

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

SPECIAL MEETING OF THE BOARD OF DIRECTORS

Thursday, February 26, 2009 - 2:00 p.m.

AGENDA

The Coastside County Water District (CCWD) does not discriminate against persons with disabilities. Upon request, the agenda and agenda packet materials can be provided in a format to accommodate special needs. If you require a copy of the agenda or related materials in an alternative format to accommodate a disability, or if you wish to attend this public meeting and will require special assistance or other special equipment, please call the District at (650) 726-4405 in advance and we will make every reasonable attempt to provide such an accommodation.

All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at the CCWD District Office, located at 766 Main Street, Half Moon Bay, CA at the same time that the public records are distributed or made available to the legislative body.

This agenda and accompanying materials can be viewed on Coastside County Water District's website located at: www.coastsidewater.org.

The Board of the Coastside County Water District reserves the right to take action on any item included on this agenda.

1) ROLL CALL

2) PUBLIC ANNOUNCEMENTS

Any person may address the Board of Directors at the commencement of the meeting on any matter within the jurisdiction of the Board that is not on the agenda for this meeting. Any person may address the Board on an agenda item when that item is called. The Chair requests that each person addressing the Board limits their presentation to three (3) minutes and complete and submit a Speaker Slip.

3) APPROVAL OF WATER SERVICE AGREEMENT FOR CARNOUSTIE SUBDIVISION ([attachment](#))

4) STRATEGIC PLANNING WORKSHOP - FUNDING THE DISTRICT ([attachment](#))

5) ADJOURNMENT

STAFF REPORT

To: Coastside County Water District Board of Directors
From: David Dickson, General Manager
Agenda: February 26, 2009

Report

Date: February 24, 2009

Subject: Approval of Water Service Agreement for Carnoustie Subdivision

Recommendation:

Approve attached Water Service Agreement for Carnoustie subdivision.

Background:

Carnoustie, LLC is building a subdivision of 32 single-family residences adjacent to Redondo Beach Road in Half Moon Bay. Carnoustie has submitted for District review all documents required under Resolution 2003-11 (Regulations Regarding Water Service Extensions And Water System Improvements). District Engineer James Teter verified in letters dated January 6, 2009 and January 26, 2009 that the plans for the subdivision water system were satisfactory and that engineering review of the project was complete. Carnoustie, LLC will construct the water system and turn ownership over to the District on its completion, along with all required easements.

Following engineering review District Counsel Patrick Miyaki and staff prepared the attached Water Service Agreement in accordance with District policy and practice.

Fiscal Impact:

Increased water revenue due to new connections. All costs for engineering review, construction inspection, meter installation, administrative support, and other District activities associated with providing water service for the subdivision are paid by the applicant.

WATER SERVICE AGREEMENT

CARNOUSTIE SUBDIVISION

THIS AGREEMENT is made as of this ____ day of _____, 2009, between COASTSIDE COUNTY WATER DISTRICT ("District"), and CARNOUSTIE, LLC ("Applicant").

THE PARTIES AGREE AS FOLLOWS:

1. RECITALS

This Agreement is entered into with regard to the following facts and circumstances.

A. District is a public corporation organized under the provisions of the California Water Code and is engaged in the storage, transmission and sale of water for domestic purposes within San Mateo County.

B. Applicant is a California limited liability company engaged in the development of real property within the geographical limits of the District. Applicant is the owner of certain real property consisting of approximately eight (8) acres located west of State Highway One, in the City of Half Moon Bay, designated Assessor's Parcel Numbers 066-092-250, 066-092-470, and 066-371-160 ("the Property"), the location of which is shown on Exhibit A.

C. Applicant has obtained approval from the City of Half Moon Bay for, and proposes to construct on the Property 32 single-family residences, the general layout of which is as shown on Exhibit B (the "Project").

2. APPROVAL OF SUBDIVISION UTILITY SYSTEM

The Subdivision Utility System, as defined below, shown on and described in (a) the Carnoustie Improvement Plans, consisting of 29 sheets, dated December 23, 2008, prepared by BKF Engineers, and (b) the Final Map, consisting of 7 sheets, dated December 2008, prepared by BKF Engineers (hereinafter collectively, the "reviewed submittal documents"), are approved. Copies of the reviewed submittal documents are on file at the office of the District and are incorporated herein by this reference as Exhibit C.

"Subdivision Utility System" means the water mains, service lines from the water mains to the meters, fittings, valves and housing thereof, fire hydrants, manholes, and all appurtenances thereto, except water meters for individual units and irrigation service, required to service the Project, as depicted and described in the reviewed submittal documents.

3. INSTALLATION

A. Applicant shall commence installation of the Subdivision Utility System no later than three (3) months, subject to extension for force majeure events not the fault of Applicant, after the date of this Agreement and shall complete its installation within twelve (12) months after the date of this Agreement. If installation is not commenced and/or completed by such dates, the District may terminate this Agreement, unless the delay is solely attributable to events, such as fire, flood or earthquake, which are beyond the control of, and not the fault of, Applicant.

B. Applicant shall install the Subdivision Utility System in accordance with (1) the location and sizes shown on the reviewed submittal documents identified in Section 2; (2) the District's "Standard Specifications and Construction Details," a copy of which has previously been furnished to Applicant; and (3) the further reasonable directions of the District Engineer.

4. INSPECTION; CONSTRUCTION

A. Prior to commencing construction, Applicant shall furnish to the District Engineer, at Applicant's expense, a report by a competent soils engineer or soils laboratory indicating that the compaction of the fills within which said facilities are to be installed is at least equal to ninety-five percent (95%) compaction, as that phrase is defined in the latest edition of the Standard Specifications, State of California, Department of Transportation, or meets such other criteria as the District Engineer may prescribe.

B. Applicant shall notify District in writing at least ten (10) days in advance of the proposed starting date for construction and shall not commence construction unless the District Engineer or other authorized District inspector is at the site of the work when construction begins. District agrees to make the District Engineer or other authorized District inspector available to be on site, provided the ten (10) days advance notice is given by Applicant. If construction is not continuous, District shall be notified at least forty-eight (48)

hours in advance of the resumption of construction. Any work performed without notice to District may be rejected by District on that ground alone. The District Engineer will observe and inspect facilities solely to protect the interests of the District and to determine whether the completed work is acceptable to District and can be incorporated into the District system. The District does not assume thereby any responsibility for the operations or safety practices of Applicant. Applicant is responsible for correct location of all facilities which it installs. The District Engineer will not inspect facilities installed "downstream" of the individual meter boxes.

C. Applicant shall permit District's employees and authorized representatives to inspect the Subdivision Utility System, and the plans and materials therefore, at any reasonable time before, during, or after installation.

D. Applicant shall repair at its expense (or, at the option of District, shall reimburse District for the actual cost of repairs effected by it) any damage to District property caused by Applicant, its agents, employees, or contractors in constructing the Subdivision Utility System.

5. **PAYMENT OF FEES AND CHARGES**

The Applicant will pay applicable fees and charges as follows:

A. Transmission and Storage Fees. None due. Applicant has previously paid the transmission and storage fees attributable to sixty-two and a half (62.5) 5/8" non-priority water service connections.

