
REGULAR MEETING
BOARD OF DIRECTORS
WEDNESDAY, NOVEMBER 16, 2016 – 6:30PM
3 DAIRY LANE, BELMONT CALIFORNIA

AGENDA

1. OPENING

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

2. PUBLIC COMMENT

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

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

4. ACKNOWLEDGEMENTS/PRESENTATIONS

Michael Anderson, Field Operations Supervisor and Project Inspector, and Feraydoon Farsi, Project Manager with Pakpour Consulting Group, Inc., and the Alameda de las Pulgas Water Main Replacement Project

5. CONSENT AGENDA

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

- A. Approve Minutes for the Regular Board Meeting on September 22, 2016
- B. Approve Expenditures from September 14, 2016 through October 27, 2016 and Approve Expenditures from October 28, 2016 through November 9, 2016

6. HEARINGS AND APPEALS

None.

7. REGULAR BUSINESS AGENDA

- A. Receive and Accept the Financial Audit Report for Fiscal Year Ended June 30, 2016, Presented by David Becker, CPA, of James Marta & Company LLP
- B. MPWD Capital Improvement Program (CIP): Receive Debt Financing Progress Report and Schedule Updates from Wulff, Hansen & Company, Municipal Finance Advisor
- C. Receive Revised Draft Seismic Retrofit Evaluation and Strategy Development Report for the Hallmark Tank Site
- D. Receive Progress Report on MPWD Public Relations and Marketing Activities and Upcoming Website Update, Presented by John Davidson d/b/a JRocket77 Graphic Design & Marketing
- E. Consider and Approve 2017 Annual Board Meeting Schedule
- F. Receive BAWSCA Update

8. MANAGER'S AND BOARD REPORTS

- A. General Manager's Report, including Water Conservation Progress 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

9. 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.

10. COMMUNICATIONS

11. ADJOURNMENT

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

ACCESSIBLE PUBLIC MEETINGS

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

Next Board Meeting: December 15, 2016, at 6:30PM

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

September 22, 2016
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 Zucca at 6:30 PM.

B. **Pledge of Allegiance** – The Pledge of Allegiance was led by Director Stuebing.

C. **Establishment of Quorum:**

PRESENT: Directors Stuebing, Vella, and Zucca.

ABSENT: Directors Linvill and Warden.

A quorum was present.

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

2. **PUBLIC COMMENTS**

None.

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

None.

4. **ACKNOWLEDGEMENTS/PRESENTATIONS**

A. **Brent Chester – D4 Operator Certification from CA Department of Water Resources**

General Manger Rudock and Operations Manager Ramirez commented on the D4 Operator Certificate, how useful it is for the District, and how proud they are with Brent's accomplishment. President Zucca commented that this certificate is not easy to receive, and asked that staff congratulate Brent on behalf of the Board for his accomplishment.

B. **Tava Mataele – 10th Service Anniversary**

Operations Manager Ramirez commented on the longevity of staff in general here at the District, noting years of service is important for institutional knowledge. President Zucca asked that staff congratulate Tava on behalf of the Board for his 10th service anniversary.

- 50 5. **CONSENT AGENDA**
51 A. **Approve Minutes for the Regular Board Meeting of August 25, 2016**
52 B. **Approve Expenditures from August 20, 2016 through September 13, 2016**
53

54 Director Vella moved to approve the Consent Agenda, Director Stuebing seconded, and it
55 was unanimously approved.
56

- 57 6. **HEARINGS AND APPEALS**
58 None.
59

- 60 7. **REGULAR BUSINESS AGENDA**

- 61 A. **Progress Report on MPWD 2016 Strategic Plan and Process Follow-Up**
62 **Facilitated by Julie Brown**

63 General Manager Tammy Rudock highlighted additional items accomplished that
64 were not identified in the Strategic Plan and then introduced Julie Brown.
65

66 Julie Brown listed the items she would be discussing with the Board:

- 67 a. How the simplified process has added value;
68 b. General Manager's performance evaluation process;
69 c. Board roles versus General Manager Roles; and
70 d. Trust between Board members and leadership.
71

72 President Zucca commented on the process, giving a summary of where they
73 were, and where they are now. He likes the updated Strategic Plan; the work is
74 easily identified and tracked for progress and completion. There is now easier
75 coordination due to the new format. He likes the way the report gives a big
76 picture, which helps to identify roles between the Board and the General
77 Manager.
78

79 Director Stuebing added that the new plan provides a forum to talk in details but
80 with appropriate roles in place for the Directors and the General Manager.
81

82 Director Vella said it is a very good tool for tracking what is happening. He said
83 he now feels comfortable with staff doing their jobs because the roles are clearly
84 defined between staff and the Directors.
85

86 Julie Brown summarized that she observes a different level of communication,
87 which is interactive and very professional. She is proud of the progress that has
88 been made. Director Vella asked what actions she would suggest the Board look
89 at for further growth. She discussed that some of her for-profit clients have 5-10
90 year strategic plans developed, and then make minor changes to the document
91 every year.
92

93 General Manager Rudock added that the plan is much easier to update and flows
94 well with the General Manager performance evaluation, which was so
95 cumbersome in the past. Director Vella noted that he is confident now that the
96 Directors and the General Manager are looking at the strategic plan throughout

97 the year. General Manager Rudock added that once the plan is in place, she
98 meets with her management team and determines who will do what based on the
99 plan. Then the management team meets with their staff and determines what
100 they will do based on the plan. So everyone is working from the strategic plan
101 and all staff performance and evaluations are impacted by what is expected to be
102 accomplished for that year.

103
104 President Zucca appreciated having an up-to-date listing of the accomplishments
105 thus far throughout the year. This way the General Manager is reviewed on the
106 accomplishments for the entire year, and not just the last quarter of the year. He
107 also noted that there is no longer any confusion on what needs to be
108 accomplished because it is clearly spelled out.

109
110 Julie Brown likes the flexibility with the way the plan is being presented, and now
111 immediate needs can be responded to more readily. There are also board
112 accountabilities in place.

113
114 She then asked if there was anything the Board or staff would like to modify in
115 the process? Director Stuebing would like to have another way to look at asset
116 management in order to make a quantitative decision. General Manager Rudock
117 commented that she had discussed with Ms. Brown a process for administering
118 the General Manager evaluation each year so that there is consistency.

119
120 Julie Brown then ended the discussion by saying that the District has an
121 impressive strategic plan process in place.

122
123 Director Vella offered to share with General Manager Rudock the BAWSCA
124 General Manager evaluation process.

125
126 **B. MPWD Capital Improvement Program (CIP):**

127 **1. Review CIP Summary and Project Implementation Plan Update**

128 General Manager Rudock noted that FY 2016-2017 was added to the CIP
129 Summary. She pointed out that engineering costs are highlighted in blue, and
130 construction costs are in yellow. They have bundled some of the CIPs to take
131 advantage of cost savings, and will be sending out Requests for Proposals on
132 those bundled projects. Additionally, staff identified projects that would
133 require the assistance of outside engineering firms, which would be
134 accomplished through a Request for Qualifications process. When the
135 funding is in place, MPWD will be ready to move forward quickly. The MPWD
136 is considering hiring professionals to assist with inspections, having the
137 MPWD's inspector overseeing them.

138
139 District Engineer Pakpour discussed several ways to complete the CIP work:

- 140 a. Work on one project at a time;
141 b. Do a series of projects which are related; and/or

142 c. Prequalify contractors. If we prequalify now, it would streamline the
143 bidding process.
144

145 **2. Consider Resolution 2016-14 the First Amendment to the Professional**
146 **Services Contract with the District Engineer, referenced as Contract No.**
147 **01-1621-CIP, in the Amount of \$292,155, for Engineering Design**
148 **Services related to the 2017 Water Main Replacements Project**

149 General Manager Rudock discussed the proposed amendment to the contract
150 with Pakpour Consulting Group, which would authorize engineering design on
151 the first projects within the 5-year CIP.
152

153 Operations Manager Ramirez reported that the contract included the starting
154 number for capital projects. He summarized the projects to be designed.
155

156 District Engineer Pakpour noted that the Karen Road project is mostly
157 completed, and the balance of the work will be bundled with 4 other projects.
158 The work proposed will include design work, topographic surveys, potholing,
159 and construction support. President Zucca commented that he likes the way
160 the CIP program has come together, and when there are changes to the
161 priorities, he is confident there will be discussions between the Directors and
162 staff. He likes that everything has been documented so clearly, so there are
163 no questions about the process.
164

165 General Manager Rudock discussed the meeting that took place today with
166 Bond Counsel. The financing document package is large, and staff will be
167 working on developing the preliminary official statement.
168

169 Director Stuebing moved to accept Resolution 2016-14 the First Amendment
170 to the Professional Services Contract with the District Engineer, referenced as
171 Contract No. 01-1621-CIP, in the Amount of \$292,155, for Engineering
172 Design Services related to the 2017 Water Main Replacements Project,
173 Director Vella seconded. Roll call was taken and it was unanimously
174 approved.
175

176 **3. Consider Scheduling a Special Meeting in October 2016 to Consider**
177 **Approval of Financing Documents for MPWD 5-Year CIP totaling \$20**
178 **Million**

179 General Manager confirmed that October 11th will be the Special Meeting
180 date at 6:00 p.m.
181

182 **4. Receive Updated CIP Informational Summary & FAQs**

183 General Manager Rudock noted that she updated pages 66 and 67, and will
184 continue to keep this document up to date each month. President Zucca
185 recommended title pages between the attachments.
186

187 **C. Consider Resolution 2016-15 Authorizing a Water Service Agreement**
188 **between the Mid-Peninsula Water District and Central Peninsula**
189 **Development, LLC, for Mixed-Use Development located at 576-600 El**
190 **Camino Real in Belmont, California**

191 Operations Manager Ramirez presented the following information about this
192 project:

- 193 1. There are three commercial units on the ground floor and multi-family
194 units above that space.
- 195 2. The water meters will be on the business owner's property, which is not
196 standard for MPWD. Those working on this agreement were District
197 Counsel Sherman, General Manager Rudock, Operations Manager
198 Ramirez, Field Operations Supervisor Brent Chester, and the developer.
199 There will be a bank of water meters on the developer's property.
- 200 3. Director Vella would like to see a standard developed for these types of
201 projects, so there will be no misunderstanding with future developers. It
202 was discussed that having a standard would likely not work; instead it will
203 have to be on a case-by-case basis to accommodate the needs of each
204 development. However, certain key concepts will be equally applicable to
205 each development.
- 206 4. There will be standard fire services applied to each development.
- 207 5. MPWD approved the plumbing plans for this current development.
- 208 6. Easements are being developed for MPWD's access and maintenance
209 of MPWD's meters, which will be enclosed to protect MPWD's property.
210 Transmitters will also be housed in an enclosed box.
- 211 7. Director Vella expressed concern about the District's responsibility with
212 regard to the easement, and wanted to make sure we have no
213 responsibility to maintain the property, just the meter boxes and
214 transmitters. Operations Manager Ramirez responded that MPWD's
215 responsibility ends at the right of way, and picks up at the meters.
- 216 8. Operations Manager Ramirez reiterated the water meters are MPWD's
217 property. There will be security measures in place to allow only
218 authorized personnel from the MPWD staff to access a "utility area" of
219 the building, housing MPWD's meters.
- 220 9. President Zucca gave congratulations to all working through this first
221 unique project. Operations Manager Ramirez noted that Brent dealt with
222 all the technical details.

223
224 Director Stuebing moved to accept Resolution 2016-15 Authorizing a Water
225 Service Agreement between the Mid-Peninsula Water District and Central
226 Peninsula Development, LLC, for Mixed-Use Development located at 576-600 El
227 Camino Real in Belmont, California, Director Vella seconded. Roll call was taken
228 and it was unanimously approved.

229
230 **D. Consider Resolution 2016-16 Requiring Even-Numbered Year Elections for**
231 **the MPWD Board of Directors in Consolidation with the Statewide General**
232 **Elections**

233 General Manager summarized the reasons behind the statewide general
234 elections being consolidated to even-numbered years. It will be cost effective to
235 have them at the same time as general elections for two reasons: more voter
236 turnout and economies of scale with regard to the cost of the elections.
237

238 Director Vella moved to accept Resolution 2016-16 Requiring Even-Numbered
239 Year Elections for the MPWD Board of Directors in Consolidation with the
240 Statewide General Elections, Director Stuebing seconded. Roll call was taken
241 and it was unanimously approved.
242

243 **E. Consider Resolution 2016-17 Authorizing the Adoption of the San Mateo**
244 **County Hazard Mitigation Plan Update**

245 Operations Manager Ramirez summarized his report and described the plan and
246 how it will be administered. He discussed a county-wide survey and the results
247 of that survey. He noted there were seven hazards of concern: Earthquake,
248 severe weather, wild fires, landslides, floods, drought, and dam failure. He
249 discussed the development of the Mitigation Action Plan, which includes how to
250 mitigate seismic disruptions. Examples of mitigation projects and strategies were
251 discussed. Staff is recommending that the Board adopt Volumes 1 and 2, which
252 are in compliance with the current regulations, and other cities and counties are
253 doing the same thing. Once MPWD and others adopt this document, it will go to
254 FEMA for its adoption. This will allow MPWD to potentially receive grant funding
255 to seismically retrofit those tanks that need it. And post-earthquake, FEMA will
256 pay 85%. District Engineer Pakpour stated that with this plan in place at MPWD,
257 we would be eligible to receive an additional 7½%.
258

259 Director Vella moved to adopt Resolution 2016-17 Authorizing the Adoption of
260 the San Mateo County Hazard Mitigation Plan Update, Director Stuebing
261 seconded. Roll call was taken and it was unanimously approved.
262

263 **F. Receive Presentation and Review of the New MPWD Personnel Manual,**
264 **and:**

- 265 1. **Consider Resolution 2016-18 Adopting the Mid-Peninsula Water District**
266 **Policy Against Unlawful Harassment, Discrimination and Retaliation;**
267 **and**
- 268 2. **Consider Resolution 2016-19 Approving and Adopting the New**
269 **Personnel Manual for the Mid-Peninsula Water District, effective**
270 **September 23, 2016**

271 General Manager Rudock discussed the letter agreement with the MPWD
272 Employees Association and how she incorporated the MPWD health benefits
273 into the personnel manual. She asked to change the language on page 183,
274 which would make it more concise for the reader. She discussed the meet
275 and confer negotiation process with the MPWD Employees Association. She
276 informed the Board that she has contracted with Koff & Associates to update
277 the MPWD personnel position descriptions, and conduct an interim salary
278 survey, in order to see where the MPWD salaries stand in comparison to the

279 market. The new Policy against Harassment is included as an attachment in
280 the Personnel Manual, which will make it simpler to update in the future as
281 needed.

282
283 Director Stuebing moved to approve both Resolution 2016-18 Adopting the
284 Mid-Peninsula Water District Policy Against Unlawful Harassment,
285 Discrimination and Retaliation; and Resolution 2016-19 Approving and
286 Adopting the New Personnel Manual for the Mid-Peninsula Water District,
287 effective September 23, 2016, Director Vella seconded. Roll call was taken
288 and they were unanimously approved.

289
290 **G. BAWSCA Update**

291 Director Vella noted the following points from the BAWSCA meeting:

- 292 a. The General Manager's performance evaluation was completed.
- 293 b. A video was presented on the construction of the Calaveras Dam. That
294 video is located on the SFPUC website.
- 295 c. There was discussion about the water availability for East Palo Alto (EPA).
- 296 d. Because of traffic issues, the next BAWSCA meeting will be held in the
297 San Mateo Library instead of Foster City.

298
299
300 **8. MANAGER AND BOARD REPORTS**

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

302 General Manager Rudock highlighted from her report the contracted work with Koff &
303 Associates and the MPWD's compliance with the Conflict of Interest Bi-Annual Notice
304 submittal to the County of San Mateo. She mentioned that at the next HIA meeting,
305 which is on October 6th, the HIA will be celebrating its 60th anniversary. She also
306 reminded President Zucca that he will be presenting at the November 3rd HIA meeting.

307
308 **1. Supplemented by Administrative Services Manager's Report**

309 Administrative Services Manager Pina gave an update on the financial management
310 system implementation, noting the billing system will be implemented in
311 January/February 2017.

312
313 **2. Supplemented by Operations Manager's Report**

314 Operations Manager Ramirez highlighted the following:

- 315 a. There is one commercial water meter left to put into service in Zone 1.
- 316 b. There was a main break on Notre Dame under the sidewalk instead of under the
317 street where a brand new road was put in.
- 318 c. On September 3rd, there was a main break and water got into a couple of homes.
319 Rick Bisio called a restoration company that was able to do some work on one
320 home most impacted, which helped with the water and mold damage. Staff is
321 working with ACWA JPIA on the claim.

322
323 **3. Supplemented by District Engineer's Report**

324 District Engineer Pakpour reported that the Alameda de las Pulgas water main
325 replacement project is complete. There were 1.9% change orders, and there is a
326 notice of potential claim for \$43,000.

327

328 **B. Financial Reports**
329 Receive General Manager's Annual Report for Fiscal Year Ended June 30, 2016
330 General Manager Rudock gave a fiscal year-end review on the results of the MPWD's
331 2015-2016 operations.
332

333 **C. Director Reports**
334 President Zucca discussed his meeting with Charles Stone. They are in agreement with
335 coordinating projects between Belmont and MPWD. He was complimentary regarding
336 what the Directors and staff do here at the District.
337

338 **9. FUTURE AGENDA BUSINESS ITEMS**
339 None.
340

341 **10. COMMUNICATIONS**
342 None.
343

344 **11. ADJOURNMENT**
345 Director Stuebing moved to adjourn at 9:00PM, Director Vella seconded, and it was
346 unanimously approved.
347

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351 _____
DISTRICT SECRETARY

352
353 APPROVED:
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355
356 _____
357 BOARD PRESIDENT

Accounts Payable

Checks by Date - Summary by Check Date

User: candyp
 Printed: 10/30/2016 3:36 PM



Check No	Vendor No	Vendor Name	Check Date	Check Amount
157	ICMACONT	ICMA contributions	09/15/2016	666.24
158	HEALTHAQ	Health Equity	09/15/2016	709.58
159	CALPERS	CALPERS	09/15/2016	7,126.18
179	RETNITEM	Return Item Charge	09/15/2016	146.00
180	adpprfee	ADP Payroll Fees	09/15/2016	39.60
Total for 9/15/2016:				8,687.60
168	ICMACONT	ICMA contributions	09/16/2016	2,416.63
169	HEALTHAQ	Health Equity	09/16/2016	350.00
170	CALPERS	CALPERS	09/16/2016	2,607.87
Total for 9/16/2016:				5,374.50
31359	ACWAJPIA	ACWA/JPIA	09/22/2016	1,395.00
31360	AIRGAS	AIRGAS, LLC	09/22/2016	120.93
31361	ALTERIS	ALTERIS INSURANCE COMPANY	09/22/2016	1,722.07
31362	ALWAYSON	ALWAYS ON TIME CONCRETE & PLUM	09/22/2016	874.00
31363	ATT60197	AT&T 60197	09/22/2016	80.60
31364	CINTS	CINTAS CORPORATION	09/22/2016	376.26
31365	COMCAST	COMCAST	09/22/2016	638.56
31366	COMCASTB	COMCAST BUSINESS	09/22/2016	635.33
31367	HOMEDPC	HOME DEPOT	09/22/2016	168.54
31368	INTRTRAF	INTERSTATE TRAFFIC CONTROL INC	09/22/2016	98.10
31369	LINCOLNL	LINCOLN LIFE	09/22/2016	600.00
31370	MATCOTLS	MATCO TOOLS	09/22/2016	45.73
31371	MCNAMAR	McNAMARA TRANSPORT, INC.	09/22/2016	800.00
31372	NORTHSAF	NORTHERN SAFETY CO. INC.	09/22/2016	301.03
31373	OFFICTEM	OFFICE TEAM	09/22/2016	686.16
31374	PARS	PARS	09/22/2016	300.00
31375	PG&E	PG&E CFM/PPC DEPT	09/22/2016	8,810.14
31376	PRECISE	PRECISE, INC.	09/22/2016	619.36
31377	RICOHPhi	RIKOH Philadelphia	09/22/2016	339.12
31378	RANDB	ROBERTS & BRUNE CO. INC.	09/22/2016	1,644.92
31379	STANDINS	STANDARD INSURANCE COMPANY	09/22/2016	780.01
31380	STEVCRKQ	STEVENS CREEK QUARRY, INC.	09/22/2016	428.07
31381	TAPMASTR	TAP MASTER, INC	09/22/2016	3,448.00
31382	HANNAGRC	THE HANNA GROUP	09/22/2016	875.00
31383	USBANKPR	U.S. BANK PARS ACCT# 6746019200	09/22/2016	36,234.00
31384	ARAKAKI	SUE ARAKAKI	09/22/2016	200.00
31385	BFIOFCAL	BFI of CALIFORNIA INC. - OX MTN. LA	09/22/2016	2,247.67
31387	RJGORDON	R. J. GORDON CONSTRUCTION, INC.	09/22/2016	93,013.06
31388	RANDB	ROBERTS & BRUNE CO. INC.	09/22/2016	7,146.52
Total for 9/22/2016:				164,628.18
182	ACHRETN	ACH Returns	09/23/2016	59.90

Check No	Vendor No	Vendor Name	Check Date	Check Amount
			Total for 9/23/2016:	59.90
31389	AIRGAS	AIRGAS, LLC	09/28/2016	216.76
31390	ATT60197	AT&T 60197	09/28/2016	1,202.38
31391	BAGGENGI	BAGG ENGINEERS	09/28/2016	8,705.00
31392	CGUHLENB	C G UHLENBERG LLP	09/28/2016	1,325.00
31393	CINTS	CINTAS CORPORATION	09/28/2016	376.26
31394	ESRIINC	ESRI INC	09/28/2016	1,045.00
31395	HACHCOMI	HACH COMPANY INC	09/28/2016	1,757.64
31396	HOMEDEPC	HOME DEPOT	09/28/2016	143.96
31397	INTRTRAF	INTERSTATE TRAFFIC CONTROL INC	09/28/2016	98.10
31398	KIMBALLM	KIMBALL MIDWEST	09/28/2016	221.13
31399	MCNAMAR	McNAMARA TRANSPORT, INC.	09/28/2016	1,600.00
31400	MHN	MHN	09/28/2016	45.54
31401	OFFICEDE	OFFICE DEPOT, INC.	09/28/2016	436.93
31402	OFFICTEM	OFFICE TEAM	09/28/2016	1,143.60
31403	PACWEST	PACIFIC WEST SECURITY, INC.	09/28/2016	330.00
31404	PINA	CANDY PINA	09/28/2016	508.68
31405	RICHTRUC	RICH VOSS TRUCKING, INC.	09/28/2016	532.95
31406	RANDB	ROBERTS & BRUNE CO. INC.	09/28/2016	11,572.92
31407	SFWATER	SAN FRANCISCO WATER DEPT	09/28/2016	541,669.00
31408	SMELECTR	SAN MATEO ELECTRIC SUPPLY	09/28/2016	108.16
31409	STEPFORD	STEPFORD BUSINESS, INC.	09/28/2016	5,328.00
31410	STEVCRKQ	STEVENS CREEK QUARRY, INC.	09/28/2016	505.10
31411	VERIZON	VERIZON WIRELESS	09/28/2016	883.04
			Total for 9/28/2016:	579,755.15
151	CALPERS	CALPERS	09/29/2016	7,126.18
152	HEALTHEQ	Health Equity	09/29/2016	934.58
153	ICMACONT	ICMA contributions	09/29/2016	666.24
154	CALPERS	CALPERS	09/29/2016	2,567.15
155	HEALTHEQ	Health Equity	09/29/2016	350.00
156	ICMACONT	ICMA contributions	09/29/2016	2,416.63
1266	HACHCOMI	HACH COMPANY INC	09/29/2016	1,757.64
			Total for 9/29/2016:	15,818.42
183	SUPERIOR	SUPERIOR PRESS	09/30/2016	184.14
			Total for 9/30/2016:	184.14
31412	ATT60197	AT&T 60197	10/05/2016	19.82
31413	ACWAJPIA	ACWA/JPIA	10/05/2016	43,894.00
31414	BAWSCA	BAY AREA WATER SUPPLY & CONSER	10/05/2016	17,622.00
31415	CINTS	CINTAS CORPORATION	10/05/2016	381.30
31416	COGGINSM	MARK COGGINS	10/05/2016	1,540.00
31417	DINGYIFU	DING YI FU	10/05/2016	935.13
31418	HANSONBR	HANSON, BRIDGETT	10/05/2016	7,226.00
31419	HIA	HARBOR INDUSTRIAL ASSOCIATION	10/05/2016	525.00
31420	HOMEDEPC	HOME DEPOT	10/05/2016	304.67
31421	DAVIDSON	JOHN T. DAVIDSON	10/05/2016	4,327.46
31422	JULBROWN	JULIE M BROWN & ASSOC	10/05/2016	755.94
31423	LINCOLNL	LINCOLN LIFE	10/05/2016	175.00
31424	OFFICTEM	OFFICE TEAM	10/05/2016	1,143.60

