

**COASTSIDE COUNTY WATER DISTRICT
766 MAIN STREET
HALF MOON BAY, CA 94019**

MEETING OF THE BOARD OF DIRECTORS

Tuesday, February 8, 2011– 7:00 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) PLEDGE OF ALLEGIANCE**
- 3) PUBLIC COMMENTS**

At this time members of the public may address the Board of Directors on issues not listed on the agenda which are within the purview of the Coastside County Water District. Comments on matters that are listed on the agenda may be made at the time the Board is considering each item. Each speaker is allowed a maximum of three (3) minutes and must complete and submit a speaker slip. The President of the Board will recognize each speaker, at which time the speaker should proceed to the podium, give their name and address and provide their comments to the Board.

4) CONSENT CALENDAR

The following matters before the Board of Directors are recommended for action as stated by the General Manager.

All matters listed hereunder constitute a Consent Calendar, are considered as routine by the Board of Directors, and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

- A. Approval of disbursements for the month ending January 31, 2011: Claims 328,544.91; Payroll: \$ 72,526.31 for a total of \$401,071.22 (**attachment**)
- B. Acceptance of Financial Reports (**attachment**)
- C. Approval of Minutes of the January 11, 2011 Board of Directors Meeting (**attachment**)
- D. Monthly Water Transfer Report (**attachment**)
- E. Installed Water Connection Capacity and Water Meters Report (**attachment**)
- F. Total CCWD Production Report (**attachment**)
- G. CCWD Monthly Sales by Category Report (**attachment**)
- H. January 2011 Leak Report (**attachment**)
- I. Rainfall Reports (**attachment**)
- J. San Francisco Public Utilities Commission Hydrological Conditions Report for January 2011 (**attachment**)
- K. Notice of Completion – Crystal Springs Pump Station Exterior Painting Project (**attachment**)

5) MEETINGS ATTENDED / DIRECTOR COMMENTS

6) GENERAL BUSINESS

- A. Proposal for Assistance with the District's 2010 Urban Water Management Plan (**attachment**)
- B. Resolution 2011-02 – A Resolution of the Board of Directors of the Coastside County Water District Establishing a Money Purchase Retirement Plan (Number 106154) Benefit for District Employees (**attachment**)
- C. Coastside County Water District Fiscal Year 2011-2012 Budget Timeline (**attachment**)
- D. Capital Improvement Program Project Status and Update (**attachment**)
- E. San Francisco Public Utilities Commission (SFPUC) Revised Wholesale Rate Projection (**attachment**)
- F. Update on San Francisco Public Utilities Commission (SFPUC) Untreated Water Rate Study for Coastside County Water District (**attachment**)

7) **GENERAL MANAGER'S REPORT INCLUDING MONTHLY INFORMATIONAL REPORTS (attachment)**

- Water Reclamation Update
- CCWD / MWSD Mutual Interest Committee Meeting

A. Operations Report (attachment)

B. Water Resources Report (attachment)

8) **DIRECTOR AGENDA ITEMS – REQUESTS FOR FUTURE BOARD MEETINGS**

9) **ADJOURNMENT**

<u>Check Number</u>	<u>Vendor No</u>	<u>Vendor Name</u>	<u>Check Date</u>	<u>Void Amount</u>	<u>Check Amount</u>
15603	ALL04	ALLIED WASTE SERVICES #925	01/07/2011	0.00	271.98
15604	ALV01	ALVES PETROLEUM, INC.	01/07/2011	0.00	1,785.27
15605	ASS01	HEALTH BENEFITS AUTHORITY (HBA	01/07/2011	0.00	21,548.50
15606	ATT01	AT&T MOBILTY	01/07/2011	0.00	49.99
15607	COA 15	COASTSIDE NET, INC	01/07/2011	0.00	59.95
15608	HAR03	HARTFORD LIFE INSURANCE CO.	01/07/2011	0.00	1,559.36
15609	KAI01	KAISER FOUNDATION HEALTH	01/07/2011	0.00	9,993.00
15610	OCE04	OCEAN SHORE CO.	01/07/2011	0.00	905.57
15611	PAC01	PACIFIC GAS & ELECTRIC CO.	01/07/2011	0.00	9,293.52
15612	PAC02	PACIFICA CREDIT UNION	01/07/2011	0.00	750.00
15613	PUB01	PUB. EMP. RETIRE SYSTEM	01/07/2011	0.00	16,699.98
15614	VAL01	VALIC	01/07/2011	0.00	1,470.00
15615	PRI01	PRINCETON WELDING , INC.	01/11/2011	0.00	13,000.00
15616	COU05	RECORDER'S OFFICE	01/12/2011	0.00	18.00
15617	COU05	RECORDER'S OFFICE	01/12/2011	0.00	18.00
15618	BRE01	CATHLEEN BRENNAN	01/21/2011	0.00	147.50
15619	HAR03	HARTFORD LIFE INSURANCE CO.	01/21/2011	0.00	1,709.36
15620	MET06	METLIFE SBC	01/21/2011	0.00	1,367.09
15621	PAC02	PACIFICA CREDIT UNION	01/21/2011	0.00	750.00
15622	PUB01	PUB. EMP. RETIRE SYSTEM	01/21/2011	0.00	16,677.69
15623	SAN14	COUNTY OF SAN MATEO	01/21/2011	0.00	2,652.00
15624	TEA02	TEAMSTERS LOCAL UNION #856	01/21/2011	0.00	775.00
15625	VAL01	VALIC	01/21/2011	0.00	1,620.00
15626	ACC05	ACCELERATED RECOVERY	01/25/2011	0.00	153.06
15627	ADP01	ADP, INC.	01/25/2011	0.00	513.20
15628	ADV02	FRANK YAMELLO	01/25/2011	0.00	207.00
15629	AND01	ANDREINI BROS. INC.	01/25/2011	0.00	151.23
15630	ASS04	ASSOC.CALIF.WATER AGENCIES	01/25/2011	0.00	497.75
15631	ASS05	ACWA HEALTH BENEFITS AUTHORITY	01/25/2011	0.00	60.18
15632	ATT02	AT&T	01/25/2011	0.00	1,347.85
15633	ATT03	AT&T LONG DISTANCE	01/25/2011	0.00	84.72
15634	AZT01	AZTEC GARDENS, INC.	01/25/2011	0.00	190.00
15635	BAL04	BALANCE HYDROLOGICS, INC	01/25/2011	0.00	1,730.00
15636	BAR01	BARTKIEWICZ, KRONICK & SHANAHA	01/25/2011	0.00	72.50
15637	BAS01	BASIC CHEMICAL SOLUTION, LLC	01/25/2011	0.00	2,589.05
15638	BAY05	BAY AREA WATER SUPPLY &	01/25/2011	0.00	5,572.25
15639	BAY07	BAY AREA WATER SUPPLY &	01/25/2011	0.00	1,328.36
15640	BFI02	BFI OF CALIFORNIA, INC.	01/25/2011	0.00	130.35
15641	BIG01	BIG CREEK LUMBER	01/25/2011	0.00	48.18
15642	BRE01	CATHLEEN BRENNAN	01/25/2011	0.00	208.50
15643	CAL02	CALIFORNIA WATER AWARENESS CAM	01/25/2011	0.00	1,390.00
15644	CAL08	CALCON SYSTEMS, INC.	01/25/2011	0.00	3,940.00
15645	CAR02	CAROLYN STANFIELD	01/25/2011	0.00	485.00
15646	CIN01	CINTAS FIRST AID & SAFETY	01/25/2011	0.00	628.08
15647	COA 14	COASTSIDE CARPET CLEANERS	01/25/2011	0.00	495.00
15648	COA19	COASTSIDE COUNTY WATER DIST.	01/25/2011	0.00	43.26
15649	COM01	COMMUNICATION LEASING SERVICES	01/25/2011	0.00	791.25
15650	CSG01	CSG SYSTEMS, INC	01/25/2011	0.00	2,172.08
15651	CSI01	CSI SERVICES, INC.	01/25/2011	0.00	4,895.88
15652	DEC01	ANDREW DECKER	01/25/2011	0.00	150.00
15653	EME01	EMERGENCY VEHICLE SOLUTIONS, I	01/25/2011	0.00	989.64
15654	FIR06	FIRST NATIONAL BANK	01/25/2011	0.00	1,257.51
15655	FRI01	FRISCH ENGINEERING, INC	01/25/2011	0.00	7,407.50
15656	GAR07	GARDINI ELECTRIC CO., INC.	01/25/2011	0.00	2,707.00
15657	GRA03	GRAINGER, INC.	01/25/2011	0.00	4,731.01
15658	GRA05	GRANITEROCK	01/25/2011	0.00	449.32
15659	HAC01	HACH CO., INC.	01/25/2011	0.00	105.38
15660	HAL01	HMB BLDG. & GARDEN INC.	01/25/2011	0.00	180.71
15661	HAL04	HALF MOON BAY REVIEW	01/25/2011	0.00	250.00
15662	HAL24	H.M.B.AUTO PARTS	01/25/2011	0.00	227.53
15663	HAN01	HANSONBRIDGETT. LLP	01/25/2011	0.00	5,193.00
15664	IRO01	IRON MOUNTAIN	01/25/2011	0.00	374.97

<u>Check Number</u>	<u>Vendor No</u>	<u>Vendor Name</u>	<u>Check Date</u>	<u>Void Amount</u>	<u>Check Amount</u>
15665	IRV01	IRVINE CONSULTING SERVICES, IN	01/25/2011	0.00	2,330.00
15666	IRV02	IRVINE CONSULTING SERVICES, IN	01/25/2011	0.00	157.05
15667	KNO01	KNOX ASSOCIATES, INC.	01/25/2011	0.00	1,034.64
15668	LOM01	GLENNA LOMBARDI	01/25/2011	0.00	99.00
15669	MCK01	REVA MCKIE	01/25/2011	0.00	150.00
15670	MCT01	MCTV6	01/25/2011	0.00	750.00
15671	MIS01	MISSION UNIFORM SERVICES INC.	01/25/2011	0.00	141.24
15672	MON07	MONTEREY COUNTY LAB	01/25/2011	0.00	3,232.00
15673	OFF01	OFFICE DEPOT	01/25/2011	0.00	749.89
15674	ONL01	ONLINE RESOURCES	01/25/2011	0.00	150.00
15675	ONT01	ONTRAC	01/25/2011	0.00	267.43
15676	PAU01	PAULO'S AUTO CARE	01/25/2011	0.00	18.28
15677	PIT04	PITNEY BOWES	01/25/2011	0.00	231.00
15678	PRY01	PARK UNIVERSITY ENTERPRISES, I	01/25/2011	0.00	199.00
15679	RED04	REDWOOD PAINTING CO, INC	01/25/2011	0.00	22,663.80
15680	RIC01	RICOH AMERICAS CORPORATION	01/25/2011	0.00	746.13
15681	RIC02	RICOH AMERICAS CORP	01/25/2011	0.00	788.15
15682	ROB01	ROBERTS & BRUNE CO. VOID	01/25/2011	8,571.17	0.00
15683	RYA01	RYAN HERCO PRODUCTS CORP	01/25/2011	0.00	254.10
15684	SAN02	SAN MATEO CTY RESOURCE CONSERV	01/25/2011	0.00	25,175.00
15685	SAN03	SAN FRANCISCO WATER DEPT.	01/25/2011	0.00	86,866.70
15686	SAN05	SAN MATEO CTY PUBLIC HEALTH LA	01/25/2011	0.00	480.00
15687	SCP01	SC PROPERTIES	01/25/2011	0.00	35.50
15688	SER03	SERVICE PRESS	01/25/2011	0.00	291.19
15689	SEW01	SEWER AUTH. MID- COASTSIDE	01/25/2011	0.00	570.00
15690	SIE02	SIERRA CHEMICAL CO.	01/25/2011	0.00	5,308.99
15691	STA01	STAT PADS, LLC	01/25/2011	0.00	125.00
15692	TET01	JAMES TETER	01/25/2011	0.00	1,985.89
15693	TUF01	TUFF SHED, INC.	01/25/2011	0.00	5,243.00
15694	TUR04	SUSAN TURGEON	01/25/2011	0.00	67.56
15695	UB*00846	DARIN BINGHAM	01/25/2011	0.00	33.08
15696	UB*00847	COLIN LAVER	01/25/2011	0.00	30.17
15697	UB*00848	SAMUEL MARK PETERMANN	01/25/2011	0.00	21.26
15698	UB*00849	LEAH REID	01/25/2011	0.00	128.78
15699	UB*00850	MARIA RIVAS	01/25/2011	0.00	54.24
15700	UB*00851	CINDY MOLCHANY	01/25/2011	0.00	46.02
15701	UB*00852	SANDRA KREJCI	01/25/2011	0.00	75.00
15702	UB*00853	KONDAUR CAPITAL CORP	01/25/2011	0.00	6.79
15703	UB*00854	TONY FAIAL	01/25/2011	0.00	10.97
15704	UNI02	UNITED RENTALS NORTHWEST, INC	01/25/2011	0.00	545.07
15705	UPS01	UPS STORE	01/25/2011	0.00	80.23
15706	WES11	WEST COAST AGGREGATES, INC.	01/25/2011	0.00	1,234.88
15707	WHE01	VIRGINIA WHELEN	01/25/2011	0.00	195.00
15708	WIM01	JOHN WIMER	01/25/2011	0.00	150.00
15709	ROB01	ROBERTS & BRUNE CO.	01/26/2011	0.00	7,783.02
15710	SAN24	SAN MATEO COUNTY	01/26/2011	0.00	301.35
15711	MER01	BRIAN MERLO	01/28/2011	0.00	868.45

