | 42.5% |
| M&R - OPS SYSTEM | 364,215 | 111,644 | 252,571 | 30.7% |
| M&R - FACILITIES & EQUIPMENT | 123,600 | 33,538 | 90,062 | 27.1% |
| MAJOR MAINTENANCE | 32,000 | 700 | 31,300 | 2.2% |
| OFFICE SUPPLIES & EQUIPMENT | 207,486 | 60,521 | 146,965 | 29.2% |
| MEMBERSHIP & GOV FEES | 173,900 | 72,212 | 101,688 | 41.5% |
| BAD DEBT & CLAIMS | 37,000 | 6,783 | 30,217 | 18.3% |
| UTILITIES | 340,334 | 105,408 | 234,926 | 31.0% |
| PROFESSIONAL SERVICES | 568,567 | 177,120 | 391,447 | 31.2% |
| TRAINING/TRAVEL & RECRUITMENT | 54,140 | 6,275 | 47,865 | 11.6% |
| RESTRICTED EARNINGS | (10,000) | (3,966) | (6,034) | 39.7% |
| RESERVES | 61,123 | - | 61,123 | NA |
| DEPRECIATION | 870,000 | 315,954 | 554,046 | 36.3% |
| TOTAL OPERATING EXPENDITURES | 10,923,320 | 3,562,751 | 7,360,569 | 32.6% |
| OPERATING REVENUE LESS EXPENDITURES | 700,000 | 350,021 | 349,979 | 50.0% |
| NET TRANSFERS TO CAPITAL | (700,000) | (350,021) | (349,979) | 50.0% |
| NET RESULTS OF OPERATIONS | - | - | - | |

**MID-PENINSULA WATER DISTRICT
OPERATIONS BUDGET FOR YEAR 2015-2016
DETAILED**

| ACCOUNT NUMBER | ACCOUNT DESCRIPTION | APPROVED FY 2015-2016 BUDGET \$ | ACTUAL 7/1/2015 10/31/15 | REMAINING BALANCE/ (OVER BUDGET) | Target YTD % 33.7% |
|----------------|---|---------------------------------------|--------------------------------|--|-------------------------|
| | | | | | Y-T-D % OF BUDGET |
| 4010 | WATER COMMODITY CHARGES | 8,400,000 | 2,922,896 | 5,477,104 | 34.8% |
| 4020 | FIXED SYSTEM CHARGES | 2,443,780 | 798,319 | 1,645,461 | 32.7% |
| 4030 | FIRE SERVICE CHARGES | 14,400 | 4,874 | 9,526 | 33.8% |
| 4040 | METER CHARGES | 10,000 | - | 10,000 | NA |
| 4050 | SERVICE LINE & INSTALLATION CHARGES (A) | 25,000 | 30,229 | (5,229) | 120.9% |
| 4060 | WATER SYSTEM CAPACITY CHARGES | 200,000 | 28,125 | 171,875 | 14.1% |
| 4070 | WATER DEMAND OFFSET CHARGES | 10,000 | 3,651 | 6,349 | 36.5% |
| 4080 | TEMPORARY CONSTRUCTION CONNECTION CHARGES | 10,000 | | 10,000 | NA |
| 4090 | MISCELLANEOUS CHARGES | 10,000 | 698 | 9,302 | 7.0% |
| 4000 | TOTAL WATER AND FEE CHARGES | 11,123,180 | 3,788,792 | 7,334,388 | 34.1% |
| 4102 | Interest Revenue- LAIF | 10,000 | 3,966 | 6,034 | 39.7% |
| 4100 | INTEREST REVENUE | 10,000 | 3,966 | 6,034 | 39.7% |
| 4201 | Lease of Physical Property | 245,140 | 62,302 | 182,838 | 25.4% |
| 4202 | Property Tax Revenue (B) | 245,000 | 56,712 | 188,288 | 23.1% |
| 4203 | New Construction Revenue | - | - | - | NA |
| 4206 | Other Miscellaneous Charges | - | 1,000 | (1,000) | NA |
| 4200 | OTHER REVENUE | 490,140 | 120,014 | 370,126 | 24.5% |
| 4000 | TOTAL OPERATING REVENUE | 11,623,320 | 3,912,771 | 7,710,549 | 33.7% |
| 6011 | Salaries & Wages | 1,546,900 | 468,314 | 1,078,586 | 30.3% |
| 6012 | Director Compensation | 11,000 | 2,500 | 8,500 | 22.7% |
| 6017 | Capital Salaries & Wages | - | 12,825 | (12,825) | NA |
| 6010 | GROSS REGULAR WAGES | 1,557,900 | 483,639 | 1,074,261 | 31.0% |
| 6017 | CAPITAL SALARY & WAGES reversed | - | (12,825) | 12,825 | N/A |
| 6021 | Overtime Labor | 58,300 | 13,757 | 44,543 | 23.6% |
| 6022 | Standby Labor | 37,100 | 10,646 | 26,454 | 28.7% |