Check No	Vendor No	Vendor Name	Check Date	Check Amount
31425	PAKPOUR	PAKPOUR CONSULTING GROUP, INC	10/05/2016	500.00
31426	PETTYCSH	PETTY CASH	10/05/2016	372.91
31427	PG&E	PG&E CFM/PPC DEPT	10/05/2016	8.65
31428	pina	CANDY PINA	10/05/2016	120.00
31429	RAMIREZ	RENE RAMIREZ	10/05/2016	27.95
31430	REDWING	RED WING SHOE STORE	10/05/2016	3,560.80
31431	RICOHPhi	RICOH Philadelphia	10/05/2016	133.81
31432	RANDB	ROBERTS & BRUNE CO. INC.	10/05/2016	487.57
31433	ROYALWHC	ROYAL WHOLESALE ELECTRIC	10/05/2016	196.20
31434	SERPICO	SERPICO LANDSCAPING, INC.	10/05/2016	5,780.60
31435	VALLEYOL	VALLEY OIL COMPANY	10/05/2016	1,193.01
31437	ACWAJPIA	ACWA/JPIA	10/05/2016	41,079.94
Total for 10/5/2016:				132,311.36
31438	ATT60197	AT&T 60197	10/13/2016	1.54
31439	CARLHARD	CARLMONT HARDWARE	10/13/2016	6.53
31440	CARQUEST	CARQUEST AUTO PARTS	10/13/2016	73.01
31441	CINTS	CINTAS CORPORATION	10/13/2016	351.40
31442	CITYBELM	CITY OF BELMONT	10/13/2016	3,372.00
31443	EBAYTIRE	EAST BAY TIRE CO.	10/13/2016	2,402.69
31444	ESRIINC	ESRI INC	10/13/2016	1,045.00
31445	GRANITE	GRANITE ROCK, INC.	10/13/2016	921.16
31446	HOMEDPC	HOME DEPOT	10/13/2016	30.42
31447	INTRBATT	INTERSTATE BATTERY SYSTEM, INC.	10/13/2016	207.08
31448	OFFICTEM	OFFICE TEAM	10/13/2016	914.88
31449	pakpour	PAKPOUR CONSULTING GROUP, INC	10/13/2016	14,100.21
31450	PG&E	PG&E CFM/PPC DEPT	10/13/2016	6,077.85
31451	PRECISE	PRECISE, INC.	10/13/2016	620.07
31452	RJGORDON	R. J. GORDON CONSTRUCTION, INC.	10/13/2016	5,086.80
31453	RECOLOGY	RECOLOGY SAN MATEO	10/13/2016	651.04
31454	RANDB	ROBERTS & BRUNE CO. INC.	10/13/2016	521.91
31455	SMENVIRN	SAN MATEO CO. ENVIRO. HEALTH	10/13/2016	3,775.00
31456	SENSUSUS	SENSUS USA	10/13/2016	1,400.00
31457	STARWELD	STARCO WELDING L.L.C.	10/13/2016	540.00
31458	STATEPLU	STATE PLUMBING AND HEATING SUP	10/13/2016	72.43
31459	STEPFORD	STEPFORD BUSINESS, INC.	10/13/2016	1,840.00
31460	TOOLAND	TOOLAND, INC.	10/13/2016	43.59
31461	VALLEYOL	VALLEY OIL COMPANY	10/13/2016	1,475.56
31462	VANGUARE	VANGUARD CLEANING SYSTEMS, INC	10/13/2016	385.00
31463	ATT60197	AT&T 60197	10/13/2016	60.57
31464	BECKLEYJ	JULIE BECKLEY	10/13/2016	75.00
31465	COSGRAVE	JOSEPH COSGRAVE	10/13/2016	75.00
31466	DOYGUMEI	EREN DOYGUN	10/13/2016	150.00
31467	granite	GRANITE ROCK, INC.	10/13/2016	201.43
31468	HALLIRA	IRA HALL	10/13/2016	75.00
31469	JACQUEME	HENRY JACQUEMET JR	10/13/2016	75.00
31470	MURPHYJO	JOHN MURPHY	10/13/2016	150.00
31471	PENGUSUSA	SUSAN PENG	10/13/2016	125.00
31472	STURKENA	ALAN STURKEN	10/13/2016	100.00
31473	SUNDSTRO	MALOU SUNDSTROM	10/13/2016	75.00
31474	VALLERGA	DAVID VALLERGA	10/13/2016	75.00
Total for 10/13/2016:				47,152.17
31475	AIRGAS	AIRGAS, LLC	10/18/2016	344.02
31476	ATT60197	AT&T 60197	10/18/2016	77.88

Check No	Vendor No	Vendor Name	Check Date	Check Amount
31477	BPLANDSC	BAY POINTE LANDSCAPE	10/18/2016	1,051.00
31478	BFIOFCAL	BFI of CALIFORNIA INC. - OX MTN. LA	10/18/2016	4,301.54
31479	CINTS	CINTAS CORPORATION	10/18/2016	346.36
31480	COMCAST	COMCAST	10/18/2016	373.06
31481	CORNERST	CORNERSTONE STRUCTURAL ENGIN	10/18/2016	6,010.00
31482	HOMEDPC	HOME DEPOT	10/18/2016	226.26
31483	KIMBALLM	KIMBALL MIDWEST	10/18/2016	221.13
31484	MCNAMAR	McNAMARA TRANSPORT, INC.	10/18/2016	1,700.00
31485	OFFICEDE	OFFICE DEPOT, INC.	10/18/2016	164.62
31486	OFFICTEM	OFFICE TEAM	10/18/2016	1,143.60
31487	OREILLYA	OREILLY AUTO PARTS, INC.	10/18/2016	137.58
31488	PARS	PARS	10/18/2016	300.00
31489	SMELECTI	SAN MATEO ELECTRONICS, INC.	10/18/2016	151.58
31490	SFPUCFIN	SFPUC FINANCIAL SERVICES	10/18/2016	2,000.00
31491	STEVCRKQ	STEVENS CREEK QUARRY, INC.	10/18/2016	844.87
31492	SUBTRONI	SUBTRONIC CORPORATION	10/18/2016	350.00
31493	HANNAGRC	THE HANNA GROUP	10/18/2016	350.00
Total for 10/18/2016:				20,093.50
181	adpprfee	ADP Payroll Fees	10/20/2016	287.56
Total for 10/20/2016:				287.56
31494	ACWADUES	ACWA DUES	10/27/2016	13,805.33
31495	ACWAGRO	ACWA- GROUP INS.	10/27/2016	8,961.53
31496	ALPINEAW	ALPINE AWARDS INC	10/27/2016	1,044.33
31497	ATT60197	AT&T 60197	10/27/2016	40.11
31498	BAAQMD	BAY AREA AIR QUALITY MGMT DIST.	10/27/2016	1,108.00
31499	BAWSCA	BAY AREA WATER SUPPLY & CONSER	10/27/2016	522.00
31500	CINTS	CINTAS CORPORATION	10/27/2016	346.36
31501	COMCAST	COMCAST	10/27/2016	260.70
31502	COMCASTB	COMCAST BUSINESS	10/27/2016	635.08
31503	LINCOLNL	LINCOLN LIFE	10/27/2016	350.00
31504	MHN	MHN	10/27/2016	45.54
31505	NICEJANU	JANUARY NICE	10/27/2016	3,836.00
31506	OFFICEDE	OFFICE DEPOT, INC.	10/27/2016	59.15
31507	OFFICTEM	OFFICE TEAM	10/27/2016	686.16
31508	PACOFFIC	PACIFIC OFFICE AUTOMATION	10/27/2016	2,613.81
31509	PAKPOUR	PAKPOUR CONSULTING GROUP, INC	10/27/2016	500.00
31510	PG&E	PG&E CFM/PPC DEPT	10/27/2016	3,002.77
31511	PRECISE	PRECISE, INC.	10/27/2016	1,417.24
31512	PRINTER	PRINTER ASSIST	10/27/2016	370.24
31513	REDWING	RED WING SHOE STORE	10/27/2016	400.00
31514	RICOHPhi	RICOH Philadelphia	10/27/2016	339.12
31515	RUDOCK	TAMMY RUDOCK	10/27/2016	98.00
31516	SAFETYCE	SAFETY CENTER, INC.	10/27/2016	100.00
31517	SFWATER	SAN FRANCISCO WATER DEPT	10/27/2016	498,143.40
31518	STANDINS	STANDARD INSURANCE COMPANY	10/27/2016	780.01
31519	SWRCBACC	SWRCB ACCOUNTING OFFICE	10/27/2016	5,815.29
31520	VERIZON	VERIZON WIRELESS	10/27/2016	865.35
31521	XIOINC	XIO, INC.	10/27/2016	808.00
Total for 10/27/2016:				546,953.52

Check No	Vendor No	Vendor Name	Check Date	Check Amount
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Report Total (179 checks):

1,521,306.00

Accounts Payable

Checks by Date - Summary by Check Date

User: candyp
 Printed: 11/10/2016 7:52 AM



Check No	Vendor No	Vendor Name	Check Date	Void Checks	Check Amount
187	ICMACONT	ICMA contributions	10/28/2016	0.00	2,416.63
188	HEALTHEQ	Health Equity	10/28/2016	0.00	350.00
189	CALPERS	CALPERS	10/28/2016	0.00	2,567.15
Total for 10/28/2016:				0.00	5,333.78
94	HEALTHEQ	Health Equity	10/31/2016	0.00	534.58
95	CALPERS	CALPERS	10/31/2016	0.00	7,126.18
96	ICMACONT	ICMA contributions	10/31/2016	0.00	666.24
193	CALPERS	CALPERS	10/31/2016	0.00	8,210.42
Total for 10/31/2016:				0.00	16,537.42
31522	AKHONDIS	SAHRA AKHONDI	11/02/2016	0.00	638.30
31523	ALTERIS	ALTERIS INSURANCE COMPANY	11/02/2016	0.00	1,515.00
31524	ATT60197	AT&T 60197	11/02/2016	0.00	1,184.29
31525	AXIOMENG	AXIOM ENGINEERS	11/02/2016	0.00	99.24
31526	BHALLANA	NAVNIT BHALLA	11/02/2016	0.00	138.30
31527	BISIO	RICK BISIO	11/02/2016	0.00	346.10
31528	BUILDERS	STUART BUILDER	11/02/2016	0.00	638.30
31529	CHANALEX	ALEX CHAN	11/02/2016	0.00	638.30
31530	CINTS	CINTAS CORPORATION	11/02/2016	0.00	376.26
31531	COASTTOC	COAST TO COAST DEVOPMENT	11/02/2016	0.00	638.30
31532	DEMSEYFI	DEMSEY, FILLIGER & ASSOCIATES, L	11/02/2016	0.00	2,500.00
31533	EBADISAS	SASSAN EBADI	11/02/2016	0.00	638.30
31534	FONGYING	YING FONG	11/02/2016	0.00	638.30
31535	FREIRECH	CHRIS FREIRE	11/02/2016	0.00	638.30
31536	GHISELIN	SCOTT GHISELIN	11/02/2016	0.00	638.30
31537	GSFLOWM	GOLDEN STATE FLOW MEASUREMENT	11/02/2016	0.00	2,144.36
31538	JDELECTR	J D ELECTRIC	11/02/2016	0.00	2,000.00
31539	KELLEJOA	JOANNE KELLY	11/02/2016	0.00	572.67
31540	MOOREGAF	GARY MOORE	11/02/2016	0.00	638.30
31541	OFFICEDE	OFFICE DEPOT, INC.	11/02/2016	0.00	209.06
31542	OFFICTEM	OFFICE TEAM	11/02/2016	0.00	1,143.60
31543	PG&E	PG&E CFM/PPC DEPT	11/02/2016	0.00	2,500.00
31544	PINA	CANDY PINA	11/02/2016	0.00	169.62
31545	PIOMBIAU	AUGUSTO PIOMBI	11/02/2016	0.00	638.30
31546	PROFORMA	PROFORMA	11/02/2016	0.00	2,695.36
31547	PUMPREPR	PUMP REPAIR SERVICE CO	11/02/2016	0.00	5,324.65
31548	READBOB	BOB READ	11/02/2016	0.00	638.30
31549	RICOHPhi	RICOH Philadelphia	11/02/2016	0.00	133.81
31550	RICOHUSA	RICOH USA, INC. Pasadena	11/02/2016	0.00	913.08
31551	RUDOCK	TAMMY RUDOCK	11/02/2016	0.00	97.00
31552	STEPFORD	STEPFORD BUSINESS, INC.	11/02/2016	0.00	1,552.70
31553	MERCURYNY	THE MERCURY NEWS	11/02/2016	VOID	208.00
31554	VICTORYF	VICTORY FIRE PROTECTION	11/02/2016	0.00	637.50
31555	WUCYNTHI	CYNTHIA WU	11/02/2016	0.00	103.12

Check No	Vendor No	Vendor Name	Check Date	Void Checks	Check Amount
31556	chester	BRENT CHESTER	11/02/2016	0.00	1,600.00
31557	malczon	MISTY MALCZON	11/02/2016	0.00	1,600.00
Total for 11/2/2016:				208.00	36,577.02
1	CALPERS	CALPERS	11/09/2016	0.00	2,567.15
2	ICMACONT	ICMA contributions	11/09/2016	0.00	2,416.63
3	HEALTHEQ	Health Equity	11/09/2016	0.00	156.05
Total for 11/9/2016:				0.00	5,139.83
Report Total (46 checks):				208.00	63,588.05



AGENDA ITEM NO. 7.A.

DATE: November 16, 2016
TO: Board of Directors
FROM: Candy Pina, Administrative Services Manager

SUBJECT: RECEIVE AND ACCEPT THE FINANCIAL AUDIT REPORT FOR FISCAL YEAR ENDED JUNE 30, 2016, 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, 2016, presented by David Becker, CPA, of James Marta & Company LLP.

FISCAL IMPACT

\$13,500 paid to date to James Marta & Company LLP. (\$17,700 is the total contracted amount for the FY 2015/2016.)

DISCUSSION

Attached is the financial audit report for Fiscal Year Ended June 30, 2016 and related documents, which will be presented by David Becker, CPA, of James Marta & Company LLP.

An audit exit conference was facilitated by David Becker on November 8th with the Board's financial audit ad hoc committee and staff.

Attachments: MPWD Financial Audit Report for Year Ended June 30, 2016
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, 2016 AND 2015**

JAMES MARTA & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

701 HOWE AVENUE, E3
SACRAMENTO, CA

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

MID-PENINSULA WATER DISTRICT

BOARD OF DIRECTORS

JUNE 30, 2016

<u>Name</u>	<u>Office</u>	<u>Term Expires December</u>
Matthew Zucca	President	2019
Dave Warden	Vice President	2017
Albert Stuebing	Director	2017
Betty Linvill	Director	2017
Louis Vella	Director	2019

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, 2016 and 2015 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, 2016 and 2015, 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

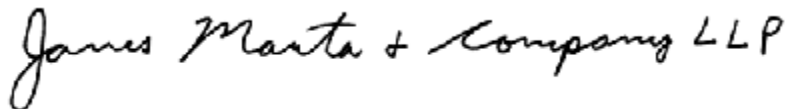
Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and Schedule of Funding Progress – Other Postemployment Benefits, Schedule of the District's Proportionate Share of the Net Pension Liability and Schedule of Pension Contributions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

Change in Accounting Principle

Mid-Peninsula Water District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in fiscal year 2014-15, 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 November 10, 2016 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
November 10, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

MID-PENINSULA WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

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, 2016. It should be reviewed in conjunction with the District's basic financial statements for the fiscal year ended June 30, 2016.

FINANCIAL HIGHLIGHTS

- The District's Net Position increased by \$904,407 (5%) during the fiscal year ended June 30, 2016.
- The District's operating revenues increased from the previous year by \$789,980 (8%).
- Non-operating revenues decreased from the previous year by \$130,280 (-22%).
- Operating expenses increased by \$374,693 (4%).

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

USING THIS ANNUAL REPORT

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

Required Financial Statements

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

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

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

MID-PENINSULA WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

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, 2016</u>	<u>June 30, 2015</u>	<u>Amount Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>	<u>June 30, 2014</u>
Current and Other Assets	\$ 5,495,630	\$ 4,575,012	\$ 920,618	20%	\$ 5,617,101
Capital Assets, Net	<u>16,801,357</u>	<u>16,348,917</u>	<u>452,440</u>	3%	<u>15,269,243</u>
Total Assets	<u>22,296,987</u>	<u>20,923,929</u>	<u>1,373,058</u>	7%	<u>20,886,344</u>
Deferred Outflows	<u>442,276</u>	<u>203,461</u>	<u>238,815</u>	117%	<u>-</u>
Current and Other Liabilities	918,226	263,696	654,530	248%	476,804
Long-Term Liabilities	<u>1,476,886</u>	<u>1,400,680</u>	<u>76,206</u>	5%	<u>252,043</u>
Total Liabilities	<u>2,395,112</u>	<u>1,664,376</u>	<u>730,736</u>	44%	<u>728,847</u>
Deferred Inflows	<u>195,448</u>	<u>218,718</u>	<u>(23,270)</u>	-11%	<u>-</u>
Invested in Capital Assets, Net	16,801,357	16,348,917	452,440	3%	15,269,243
Unrestricted Net Position	<u>3,347,346</u>	<u>2,895,379</u>	<u>451,967</u>	16%	<u>4,888,254</u>
Total Net Position	<u>\$ 20,148,703</u>	<u>\$ 19,244,296</u>	<u>\$ 904,407</u>	5%	<u>\$ 20,157,497</u>

The District's net position at fiscal year end June 30, 2016 increased \$904,407 (5%) when compared to fiscal year end June 30, 2015. Factors contributing to this increase are due to an increase in the Meter Change-Out Program \$566,460; purchase of four (4) new Operations service vehicles \$107,985; Office equipment (copier) \$21,289; Computer and SCADA System replacement \$91,883; Pumps & Valves repairs and maintenance \$65,811; and various Construction in progress jobs \$557,268; Vacation and Sick time accruals increased by \$42,996; and Customer Deposits increased by \$359,162 due to new development. Depreciation Expense for the year was \$910,362 which reduced capital assets.

MID-PENINSULA WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

Changes in Net Position

Changes in the District's net position between fiscal year end June 30, 2016, and fiscal year end June 30, 2015, 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

	June 30, 2016	June 30, 2015	Amount Increase (Decrease)	Percent Increase (Decrease)	June 30, 2014
Operating Revenue	\$ 10,130,083	\$ 9,340,103	\$ 789,980	8%	\$ 9,814,351
Non-Operating Revenue	451,951	582,231	(130,280)	-22%	590,516
Total Revenues	<u>10,582,034</u>	<u>9,922,334</u>	<u>659,700</u>	7%	<u>10,404,867</u>
Operating Expenses	9,677,627	9,302,934	374,693	4%	8,993,013
Non-Operating Expenses	-	-	-	0%	-
Total Expenses	<u>9,677,627</u>	<u>9,302,934</u>	<u>374,693</u>	4%	<u>8,993,013</u>
Change in Net Position	<u>904,407</u>	<u>619,400</u>	<u>285,007</u>	46%	<u>1,411,854</u>
Net Position, Beginning - Original	19,244,296	20,157,497	(913,201)	-5%	18,745,643
Change in Accounting Principle	-	(1,532,601)	1,532,601	0%	-
Net Position, Beginning - Restated	<u>19,244,296</u>	<u>18,624,896</u>	<u>619,400</u>	3%	<u>18,745,643</u>
Net Position, Ending	<u>\$ 20,148,703</u>	<u>\$ 19,244,296</u>	<u>\$ 904,407</u>	5%	<u>\$ 20,157,497</u>

The District's Operating Revenues increased by \$789,980 (8%) due to various factors. Water revenues increased by \$230,492 (3%) and Fixed System Charges increased by \$386,455 (18.7%) primarily as a result of rate increases due to wholesale purchased water rate increases from the San Francisco Public Utilities Commission (SFPUC). MPWD development fees, which included Service Line & Installation Charges \$113,439 (100%), Water System Capacity Charges \$90,625 (100%), and Water Demand Offset Charges \$13,793 (100%) previously reported in the Miscellaneous Income category in past years.

The District's Non-Operating Revenues decreased by \$130,280 (-22%) due to the change in reporting of the fees discussed in the prior paragraph.

Operating Expenses increased by \$374,693 (4%) due to various factors:

- Salaries and benefits increased by \$34,442 (1.5%) primarily due to the hiring of the Operations Manager as follows: Salaries & Wages increased by \$111,765 (8.2%); Health Benefits increased by \$24,996 (5.2%); Uniform costs increased by \$9,944 (59.4%); OPEB Expense increased by \$100,296 (100%) and Net Pension Expense decreased by \$213,196 (-148.18%) due to second year reporting requirements (GASB 68).
- Maintenance and rehabilitation (M&R) expenditures decreased by \$1,569 (-0.3%)
- Purchased Water increased by \$330,346 (7.9%) 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.

MID-PENINSULA WATER DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2016

- Utilities decreased by \$45,305 (-14.5%) due to cost savings realized as a result of operating the pump stations during non-peak hours.
- Professional Services increased by \$77,694 (16.8%) primarily due to the 2015 Urban Water Management Plan and new Water Shortage Contingency Plan required by the state \$65,191 (100%); and Customer Billing increased by \$12,496 (20.8%) due to conservation messaging.
- Administrative and other costs decreased by \$18,297 (-2.8%) primarily due to a decrease in Liability Insurance costs by \$32,976 (-33.5%) and increase in Customer Credit Card Service Fees by \$12,377 (11.9%).
- Depreciation decreased by \$2,618 (-0.3%) due to assets fully depreciated during the year.

BUDGETARY HIGHLIGHTS

In its commitment to fiscal responsibility, the District timely adopted an annual budget for Fiscal Year 2015/2016 that projected revenues and expenditures for operations and capital improvements.

CAPITAL ASSETS

At June 30, 2016, the District had \$16,801,357 (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, 2015</u>	<u>Amount Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>	<u>June 30, 2014</u>
Land	\$ 1,045,264	\$ 1,045,264	\$ -	0%	\$ 1,045,264
Construction in Progress	557,268	74,588	482,680	647%	1,212,700
Utility Plant in Service	39,021,042	38,313,237	707,805	2%	36,710,048
Vehicles	1,685,412	1,577,427	107,985	7%	347,014
Computer System	256,462	192,131	64,331	33%	183,105
Capital Asset at Cost	42,565,448	41,202,647	1,362,801	3%	39,498,131
Less Accumulated Depreciation	(25,764,091)	(24,853,730)	910,361	4%	(24,228,888)
Capital Assets, Net	<u>\$ 16,801,357</u>	<u>\$ 16,348,917</u>	<u>\$ 452,440</u>	3%	<u>\$ 15,269,243</u>

RATES AND OTHER ECONOMIC FACTORS

The District is governed in part by provisions 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, 2016

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, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents (Note 2)	\$ 4,265,885	\$ 3,582,734
Accounts receivables	973,931	679,566
Materials and supplies	-	177,209
Prepaid expenses and other assets	255,814	135,503
Total Current Assets	5,495,630	4,575,012
Capital assets, net (Note 3)	16,801,357	16,348,917
TOTAL ASSETS	22,296,987	20,923,929
Deferred Outflows of Resources:		
Pension related(Note 4)	442,276	203,461
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable	206,936	185,507
Accrued expenses	493,293	46,879
Unearned revenue	217,997	31,310
Total Current Liabilities	918,226	263,696
Long-Term Liabilities		
Net pension liability (Note 4)	1,113,540	1,118,234
Net OPEB Liability (Note 6)	42,469	4,565
Compensated absences	320,877	277,881
TOTAL LIABILITIES	2,395,112	1,664,376
Deferred Inflows or Resources:		
Pension related (Note 4)	195,448	218,718
<u>NET POSITION</u>		
Invested in capital assets	16,801,357	16,348,917
Unrestricted	3,347,346	2,895,379
TOTAL NET POSITION	<u>\$ 20,148,703</u>	<u>\$ 19,244,296</u>

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

MID-PENINSULA WATER DISTRICT

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

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES		
Water service charges	\$ 10,103,976	\$ 9,269,172
Other revenue	26,107	70,931
Total Operating Revenues	<u>10,130,083</u>	<u>9,340,103</u>
OPERATING EXPENSES		
Salaries and benefits	2,293,425	2,258,983
Maintenance and rehabilitation	528,314	529,883
Purchased water	4,491,156	4,160,810
Utilities	267,479	312,784
Professional services	539,376	461,682
Administrative and other	647,516	665,813
Depreciation	910,361	912,979
Total Operating Expenses	<u>9,677,627</u>	<u>9,302,934</u>
OPERATING INCOME (LOSS)	452,456	37,169
NON-OPERATING REVENUES (EXPENSES)		
Rent	170,763	194,681
Property taxes	266,341	259,597
Interest income	14,847	9,751
Completed projects	-	118,202
Total Non-Operating Revenues (Expenses)	<u>451,951</u>	<u>582,231</u>
CHANGE IN NET POSITION	<u>904,407</u>	<u>619,400</u>
NET POSITION, BEGINNING OF YEAR		
As originally reported	19,244,296	20,157,497
Prior period adjustment	-	(1,532,601)
NET POSITION, BEGINNING OF YEAR, As restated	<u>19,244,296</u>	<u>18,624,896</u>
NET POSITION, END OF YEAR	<u>\$ 20,148,703</u>	<u>\$ 19,244,296</u>

MID-PENINSULA WATER DISTRICT

STATEMENT OF CASH FLOWS

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities		
Receipts from customers and users	\$ 9,996,298	\$ 9,470,575
Other operating revenue	26,107	70,931
Payments to suppliers	(5,949,100)	(6,405,383)
Payments related to employees	(2,479,304)	(2,268,825)
Net Cash Flows Provided (Used) by Operating Activities	<u>1,594,001</u>	<u>867,298</u>
 Cash Flows From Non-Capital Financing Activities		
Rent received	170,763	194,681
Property taxes received	266,341	259,597
Net Cash Flows Provided (Used) by Non-Capital Financing Activities	<u>437,104</u>	<u>454,278</u>
 Cash Flows From Capital and Related Financing Activities		
Acquisition of capital assets	(1,362,801)	(2,332,175)
Cash received for completed projects	-	118,202
Net Cash Flows Provided (Used) by Capital & Related Activities	<u>(1,362,801)</u>	<u>(2,213,973)</u>
 Cash Flows From Investing Activities		
Interest Income	14,847	9,751
Net Cash Flows Provided (Used) by Investing Activities	<u>14,847</u>	<u>9,751</u>
 Net Increase (Decrease) in Cash	683,151	(882,646)
 Beginning Cash and Equivalents	<u>3,582,734</u>	<u>4,465,380</u>
 Ending Cash and Equivalents	<u>\$ 4,265,885</u>	<u>\$ 3,582,734</u>

MID-PENINSULA WATER DISTRICT

STATEMENT OF CASH FLOWS

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Reconciliation of Operating Income (loss) to Net Cash Provided (used) by Operating Activities		
Cash Flows from Operating Activities:		
Operating Income (Loss)	\$ 452,456	\$ 37,169
Adjustments to Reconcile Operating Income (loss) to Net Cash Provided (used) by Operations:		
Depreciation	910,361	912,979
(Increase) Decrease in:		
Accounts receivable	(294,365)	170,093
Materials and supplies	177,209	12,885
Prepaid expenses and other assets	(120,311)	(42,878)
Net OPEB asset	-	19,343
Deferred outflows	(238,815)	(203,461)
Increase (Decrease) in:		
Accounts payable	21,429	(236,866)
Accrued benefits	42,996	25,838
Net OPEB liability	37,904	4,565
Unearned revenue	186,687	31,310
Customer deposits	446,414	(7,552)
Net pension liability	(4,694)	(74,845)
Deferred inflows	(23,270)	218,718
	<u>\$ 1,594,001</u>	<u>\$ 867,298</u>

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

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, 2016 AND 2015

F. UNEARNED REVENUE

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

G. COMPENSATED ABSENCES

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

H. CAPITAL ASSETS

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

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

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

I. REVENUES

Customer water meters are read on a monthly basis. Bills are rendered and income is recognized in the period in which meters are read. The District does not accrue income for water distributed but not yet billed at the end of the year. California state law requires water districts to report capacity charges collected and spent separately from operating revenue and expense and any fees unspent at year-end are shown in a separate equity fund. No capacity charges have been collected by the District.