Report Total: 8,571.17 328,544.91

COASTSIDE COUNTY WATER DISTRICT - PERIOD BUDGET ANALYSIS
31-Jan-11

ACCOUNT	DESCRIPTION	CURRENT ACTUAL	CURRENT BUDGET	B/(W) VARIANCE	B/(W) % VAR	YTD ACTUAL	YTD BUDGET	B/(W) VARIANCE	B/(W) % VAR
OPERATING REVENUE									
1-0-4120-00	Water Revenue -All Areas	378,140	376,738	1,402	0.4%	3,572,467	3,906,412	(333,945)	-8.5%
TOTAL OPERATING REVENUE		378,140	376,738	1,402	0.4%	3,572,467	3,906,412	(333,945)	-8.5%
NON-OPERATING REVENUE									
1-0-4170-00	Water Taken From Hydrants	1,055	2,083	(1,028)	-49.4%	12,183	14,583	(2,400)	-16.5%
1-0-4180-00	Late Notice -10% Penalty	3,884	4,167	(282)	-6.8%	33,584	29,167	4,417	15.1%
1-0-4230-00	Service Connections	222	667	(444)	-66.7%	5,006	4,667	340	7.3%
1-0-4920-00	Interest Earned	2,050	6,605	(4,554)	0.0%	5,413	19,814	(14,401)	-72.7%
1-0-4930-00	Tax Apportionments/Cnty Checks	4,827	15,000	(10,173)	-67.8%	364,843	331,000	33,843	10.2%
1-0-4950-00	Miscellaneous Income	10,060	3,083	6,977	226.3%	44,677	21,583	23,093	107.0%
1-0-4955-00	Cell Site Lease Income	9,491	9,276	215	2.3%	66,136	64,932	1,204	1.9%
1-0-4965-00	ERAF REFUND -County Taxes	0	0	0	0.0%	0	0	0	0.0%
TOTAL NON-OPERATING REVENUE		31,590	40,880	(9,290)	-22.7%	531,842	485,746	46,097	9.5%
TOTAL REVENUES		409,730	417,618	(7,889)	-1.9%	4,104,309	4,392,158	(287,848)	-6.6%
OPERATING EXPENSES									
1-1-5130-00	Water Purchased	86,867	87,849	982	1.1%	1,032,745	1,154,121	121,376	10.5%
1-1-5230-00	Pump Exp, Nunes T P	2,157	1,583	(574)	-36.2%	11,890	11,085	(805)	-7.3%
1-1-5231-00	Pump Exp, CSP Pump Station	724	23,400	22,676	96.9%	94,882	223,836	128,954	57.6%
1-1-5232-00	Pump Exp, Trans. & Dist.	443	833	390	46.9%	6,624	10,835	4,211	38.9%
1-1-5233-00	Pump Exp, Pilarcitos Can.	4,108	2,384	(1,724)	-72.3%	6,326	5,068	(1,258)	-24.8%
1-1-5234-00	Pump Exp. Denniston Proj.	1,134	6,000	4,866	81.1%	16,629	23,176	6,547	28.2%
1-1-5235-00	Denniston T.P. Operations	91	2,890	2,799	96.8%	6,383	11,070	4,687	42.3%
1-1-5236-00	Denniston T.P. Maintenance	991	3,167	2,176	68.7%	24,078	22,166	(1,912)	-8.6%
1-1-5240-00	Nunes T P Operations	8,272	5,030	(3,242)	-64.4%	54,024	37,525	(16,499)	-44.0%
1-1-5241-00	Nunes T P Maintenance	1,507	5,000	3,493	69.9%	19,564	23,000	3,436	14.9%
1-1-5242-00	CSP Pump Station Operations	579	712	133	18.7%	4,219	4,960	741	14.9%
1-1-5243-00	CSP Pump Station Maintenance	2,696	4,462	1,766	39.6%	40,654	31,210	(9,444)	-30.3%
1-1-5250-00	Laboratory Services	3,979	5,000	1,021	20.4%	15,427	35,000	19,573	55.9%
1-1-5318-00	Studies/Surveys/Consulting	791	1,833	1,042	56.8%	19,171	12,833	(6,338)	-49.4%
1-1-5321-00	Water Conservation	3,983	7,708	3,726	48.3%	40,515	53,958	13,443	24.9%
1-1-5322-00	Community Outreach	1,084	2,183	1,100	50.4%	5,900	15,283	9,383	61.4%
1-1-5411-00	Salaries & Wages -Field	70,590	71,560	970	1.4%	544,144	536,699	(7,445)	-1.4%
1-1-5412-00	Maintenance -General	7,242	16,042	8,800	54.9%	85,805	112,294	26,489	23.6%
1-1-5414-00	Motor Vehicle Expense	3,071	3,708	637	17.2%	30,043	25,956	(4,087)	-15.7%

ACCOUNT	DESCRIPTION	CURRENT ACTUAL	CURRENT BUDGET	B/(W) VARIANCE	B/(W) % VAR	YTD ACTUAL	YTD BUDGET	B/(W) VARIANCE	B/(W) % VAR
1-1-5415-00	Maintenance -Well Fields	0	500	500	100.0%	0	3,500	3,500	100.0%
1-1-5610-00	Salaries/Wages-Administration	47,144	49,259	2,115	4.3%	356,994	369,443	12,449	3.4%
1-1-5620-00	Office Supplies & Expense	8,905	9,906	1,001	10.1%	71,820	69,344	(2,476)	-3.6%
1-1-5621-00	Computer Services	2,622	4,246	1,624	38.2%	27,816	28,921	1,105	3.8%
1-1-5625-00	Meetings / Training / Seminars	769	1,667	898	53.9%	9,752	11,667	1,915	16.4%
1-1-5630-00	Insurance	35,304	46,158	10,854	23.5%	322,632	328,103	5,470	1.7%
1-1-5640-00	Employees Retirement Plan	32,290	33,676	1,386	4.1%	223,240	252,570	29,330	11.6%
1-1-5645-00	SIP 401K Plan	0	2,500	2,500	100.0%	0	17,500	17,500	100.0%
1-1-5681-00	Legal	3,450	4,750	1,300	27.4%	32,921	33,250	329	1.0%
1-1-5682-00	Engineering	480	1,167	687	58.9%	3,254	8,167	4,913	60.2%
1-1-5683-00	Financial Services	0	0	0	0.0%	15,531	23,250	7,719	33.2%
1-1-5684-00	Payroll Tax Expense	8,956	8,612	(344)	-4.0%	62,087	64,587	2,500	3.9%
1-1-5687-00	Membership, Dues, Subscript.	6,372	7,363	990	13.4%	36,317	37,138	821	2.2%
1-1-5688-00	Election Expenses	0	0	0	0.0%	0	0	0	0.0%
1-1-5689-00	Labor Relations	0	1,000	1,000	100.0%	2,040	7,000	4,960	70.9%
1-1-5700-00	San Mateo County Fees	2,652	0	(2,652)	0.0%	10,805	10,800	(5)	-0.1%
1-1-5705-00	State Fees	0	1,000	1,000	100.0%	18,078	9,500	(8,578)	-90.3%
TOTAL OPERATING EXPENSES		349,252	423,147	73,895	17.5%	3,252,312	3,624,814	372,502	10.3%
CAPITAL ACCOUNTS									
1-1-5711-00	Debt Svc/Existing Bonds 1998A	0	0	0	0.0%	250,235	250,235	0	0.0%
1-1-5712-00	Debt Svc/Existing Bonds 2006B	0	0	0	0.0%	337,431	334,114	(3,317)	-1.0%
TOTAL CAPITAL ACCOUNTS		0	0	0	0.0%	587,666	584,349	3,317	0.6%
TOTAL EXPENSES		349,252	423,147	73,895	0.0%	3,839,978	4,209,163	369,185	8.8%

**COASTSIDE COUNTY WATER DISTRICT
INVESTMENT REPORT
January 31, 2011**

		<i>Restricted</i>	<i>Restricted</i>	<i>Restricted for CSP CIP Projects</i>		
	CASH FLOW & OPERATING RESERVE	EMERGENCY RESERVES	CAPITAL EXPENDITURES	DISTRICT CSP CONTRIBUTION	CSP T&S FEES	TOTAL
DISTRICT BALANCES						
<u>CASH IN FIRST NATIONAL BANK</u>						
OPERATING ACCOUNT			\$1,223,411.09			\$1,223,411.09
CSP T&S ACCOUNT					\$594,063.16	\$594,063.16
TOTAL FIRST NATIONAL BANK	\$0.00	\$0.00	\$1,223,411.09	\$0.00	\$594,063.16	\$1,817,474.25
CASH WITH L.A.I.F	\$298,070.00	\$1,184,396.25	\$2,050.13	\$0.00	\$20,948.16	\$1,505,464.54
UNION BANK - Project Fund Balance			\$0.00			\$0.00
CASH ON HAND	\$1,930.00					\$1,930.00
TOTAL DISTRICT CASH BALANCES	\$300,000.00	\$1,184,396.25	\$1,225,461.22	\$0.00	\$615,011.32	\$3,324,868.79
ASSESSMENT DISTRICT BALANCES						
<u>CASH IN FIRST NATIONAL BANK</u>						
REDEMPTION ACCOUNT		\$ 87,762.15				
RESERVE ACCOUNT (Closed Account 8-4-04)		\$ -				
TOTAL ASSESSMENT DISTRICT CASH		\$ 87,762.15				

This report is in conformity with CCWD's Investment Policy and there are sufficient funds to meet CCWD's expenditure requirements for the next three months.

**COASTSIDE COUNTY WATER DISTRICT
APPROVED CAPITAL IMPROVEMENT PROJECTS
FISCAL YEAR 2010-2011**

1/31/2011

		Approved CIP Budget FY 10/11	Actual To Date FY 10/11	Projected Year-End FY 10/11	Projected vs. Budget Variance	Project Status/ Comments
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PIPELINE PROJECTS

	Small Line Decommission Behind Main Street	\$ 25,000		\$ 25,000	\$ -	Contract Awarded
	Rebuild Harbor 4" Vault	\$ 20,000		\$ 20,000	\$ -	planning

WATER TREATMENT PLANTS

99-05	Denniston Intake Maintenance	\$ 29,000	\$ 25,347	\$ 25,347	\$ 3,653	Denniston dredging project for Year 2010 - Completed
10-03	Nunes- Backwash Variable Rates Prj (design/build)	\$ 25,000	\$ 19,745	\$ 25,000	\$ -	Assembling parts
10-04	Nunes - Floc Drive Repair	\$ 50,000	\$ 44,311	\$ 45,000	\$ 5,000	Drives received and installed. Complete for FY11. New mixers on order for 2012, Project to be complete in FY12
08-05	Nunes WTP - Plant Painting	\$ 12,500		\$ 12,500	\$ -	

FACILITIES & MAINTENANCE

09-07	AMR Program & Fixed Network	\$ 100,000		\$ 50,000	\$ 50,000	Need to present business case to facilities committee and Board
08-08	PRV Valves Replacement Project	\$ 20,000	\$ 13,000	\$ 20,000	\$ -	On-going program
99-01	Meter Change Program	\$ 30,000	\$ 8,776	\$ 30,000	\$ -	On-going program
09-09	Fire Hydrant Replacement	\$ 20,000	\$ 5,621	\$ 20,000	\$ -	Variance due to this project gets done when there is extra time.
09-10	Standardize Chlorine Analyzers at 6 Facilities	\$ 25,000	\$ 8,288	\$ 18,000	\$ 7,000	Purchasing parts and equipment for EG3
09-23	District Digital Mapping	\$ 75,000		\$ 75,000	\$ -	EKI Preparing Scope

EQUIPMENT PURCHASE & REPLACEMENT

99-02	Vehicle Replacement	\$ 20,000	\$ 17,166	\$ 18,000	\$ 2,000	Purchase Complete
99-03	Computer System	\$ 12,000	\$ 4,005	\$ 10,000	\$ 2,000	
99-04	Office Equipment/Furniture	\$ 3,000		\$ -	\$ 3,000	
06-03	SCADA/Telemetry/electrical controls	\$ 550,000	\$ 27,073	\$ 400,000	\$ 150,000	Bid February 2011
	Billing System Upgrade	\$ 75,000	\$ 2,400	\$ 70,000	\$ 5,000	To Be Completed October 2011

PUMP STATIONS / TANKS / WELLS

09-17	Crystal Springs Emergency Generator	\$ 50,000			\$ 50,000	
	MCC Upgrades Denniston PP	\$ 30,000			\$ 30,000	Incorporated into DCWTP Improvements Prj
	Alves Tank - Recoating (Interior & Exterior)	\$ 100,000		\$ 100,000	\$ -	Preparing bid documents
	EG Tank 2 - Recoating (and Ladder)	\$ 200,000		\$ -	\$ 200,000	Preparing bid documents
	EG Tank #2 Pump Station Pump Replacement	\$ 30,000	\$ 23,185	\$ 23,185	\$ 6,815	Complete
	Half Moon Bay Tank #1 (Int & Ext Recoat)	\$ 200,000	\$ 4,896	\$ 300,000	\$ (100,000)	Preparing bid documents
	Miramar Tank Fence upgrade	\$ 8,000		\$ 20,000	\$ (12,000)	

DENNISTON WTP PRIORITY (SHORT-TERM) IMPROVEMENTS

08-19	Denniston Short Term WTP Modifications	\$ 50,000		\$ 50,000	\$ -	Incorporated into DCWTP Improvement Prj
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NUNES WTP PRIORITY (SHORT-TERM) IMPROVEMENTS

08-24	Nunes Short Term WTP Modifications	\$ 1,100,000	\$ 897,908	\$ 900,000	\$ 200,000	100% Complete
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DENNISTON WTP (LONG-TERM) IMPROVEMENTS (MEMBRANE FILTRATION)

**COASTSIDE COUNTY WATER DISTRICT
APPROVED CAPITAL IMPROVEMENT PROJECTS
FISCAL YEAR 2010-2011**

1/31/2011

		Approved CIP Budget FY 10/11	Actual To Date FY 10/11	Projected Year-End FY 10/11	Projected vs. Budget Variance	Project Status/ Comments
08-22	Denniston Pre/Post Treatment Design	\$ 400,000	\$ 189,773	\$ 400,000	\$ -	Design in progress

WATER SUPPLY DEVELOPMENT

09-21	Reclamation Project Planning	\$ 100,000		\$ -	\$ 100,000	Timing of expenditures difficult to estimate due to slow progress in reaching agreement with SAM for recycling.
09-22	Water Supply Alternatives Evaluation	\$ 100,000	\$ 74,697	\$ 100,000	\$ -	Cost to date includes work on NPS-POST Denniston land transfer. Projected includes Urban Water Management Plan

FY 10-11 TOTALS \$ 3,459,500 \$ 1,366,190 \$ 2,712,032 \$ 702,468

FY 09/10 CIP Projects - paid in FY 10/11

1125-02	Retention - Filter Media - Denniston		\$ 8,511	\$ 8,511	\$ (8,511)	Project completed FY09-10.
1118-12	CSP Exterior Painting Project		\$ 23,463	\$ 2,500	\$ (2,500)	
1121-51	Miramar Tank Recoating Project (retention)		\$ 28,054	\$ 28,045	\$ (28,045)	Project completed FY09-10.
1121-53	Pilarcitos Canyon Blending Station		\$ 29,185	\$ 130,000	\$ (130,000)	Original budget \$150K. FY09-10 expenditure of \$13,700

PREVIOUS YEAR TOTALS \$ 89,213 \$ 169,056 \$ (169,056)

NON-BUDGETED ITEMS (CAPITAL EXPENDITURES) FOR CURRENT FISCAL YEAR 010/11

1118-12	New Check Scanner for Office		\$ 2,716	\$ 2,716	\$ (2,716)	
1118-03	Outback Brush Cutter		\$ 2,512	\$ 2,512	\$ (2,512)	
1118-13	Base Station for Shop		\$ 2,501	\$ 2,501	\$ (2,501)	
1128-03	El Granada Pipeline - Phase III		\$ 428	\$ 428	\$ (428)	
1121-58	Railroad Pipeline Replacment		\$ 9,726	\$ 663	\$ (663)	
1121-59	Terrace Ave Service Connection Replacement		\$ 7,276	\$ 83,000	\$ (83,000)	
1120-07	Denniston Booster Pump		\$ 2,748	\$ 5,000	\$ (5,000)	
1121-62	New Pilarcitos Well		\$ 3,055	\$ 3,055	\$ (3,055)	
1118-09	Nunes - Chemtrac Systems Streaming Current		\$ 11,000	\$ 11,000	\$ (11,000)	
1127-06	Denniston Intake Failure 2010		\$ 8,472	\$ 50,000	\$ (50,000)	
1118-11	Denniston Discharge Station		\$ 7,286	\$ 10,000	\$ (10,000)	

NON-BUDGETED TOTALS \$ 57,720 \$ 170,875 \$ (170,875)

CIP TOTALS \$ 3,459,500 \$ 1,513,123 \$ 3,051,963 \$ 362,537

**Legal Cost Tracking Report
12 Months At-A-Glance**

**Acct. No.5681
Patrick Miyaki - HansonBridgett, LLP
Legal**

Month	Admin (General Legal Fees)	Recycle Water Analysis	Water Supply Develpmnt	Transfer Program	CIP	Water Conservation	Personnel	Lawsuits	Infrastructure Project Review (Reimbursable)	TOTAL
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Feb-10	5,334	754		78		2,663				8,829
Mar-10	7,316	79			4,210	236				11,840
Apr-10	7,219	262			3,563	236			131	11,411
May-10	8,056									8,056
Jun-10	4,937			183	3,275	52	863		917	10,228
Jul-10	8,138		3,458	393						11,989
Aug-10	7,161		5,383	2,305			3,698			18,547
Sep-10	2,384		4,768	1,284			464			8,900
Oct-10	5,450		1,258	1,886	183					8,777
Nov-10	3,066		1,336	288			1,551			6,241
Dec-11	2,358		419	1,427			3,104		52	7,361
Jan-11	3,450		419	983	341					5,193

TOTAL	64,868	1,095	17,042	8,828	11,572	3,187	9,679	0	1,100	117,371
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**Engineer Cost Tracking Report
12 Months At-A-Glance**

**Acct. No. 5682
JAMES TETER
Engineer**

Month	Admin & Retainer	Phase 3 EG Pipeline	CIP	Short Term WTP Imprv.	Studies & Projects	TOTAL	Reimbursable from Projects
Feb-10	1,137			3,320	1,909	6,366	1,909
Mar-10	1,144		1,577	581		3,302	
Apr-10	848			1,411	332	2,591	332
May-10	480		4,048	1,909		6,437	
Jun-10	1,015		2,709	1,743		5,467	
Jul-10	649			1,859	3,924	6,432	3,924
Aug-10	480			169		649	
Sep-10	480		5,333			5,813	
Oct-10	480		6,446	761		7,687	
Nov-10	565		4,688	1,135		6,388	
Dec-11	120			1,099		1,219	
Jan-11	480			709	797	1,986	
TOTAL	7,877	0	24,801	14,695	6,962	54,335	6,165

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS

Tuesday, January 11, 2011 - 7:00 p.m.