**MID-PENINSULA WATER DISTRICT
OPERATIONS BUDGET FOR YEAR 2015-2016
DETAILED**

| |
|-----------------------|
| Target YTD % 33.7% |
|-----------------------|

| ACCOUNT NUMBER | ACCOUNT DESCRIPTION | APPROVED FY 2015-2016 BUDGET \$ | ACTUAL 7/1/2015 10/31/15 | REMAINING BALANCE/ (OVER BUDGET) | Y-T-D % OF BUDGET |
|----------------|------------------------------------|---------------------------------------|--------------------------------|--|-------------------------|
| 6020 | SUB-TOTAL SALARY & WAGES | <u>1,653,300</u> | <u>495,217</u> | <u>1,158,083</u> | 30.0% |
| 6031 | FICA/Medicare PR Tax | 126,477 | 35,405 | 91,072 | 28.0% |
| 6038 | ACWA Health Care | 310,272 | 101,346 | 208,926 | 32.7% |
| 6039 | ACWA Dental | 29,991 | 9,166 | 20,825 | 30.6% |
| 6040 | ACWA Vision | 4,223 | 1,490 | 2,733 | 35.3% |
| 6041 | ACWA Life/AD&D | 4,035 | 1,414 | 2,621 | 35.0% |
| 6042 | Standard LDL/SDL Disability | 9,953 | 3,043 | 6,910 | 30.6% |
| 6043 | Workers' Comp Insurance | 48,000 | 13,113 | 34,887 | 27.3% |
| 6044 | Unemployment | 1,000 | - | 1,000 | NA |
| 6045 | CALPERS Retirement - ER 2%@55 | 250,706 | 68,024 | 182,682 | 27.1% |
| 6054 | CAPITAL PAYROLL TAXES & BENEFITS | - | 6,362 | (6,362) | N/A |
| 6046 | Retirees' ACWA Health Care | 54,400 | 18,966 | 35,434 | 34.9% |
| 6047 | Directors' ACWA Health Care | 105,060 | 33,894 | 71,166 | 32.3% |
| 6049 | Medical Reimbursement | 2,500 | 177 | 2,323 | 7.1% |
| 6050 | Employee Service Recognition | 3,000 | 714 | 2,286 | 23.8% |
| 6051 | Safety Incentive Program | 7,200 | 4,721 | 2,479 | 65.6% |
| 6052 | Uniforms (C) | 24,000 | 12,607 | 11,393 | 52.5% |
| 6053 | PARS OPEB Expense | <u>160,200</u> | <u>53,400</u> | <u>106,800</u> | 33.3% |
| 6030 | SUB-TOTAL PAYROLL TAXES & BENEFITS | <u>1,141,017</u> | <u>363,841</u> | <u>777,176</u> | 31.9% |
| 6054 | CAPITAL PAYROLL TAXES & BENEFITS | - | (6,362) | 6,362 | N/A |
| 6000 | PERSONNEL COSTS | <u>2,794,317</u> | <u>852,696</u> | <u>1,941,621</u> | 30.5% |
| 6101 | SFPUC Treated Water | 4,600,000 | 1,550,301 | 3,049,699 | 33.7% |
| 6102 | BAWSCA (Debt Service Surcharges) | 462,000 | 153,752 | 308,248 | 33.3% |
| 6103 | Rates Stabilization | - | - | - | NA |
| 6104 | SFPUC Water Service Charge | <u>-</u> | <u>26,201</u> | <u>(26,201)</u> | N/A |
| 6100 | PURCHASED WATER | <u>5,062,000</u> | <u>1,730,254</u> | <u>3,331,746</u> | 34.2% |
| 6201 | Customer Credit Card Service Fees | <u>114,638</u> | <u>38,405</u> | <u>76,233</u> | 33.5% |
| 6200 | CUSTOMER CREDIT CARD SVS FEES | <u>114,638</u> | <u>38,405</u> | <u>76,233</u> | 33.5% |
| 6301 | Water Conservation Program | 25,000 | 3,330 | 21,670 | 13.3% |
| 6302 | School Conservation Program | 15,000 | 1,026 | 13,974 | 6.8% |
| 6303 | Public Outreach & Education | 40,000 | 8,959 | 31,041 | 22.4% |
| 6305 | HET Rebates (D) | 10,000 | 10,048 | (48) | 100.5% |
| 6306 | Washing Machine Rebates (E) | 15,000 | 17,298 | (2,298) | 115.3% |
| 6307 | Lawn-Be-Gone Rebates (F) | 20,000 | 15,445 | 4,556 | 77.2% |
| 6308 | Rain Barrel Rebates | 5,000 | (902) | 5,902 | -18.0% |
| 6304 | TOTAL WATER CONSERVATION REBATES | <u>50,000</u> | <u>41,888</u> | <u>8,112</u> | 83.8% |