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

J. PROPERTY TAXES

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

K. INCOME TAXES

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

L. PENSIONS

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

M. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

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

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

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

N. USE OF ESTIMATES

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

2. CASH AND INVESTMENTS

Cash and cash equivalents as of June 30, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Petty cash	\$ 400	\$ 400
Cash drawer	200	200
Cash in bank	211,307	193,003
Local Agency Investment Fund	<u>4,053,978</u>	<u>3,389,131</u>
Total Cash and Cash Equivalents	<u>\$ 4,265,885</u>	<u>\$ 3,582,734</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 District’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds are accessible and transferable to the master account with twenty-four hour notice. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity, and yield are not jeopardized. Included in LAIF’s investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset backed securities, and floating rate securities issued by Federal Agencies, government-sponsored enterprises and corporations. The monies held in the LAIF are not subject to categorization by risk category. It is also not rated as to credit risk by a nationally recognized statistical rating organization. LAIF is administered by the State Treasurer and audited annually by the Pooled Money Investment Board and the State Controller’s Office. Copies of this audit may be obtained from the State Treasurer’s Office: 915 Capitol Mall, Sacramento, California 95814.

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

2. CASH AND INVESTMENTS (Continued)

Credit Risk

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

Custodial Credit Risk

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

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 is as follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets not subject to depreciation				
Land	\$ 1,045,264	\$ -	\$ -	\$ 1,045,264
Construction in progress	74,588	526,381	43,701	557,268
Total capital assets not subject to depreciation	1,119,852	526,381	43,701	1,602,532
Capital assets being depreciated				
Utility plant in service	38,313,237	707,805		39,021,042
Vehicles	1,577,427	107,985	-	1,685,412
Computer and telephone systems	192,131	64,331	-	256,462
Total capital assets being depreciated	40,082,795	880,121	-	40,962,916
Less accumulated depreciation for:				
Utility plant in service	(23,320,257)	(817,183)		(24,137,440)
Vehicles	(1,432,356)	(54,484)	-	(1,486,840)
Computer and telephone systems	(101,117)	(38,694)	-	(139,811)
Total accumulated depreciation	(24,853,730)	(910,361)	-	(25,764,091)
Total capital assets, net of depreciation	\$ 16,348,917	\$ 496,141	\$ 43,701	\$ 16,801,357

Depreciation for the year's ended June 30, 2016 and 2015 was \$910,361 and \$912,979, respectively.

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

4. EMPLOYEE RETIREMENT PLAN

A. Plan Description

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

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

The Plans’ provisions and benefits in effect at June 30, 2016, are summarized as follows:

Hire Date	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
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	8.377%	6.555%

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

For the years ended June 30, 2016 and 2015, the contributions recognized as part of pension expense for the Plan were \$210,583 and \$203,461, respectively.

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

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

As of June 30, 2016 and 2015, the Mid-Peninsula Water District reported net pension liabilities for its proportionate share of the net pension liability of \$1,113,540 and \$1,118,234, respectively.

Mid-Peninsula Water District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2016, 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, 2014 rolled forward to June 30, 2015 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, 2015 and 2014 was as follows:

Proportion - June 30, 2015	0.04059%
Proportion - June 30, 2014	0.04525%
Change - Increase (Decrease)	-0.00466%

For the year ended June 30, 2016 and 2015, the District recognized pension expense of \$148,610 and \$143,873, respectively. The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>June 30, 2016</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 210,583	
Difference between projected and actual experience	13,760	
Difference in actual vs. projected contributions	111,047	
Change in proportion	106,886	
Changes in assumptions		\$ (130,185)
Net differences between projected and actual earnings on plan investments		(65,263)
Total	\$ 442,276	\$ (195,448)

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

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

\$210,583 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30		
2016	\$	11,967
2017	\$	7,482
2018	\$	(15,902)
2019	\$	32,698
 <u>June 30, 2015</u>		
	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	<u>\$</u>	<u>203,461</u>
		<u>\$ (218,718)</u>

\$203,461 reported as deferred outflows of resources related to contributions subsequent to the measurement date are recognized as a reduction of the net pension liability in the current year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30		
2015	\$	(50,464)
2016	\$	(50,464)
2017	\$	(53,274)
2018	\$	(64,516)

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

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

Actuarial Assumptions – The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost
Actuarial Assumptions	
Discount Rate	7.65%
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, 2014 valuation were based on the CalPERS Experience Study for the period from 1997 to 2007. 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 7.65% 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 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.65 percent is 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.

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

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 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>Current Strategic Allocation</u>	<u>Real Return Years 1 - 10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	51.0%	5.25%	5.71%
Global Debt Securities	19.0%	0.99%	2.43%
Inflation Assets	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%

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

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

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

	<u>Discount Rate - 1% (6.65%)</u>	<u>Current Discount Rate (7.65%)</u>	<u>Discount Rate + 1% (8.65%)</u>
Plan's Net Pension Liability	\$ 1,867,484	\$ 1,113,540	\$ 491,071

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

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

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, 2016.

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, 2016 AND 2015

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, 2016, the amount actually contributed to the plan, and changes in the District's Net OPEB Obligation (Asset):

Annual required contribution	\$ 259,428
Interest on net OPEB obligation	251
Adjustment to annual required contribution	<u>(314)</u>
Annual OPEB cost (expense)	259,365
Contributions made	<u>(221,461)</u>
Change in net OPEB obligation (asset)	37,904
Net OPEB obligation (asset) - beginning of year	<u>4,565</u>
Net OPEB obligation (asset) - end of year	<u>\$ 42,469</u>

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

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:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
June 30, 2016	\$ 259,365	\$ 221,461	85%	\$ 42,469
June 30, 2015	\$ 155,528	\$ 131,620	85%	\$ 4,565
June 30, 2014	\$ 151,033	\$ 147,344	98%	\$ (19,343)

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, 2015. In that valuation, the Projected Unit Credit Cost Method was used. The actuarial assumptions included a 5.5% discount rate, and a medical trend assumption of 8.0% graded down by 1.0% per year to an ultimate rate of 5.0% after 3 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, 2016 AND 2015

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, 2015 and June 30, 2015, respectively, is as follows:

	<u>ACWA JPIA</u> <u>September 30, 2015</u>	<u>BAWSCA</u> <u>June 30, 2015</u>
Total Assets	\$ 194,775,717	\$ 375,097,424
Total Deferred Outflows	\$ 625,033	\$ 93,829
Total Liabilities	\$ 113,620,777	\$ 364,471,351
Total Deferred Inflows	\$ 846,155	\$ 110,720
Total Net Position	\$ 80,933,818	\$ 10,609,182
Total Revenues	\$ 160,400,697	\$ 30,668,976
Total Expenses	\$ 164,195,428	\$ 29,562,005
Change in Net Position	\$ (3,794,731)	\$ 1,106,971

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

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 45% and 44% of the District's operating costs for the years ended June 30, 2016 and 2015, respectively.

Operating lease

The District leased a copier under a 63 month term which expired in September 2015. Total lease payments for the years ended June 30, 2016 and 2015 were \$12,108 and \$53,957, respectively. The District purchased a new copier in July 2015 and did not renew the lease.

9. LEASE REVENUES

The District contracted with five different companies to lease land for communication towers on those properties and had one lease for an office building. The building lease was cancelled in December 2015. The remaining agreements are for multiple years and require monthly payments based on the contracted amounts. Lease revenues for the years ended June 30, 2016 and 2015 totaled \$170,763 and \$194,681, 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 years prior to June 30, 2015. As a result we had to increase the beginning balance at July 1, 2014 for accumulated depreciation and decrease the beginning net position by \$339,522.

In addition, the District implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* for the year ended June 30, 2015. 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 in fiscal year 2014-15, which decreased the beginning net position by \$1,193,079.

MID-PENINSULA WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

11. SUBSEQUENT EVENTS

District management has evaluated its June 30, 2016 financial statements for subsequent events through November 10, 2016, 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, 2016

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%
July 1, 2015	\$ 2,452,610	\$ 432,917	\$ 2,019,693	18%	\$ 1,457,920	138.5%

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

JUNE 30, 2016

	June 30, 2015	June 30, 2016
Proportion of the net pension liability	0.01797%	0.01797%
Proportionate share of the net pension liability	\$ 1,118,234	\$ 1,113,540
Covered-employee payroll ⁽²⁾	\$ 1,178,386	\$ 1,457,920
Proportionate share of the net pension liability as percentage of covered-employee payroll	94.90%	76.38%
Plans fiduciary net position as a percentage of the total pension liability	77.06%	79.89%
Proportionate share of aggregate employer contributions ⁽³⁾	\$ 101,596	\$ 107,544

- ⁽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 PENSION CONTRIBUTIONS
JUNE 30, 2016

	Fiscal Year ⁽¹⁾	
	2013-14	2014-15
Actuarially Determined Contribution ⁽²⁾	\$ 186,823	\$ 203,461
Contributions in relation to the actuarially determined contributions	(186,823)	(203,461)
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll ^(3,4)	\$ 1,178,386	\$ 1,457,920
Contributions as a percentage of covered-employee payroll ⁽³⁾	15.85%	13.96%

- ⁽¹⁾ Historical information is required only for measurement periods for which GASB 68 is applicable.
- ⁽²⁾ Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as "side funds" do not conform to the circumstances described in paragraph 120 of GASB 68, therefore are not considered separately financed specific liabilities.
- ⁽³⁾ Covered-employee payroll represented above is based on pensionable earnings provided by the employer.
- ⁽⁴⁾ Payroll from prior year was assumed to increase by the 3.00 percent payroll growth assumption.

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, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 10, 2016.

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.

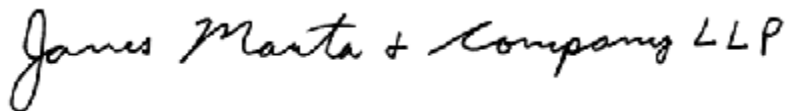
Compliance and Other Matters

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 November 10, 2016.

Purpose of this Report

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

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

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
November 10, 2016



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

November 10, 2016

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, 2016 and 2015 and have issued our report thereon dated November 10, 2016. 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 November 10, 2016.

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, 2016. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

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

The most sensitive accounting estimates affecting the financial statements are the collectability of accounts receivable, other postemployment benefits liabilities, the net pension liability and related deferred inflows and outflows.

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

Financial Statement Disclosures

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

Significant Difficulties Encountered during the Audit

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

Uncorrected and Corrected Misstatements

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

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached 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 November 10, 2016.

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
November 10, 2016

Attachment A – Upcoming Changes in Accounting Standards

As of June 30, 2016

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.

GASB Statement No. 78 - Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans

Effective for the fiscal year ending June 30, 2017

This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

GASB Statement No. 79 - Certain External Investment Pools and Pool Participants

Effective for the fiscal year ending June 30, 2016

This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

GASB Statement No. 80 - Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14

Effective for the fiscal year ending June 30, 2017

This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

GASB Statement No. 81 - Irrevocable Split-Interest Agreements

Effective for the fiscal year ending June 30, 2017

Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts—or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements—in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

GASB Statement No. 82 - Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No.

73

Effective for the fiscal year ending June 30, 2017

Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Prior to the issuance of this Statement, Statements 67 and 68 required presentation of covered-employee payroll, which is the payroll of employees that are provided with pensions through the pension plan, and ratios that use that measure, in schedules of required supplementary information. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure.

This Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits).

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
PBC - To record invoices received after trial balance date			
1514	COMPUTER SYSTEMS CY	10,000.00	
1516	SCADA CY	5,000.00	
6305	HET (High Efficiency Toilet)	576.00	
6307	Lawn-Be-Gone Rebates	474.00	
6308	Rain Barrels Rebate	14.00	
2050	Accrued Expenses		5,000.00
2050	Accrued Expenses		10,000.00
2100	Accounts Payable		1,064.00
Total		16,064.00	16,064.00
Adjusting Journal Entries JE # 2			
To adjust OPEB liability based on actuary.			
6053	OPEB Expense	37,904.00	
2995	OPEB Liability		37,904.00
Total		37,904.00	37,904.00
Adjusting Journal Entries JE # 3			
To record adjustment to net pension liability based on actuary.			
1980	Deferred Outflows	210,583.00	
1980	Deferred Outflows	231,693.00	
2996	Net Pension Liability	203,461.00	
2999	Deferred Inflows	218,718.00	
1980	Deferred Outflows		203,461.00
2996	Net Pension Liability		198,767.00
2999	Deferred Inflows		195,448.00
6045	CALPERS Retirement - ER 2%@55		210,583.00
6055	Net Pension Expense		56,196.00
Total		864,455.00	864,455.00
Adjusting Journal Entries JE # 5			
To accrue for Work done in June 2016 on Alameda Project			
1722	CIP - Alameda Main - Construction	200,774.00	
2050	Accrued Expenses		200,774.00
Total		200,774.00	200,774.00

MANAGEMENT REPRESENTATION LETTER

November 10, 2016

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, 2016 and 2015 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 November 10, 2016:

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 our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62

- 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.

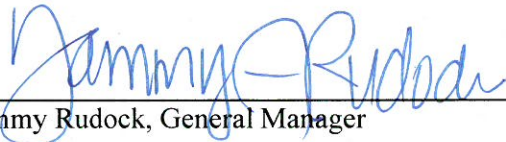
Required Supplementary Information

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

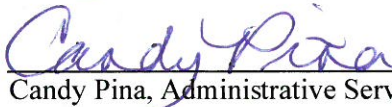
- a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with GASB Statement No. 45 and 68.
- b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with GASB standards.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

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

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2050	Accrued Expenses		10,000.00
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2050	Accrued Expenses		200,774.00
Total		200,774.00	200,774.00



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 November 10, 2016. In planning and performing our audit of your financial statements for the year ended June 30, 2016, 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

James Marta & Company LLP
Certified Public Accountants
November 10, 2016

Current Year Recommendations**2016-01 Account Receivable Reconciliation****Observation:**

Accounts receivable aging report pulled from QuickBooks accounting system did not match the separate billing system's accounts receivable aging by \$307.54. We did not post a journal entry to correct the amount as it is immaterial to the financial statements.

Recommendations:

Client should reconcile QuickBooks system to that of the billing system regularly. Client is implementing a new accounting system in the near future, and reconciliation should occur prior to conversion.

Corrective Action Plan:

There were two immaterial items in the billing system that should have closed in June, but did not close until July. Therefore these items have been corrected.

Status of Prior 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.

Status:

Implemented

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:

The inventory amounts have been expensed and are treated as supplies for accounting purposes.

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.

2013-01 Policies and Procedures

Observation:

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

Recommendations:

The District should create and update a policies and procedures manual and specifically address the financial and administrative policies of the organization. It may be too time-consuming to go back through all the resolutions adopted by the Board and may be more efficient to adopted 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 keys 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 Revenues

Observation:

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

Recommendations:

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

Corrective Action Plan:

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

Status:

In process.



AGENDA ITEM NO. 7.B.

DATE: November 16, 2016
TO: Board of Directors
FROM: Tammy Rudock, General Manager

SUBJECT: MPWD CAPITAL IMPROVEMENT PROGRAM (CIP): RECEIVE DEBT FINANCING PROGRESS REPORT AND SCHEDULE UPDATES PRESENTED BY WULFF, HANSEN & COMPANY, MUNICIPAL FINANCE ADVISOR

RECOMMENDATION:

Receive a progress report and schedule updates regarding the MPWD's debt financing for its CIP presented by its Municipal Finance Advisor Wulff, Hansen & Company.

FISCAL IMPACT:

None.

DISCUSSION:

Ben "Bud" Levine and Edmund Viray of Wulff, Hansen & Company, MPWD's Municipal Finance Advisor, will present a progress report and schedule updates on the debt financing for the CIP program.

The S&P credit rating interview for the MPWD was conducted on November 7th and included the General Manager and Municipal Finance Advisor team, and some time by the Administrative Services Manager.

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



AGENDA ITEM NO. 7.C.

DATE: November 16, 2016
TO: Board of Directors
FROM: Rene A. Ramirez, Operations Manager
Joubin Pakpour, District Engineer

SUBJECT: RECEIVE REVISED DRAFT SEISMIC RETROFIT EVALUATION AND STRATEGY DEVELOPMENT REPORT FOR THE HALLMARK TANK SITE

RECOMMENDATION

Receive the revised draft Seismic Retrofit Evaluation and Strategy Report from the Cornerstone Structural Engineering Group (CSEG).

FISCAL IMPACT

There is no fiscal impact, at this time, with the revised draft seismic retrofit evaluation.

DISCUSSION

At the Board's July 2016 meeting, the Board was briefed by the District Engineer on the findings of a draft seismic retrofit evaluation and strategy development report for the Hallmark Tanks prepared by the CSEG. This report indicated that sloshing water during an earthquake posed a substantial risk to tank failure. The CSEG proposed several alternatives that could prevent a catastrophic failure of the tanks including: 1) lowering the operating tank level by nine and one-half feet and its estimated cost; 2) lowering the level by six-feet foot and its estimated cost; 3) razing and reconstructing new tanks of similar size and its estimated cost; and 4) maintaining current tank operating level by increasing the tank wall height by 10 feet (34 foot in height). Staff recommended further exploration of the fourth option because it maintained design capacity and was a much less expensive alternative than total reconstruction.

During the same discussion of the initial draft report, staff sought and the Board authorized an additional \$11,400 for the CSEG to further study the fourth alternative with a slight modification. The authorized work would focus on potential tank damage due to sloshing water inside each tank from seismic activity at different operating water levels, extrapolating the potential damage from the sloshing water at these operating water levels, and evaluate the viability and constructability of increasing tank freeboard such that the current design operating level of the tanks remains and there is sufficient tank freeboard to mitigate the catastrophic effects of sloshing water.

In August 2016, the CSEG and Paso Robles Tank (the builder of the Buckland Tanks) met at the Hallmark Tank's site to get a first-hand look at the Hallmark Tanks and discuss whether these tanks were candidates for current construction practices that would allow increasing tank wall height and provide more freeboard, which would allow these tanks to maintain their current operating level and still withstand a significant seismic event without a catastrophic failure. The construction method to increase tank wall height uses a "jack" system, which would allow a part of the wall to be cut from the tank, a new wall panel inserted into the bottom thereby raising the tank wall and then welded into place. The CSEG and Paso Robles Tank believe the Hallmark Tanks are good candidates for this construction, though the working area around the tanks is narrow affecting cost of construction. The CSEG draft report goes into some detail on the construction process in Section 4.3, Option 4.

There is no decision for the Board at this time on this particular matter.

Attachments: Hallmark Tank Seismic Evaluation Report from CSEG date October 12, 2016
Staff Report from July 28, 2016

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

Hallmark Water Tanks

Mid-Peninsula Water District
Belmont, CA

Structural Review and Retrofit Strategy Report

October 12, 2016



Structural Engineering ♦ Construction Services ♦ Engineering Solutions ♦ Project Management

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October 12, 2016
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Pakpour Consulting Group, Inc.
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Attention: Joubin Pakpour

Subject: Hallmark Water Tanks
Structural Review and Retrofit Strategy Report

Dear Joubin:

Cornerstone Structural Engineering Group is pleased to present this summary of our structural review and retrofit strategy report. In accordance with our proposal, we have performed a general structural conditional and seismic assessment of the Hallmark water tanks. This report contains an evaluation for the existing 2,500,000 gallon steel water tanks located on the Hallmark Tank site in Belmont. Originally built in 1967, Each Hallmark Tank is 24 feet tall by 140 feet in diameter.

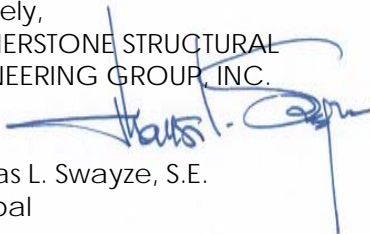
The structural provisions of the current California Building Code refer to the ASCE 7-10 standard for determination of design loads for structures designed within California. The ASCE 7-10 in turn refers to the AWWA D100-11 standard for analysis and design of welded steel water storage tanks. This report uses those criteria to evaluate the seismic performance of the existing steel water tank. In addition, a general conditional assessment of the water tanks is also included.

We conducted an initial site visit on September 16, 2015 with subsequent site visit on December 3, 2015 and August 25, 2016. Although only limited construction drawings of the Hallmark Tanks were available, a previous seismic evaluation report was also reviewed as part of our investigation. Part of our report compares our evaluation and conclusions with that previous report.

The following report describes the findings of our conditional review and seismic risk assessment to evaluate the performance of the steel water tank when subjected to a code-level earthquake. Recommendations to address conditional issues and remediate seismic deficiencies are described in the conclusions.

Please feel free to give me a call if you have any additional questions.

Sincerely,
CORNERSTONE STRUCTURAL
ENGINEERING GROUP, INC.



Thomas L. Swayze, S.E.
Principal

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PART 1: INTRODUCTION

The following represents a general structural conditional and seismic assessment of the existing Hallmark North and South tanks located on Hallmark Drive in Belmont, California. Both tanks are owned and maintained by the Mid-Peninsula Water District.

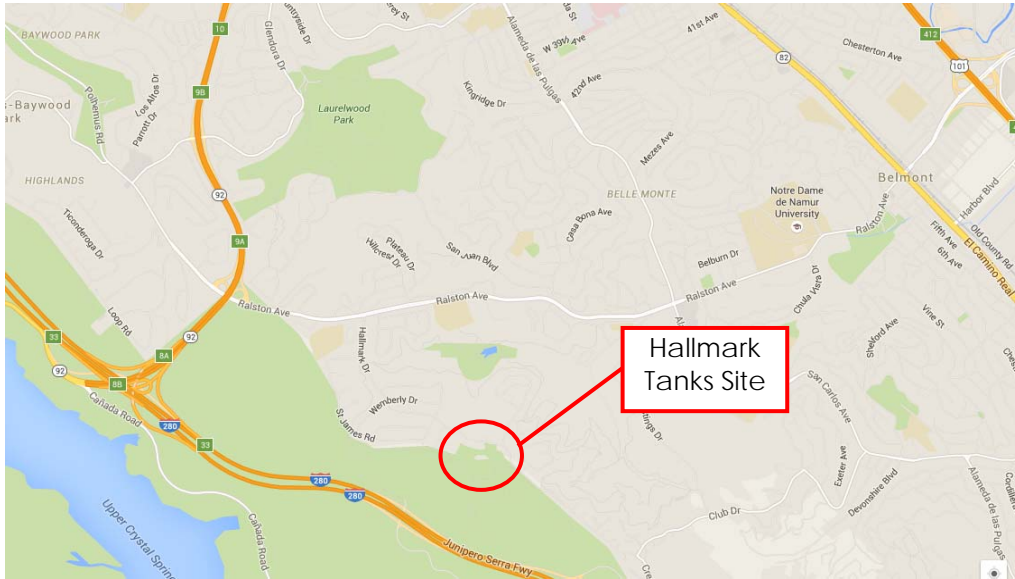


Figure 1: Hallmark Tanks Site Area Photo
(Source: Google Maps)

Built in 1967, the Hallmark North and South tanks are unanchored, welded carbon-steel water storage tanks with knuckle roofs. Both tanks have a total shell height of approximately 24 feet and are approximately 140 feet in diameter with a nominal capacity of 2.5 million-gallons. The tanks each have a base elevation of approximately 795 feet and provide service to Mid-Peninsula Water District in Belmont.

An initial site visit was performed on September 16, 2015 to observe the existing exterior structural conditions of both tanks. Since both tanks were in operation at the time of the initial visit, we were unable to observe the tank interior. Cornerstone made a subsequent site visit on December 3, 2015, however both tanks were once again in operation and we could not access the interior of the tank.

The report conclusions are limited by the availability of as-built construction documents and by the level of access possible for the observation of the tank. The purpose of this investigation is to provide a summary of conditional issues and seismic assessment for current AWWA level forces for an essential services facility. This report describes the findings of our structural review, and provides recommendations for seismic upgrade and conditional structural repairs as applicable. See part 3 for further discussion regarding observation access and as-built documentation.





Figure 2: Hallmark Tanks Site Photo
(Source: Google Maps)

PART 2: SEISMIC PERFORMANCE EVALUATION

2.1 Methodology

The potential damage to a structure in an earthquake can be evaluated provided that, (1) seismic hazards which affect the structure and site can be estimated and, (2) the vulnerability of the structure to those hazards are known or can be estimated.

Seismic evaluation of the existing welded carbon-steel water tank was conducted using:

- American Water Works Association (AWWA) D100-11 – Welded Carbon Steel Tanks for Water Storage
- American Society of Civil Engineers (ASCE) 7-10 – Minimum Design Loads for Buildings and Other Structures
- Site specific S_S , S_1 , S_{MS} and S_{M1} seismic ground motion parameter values approximated by the USGS Seismic Hazard Curves program based off the 2008 NEHRP Maps.

Seismic evaluation of the Hallmark North and South steel water tanks was performed using seismic design forces calculated in accordance with the AWWA D100-11 standard for new welded steel water tank construction.

AWWA D100-11 adopts the ACSE 7 methodology for the determination of lateral loads used for seismic design of water tanks and is based on a Maximum Considered Earthquake (MCE) ground motions, defined as the motions caused by a seismic event with a 2 percent probability of exceedance within a 50 year period which is commonly referred to as a 2,475-year earthquake. Design ground motions are then derived by scaling MCE ground motion values by a factor of 2/3 which is the design basis for standard structures. Design ground motions correlate to a seismic event with a 10 percent probability of exceedance within a 50 year period and are referred to as a 475-year earthquake. Water tanks considered to be essential are designed with an importance factor increase of 1.5 applied to the design ground motions. See below for further discussions.



The methodology used in our assessment uses an importance factor of 1.5 as described in Section 2.2 below, for Seismic Use Group III as documented in the AWWA D100-11 based approach. This Seismic Use Group is intended for essential facilities and is fundamentally equivalent to an occupancy/risk category IV under the 2013 CBC and ASCE 7-10.