B. Water Meter Installation Fees. Concurrently with the execution of this Agreement, Applicant shall deposit Seven Thousand Dollars (\$7,000.00) towards the cost of purchasing and installing thirty-three (33) individual water meters, consisting of the following sizes: thirty-two 3/4" meters and one 2" meter. If the actual cost is less than the deposit, the difference will be refunded to the Applicant within two (2) weeks from completion of installation. If the actual cost is more than the deposit, Applicant shall pay the balance to the District within two (2) weeks of the District's notifying the Applicant of the amount due.

No deposit is required for fire service meters. Applicant will pay the District's actual cost of purchase and installation of the fire service meters at the time Applicant requests meter installation.

C. Initial Filing Fee. None due. Applicant previously paid an initial filing fee in the amount of Two Hundred Fifty Dollars (\$250.00).

D. Plan Check and Construction Inspection Fees.

Concurrently with the execution of this Agreement, Applicant shall pay the sum of Twelve Thousand Two Hundred Seventy Dollars (\$12,270.00), which is the amount due for the District staff and Engineer's costs in reviewing final plans, inspecting the construction of the Subdivision Utility System, modifications of water system maps, and administrative, legal, and auditing costs.

E. Total Payment Due with Agreement. The total payment due concurrently with execution of this Agreement shall be Nineteen Thousand Two Hundred Seventy Dollars (\$19,270.00), which represents the sum of fees listed in paragraphs A, B, C, and D.

6. BONDS

Concurrently with the execution of this Agreement, Applicant shall furnish to District the following bonds:

A. Performance Bond: in the sum of Two Hundred Seventy-five Thousand Seven Hundred Sixty Dollars (\$275,760.00) to guarantee the faithful performance of the terms of this Agreement; and

B. Maintenance Bond: in the sum of Twenty-seven Thousand Five Hundred Seventy-six Dollars (\$27,576.00) (which shall not be less than ten percent (10%) of the estimated cost of constructing the Subdivision Utility System) against defective materials and faulty workmanship for a period of two (2) years from and after the acceptance of the Subdivision Utility System by District ("2 year warranty").

The bonds shall be in a form satisfactory to District. The surety or sureties must be qualified to do business in California. If any of the sureties, in the sole opinion of District, is or becomes irresponsible, District may require other or additional sureties which Applicant shall furnish to the satisfaction of District within ten (10) days after notice from District. In default thereof, District shall be released from all obligations under this Agreement. No prepayment or delay in payment and no change, extension, addition, or alteration or any provision of this Agreement or in the approved submittal documents referred to in Section 2, above, and no

forbearance or acceptance by or on the part of District shall operate to release any surety from liability on a bond. The obligations of the surety under the performance bond expire upon the acceptance of the Subdivision Utility System by the District and the obligation under the maintenance bond expire upon satisfactory completion of the 2 year warranty period.

7. INDEMNITY

A. From the date this Agreement is executed through the date the District accepts the Subdivision Utility System pursuant to Section 11, and continuing during the 2 year warranty period for warranty work only, District shall not be responsible or held liable in any manner whatsoever for any injury or damage which may be done to any person or property (or other loss or liability) arising from the performance or failure to perform the obligations set forth in this Agreement and the installation of the Subdivision Utility System by or on behalf of Applicant.

B. Applicant, on its behalf and on behalf of its successors in interest, hereby agrees to waive any claims against District arising from or related to the events and activities described in Subsection A, above, and to indemnify, defend and hold harmless the District, its directors, officers, employees, and agents from and against any and all liability for the death of or injury to any person and for the loss of, or damage to, any property (including the loss of its use) which may arise from such events and activities. The agreements contained in this paragraph shall survive the performance of the remainder of this Agreement and shall remain in full force and effect notwithstanding such performance.

C. The provisions of Section 7.A and 7.B shall not be applicable to injury or damage, loss or liability caused by the District's sole, active negligence or willful misconduct.

8. INSURANCE

A. Applicant or its construction contractor shall, at its cost, maintain in full force and effect during the period beginning with commencement of construction of the Subdivision Utility System and terminating no earlier than thirty (30) days after completion thereof and approval by District for its connection with the District's distribution system, a policy or policies of liability insurance, as follows:

1. Bodily and personal injury liability in an amount not less than One Million Dollars (\$1,000,000.00) per person and Two Million Dollars (\$2,000,000.00) per occurrence; and

2. Property damage insurance in an amount not less than One Million Dollars (\$1,000,000.00) per occurrence.

Such policies shall insure District as an additional insured against any and all liability for the death of or injury to any person and for the loss of or damage to any property which may arise by reason of acts done or omitted to be done as a result of the installation of the Subdivision Utility System by or on behalf of Applicant and shall further insure District against any and all costs and expenses, including attorneys fees, which District may incur in resisting any claim which may be made against District for any such injury or damage.

B. Each such policy shall:

1. be issued by an insurance company or companies qualified to do business in California and approved in writing by District;

2. name District, its Directors, officers, agents and employees, as additional insureds;

3. specify that it acts as Primary Insurance; the insurer being liable thereunder for the full amount of any loss up to and including the total limit of liability without right of contribution from any insurance effected by District;

4. provide that the policy shall not be cancelled or altered without thirty (30) days' prior written notice to District; and

5. otherwise be in form reasonably satisfactory to District.

C. Applicant or its contractor shall provide, and maintain at all times during the course of installation of the Subdivision Utility System, Worker's Compensation Insurance in conformance with the laws of the State of California. Such policy shall provide that the underwriter thereof waives all right of subrogation against District by reason of any claim arising out of or connected with installation of the Subdivision Utility System and that such policy shall not be cancelled or altered without thirty (30) days' prior written notice to District.

D. Applicant may satisfy some or all of the insurance requirements set forth in this Section 8 with an owner controlled insurance program (“OCIP”) that provides the same types of coverages, the same or greater limits of liability, and the same types of protections as set forth in this Section 8. If the OCIP does not cover all of the insurance requirements, Applicant must procure and maintain separate insurance policies that are not covered by the OCIP to satisfy the requirements in Section 8.

E. Copies of all policies required above (or Certificates of Insurance satisfactory to District) shall be delivered to District at least forty-eight (48) hours prior to commencement of construction of the Subdivision Utility System.

9. SIZING OF INTERIOR PLUMBING; WATER PRESSURE

A. Applicant acknowledges that the District’s system in the area of the Project meets the District’s minimum water pressure requirements, but is subject to low water pressure conditions. District recommends that Applicant consider the low water pressure conditions in designing the interior plumbing of Project residences. It is Applicant’s responsibility to ensure sufficiency of water flow and pressure at all fixture units in each residence; District shall have no responsibility to inspect the installation of interior plumbing fixtures or piping.

B. Applicant agrees to inform the future owners and occupants of the Project of the low water pressure conditions that exist at the Project and to advise future owners and occupants of the Project that installing additional or larger water fixtures may reduce the already low water pressure condition.

10. CONVEYANCE OF TITLE TO SUBDIVISION UTILITY SYSTEM

Full right, title and interest in and to all elements of the Subdivision Utility System installed pursuant hereto will be granted to District upon written notice of acceptance thereof by District and without the necessity for any further action by Applicant. There shall be no obligation upon District to pay or reimburse to Applicant any part of the cost of Subdivision Utility System. Applicant warrants that upon such passage of title to District, the title shall be free and clear from any and all mechanics and materialmen liens that could arise from construction of the Subdivision Utility System, charges and encumbrances whatsoever. All water meters installed by the District are and will remain the property of District.