**MID-PENINSULA WATER DISTRICT
OPERATIONS BUDGET FOR YEAR 2015-2016
DETAILED**

| |
|-----------------------|
| Target YTD % 33.7% |
|-----------------------|

| ACCOUNT NUMBER | ACCOUNT DESCRIPTION | APPROVED FY 2015-2016 BUDGET \$ | ACTUAL 7/1/2015 10/31/15 | REMAINING BALANCE/ (OVER BUDGET) | Y-T-D % OF BUDGET |
|----------------|---|---------------------------------------|--------------------------------|--|-------------------------|
| 6300 | OUTREACH/EDUCATION | 130,000 | 55,204 | 74,796 | 42.5% |
| 6401 | Water Quality | 65,000 | 18,741 | 46,259 | 28.8% |
| 6402 | Pumping | 25,750 | 5,592 | 20,158 | 21.7% |
| 6403 | Storage Tanks | 5,150 | - | 5,150 | NA |
| 6404 | Mains/Distribution | 154,500 | 25,438 | 129,062 | 16.5% |
| 6405 | Meters & Service (G) | 77,250 | 37,975 | 39,275 | 49.2% |
| 6406 | Fire Hydrants (H) | 15,965 | 16,229 | (264) | 101.7% |
| 6407 | Regulator Stations (I) | 10,300 | 5,558 | 4,742 | 54.0% |
| 6408 | Safety | 10,300 | 2,112 | 8,188 | 20.5% |
| 6400 | M&R - OPS SYSTEMS | 364,215 | 111,644 | 252,571 | 30.7% |
| 6501 | M&R-Buildings&Grounds | 61,800 | 20,073 | 41,727 | 32.5% |
| 6502 | M&R- Equipment&Tools | 20,600 | 3,481 | 17,119 | 16.9% |
| 6503 | M&R- Vehicles & Large Equipment | 10,300 | 1,937 | 8,363 | 18.8% |
| 6504 | M&R - Fuel | 30,900 | 8,047 | 22,853 | 26.0% |
| 6500 | M&R - FACILITIES & EQUIPMENT | 123,600 | 33,538 | 90,062 | 27.1% |
| 6601 | Cathodic Protection Survey | - | 700 | (700) | NA |
| 6602 | Leak Detection Survey | 32,000 | - | 32,000 | NA |
| 6600 | MAJOR MAINTENANCE | 32,000 | 700 | 31,300 | 2.2% |
| 6701 | Office Supplies (J) | 10,300 | 6,037 | 4,263 | 58.6% |
| 6702 | Insurance- Liability/Vehicles | 85,000 | 22,797 | 62,203 | 26.8% |
| 6703 | Bank Service Fees | 546 | - | 546 | NA |
| 6704 | Postage | 5,150 | 93 | 5,057 | 1.8% |
| 6705 | Printing/Printing Supplies | 24,710 | 4,480 | 20,230 | 18.1% |
| 6706 | Equipment Services/Maintenance (K) | 55,000 | 22,056 | 32,944 | 40.1% |
| 6707 | Computer Supplies & Upgrades | 11,330 | 4,073 | 7,258 | 35.9% |
| 6708 | Security & Safety | 15,450 | 985 | 14,465 | 6.4% |
| 6709 | Other Fees | - | - | - | NA |
| 6700 | OFFICE SUPPLIES & EQUIP | 207,486 | 60,521 | 146,965 | 29.2% |
| 6801 | Dues & Publications | 41,200 | 11,842 | 29,358 | 28.7% |
| 6802 | Gov't Fees & Licenses (L) | 30,000 | 28,734 | 1,266 | 95.8% |
| 6803 | BAWSCA Membership Assessments | 61,800 | 22,436 | 39,364 | 36.3% |
| 6804 | Env Health - Cross Connection Inspection | 30,900 | 9,200 | 21,700 | 29.8% |
| 6805 | Software License | 10,000 | - | 10,000 | NA |
| 6800 | MEMBERSHIP & GOV FEES | 173,900 | 72,212 | 101,688 | 41.5% |