1980'S TANK REHABILITATION STRATEGIES

In the 1970's and 1980's many research projects related to seismic performance of tanks were carried out at UC Berkeley by university faculty and advanced engineering students under various research programs. One of the research projects examined the buckling resistance of above ground cylindrical steel tanks subjected to axial compressive stresses resulting from seismic loads. In the analysis it was determined that thin walled tanks were susceptible to compressive buckling in the lower region of the tank shell. One method of mitigation that was investigated during this research was the addition of periodic vertical stiffener elements to the tank shell. That method of shell stiffening was used on the Hallmark Tanks after an earlier evaluation concluded that shell stiffening was required to resist overturning compression loads in the tank shell (Rinne 1980).

2.2 Seismic Use Group

AWWA D100-11 seismic design identifies three Seismic Use Groups (I, II & III) and assigns an importance factor, I_E to each group. I_E is a multiplier that is used to calculate lateral load forces applied to structures relative to their community importance and to ensure that a structure will sustain less damage in an earthquake. Public water tanks which provide service considered to be essential for post-earthquake recovery, including fire suppression, are often designated as AWWA seismic use group III (equivalent to a risk category IV under the 2013 CBC and ASCE 7-10) and are assigned an importance factor, I_E , of 1.5; which is the most stringent criteria. As a result, an essential service water tank will normally be designed to withstand 50% more lateral load than a tank considered to be non-essential or redundant. Based on our understanding of the District's needs, we recommend the Hallmark water tanks be evaluated using AWWA Seismic Use Group 3.

As a parallel study and at the request of the District, Hallmark tanks were also briefly analyzed using AWWA Seismic Use Group II (equivalent to a risk category III under the 2013 CBC and ASCE 7-10) with an importance factor of 1.25 in order to give the District multiple data points for facility program development. A seismic importance factor of 1.25 is utilized for AWWA Seismic Use Group II, which is defined as a tank that provides direct service to facilities that are deemed important to the welfare of the public.

2.3 Seismic Source

The seismicity in the Bay Area is influenced by several known faults, their potential faulting length, and relative orientation. The San Andreas Fault system, which separates the North American plate from the Pacific plate, is located approximately 1 mile to the west of the Hallmark North and South tank site. The known, nearest-site faults with recorded activity are listed in Table 1 on the following page:



Controlling Fault	Estimated MCE (M _w)	Distance to Site (miles)
San Andreas Fault	7.8	1.0
Hayward Fault	7.0	14.7
Calaveras Fault	6.8	23.4

Table 1: Active Near Source Faults

Based on the California Geologic Survey (CGS) and the United States Geologic System (USGS) mapping, the 475-year peak ground acceleration (PGA) for the Hallmark Tanks site is 0.64g.

In addition to the normal lateral ground motions evaluated for earthquake design, recent earthquakes in Southern and Central California – namely Coalinga, Whittier Narrows, and Northridge – have occurred along blind-thrust faults. These faults do not have readily identifiable surface features and are not extensively mapped. The potential for strong-ground motion to occur due to blind-thrust faulting in Northern California is somewhat in doubt. However, a moderate to large earthquake centered even closer to the site cannot be completely ruled out.

It should be noted that a more thorough explanation of site seismicity and specific faulting hazards could be provided by a geotechnical engineer. The conclusions above rely on general published data for the San Francisco Bay Area.

PART 3: WATER TANK EVALUATION

3.1 Documentation

Site Plans for the Hallmark tanks were made available for evaluation, however roof framing and tank fabrication plans for each tank were not available from the District. A Seismic Vulnerability Assessment for Mid-Peninsula Water District tanks was previously performed by G&E Engineering Systems and published on January 23, 2003. This Report documented general information for each of the ten tanks in the Mid-Peninsula Water District distribution system including overflow elevations, bottom elevations, capacity, year built, and style. This report identifies the Hallmark Tanks as being unanchored welded steel tanks with knuckle roofs and supported by reinforced concrete ringwall foundations. Lastly, this report also documents exterior steel plate reinforcement used on the tank walls as a rehabilitation measure in the 1980's. The exterior stiffeners were added to increase buckling resistance of the lower portion of the tank wall based on the Rinne report (see below).

A report titled "Earthquake Analysis of Water Storage Tanks" was published in July, 1980 by John Rinne in which potential hazards due to seismic activity were investigated. The diameter, height, shell thickness and capacities of various Mid-Peninsula Water District tanks are tabulated in that document. Although the Hallmark Tanks are not listed in that reference, a similar "Terminal West" tank was analyzed using Appendix C of the AWWA Standard at the time, was found to require additional vertical stiffeners to the outside of the first (lower) wall plate course due to buckling vulnerability. These supplemental stiffening ribs were to be spaced at approximately 24 inches radially around the lower course circumference of these tanks. This conclusion is consistent with the observed field conditions for the Hallmark Tanks. Mid-Peninsula Water District has confirmed that the



“Terminal West” Tanks are the Hallmark Tanks with available record drawings. According to Rinne, the shell thicknesses for the West Terminal Tanks have been assured to be 0.375 inch by available reference drawings. Preliminary evaluations were performed using this assumption for the Hallmark tanks, but Ultrasonic testing was ultimately recommended to the District given the lack of fabrication data available.

The District agreed with the need for field measurements of the tank wall thicknesses and Ultrasonic testing of the shell, roof, and floor plate of each of the Hallmark Tanks was performed by CSI Services, Inc. to verify data used in the seismic evaluation. Results for the field measurement testing are summarized below in Section 3.3.

3.2 Evaluation

Seismic evaluation of the steel water tank was performed using the AWWA D100-11 standard.

- Hallmark North and South tanks are considered to be essential to maintain water service in the event of an earthquake; therefore, they were evaluated using an importance factor, I_E of 1.5 (essential service).
- Normally, in the absence of site specific soil classification or seismic parameters, a site classification D is assumed as a default value in seismic assessments, Based on the USGS Soil Type and Shaking Hazard in the San Francisco Bay Area Map, the Hallmark tank site is located within a soil type A/B, but is in close proximity to sites classified as soil type C. Soil type C (soil profile for very dense soil and soft rock) was used reasonably for the Hallmark tanks. USGS soil type C closely maps to site class C for design with the USGS ground motion data and ASCE 7 requirements. Seismic ground motion parameter values approximated by the USGS Seismic Hazard Curves program for site class C are listed in Table 2 as follows below.

It should be noted that use of site class D values would result in roughly 15% greater seismic demands. Actual confirmation of site class would need to be provided by a geotechnical professional as the USGS soil type is provided as a general guideline and should not be relied on for final design

S_s	2.369g
S_1	1.138g
S_{Ds}	1.579g
S_{D1}	0.986g

Table 2: Seismic Ground Motion Parameters Soil Type C

- Hallmark North and South tanks are supported by, but not anchored to, a reinforced concrete ringwall foundation and were therefore initially evaluated by CSEG as ‘self-anchored’ (unanchored) tanks to determine seismic vulnerabilities and deficiencies. The AWWA D100-11 response modification factors R_i and R_c used to determine the impulsive and convective design accelerations for self-anchored tanks are 2.5 and 1.5 respectively.

Evaluation results can be found in section 3.5 “Lateral Load System”.

- Hallmark North and South tanks were then evaluated by CSEG as ‘self-anchored’ (unanchored) tanks with a lower Maximum Operating Level to determine potential retrofit options.

Evaluation results can be found in Section 3.5 “Lateral Load System”.



3.3 Construction

The Hallmark North and South water tanks are flat bottom welded carbon-steel tanks, with a total shell height of approximately 24 feet and are 140 feet in diameter. The tanks are supported on but not anchored to a reinforced concrete ringwall foundation. See Figure 3 below for tank section which is based on the Hallmark Tank Site Plans.

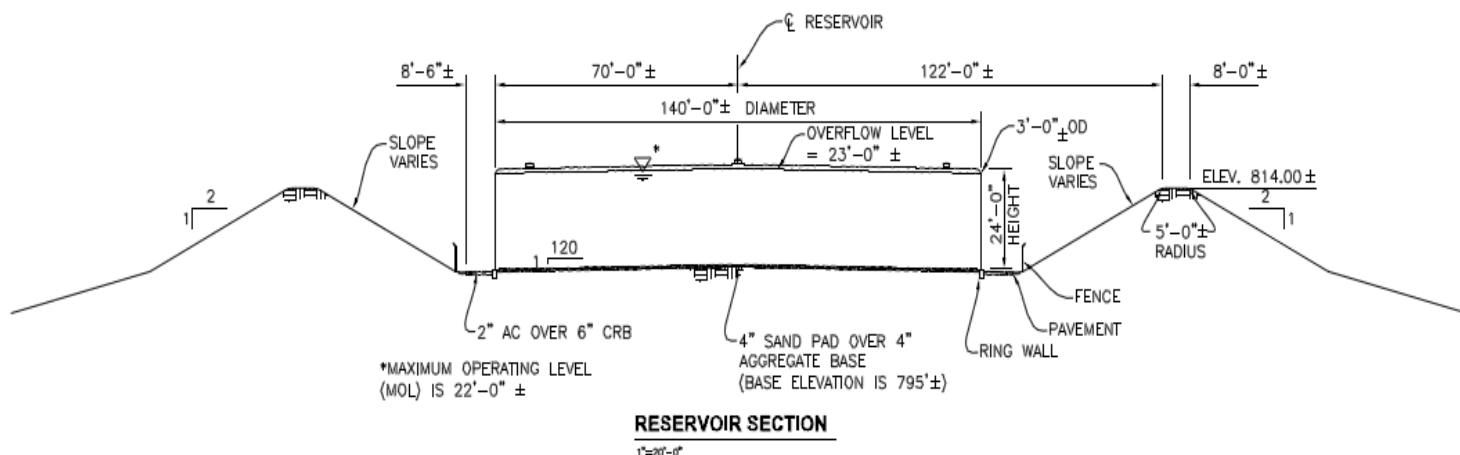


Figure 3: Hallmark Tank Section

- The vertical tank wall shells of Hallmark North and South are constructed of three courses of plates plus a knuckle for a total shell height of 24 feet. Construction of the tank shell was observed to be continuous butt welds at both the longitudinal and circumferential plate joints. In our analysis, it was assumed that the first course shell material is high strength A516, Gr. 70 and the second and third course shell material is A36. This assumption was based on discussions with Paso Robles Tank, from their knowledge of historic industry standards as well as the fact that the lower strength steel assumption throughout would not be sufficient for the base design at the time of original construction.
- Ultrasonic testing of the existing tank plate thicknesses has been performed by CSI Services, Inc. to verify various plate thicknesses of each tank. The results of these field measurements were documented in a report dated December 29, 2015 and are summarized below. These tabulated values are averages based on readings at each location. The field measurements indicate that the second (middle) course of Hallmark North is thinner than the third (top) course, which is unlikely to have been the case at the time of construction. Based on code in effect at the time of construction, the minimum shell thickness would have been 5/16 inch, or 0.313 inch, which is slightly higher than the measured plate thickness at shell course 2. It should be noted that the thinner measurement produced by ultrasonic testing was used in the seismic evaluation of the tanks.

Location	Inches
Roof Plate	0.182
Knuckle Plate	0.279
Shell Course No. 3	0.315
Shell Course No. 2	0.301
Shell Course No. 1	0.367
Floor Plate	0.245

Table 3: Measured Tank Plate Thicknesses for Hallmark North



Location	Inches
Roof Plate	0.205
Knuckle Plate	0.298
Shell Course No. 3	0.298
Shell Course No. 2	0.298
Shell Course No. 1	0.375
Floor Plate	0.237

Table 4: Measured Tank Plate Thicknesses for Hallmark South

- Measurements of outer rafters were taken at the exterior shell of the tank from the roof hatch; however inner framing sizes could not be verified. The roof framing of both Hallmark tanks consists of radial C8x rafters which span approximately 25 feet from an intermediate ring of assumed W12x girders outward to the outer shell of the tank. Intermediate C8x rafters span from the first intermediate ring of assumed W12x girders to a second intermediate ring of assumed W12x girders, located approximately two-thirds away from the shell to the center of the tank. Inner C8x rafters span from the inner intermediate ring of assumed W12x girders to an interior column in the center of the tank. Both intermediate rings of girders are supported by multiple interior columns.
- The tank bottom plate was observed to extend approximately 2 inches beyond the exterior of the tank shell. The base of the shell is connected to the bottom plate with continuous exterior fillet welds. Continuous interior welds are assumed but could not be verified as the tanks were in service at the time of our observation.
- Based on available site plans for the Hallmark Tanks, the tank is serviced by a 12-inch diameter inlet/outlet pipe connected by a flexible pipe segment.
- Based on available site plans for the Hallmark Tanks, there is a 12-inch diameter interior overflow pipe that exits the tank through the tank bottom approximately 1 foot 6 inches from the tank shell. This overflow pipe exits the tank via pipe trench located approximately 3 feet below the tank bottom.
- Based on available site plans for the Hallmark Tanks, there is an approximately 2 foot deep by 1 foot 2 inch wide reinforced concrete ringwall foundation that supports each tank; however there is no anchorage from the tank to the ring walls.
- There is one 30-inch diameter man-way door and one 36-inch man-way door located on each tank.
- There is an exterior roof access ladder, as well as an interior ladder that is serviced by a square roof access hatch.
- There is a 24 inch diameter vent with screen in the center of each tank roof and (4) 16 inch diameter vents around perimeter of each tank roof.
- There are no roof guardrails attached to the Hallmark Tanks
- There are 1 ½ inch x ½ inch steel plate stiffeners ranging from 4 to 8 feet in height around the perimeter of the bottom course of each tank. These stiffeners are staggered with a spacing of 2 foot on center. These stiffeners were likely added to the tanks following the recommendations of John Rinne’s Seismic evaluation in



which he concluded that vertical stiffeners would be required to resist the overturning shell compression from the design earthquake loads.

- There is an insert plate that appears to have been cut into each tank at the location of the man door, presumably to allow access to the interior of the tank for construction and/ or painting equipment. This plate is roughly 8 foot x 8 foot and is cut out of the first and second shell course.

3.4 Condition

Both tanks were in operation during our initial site visits, limiting observation to the exterior and roof of the tank. Access was granted through the roof hatch of one of the Hallmark Tanks which allowed limited observation of the roof framing. Roof framing members were visually observed, however measurements could only be taken from the exterior rafters. Based on our field visits, the existing tank appears to be in general compliance with the codes and standard construction practices in effect at the time of its construction.

The existing conditions observed during our site visits are as follows:

- There appears to be a vertical plate stiffener that was misaligned during construction, see photo 4.
- Corrosion of the bottom plate is evident in select locations along the perimeter of the tank, see photo 9.
- Localized areas of minor corrosion are evident on the rafters, tank roof, transverse threaded rods, and knuckle plates.
- The caulking along the top of the footing and the tank bottom plate has degraded and is starting to pull away leaving localized gaps between the footing and bottom plate, see photo 10.

3.5 Lateral Load System

Lateral loads for the steel tank structure result primarily from either wind pressure acting upon the exterior tank surface or earthquake induced inertia forces acting on the tank structure and its contents. The lateral-force resisting system consists solely of the cylindrical steel tank shell and floor which transfers lateral loads to the base of the tank by a combination of circumferential tension, shear and vertical tension/compression shell stresses. Tank overturning and sliding forces are resisted with friction by the tank self-weight and a portion of its contents.

- Evaluation of the existing tanks with no modifications was performed based on a maximum operating water level of 22.0 feet (based on observations of the scum line on the knuckle). Evaluation shows that the existing tanks have sufficient self-weight to resist seismic sliding and overturning forces due to design level earthquake load. The Demand to Capacity (D/C) ratio for seismic sliding is 0.4 and for seismic overturning is 0.5.
- Evaluation shows that both tanks are over capacity for hydrodynamic and hydrostatic circumferential hoop tension stresses with a D/C ratio of 1.2 at the base of the tank.
- For both tanks, the overturning ratio, "J", is calculated to be less than 0.78, meaning there is no shell uplift and the tanks are stable. Mechanical anchorage to a concrete ringwall foundation is not required by AWWA Standards.
- Evaluation shows that both tanks are adequate for compression stresses.
- Height between bottom of the existing roof rafters at their lowest point and the surface of water at maximum capacity is less than 1 foot (this is the existing



freeboard). The calculated freeboard height to accommodate earthquake wave sloshing is 11.0 feet for each Hallmark Tank. Evaluation shows that at a maximum operating level (MOL) of 22 feet, wave sloshing due to earthquake forces is very likely to cause damage to roof plate, knuckle plate, shell and/or roof framing during the design level earthquake considered.

3.6 *Expected Performance*

Due to insufficient freeboard, the Hallmark water tanks are anticipated to be severely damaged, with a potential loss of contents and damage to the roof framing during the design level earthquake. Options for limiting potential damage during an earthquake are discussed in Section 4.3 "Seismic Recommendations"

PART 4: SUMMARY

Findings within this report provide a general structural conditional and seismic assessment of the Hallmark North and South water tanks located in Belmont, California. Hallmark North and South tanks are flat bottomed, welded steel water tanks constructed in 1967. The tanks each have a total shell height of approximately 24 feet and are 140 feet in diameter with a nominal capacity of 2.5 million gallons.

4.1 *Findings*

Based on our review, the Hallmark North and South water tanks appear to be in general compliance with the codes and standard construction practices in effect at the time of its construction in 1967.

However, the Hallmark North and South water tanks shells are not expected to resist a design level earthquake determined by the AWWA D100-11 criteria for tanks considered necessary for essential services. The following specific deficiencies are as noted:

- Inadequate freeboard height to accommodate earthquake wave sloshing is likely to result in damage to roof plate and or roof framing, tank shell, roof framing attachments, and the floor plate at shell to bottom weld and column connections.
- Tank shells are over capacity for hydrodynamic and hydrostatic circumferential hoop tension stresses

As part of our evaluation, we also performed a cursory review of the previous evaluation of the West Terminal Tanks by John E. Rinne dated July, 1980. The sizes of the West Terminal Tanks are similar to the Hallmark North and South Tanks. To a great extent, our conclusions (based on AWWA D100 criteria) agree with those presented by John E. Rinne, except for the issues related to seismicity standards of the time. Ultimately the differences do not have a significant effect on the conclusions.

4.2 *General Recommendations for Conditional Issues*

The following recommendations are provided to address issues concerning the general conditions outlined in this report:

- Vertical stiffener that was observed to be "misaligned" has nominal effect on the tanks performance and therefore does not need to be replaced.
- Areas of localized rust and corrosion upon interior framing members should be cleaned and inspected during scheduled painting and maintenance. If more than 10% of the flange section is lost, then a repair detail should be developed.
- Areas of localized rust and corrosion on the tank bottom plate should be cut out and patched with new segments of floor plate if corrosion extends inside the



tank. Further investigation of the corrosion on the floor slab should be conducted to determine extents.

- Caulking along the top of the footing should be repaired/ replaced as necessary to close off localized gaps between the footing and the bottom plate.

4.3 *Seismic Recommendations*

The following recommendations are provided to address the seismic deficiency issues outlined in this report. A variety of water levels have been evaluated at the District's requirement because every recommendation option that includes lowering of water elevations results in a 230,000 gallon combined water storage loss in the Hallmark Tanks for every foot the water level is lowered. For practicality, the alternative tank water levels were evaluated to the nearest half foot:

- Option 1: Lowering the maximum operating level (MOL) elevation to increase the freeboard so that the seismic wave will not interact with the roof framing, resulting in no required strengthening.
 - If the Maximum Operating Level (MOL) is lowered from 22.0 feet by 7.5 feet down to 14.5 feet, there will be 9.5 feet of freeboard provided, which is greater than the approximate sloshing wave height of 9 feet. This option requires no strengthening of roof framing for seismic wave sloshing. However, this option significantly diminishes the holding capacity of the tank.
 - Tank shell is now within allowable circumferential hoop stress levels as lowering the water level alleviates this deficiency.
 - Anchorage to a concrete ringwall foundation is not required for this option.
- Option 2: Lowering the maximum operating level (MOL) elevation to increase the freeboard so that the existing shell plates and roof plate are adequate and that the existing roof framing can remain in place and be strengthened.
 - If the Maximum Operating Level (MOL) is lowered from 22.0 feet by 6.0 feet down to 16 feet, there will be 8 feet of freeboard height provided. At this water level, the approximate sloshing wave height is 9.5 feet. This will require strengthening of the exterior roof rafters to resist 1.5 feet of hydrostatic upwards pressure on the outer roof framing. This depth was selected for consideration because it is the highest the operating level can be achieved without replacement or strengthening of the roof plate.
 - The outer roof rafters will require strengthening of bottom flanges by welding on steel plates and bracing the bottom flange with transverse members (See Detail A shown in Figure 1 of the Appendix). The roof plate can adequately resist these forces if the roof plate is welded to the roof rafters.
 - The exterior girders will require stability strengthening of bottom flanges by welding on steel plates and bracing of the bottom flange by providing diagonals to exterior rafters (See Detail B shown in Figure 2 of the Appendix).
 - Tank shell within allowable stress levels as lowering the water level alleviates this deficiency.



- Anchorage to a concrete ringwall foundation is not required for this option.
- Option 3: Maintain current 22.0 feet water level elevation while leaving tank height the same.
 - If Maximum Operating Level (MOL) is desired to remain at the current 22 foot level and the tank is left at the same height, then all components of the roof structure and tank shell will require strengthening or replacement. Rehabilitation of all tank components would be very expensive and therefore construction of a new tank that is designed to the current AWWA code is recommended for this option.
 - Existing concrete ringwall foundation may be utilized to support the new tanks
- Option 4: Maintain current 22.0 feet water level elevation, increase the freeboard and mitigate the tank shell overstress by jacking the existing tank and adding a new lower shell ring.
 - If Maximum Operating Level (MOL) is desired to remain at the current 22 foot level without replacing the roof structure, the existing tank roof would need to be raised. This could be accomplished by jacking the existing tank up and installing a new first shell coarse ring and new columns to increase the freeboard of the tank and also provide enough tensile stress capacity of the tank shell.
 - The new first shell course ring would be thicker than existing shell plates and approximately 10 feet tall for a total tank height of 34 feet. The approximate sloshing wave height is 11 feet, which is less than the calculated freeboard of 12 feet, therefore strengthening of the roof would not be required.
 - Anchorage to a concrete ringwall foundation is not required for this option.
 - The Hallmark Tank site appears to be sufficient for the option of jacking the tank shell, but limited access around the tanks will increase costs over initial budgets.

Issues considered that could affect jacking operations include access restrictions, overhead interferences, material handling, and construction methods:

1. Overhead trees and power lines are not located above the tanks so there is not geometric conflict.
2. An antenna that is currently connected to one of the tanks may need to be temporarily removed and reattached following the jacking of the tank.
3. Communication towers are located on-site, however it is our understanding that they are owned and operated by the Water District and therefore it is not anticipated that these towers would require third party involvement. After discussions with Ron, a representative of Mid-Peninsula Water District, these towers have not been used lately and are primarily for radio communication by the water district.



4. A chain link fence is located around the tanks and provides approximately 10 foot 6 inches between the tank shell and fence. Based on the experience of PRT-BMT, this should be enough room to provide access for the equipment that would be required to jack the tank.
5. The new shell ring may need to be provided in shorter pieces than normal to allow for material access around the tanks.
6. According to PRT-BMT, its jacking system would require 20 jacks around the circumference of each tank based on the estimated weight of the tank. In addition, each column on the interior of the tank would require a separate jack. Currently, PRT-BMT has 16 jacks in their system; however, it can be expanded to 20 jacks and could partner with another system to be able to jack each tank. Another option is to jack the tank shell separately from the roof and structure. Final determination would be made after detailed inspection of the structural configuration if the jacking option is selected.
7. It is our understanding that while one tank is being jacked, the District will operate the other tank at maximum capacity. After the first tank is completed and back in service, the tanks will be installed on the second tank for its rehabilitation.
8. According to PRT-BMT, the jacking process could potentially take 5 to 6 weeks per tank, as horizontal welds will need to be applied by hand around the circumference of the tank instead of the automated welded used in new tank construction. This does not include time for recoating and qualifying start up sterilization procedures.
9. Existing manholes in the bottom shell could be left in place or removed and sealed with cover plates. New manholes will be built into the new bottom course.
10. Vertical stiffeners should be left on the existing bottom course after it is jacked up to the second course.
11. An annular ring section of the floor can be replaced and installed with ¼ inch shims on the ringwall to provide enough room to properly caulk the areas between the tank floor and the ringwall.

4.3 *Expected Failure Mechanism of the tank with Inadequate Freeboard*

The existing Hallmark tanks were constructed with very little freeboard (less than 1 foot). At the time of construction, design for theoretical sloshing waves that could be generated under design earthquake events was uncommon. In the intervening decades, applicable building codes and tank standards have added recommended minimum freeboard requirements and then mandatory requirements for design freeboard.

During a seismic event, tanks with insufficient freeboard will likely suffer some level of damage of the tank roof. In some events with severely insufficient freeboard, damage to the tank shell including rupture has occurred. The uplift pressures applied at the roof can also highly stress the shell-to-bottom plate welds.

Based on coordination with PRT-BMT as well as experience on with similar projects, tanks with substantially insufficient freeboard can experience shell rupture due to shell buckling



and anchorage failure. This is the kind of damage that has been observed for similar tanks that have suffered seismic damage. While post-yield damage potential is extremely difficult to quantify, at the District’s request we have been asked to provide qualitative descriptions of the kind of damage anticipated at various water levels for the Hallmark tanks if no strengthening measures are implemented.

The expected levels of tank damage that might be sustained during a seismic event and the corresponding water levels are as follows:

MOL Level (feet)	Potential Damage
16	Potential rafter bowing/twisting and ovaling of the tank shell causing wavy roof plates.
18	Potential failure of the weld between the roof and top angle or knuckle or tearing in the roof near the tank perimeter due to upward wave pressures.
20	Potential failure of rafter connections at the shell, girder or column causing structural members to dangle from one end or drop to the floor entirely. Potential damage to the tank shell, including rupture may also occur.
22	Likely total collapse of the roof structure between the shell and interior supports leaving the roof plate hanging as a tension membrane between the interior support and the tank shell. Potential damage to the tank shell, including rupture may also occur.

Table 5: Expected Damage at Alternative Water Levels

Seismic Use Group II (I=1.25)

Hallmark tanks were also briefly analyzed using AWWA Seismic Use Group II with an importance factor of 1.25 in order to give the District multiple data points for facility program development. By evaluating to a seismic standard by lowering the Importance factor to 1.25, the water levels in options 1 and 2 could be set at 18.5 feet and 20 feet respectively due to the lower calculated seismic loading and wave height of the tank.