- 1) **ROLL CALL** - President Feldman called the meeting to order at 7:00 p.m. Present at roll call: Director Ken Coverdell, Vice-President Jerry Donovan, Directors Jim Larimer and Chris Mickelsen.

Also present were: David Dickson, General Manager; Patrick Miyaki, Legal Counsel; Joe Guistino, Superintendent of Operations; Cathleen Brennan, Public Outreach/Program Development/Water Resources Analyst; JoAnne Whelen, Administrative Assistant/Recording Secretary; and Gina Brazil, Office Manager.

- 2) **PLEDGE OF ALLEGIANCE**

- 3) **PUBLIC COMMENTS** - There were no public comments

- 4) **CONSENT CALENDAR**

- A. Approval of disbursements for the month ending December 31, 2010: Claims: \$555,883.07; Payroll: \$ 73,329.13 for a total of \$629,212.20
- B. Acceptance of Financial Reports
- C. Approval of Minutes of the December 14, 2010 Board of Directors Meeting
- D. Installed Water Connection Capacity and Water Meters Report
- E. Total CCWD Production Report
- F. CCWD Monthly Sales by Category Report
- G. December 2010 Leak Report
- H. Rainfall Reports
- I. San Francisco Public Utilities Commission Hydrological Conditions Report for December 2010

Vice-President Donovan reported that he had reviewed the monthly financial claims and found all to be in order.

ON MOTION BY Director Larimer and seconded by Vice-President Donovan, the Board voted as follows, by roll call vote, to accept the Consent Calendar in its entirety:

Director Coverdell	Aye
Vice-President Donovan	Aye
Director Larimer	Aye
Director Mickelsen	Aye
President Feldman	Aye

5) MEETINGS ATTENDED/DIRECTORS COMMENTS

President Feldman provided a report on the recent telephone conference with the Association of California Water Agencies, (ACWA) Region 5 Board members, in which they discussed future events, including the May 22nd and 23rd 2011 Board meeting, networking reception and tour of the Freeport Regional Water Facility near Sacramento and another event planned for mid-September in the San Luis Obispo area. He advised that ACWA is currently putting an emphasis on enhancing new association memberships and the statewide water bond, slated for the 2012 ballot.

6) GENERAL BUSINESS

A. Fiscal Year 2010-2011 Mid-Year Financial Review

Mr. Dickson summarize the mid-year review, examined details of the water sales revenue and non-operating revenue, and advised the Board that the District's current overall revenue is approximately 3.7% better than the budget. Additionally he reviewed the factors affecting the District's operating expenses, including a decrease in water purchased from San Francisco Public Utilities Commission (SFPUC) attributed to lower demand and a decrease in Crystal Springs Pump Station costs due to the District's ability to continue utilizing the Pilarcitos water source. He reported that the District's net income, or contribution to the Capital Improvement Program and reserves was \$642,000, about \$455,000 or 243% better than the plan, which is largely due to the recent sale of the non-priority water service connections. Mr. Dickson also reviewed the Production by Fiscal Year chart, which illustrated the production trend and informed the Board that the District will need to take these factors into account in developing its long-term budget and capital plan.

Director Coverdell stated that he thought it was important to point out that if you deduct the \$428,000 figure received from the sale of the water service connections to well owners, the District is still showing a well-balanced budget. Mr. Dickson answered a few questions from the Board and a brief discussion ensued about the anticipated increase in SFPUC water rates and the impact on the District's budget.

B. Appointment of Coastside County Water District Board Member Representative and alternate(s) to participate in San Mateo County Local Agency Formation Commission (LAFCo) election of officers

Mr. Dickson explained that this is a District housekeeping item and that it is based on LAFCo's recommendation that standing voting representatives be designated in case a special district selection committee is called due to a vacancy and the District's presiding officer is unavailable. The Board briefly discussed and agreed that they would like to continue the tradition of appointing the District's Board President as the designated representative with all other Directors being named as alternates.

ON MOTION BY Director Coverdell and seconded by Director Mickelsen, the Board voted as follows, by roll call vote, to designate President Feldman as the District's voting representative to participate in the San Mateo County Local Agency Formation Commission election of officers, followed by the designation of Vice-President Donovan, and Directors Coverdell, Larimer and Mickelsen to serve as alternates :

Director Coverdell	Aye
Vice-President Donovan	Aye
Director Larimer	Aye
Director Mickelsen	Aye
President Feldman	Aye

C. Coastside County Water District Advisory Committees

Mr. Dickson referenced the current Advisory Committee list and reported that typically, with the District's change in officers, the Board reviews the advisory committee assignments. He also advised that past District practice has established that committee appointments are the prerogative of the Board President.

President Feldman stated that he would like to make the following reassignments to the District's advisory committees: (1) Vice-President Donovan would take President Feldman's place on the District's Water Quality Committee to serve with Director Mickelsen; (2) Vice-President Donovan would also take President Feldman's place and work with Director Mickelsen on the District's Water Resources Committee; and (3) Vice-President Donovan would replace Director Coverdell to serve on the District's Facilities Committee, along with Director Larimer. President Feldman also advised that as Board President, he would serve as the District's representative to the California Special District Association.

D. Agreement with Kennedy/Jenks Consultants for Denniston Intake Piping Design

Mr. Dickson referenced an earlier report to the Board, regarding the November 30, 2010 incident where a threaded joint in the 12-inch ductile iron intake piping at the Denniston Water Treatment Plant broke while an employee was working on the piping. Mr. Dickson advised that staff is recommending that Kennedy/Jenks be retained to design the replacement piping, including its penetration through the wall of the building and the anchors and the restraints necessary to counter the forces placed on the piping by high operating pressures. Discussion ensued with Mr. Dickson addressing the Board's questions and concerns.

ON MOTION BY Director Coverdell and seconded by Director Mickelsen, the Board voted as follows, by roll call vote, to authorize staff to execute an agreement with Kennedy/Jenks Consultants to design modifications to the Denniston Water Treatment Plant intake piping for a time and materials cost of \$21,560.00:

Director Coverdell	Aye
Vice-President Donovan	Aye
Director Larimer	Aye
Director Mickelsen	Aye
President Feldman	Aye

E. Resolution Adopting Policy and Rules and Regulations for Purchase of Non-Priority Water Service Connections

Mr. Dickson relayed the background of this matter, referencing the October 12, 2010 CCWD Board of Directors meeting where staff first

described the preliminary concepts for a program to re-purchase uninstalled non-priority water service connections. He outlined some of the key elements of the proposed program as stated in the proposed Resolution 2011-01.

The Board discussed various options, including the number of connections to be purchased, the purchase price, and the duration of the purchase program.

ON MOTION BY Director Coverdell and seconded by Director Mickelsen, the Board voted as follows, by roll call vote, to approve Resolution 2011-01 Adopting Policy and Rules and Regulations for Purchase of a maximum of twenty (20) Non-Priority Water Service Connections with a time limit of one calendar from this date, or January 11, 2012:

Director Coverdell	Aye
Vice-President Donovan	Aye
Director Larimer	Aye
Director Mickelsen	Aye
President Feldman	Aye

F. Denniston/San Vicente Project Timeline

Mr. Dickson stated that one of the primary goals of the District's long-term capital program is to complete improvements at the facilities in the Denniston and San Vicente watersheds in order to maximize reliable yields in the future. He proceeded to review the District's key objectives, as well as the significant risks and challenges they present. He also reviewed the elements contained in the Denniston/San Vicente timeline, including the water rights license, the permits required, the budgets, schedules, commitments, and processes involved with proceeding with the necessary improvements. Brief discussion ensued, with Mr. Dickson answering questions from the Board.

G. Discussion of Possible Revisions to Policies and Procedures for Award of Contract

Mr. Dickson referenced the District's current policy stated in Resolution 2006-05 and reviewed some outlined items the Board should take into account if considering any revisions to the existing policy. Board

discussion ensued with each of the Directors sharing their opinions on the District's current policy.

Mr. Miyaki provided clarification on the District's current policy and reviewed elements of California Government Code Section 4526 governing procurement of architectural, landscape architectural, engineering, construction project management, and other services. He answered the Board's questions by providing further details of the law and how it applies to the District.

President Feldman commented that he felt this was a thorough discussion of this agenda item and overall confirmed the majority of the Board's confidence in the current policy.

7) GENERAL MANAGER'S REPORT INCLUDING MONTHLY INFORMATIONAL REPORTS

- **Water Reclamation Update** - Mr. Dickson noted that there was no indication of any progress toward water reaching agreement with Sewer Authority Mid-Coastside, nearly one year after the CCWD Board approved the principles of agreement..
- **SFPUC Rate Study** - Mr. Dickson advised the Board that the District is continuing to work with SFPUC staff to comply with the process the Water Supply Agreement requires in order to implement the CCWD raw water discount.
- **SFPUC Interim Supply Allocations** - Mr. Dickson reported that recently the SFPUC approved the Interim Supply Allocations (ISA) for the wholesale agencies. He stated that the District's ISA was set at 2.18 million gallons per day, equal to the District's Individual Supply Guarantee.

A. Operations Report

Mr. Guistino referenced his monthly report and highlighted a few accomplishments, including receiving the 90% design documents from Kennedy/Jenks for the Short Term Improvements and Treatment Upgrade Project, updates to the District's Backflow Program, and recent work to prepare for the upcoming coating and repairs to several District

water storage tanks. He also informed the Board that the California Department of Public Health had completed their annual inspection of the Nunes Water Treatment Plant earlier in the day and that the letter containing the results of the inspection would be shared with the Board at the February 2011 Board meeting.

B. Water Resources Report

Ms. Brennan updated the Board on the status of the Urban Water Management Plan, including some of the recent law changes to the Plan requirements.

8) DIRECTOR AGENDA ITEMS - REQUESTS FOR FUTURE BOARD MEETINGS

9) ADJOURNMENT

ON MOTION BY Director Larimer and seconded by Director Mickelsen, the Board voted as follows to adjourn the January 11, 2011 meeting of the Coastside County Water District's Board of Directors:

Director Coverdell	Aye
Vice-President Donovan	Aye
Director Larimer	Aye
Director Mickelsen	Aye
President Feldman	Aye

The meeting was adjourned at 9:20 p.m. The next meeting of the Coastside County Water District's Board of Directors is scheduled for Tuesday, February 8, 2011.

Respectfully submitted,

David R. Dickson, General Manager
Secretary of the Board

Robert C. Feldman, President
Board of Directors

STAFF REPORT

To: Coastside County Water District Board of Directors

From: David Dickson, General Manager

Agenda: February 8, 2011

Report

Date: January 12, 2011

Subject: Monthly Water Transfer Report

Recommendation:

None. For Board information purposes only.

Background:

At the December 10, 2002 Board meeting and November 18, 2003 Special Board meeting, the Board made several changes to the District's water transfer policy. One of the changes directed the General Manager to approve routine water transfer applications that met the District's criteria as embodied in Resolution 2002-17 and Resolution 2003-19. The General Manager was also directed to report the number of water transfers approved each month as part of the monthly Board packet information.

Since the previous Board meeting in December 2010, two partial capacity, non-priority transfer applications were approved for .5 – 5/8" (10 gpm) each. A spreadsheet reporting these transfers follows this report as well as the approvals from Patrick Miyaki and the confirmation letters from Glenna Lombardi.

APPROVED WATER TRANSFERS FOR THE 2011 CALENDAR YEAR

DONATING APN	RECIPIENT APN	PROPERTY OWNERS	# OF CONNECTIONS	DATE
048-266-040	056-081-360	Beuth, TR to Rodrigues TR	.5---5/8" non-priority	Jan-11
048-266-040	056-055-200/210	Beuth, TR to Hernandez	.5--5/8" non-priority	Jan-11

Memorandum

VIA ELECTRONIC MAIL

TO: Glenna Lombardi

FROM: Patrick T. Miyaki

DATE: January 10, 2011

**RE: Applications to Transfer Uninstalled Non-Priority Water Service Connections
from Leonard Beuth Trust Property**

Glenna, I reviewed the two Applications to transfer one-half of a 5/8-inch uninstalled non-priority water service connection from Leonard Beuth Trust (APN 048-266-040) to each of the following:

1. Paulo and Karen Rodrigues Trust (APN 056-081-360); and
2. Marcos and Esther Hernandez (APN 056-055-200/210)

These Applications are generally in order and satisfy the requirements of the District's General Regulations Regarding Water Service, Section U, Transfer of Uninstalled Water Service Connection Rights.

Please do not hesitate to contact me if you have any questions or want to discuss this matter in more detail.

cc: David Dickson

January 12, 2011

Leonard Beuth, TR
411 Vetter Lane
Arroyo Grande, CA 93420

Paulo & Karen Rodrigues, TRS
686 Terrace Avenue
Half Moon Bay, CA 94019

RE: Request to Transfer a Partial Capacity Uninstalled Non-Priority Crystal Springs Project Water Service Connection

Dear Property Owners:

We are pleased to confirm that the Coastside County Water District has **approved** your request to transfer .5---5/8" (10 gpm) uninstalled, non-priority Crystal Springs Project water service connection. The result of this transfer, and another transfer simultaneously approved and documented in a separate letter, is as follows:

- **APN 048-266-040** has no present right to a water service connection from the Coastside County Water District; and
- **APN 056-081-360** now has .5---5/8" (10 gpm) uninstalled non-priority water service connection assigned to it from the Crystal Springs Project. *Note: APN 056-081-360 already had a one—5/8" (20 gpm) non-priority water connection assigned to it from the Crystal Springs Project. With approval of this transfer, Property #2 now has an upgraded capacity of one---3/4" (30 gpm).*

Please be advised that the City Council of the City of Half Moon Bay has taken the position that the transfer of a water service connection meets the definition of "development" so as to require a coastal development permit from the City. Applicants are advised to investigate this issue further with the Half Moon Bay Planning Department if applicable. The Coastside County Water District, in approving this application, does not make any representations or warranties with respect to further permits or approvals required by other governmental agencies, including the City of Half Moon Bay.