**MID-PENINSULA WATER DISTRICT
OPERATIONS BUDGET FOR YEAR 2015-2016
DETAILED**

| |
|-----------------------|
| Target YTD % 33.7% |
|-----------------------|

| ACCOUNT NUMBER | ACCOUNT DESCRIPTION | APPROVED FY 2015-2016 BUDGET \$ | ACTUAL 7/1/2015 10/31/15 | REMAINING BALANCE/ (OVER BUDGET) | Y-T-D % OF BUDGET |
|----------------|---|---------------------------------------|--------------------------------|--|-------------------------|
| 6901 | Bad Debt | 7,000 | 2,796 | 4,204 | 39.9% |
| 6902 | Claims | 30,000 | 3,987 | 26,013 | 13.3% |
| 6900 | BAD DEBT & CLAIMS | 37,000 | 6,783 | 30,217 | 18.3% |
| 7001 | Utilities-Internet/Cable (M) | 4,244 | 2,292 | 1,952 | 54.0% |
| 7002 | Utilities-Cellular Telephones | 14,853 | 3,262 | 11,591 | 22.0% |
| 7003 | Utilities-Electric-Pumping | 275,834 | 84,290 | 191,544 | 30.6% |
| 7004 | Utilities-Electric-Bldgs&Grounds | 24,401 | 8,825 | 15,576 | 36.2% |
| 7005 | Utilities-Telephones | 13,792 | 4,566 | 9,226 | 33.1% |
| 7006 | Utilities-Sewer - NPDES | 7,210 | 2,174 | 5,036 | 30.1% |
| 7000 | UTILITIES | 340,334 | 105,408 | 234,926 | 31.0% |
| 7101 | Prof Serv - District Counsel (N) | 106,000 | 46,126 | 59,875 | 43.5% |
| 7102 | Prof Serv - District Engineer (O) | 100,000 | 51,872 | 48,128 | 51.9% |
| 7103 | Prof Serv - IT | 25,194 | 8,109 | 17,085 | 32.2% |
| 7104 | Prof Serv- Annual Finance Audit (P) | 20,000 | 17,600 | 2,400 | 88.0% |
| 7105 | Prof Serv - Mngmt Consult | - | - | - | NA |
| 7106 | Prof Serv- Accounting & Payroll | 17,510 | 6,675 | 10,835 | 38.1% |
| 7107 | Prof Serv- Customer Billing | 70,040 | 24,126 | 45,914 | 34.4% |
| 7109 | Prof Serv - Answering Svs | 4,223 | - | 4,223 | NA |
| 7110 | Prof Serv - Miscellaneous | 222,000 | 21,714 | 200,286 | 9.8% |
| 7111 | Prof Serv - District Treasurer | 3,600 | 900 | 2,700 | 25.0% |
| 7100 | PROFESSIONAL SERVICES | 568,567 | 177,120 | 391,447 | 31.2% |
| 7201 | Director Travel | 6,180 | - | 6,180 | NA |
| 7202 | Director Expense | 2,060 | 58 | 2,002 | 2.8% |
| 7203 | Elections | 15,000 | - | 15,000 | NA |
| 7204 | Employee Travel/Training | 25,750 | 5,222 | 20,528 | 20.3% |
| 7205 | Meetings Expense | 5,150 | 995 | 4,155 | 19.3% |
| 7200 | TRAINING & TRAVEL | 54,140 | 6,275 | 47,865 | 11.6% |
| 7302 | Restricted Earnings Expense - Interest LAIF | (10,000) | (3,966) | (6,034) | 39.7% |
| 7300 | RESTRICTED EARNINGS EXPENSE | (10,000) | (3,966) | (6,034) | 39.7% |
| 8001 | Working Reserves: Capital | - | - | - | NA |
| 8002 | Working Reserves: Operating | 61,123 | - | 61,123 | NA |
| 8000 | RESERVES | 61,123 | - | 61,123 | NA |
| 9010 | DEPRECIATION | 870,000 | 315,954 | 554,046 | 36.3% |