4.4 Cost Estimate

Although Hallmark North and South have performed adequately for the past 48 years, we recommend that they be repaired to remedy existing conditional issues. The District can evaluate the options outlined below to increase survivability of a code level earthquake or replaced with a new tank. The following cost estimates for tank rehabilitation were provided by Cornerstone and developed jointly with Paso Robles Tank, Inc and Pakpour Consulting Group. **Estimates for the retrofit options do not include finish coating of the interior and exterior of the tank.** These costs are for structural costs only and do not include planning or engineering

Option 1 (Lower overflow to 14.5 feet)

This option includes cutting a door sheet in each tank for access and material handling, labor and equipment necessary to lower the overflow elevation to the specified level. Radiography and re-installation of the door panel is included.



<u>Seismic Retrofit (Two Tanks)</u>	
North Tank Overflow Retrofit	\$25,000
South Tank Overflow Retrofit	\$25,000
20% contingency	\$10,000
<hr/>	
Seismic Retrofit Subtotal	\$60,000

Option 2 (Lower overflow to 16 feet and retrofit the tank)

This option includes cutting a door sheet in each tank for access and material handling, labor and equipment necessary to lower the overflow elevation to the specified level, material, fabrication, and installation of roof structure reinforcing components. Radiography and re-installation of the door panel is included.

<u>Seismic Strengthening (Two Tanks)</u>	
Strengthen Rafters and connections North	\$325,000
Strengthen Rafters and connections South	\$325,000
20% contingency	\$130,000
<hr/>	
Seismic Strengthening Subtotal	\$780,000

Option 3 - Two New 2.5 MG, 140' D x 31' H + 3' knuckle (22.5' MOL) Tanks

As a comparison to the retrofit options noted in this seismic evaluations, costs have also been provided for replacement of the existing tanks with new tanks, designed to the current AWWA standard. Costs for replacing the existing (2) Hallmark tanks with (2) new tanks of similar size is provided below. The following cost estimates were provided jointly by Paso Robles Tank, Inc and Pakpour Consulting Group. **Estimates for the replacement options include finish coating of the interior and exterior of the tank. Existing foundations can be utilized for new tank construction.** These costs are for structural costs only and do not include planning or engineering.

<u>Two New Tanks</u>	
Remove existing tanks and replace with new tanks (erection and paint)	\$3,200,000
PRT-MBT high performance roof structure (optional)	\$200,000
20% contingency	\$680,000
<hr/>	
Seismic Strengthening Subtotal	\$4,080,000

Option 4

This option includes labor and equipment necessary to jack the tanks, material, fabrication, and installation of new first course ring, and installation of new columns.

<u>Seismic Strengthening (Two Tanks)</u>	
Jacking North Tank	\$650,000
Jacking South Tank	\$650,000
20% contingency	\$260,000
<hr/>	
Seismic Strengthening Subtotal	\$1,560,000



PART 5: APPENDIX



Photo 1: Exterior of Hallmark Tanks



Photo 2: Reinforced Concrete Ringwall Foundation





Photo 3: Inlet/Outlet Pipe with Flexible Connection



Photo 4: Misaligned Tank Stiffener Plate



Photo 5: Roof of Hallmark Tanks



Photo 6: Exterior Roof Framing of Hallmark Tanks





Photo 7: Connection at Roof Knuckle



Photo 8: Interior Roof Framing of Hallmark Tanks



Photo 9: Corroding Tank Bottom Plate



Photo 10: Degraded Caulking along Perimeter of Tank Bottom Plate



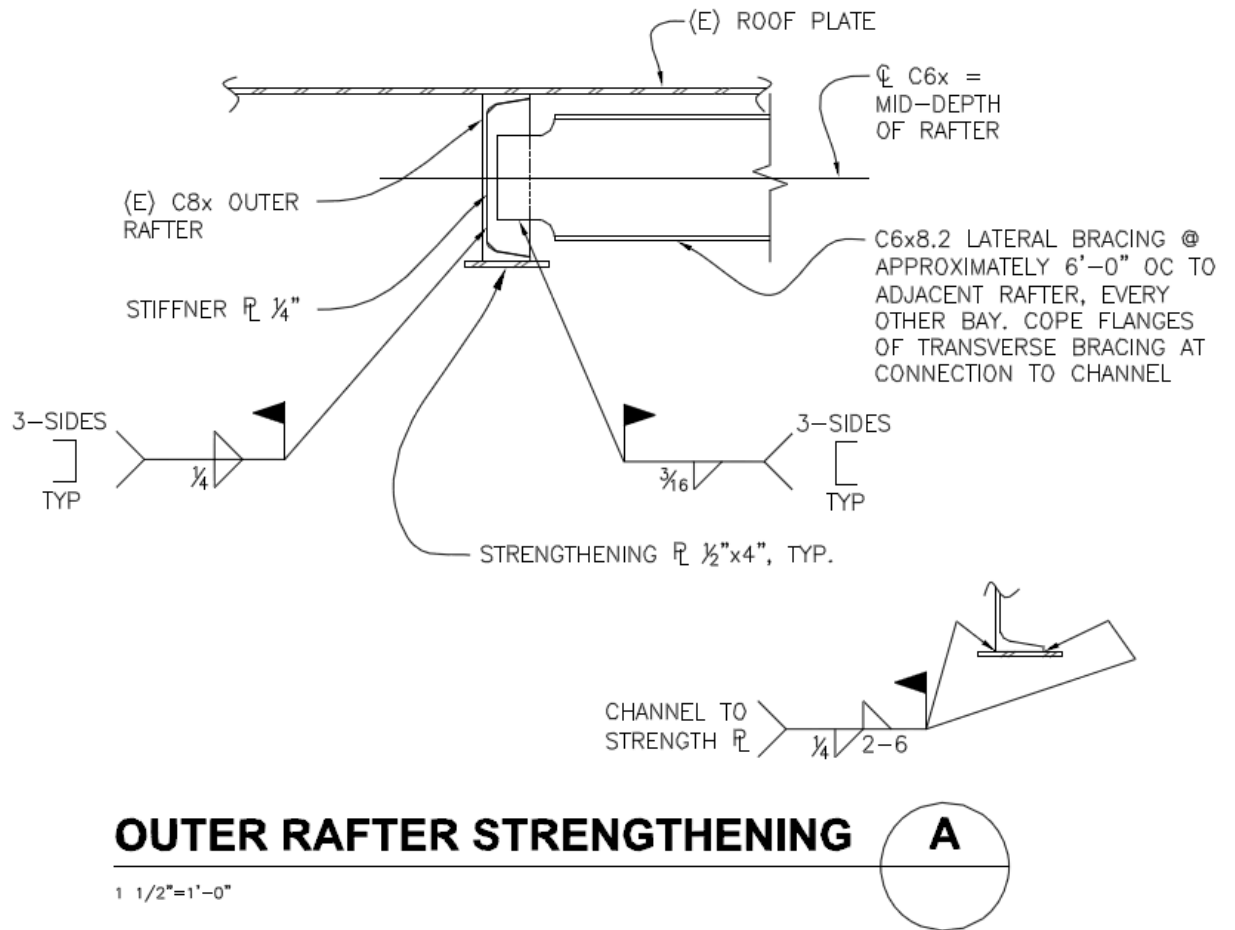


Figure 1: Rafter Strengthening



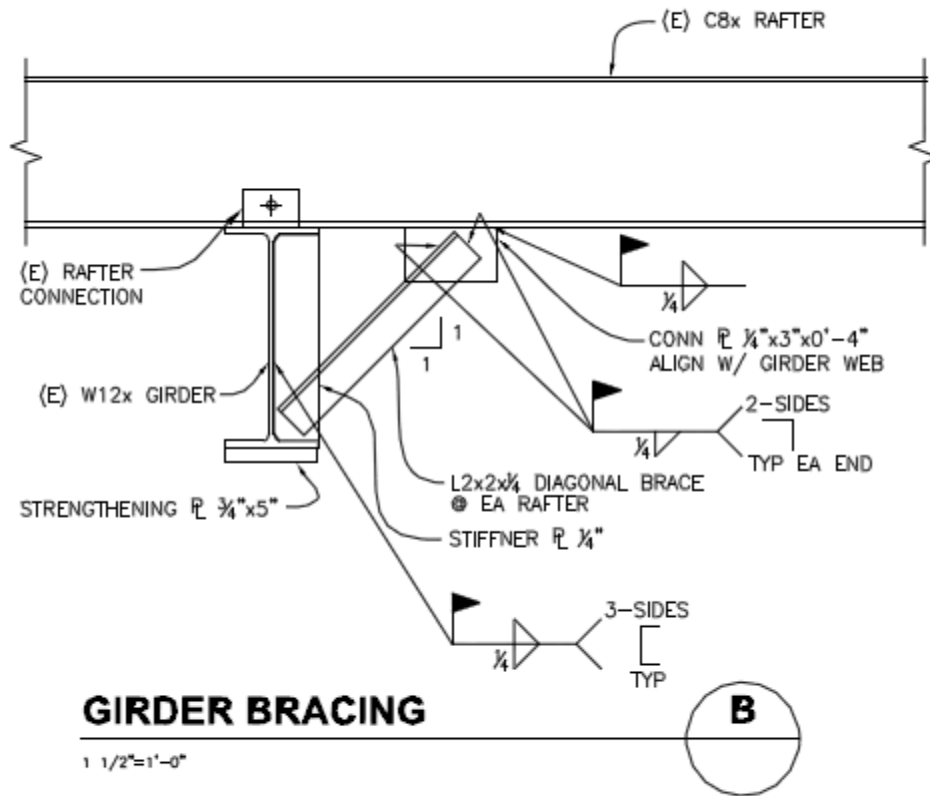


Figure 2: Girder Bracing





AGENDA ITEM NO. 7.A.

DATE: July 28, 2016
TO: Board of Directors
FROM: Rene A. Ramirez, Operations Manager
Joubin Pakpour, District Engineer

SUBJECT: RECEIVE DRAFT SEISMIC RETROFIT EVALUATION AND STRATEGY DEVELOPMENT REPORT FOR THE HALLMARK TANK SITE, AND CONSIDER FIRST AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT BETWEEN THE MPWD AND CORNERSTONE ENGINEERING GROUP, INC, IN THE AMOUNT OF \$11,400 FOR ADDITIONAL STRUCTURAL ENGINEERING AND SEISMIC ANALYSES

RECOMMENDATION

Receive the draft Seismic Retrofit Evaluation and Strategy Report from the Cornerstone Structural Engineering Group (CSEG) and approve the first amendment to current agreement with CSEG in the amount of \$11,400 in order to carry out further structural engineering analyses.

FISCAL IMPACT

Should the Board approve the first amendment to the existing agreement with CSEG, there would be expense of \$11,400 for the additional structural engineering services and analyses. There are available miscellaneous FY 2016/2017 Capital Budget funds (\$50,000) from which these additional services can be paid.

The existing agreement between the MPWD and CSEG was in the total amount of \$42,400. During the assessment, additional field testing was required totaling \$1,838. MPWD has paid CSEG \$44,226 to date for the completion of the draft seismic evaluation, assessment, and analysis.

While the General Manager has authority to negotiate professional services up to \$25,000 under the MPWD's Procurement Policy, staff felt that these added structural engineering services negotiated with CSEG totaling \$11,400 should be considered by the Board since they exceeded a typical 20% contingency.

DISCUSSION

Draft Structural Report

The Hallmark tank site consists of two tanks originally built in 1967. These tanks are the last tanks to be evaluated for resistance to seismic activity. The Hallmark tanks stand 24-feet tall, 140-feet in diameter, and are capable of holding 2,500,000 gallons of water each. For some perspective, each foot of water in a Hallmark tank holds 104,000 gallons of water, which is more than the storage capacity of a Buckland tank (100,000 gallons each). The Hallmark tanks are the largest tanks and also sit at the highest point of elevation in our water distribution system.

The CSEG used criteria from AWWA D100-11, which is a specification for the analysis and design of welded steel water storage tanks, among other technical resources to evaluate these tanks. The CSEG report describes the process by which the evaluation took place, including such things as: faults in the region, seismic criteria for ground motion, evaluation criteria for lateral loads, the steel plate thickness for each tank from top to bottom, and each tank's physical condition. There is also a brief discussion of an engineering analysis in the 1970s or 1980s and an improvement project to each tank in which vertical stiffening members were welded to the lowest ring of each tank. Their purpose was to resist an overturning compression load potential in a tank's shell.

Their findings noted that the tanks were built in compliance with codes and standard construction practices for 1967, the year in which their construction was completed, noted a deficiency (similar to the Dekoven tanks), which was:

- A lack of sufficient freeboard to prevent water "sloshing" from an earthquake that would more than likely lead to roof damage, damage to connections between the tank walls and roof, damage to the floor plate and tank walls, and tank columns supporting the roof.

The District typically operates the tanks up to a level of 16 to 18 feet during summer months.

The CSEG Seismic Retrofit Evaluation and Strategy Report was peer reviewed by another structural engineer with experience in steel tank design. In addition a series of internal discussions has taken place. The District Engineer in a memorandum to the General Manager dated May 13, 2016 outlines several viable options and their estimated cost:

Option 1 – Reduce Tank Operating Level by 7.5 feet (14.5 feet level): reduce the maximum operating level from 22.0 feet to 14.5 feet so that seismic event water sloshing within each tank will not damage roof framing. This option does not require any physical improvements to either tank or tying the tank shell to a ring wall foundation. The cost estimate for Option 1 is \$60,000 to lower each tank's overflow elevation, which only includes repairing rust areas on the tank shell.

Option 2 – Reduce Tank Operating Level by 6.0 feet (16 feet level): strengthen roof rafters to resist a calculated 1.5 foot of upward hydrostatic loading through the strengthening of bottom flanges and welding steel plates to the bottom flanges; and welding steel plates and bracing of the bottom flanges of exterior girders. This option does not require any anchorage of the tank shell to a ring wall foundation. The cost estimate for Option 2 is \$780,000, which includes cutting out and re-installing a doorway for equipment.

Option 3 – Demolish and Rebuild Two 2,500,000 Gallon Tanks: demolition and rebuild each tank separately to meet current design criteria for steel tank construction. Both tanks would be built with the same diameter, but the overall height could increase from 24 to 31 feet with the intent that the maximum operating level would be 22-feet, which provides sufficient “sloshing” freeboard. Or the tanks could be designed at current 22 feet height and the roof designed to resist the sloshing forces. The cost estimate for Option 3 is \$4.1 million.

Option 4 – Seismic Strengthening (two tanks): lift each tank and construct a new lower ring to raise the tank height from 24 to 34 feet. This option maintains a 22-foot maximum operating level, and with the new height, provides sufficient freeboard to mitigate the effects from water sloshing during a seismic event. The cost estimate for Option 4 is \$1.4 million.

The Hallmark tanks do not have the concrete footing issue of the Dekoven tanks. With this variable removed, this makes Option 4 very viable. During our internal review, Option 4 caught staff’s attention because it maintains a 22-foot maximum operating level in a potentially cost effective manner when compared to complete reconstruction.

Staff felt it was necessary to request further structural engineering analysis to understand the structural damage caused if the maximum operating level was lowered to 16-feet or 18-feet. (Over the past couple of years due to the drought and conservation, tank levels maintained at Hallmark have hovered around 16-feet in order to maintain water quality and minimize water age in the system). CSEG was asked to prepare a proposal for additional work. Their proposal came back at a cost of \$11,400, which is 27% of the original agreement amount of \$42,400.

First Amendment to Agreement

The proposed first amendment to the agreement with CSEG is in a form used by the MPWD.

The intent of the amendment is to provide for further structural analysis of Option 4, i.e., the lifting of each tank and welding a new bottom ring to increase the freeboard of each tank and mitigate the potential damaging effects of water sloshing during a seismic event. Option 4 will maintain a 22-foot maximum operating level by raising each tank’s height from 24-foot to 34-foot and could cost \$1.4 million. Staff wants to know what kind of damage could be expected by lowering the maximum operating levels to either 16-feet or 18-feet.

Besides structural engineering to be provided by CSEG, the CSEG proposes to consult with Paso Robles Tank, a tank builder and the contractor of the Buckland tanks, on the viability of lifting tank to construct a new lower ring.

- Attachments: Hallmark Tank Seismic Evaluation Report from CSEG
First Amendment for Professional Services with CSEG
Proposal for Additional Structural Engineering Services from CSEG dated June 29, 2016
Agreement for Professional Services with CSEG dated November 16, 2015

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



AGENDA ITEM NO. 7.D.

DATE: November 16, 2016
TO: Board of Directors
FROM: Tammy Rudock, General Manager

SUBJECT: RECEIVE PROGRESS REPORT ON MPWD PUBLIC RELATIONS AND MARKETING ACTIVITIES AND UPCOMING WEBSITE UPDATE, PRESENTED BY JOHN DAVIDSON D/B/A JROCKET77 GRAPHIC DESIGN & MARKETING

RECOMMENDATION

Receive a progress report on MPWD public relations and marketing activities and upcoming website update, presented by John Davidson d/b/a JRocket77 Graphic Design & Marketing.

FISCAL IMPACT

Approximately \$4,000 in John’s consulting time and travel expenses, which is budgeted in FY 2016/2017.

DISCUSSION

John Davidson was last before the Board on February 26, 2015. He will be working with staff over the course of the next few days and is here this evening to provide a progress report of public relations and marketing activities and the upcoming update to the MPWD website next year.

Mr. Davidson’s summary update will include:

- Release of CCR 2015, Water Conservation Annual Report, and billing inserts to communicate important and vital information to customers;
- Positive public relations from hands-on workshops, community events, and promotionals;
- Vehicle fleet graphics and public optics;
- Pivot messaging from the previous water conservation theme to one that focuses on sustainable and dependable water supply for future generations, which correlates to the MPWD’s CIP and bolsters consumer confidence;
- Scaling up of content on the current MPWD website in the past 8 months, with the addition of sections for CIP, financial records, resolutions, and other transparency-related documents. Keeping information on the website fresh, current, and relevance is a top priority.

Finally, he will provide a progress report on the release and benefits of an updated MPWD website in the coming few months, timed with the release of the new Sensus customer portal.

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

UNANIMOUS_____ ZUCCA_____ WARDEN_____ STUEBING_____ VELLA_____ LINVILL_____



AGENDA ITEM NO. 7.E.

DATE: November 16, 2016
TO: Board of Directors
FROM: Tammy Rudock, General Manager

SUBJECT: CONSIDER AND CONFIRM MPWD 2017 REGULAR BOARD MEETING SCHEDULE

RECOMMENDATION

Consider and confirm the MPWD 2017 Regular Board Meeting schedule.

FISCAL IMPACT

None.

DISCUSSION

Attached is the proposed schedule for MPWD 2017 regular Board Meetings. Except for November and December, all meetings are scheduled for the 4th Thursday of each month.

November 15, 2017 (3rd Wednesday) is proposed in lieu of the 4th Thursday, which is Thanksgiving.

For the December meeting staff is recommending December 21, 2017 (3rd Thursday) in order to work around the Christmas holidays.

Attachments: Proposed 2017 MPWD Regular Board Meeting Schedule

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

UNANIMOUS____ ZUCCA____ WARDEN____ STUEBING____ VELLA____ LINVILL____



PROPOSED SCHEDULE

2016 MPWD REGULAR BOARD MEETINGS

JANUARY 26, 2017

FEBRUARY 23, 2017

MARCH 23, 2017

APRIL 27, 2017

MAY 25, 2017

JUNE 22, 2017

JULY 27, 2017

AUGUST 24, 2017

SEPTEMBER 28, 2017

OCTOBER 26, 2017

NOVEMBER 15, 2017 (3rd Wednesday)

DECEMBER 21, 2017 (3rd Thursday)

Location: 3 Dairy Lane, Belmont, CA 94002
Time: 6:30PM



TO: Board of Directors
FROM: Tammy A. Rudock
General Manager
DATE: November 16, 2016

MANAGER'S REPORT

FOLLOW-UP FROM 10/11/16 SPECIAL BOARD MEETING:

- The Board's input during the discussion at the special meeting regarding the debt financing documents was incorporated into the final publication.

10/27/16 REGULAR BOARD MEETING CANCELED

Even though the regular meeting was canceled, monthly staff and financial reports were published and distributed to the Board, appointed officials, and staff on October 30th. They were also posted at the MPWD website.

CLASSIFICATION STUDY AND INTERIM SALARY SURVEY

Koff & Associates is almost finished working on the interim salary survey. We should have the results next month and will share those with the Board.

CARLMONT HIGH SCHOOL BIOTECH INSTITUTE MENTOR PROGRAM

I am participating in Carlmont High School's Biotech Institute mentor program for this school year with a female student in her junior year. It is good exposure for the MPWD and our assigned student is very interested in learning about our organization and water system. She is college bound and wants to be a marine biologist. Hopefully, she will be able to attend a Board meeting early next year so I can introduce her.

WATER CONSERVATION PROGRESS

The monthly progress report is attached, including staff's quarterly conservation update.

HOLIDAY CLOSURES

The MPWD Administration, Customer Services, and Field Operations will be closed on the following official holidays: Thursday and Friday, November 24 and 25, 2016, in observance of Thanksgiving.

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.

3-MONTH “LOOK AHEAD” FOR BOARD MEETINGS

DECEMBER 2016

- Election of Officers for 2017 (followed by reception).
- Receive capital program debt financing progress report.
- Receive annual PARS OPEB trust account performance review and confirm investment strategy.
- Schedule annual January strategic planning special meeting.
- Consider Reimbursement Agreement between the MPWD and the California High-Speed Rail Authority.
- Closed Session: Conference with General Manager regarding annual performance review.

JANUARY 2017

- SPECIAL MEETING:
 - Annual strategic planning session, including MPWD Mission/Vision/Strategic Goals statements and Director Assignments.
- REGULAR MEETING:
 - Annual water awareness calendar contest award presentations.
 - Receive BAWSCA report.
 - Discuss potential for consultant review of MPWD commercial water rates.
 - Closed Session: Complete General Manager annual performance evaluation.

February 2017

- Review proposed updated MPWD Miscellaneous Fees.
- Consider proposed Board Bylaws.
- Approve 2017 Strategic Plan.
- Receive mid-year review of current fiscal year Operating and Capital Budgets and consider/approve Amended Budgets (as needed).

MEETINGS

<i>DATE</i>	<i>EVENT</i>
October 25 th -26 th	Attended the WaterNow Alliance “Fostering Resilience” Program in Costa Mesa.
October 27 th	Attended the SFPUC Wholesale Customer Meeting in Millbrae. Attended safety session with staff and facilitated GM rap session.
October 28 th	Conference call with Municipal Finance Advisor team, including Bond Counsel, regarding capital program debt financing, and to finalize the POS (Preliminary Official Statement). Attended quarterly GM luncheon meeting at Westborough Water District with Operations Manager and District Engineer.
October 31 st – November 1 st	Participated in settlement and trial proceedings in <i>Maskay, Inc. d/b/a Eurotech, et al. v. MPWD</i> in San Mateo Superior Court.
November 2 nd -4 th	Attended CALPELRA (California Public Employment Relations Association) Conference in Monterey.
November 3 rd	Attended introductory breakfast at CHS and met Biotech Institute program student partnered with me in the mentoring program. Attended HIA Meeting in Belmont.
November 7 th	Participated in S&P credit rating interview for CIP debt financing. Met with PARS representatives to discuss annual OPEB trust program performance.
November 8 th	Participated with MPWD financial auditor, Board financial audit ad hoc committee, and staff in the FYE June 30, 2016 audit exit conference.
November 9 th	Attended ½ day of the SFPUC’s annual Water Quality Conference.

UPCOMING MEETINGS/EVENTS

HIA Meeting (Belmont) – December 1, 2016

BAWSCA Water Management Meeting (Foster City) – December 1, 2016

ACWA/JPIA Fall Conference & Exhibition (Anaheim) – November 28, 2016 – December 2, 2016



November 16, 2016

WATER CONSERVATION PROGRESS REPORT

The report due November 15th to the SWRCB will be timely submitted. October’s total water consumption was 98,512 units, almost identical to last year’s use. The reduction (compared with 2013) measured -19.3%, and last month’s R-GPCD was 79.5.

2016/2017 MONTH	UNITS		2013 UNITS	PERCENT CHANGE*		CUMULATIVE WATER SAVINGS*		R-GPCD**		2013 R-GPCD
	16/17	15/16		16/17	15/16	16/17	15/16	16/17	15/16	
June 2016	115,047	103,863	150,614	-24.0%	-31.0%	-24.0%	-31.0%	90.6	82.3	122.6
July	120,096	105,639	156,081	-23.0%	-32.3%	-23.5%	-31.7%	96.9	81.1	122.9
August	119,435	106,832	155,788	-23.3%	-31.4%	-23.4%	-31.6%	96.3	82.0	122.7
September	110,971	105,459	145,551	-23.8%	-27.5%	-23.5%	-30.6%	92.5	83.6	118.5
October	98,512	98,345	122,117	-19.3%	-19.5%	-22.7%	-28.3%	79.5	75.5	96.2
November		77,733	106,535		-27.0%		-28.1%		61.6	86.7
December		70,423	94,062		-25.1%		-27.7%		54.0	74.1
January 2017		69,741	84,202		-17.2%		-26.4%		53.5	66.3

**R-GPCD = Residential-Gallons per Capita per Day). The SWRCB performance standard for indoor use is 55GPCD.
 (Note: Beginning in July 2016, the SWRCB formula for calculating the R-GPCD will include factors from the MPWD’s 2015 Urban Water Management Plan adopted June 23, 2016: 90% residential use of total production and 26,924 population projection. For June 2016 ONLY, 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.)

WATER WASTE COMPLAINTS

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	YEAR TOTAL
2016	2	1	4	2	6	1	1	1	5	0			23
2015	2	0	5	12	6	6	12	5	5	3	1	0	57
2014	-	-	-	-	-	-	3	6	3	4	7	0	23

QUARTERLY CONSERVATION UPDATE

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

STATEWIDE UPDATES

The SWRCB statewide Emergency Water Conservation Regulations Update and Media Release, each dated November 1, 2016, are attached for information.