11. CONVEYANCE OF EASEMENTS

Applicant further agrees that it will convey to District all easements necessary for access to and maintenance of the Subdivision Utility System via the recordation of the Final Map.

12. ACCEPTANCE BY DISTRICT

District shall accept the Subdivision Utility System when all of the following conditions have been met: (1) completion of the Subdivision Utility System; (2) written certification by District Engineer upon completion that the Subdivision Utility System has been constructed in accordance with this Agreement; (3) furnishing by Applicant of evidence in a form acceptable to District that it has paid all costs incurred in constructing the Subdivision Utility System, including but not limited to paying in full all contractors, subcontractors, suppliers, vendors, and employees performing work on the Project; (4) performance by Applicant of all of its obligations under this Agreement which are to be completed prior to acceptance of the Subdivision Utility System, including payment of all sums due the District; and (5) furnishing by Applicant of two sets of nonammonia-type mylar reproducible drawings of the completed improvements showing "as-built" conditions.

Upon acceptance, and payment for the cost of meter installation, District shall provide water utility service to the Project.

Upon acceptance, Applicant shall be relieved of all future obligation to maintain, improve, service, or repair the Subdivision Utility System, subject to its obligation to repair defects, which obligation is secured by the maintenance bond provided for in Section 6.C., for the duration of the term of such bond (i.e., two years after acceptance).

13. EXECUTION AND PERFORMANCE OF AGREEMENT

Execution of this Agreement is a condition precedent to issuance by District of any letters, approvals, consents, or communications to any state, municipal, local or other public bodies regarding the availability of water service to the area to be developed. Full performance of and compliance with each and every term of this Agreement by Applicant is a condition precedent to water service by District.

14. DISTRICT REGULATIONS

Applicant shall at all times abide by and faithfully observe any and all District ordinances, resolutions, rules and regulations presently in effect, including current fee schedules, or which may hereafter be enacted or amended from time to time, including but not limited to *Regulations Regarding Water Service Extensions and Water System Improvements; Engineering and Construction Standards; Approved Materials* (codified through Resolution No. 2003-11, March 2004), a copy of which has previously been furnished to Applicant.

15. ASSIGNMENT

Applicant's rights under this Agreement may be assigned only in connection with a sale or conveyance of the Property. No such assignment shall be valid or binding on the District unless the assignee executes a written instrument, in form and substance satisfactory to District, assuming all of Applicant's obligations under this Agreement, which have not been fully performed as of the date of assignment. Such assignment shall not release Applicant from any of its obligations to District under this Agreement.

This Agreement shall be binding upon and shall inure to the benefit of the parties and their successors and permitted assigns. If the Applicant or a permitted successor or assign shall disincorporate, forfeit its articles or right of incorporation, or otherwise fully terminate without a successor or assign, District shall as of the date of disincorporation, forfeiture or termination own the Subdivision Utility System free and clear of any obligation to any party.

16. NOTICE

Any notice required by this Agreement shall be satisfied by a notice in writing, either delivered personally or sent by regular or certified mail, postage prepaid, and addressed as follows:

District: Coastside County Water District
766 Main Street
Half Moon Bay, CA 94019
Attention: David R. Dickson, General Manager

Applicant: Carnoustie, LLC
2450 South Cabrillo Highway, Suite 250
Half Moon Bay, CA 94019
Attention: Mr. Bruce J. Russell

17. CONSTRUCTION OF AGREEMENT

Both parties have participated in preparing this Agreement. This Agreement shall be construed reasonably and not in favor of or against either party hereto on the grounds that one party prepared the Agreement.

18. ENTIRE AGREEMENT

This Agreement, including the Exhibits which are hereby incorporated by reference, contains the entire agreement between the parties hereto. No oral understandings, statements, promises or inducements contrary to the terms of this Agreement exist.

19. APPLICABLE LAW

This Agreement shall be governed by and construed and enforced in accordance with and subject to the laws of the State of California. Except as expressly provided for herein, this Agreement is not intended to, and does not, modify the District's rights to exercise the legislative discretion accorded to it by the laws of California. Any lawsuit related to this Agreement shall be commenced and prosecuted in the County of San Mateo, State of California.

20. AMENDMENT

Any amendment hereof, including any oral modification allegedly supported by new consideration, shall not be effective unless reduced to a writing signed by both parties.

21. AUTHORIZED SIGNATURE

The individuals whose names are subscribed to this Agreement represent that they are authorized to act on behalf of the party for whom they sign.

22. TIME

Time is of the essence of the Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