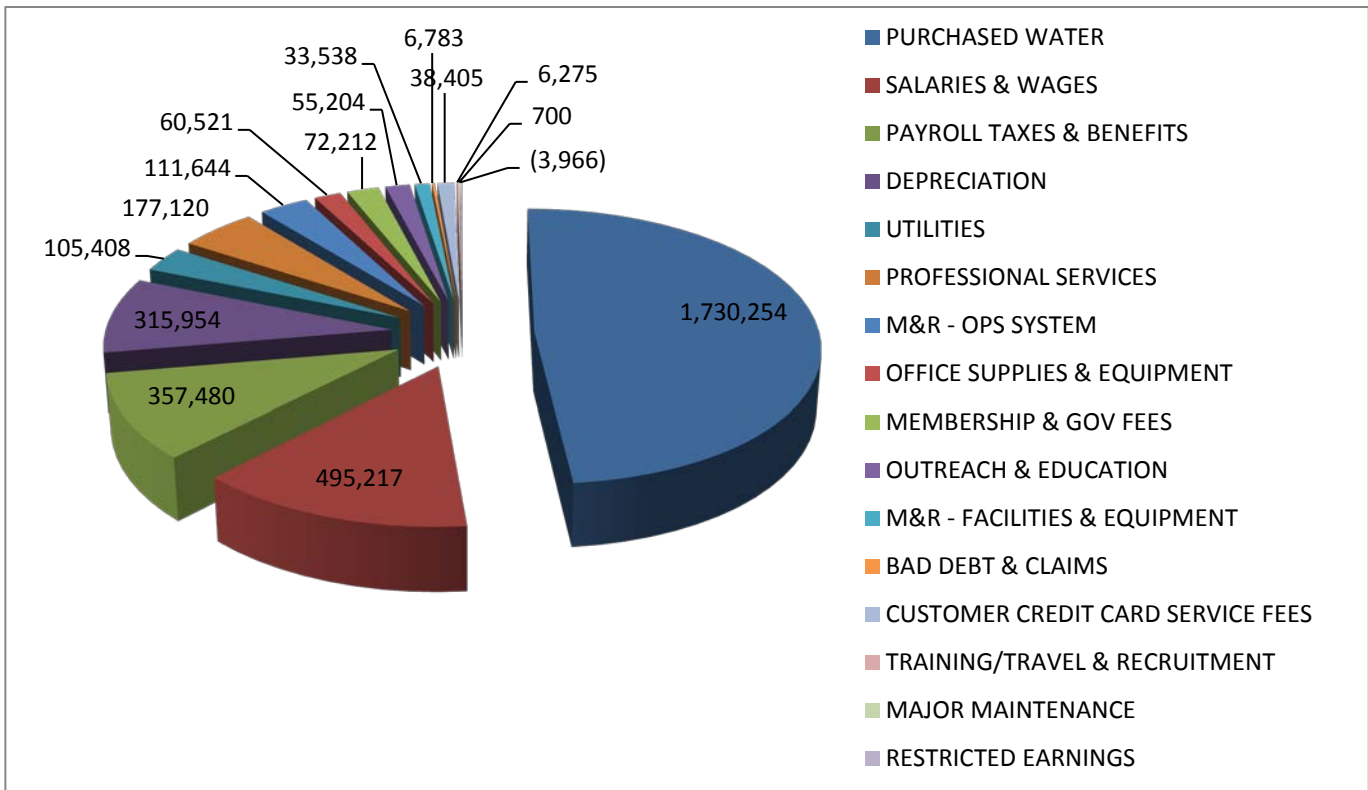
**MID-PENINSULA WATER DISTRICT
OPERATIONS BUDGET FOR YEAR 2015-2016
DETAILED**

| ACCOUNT NUMBER | ACCOUNT DESCRIPTION | APPROVED FY 2015-2016 BUDGET \$ | ACTUAL 7/1/2015 10/31/15 | REMAINING BALANCE/ (OVER BUDGET) | Target YTD % 33.7% |
|--------------------------------|------------------------|---------------------------------------|--------------------------------|--|-----------------------|
| SUB-TOTAL - OPERATING EXPENSES | | <u>8,129,003</u> | <u>2,710,054</u> | <u>5,418,949</u> | 33.3% |
| TOTAL OPERATING EXPENSES | | <u>10,923,320</u> | <u>3,562,751</u> | <u>7,360,569</u> | 32.6% |
| NET OPERATING SURPLUS/(LOSS) | | | | | |
| TRANSFER TO CAPITAL | | <u>700,000</u> | <u>350,021</u> | <u>349,979</u> | 50.0% |
| | | | 0 | | |