Attachments: SWRCB statewide Emergency Conservation Regulation Update dated November 1, 2016
 SWRCB Media Release dated November 1, 2016

2016 STATEWIDE WATER CONSERVATION REGULATIONS

The SWRCB adopted a statewide water conservation approach that replaces the percentage reduction-based standard with a localized “stress test” benchmark. Urban water suppliers were mandated to locally develop conservation standards based upon each agency’s specific circumstances. The new statewide standards required local water agencies to ensure a 3-year supply assuming three more dry years like the ones recently experienced from 2012 to 2015. Water suppliers that would face shortages under three additional dry years would be required to meet a conservation target equal to the amount of the shortage. For example, if a water supplier’s projections include a 10% supply shortfall, its mandatory conservation standard would be 10% (compared with 2013 consumption).

The SFPUC’s *Self-Certification of Supply Reliability for Three Additional Years of Drought and Update to Final Water Supply Availability Estimate* dated June 9, 2016 was submitted to the State before the June 15th deadline. The SFPUC’s 3-year look ahead is good for the RWS supply and a 10% voluntary reduction (compared with 2013 consumption) was requested.

The SFPUC used actual CY 2013 and CY 2014 demand for each of its wholesale customers, and then averaged the two calendar years for its projected supply for each customer under the SWRCB’s proposed 3-year drought methodology. For the MPWD, the projected supply is 1,038.8 MG (1.4 million units) for each of the water years 2017, 2018, and 2019. For comparison in units, the MPWD’s CY demand was as follows:

CALENDAR YEAR	DEMAND IN UNITS
2013	1.5 million
2014	1.3 million
2015	1.1 million

The MPWD’s self-certification was submitted to the State on June 20th. It was posted to the MPWD website as required, together with the SFPUC’s June 9th self-certification as backup documentation.

The SWRCB regulations further required continued monthly conservation reporting by urban water suppliers. Prohibitions against certain water uses were also extended.

The new water conservation standards took effect in June 2016 and remain in effect until the end of January 2017.

HISTORICAL INFORMATION

JUNE 2015 THROUGH MAY 2016

June 1, 2015 was the start of the measurement period for the 2015/2016 statewide water conservation goals. The MPWD system's conservation goal was 20% when compared to 2013 water consumption.

2015/2016 MONTH	2015/2016 UNITS	2013 UNITS	PERCENT CHANGE*	CUMULATIVE WATER SAVINGS*	2015/2016 R-GPCD	2013 R-GPCD
June 2015	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	77,733	106,535	-27.0%	-28.1%	61.6	86.7
December	70,423	94,062	-25.1%	-27.7%	54.0	74.1
January 2016	69,741	84,202	-17.2%	-26.4%	53.5	66.3
February	71,345	86,478	-17.5%	-25.4%	58.5	75.4
March	71,219	106,663	-33.2%	-26.2%	54.6	84.0
April	82,916	120,265	-31.1%	-26.6%	65.7	87.9
May	101,955	155,736	-34.5%	-27.3%	78.2	122.7

*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.)

JANUARY THROUGH MAY 2015 AND FEBRUARY THROUGH DECEMBER 2014

The 2015 and 2014 tables reflect MPWD's water system purchases in units (1 unit = 748 gallons), percentage change comparison, and cumulative average savings. The statewide goal was 15%.

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	87.9
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.

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.)



DATE: November 10, 2016

TO: Tammy Rudock, General Manager

FROM: Jeanette Kalabolas, Water Conservation Administrative Specialist

**SUBJECT: 2016 THIRD QUARTER WATER CONSERVATION STAFF REPORT
(Delivery delayed due to cancellation of October 27, 2016 regular
Board meeting)**

SUBJECT #1: MPWD FY 2016-2017 Marketing Campaign

BACKGROUND: As California's moves its attention away from drought and in the direction of "Water Conservation, It's for Life" staff is focused on re-directing its marketing efforts.

DISCUSSION: Thanks to an above average 2015 winter weather pattern and the MPWD's move from Stage 2 to Stage 1+ of its Water Shortage Contingency Plan the focus has been on water efficiency triumphs, including history, longevity, product worth and available resources. Staff is in the middle of making branding changes to its vehicles, promotional materials and website. A vehicle graphics facelift is near completion. New graphics reference "sustainable water for future generations" and "serving quality water since 1929". Novelty community promotional items, as well MPWD's website will also focus on similar concepts as the state has asked that agencies express to its customers the need to move gently away from the present drought mentality in favor of viewing water conservation more as a "life style" change.

SUBJECT #2: City of Belmont Landscape Plan Check and Review Projects 2016 Totals

BACKGROUND: MPWD and Belmont's Community Development department work together on a routine basis to assure potential builders comply with regulations and ordinances outlined by both municipalities.

DISCUSSION: Commercial landscape project development totals with respect to plan check and review for the period of January 1, 2016 through present are as follows: 1 completed (City of Belmont's Davey Glen Park), 8 projects remain open and pending with 3 in the preliminary stages (Oracle, City of Belmont's Fire House Station and Merry Moppet's new school). Residential landscape project development totals with respect to plan check and review for the period of January 1, 2016 through present are as follows: 3 completed, 13 projects remain open and pending with 4 in the preliminary stages.

SUBJECT #3: MPWD Character/Animated System Education Map

BACKGROUND: Develop a kid-friendly interactive educational tool that demonstrates MPWD's water system.

DISCUSSION: Staff has run across several interactive maps of this variety while visiting other local agencies. The pieces viewed to date were developed by the same artist, John Finger of Finger Art and Design based in the North Bay area. Staff is inspired by these fun landscapes and has interest in creating something similar in-house. A rough draft developed some time ago already exists and could be consulted as a starting point or the creation of a new design template explored by staff and the District's graphic design consultant (John Davidson, JRocket Design & Marketing). The poster would detail pipes, pumps, regulators, tanks, as well as water intake and exit locations. It would also portray conservation examples, community landmarks and fun water facts and be instrumental in educating future water stewards who frequent our field trips and public events.

SUBJECT #4: Accela (Springbrook) Engage 2016 Conference

BACKGROUND: A civic tech conference designed to bring together customers, government services industry, business partners, thought leaders and Accela (Springbrook) staff for a week of breakout sessions, trainings, networking, inspiration and fun.

DISCUSSION: Candy and I attended the Accela Engage Conference the week of August 22-26, 2016 in downtown Los Angeles. While there were many conference opportunities – speakers from within the industry, daily general sessions, an exhibit hall, research and usability lab, demonstration stations and a customer appreciation dinner the most beneficial and useful tools were the mini breakout sessions. Springbrook (our new financial management system vendor) led 45-minute workshops over the span of 3 days on both the software's accounting capabilities, as well as the utility billing platform. Candy spent the majority of her time in the finance and advanced track sessions while I focused on "Becoming a Power User", online bills, meter management, billing, adjustments, past due account, reporting tools and new product features. I also attended several trainings on GIS maps and mobile applications. The conference was very engaging and informative.

SUBJECT #5: BAWSCA CA Academy of Sciences Potential School Programs Venture

BACKGROUND: Partnership opportunity to offer students and teachers training on water-themed curriculum elements.

DISCUSSION: The Academy offers two choices, Option A) student programs, which would focus on the topic of water systems. Target audience would be K-12 and grade level adaptable. Six hours of instruction would be the set time frame and contents include: introduction to science behind water systems, importance of conservation and actions students can take to protect water ways. Or, Option B) teacher education sessions, titled "Exploring a Model Water Unit" would focus on Next Generation Science Standard (NGSS) offering the following content: overview of structure and intent of the NGSS modeling lessons after water related theme, for example "your hidden water footprint". Both are highly customizable to meet the needs of schools and sponsors. The opportunity was discussed in length at BAWSCA's September 2016 Water Resources Committee meeting and it was agreed that BAWSCA would come back to the group after reaching out to poll local schools with respect to interest.

SUBJECT #6: BAWSCA Reporting Database Redevelopment

BACKGROUND: The current Water Conservation Database (WCDB) is outdated and hosted by an antiquated version of MS SharePoint and BAWSCA has reached the point where the issues are just too numerous to continue with the present platform.

DISCUSSION: Problems include, but are not limited to, exporting data and updating fields. BAWSCA plans to transition to a new program next fiscal budget year (2017-2018). The goal is to maintain similar functionality with minimal changes as possible. Changes under consideration are as follows: streamline import process for Conserve Track data, align data formats with Santa Clara Valley Water District and remove duplicate fields. BAWSCA has asked that member Agencies think about additional changes they would like to see implemented over the course of the remainder of FY 2016-2017 as we continue to report to required state agencies, boards, etc., as clearly a more universal mainstream model would be an ideal solution.

SUBJECT #7: Department of Water Resources (DWR) Executive Order (EO) B-37-16

BACKGROUND: DWR directed an Urban Advisory Group be formed to allow state agencies a forum to comment, present and review framework and key concepts with respect to future Water Shortage Contingency elements and assist with the implementation of determined requirements.

DISCUSSION: This EO will set precedence for long-term water conservation policy actions for both urban and agricultural sectors. It will focus on long-term water efficiency standards and shortage contingency plan requirements. New water use targets will be developed and permanent guidelines enacted that would allow agencies to build upon existing 20x2020 prerequisites, generate more conservation, grant more flexibility with respect to customization, and strengthen standards in the area of indoor/outdoor per capita, CII and water loss from leaks. Target metrics being proposed are as follows:

- Indoor – a provisional standard of 55 GPCD to be achieved by 2025.
- Outdoor - will be based on aerial measurements of irrigable area and the state will also conduct a pilot study to determine landscape area and irrigation rates. CII will have set performance measures rather than targets, which will include water budgets for dedicated irrigation meters, NAICS classification/benchmarking and water management plans. Dedicated irrigation meters will be required by 2021.

Water loss standards will be arranged through the SB 555 process and include both real and apparent losses. These cumulative efforts will generate a GPCD water use target calculation that agencies will have to meet. An aggressive fall/winter schedule will be followed as the governor has issued a framework report deadline of January 10, 2017. Final indoor, outdoor and CII 2025 standards will be established in 2018. Suppliers will calculate and report provisional targets to DWR by 2019. The SWRCB will also set water loss standards that same year. Progress reports will be due to the state annually thereafter. Agencies will need to list new 2025 water use standards in their 2020 UWMP's due July 2021 and the state will re-evaluate targets for 2030 by year end 2025. Permanent compliance reporting will take affect 2026.

Update on Emergency Water Conservation Regulation

Office of Research, Planning, and Performance

November 1, 2016



Status of Implementation

- Water production data collected from June 2014 through September 2016 (28 months)
- Sixteen months of statewide urban water conservation requirements (June 2015 – September 2016)
- Statewide water conservation September 2016:
 - 18.3 percent reduction from August 2013 baseline
 - 23 percent cumulative reduction since June 2015 (2.15 million acre-feet of water saved)

Statewide Cumulative Savings

(June 2015 – September 2016)

- 2,145,241 acre-feet (699 billion gallons) of water saved
- Savings is enough to provide 10.7 million Californians (27.6% of state population) with water for one year



U. S. Drought Monitor California

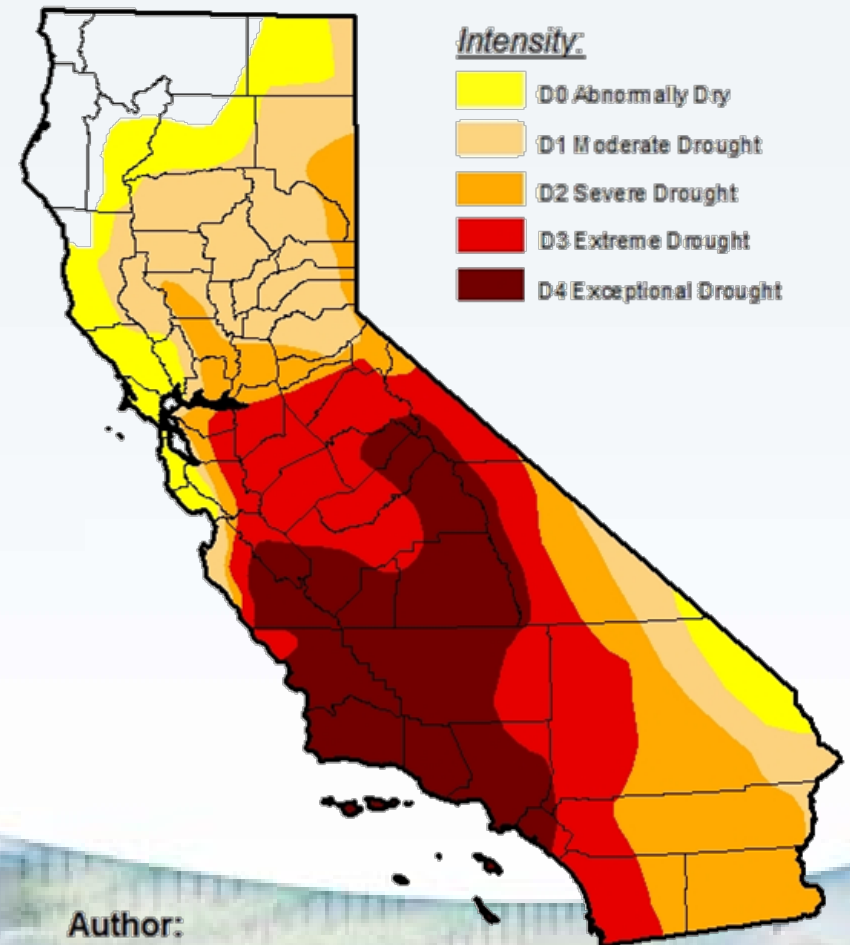
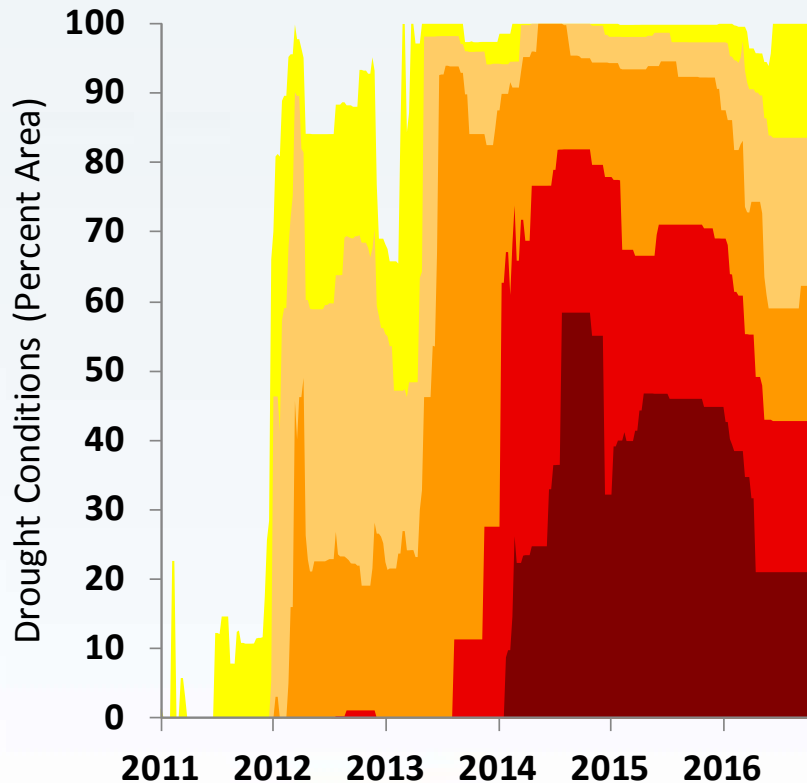
October 25, 2016

(Released Thursday, Oct. 27, 2016)

Valid 8 a.m. EDT

Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	8.96	91.04	81.12	61.80	42.80	21.04



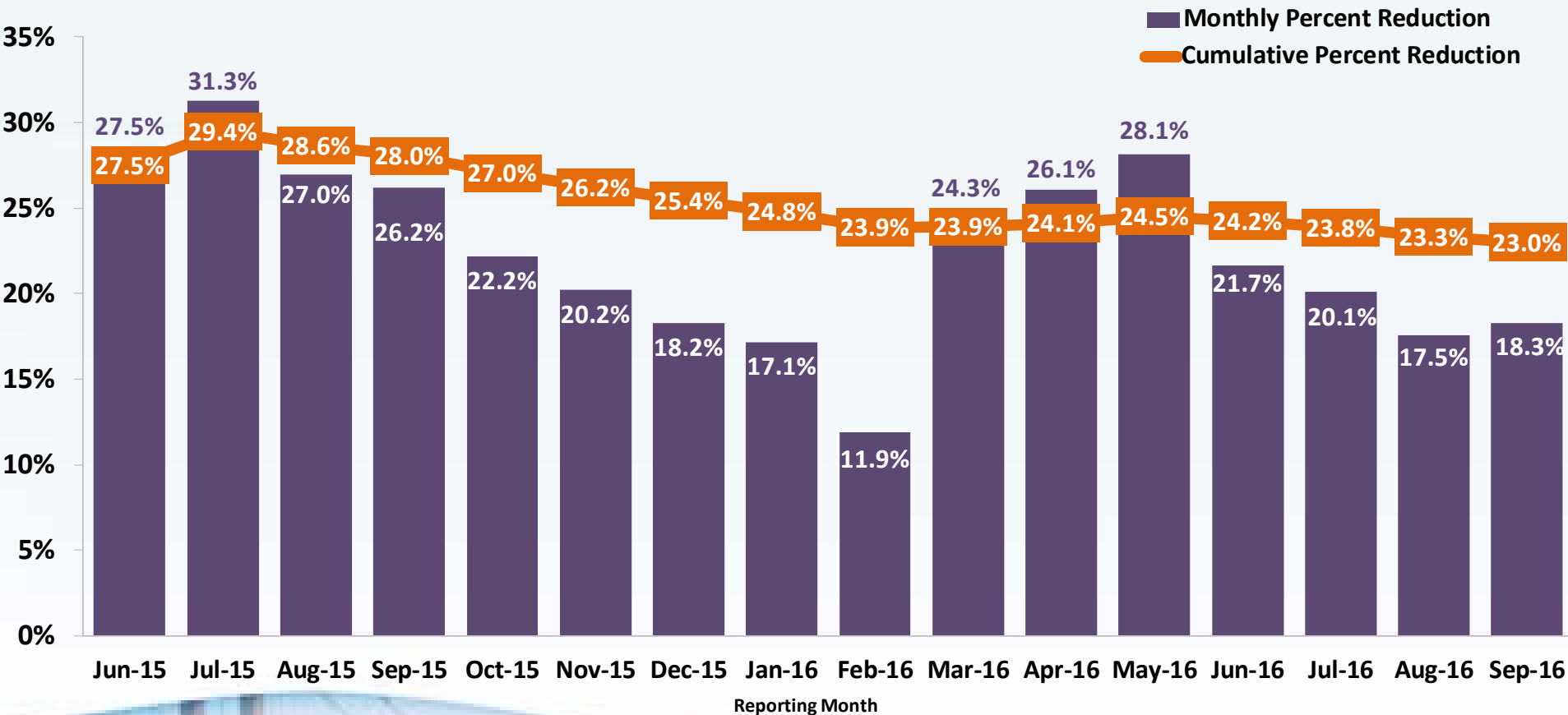
<http://droughtmonitor.unl.edu/>

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

Author:
David Simeral
Western Regional Climate Center

Statewide Water Production Percent Reduction

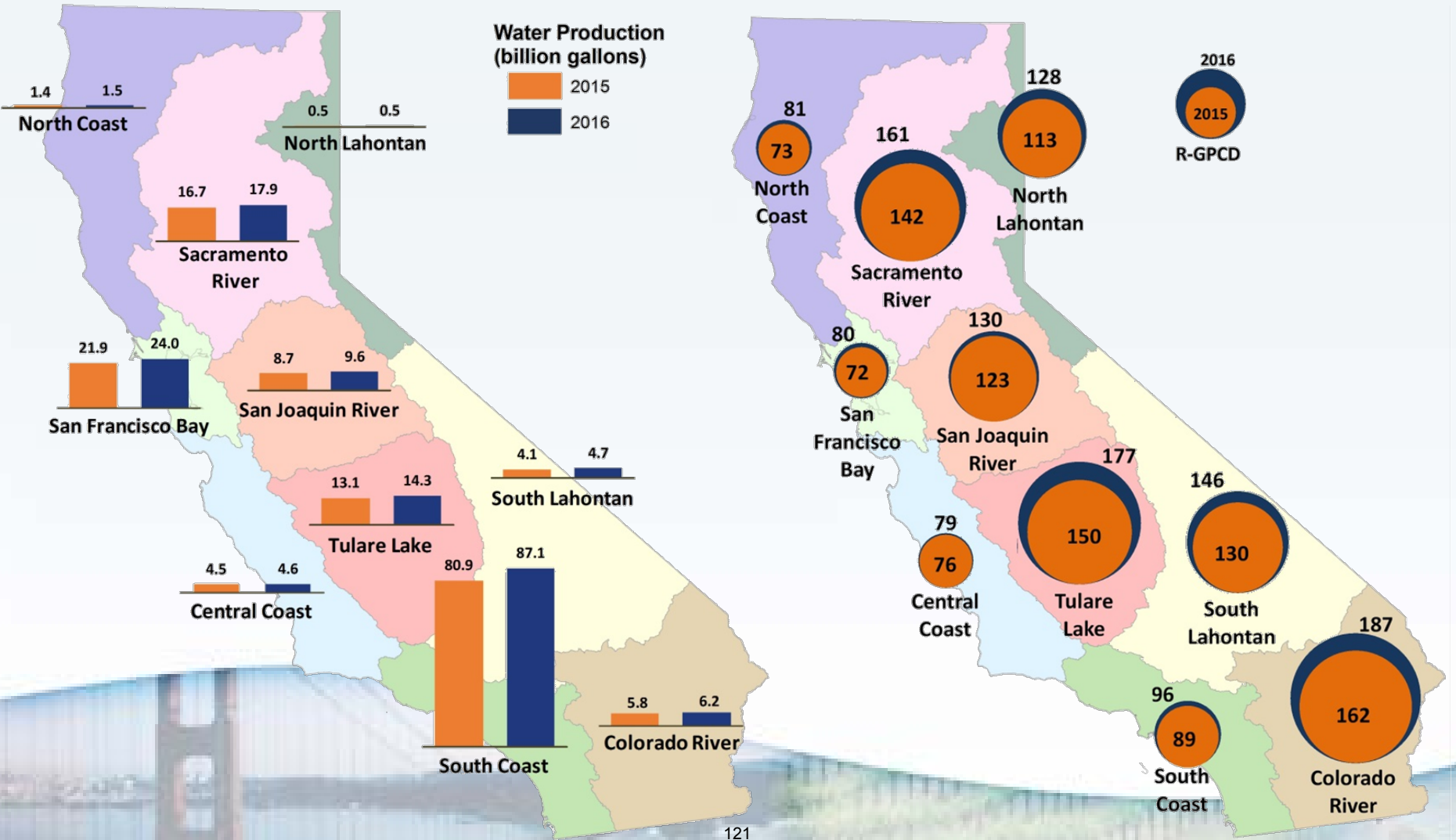
(Compared to 2013)



Average Statewide September 2016 R-GPCD = 106

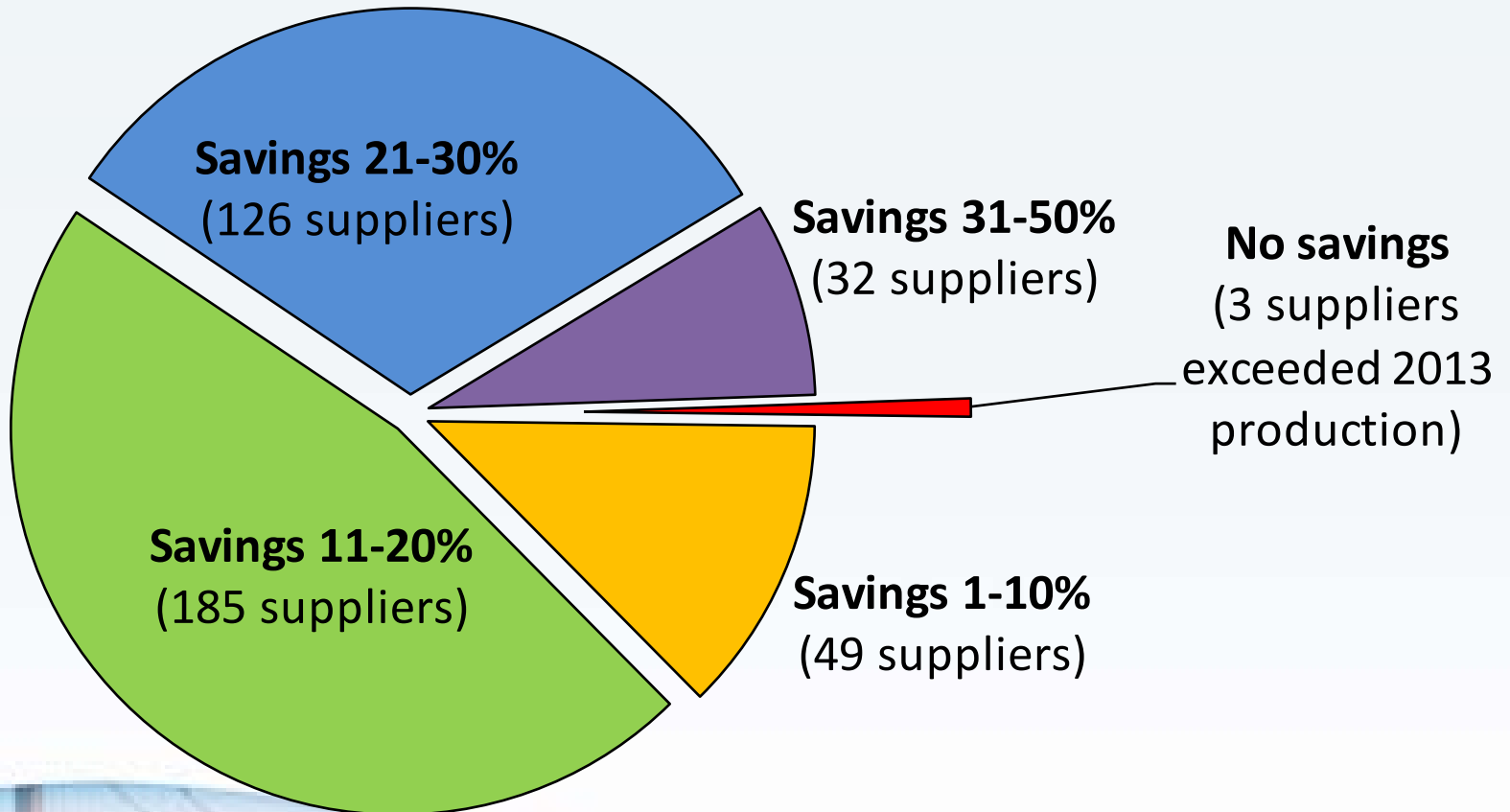
Water Production and R-GPCD by Hydrologic Region

(September 2016 Compared to September 2015)



Monthly Water Savings Achieved by Suppliers

(September 2016)



Highlights

Suppliers That Did Not Certify Supply

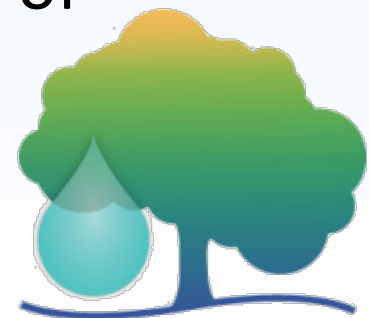
Supplier Name	State-mandated Conservation Standard	Cumulative Savings Since June 2015	Monthly % Savings (as compared to 2013)		Water Use July 2016 R-GPCD	Population Served
			Sept 2015	Sept 2016		
Arroyo Grande	28%	36%	32%	37%	90	17,636
Cambria Community Services District	8%	35%	35%	30%	45	6,032
Compton	8%	13%	8%	10%	59	81,963
East Palo Alto	8%	21%	37%	23%	57	29,143
Goleta Water District	12%	27%	28%	33%	53	86,946
Lathrop	18%	27%	28%	17%	92	20,353
Lompoc	12%	22%	14%	15%	61	41,541
Mammoth Community Water District	17%	30%	31%	19%	77	16,739
Marina Coast Water District	11%	33%	32%	31%	63	34,235
Pico Rivera	16%	17%	22%	17%	83	39,002
San Buenaventura	16%	22%	25%	23%	76	113,478
San Luis Obispo	12%	21%	19%	19%	60	46,117
Santa Barbara	12%	36%	35%	41%	72	93,426
Santa Cruz	8%	25%	25%	18%	47	96,094
Soquel Creek Water District	8%	29%	28%	25%	59	40,410

Conservation Compliance & Enforcement

- Follow up with non-reporting suppliers
- Compliance with June conservation standards continues to be assessed each month
- Conservation and Alternative Compliance Orders
- Supplemental Environmental Projects
- Outreach to small suppliers

Next Steps

- Small water supplier reports due December 15
- Monitor conservation levels
- Evaluate precipitation and water supply outlook
- Urge cool/wet season conservation messaging
- Release draft report for implementation of EO B-37-16 in mid-November



**Save Our Water
and Our Trees!**

saveourwater.com/trees



Media Release

Statewide Water Savings Top 18 Percent in September; Conservation Still Needed Despite Early Rains

FOR IMMEDIATE RELEASE
Nov. 1, 2016

Contact: George Kostyrko
george.kostyrko@waterboards.ca.gov

SACRAMENTO — The State Water Resources Control Board today announced that urban Californians' monthly water conservation was 18.3 percent in September, up from 17.5 percent in August but below the 26.2 percent savings in September 2015, when state-mandated conservation targets were in place. The State Water Board stressed the need for continued conservation as California heads into a possible sixth drought year.