COASTSIDE COUNTY WATER DISTRICT

By: _____
President, Board of Directors

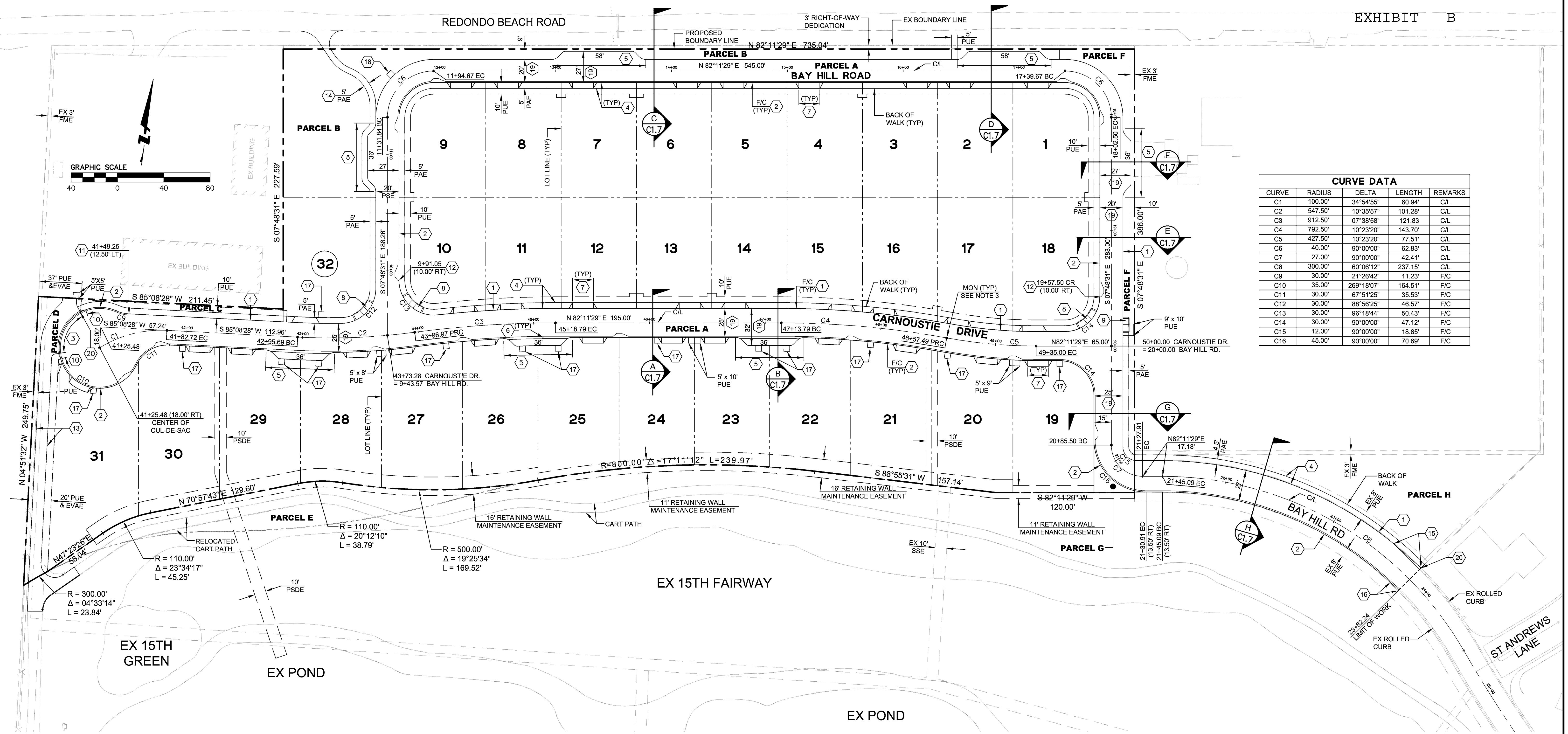
By: _____
Secretary

CARNOUSTIE, LLC

By: WhiteStar Advisors, LLC, its Managing Member

By: _____
Name: James E. Bishop
Its: Managing Director

EXHIBIT B



CURVE DATA				
CURVE	RADIUS	DELTA	LENGTH	REMARKS
C1	100.00'	34°54'55"	60.94'	C/L
C2	547.50'	10°35'57"	101.28'	C/L
C3	912.50'	07°38'58"	121.83'	C/L
C4	782.50'	10°23'20"	143.70'	C/L
C5	427.50'	10°23'20"	77.51'	C/L
C6	40.00'	90°00'00"	62.83'	C/L
C7	27.00'	90°00'00"	42.41'	C/L
C8	300.00'	60°06'12"	237.15'	C/L
C9	30.00'	21°28'42"	11.23'	F/C
C10	35.00'	269°18'07"	164.51'	F/C
C11	30.00'	67°51'25"	35.53'	F/C
C12	30.00'	88°56'25"	46.57'	F/C
C13	30.00'	96°18'44"	50.43'	F/C
C14	30.00'	90°00'00"	47.12'	F/C
C15	12.00'	90°00'00"	18.85'	F/C
C16	45.00'	90°00'00"	70.69'	F/C

HORIZONTAL CONTROL NOTES

1. STATIONING SHOWN IS ALONG STREET CENTERLINE.
2. FOR TYPICAL STREET SECTIONS AND PAVEMENT SECTION, SEE SHEET C1.7.
3. MONUMENTS TO BE INSTALLED PER FINAL MAP.
4. FOR STREET GRADING AND UTILITIES, SEE SHEETS C2.1 THRU C2.8.
5. FOR SIGNING AND STRIPING, SEE SHEET C2.9.
6. SEE SHEETS C2.1 THRU C2.8 FOR ADDITIONAL INFORMATION

HORIZONTAL CONTROL LEGEND

- (1) VERTICAL CURB PER DETAIL 1/C3.1
- (2) CURB AND GUTTER PER DETAIL 2/C3.1
- (3) ROLLED CURB PER DETAIL 3/C3.1. SEE SHEET C2.6 FOR GRADING DETAILS.
- (4) SIDEWALK PER DETAIL 4/C3.1
- (5) PARALLEL PARKING PER DETAIL 5/C3.1
- (6) VALLEY GUTTER AT PARKING BAY PER DETAIL 6/C3.1
- (7) DRIVEWAY APPROACH PER DETAIL 7/C3.1.
- (8) CURB RAMP CASE A PER DETAIL 8/C3.1
- (9) CURB RAMP CASE B PER DETAIL 8/C3.1
- (10) 5' TRANSITION FROM ROLLED CURB TO CURB AND GUTTER PER DETAIL 9/C3.1
- (11) END CURB AND GUTTER. BEGIN VERTICAL CURB.
- (12) END VERTICAL CURB. BEGIN CURB AND GUTTER.
- (13) 10' WIDE MAINTENANCE PATH. SEE SHEET C1.9 FOR DETAILS.
- (14) 5' WIDE PEDESTRIAN PATH. SEE SHEET C1.9 FOR GRADING DETAILS.
- (15) 30' TRANSITION FROM VERTICAL CURB TO EX ROLLED CURB. SEE SHEET C2.5
- (16) 10' TRANSITION FROM CURB AND GUTTER TO EX ROLLED CURB. SEE SHEET C2
- (17) 5'x5' PUE FOR DOMESTIC WATER METER AND FIRE SPRINKLER METER
- (18) 5'x5' PUE FOR IRRIGATION METER
- (19) PRIVATE STREET, PSE, EVAE AND PUE
- (20) BEGIN SIDEWALK

DRAWING NAME: K:\Eng05\057066\DWG\CD\PLOTS\06-C16_CADCHZ.dwg
PLOT DATE: 12-22-08
PLOTTED BY: liuj

NO.	REVISIONS	DESCRIPTION	CITY APPROVAL

BKF
ENGINEERS | SURVEYORS | PLANNERS
4670 WILLOW ROAD, SUITE 250
PLEASANTON, CA 94588-3323
TEL: 925/396-7700
FAX: 925/396-7799



DATE:	DEC. 23, 2008
SCALE:	1" = 40'
DESIGN:	APL
DRAWN:	JL
APPROVED:	DGS
BKF JOB NO.:	20057066-13

HORIZONTAL CONTROL PLAN

**CITY OF HALF MOON BAY
CARNOUSTIE**

SUBMITTED BY: BKF ENGINEERS DATE: _____
APPROVED BY: _____ DATE: _____
_____, CITY ENGINEER

SHEET NO. 6 OF 29 SHEETS SHEET REFERENCE: **C1.6**
CITY OF HALF MOON BAY
DEPARTMENT OF PUBLIC WORKS

FOR REDUCED ENGLISH PLANS ORIGINAL SCALE IS IN INCHES

PERMIT SET 12/23/08

STAFF REPORT

To: Coastside County Water District Board of Directors

From: David Dickson, General Manager

Agenda: February 26, 2009

Report

Date: February 25, 2009

Subject: Strategic Planning Workshop - Funding the District

Workshop Objective: To provide an opportunity for the Board to discuss District finance strategic planning issues.

Key Questions

- **What future rate increases will be necessary for the District to pay its operating costs?**
- **What future rate increases will be required to finance the District's Capital Improvement Program?**
- **What level of long-term borrowing will be necessary for the District to implement its CIP?**
- **What are the District's borrowing options and how do these affect rates?**
- **Should the District establish a rate stabilization reserve?**

Background

At its January 2008 meeting, the Board discussed holding a planning retreat, followed by a series of strategic planning workshops covering the following areas:

- Water Supply
- District Infrastructure
- Funding the District
- District Organization

On March 4, 2008, the Board held a strategic planning retreat facilitated by Jan Perkins of Management Partners, Inc.. Attachment A presents an excerpt from Management Partners' report summarizing finance issues raised by the Board.

Bartle Wells Financing Plan Presentation

At its October 14, 2008 meeting the CCWD Board approved an agreement with Bartle Wells Associates for preparation of a Financing Plan and Water Rate Update. Bartle Wells has completed a Preliminary Financing Plan. Reed Schmidt and Catherine Tseng of Bartle Wells will make a presentation on the preliminary plan as a basis for the Board's discussion of the key questions outlined above.