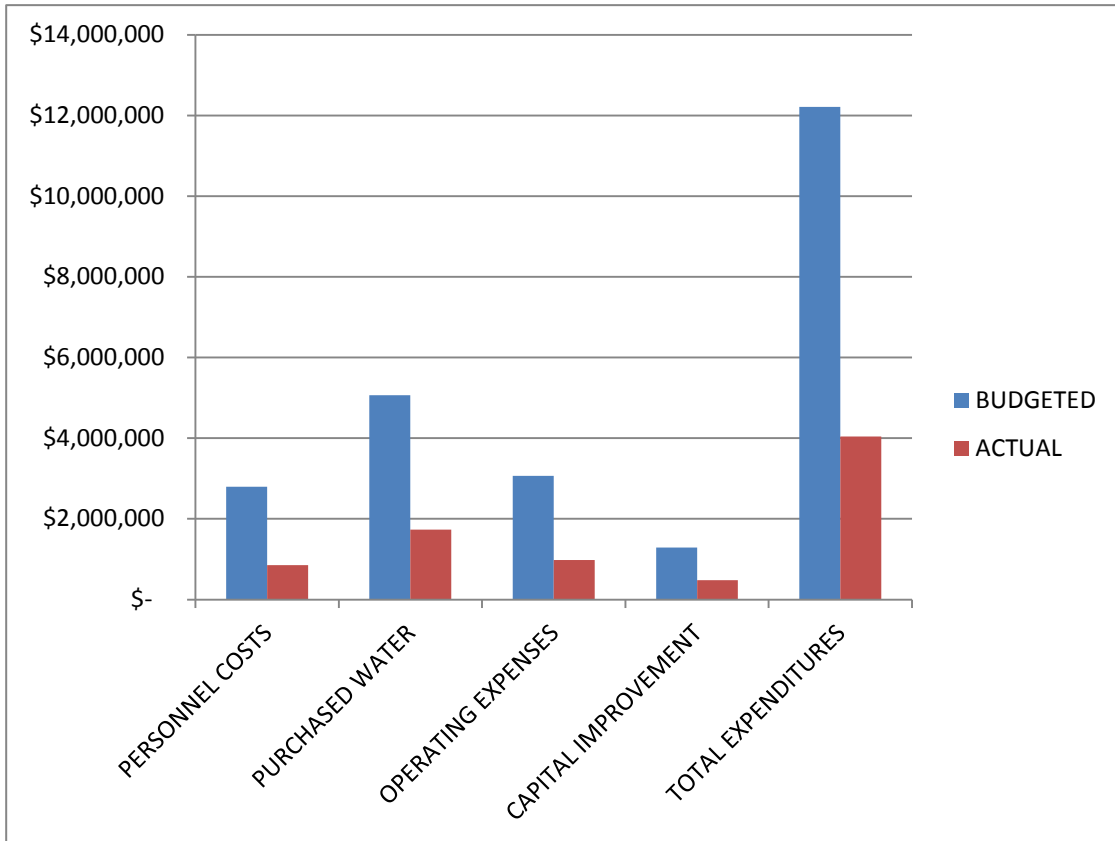
- (A) Three new service line installations.
- (B) Receipt of Property Tax revenue: December 2015 and April 2016.
- (C) Annual work boots purchased for Operations staff \$2,215.
- (D) High Efficiency Toilet Rebate Program excess participation.
- (E) Washing Machine Rebate Program excess participation.
- (F) Lawn-Be-Gone Rebate Program excess participation.
- (G) Accounting for Inventory and operation expenses (expensing per policy items over \$5,000).
- (H) Accounting for Inventory and operation expenses (expensing per policy items over \$5,000).
- (I) Accounting for Inventory and operation expenses (expensing per policy items over \$5,000).
- (J) Restocking low office supplies.
- (K) FY 2014/2015 expenses included.
- (L) 2014/2015 SWRCB bill for permitting, inspections & investigations, compliance, and monitoring totaling \$20,395.92 received. Adjustment at mid-year budget review.
- (M) FY 2014/2015 Comcast expenses included.
- (N) Litigation Support totaled \$15,640.
- (O) Distribution System Analysis totaled \$13,363.
- (P) Audit finalized and will be presented at the November 2015 Board Meeting.

**MID-PENINSULA WATER DISTRICT
ACTUAL OPERATING EXPENDITURES SUMMARY
10/31/15**

| OPERATING EXPENDITURES | ACTUAL \$ | % OF TOTAL |
|-------------------------------------|------------------|-------------|
| PURCHASED WATER | 1,730,254 | 48.6% |
| SALARIES & WAGES | 495,217 | 13.9% |
| PAYROLL TAXES & BENEFITS | 357,480 | 10.0% |
| DEPRECIATION | 315,954 | 8.9% |
| UTILITIES | 105,408 | 3.0% |
| PROFESSIONAL SERVICES | 177,120 | 5.0% |
| M&R - OPS SYSTEM | 111,644 | 3.1% |
| OFFICE SUPPLIES & EQUIPMENT | 60,521 | 1.7% |
| MEMBERSHIP & GOV FEES | 72,212 | 2.0% |
| OUTREACH & EDUCATION | 55,204 | 1.5% |
| M&R - FACILITIES & EQUIPMENT | 33,538 | 0.9% |
| BAD DEBT & CLAIMS | 6,783 | 0.2% |
| CUSTOMER CREDIT CARD SERVICE FEES | 38,405 | 1.1% |
| TRAINING/TRAVEL & RECRUITMENT | 6,275 | 0.2% |
| MAJOR MAINTENANCE | 700 | 0.0% |
| RESTRICTED EARNINGS | (3,966) | -0.1% |
| TOTAL OPERATING EXPENDITURES | 3,562,751 | 100% |