Sincerely,

Glenna Lombardi

Cc: David Dickson, General Manager

January 12, 2011

Leonard Beuth, TR
411 Vetter Lane
Arroyo Grande, CA 93420

Marcos & Esther Hernandez
419 Grand Boulevard
Half Moon Bay, CA 94019

RE: Request to Transfer a Partial Capacity Uninstalled Non-Priority Crystal Springs Project Water Service Connection

Dear Property Owners:

We are pleased to confirm that the Coastside County Water District has **approved** your request to transfer .5---5/8" (10 gpm) uninstalled, non-priority Crystal Springs Project water service connection. The result of this transfer, and another transfer simultaneously approved and documented in a separate letter, is as follows:

- **APN 048-266-040** has no present right to a water service connection from the Coastside County Water District; and
- **APNS 056-055-200 & 056-055-210** now have .5---5/8" (10 gpm) uninstalled non-priority water service connection assigned to them from the Crystal Springs Project. *Note: APNS 056-055-200 & 056-055-210 already had a one—5/8" (20 gpm) non-priority water connection assigned to it from the Crystal Springs Project. With approval of this transfer, Property #2 now has an upgraded capacity of one---3/4" (30 gpm).*

Please be advised that the City Council of the City of Half Moon Bay has taken the position that the transfer of a water service connection meets the definition of "development" so as to require a coastal development permit from the City. Applicants are advised to investigate this issue further with the Half Moon Bay Planning Department if applicable. The Coastside County Water District, in approving this application, does not make any representations or warranties with respect to further permits or approvals required by other governmental agencies, including the City of Half Moon Bay.

Sincerely,

Glenna Lombardi

Cc: David Dickson, General Manager

COASTSIDE COUNTY WATER DISTRICT
Installed Water Connection Capacity & Water Meters

2011

Installed Water Connection Capacity	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Total
HMB Non-Priority													
0.5" capacity increase													
5/8" meter													0
3/4" meter													0
2" meter													
HMB Priority													
0.5" capacity increase													
5/8" meter													0
3/4" meter													0
1" meter													0
1 1/2" meter													
2" meter													
County Non-Priority													
5/8" meter	3												3
3/4" meter													0
1" meter													0
County Priority													
5/8" meter													0
3/4" meter													0
1" meter													0
Monthly Total	3	0	0	0	0	0	0	0	0	0	0	0	3

5/8" meter = 1 connection
 3/4" meter = 1.5 connections
 1" meter = 2.5 connections
 2" meter = 8 connections

Installed Water Meters	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Totals
HMB Non-Priority													0
HMB Priority													0
County Non-Priority	3												3
County Priority													0
Monthly Total	3	0	0	0	0	0	0	0	0	0	0	0	3

TOTAL CCWD PRODUCTION (MG) ALL SOURCES- FY 2011

	PILARCITOS WELLS	PILARCITOS LAKE	DENNISTON WELLS	DENNISTON RESERVOIR	CRYSTAL SPRINGS RESERVOIR	RAW WATER TOTAL	UNMETERED WATER	TREATED TOTAL
JUL	0.00	57.55	1.04	2.07	15.12	75.78	-0.21	75.99
AUG	0.00	41.40	0.80	3.03	18.17	63.40	1.06	62.35
SEPT	0.00	22.17	1.36	3.63	34.64	61.80	1.34	60.46
OCT	0.00	38.13	0.00	0.00	23.69	61.82	0.05	61.77
NOV	8.08	41.38	0	0.00	0.00	49.46	0.71	48.75
DEC	7.69	35.52	0	0.00	0.00	43.21	0.419	42.79
JAN	13.73	28.22	0	0.00	0.00	41.95	0.034	41.92
FEB								
MAR								
APR								
MAY								
JUN								
TOTAL	29.50	264.37	3.20	8.73	91.62	397.42	3.399	394.02
% TOTAL	7.4%	66.5%	0.8%	2.2%	23.1%	100.0%	0.86%	99.1%

12 Month Running Treated Total 664.28

TOTAL CCWD PRODUCTION (MG) ALL SOURCES- FY 2010

	PILARCITOS WELLS	PILARCITOS LAKE	DENNISTON WELLS	DENNISTON RESERVOIR	CRYSTAL SPRINGS RESERVOIR	RAW WATER TOTAL	UNMETERED WATER	TREATED TOTAL
JUL	0.00	1.78	0.00	1.27	90.10	93.15	0.42	92.73
AUG	0.00	0.00	0.00	0.00	82.30	82.30	0.33	81.97
SEPT	0.00	0.00	0.00	0.00	78.74	78.74	-0.07	78.81
OCT	0.00	0.00	0.00	0.00	60.48	60.48	-0.26	60.74
NOV	5.14	0.00	0.69	2.85	48.00	56.68	-0.15	56.83
DEC	7.93	0.00	0.6	3.07	40.13	51.73	-0.185	51.92
JAN	9.51	6.60	0.00	0.00	25.35	41.46	0.19	41.27
FEB	9.93	30.99	0.00	0.00	0.00	40.92	-0.29	41.21
MAR	11.65	37.69	0.00	0.00	0.00	49.34	1.16	48.18
APR	0.00	52.741	1.92	5.55	0.18	60.39	0.64	59.75
MAY	0.00	46.00	1.47	5.43	0.31	53.21	0.90	52.32
JUN	0.00	49.53	1.61	5.29	13.06	69.49	0.69	68.80
TOTAL	44.16	225.33	6.29	23.46	438.65	737.89	3.37	734.52
% TOTAL	6.0%	30.5%	0.9%	3.2%	59.4%	100.0%	0.46%	99.5%

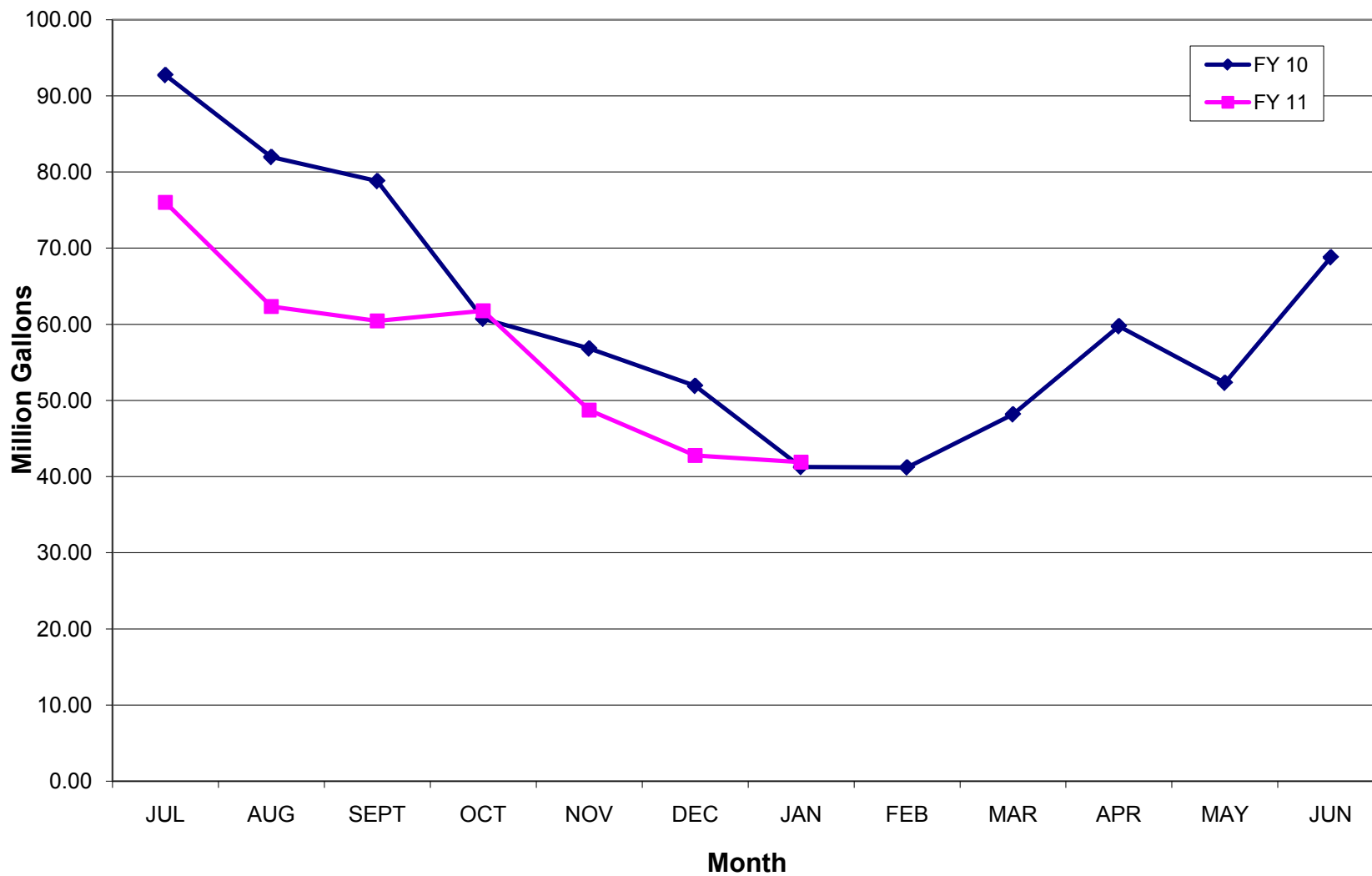
COASTSIDE COUNTY WATER DISTRICT

Predicted vs Actual Production - All Sources

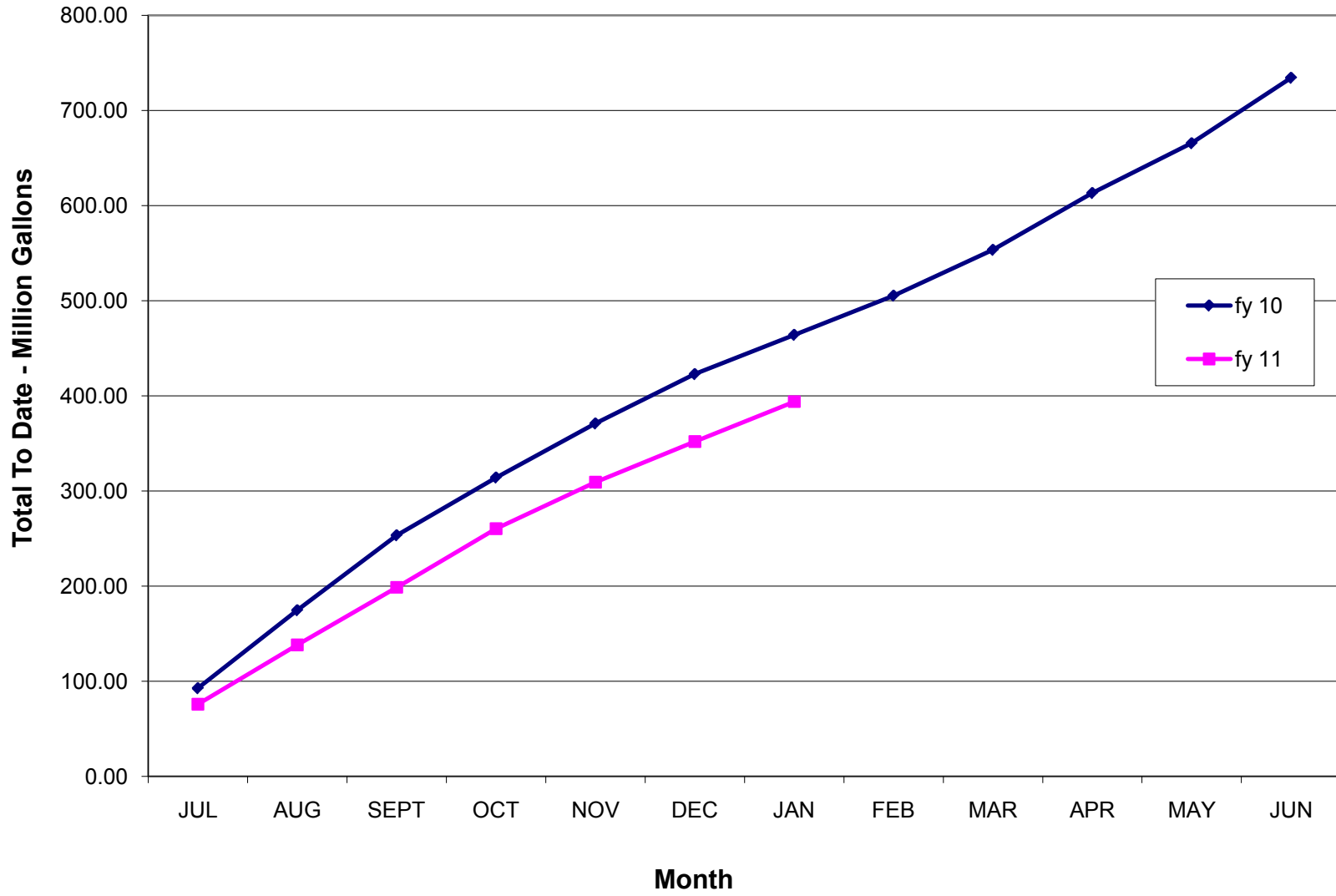
	Denniston Surface			Denniston Wells			Pilarcitos Wells			Pilarcitos Surface			SFWD CSP			SFWD Total	
	Actual MG	Predicted MG	pred-act	Actual MG	Predicted MG	pred-act	Actual MG	Predicted MG	pred-act	Actual MG	Predicted MG	pred-act	Actual MG	Predicted MG	pred-act	Actual MG	Predicted MG
Jul-10	2.07	6.22	4.15	1.04	2.06	1.02	0.00	0.00	0.00	57.55	0.00	-57.55	15.12	85.08	69.96	72.67	85.08
Aug-10	3.03	0.00	-3.03	0.80	0.00	-0.80	0.00	0.00	0.00	41.40	0.00	-41.40	18.17	90.94	72.77	59.57	90.94
Sep-10	3.63	0.00	-3.63	1.36	0.00	-1.36	0.00	0.00	0.00	22.17	0.00	-22.17	34.64	74.14	39.50	56.81	74.14
Oct-10	0.00	4.34	4.34	0.00	2.01	2.01	0.00	0.00	0.00	38.13	0.00	-38.13	23.69	72.22	48.53	61.82	72.22
Nov-10	0.00	4.26	4.26	0.00	1.81	1.81	8.08	7.97	-0.11	41.38	0.00	-41.38	0.00	43.45	43.45	41.38	43.45
Dec-10	0.00	4.28	4.28	0.00	1.94	1.94	7.69	10.96	3.27	35.52	0.00	-35.52	0.00	37.93	37.93	35.52	37.93
Jan-11	0.00	0.00	0.00	0.00	0.00	0.00	13.73	11.62	-2.11	28.22	31.91	3.69	0.00	0.00	0.00	28.22	31.91
Feb-11																0.00	38.27
Mar-11																0.00	18.18
Apr-11																0.00	31.64
May-11																0.00	56.09
Jun-11																0.00	45.60
MG Totals	8.73	19.10	10.37	3.20	7.82	4.62	29.50	30.55	1.05	264.37	31.91	-232.46	91.62	403.76	312.14	355.99	625.45

	Actual non SFPUC	Predicted non SFPUC	Actual SFPUC	Predicted SFPUC	TOTAL	Actual	Predicted	Pred-act
% Total	41.43	57.47	355.99	435.67	397.42	493.14	95.72	
	10.42%	11.65%	89.58%	88.35%				

Monthly Production FY10 vs. FY11



Cumulative Production FY10 vs. FY11



**Coastside County Water District Monthly Sales By Category (MG)
FY 2011**

	JUL	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	MG to Date
RESIDENTIAL	27.995	53.667	25.593	47.825	22.275	29.933	19.546						226.83
COMMERCIAL	6.625	1.341	6.030	1.516	5.531	1.014	5.232						27.29
RESTAURANT	3.245	0.282	2.994	0.294	2.646	0.192	2.598						12.25
HOTELS/MOTELS	3.691	2.239	3.483	2.085	2.621	1.274	2.717						18.11
SCHOOLS	1.334	1.347	1.378	1.132	0.373	0.432	0.364						6.36
MULTI DWELL	3.136	2.895	3.050	3.116	2.361	2.290	2.735						19.58
BEACHES/PARKS	0.902	0.113	0.889	0.083	0.462	0.009	0.218						2.68
FLORAL	7.238	7.186	7.566	5.095	4.724	4.320	2.099						38.23
RECREATIONAL	0.040	0.232	0.032	0.207	0.020	0.147	0.028						0.71
MARINE	0.987	0.000	1.055	0.000	0.871	0.000	1.197						4.11
IRRIGATION	12.096	9.452	8.749	9.672	0.159	0.703	0.103						40.93
Portable Meters	0.000	0.408	0.000	0.382	0.000	0.175	0.000						0.97
TOTAL - MG	67.29	79.16	60.82	71.41	42.04	40.49	36.84	0.00	0.00	0.00	0.00	0.00	398.05

