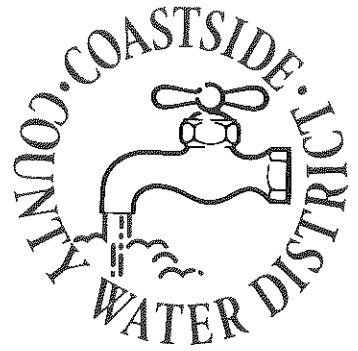


April 15, 2008



San Mateo County LAFCO
455 County Center
Redwood City, CA 94063
Attn. Martha Poyatos, Executive Officer

Re: Municipal Services Review for City of Half Moon Bay
and Unincorporated Midcoast

Dear Ms. Poyatos:

The Board of Directors of the Coastside County Water District appreciates this opportunity to comment on the draft LAFCO Municipal Services Review for the City of Half Moon Bay and Unincorporated Midcoast. LAFCO's statutory mandate is the impetus for the Municipal Services Review. However, we believe that a study of existing public services and infrastructure on the coastside is long overdue. This is the basis for an analysis of organizational options for a comprehensive long-term approach to accommodating future growth, protecting the environment, and ensuring that critical public services and infrastructure are provided efficiently and cost-effectively. Accordingly, we applaud LAFCO's taking the lead in providing our community with this opportunity for critical self-examination.

CCWD's role in this process is limited in accordance with our statutory mandate and policy goal of providing a safe and reliable water supply to meet the current and anticipated needs of the community. Our "community", in the short term, can be defined by existing boundaries and restrictions on our service area imposed as conditions on various infrastructure permits. A long-term vision for the broader community as a whole is more aptly defined by CCWD's sphere of influence and the service area identified in our water supply agreement with SFPUC. To meet the challenges that water agencies in California anticipate in the coming decades, we must also expand the conventional thinking about the role of water districts as domestic water purveyors to include the full range of options provided by our enabling legislation (the County Water District Law, Cal. Water Code §30000, et seq.) to include water reclamation and recycling.

The District's goal is a sustainable, reliable, economical water supply for CCWD's existing customers and future needs. This objective can most effectively be achieved in the long-term by adopting this broader "community" perspective, through an integrated regional water management strategy that includes conservation, water reclamation, and maximizing the use of available local water sources in a manner that respects and protects wildlife and the environment.

The Municipal Services Review will provide an important starting point toward identifying meaningful opportunities for improving and enhancing public services and facilities. The benefits of integrated regional water management planning can be achieved through several means, including but not limited to interagency cooperation, consolidation, annexation, or creation of a joint powers authority. While it would not be particularly difficult to identify and highlight all of the possible physical, fiscal and political hurdles or constraints to any particular approach, we believe such a narrow perspective is short-sighted. The straightforward factual data contained in the draft Municipal Services Review highlights the obvious need for a broader perspective. A regional approach to planning for our community's future needs would have obvious benefits. To name a few:

- Increased midcoast water self-sufficiency through development of local water sources
- More reliable supplies during drought conditions
- Consideration of the interests of all coastside stakeholders
- Better land use planning through the elimination of substandard infrastructure zones
- Adequate flows for fire protection throughout the Coastside
- Reduced dependence on costly outside water sources for all coastside users
- Adequate supplies to meet the needs of current users and to provide for future users in a manner consistent with established planning and development guidelines
- More cost effective provision of services and facilities due to economies of scale
- Rehabilitation or replacement of substandard water facilities throughout the coastside, including eliminating the need for individual wells in urban areas

The evaluation categories contained in the draft Municipal Services Review provide a convenient outline for considering potential opportunities for cooperative infrastructure planning. For example, an evaluation of the feasibility of a regional water recycling project must include a base assessment of system-wide infrastructure needs and deficiencies, an evaluation of growth and population projections throughout the region, and an examination of existing financial conditions and projections which would form the backdrop for such a feasibility study. Considering such a project from a broader perspective would facilitate an examination of potential opportunities for avoiding costs due to service duplication, inefficiencies due to overlapping boundaries, economies of scale, and consolidation of staffing or facilities.

A broader perspective would likewise provide opportunities for more creative and flexible approaches to financing a reclaimed water project to meet the community's water needs. For instance, areas that are currently experiencing critical water supply shortages, but do not have an identified need for reclaimed water, could nonetheless benefit through transfers of water supplies freed up by a coastside water recycling program. Of course, any consideration of such regional opportunities must not only take into account existing

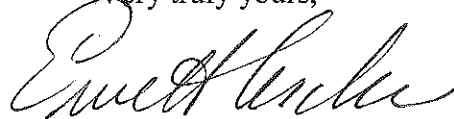
statutory and political constraints, but should also include an open-minded evaluation of the advantages and disadvantages of reorganization or consolidation in order to maximize public agency efficiencies and accountability.

The Board of Directors of the Coastside County Water District is committed to developing and supporting integrated regional water management for the coastside and to creating a truly integrated water supply infrastructure to serve all areas within the District's sphere of influence. We believe that creation of such an integrated water management system would benefit from economies of scale, resulting in lower costs, reduced dependence on imported water supplies, more feasible restoration and reclamation projects in local watersheds and increased fire suppression capabilities.

In conclusion, the data cited in the draft Municipal Services Review makes clear that the existing hodge-podge of agencies and service providers on the coastside may not adequately meet current or anticipated future needs for public services and facilities. However, we also recognize and respect the fact that any effort to reorganize the existing system must be done in accordance with an orderly process and with the support of affected communities and neighborhoods. We stand ready to work cooperatively with our neighboring agencies to identify approaches that will be to all of our residents' collective benefit.

Thank you for your consideration.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Everett Ascher".

Everett Ascher, President,
On behalf of the Board of Directors