2014/2015 BUDGET vs ACTUAL TOTAL EXPENDITURES 10/31/15



| | BUDGETED | ACTUAL | BUDGETED % OF TOTAL | ACTUAL % OF TOTAL |
|---------------------------|----------------------|---------------------|---------------------------|-------------------------|
| TOTAL EXPENDITURES | | | | |
| PERSONNEL COSTS | \$ 2,794,317 | \$ 852,696 | 23% | 21% |
| PURCHASED WATER | \$ 5,062,000 | \$ 1,730,254 | 41% | 43% |
| OPERATING EXPENSES | \$ 3,067,003 | \$ 979,800 | 25% | 24% |
| CAPITAL IMPROVEMENT | \$ 1,292,000 | \$ 478,893 | 11% | 12% |
| TOTAL EXPENDITURES | \$ 12,215,320 | \$ 4,041,644 | 100% | 100% |

**MID-PENINSULA WATER DISTRICT
PROPOSED AMENDED BUDGET FOR FY 2015-2016
CAPITAL OUTLAY/CAPITAL PROJECTS**

| DESCRIPTION | APPROVED AMENDED FY 2015-2016 BUDGET \$ | ACTUAL 7/1/2015 10/31/15 | REMAINING BALANCE/ (OVER BUDGET) | Target YTD % 33.7% |
|---|--|--------------------------------|--|----------------------------------|
| | | | | Y-T-D % OF BUDGET |
| CAPITAL IMPROVEMENTS - WORK IN PROCESS (WIP) | | | | |
| AMI Meter Change Out Program | 400,000 | 351,939 | 48,061 | 88.0% |
| Karen Road Water Main Replacement - CIP | 100,000 | 3,571 | 96,429 | 3.6% |
| Hallmark Tank Structural and Seismic Retrofit - CIP | 55,000 | 651 | 54,349 | 1.2% |
| Dekoven Tanks Structural and Seismic Retrofit - CIP | 55,000 | 2,291 | 52,709 | 4.2% |
| Folger Pump Station Demolition - CIP | 50,000 | 1,498 | 48,502 | 3.0% |
| Buckland Tank Replacement Project - CIP | 46,000 | 23,817 | 22,183 | 51.8% |
| Alameda de las Pulgas Water Main Replacement Project - CIP | 30,000 | 19,680 | 10,320 | 65.6% |
| CAPITAL IMPROVEMENTS - WIP TOTAL | 736,000 | 403,447 | 332,553 | 54.8% |
| CAPITAL OUTLAY | | | | |
| SCADA Replacement Project | 171,000 | 22,552 | 148,448 | 13.2% |
| Financial Management System (FMS) - Comprehensive Replacement | 145,000 | - | 145,000 | 0.0% |
| Fleet Replacement: Four pickup trucks | 125,000 | - | 125,000 | 0.0% |
| Dairy Lane Wiring/Cabling | 40,000 | 31,601 | 8,399 | 79.0% |
| Replacement Printer/Copier/Scanner | 25,000 | 21,294 | 3,706 | 85.2% |
| Miscellaneous Capital Outlay/Projects | 50,000 | - | 50,000 | 0.0% |
| CAPITAL OUTLAY TOTAL | 556,000 | 75,446 | 480,554 | 13.6% |
| CAPITAL IMPROVEMENTS & CAPITAL OUTLAY TOTAL | 1,292,000 | 478,893 | 813,107 | 37.1% |
| DEPRECIATION | 870,000 | 315,954 | 554,046 | 36.3% |
| TRANSFER FROM OPS | 700,000 | 350,021 | 349,979 | 50.0% |
| TRANSFER (TO)/FROM CAPITAL RESERVES | (278,000) | (187,081) | (90,919) | 67.3% |
| CAPITAL OUTLAY/CAPITAL PROJECTS | (1,292,000) | (478,893) | (813,107) | 37.1% |
| NET RESULTS OF CAPITAL | - | (0) | 0 | N/A |