Running 12 Month 1

636.86

**Coastside County Water District Monthly Sales By Category (MG)
FY 2010**

	JUL	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	MG to Date
RESIDENTIAL	29.420	55.001	29.038	48.765	22.031	34.135	20.466	32.739	17.123	32.307	21.012	40.874	382.91
COMMERCIAL	6.815	1.275	6.710	1.512	5.317	1.047	5.336	1.055	5.677	1.046	5.353	1.197	42.34
RESTAURANT	3.196	0.337	3.279	0.313	2.527	0.272	2.192	0.239	2.512	0.206	2.651	0.268	17.99
HOTELS/MOTELS	4.721	2.061	4.029	1.735	3.473	1.291	2.699	1.872	2.512	1.444	3.186	1.940	30.96
SCHOOLS	2.884	1.989	1.966	1.490	1.079	0.525	0.347	0.233	0.367	0.352	0.548	1.126	12.91
MULTI DWELL	2.872	3.378	3.531	2.424	2.055	2.254	2.431	1.722	2.215	2.008	1.656	3.296	29.84
BEACHES/PARKS	1.049	0.146	1.180	0.074	0.563	0.014	0.436	0.004	0.599	0.022	0.669	0.011	4.77
FLORAL	13.865	7.366	9.049	7.344	8.228	5.018	5.243	6.738	7.648	8.280	8.995	7.819	95.59
RECREATIONAL	0.070	0.260	0.080	0.194	0.026	0.203	0.025	0.228	0.018	0.181	0.026	0.217	1.53
MARINE	0.966	0.000	1.233	0.000	1.184	0.000	0.975	0.000	0.779	0.000	0.743	0.000	5.88
IRRIGATION	17.384	15.809	11.340	8.194	3.227	3.234	0.120	0.653	0.046	0.652	0.070	5.187	65.92
Portable Meters	0.000	1.739	0.000	1.676	0.000	1.563	0.010	0.070	0.000	0.117	0.000	0.310	5.49
TOTAL - MG	83.24	89.36	71.44	73.72	49.71	49.56	40.28	45.55	39.50	46.62	44.91	62.25	696.12

Running 12 Month 1

696.12

Coastside County Water District Monthly Leak Report

Date	Location	Pipe size/Type	Est. Water Loss (Gallons)*	Repair Material	Material Cost	Employee hours	Manpower and Equipment Costs	Total Costs
1/6/2011	846 Columbus St. El Granada	1" Plastic Service	1,500	40'- 1" copper 2- 3/4" 90° Comp. 3- 3/4" Angle Stops 6'- 3/4" copper 1- 1 X 3/4" Tee 1-3/4" Meter Check 1-3/4" MxComp Adt. 4 tons of rock 1/2 ton of Cut back 1-1" 90 comp. 1-1" Flare X Comp.	\$245.76 \$47.46 \$153.82 \$27.81 \$35.44 \$34.54 \$12.12 \$53.23 \$50.92 \$20.38 \$24.16 Total \$705.64	Men/ Hours 3Men/4 hour	\$1,300	\$2,005.64
1/6/2011	608 San Benito HMB	3/4" Galv. s Service	300	1-1/2x1-1/4" reduc. 1-1/4x3/4" reduc. 3/4" curb stop 6"x 3/4" nipple.	\$14.52 \$11.35 \$19.62 \$10.00 Total \$55.49	Men/ Hours 3 Men/2 hours	\$700	\$755.49
1/27/2011	1378 Columbus St. El Granada	1" Plastic Service	1100	3'- 1" copper 1-1" Brass 90 1" Comp Nut 1 ton of rock	\$18.43 \$20.28 \$11.21 \$13.30 Total \$52.01	Men/ Hours 3men/6hours	\$2,000	\$2,052.01
1/28/2011	175 EG BLVD El Granada	6" Cast Iron Pipe	10,000	30" full circle 5 tons of rock 1 ton cut back	\$373.66 \$53.88 \$104.48 Total \$532.02	Men/ Hours 5 men/ 7 hours	\$3,000	\$3,532.02
1/29/2011	607 Santiago Ave El Granada	3/4" Plastic Service	5000	12"-3/4" Copper 3/4" comp copper 3/4" comp nut 1 ton rock .5 ton cut back	\$4.63 \$13.47 \$11.20 \$15.26 \$104.48 Total \$149.04	Men/ Hours 3 Men/ 5 hours	1700	\$1,849.04
					Total \$0.00			\$0.00
					Total \$0.00			\$0.00

staff \$50/hr
backhoe \$50/hr
dumptruck \$50/hr

service truck \$50/hr
pickup truck \$25/hr
supervisor truck \$25/hr

supvisor time \$75/hr

*includes 1,000 gallons for mains to daylight plus 1,000 gallons to flush mains or 100 gallons to flush services

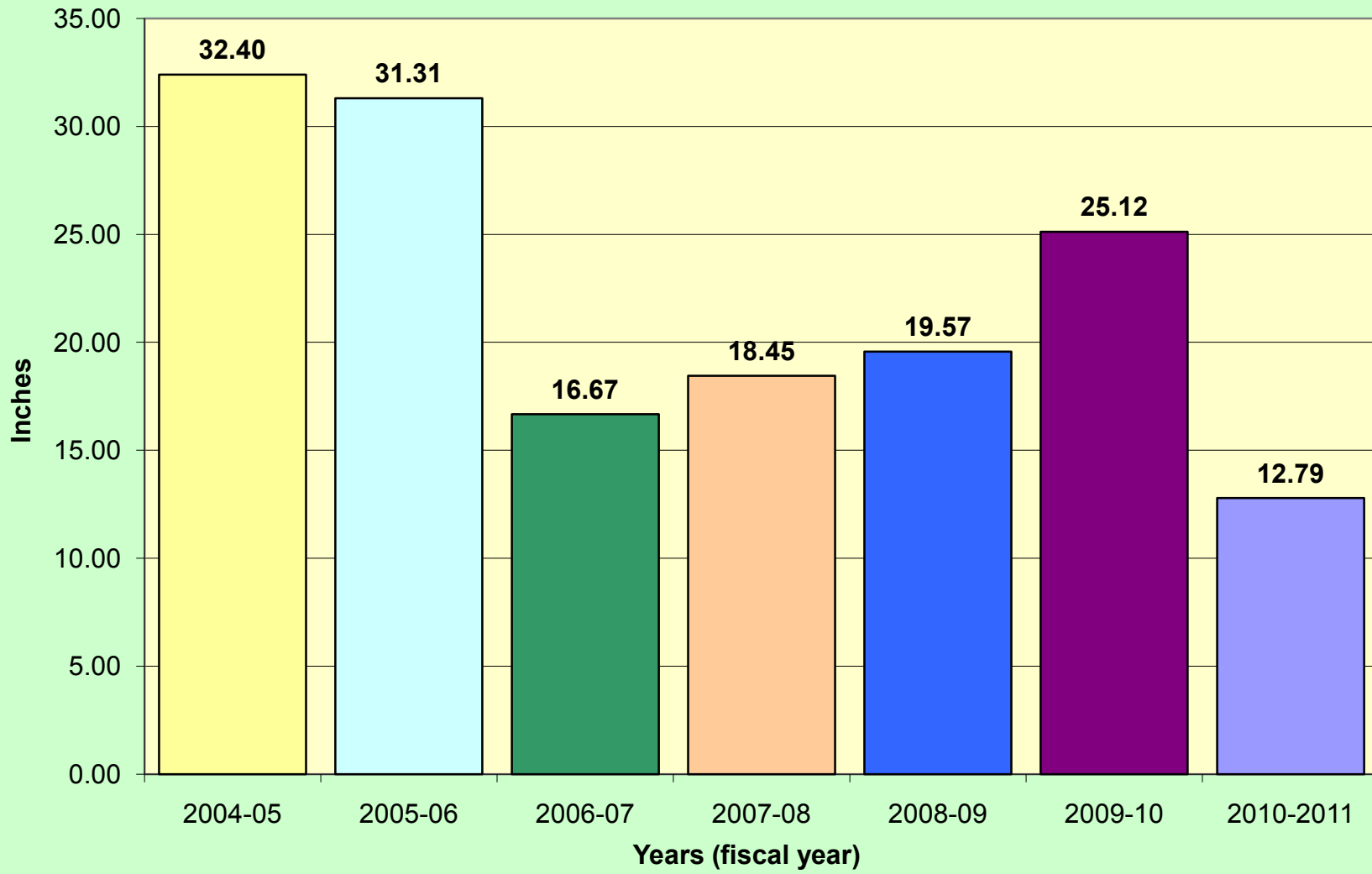
Total Person Hours	93	Total Water Loss	0.0179 MG
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Coastside County Water District
 766 Main Street
 July 2010 - June 2011

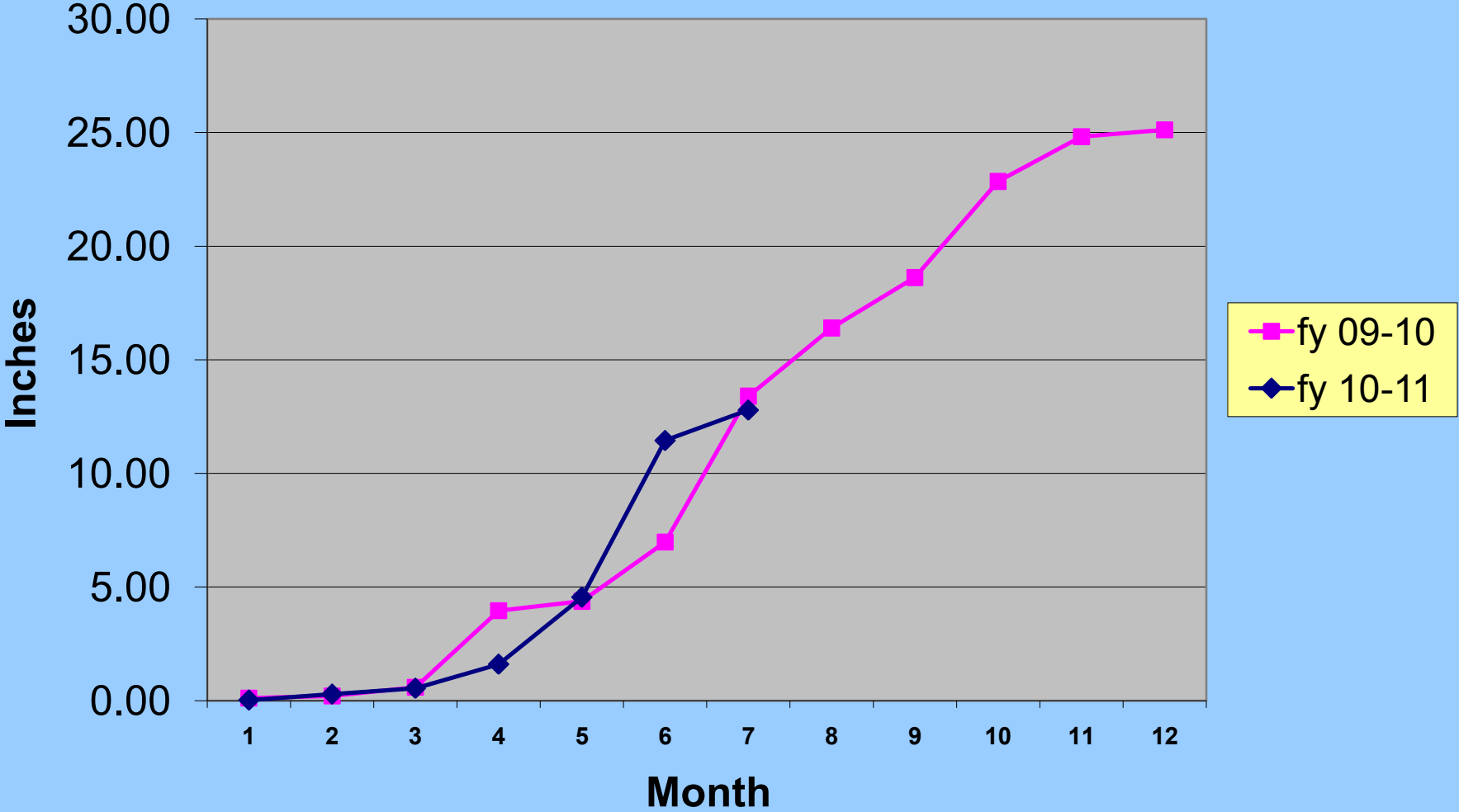
District Office
 Rainfall in Inches

	2010						2011					
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June
1	0	0	0	0	0.01	0	0.17					
2	0	0.01	0	0	0	0	0.37					
3	0	0.01	0	0	0.01	0	0					
4	0	0.01	0	0	0	0.03	0					
5	0	0.03	0	0	0.01	0.35	0					
6	0	0.02	0	0	0	0.07	0					
7	0	0.02	0.07	0	0.77	0	0					
8	0	0.02	0.03	0.01	0.01	0.95	0					
9	0	0.01	0	0	0.1	0.04	0					
10	0	0.01	0	0	0.14	0.07	0					
11	0	0.02	0	0	0	0.01	0.04					
12	0	0.01	0.01	0	0	0.01	0					
13	0	0.02	0	0	0	0	0.21					
14	0	0	0	0	0	0.31	0.01					
15	0	0	0.03	0	0	0.01	0					
16	0	0.01	0	0.01	0	0.04	0.01					
17	0	0.01	0.03	0.11	0.01	0.35	0.01					
18	0	0	0.04	0	0.01	0.51	0					
19	0	0	0.02	0	0.41	1.42	0					
20	0	0.02	0	0.01	0.5	0.05	0					
21	0	0.01	0	0	0.17	0.19	0					
22	0	0	0.01	0.07	0.03	0.21	0					
23	0	0	0	0.13	0.33	0.01	0					
24	0	0	0	0.57	0	0	0					
25	0	0	0	0.01	0	0.82	0					
26	0	0	0	0	0	0	0					
27	0	0	0	0	0.43	0.01	0					
28	0	0	0	0	0	1.28	0					
29	0	0	0.01	0.09	0.01	0.16	0.04					
30	0.01	0.01	0.01	0.05	0	0	0.47					
31	0.01	0.01		0		0	0.01					
Mon.Total	0.02	0.26	0.26	1.06	2.95	6.90	1.34	0.00	0.00	0.00	0.00	0.00
Year Total	0.02	0.28	0.54	1.60	4.55	11.45	12.79	12.79	12.79	12.79	12.79	12.79