Slides for the Bartle Wells presentation are included as Attachment B. Attachment C includes, in Tables 1-6, details of the base-case District Financing Plan to be discussed in the presentation.

Attachment A

Excerpt from Final Report of Strategic Planning Workshop, March 4, 2008

Category: Financial Health

Possible Goal Statement: Ensure the long-term financial stability of the District.

1. How should the capital needs of the District be paid for?
 - What sources are available?
 - Should we sell our Main Street property?

2. What should the rates and charges be for current and future water customers?
 - How do the different types of water supply affect rates the District charges?
 - Should owners of unused connections pay a fair share of District costs?
 - Should we have a rate stabilization reserve?
 - What is equitable in terms of allocating costs?
 - How much of the bill should be paid by current customers and how much by future customers?
 - Should there be a stand-by charge for the pre-sold connections?
 - Should water conservation be encouraged through the rate structure?
 - Should rates support capital improvements?

Coastside County Water District

Preliminary Financing Plan

February 26, 2009

Reed Schmidt, Principal Consultant

Catherine Tseng, Financial Analyst



Bartle Wells Associates

Independent Public Finance Advisors

1889 Alcatraz Ave.

Berkeley, CA 94703

www.bartlewells.com



Scope Of Services

- **Develop Financing Plan**
 - **How to finance District's capital improvement plan**
 - **Ten-Year Cash Flow Analysis of Sources and Uses of Funds**
- **Water Rate Update**
 - **Cost of service analysis**
 - **Examine alternative rate designs**
 - **Develop drought rates**



Financial Issues

- **Pay operating costs**
- **Fund 10-year CIP**
- **Balance pay-as-you-go financing with borrowing**
- **Determine annual revenue requirement (cost of service)**
- **Design water rates to recover revenue requirement**
- **Calculate drought rates to encourage water conservation**



Today's Presentation

- **Draft Financing Plan**
 - **Preliminary analysis on how to finance District's capital improvement plan**
 - **Look at ten-year cash flow analysis of sources and uses of funds**
- **Next presentation will examine water rates and look at alternative rate design**



Prudent Financial Standards

- **Operating revenues cover operating expenses**
- **Maintain minimum reserve target (25% of operating revenue)**
- **Establish rate stabilization fund as promised in 2006 pooled borrowing (Section 5.4 of CSCDA Water Revenue Bonds, Series 2006B)**
- **Net revenues are at least 120% of annual debt service (Section 6.8.b)**
 - **Net revenues = total revenues less O&M expenses**
 - **Annual debt service = existing and new debt**



Future Operating Costs

- **2008/09 Budget operating expenses total \$5.5 million**
- **2008/09 operating revenues from the sale of water is \$5.7 million**
- **Expected increases in San Francisco water costs**
- **Expected increases in CCWD's operation and maintenance costs**
- **Expected increases in administrative and general costs**

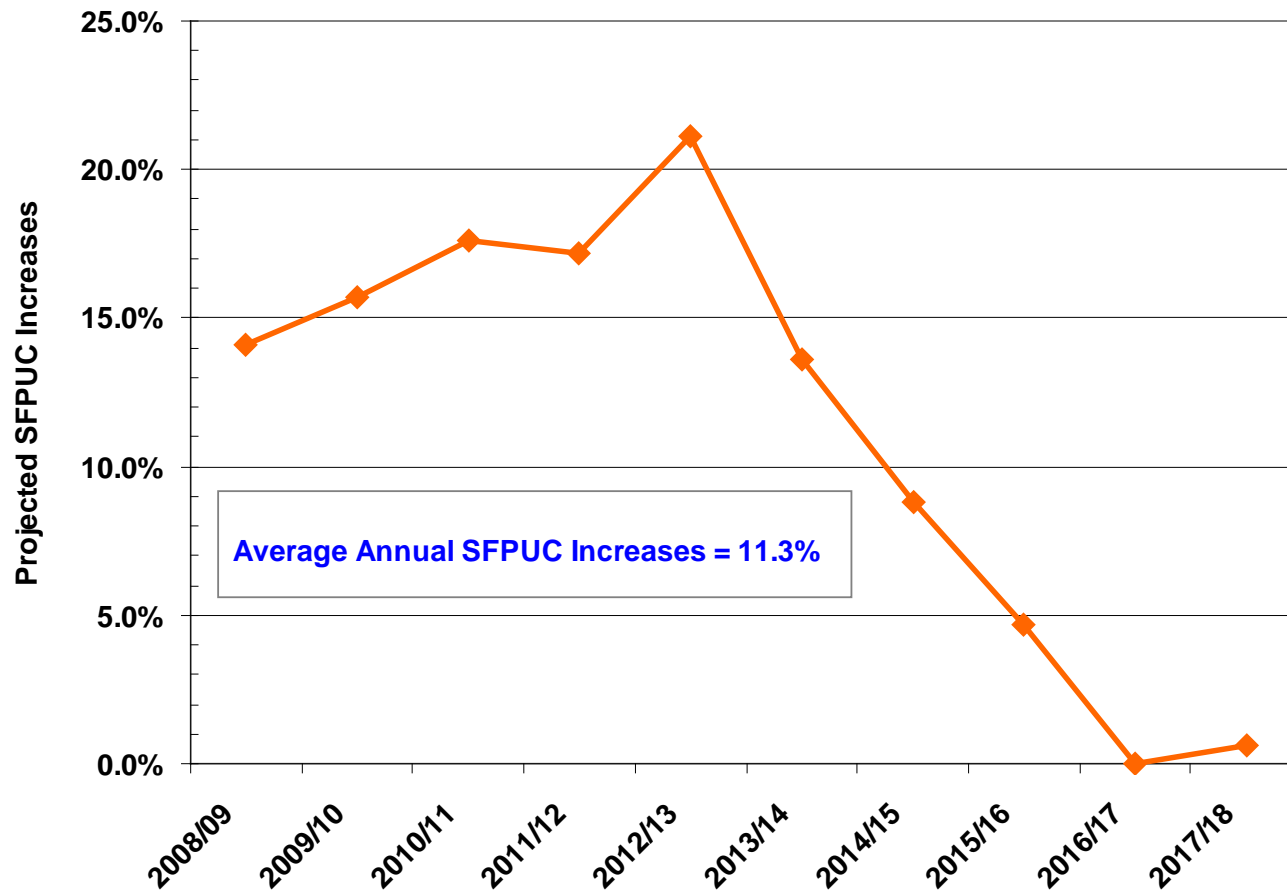


SFPUC Water Purchase Costs 10-year Forecast

FY	SFPUC Increases
2008/09	14.1%
2009/10	15.7%
2010/11	17.6%
2011/12	17.2%
2012/13	21.1%
2013/14	13.6%
2014/15	8.8%
2015/16	4.7%
2016/17	-0.6%
2017/18	0.6%
Average	11.3%