**MID-PENINSULA WATER DISTRICT
PREVIOUS YEAR COMPARISON**

| | Jul - Oct 15 | Jul - Oct 14 | \$ Change | % Change |
|--|--------------|--------------|-------------|----------|
| Ordinary Income/Expense | | | | |
| Income | | | | |
| 4000 · OPERATING REVENUE | 3,788,791.64 | 3,739,382.51 | 49,409.13 | 1.32% |
| 4100 · INTEREST INCOME | 3,965.62 | 3,600.34 | 365.28 | 10.15% |
| 4200 · OTHER INCOME | 120,013.92 | 205,314.05 | -85,300.13 | -41.55% |
| Total Income | 3,912,771.18 | 3,948,296.90 | -35,525.72 | -0.9% |
| Cost of Goods Sold | | | | |
| 5000 · Cost of Goods Sold | 0.00 | 0.00 | 0.00 | 0.0% |
| Total COGS | 0.00 | 0.00 | 0.00 | 0.0% |
| Gross Profit | 3,912,771.18 | 3,948,296.90 | -35,525.72 | -0.9% |
| Expense | | | | |
| 6000 · PERSONNEL COSTS | 852,696.41 | 725,880.08 | 126,816.33 | 17.47% |
| 6100 · PURCHASED WATER | 1,730,254.27 | 1,695,189.17 | 35,065.10 | 2.07% |
| 6200 · CUSTOMER CREDIT CARD SVS FEES | 38,405.10 | 32,732.64 | 5,672.46 | 17.33% |
| 6300 · OUTREACH/EDUCATION | 55,204.13 | 23,367.65 | 31,836.48 | 136.24% |
| 6400 · M&R - OPS SYSTEMS | 111,643.81 | 120,259.65 | -8,615.84 | -7.16% |
| 6500 · M&R - FACILITIES & EQUIPMENT | 33,538.12 | 37,688.65 | -4,150.53 | -11.01% |
| 6600 · MAJOR MAINTENANCE | 700.00 | 0.00 | 700.00 | 100.0% |
| 6700 · OFFICE SUPPLIES & EQUIPMENT | 60,521.36 | 76,146.13 | -15,624.77 | -20.52% |
| 6800 · MEMBERSHIP & GOV FEES | 72,212.05 | 46,391.95 | 25,820.10 | 55.66% |
| 6900 · BAD DEBT & CLAIMS | 6,783.47 | 11,085.19 | -4,301.72 | -38.81% |
| 7000 · UTILITIES | 105,408.42 | 128,193.78 | -22,785.36 | -17.77% |
| 7100 · PROFESSIONAL SERVICES | 177,120.41 | 124,123.23 | 52,997.18 | 42.7% |
| 7200 · TRAINING & TRAVEL | 6,274.94 | 7,000.48 | -725.54 | -10.36% |
| Total Expense | 3,250,762.49 | 3,028,058.60 | 222,703.89 | 7.36% |
| Net Ordinary Income | 662,008.69 | 920,238.30 | -258,229.61 | -28.06% |
| Other Income/Expense | | | | |
| Other Expense | | | | |
| 9000 · OTHER EXPENSE | 315,953.64 | 278,496.06 | 37,457.58 | 13.45% |
| Total Other Expense | 315,953.64 | 278,496.06 | 37,457.58 | 13.5% |
| | | | | |
| 7302 - RESTRICTED EARNINGS EXPENSE - INTEREST LAIF | -3,965.62 | -3,600.34 | -365.28 | -10.1% |
| Total Restricted Earnings Expense | -3,965.62 | -3,600.34 | -365.28 | -10.1% |
| Net Operating Surplus/(Loss) | 350,020.67 | 645,342.58 | -295,321.91 | -45.8% |

WATER COMMODITY SALES & PURCHASED WATER ANALYSIS
MID-PENINSULA WATER DISTRICT
FY 2015/2016

| Month | Projected Water Commodity Revenue | Actual Water Commodity Revenue | Projected SFPUC Water Commodity Expense | Actual SFPUC Water Commodity Expense |
|--------|-----------------------------------|--------------------------------|---|--------------------------------------|
| 15-Jul | 840,000 | 659,123 | 552,000 | 360,472 |
| 15-Aug | 924,000 | 784,369 | 506,000 | 419,573 |
| 15-Sep | 840,000 | 764,745 | 506,000 | 398,063 |
| 15-Oct | 840,000 | 717,527 | 414,000 | 372,194 |
| 15-Nov | 672,000 | | 414,000 | |
| 15-Dec | 504,000 | | 276,000 | |
| 16-Jan | 588,000 | | 322,000 | |
| 16-Feb | 504,000 | | 276,000 | |
| 16-Mar | 504,000 | | 276,000 | |
| 16-Apr | 588,000 | | 322,000 | |
| 16-May | 756,000 | | 322,000 | |
| 16-Jun | 840,000 | | 414,000 | |