Rain Totals



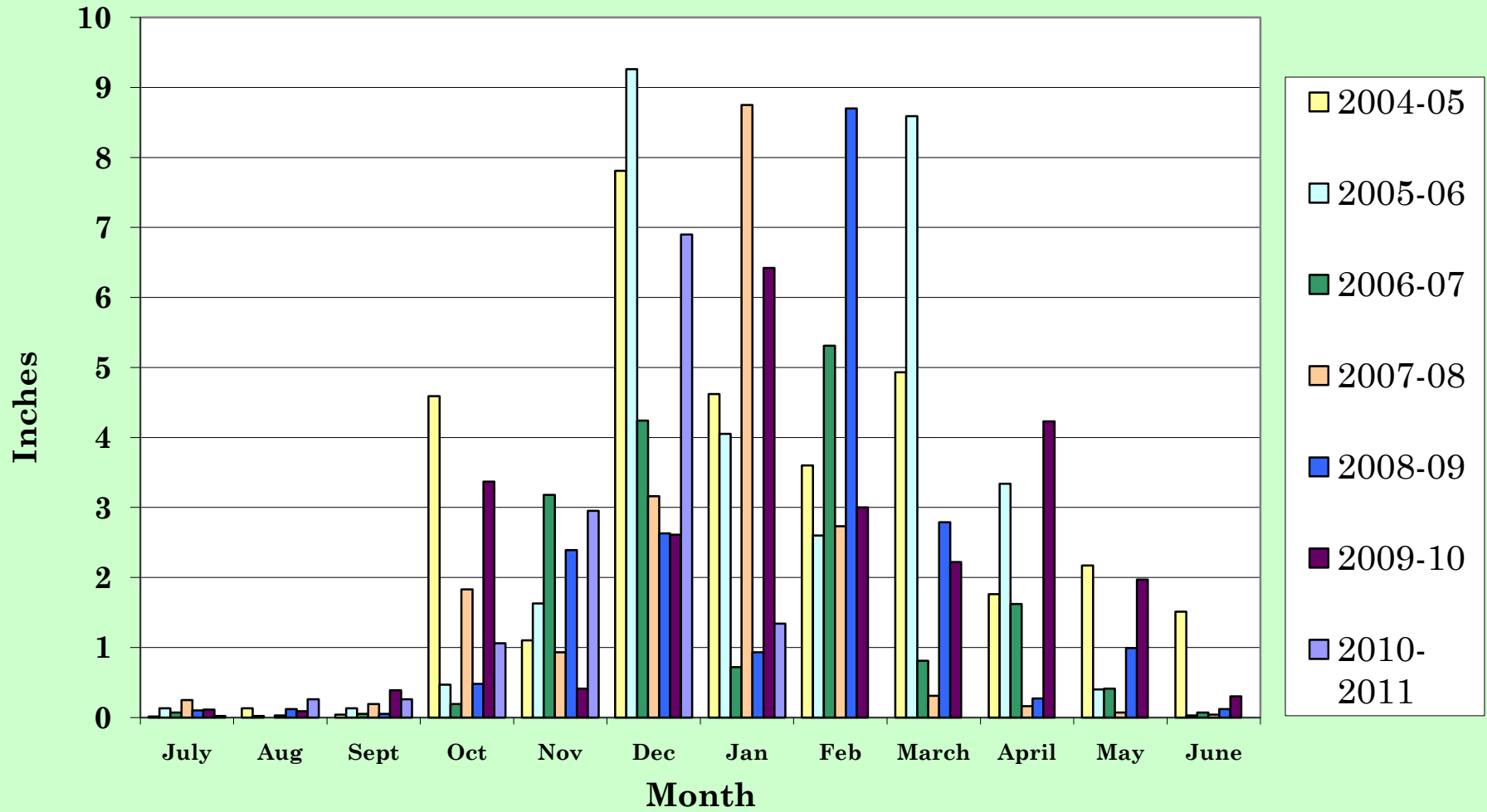
Rainfall Totals fy 10-11



Coastside County Water District

Rainfall by Month

July '10 thru Jun '11



MONTHLY CLIMATOLOGICAL SUMMARY for JAN. 2011

NAME: CCWD1 CITY: STATE:
 ELEV: 0 ft LAT: LONG:

TEMPERATURE (°F), RAIN (in), WIND SPEED (mph)

DAY	MEAN TEMP	HIGH	TIME	LOW	TIME	HEAT DEG DAYS	COOL DEG DAYS	RAIN	AVG WIND SPEED	HIGH	TIME	DOM DIR
1	52.9	57.2	12:30p	49.0	3:30a	12.1	0.0	0.17	3.6	20.0	4:00a	ESE
2	51.5	54.6	2:30p	47.2	9:30p	13.5	0.0	0.37	3.1	20.0	1:00a	NNE
3	49.2	55.3	3:30p	44.1	8:30a	15.8	0.0	0.00	2.8	15.0	1:00p	NNE
4	49.1	56.3	4:00p	44.2	6:30a	15.9	0.0	0.00	3.0	14.0	12:00p	NNE
5	49.7	56.4	3:30p	45.2	8:00a	15.9	0.0	0.00	5.2	21.0	12:30p	NNE
6	49.7	56.2	2:22p	44.7	10:52p	15.3	0.0	0.00	5.5	22.0	8:22a	NNE
7	44.9	52.7	2:22p	40.2	7:52a	20.1	0.0	0.00	3.4	20.0	9:22a	N
8	47.7	56.1	1:22p	40.9	11:52p	17.3	0.0	0.00	1.8	16.0	11:22a	N
9	42.4	50.3	2:52p	36.6	11:22p	22.6	0.0	0.00	2.4	15.0	8:52a	NNE
10	44.3	51.5	1:52p	36.1	2:52a	20.7	0.0	0.00	3.9	25.0	10:22a	NNE
11	48.8	54.7	11:22a	44.8	5:22a	16.2	0.0	0.04	2.3	14.0	12:52a	N
12	54.2	61.9	1:22p	49.8	8:22a	10.8	0.0	0.00	1.3	11.0	7:52a	N
13	54.8	60.3	3:22p	48.2	1:52a	10.2	0.0	0.21	0.2	7.0	4:52a	N
14	54.9	62.1	2:52p	50.4	11:22p	10.1	0.0	0.01	1.5	18.0	10:22a	N
15	57.3	71.0	1:52p	49.1	1:52a	8.2	0.4	0.00	1.1	16.0	10:52a	N
16	53.3	63.0	2:52p	46.4	7:22a	11.7	0.0	0.01	0.3	12.0	4:52p	WNW
17	53.2	62.1	10:52a	49.0	2:52a	11.8	0.0	0.01	0.5	10.0	3:22p	WSW
18	56.3	66.8	3:22p	49.3	11:52p	8.9	0.2	0.00	2.4	15.0	11:22a	N
19	52.9	62.6	1:52p	46.4	11:22p	12.1	0.0	0.00	1.3	14.0	12:52p	NNW
20	57.4	65.5	2:52p	48.2	12:22a	7.6	0.0	0.00	3.4	18.0	1:52p	N
21	56.4	69.0	2:22p	49.0	11:52p	8.9	0.4	0.00	3.3	18.0	9:52a	N
22	59.3	71.3	1:52p	47.5	12:52a	6.5	0.8	0.00	3.4	27.0	11:22p	N
23	60.2	68.9	11:52a	50.2	11:22p	5.0	0.2	0.00	2.9	21.0	12:52a	NNE
24	55.9	69.3	12:52p	48.4	11:52p	9.3	0.2	0.00	1.8	14.0	10:22a	N
25	56.6	69.4	3:30p	46.5	6:22a	8.7	0.3	0.00	2.5	22.0	12:30p	N
26	61.0	68.7	2:30p	53.0	3:30a	4.4	0.5	0.00	3.4	16.0	1:30p	NNE
27	58.2	65.0	2:30p	50.4	12:00m	6.8	0.0	0.00	2.0	15.0	10:00a	NNE
28	52.4	59.2	1:00p	47.9	1:00a	12.6	0.0	0.00	1.0	8.0	10:30a	NNE
29	55.4	62.0	2:00p	50.7	4:30a	9.6	0.0	0.04	1.7	13.0	8:30p	S
30	52.9	60.9	3:30p	43.7	12:00m	12.1	0.0	0.47	1.9	15.0	6:30p	S
31	49.4	58.1	2:00p	40.7	6:00a	15.6	0.0	0.01	0.7	9.0	2:30p	SW

	53.0	71.3	22	36.1	10	376.3	3.0	1.34	2.4	27.0	22	N

Max >= 90.0: 0
 Max <= 32.0: 0
 Min <= 32.0: 0
 Min <= 0.0: 0

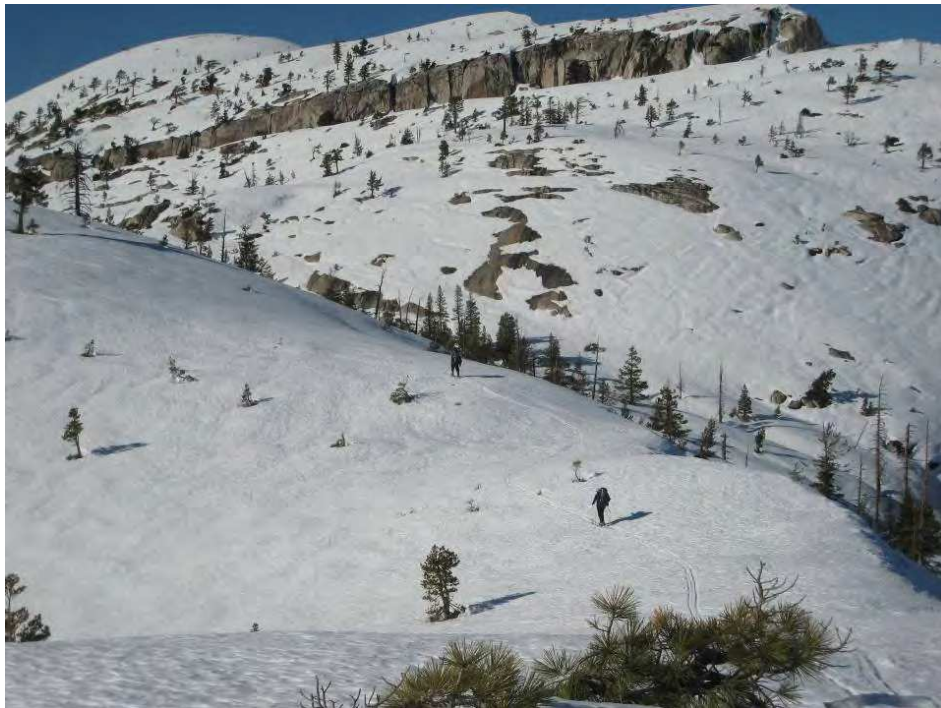
Max Rain: 0.47 ON 01/30/11

Days of Rain: 6 (>.01 in) 4 (>.1 in) 0 (>1 in)

Heat Base: 65.0 Cool Base: 65.0 Method: Integration

San Francisco Public Utilities Commission Hydrological Conditions Report For January 2011

J. Chester, B. McGurk, A. Mazurkiewicz, & M. Tsang, February 3, 2011



Snow Surveys – Upper: Horse Meadow snow course (January 26th); Lower: US Forest Service snow surveyors Marty Gmelin and Tyler Henner climb up to Styx Pass on the Eleanor and Cherry Creek divide.

Current Tuolumne System and Local Bay Area storage conditions are summarized in Table 1.

Table 1 Current Storage As of February 1, 2011							
Reservoir	Current Storage		Maximum Storage		Available Capacity		Percent of Maximum Storage
	Acre-Feet	Millions of Gallons	Acre-Feet	Millions of Gallons	Acre-Feet	Millions of Gallons	
Tuolumne System							
Hetch Hetchy ^{1/}	284,166		340,830		56,664		83.4%
Cherry ^{2/}	248,143		268,810		20,667		92.3%
Lake Eleanor ^{3/}	22,611		23,541		930		96.0%
Water Bank	570,000		570,000		0		Full
Tuolumne Storage	1,124,920		1,203,181		78,261		93.5%
Local Bay Area Storage							
Calaveras ^{4/}	40,084	13,061	96,824	31,550	56,740	18,489	41.4%
San Antonio	45,219	14,735	50,496	16,454	5,277	1,720	89.5%
Crystal Springs	53,287	17,364	58,377	19,022	5,090	1,658	91.3%
San Andreas	14,331	4,670	18,996	6,190	4,665	1,520	75.4%
Pilarcitos	2,648	863	2,995	976	347	113	88.4%
Total Local Storage	155,569	50,693	227,688	74,192	72,119	23,500	68.3%
Total System	1,280,489		1,430,869		150,380		89.5%

^{1/} Maximum Hetch Hetchy Reservoir storage with drum gates deactivated.

^{2/} Maximum Cherry Reservoir storage with all flash-boards out.

^{3/} Maximum Lake Eleanor storage with all flash-boards out.

^{4/} Available capacity does not take into account current DSOD storage restrictions.

Hetch Hetchy System Precipitation Index ^{5/}

Current Month: Below-normal precipitation occurred in the month of January, the first month the new calendar year. Two storm systems book-ended the month to produce a six-station precipitation index of 2.64 inches, or 41.2% of the average index for the month. The Hetch Hetchy station had 36% of its average for the month.

Cumulative Precipitation to Date: The accumulated six-station precipitation index for water year 2011 is 35.6 inches, which is 86.3% of the average annual water year total, or 168.3% of the average annual-to-date. This was caused by the above-normal precipitation in October through December. The water-year cumulative precipitation for the Hetch Hetchy gauge is shown in Figure 1 in red, and is well above the median line. The cumulative precipitation dropped below the very wet water-year 1983 pace due to the month of dry conditions.

^{5/}The precipitation index is computed using six Sierra precipitation stations and is an indicator of the wetness of the basin for the water year to date. The index is computed as the average of the six stations and is expressed in inches and in percent.

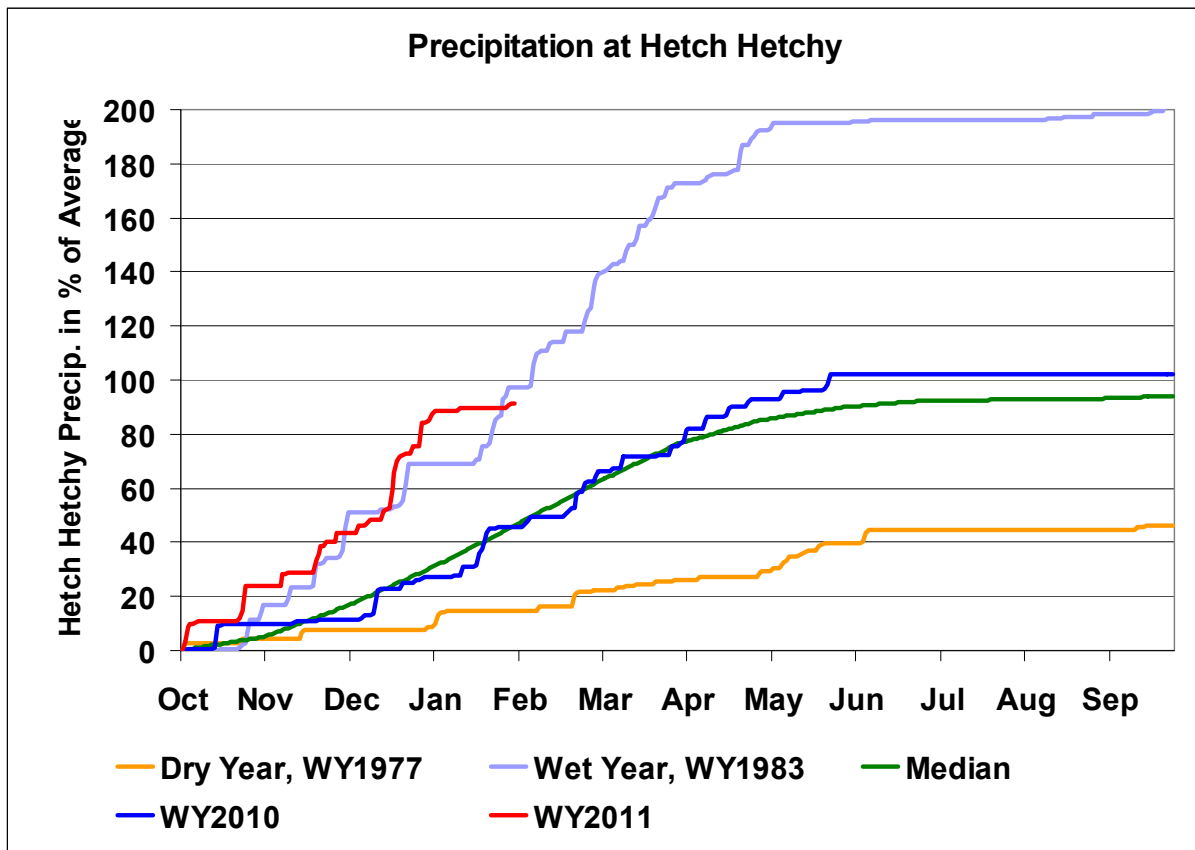


Figure 1: Water year 2011 cumulative precipitation received at Hetch Hetchy Reservoir through the end-of-month January. Precipitation curves for wet, dry, median, and WY 2010 years for the station at Hetch Hetchy are included for comparison purposes.