SFPUC Water Purchase Costs 10-year Forecast





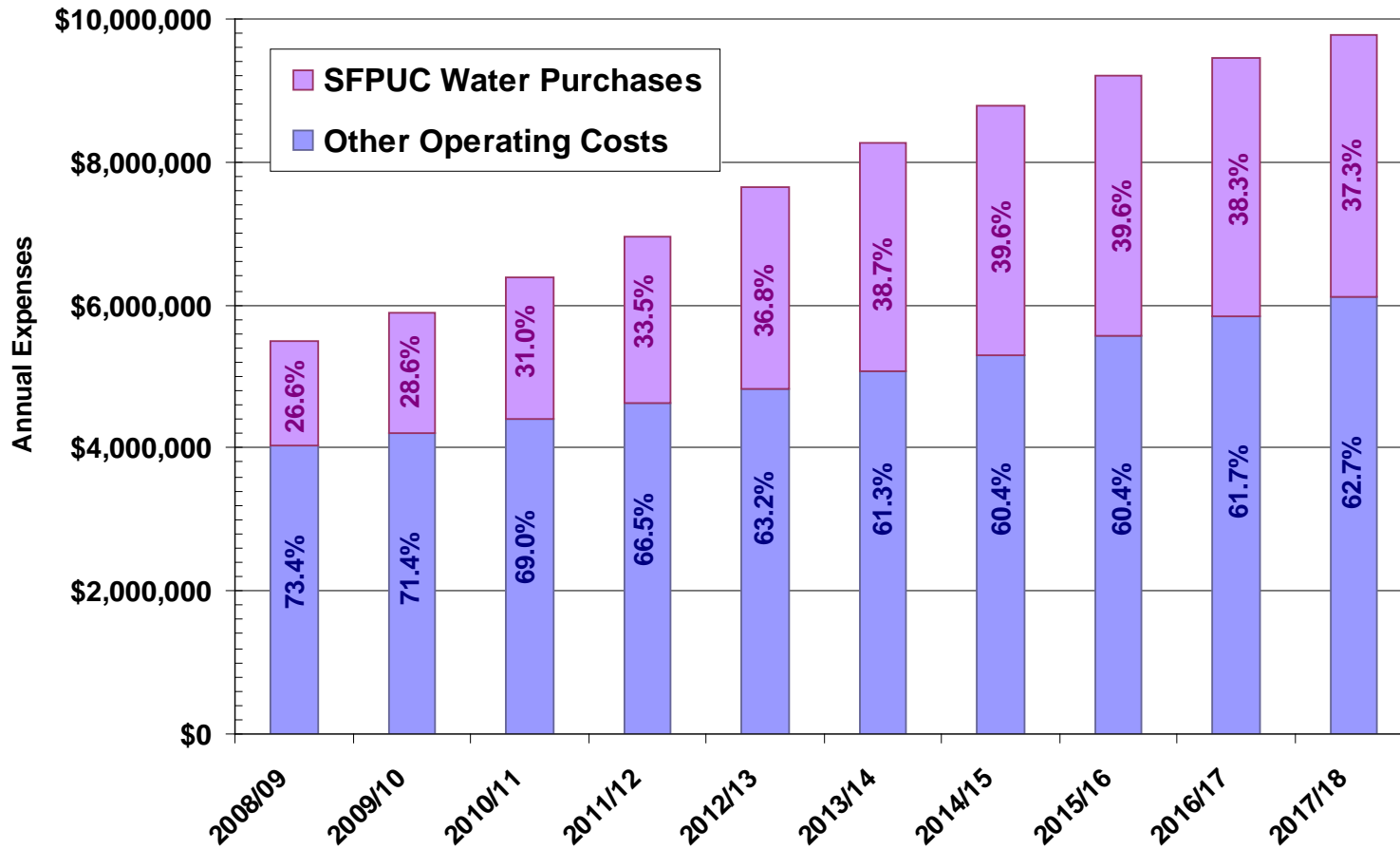
CCWD Operating Costs

10-year Forecast

FY	Annual Operating Expenses	Percent Change
2008/09	\$5,487,340	
2009/10	\$5,903,000	7.6%
2010/11	\$6,397,000	8.4%
2011/12	\$6,946,000	8.6%
2012/13	\$7,654,000	10.2%
2013/14	\$8,267,000	8.0%
2014/15	\$8,792,000	6.4%
2015/16	\$9,211,000	4.8%
2016/17	\$9,460,000	2.7%
2017/18	\$9,768,000	3.3%