The cumulative statewide savings from June 2015 through September 2016 was 23 percent, compared with the same months in 2013. Since June 2015, 2.15 million acre-feet of water has been saved — enough water to supply more than 10 million people, or more than one-quarter the state's 38 million population, for a year.



Although October storms in Northern California provided an encouraging start to the 2016-2017 water year (Oct. 1, 2016 – Sept. 30, 2017), planning for the possibility of another dry winter is essential. The State Water Board will continue to monitor conservation levels and water supply conditions, and staff will develop a proposal for extended emergency conservation regulations in January 2017. The proposal may include a return to state-mandated conservation if dry conditions prevail.

“I am glad to see the slide stop, and even reverse a bit overall, especially as we move into traditionally lower water-use months when we would expect percentages to drop significantly,” said State Water Board Chair Felicia Marcus. “Overall, we’re happy to see millions of Californians and many water agencies continue significant conservation. Conversely, we’re concerned to see some agencies return to using hundreds of gallons per person per day while saving little. Whether it’s because we know we don’t know what the weather will bring this season, or because it is just the smart thing to do, we need to keep conserving.”



“The early rains are very welcome, and we’ll take every drop we can safely handle. But just because we’re ahead in the early innings doesn’t mean that we’ve won the game,” Chair Marcus said. “Considering that the majority of precipitation typically occurs between January and April in any given water year, we have a long way to go before we know whether we’ll make another significant dent in the drought.”

Conservation Data

- Statewide water savings for September 2016 was 18.3 percent (116,703 acre feet or 38.0 billion gallons), an increase from August 2016’s 17.5 percent savings, but a decrease from September 2015’s 26.2 percent statewide savings (55.9 billion gallons). September 2016 water savings are 32 percent lower than September 2015.
- Cumulative statewide water savings for June 2015 to September 2016 (sixteen months) was 23.0 percent, compared with the same months in 2013. That equates to 2,145,241 acre-feet (699 billion gallons).
- Statewide average per person water use for September 2016 was 105.9 residential gallons per capita per day (R-GPCD), below the 113.7 R-GPCD in August 2016 but above 96.9 R-GPCD reported for September 2015. See the September [fact sheet](#) for more information, and see [all the September data on the Conservation Reporting page](#).

Conservation levels have remained significant for many communities that had certified that they did not need state-imposed mandates to keep conserving.

Under the board’s revised [emergency water conservation regulations](#), urban water agencies have the ability to identify their own conservation standards based on a “stress test” of supply reliability. Water suppliers had to document that they have sufficient supplies to withstand three years of continuous drought or take additional measures that include state-imposed mandatory conservation standards. The regulation is in effect through January 2017. Those stress test results are [here](#).

In September, more than a third of the suppliers that passed their stress test achieved conservation savings above 20 percent. These 132 suppliers serve more than nine million people, and include Sacramento, California Water Service Company Bakersfield, Otay Water District, San Gabriel Valley Fontana Water Company, Cucamonga Valley Water District, Contra Costa Water District, Sweetwater Authority, Suburban Water Systems San Jose Hills, Garden Grove, Santa Margarita Water District, and Pomona.

Additionally, many water suppliers showed September 2016 conservation levels above September 2015 levels, including California Water Service Company King City, Wasco,

Westborough Water District, Santa Barbara, Blythe, La Habra, Goleta Water District, Coalinga, and Benicia.

Conservation Plunges for Some Suppliers

However, not all suppliers are sustaining significant conservation. State Water Board staff continues to look at why conservation levels have dropped in these communities, and is particularly concerned about suppliers with extremely high levels of per-capita water use. Suppliers with high R-GPCD levels and sharp reductions in conservation include: San Juan Water District, Vaughn Water Company, Myoma Dunes Mutual Water Company, Valley Water Company, Folsom, and LA County Waterworks District 29 (Malibu).

One question for the Board is whether these suppliers need assistance to comply with SB 814 (Hill), which takes effect Jan. 1, 2017. The new law requires urban water suppliers to establish financial penalties for excess water use during droughts. Suppliers can either create excess-use ordinances with defined penalty amounts, or they can adopt rate structures that charge their highest users more during drought emergencies.

Some communities continue to maintain low overall per capita residential water use, which may not be reflected in percentage change, but illustrates a long-term commitment to efficient water use.

For instance, Eureka, City of Big Bear Lake, Estero Municipal Improvement District, Arcata, Daly City, South Gate, Paramount, and McKinleyville Community Service District are examples of communities saving less than 10 percent in September 2016, yet the daily per capita use is already well below what a city in the Sacramento Region may be using on a daily basis. For agency data on water savings and average daily use, visit [here](#).

Status of Permanent Water Use Efficiency Targets Effort

The current conservation regulation, adopted in May, is part of a wider effort to build on short-term, emergency water restrictions to establish permanent conservation measures that improve long-term drought preparedness and eliminate the worst water-wasting practices. These actions will help achieve a top priority of the state's Water Action Plan - to "Make Conservation a California Way of Life."

In May, Governor Edmund G. Brown Jr. issued an [executive order](#) calling for new permanent water use efficiency targets for each urban water supplier and for strengthening local Water Shortage Contingency Plans. The local "stress test" data and three-year resiliency plans collected by the State Water Board will serve as a bridge to these actions and inform the development of new water use efficiency targets.

The [Board continues to work with state partner](#) agencies to craft a long term framework to meet Governor Edmund G. Brown Jr.'s [executive order](#) calling for new water use efficiency targets, permanent prohibitions on water waste, and improved drought planning. The Governor's Executive Order calls on state agencies, including the State Water Board, Department of Water Resources, California Public Utilities Commission, Department of Food and Agriculture, and the California Energy Commission to transition to permanent, long-term improvements in water use. The Department of Water Resources and State Water Board are directed to develop new water use targets as part of a permanent framework for urban water agencies.

Those new targets build upon existing state law, and will be based on strengthened standards for indoor water use; outdoor irrigation; commercial, industrial, and institutional use; and water lost through leaks. The state agencies are preparing a report, due Jan. 10, 2017, that will detail the proposed framework, new standards, and implementation timeline. Information about the Executive Order can be found [here](#).

Prohibitions also remain against homeowners associations or local governments taking action against homeowners who reduce or stop watering lawns. As directed by the executive order, the State Water Board will be making these prohibitions permanent.

Background

California has been dealing with the effects of an unprecedented drought. To learn about all the actions the state has taken to manage our water system and cope with the impacts of the drought, visit Drought.CA.Gov. Every Californian should take steps to conserve water. Find out how at SaveOurWater.com. While saving water, it is important to properly water trees. Find out how at www.saveourwater.com/trees. In addition to many effective local programs, state-funded turf removal and toilet replacement rebates are also available. Information and rebate applications can be found at: www.saveourwaterrebates.com/.

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TO: Board of Directors
 FROM: Candy Pina
 DATE: November 16, 2016

ADMINISTRATIVE SERVICES MANAGER'S REPORT

CONFERENCES, TRAINING, & MEETINGS:

- 1) Candy Pina: 10/31/16 - 11/01/16: Reporting Tools Seminar in Springbrook Seminar
- 2) Candy Pina: 11/07/16 – PARS OPEB Trust Meeting
- 3) Candy Pina: 11/07&11/16 – Bank Reconciliation with Carolyn Towles in Springbrook
- 4) Tammy Rudock/Rene Ramirez/Candy Pina: 11/08/16 – Exit Audit Conference Call Meeting with Audit Committee, District Treasurer, and Auditor
- 5) Jeanette Kalabolas/Candy Pina/Laura Ravella: 11/15/16 – San Carlos Charter Learning Center Field Trip
- 6) Candy Pina: 11/17/16 – Quality Management Reporting meeting with Marti Moore from Springbrook
- 7) Candy Pina/Rene Ramirez: 10/20/16 – Participated in the Carlmont High School Biotech Symposium
- 8) All staff: 11/22/16 – Lunch and Learn “True Colors” Session with Julie Brown

FINANCIAL REPORTING:

- 1) Schedule of Cash and Investments:

SCHEDULE OF CASH AND INVESTMENTS		
CASH ACCOUNT	BALANCE @ 10/31/16	BALANCE 11/09/16
PETTY CASH	400	400
CASH DRAWER	200	200
WELLS FARGO CHECKING	\$ 705,319	\$ 650,174
LAIF	\$ 4,061,323	\$ 4,061,323
TOTAL	\$ 4,767,242	\$ 4,712,097

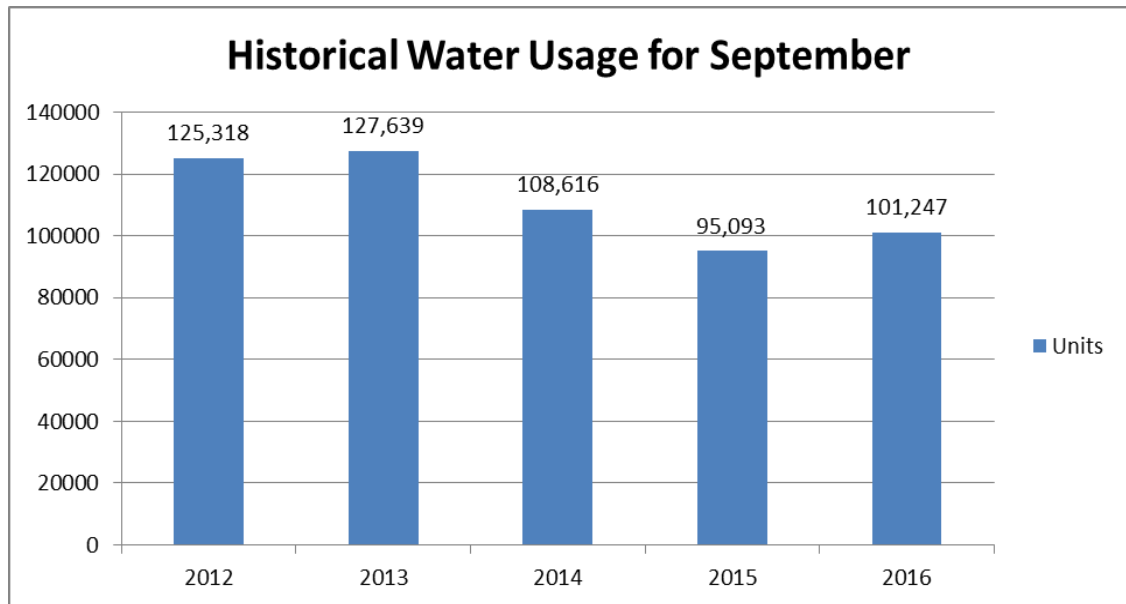
Month End Balance of PARS/OPEB for August 2016 (September & October 2016 report not available): \$639,826. An overall increase in Net Earnings of \$1,366 was reported.

** Please note that cash is high due to early November board meeting. The water bill will be paid in the coming week which is between \$500,000-\$550,000.

MPWD RESERVE FUNDS				
Reserve Account	Balance @ 10/31/2014	Balance @ 10/31/2015	Balance @ 10/31/2016	Budget for Reserve Policy
Capital Reserves	\$ 1,432,101	\$ 886,728	\$ 1,561,323	\$ 2,500,000
Emergency Reserves	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Working Capital Reserves	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
TOTAL RESERVE FUNDS	\$ 3,932,101	\$ 3,386,728	\$ 4,061,323	\$ 5,000,000

2) Water Revenue Report:

WATER REVENUES for FISCAL YEAR 2016/2017					
Month	Total Units	Water Commodity Charges	Fixed System Charges	Total Water Revenues	Misc Rev
JUL	111,110	851,106.50	205,631.47	1,056,737.97	1,242.50
AUG	113,341	952,329.97	224,247.06	1,176,577.03	1,240.00
SEP	112,591	947,559.51	224,661.20	1,172,220.71	1,248.75
OCT	101,247	843,144.88	224,835.59	1,067,980.47	1,248.75
TOTAL	438,289	3,594,140.86	879,375.32	4,473,516.18	4,980.00



3) **SPRINGBROOK PROGRESS:**

Springbrook implementation is on target and we continue to make progress in training.

SPRINGBROOK IMPLEMENTATION SCHEDULE - PRELIMINARY			
DATE		Task	Work Complete
Start	End		
4/11/2016	4/13/2016	Overview training for Finance - Billing System and Chart of Accounts	X
5/9/2016	5/13/2016	Finance Conversion - General Ledger and Accounts Payable data review	x
8/8/2016	8/12/2016	Finance Go Live	x
8/22/2016	8/24/2016	Project Management Set-up and go-live	x
9/5/2016	9/15/2016	Bank Reconciliation Configuration and go-live	x
9/19/2016	9/19/2016	Fixed Assets - Go Live	x
1/11/2017	11/19/2017	Utility Billing Data Conversion	
2/13/2017	2/16/2017	License & Permits - Go Live Session	
2/27/2017	3/3/2017	Utility Billing - Go-Live Session	
3/6/2017	3/7/2017	Ancillaries - AR - setups	
3/6/2017	3/6/2017	Coding Accuracy Support System (CASS) Certification - Setup and Process Training	
3/20/2017	3/24/2017	Utility Billing - Post Go Live Refresher Training	

4) **TEAM BUILDING ACTIVITIES:**

All staff will be involved in a “True Colors” class with Julie Brown of Julie Brown & Associates officiating. This class is designed to help us understand our own personality styles. We will have the opportunity to learn each other’s personality style as well. The goal is to help us to have a better appreciation for each other, and ultimately encourage an even healthier working environment and relationship with each other.



TO: Board of Directors
FROM: Rene A. Ramirez, Operations Manager
DATE: November 16, 2016

OPERATIONS REPORT – October 2016

Projects:

- Through October staff has installed a total of 513 AMI meters throughout Zone 1 with 1 left to fit. The last meter is at a site where we have litigation and we are holding off until things settle out. Their water is still metered;
- Used Lee and Associates to provide safe confined space entry into Hillcrest Vault to perform inspection and maintenance on the Remote Terminal Unit (SCADA);
- AMI: Staff continues to work with Sensus Metering and Continentals Utility Billing to set up files for the new Sensus AMI customer portal conversion;
- Staff installed nine (9) energy current sensors, four (4) water pressure sensors, two (2) modems, four (4) Field Installable Units and two (2) uninterruptible power supplies at the Buckland and Exbourne Tank sites as part of a cloud-based SCADA alternative from the XiO company of San Leandro. This cloud based SCADA is currently only monitoring system activity and not providing control at this time. With this system, Staff is capable of monitoring these two tank sites via PC, tablet or smartphone; and
- Completed street repairs following installation of new service at 1249 Lane.

Maintenance:

- Responded to and completed 198 USA (underground service alerts) requests and identified infrastructure before digging in the streets or easements. Last month we marked 212 locations. An average month is closer to 140 requests;
- Completed permanent trench patch following service leak on Chula Vista;
- Performed normal maintenance and exercised water system pressure regulating valves;
- Rebuilt six (6) of 13 Pump Control Valves in the system;
- Performed maintenance tasks on five (5) of the nine (9) large power generators throughout the system;
- Taking the smaller Dekoven tank out of service for the winter due to reduced customer demand and water quality. Staff did same last year around this time of year;
- Working with consultant, Trident Environmental and Engineering to perform biennial cathodic protection system of pipelines, mainly east of El Camino Real,

and the tank sites. Their work and report is anticipated to be completed by December 2016;

- Replaced water meter transmitter at 704 Ralston;
- Prepped for, poured and finished concrete at two sites, one on Middle Road and the other on Hainline Drive;
- Cleaned up site following water main break on South Road;
- Repairing asphalt following water main leak at 319 Old County Road;
- Spent a couple of days abandoning water mains that used to run to pump station at the District's Folger Drive site;
- The AMI Reporting System alerted staff to 3 non-registering meters at 195 Glenn Way, 907 Granada, and 101 Manchester Lane. The repair entailed a clean and flush of meter. The meters were then placed back in service and registering use normally;
- Replaced 26 failed transmitters reported by the AMI Reporting System. New transmitters were installed and checked for proper transmission and the failed units were returned to Sensus for warranty repair or replacement;
- Collected a requisite 44 water samples for bacteriological testing – all samples were normal and showed no signs of coliform bacteria;
- Water system dead-ends continued to be monitored 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
- Monitoring for signs of nitrification within our tanks, sample stations and dead ends continues as a part of regular water quality monitoring.

System Repairs:

Location	Event	Material	Installation Date	Estimated Water Loss (Gals.)
2219 Pullman Ave	Main Break	CIP	1949	7,200
365 South Road	Main Break	CIP	1940	2,400
1111 Notre Dame	Main Break	CIP	1951	500,000

Development:

- Staff is currently working with developers on 13 development projects:

Mixed Use Commercial/Residential:

- o 576-600 El Camino Real – currently reviewing their plans;
- o 400-490 El Camino Real – currently reviewing their plans;

Commercial:

- o 539 Harbor Blvd. – currently reviewing their plans;
- o 700 Island Parkway – payment received, awaiting scheduling;
- o 1201 Shoreway Road – there is nothing to report out at this time;
- o 1477 El Camino Real – currently reviewing their plans;
- o 699 Ralston Ave. – currently reviewing their plans;

Residential/Multi-Family:

- 1249 Lane Street – installation completed;
- 2177 Carlmont Avenue – closing out installation;
- 2828 Monte Cresta – installation scheduled;
- 905 South Rd - currently reviewing their plans;
- 1221 Elmer St – installation complete;
- 10 Notre Dame Place - currently reviewing their plans;
- 1906 Bishop – currently reviewing their plans;
- 1919 Oak Knoll Dr. – currently reviewing their plans;
- 1942 Bayview – currently reviewing their plans;
- 1557 Vine St. – currently reviewing their plans.

Administration:

- Participated in the Carlmont High School Biotech Symposium on October 20 and talking about career paths in the water field and about water meters and conservation;
- Scheduled required training for Confined Space Entry and Trenching/Excavation for November 2016 for staff, which will certify staff for a 3-year period;
- Staff attended an ergonomics class, “Back to School”, in Southern California. We now have a staff person certified to evaluate workstations and other places in the work place;
- Provided annual training on Spill Prevention, Control and Counter-Measures;
- Had MPWD facilities inspected by San Mateo County for compliance with spill prevention, control and counter-measure;
- San Mateo County has become a Community Choice Energy county. In short power bills will continue to come from PG&E, but the electricity itself will come from sources procured by Peninsula Clean Energy of San Mateo County (PCE). Staff is working with a program coordinator to determine which of three clean energy options makes the best sense for the District. As of October 13, we and everyone who opted-out are receiving their power from PCE, which is supposed to be approximately 5% less expensive than current PG&E rate schedule;
- Talking with representatives from Verizon regarding interest in locating a new cell tower on District property;
- Spoke to SFPUC representatives regarding their tentative and revised plan to flush their system in November;
- Participated in conference call with GM, staff and District Engineer regarding potential claim from Alameda de las Pulgas contractor;
- Carried out several employee evaluations; and
- Continued to actively manage power use during pumping with positive energy savings results and cost reduction, and no net effect on the operation of the water system.



TO: Board of Directors
FROM: Pakpour Consulting Group, Inc.
District Engineer
DATE: November 16, 2016

DISTRICT ENGINEER'S REPORT

There is no written report this month.

**MID-PENINSULA WATER DISTRICT
BUDGET FOR YEAR 2016-2017
SUMMARY**

Target YTD % 33.7%

DESCRIPTION	APPROVED FY 2016-2017 BUDGET \$	ACTUAL 7/1/16 10/31/16	REMAINING BALANCE/ (OVER BUDGET)	Y-T-D % OF BUDGET
OPERATING REVENUE				
WATER COMMODITY CHARGES	8,100,000	3,907,675	4,192,325	48.2%
FIXED SYSTEM CHARGES	2,663,720	883,263	1,780,457	33.2%
FIRE SERVICE CHARGES	14,400	4,961	9,439	34.5%
SERVICE LINE & INSTALLATION CHARGES	25,000	1,491	23,509	6.0%
WATER SYSTEM CAPACITY CHARGES	200,000	-	200,000	NA
WATER DEMAND OFFSET CHARGES	10,000	-	10,000	NA
MISCELLANEOUS CHARGES	10,000	5,644	4,356	56.4%
INTEREST REVENUE - LAIF	10,000	9,399	601	94.0%
LEASE OF PHYSICAL PROPERTY	200,000	52,914	147,086	26.5%
PROPERTY TAX REVENUE	255,000	5,075	249,925	2.0%
TOTAL OPERATING REVENUE	11,488,120	4,870,422	6,617,698	42.4%
OPERATING EXPENDITURES				
SALARIES & WAGES	1,668,500	513,118	1,155,382	30.8%
PAYROLL TAXES & BENEFITS	1,163,800	363,313	800,487	31.2%
PURCHASED WATER	4,976,000	2,120,460	2,855,540	42.6%
OUTREACH & EDUCATION	133,900	22,945	110,955	17.1%
M&R - OPS SYSTEM	398,250	94,627	303,623	23.8%
M&R - FACILITIES & EQUIPMENT	162,000	41,348	120,652	25.5%
MAJOR MAINTENANCE	12,000	350	11,650	2.9%
OFFICE SUPPLIES & EQUIPMENT	326,750	82,449	244,301	25.2%
MEMBERSHIP & GOV FEES	217,500	50,873	166,627	23.4%
BAD DEBT & CLAIMS	37,000	3,814	33,186	10.3%
UTILITIES	288,300	67,479	220,821	23.4%
PROFESSIONAL SERVICES	501,950	115,982	385,968	23.1%
TRAINING/TRAVEL & RECRUITMENT	31,000	10,167	20,833	32.8%
RESTRICTED EARNINGS	(10,000)	(9,399)	(601)	94.0%
RESERVES	-	-	-	NA
DEPRECIATION	950,000	326,008	623,992	34.3%
TOTAL OPERATING EXPENDITURES	10,856,950	3,803,534	7,053,416	35.0%
OPERATING REVENUE LESS EXPENDITURES	631,170	1,066,888	(435,718)	169.0%
NET TRANSFERS TO CAPITAL	(631,170)	(1,066,888)	435,718	169.0%
NET RESULTS OF OPERATIONS	-	-	-	
OPERATING EXPENDITURES LESS DEPRECIATION	9,906,950	3,477,525	6,429,425	35.1%