Tuolumne Basin Unimpaired Inflow

Unimpaired inflow to SFPUC reservoirs and the Tuolumne River at La Grange as of January 31st is summarized below in Table 2. Inflows to the lower elevation points (Hetch Hetchy and La Grange) are well above average due to low-elevation snowmelt and residual inflow from December storms. The higher reservoirs have not experienced as much snowmelt inflow.

	January 2011				October 1, 2010 through January 31, 2011			
	Observed Flow	Median ⁶	Average ⁶	Percent of Average	Observed Flow	Median ⁶	Average ⁶	Percent of Average
Inflow to Hetch Hetchy Reservoir	42,353	15,297	23,455	180.6%	197,205	49,332	64,489	305.8%
Inflow to Cherry Reservoir and Lake Eleanor	26,656	15,572	24,383	109.3%	150,261	51,546	68,450	219.5%
Tuolumne River at La Grange	172,669	71,722	123,078	140.3%	693,487	180,751	273,890	253.2%
Water Available to the City	35,267	6,377	53,050	66.5%	296,698	22,226	105,435	281.4%

⁶ Hydrologic Record: 1919 – 2005.

Hetch Hetchy System Operations

Draft and releases from Hetch Hetchy Reservoir in January totaled 57,033 acre-feet which met SJPL deliveries, fisheries releases and reservoir management goals.

A total of 30,087 acre-feet of power draft was made at Cherry Reservoir to control reservoir elevation and to support the City's Municipal load, District Class 1, other loads or accounts, and sales. 14,559 acre-feet of water was transferred from Eleanor to Cherry in November in order to make efficient use of available water and control reservoir elevation at Lake Eleanor.

Local System Operations

The Sunol Valley Water Treatment Plant average production rate for the month of January was 50 MGD, and the Harry Tracy Water Treatment Plant rate averaged 80 MGD.

Local System Water Delivery

The water delivery rates for the month averaged 178 MGD. This is a 5% increase over the December average rate of 169 MGD. The increased delivery rates reflect the sustained dry weather for the month of January.

Local Precipitation

December was exceedingly wet, and by contrast January delivered a paucity of precipitation, well below what is expected for the month. January rainfall at the three local reservoirs averaged a dry 27% of normal for the month. However, year-to-date rain accumulation averaged across the three local reservoirs is 103% of normal due to the October – December, 2010 above-average wet weather. The January rainfall summary is presented in Table 3.

Reservoir	Month Total (inches)	Percentage of Normal for the Month	Water Year To Date ⁷ (inches)	Percentage of Normal for the Year-to-Date ⁷
Pilarcitos	2.38	29 %	23.10	104 %
Lower Crystal Springs	1.36	24 %	15.00	99 %
Calaveras	1.26	30 %	12.27	105 %

⁷ WY 2011: Oct. 2010 through Sep. 2011

Local Precipitation

After one on the wettest beginnings to a water year for the Tuolumne basin, dry conditions dominated the month of January. Dry periods typically occur during the winter season and normally continue for 1 to 2 weeks. With the exception of one end-of-the-month precipitation event, the dry period has continued for just over 4 weeks. This is a substantial dry period (especially given the prior 3 months), but eventually precipitation will return.

The National Weather Service Climate Prediction Center is forecasting below normal precipitation and above normal temperature conditions for the beginning of February. The 3-month seasonal outlook is predicting below normal temperatures and below normal precipitation. This broad-scale forecast is weighted heavily on existing oceanic La Niña conditions. These conditions have not consistently resulted in the same weather patterns in the Tuolumne Basin.

Based on historic mid-winter dry conditions, the water-year precipitation and snowpack is expected to reach near-average conditions.

Even with the dry period during January, the mountain snowpack has remained above normal for this time in the winter. Snow surveys were performed during the last week of January and first week of February across the Sierras. Measurements made in the Tuolumne Basin indicate the mountain snowpack is near 145% of normal February 1st conditions and 94% of the typical peak snowpack conditions. This bodes well for water-supply planning and reservoir management.

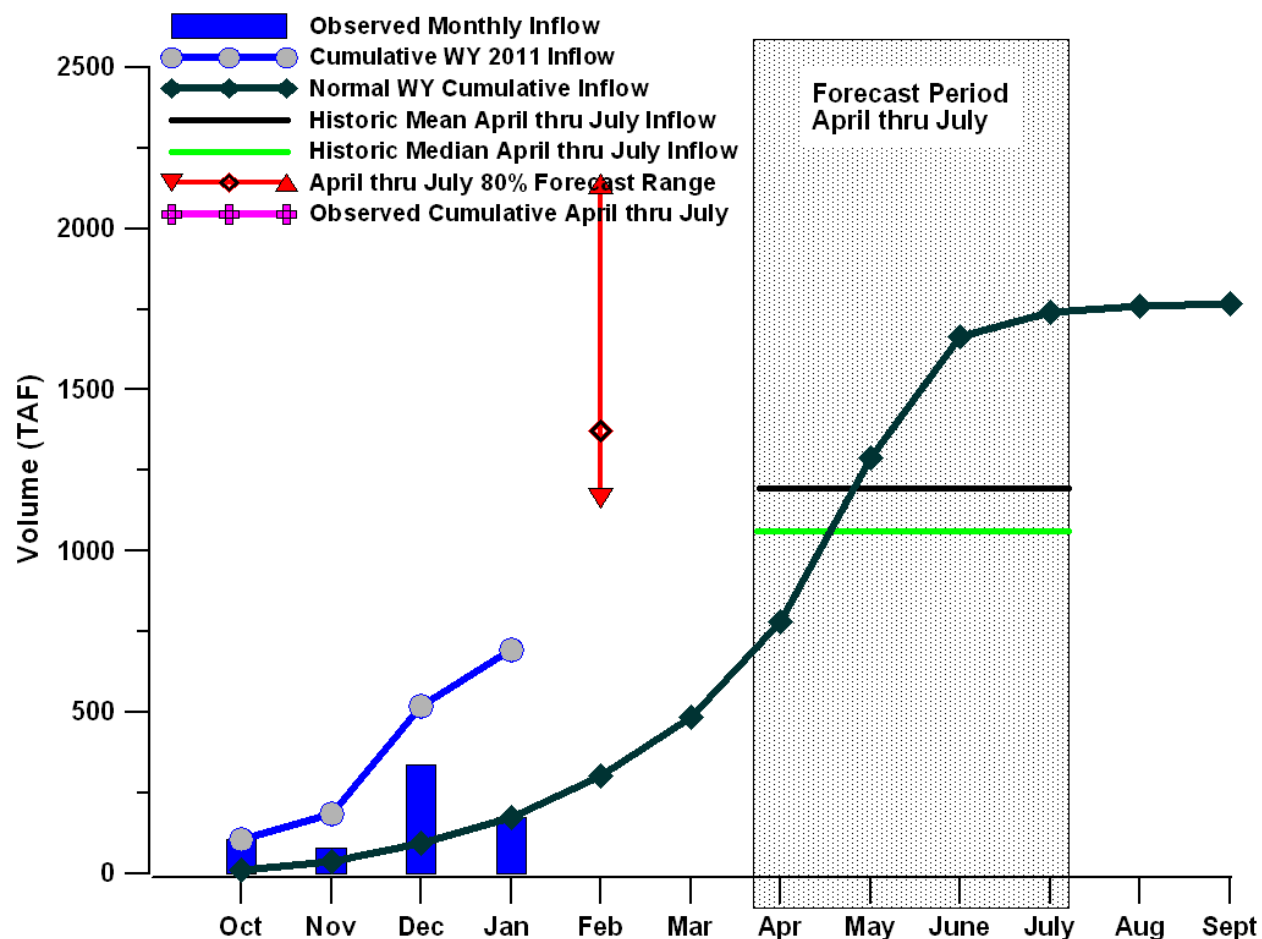


Figure 2: Water Year conditions for the Tuolumne River at La Grange and for the 80% water supply forecast range (triangles represent the 90% and 10% forecasts, the open diamond represents the median forecast).

The Tuolumne Basin Water Supply Forecast model was executed using the measured snow course, precipitation, and runoff data. The forecast indicates that the median amount of runoff that may occur this year is about 127% of the long-term median (Figure 2). The median forecast of April-through-July runoff is about 1,370 TAF, compared to the long-term median runoff for the April-through-July period of 1,080 TAF. For natural flow at La Grange, there is an 80 percent chance that the April-to-July natural runoff will be between 1,163 TAF and 2,139 TAF.

Unimpaired Flow at La Grange & Water Available to the City

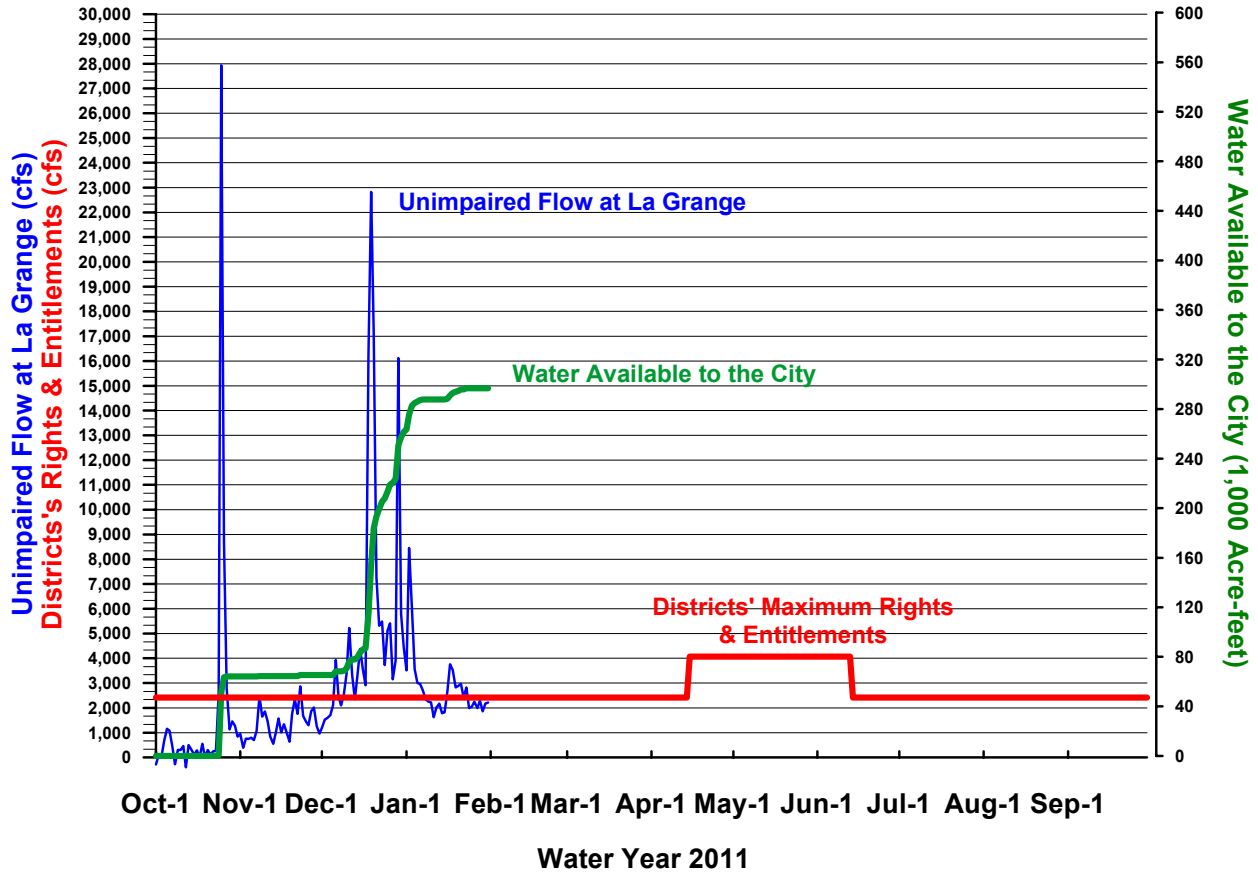


Figure 3: Calculated unimpaired flow at La Grange and the allocation of flows between the Districts and the City. Water available to the City for the period from October 1st, 2010 through January 31st, 2011 was 296,698 acre-feet.



cc	HHWP Records	Dufour, Alexis	Jue, Tyrone	Patterson, Mike
	Briggs, David	Gibson, Bill	Kehoe, Paula	Ramirez, Tim
	Cameron, David	Griffin, Pat	Levin, Ellen	Ritchie, Steve
	Carlin, Michael	Hale, Barbara	Mazurkiewicz, Adam	Rydstrom, Todd
	Chester, John	Hannaford, Margaret	McGurk, Bruce	Samii, Camron
	DeGraca, Andrew	Harrington, Ed	Meier, Steve	Sandkulla, Nicole
	Dhokal, Amod	Jensen, Art	Nelson, Kent	Tsang, Michael

STAFF REPORT

To: Coastside County Water District Board of Directors

From: Dave Dickson, General Manager

Agenda: February 8, 2011

Date: January 31, 2011

Subject: Notice of Completion - Exterior Painting of Crystal Springs Pump Station Project

Recommendation:

That the Board of Directors take the following actions:

- (1) Accept the Exterior Painting of Crystal Springs Pump Station Project as complete.
- (2) Authorize the Notice of Completion to be filed with the County of San Mateo.
- (3) Authorize the release of the retention funds when the Notice of Completion has been recorded and returned to the District.

Background

Coastside County Water District entered into a contract with Redwood Painting Co., Inc. on August 12, 2010 for the Exterior Painting of Crystal Springs Pump Station Project.

This project consisted of painting the exterior of the existing pump station building concrete wall surfaces, metal doors, and other building appurtenances. The work site is located adjacent to State Highway 92 approximately ¼ mile west of Crystal Springs Reservoir, San Mateo County. The property on which the pump station is located is designated as the San Francisco State Fish and Game Refuge

The project was completed on January 18, 2011. The project was constructed according to the plans and specifications.

Fiscal Impact: None.

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO

Name
Street
Address
City &
State

COASTSIDE COUNTY WATER DISTRICT
766 MAIN STREET
HALF MOON BAY, CA 94019

SPACE ABOVE THIS LINE FOR RECORDER'S USE

RECORD WITHOUT FEE Govt. Code § 6103 & 27383

NOTICE OF COMPLETION

1. The undersigned is an owner of an interest or estate in the hereafter described real property, the nature of which is: Fee Title

2. The full name and address of the undersigned is:

COASTSIDE COUNTY WATER DISTRICT
766 MAIN STREET
HALF MOON BAY, CALIFORNIA 94019

3. On the 18th day of January, 2011 there was completed upon the hereinafter described real property a work of improvement as a whole named Exterior Painting of Crystal Springs Pump Station Project, consisting. The work includes painting exterior concrete wall surfaces, metal doors, and other building appurtenances of an existing pump station building

4. The name of the original contractor for the work of improvement as a whole was: Redwood Painting Co., Inc., 620 West 10th Street, Pittsburg, CA 94565.