CCWD Operating Costs 10-year Forecast



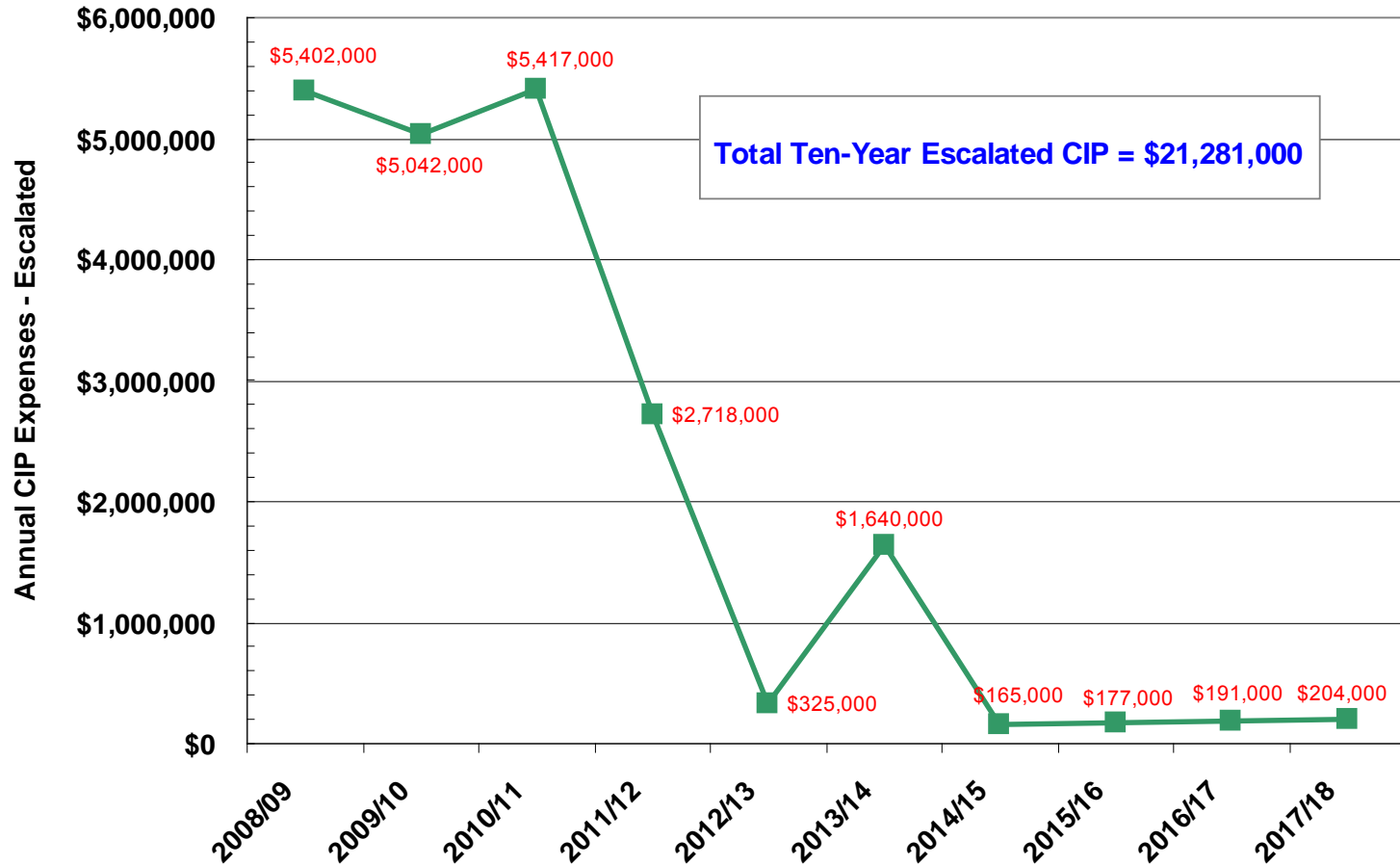


Approved District CIP

FY	Escalated CIP	Percent Change
2008/09	\$5,402,000	
2009/10	\$5,042,000	-6.7%
2010/11	\$5,417,000	7.4%
2011/12	\$2,718,000	-49.8%
2012/13	\$325,000	-88.0%
2013/14	\$1,640,000	404.6%
2014/15	\$165,000	-89.9%
2015/16	\$177,000	7.3%
2016/17	\$191,000	7.9%
2017/18	\$204,000	6.8%



Approved District CIP





Available Cash

- **Total available cash, as of July 1, 2008, is \$6,912,036**
- **Ten years of non-operating revenues \$10,000,000**
- **Ten years of existing debt service \$6,445,000**
- **Ten year CIP capital needs of \$21,281,000**
- **But almost all of CIP occurs in four years, 2008/09 through 2011/12 -- \$18.6 million**



Financing Methods

- **Pay-as-you-go (Cash)**
 - Use of fund reserves
 - Non-operating revenues
 - Revenues from sale of water (operating revenue)
- **Long-term borrowing**
 - Safe Drinking Water – State Revolving Fund Loans
 - Commercial bank loan
 - Revenue-supported pooled financing
- **Grants, such as the federal stimulus program**



Preliminary Financing Plan

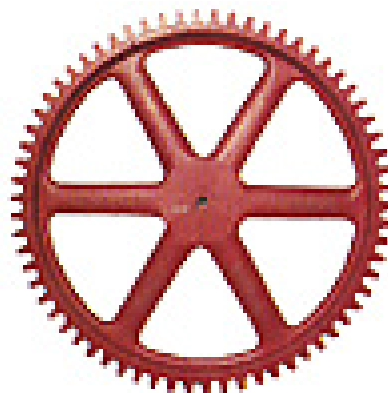
- **Draw down cash fund reserves until meet target (25% of operating revenues)**
- **Use non-operating revenues**
- **Borrow money using Safe Drinking Water State Revolving Fund loans**
 - **Three loans:**
 - **\$4.5 million in 2009/10**
 - **\$4.0 million in 2010/11**
 - **\$2.5 million in 2011/12**
 - **Interest rate = ½ of state G.O. bond rate**
 - **Term 20 years**
 - **Debt service coverage requirement, net revenues are greater than 1.2 times total annual debt service**



Preliminary Rate Impact

- **Annual rate increase over next five years to cover operating costs is around 8%**
- **Require annual rate increase of 4% over next five years for capital project and debt service expenditures**
- **Total annual increases in water operating revenues (rates) is around 12%**

Discussion & Questions



BARTLE WELLS ASSOCIATES
Independent Public Finance Advisors

Table 1
Coastside County Water District - Financing Plan
Operating Expenses

	Budget	Escalation	Estimated								
	2008/09	Factor	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Operating Expenses											
Water Purchased (1)	\$1,460,119	varies	\$1,689,000	\$1,986,000	\$2,328,000	\$2,819,000	\$3,202,000	\$3,484,000	\$3,648,000	\$3,626,000	\$3,648,000
Electricity	363,599	10%	400,000	440,000	484,000	532,000	585,000	644,000	708,000	779,000	857,000
Dennison Water Treatment Plant Maint./Oper.	125,560	5%	132,000	139,000	146,000	153,000	161,000	169,000	177,000	186,000	195,000
Nunes Water Treatment Plant Maint./Oper.	178,100	5%	187,000	196,000	206,000	216,000	227,000	238,000	250,000	263,000	276,000
Crystal Springs Project Water Treatment Plant Maint./Oper.	74,500	5%	78,000	82,000	86,000	90,000	95,000	100,000	105,000	110,000	116,000
Salaries/Administration	1,441,116	4%	1,499,000	1,559,000	1,621,000	1,686,000	1,753,000	1,823,000	1,896,000	1,972,000	2,051,000
Other Expenses	<u>1,844,346</u>	4%	<u>1,918,000</u>	<u>1,995,000</u>	<u>2,075,000</u>	<u>2,158,000</u>	<u>2,244,000</u>	<u>2,334,000</u>	<u>2,427,000</u>	<u>2,524,000</u>	<u>2,625,000</u>
Total Operating Expenses	5,487,340		5,903,000	6,397,000	6,946,000	7,654,000	8,267,000	8,792,000	9,211,000	9,460,000	9,768,000
Increase from prior fiscal year	530,580		415,660	494,000	549,000	708,000	613,000	525,000	419,000	249,000	308,000
Percent increase from prior fiscal year			7.6%	8.4%	8.6%	10.2%	8.0%	6.4%	4.8%	2.7%	3.3%
<u>Difference</u>				78,340	55,000	159,000	-95,000	-88,000	-106,000	-170,000	59,000

(1) Equivalent to 8% of operating expenses.

Source: Coastside County Water District Budget FY 2008/09 and FY 2007/08

SFPUC Projected Increases	14%	15.7%	17.6%	17.2%	21.1%	13.6%	8.8%	4.7%	-0.6%	0.6%
SFPUC Wholesale Water Rate	\$1.43	\$1.66	\$1.94	\$2.26	\$2.73	\$3.08	\$3.33	\$3.47	\$3.61	\$3.75

	% Change	Avg
Water Purchased	14.1%	12.2%
Electricity	16.1%	15.1%
Dennison Water Treatment Plant Maint./Oper.	-9.1%	33.3%
Nunes Water Treatment Plant Maint./Oper.	6.4%	14.1%
Crystal Springs Project Water Treatment Plant Maint./Oper.	243.5%	92.2%
Salaries/Administration	5.4%	5.7%
Other Expenses	10.5%	8.9%

Table 2
Coastside County Water District - Financing Plan
Capital Improvement Program - 2007/08 thru 2017/08

	Budget	Projected									Total
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	
Pipelines	\$250,000	\$402,000	\$873,000	\$1,226,000	\$100,000	\$1,000,000	\$0	\$0	\$0	\$0	\$3,851,000
Water Treatment Plants	228,000	65,500	441,500	72,500	73,500	62,000	33,000	34,000	35,000	36,000	1,081,000
Facilities and Maintenance	327,000	768,000	594,000	540,000	41,000	42,000	43,000	44,000	45,000	46,000	2,490,000
Equipment Purchase and Replacement	572,000	136,000	347,000	118,000	40,000	120,000	41,000	42,000	43,000	43,000	1,502,000
Pump Stations and Tanks	1,298,000	1,082,000	2,324,000	280,000	0	0	0	0	0	0	4,984,000
Dennison WTP	1,758,000	1,860,000	0	0	0	0	0	0	0	0	3,618,000
Nune WTP	809,000			0	0	0	0	0	0	0	809,000
Improvements (UV Disinfection)	10,000	260,000	100,000	0	0	0	0	0	0	0	370,000
Water Supply Development	<u>150,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	150,000
Total Capital Projects	5,402,000	4,573,500	4,679,500	2,236,500	254,500	1,224,000	117,000	120,000	123,000	125,000	18,855,000
Escalated CIP	5,402,000	5,042,000	5,417,000	2,718,000	325,000	1,640,000	165,000	177,000	191,000	204,000	21,281,000

Source: CCWD Budget FY 2008/09. Escalated by BWA by annually 5%.