**MID-PENINSULA WATER DISTRICT
OPERATIONS BUDGET FOR YEAR 2016-2017
DETAILED**

Target YTD % 33.7%

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	APPROVED FY 2016-2017 BUDGET \$	ACTUAL 7/1/2016 10/31/2016	REMAINING BALANCE/ (OVER BUDGET)	Y-T-D % OF BUDGET
4010	WATER COMMODITY CHARGES (A)	8,100,000	3,907,675	4,192,325	48.2%
4020	FIXED SYSTEM CHARGES	2,663,720	883,263	1,780,457	33.2%
4030	FIRE SERVICE CHARGES	14,400	4,961	9,439	34.5%
4050	SERVICE LINE & INSTALLATION CHARGES	25,000	1,491	23,509	6.0%
4060	WATER SYSTEM CAPACITY CHARGES	200,000	-	200,000	NA
4070	WATER DEMAND OFFSET CHARGES	10,000	-	10,000	NA
4090	MISCELLANEOUS REVENUES	10,000	5,644	4,356	56.4%
4000	TOTAL WATER AND FEE CHARGES	11,023,120	4,803,034	6,220,086	43.6%
4102	Interest Revenue- LAIF	10,000	9,399	601	94.0%
4100	INTEREST REVENUE	10,000	9,399	601	94.0%
4201	Lease of Physical Property	200,000	52,914	147,086	26.5%
4202	Property Tax Revenue (B)	255,000	5,075	249,925	2.0%
4200	OTHER REVENUE	455,000	57,989	397,011	12.7%
4000	TOTAL OPERATING REVENUE	11,488,120	4,870,422	6,617,698	42.4%
6011	Salaries & Wages	1,575,000	486,192	1,088,808	30.9%
6012	Director Compensation	11,000	1,200	9,800	10.9%
6017	Capital Salaries & Wages	-	48,903	(48,903)	NA
6010	GROSS REGULAR WAGES	1,586,000	536,294	1,049,706	33.8%
6017	CAPITAL SALARY & WAGES reversed	-	(48,903)	48,903	N/A
6021	Overtime Labor	45,500	14,983	30,517	32.9%
6022	Standby Labor	37,000	10,743	26,257	29.0%
6020	SUB-TOTAL SALARY & WAGES	1,668,500	513,118	1,155,382	30.8%
6031	FICA/Medicare PR Tax	131,500	33,880	97,620	25.8%
6038	ACWA Health Care	320,000	99,842	220,158	31.2%
6039	ACWA Dental	31,000	7,890	23,110	25.5%
6040	ACWA Vision	4,350	1,379	2,971	31.7%
6041	ACWA Life/AD&D	4,200	1,356	2,844	32.3%
6042	Standard LDL/SDL Disability	12,400	3,596	8,804	29.0%
6043	Workers' Comp Insurance	50,400	15,069	35,331	29.9%
6044	Unemployment	1,000	-	1,000	NA
6045	CALPERS Retirement - ER 2%@55	235,000	66,601	168,399	28.3%
6054	CAPITAL PAYROLL TAXES & BENEFITS	-	25,182	(25,182)	N/A
6046	Retirees' ACWA Health Care	56,000	20,541	35,459	36.7%

**MID-PENINSULA WATER DISTRICT
OPERATIONS BUDGET FOR YEAR 2016-2017
DETAILED**

Target YTD % 33.7%

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	APPROVED FY 2016-2017 BUDGET \$	ACTUAL 7/1/2016 10/31/2016	REMAINING BALANCE/ (OVER BUDGET)	Y-T-D % OF BUDGET
6047	Directors' ACWA Health Care	108,000	36,930	71,070	34.2%
6049	Medical Reimbursement	1,000	228	772	22.8%
6050	Employee Service Recognition	7,000	1,826	5,174	26.1%
6051	Safety Incentive Program	7,200	1,800	5,400	25.0%
6052	Uniforms (C)	24,750	11,585	13,165	46.8%
6053	PARS OPEB Expense	170,000	60,790	109,210	35.8%
6030	SUB-TOTAL PAYROLL TAXES & BENEFITS	1,163,800	388,496	775,304	33.4%
6054	CAPITAL PAYROLL TAXES & BENEFITS	-	(25,182)	25,182	N/A
6000	PERSONNEL COSTS	2,832,300	876,431	1,955,869	30.9%
6101	SFPUC Treated Water (A)	4,500,000	1,942,410	2,557,590	43.2%
6102	BAWSCA (Debt Service Surcharges)	476,000	158,484	317,516	33.3%
6103	Rates Stabilization	-	-	-	NA
6104	SFPUC Water Service Charge	-	19,566	(19,566)	N/A
6100	PURCHASED WATER	4,976,000	2,120,460	2,855,540	42.6%
6301	Water Conservation Program	7,200	-	7,200	NA
6302	School Conservation Program	7,200	(56)	7,256	-0.8%
6303	Public Outreach & Education	25,750	3,704	22,046	14.4%
6305	HET Rebates	24,750	2,698	22,052	10.9%
6306	Washing Machine Rebates	25,750	29	25,721	0.1%
6307	Lawn-Be-Gone Rebates	38,100	16,040	22,060	42.1%
6308	Rain Barrel Rebates	5,150	529	4,621	10.3%
6304	TOTAL WATER CONSERVATION REBATES	93,750	19,297	74,453	20.6%
6300	OUTREACH/EDUCATION	133,900	22,945	110,955	17.1%
6401	Water Quality	67,000	17,739	49,261	26.5%
6402	Pumping	78,250	9,929	68,321	12.7%
6403	Storage Tanks	15,000	-	15,000	NA
6404	Mains/Distribution	100,000	27,615	72,385	27.6%
6405	Meters & Service	30,000	10,204	19,796	34.0%
6406	Fire Hydrants (D)	31,000	23,995	7,005	77.4%
6407	Regulator Stations	6,000	2	5,998	0.0%
6408	Safety	32,000	2,090	29,910	6.5%
6409	SCADA Maintenance	15,000	3,055	11,945	NA
6410	Generator Maintenance	24,000	-	-	-
6400	M&R - OPS SYSTEMS	398,250	94,627	303,623	23.8%
6501	M&R-Buildings&Grounds	93,000	19,715	73,285	21.2%
6502	M&R- Equipment&Tools	21,000	5,866	15,134	27.9%
6503	M&R- Vehicles & Large Equipment (E)	19,000	8,975	10,025	47.2%
6504	M&R - Fuel	29,000	6,792	22,208	23.4%
6500	M&R - FACILITIES & EQUIPMENT	162,000	41,348	120,652	25.5%

**MID-PENINSULA WATER DISTRICT
OPERATIONS BUDGET FOR YEAR 2016-2017
DETAILED**

Target YTD % 33.7%

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	APPROVED FY 2016-2017 BUDGET \$	ACTUAL 7/1/2016 10/31/2016	REMAINING BALANCE/ (OVER BUDGET)	Y-T-D % OF BUDGET
6601	Cathodic Protection Survey	12,000	-	12,000	NA
6602	Leak Detection Survey	-	350	(350)	NA
6600	MAJOR MAINTENANCE	12,000	350	11,650	2.9%
6701	Office Supplies	18,000	3,094	14,906	17.2%
6702	Insurance- Liability/Vehicles	87,750	19,570	68,180	22.3%
6703	Postage (F)	3,250	2,273	977	69.9%
6704	Printing/Printing Supplies	13,000	4,874	8,126	37.5%
6705	Equipment Services/Maintenance	56,750	6,008	50,742	10.6%
6706	Computer Supplies & Upgrades	11,750	4,584	7,166	39.0%
6707	Security & Safety	10,750	770	9,980	7.2%
6708	Other Fees	500	16	484	3.3%
6709	Customer Credit Card Svs Fees	125,000	41,260	83,740	33.0%
6700	OFFICE SUPPLIES & EQUIP	326,750	82,449	244,301	25.2%
6801	Dues & Publications	39,500	10,931	28,569	27.7%
6802	Gov't Fees & Licenses	73,250	6,096	67,154	8.3%
6803	BAWSCA Membership Assessments	68,750	23,846	44,904	34.7%
6804	Env Health - Cross Connection Inspection	31,000	10,000	21,000	32.3%
6805	Software License	5,000	-	5,000	NA
6800	MEMBERSHIP & GOV FEES	217,500	50,873	166,627	23.4%
6901	Bad Debt	7,000	92	6,909	1.3%
6902	Claims	30,000	3,722	26,278	12.4%
6900	BAD DEBT & CLAIMS	37,000	3,814	33,186	10.3%
7001	Utilities-Internet/Cable (G)	7,500	5,081	2,419	67.7%
7002	Utilities-Cellular Telephones	11,850	4,282	7,568	36.1%
7003	Utilities-Electric-Pumping	220,000	42,026	177,974	19.1%
7004	Utilities-Electric-Bldgs&Grounds	24,000	9,188	14,812	38.3%
7005	Utilities-Telephones	17,500	5,271	12,229	30.1%
7006	Utilities-Sewer - NPDES	7,450	1,630	5,820	21.9%
7000	UTILITIES	288,300	67,479	220,821	23.4%
7101	Prof Serv - District Counsel	100,000	16,906	83,094	16.9%
7102	Prof Serv - District Engineer	100,000	21,258	78,742	21.3%
7103	Prof Serv - IT	19,750	8,073	11,677	40.9%
7104	Prof Serv- Annual Finance Audit (H)	20,000	13,500	6,500	67.5%
7105	Prof Serv - Mngmt Consult	-	-	-	NA
7106	Prof Serv- Accounting & Payroll	21,750	5,926	15,824	27.2%
7107	Prof Serv- Customer Billing	72,250	16,616	55,634	23.0%
7108	Prof Serv - Answering Svs (I)	4,500	3,389	1,111	75.3%
7110	Prof Serv - Miscellaneous	160,000	29,414	130,586	18.4%
7111	Prof Serv - District Treasurer	3,700	900	2,800	24.3%
7100	PROFESSIONAL SERVICES	501,950	115,982	385,968	23.1%

**MID-PENINSULA WATER DISTRICT
OPERATIONS BUDGET FOR YEAR 2016-2017
DETAILED**

Target YTD % 33.7%

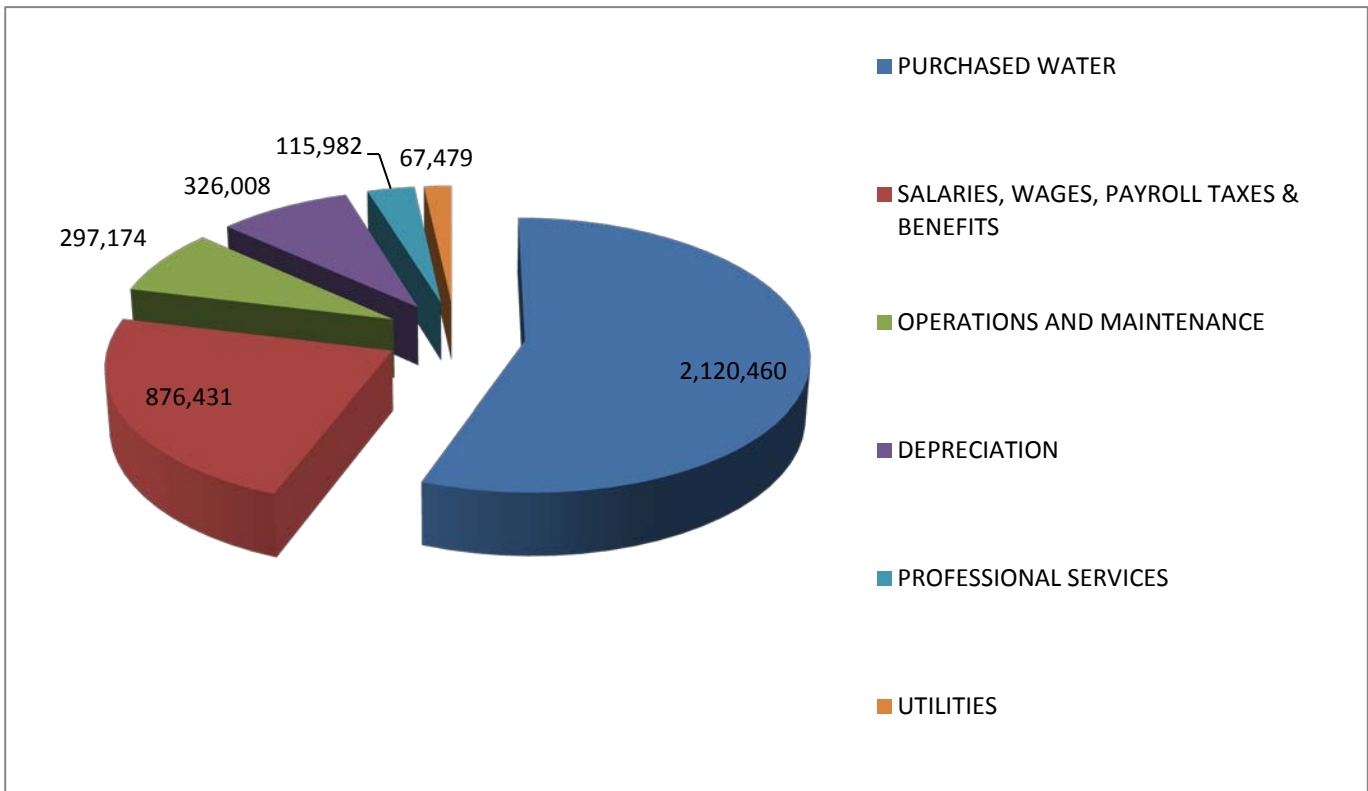
ACCOUNT NUMBER	ACCOUNT DESCRIPTION	APPROVED FY 2016-2017 BUDGET \$	ACTUAL 7/1/2016 10/31/2016	REMAINING BALANCE/ (OVER BUDGET)	Y-T-D % OF BUDGET
7201	Director Travel	5,000	-	5,000	NA
7202	Director Expense	1,000	-	1,000	NA
7203	Elections	-	-	-	NA
7204	Employee Travel/Training	20,000	8,927	11,073	44.6%
7205	Meetings Expense	5,000	1,240	3,760	24.8%
7200	TRAINING & TRAVEL	31,000	10,167	20,833	32.8%
7302	Restricted Earnings Expense - Interest LAIF	(10,000)	(9,399)	(601)	94.0%
7300	RESTRICTED EARNINGS EXPENSE	(10,000)	(9,399)	(601)	94.0%
8001	Working Reserves: Capital	-	-	-	NA
8002	Working Reserves: Operating	61,123	-	61,123	NA
8000	RESERVES	-	-	-	NA
9010	DEPRECIATION	950,000	326,008	623,992	34.3%
SUB-TOTAL - OPERATING EXPENSES		8,024,650	2,927,103	5,097,547	36.5%
TOTAL OPERATING EXPENSES		10,856,950	3,803,534	7,053,416	35.0%
NET OPERATING SURPLUS/(LOSS)					
TRANSFER TO CAPITAL		631,170	1,066,888	(435,718)	169.0%
			0		

- (A) Water revenues are at 48.2% and water purchases are both at 43.2%. Cash is not completely reconciled because of implementing a new financial management system; therefore, revenues may be slightly overstated. This will be cleared up next month.
- (B) Property Taxes mostly paid in April and December.
- (C) Operations staff work boots totaling \$3561.
- (D) 4 Fire hydrants purchased totaling \$8526.
- (E) Vehicle Decals updated totaling \$2,695.
- (F) Postage of \$1000 put in meter.
- (G) Internet bills are consistently higher than anticipated. Will be making a budget adjustment at mid-year.
- (H) Audit completed.
- (I) Last year's bill received in August 2016.

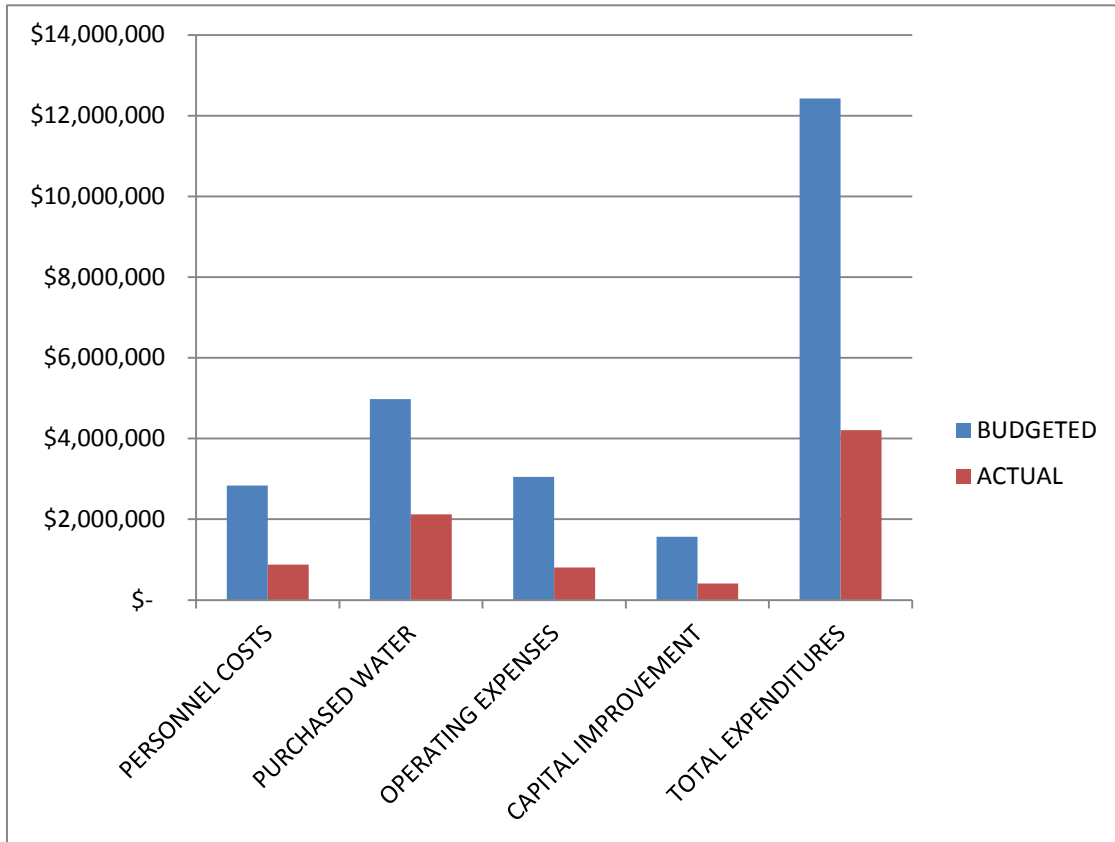
**MID-PENINSULA WATER DISTRICT
ACTUAL OPERATING EXPENDITURES SUMMARY**

Oct-16

OPERATING EXPENDITURES	ACTUAL \$	% OF TOTAL
PURCHASED WATER	2,120,460	55.7%
SALARIES, WAGES, PAYROLL TAXES & BENEFITS	876,431	23.0%
OPERATIONS AND MAINTENANCE	297,174	7.8%
DEPRECIATION	326,008	8.6%
PROFESSIONAL SERVICES	115,982	3.0%
UTILITIES	67,479	1.8%
TOTAL OPERATING EXPENDITURES	3,803,534	100%



2014/2015 BUDGET vs ACTUAL TOTAL EXPENDITURES Oct-16



	BUDGETED	ACTUAL	BUDGETED % OF TOTAL	ACTUAL % OF TOTAL
TOTAL EXPENDITURES				
PERSONNEL COSTS	\$ 2,832,300	\$ 876,431	23%	21%
PURCHASED WATER	\$ 4,976,000	\$ 2,120,460	40%	50%
OPERATING EXPENSES	\$ 3,048,650	\$ 806,642	25%	19%
CAPITAL IMPROVEMENT	\$ 1,565,000	\$ 406,037	13%	10%
TOTAL EXPENDITURES	\$ 12,421,950	\$ 4,209,571	100%	100%

**MID-PENINSULA WATER DISTRICT
BUDGET FOR FY 2016-2017
CAPITAL OUTLAY/CAPITAL PROJECTS**

DESCRIPTION	APPROVED AMENDED FY 2016-2017 BUDGET \$	ACTUAL 7/1/2016 10/31/2016	REMAINING BALANCE/ (OVER BUDGET)	Target YTD % 33.7%
				Y-T-D % OF BUDGET
CAPITAL IMPROVEMENTS - WORK IN PROCESS (WIP)				
AMI Meter Change Out Program	500,000	108	499,892	0.0%
Karen Road Water Main Replacement - CIP	100,000	15,271	84,729	15.3%
Folger Pump Station Demolition - CIP	50,000	3,720	46,280	7.4%
Alameda de las Pulgas Water Main Replacement Project - CIP (A)	700,000	383,539	316,461	54.8%
CAPITAL IMPROVEMENTS - WIP TOTAL	1,350,000	402,639	947,361	29.8%
CAPITAL OUTLAY				
Financial Management System (FMS) - Comprehensive Replacement	95,000	-	95,000	0.0%
Implementation of Sensus Consumer Portal	70,000	3,398	66,602	4.9%
Miscellaneous Capital Outlay/Projects	50,000	-	50,000	0.0%
CAPITAL OUTLAY TOTAL	215,000	3,398	211,602	1.6%
CAPITAL IMPROVEMENTS & CAPITAL OUTLAY TOTAL	1,565,000	406,037	1,158,963	25.9%
DEPRECIATION	950,000	326,008	623,992	34.3%
TRANSFER FROM OPS	631,170	1,066,888	(435,718)	169.0%
TRANSFER (TO)/FROM CAPITAL RESERVES	(16,170)	(986,860)	970,690	6103.0%
CAPITAL OUTLAY/CAPITAL PROJECTS	(1,565,000)	(406,037)	(1,158,963)	25.9%
NET RESULTS OF CAPITAL	-	(0)	0	N/A

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

	Jul - Oct 16	Jul - Oct 15	\$ Change	% Change
Ordinary Income/Expense				
Income				
4000 · OPERATING REVENUE	4,803,034.14	3,789,791.64	1,013,242.50	26.74%
4100 · INTEREST INCOME	9,399.10	3,965.62	5,433.48	137.02%
4200 · OTHER INCOME	57,988.58	119,013.92	-61,025.34	-51.28%
Total Income	<u>4,870,421.82</u>	<u>3,912,771.18</u>	<u>957,650.64</u>	<u>24.48%</u>
Expense				
6000 · PERSONNEL COSTS	876,431.03	852,696.41	23,734.62	2.78%
6100 · PURCHASED WATER	2,120,460.13	1,730,254.27	390,205.86	22.55%
6300 · OUTREACH/EDUCATION	22,944.86	55,204.13	-32,259.27	-58.44%
6400 · M&R - OPS SYSTEMS	94,627.18	111,643.81	-17,016.63	-15.24%
6500 · M&R - FACILITIES & EQUIPMENT	41,347.69	33,538.12	7,809.57	23.29%
6600 · MAJOR MAINTENANCE	350.00	700.00	-350.00	-50.0%
6700 · OFFICE SUPPLIES & EQUIPMENT	82,448.58	98,926.46	-16,477.88	-16.66%
6800 · MEMBERSHIP & GOV FEES	50,873.48	72,212.05	-21,338.57	-29.55%
6900 · BAD DEBT & CLAIMS	3,813.70	6,783.47	-2,969.77	-43.78%
7000 · UTILITIES	67,478.58	105,408.42	-37,929.84	-35.98%
7100 · PROFESSIONAL SERVICES	115,981.77	177,120.41	-61,138.64	-34.52%
7200 · TRAINING & TRAVEL	10,167.27	6,274.94	3,892.33	62.03%
Total Expense	<u>3,486,924.27</u>	<u>3,250,762.49</u>	<u>236,161.78</u>	<u>7.27%</u>
Net Ordinary Income	<u>1,383,497.55</u>	<u>662,008.69</u>	<u>721,488.86</u>	<u>108.99%</u>
Other Income/Expense				
Other Expense				
9000 · DEPRECIATION	326,008.38	315,953.64	10,054.74	3.18%
Total Other Expense	<u>326,008.38</u>	<u>315,953.64</u>	<u>10,054.74</u>	<u>3.2%</u>
7302 - RESTRICTED EARNINGS EXPENSE - INTEREST LAIF	-9,399.10	-3,965.62	-5,433.48	-137.0%
Total Restricted Earnings Expense	<u>-9,399.10</u>	<u>-3,965.62</u>	<u>-5,433.48</u>	<u>-137.0%</u>
Net Operating Surplus/(Loss)	<u><u>1,066,888.27</u></u>	<u><u>350,020.67</u></u>	<u><u>716,867.60</u></u>	<u><u>204.8%</u></u>

**MID-PENINSULA WATER DISTRICT
CONDENSED BALANCE SHEET
PREVIOUS YEAR COMPARISON**

	30-Sep-16	30-Sep-15	\$ Change	% Change
ASSETS				
CURRENT ASSETS				
Total Checking/Savings	4,769,296.32	3,779,328.63	989,967.69	26.19%
Total Accounts Receivable	1,205,601.77	948,772.33	256,829.44	27.07%
Other Current Assets				
Inventory (A)	0.00	158,736.70	-158,736.70	-100.0%
Other Current Assets	216,575.85	221,533.11	-4,957.26	-2.24%
Total Other Current Assets	216,575.85	380,269.81	-163,693.96	-43.05%
TOTAL CURRENT ASSETS	6,191,473.94	5,108,370.77	1,083,103.17	21.2%
FIXED ASSETS				
Fixed Assets	42,010,899.48	41,261,846.47	749,053.01	1.82%
Accumulated Depreciation	-26,090,100.35	-25,169,683.44	-920,416.91	-3.66%
Construction in Progress	1,039,550.89	421,883.87	617,667.02	146.41%
TOTAL FIXED ASSETS	16,960,350.02	16,514,046.90	446,303.12	2.7%
TOTAL OTHER ASSETS	219,777.55	203,461.00	16,316.55	8.02%
TOTAL ASSETS	23,371,601.51	21,825,878.67	1,545,722.84	7.08%
LIABILITIES & EQUITY				
LIABILITIES				
CURRENT LIABILITIES				
Total Accounts Payable	59,854.33	478,467.74	-418,613.41	-87.49%
Total Other Current Liabilities (B)	972,162.85	634,260.75	337,902.10	53.28%
TOTAL CURRENT LIABILITIES	1,032,017.18	1,112,728.49	-80,711.31	-7.25%
TOTAL LONG TERM LIABILITIES (B)	1,346,892.00	1,122,799.45	224,092.55	19.96%
TOTAL LIABILITIES	2,378,909.18	2,235,527.94	143,381.24	6.41%
EQUITY				
3000 - Opening Bal Equity	0.00	144.00	-144.00	-100.0%
3800 - RESERVES *	4,055,161.46	3,386,728.31	668,433.15	19.74%
3940 - Fund Bal Invest in Util Plant	16,823,236.31	16,514,046.90	309,189.41	1.87%
Net Assets (B)	114,294.56	-310,568.48	424,863.04	136.8%
TOTAL EQUITY	20,992,692.33	19,590,350.73	1,402,341.60	7.16%
TOTAL LIABILITIES & EQUITY	23,371,601.51	21,825,878.67	1,545,722.84	7.08%

	Balance @ Oct 2014	Balance @ Oct 2015	Balance @ Oct 2016	Budget for Reserve Policy
* RESERVES				
Capital Reserves	1,432,101	886,728	1,561,323	2,500,000
Emergency Reserves	2,000,000	2,000,000	2,000,000	2,000,000
Working Capital Reserves	500,000	500,000	500,000	500,000
TOTAL RESERVE FUNDS	3,932,101	3,386,728	4,061,323	5,000,000

(A) Change in Capitalization/Inventory Policy. Inventory less than \$5,000 were expensed last fiscal year.

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