Table 3
Coastside County Water District - Financing Plan
Financing of Capital Projects - Sources and Uses (SDW-SRF Loans)

SRF LOANS

	Actual 2007/08	Budget 2008/09	Projected								
			2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
SOURCES											
Non-Operating Revenue (1)	1,139,483	\$959,124	\$885,000	\$912,000	\$939,000	\$967,000	\$996,000	\$1,026,000	\$1,057,000	\$1,089,000	\$1,122,000
Cash from Reserves (2)		5,191,556	0	0	0	142,589	1,107,212	0			
Operating Revenues (net)	0	229,557	551,557	651,557	845,557	800,000	1,795,557	1,795,557	1,795,557	1,795,557	1,795,557
Proceeds from Borrowing	0	0	5,000,000	5,000,000	3,000,000	0	0	0	0	0	0
Total Sources	1,139,483	6,380,237	6,436,557	6,563,557	4,784,557	1,909,589	3,898,769	2,821,557	2,852,557	2,884,557	2,917,557
USES											
Capital Projects	937,000	5,402,000	5,042,000	5,417,000	2,718,000	325,000	1,640,000	165,000	177,000	191,000	204,000
Existing Debt	754,243	748,680	757,246	754,811	751,274	746,589	750,769	485,889	482,494	483,553	483,919
New Borrowing											
Commercial Bank Loans	0	0	0	0	0	0	0	0	0	0	0
SDW-SRF Loan (20 years, 2.5%)	0	0	0	322,000	644,000	838,000	838,000	838,000	838,000	838,000	838,000
Total Debt Service	754,243	748,680	757,246	1,076,811	1,395,274	1,584,589	1,588,769	1,323,889	1,320,494	1,321,553	1,321,919
Total Uses	1,691,243	6,150,680	5,799,246	6,493,811	4,113,274	1,909,589	3,228,769	1,488,889	1,497,494	1,512,553	1,525,919
Net Revenues		229,557	637,311	69,746	671,283	0	670,000	1,332,668	1,355,063	1,372,004	1,391,638
Beginning Capital Expenditures (Cash) Reserves (4)	7,818,519	6,912,036	1,720,480	2,357,791	2,427,537	3,098,820	2,956,232	2,519,020	3,851,688	5,206,751	6,578,755
Ending Capital Expenditures (Cash) Reserves	6,912,036	1,720,480	2,357,791	2,427,537	3,098,820	2,956,232	2,519,020	3,851,688	5,206,751	6,578,755	7,970,393
Reserve Fund Target		1,669,005	1,834,889	1,990,139	2,182,639	2,416,639	2,764,639	2,903,389	3,015,889	3,086,139	3,171,389

(1) Non-Operating Revenue includes property taxes, investment income, connection fees, and miscellaneous income. Lose ERAF Refund of \$100,000 in 2009/10

(2) Total Uses less Non-Operating Revenue

Table 4
Coastside County Water District - Financing Plan
Increase in Operating Revenue To Pay For Increases in Operating Expenses

SRF
 LOANS

	<u>2009/10</u>		<u>2010/11</u>		<u>2011/12</u>		<u>2012/13</u>		<u>2013/14</u>		<u>2014/15</u>		<u>2015/16</u>		<u>2016/17</u>		<u>2017/18</u>	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Prior year's operating revenue from water sales	\$5,716,897		\$6,454,557		\$7,048,557		\$7,791,557		\$8,699,557		\$10,062,557		\$10,587,557		\$11,006,557		\$11,255,557	
Increases needed for operating expense	415,660	7.3%	494,000	7.7%	549,000	7.8%	708,000	9.1%	613,000	7.0%	525,000	5.2%	419,000	4.0%	249,000	2.3%	308,000	2.7%
Increases needed for capital	322,000	5.6%	100,000	1.5%	194,000	2.8%	200,000	2.6%	750,000	8.6%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total increases	6,454,557	12.9%	7,048,557	9.2%	7,791,557	10.5%	8,699,557	11.7%	10,062,557	15.7%	10,587,557	5.2%	11,006,557	4.0%	11,255,557	2.3%	11,563,557	2.7%

Table 5
Coastside County Water District - Financing Plan
Net Revenue Available for Capital Expenditures

SRF LOAN

	Budget		Projected							
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Operating revenue from water sales	\$5,716,897	\$6,454,557	\$7,048,557	\$7,791,557	\$8,699,557	\$10,062,557	\$10,587,557	\$11,006,557	\$11,255,557	\$11,563,557
Operating Expenses	5,487,340	5,903,000	6,397,000	6,946,000	7,654,000	8,267,000	8,792,000	9,211,000	9,460,000	9,768,000
Net Available for Capital Plus new debt service	229,557	551,557	651,557	845,557	1,045,557	1,795,557	1,795,557	1,795,557	1,795,557	1,795,557

Table 6
Coastside County Water District - Financing Plan
Debt Service Coverage Calculation

SRF LOAN

	Budget	Estimated								
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Operating Revenue	5,716,897	6,454,557	7,048,557	7,791,557	8,699,557	10,062,557	10,587,557	11,006,557	11,255,557	11,563,557
Non-Operating Revenue	<u>959,124</u>	<u>885,000</u>	<u>912,000</u>	<u>939,000</u>	<u>967,000</u>	<u>996,000</u>	<u>1,026,000</u>	<u>1,057,000</u>	<u>1,089,000</u>	<u>1,122,000</u>
Total Revenue	6,676,021	7,339,557	7,960,557	8,730,557	9,666,557	11,058,557	11,613,557	12,063,557	12,344,557	12,685,557
Total Operating Expenses	5,487,340	5,903,000	6,397,000	6,946,000	7,654,000	8,267,000	8,792,000	9,211,000	9,460,000	9,768,000
Net Revenue for Debt Service Calculation	1,188,681	1,436,557	1,563,557	1,784,557	2,012,557	2,791,557	2,821,557	2,852,557	2,884,557	2,917,557
Debt Service										
Existing Debt	748,680	757,246	754,811	751,274	746,589	750,769	485,889	482,494	483,553	483,919
New Debt	<u>0</u>	<u>0</u>	<u>322,000</u>	<u>644,000</u>	<u>838,000</u>	<u>838,000</u>	<u>838,000</u>	<u>838,000</u>	<u>838,000</u>	<u>838,000</u>
Total Debt Service	748,680	757,246	1,076,811	1,395,274	1,584,589	1,588,769	1,323,889	1,320,494	1,321,553	1,321,919
Debt Service Calculation Minimum 1.20	1.59	1.90	1.45	1.28	1.27	1.76	2.13	2.16	2.18	2.21