5. The real property herein referred to is situated in the unincorporated area of County of San Mateo, State of California, and described as follows:

Located adjacent to State Highway 92 approximately ¼ mile west of Crystal Springs Reservoir, San Mateo County, California (1001 State Highway 92).

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

COASTSIDE COUNTY WATER DISTRICT

BY:

David R. Dickson, Secretary

VERIFICATION

I, David R. Dickson , declare that I am the Secretary of the Coastside County Water District and am authorized to make this verification for that reason. I have read said Notice of Completion and know the contents thereof to be true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on February 9, 2011, at Half Moon Bay, California
(Date) (Place where signed)

By: _____
David R. Dickson,
Secretary of the District

STAFF REPORT

To: Coastside County Water District Board of Directors

From: Cathleen Brennan, Water Resource Analyst
via David Dickson, General Manager

Agenda: February 8, 2011

Report

Date: February 4, 2011

Subject: Proposal for Assistance with the District's 2010 Urban Water Management Plan

Recommendation:

Authorize the General Manager to execute a contract with West Yost Associates for assistance with preparation of the District's 2010 Urban Water Management Plan, for a time-and-materials cost not to exceed \$47,500.

Background:

The Urban Water Management Act requires the District to publish an Urban Water Management Plan (UWMP) every five years. Due to changes in UWMP guidelines from the Department of Water Resources - still not finalized - the deadline for adopting 2010 UWMP's is July 1, 2011. UWMP preparation is a significant effort requiring outside assistance and expertise.

Staff recommends using West Yost Associates, a leading water resources planning firm, to assist the District in publishing a 2010 UWMP that meets the Urban Water Management Act requirements. A consultant will help us meet an unforgiving timeline, assist with publishing a document with the required maps and graphics, and assist with compliance with the new SBx7-7 (20x2020) requirements. West Yost Associates can also provide expert peer review of staff's analysis of SBx7-7 compliance methodology and other requirements included in the UWMP.

Our UWMP work plan involves significant District staff effort, along with the assistance West Yost will provide. The attached proposal from West Yost outlines their work scope and provides a time-and-materials cost estimate of \$47,500.

Fiscal Impact:

Cost of \$47,500 in FY2010-2011.



January 31, 2011

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

SUBJECT: Proposal for Engineering Services – Assistance with Preparation of 2010 Urban Water Management Plan Update

Dear Dave:

Per your request, presented herein is West Yost Associates' (West Yost) proposal to provide the Coastside County Water District (CCWD or District) with engineering services related to assisting CCWD staff with the preparation of your 2010 Urban Water Management Plan (UWMP) Update.

As you know, UWMPs have evolved from a basic regulatory requirement to an important planning tool for water agencies in California to illustrate that they have a plan for meeting the future water demands within their service area. This issue is of particular concern to the District, which is highly dependent on purchased water supplies from the San Francisco Public Utilities Commission (SFPUC), but also has local supplies including local groundwater and surface water. The use of these available supplies must be carefully managed and optimized to reliably meet the needs of the District's existing and future customers.

The 2010 UWMP Update will also have to be closely tied to and integrated with CCWD's other existing plans and on-going projects, as well as be coordinated with the SFPUC and the Bay Area Water Supply and Conservation Agency (BAWSCA). Lastly, the District's 2010 UWMP will need to comply with new requirements including The Water Conservation Act of 2009 (SBx7-7) and AB 1420.

PROJECT EXPERIENCE/TEAM QUALIFICATIONS

West Yost has been assisting numerous water districts and municipal agencies in the preparation of their Urban Water Management Plans, water master and supply plans, water distribution system hydraulic modeling and water transfer work for the last twenty years, and is familiar with the water issues in the CCWD service area, and how these issues can impact the 2010 UWMP Update. The major issues facing the UWMP Update include the following:

- An estimation of CCWD's projected future water demand that must be provided with a reliable water supply;

- Establishing the SBx7-7 baseline water use for CCWD, and developing a recommendation for which alternative Methodology should be used by CCWD to establish its interim (2015) and final (2020) per capita water use target goals;
- An analysis of available supplies vs. demands, particularly during drought periods when “normal” supply quantities are not available; and
- Updating of the District’s Water Shortage Contingency Plan.

West Yost’s project team is currently engaged in the preparation of several 2010 UWMP Updates ranging in scope from assisting staff of municipal water agencies with peer review and guidance on specific technical issues, to completing the entire UWMP Update. Our project team is very experienced in establishing SBx7-7 baseline gpcd levels, at evaluating the various options available to establish a recommended gpcd target compliance methodology, and developing reliable water supply strategies. The District’s 2010 UWMP Update will provide the “road map” to address the issues of supply reliability, conservation programs, and effectively planning for integration of all supply sources.

The Right Team: We have assigned an experienced, senior team to assist the District Project Team: Gerry Nakano will serve as Project Manager, directing the day-to-day activities of the Project Team, and will serve as the authorized primary contact for this project; Elizabeth Drayer will serve as the key technical lead supporting Gerry’s work efforts; Steve Macaulay and Bill Jacoby will be available to assist with the new DWR Requirements, and also help facilitate meetings with DWR to discuss approaches, methodologies or other items related to the preparation of the UWMP; and Steve Dalrymple will serve as PIC and QA/QC for the Project. All of these Project Team Members are senior, experienced water resources engineers with a minimum of 20-years experience in the preparation of UWMPs. This Team has a strong track record of producing high quality work on time and within budget. Attachment A provides short, focused, and relevant resumes for Gerry and Elizabeth who will be the main staffers working on your Project. Also provided in Attachment B is a list of our references for similar 2010 UWMPs in progress or recently completed. We encourage you to contact our references for their opinion of our performance.

The Right Approach: Our Project Team is currently assisting several cities and water agencies with the preparation of their 2010 UWMP updates and SBx7-7 compliance strategies. Each project has its own unique set of issues and challenges, and our team has “seen it all”. Although DWR has finally issued a “draft” SBx7-7 Method 4 methodology, (just last week, with the final Method 4 not anticipated to be available until sometime in late February 2011), we recommend that the District move forward with selecting a recommended SB-7 compliance methodology now, and not wait for DWR’s release of a final Method 4. Similarly, with the December 21, 2010 release of Draft Guidelines for the preparation of the 2010 UWMP by DWR, the District should quickly move forward with preparation of the 2010 UWMP now, to meet the targeted completion of the Draft UWMP for CCWD Board consideration and possible adoption in June 2011 to meet the July 1, 2011 adoption deadline.

PROJECT UNDERSTANDING

West Yost understands that completion of the District's 2010 UWMP Update will be a joint District staff and West Yost staff team effort. CCWD staff will take the lead in preparing the District's 2010 UWMP Update. However, there will be sections of the UWMP Update prepared by West Yost, and there will be other sections jointly produced by the District/West Yost Team, incorporating elements of the plan to be prepared by District staff, Maddaus Water Management (Maddaus), SFPUC and BAWSCA as described in the Scope of Work below. Also, West Yost will assist the District with preparation for and presentations at the required public hearings for SBx7-7 compliance and the Draft UWMP.

Our proposed Scope of Work is described below.

BASIC SCOPE OF WORK

Task 1: Attend Meetings with District Staff

Task 1-1: Attend Kick-off Meeting and Develop Plan Preparation Strategy

Upon receiving Notice to Proceed, West Yost will schedule a kick-off meeting with District staff. The main purpose of the meeting will be to discuss preparation of the 2010 UWMP, data requirements, plan objectives and to define roles and responsibilities of District staff and West Yost for the preparation of the 2010 UWMP. The following items will be discussed at the kickoff meeting:

- Introduction of project team members and exchange of contact information;
- Proposed organization of the 2010 UWMP;
- Proposed schedule for the preparation of the 2010 UWMP;
- Discussion of work completed to date by the District on SBx7-7 compliance (see Task 2);
- Receive copies of District data and current plans and studies pertinent to the 2010 UWMP; and
- Set dates and times for progress meetings (see Task 1-2).

Based on the meeting discussion, West Yost will prepare a detailed chapter outline for the 2010 UWMP including a description of chapter contents, primary author responsibilities and due dates for completion of the various sections of the 2010 UWMP. This chapter outline will then be referenced during the progress meetings to track progress.

West Yost will also prepare a schedule for the preparation of the 2010 UMWP using Microsoft Project showing key milestone dates including completion of the draft 2010 UWMP, public noticing requirements, public review and comment periods, public hearing dates, and dates for consideration of 2010 UWMP adoption by the District Board of Directors. Establishing and meeting these milestone dates will be critical for the efficient and timely development of the 2010 UWMP and the ability to meet the July 1, 2011 deadline for District Board adoption and

submission to DWR of the 2010 UMWP. Our initial thoughts regarding a possible Project Schedule are provided in Attachment C.

Task 1-2: Progress Meetings

Throughout the preparation of the 2010 UWMP, West Yost will coordinate with District staff on the progress of the project. This coordination is assumed to occur via conference calls with key District and West Yost staff. For budgeting purposes, West Yost has assumed that nine (9) one-hour conference calls will be conducted at regular intervals during the preparation of the 2010 UWMP. During these calls, progress on the various sections of the 2010 UWMP by West Yost, the District, Maddaus, SFPUC and BAWSCA will be discussed, along with any issues or problems being encountered. Progress in meeting the key milestone dates established in the project schedule will also be discussed. These coordination calls will assist in keeping the project on-schedule.

Task 2: Provide Technical Assistance Related to SBx7-7 Compliance

Under this task, West Yost will assist the District with compliance with SBx7-7 (The Water Conservation Act of 2009). West Yost will provide a peer review of the evaluation that has been prepared by the District to validate the following:

- Appropriateness and validity of service area population and gross water use data to determine 5-year and 10-year baseline per capita water use;
- Selection of target method and resulting interim and final per capita water use targets for 2015 and 2020; and
- Ensuring that minimum reduction requirements are satisfied.

West Yost will also review BAWSCA's Regional Proposal for SBx7-7 compliance and will provide recommendations to District staff.

West Yost will assist the District with documentation of the SBx7-7 compliance and will provide support related to the required public hearing for the SBx7-7 targets. Specific support tasks will include assistance with the development of a PowerPoint presentation for the public hearing (including providing key graphics) and attendance at the public hearing to assist in responding to any questions from the District Board of Directors and/or the public. It is assumed that the District will prepare the required notices for the public hearing. For budgeting purposes, West Yost has budgeted 16 hours for this public hearing assistance and facilitation.

Task 3: Prepare Administrative Draft 2010 UWMP

Task 3-1: Prepare/Compile Required UWMP Sections

Under this task West Yost will prepare specific sections of the 2010 UWMP and compile those to be prepared by others. Table 1 lists the specific sections of the 2010 UWMP along with responsibilities for their preparation:

Table 1. UWMP Preparation Responsibilities	
UWMP Section	Responsibilities
Introduction and Plan Coordination	<ul style="list-style-type: none"> The District will provide a written description and documentation of coordination with the public and other agencies West Yost will prepare the draft Introduction and Plan Coordination section of the 2010 UWMP, including any required DWR tables, incorporating the information received from the District
Service Area Description	<ul style="list-style-type: none"> The District will provide a written description of the physical service area and will provide historical and projected (through 2035) service area population data West Yost will work with District staff to compile required maps including a jurisdictional area map, service area map, distribution area map, and system schematic West Yost will prepare the draft Service Area Description section of the 2010 UWMP, including any required DWR tables, incorporating the information received from the District
System Water Demands	<ul style="list-style-type: none"> The District will provide historical demand data and a written description of the District's water use reduction plan Maddaus will provide water demand projections through 2035 based on the DSS Demand Projection model and will incorporate SBx7-7 requirements into the projections West Yost will prepare the draft Water Demand section of the 2010 UWMP, including any required DWR tables, incorporating the information received from the District, Maddaus and the SBx7-7 compliance evaluation (see Task 2)
System Water Supplies	<ul style="list-style-type: none"> The District will provide written descriptions of existing water sources and groundwater supplies West Yost will work with the District to prepare descriptions of water transfer opportunities, desalinated water opportunities, and future water projects SFPUC and BAWSCA will provide general written descriptions of imported (purchased) supplies and agreements with SFPUC and BAWSCA West Yost will prepare the draft Water Supply section of the 2010 UWMP, including any required DWR tables, incorporating the information received from the District, SFPUC and BAWSCA
Supply and Demand Comparison	<ul style="list-style-type: none"> Based on the supply and demand projections described above, West Yost will prepare the draft Supply and Demand Comparison section of the 2010 UWMP, including any required DWR tables
Water System Reliability and Water Quality	<ul style="list-style-type: none"> The District will provide written descriptions of water supply reliability, water quality, and drought planning West Yost will prepare the draft Water System Reliability and Water Quality sections of the 2010 UWMP, including any required DWR tables, incorporating the information received from the District

Table 1. UWMP Preparation Responsibilities	
UWMP Section	Responsibilities
Climate Change	<ul style="list-style-type: none"> • SFPUC will provide a written description of climate change as it pertains to the imported (purchased) supplies • West Yost will work with the District to prepare a description of the potential localized impacts of climate change • West Yost will prepare the draft Climate Change section of the 2010 UWMP incorporating the information received from the District. It should be noted that this section of the 2010 UWMP is optional as there is no current legislative requirement for it; therefore, the level of detail to be provided in the 2010 UWMP will be minimal.
Water Shortage Contingency Plan	<ul style="list-style-type: none"> • The District will provide a written description of the Water Shortage and Drought Contingency Plan (WSDCP) and will prepare the required revenue and expenditure analysis • West Yost will prepare the Water Shortage Contingency Plan section of the 2010 UWMP, including any required DWR tables, incorporating the information received from the District
Recycled Water	<ul style="list-style-type: none"> • The District will provide a written description of the recycled water opportunities • West Yost will prepare the draft Recycled Water section of the 2010 UWMP, including any required DWR tables, incorporating the information received from the District
Demand Management Measures	<ul style="list-style-type: none"> • The District will provide a written description of the District's current and planned implementation of the Demand Management Measures • West Yost will prepare the draft Demand Management Measures section of the 2010 UWMP, including any required DWR tables, incorporating the information received from the District

[Task 3-2: Prepare Administrative Draft 2010 UWMP for District Review and Comment](#)

Upon completion of the 2010 UWMP sections, West Yost will prepare an Administrative Draft 2010 UWMP for District staff review and comment. The Administrative Draft 2010 UWMP will include the plan appendices. Two (2) hard bound copies of the Administrative Draft 2010 UWMP will be provided along with a PDF of the document. For scheduling purposes, it has been assumed that a consolidated set of District staff review comments can be provided to West Yost within twelve (12) working days.

[Task 3-3: Prepare DWR 2010 UWMP Checklist](#)

Upon completion of the Administrative Draft 2010 UWMP, West Yost will complete DWR's Urban Water Management Plan Checklist to ensure that all of the required elements for the 2010 UWMP have been addressed. In the Draft Guidebook for the 2010 UWMPs (Section I), DWR has provided two different versions of the checklist, one organized by legislative requirement and one organized by subject matter. West Yost will evaluate the merits of the two versions of the checklist and will discuss them with District staff to select the most appropriate checklist to include in the City's 2010 UWMP. A copy of the completed checklist will be included in an appendix of the 2010 UWMP to demonstrate to DWR that all of the required elements have been

addressed and have been included in the District's 2010 UWMP and where they are located within the 2010 UWMP.

Task 4: Prepare Final Draft 2010 UWMP

Upon receipt of comments from District staff on the Administrative Draft 2010 UWMP, West Yost will incorporate comments and prepare the Final Draft 2010 UWMP for public review. Five (5) hard bound copies of the Final Draft 2010 UWMP will be provided along with a PDF copy of the document for the District's distribution.

Task 5: Provide Support Related to Public Hearing for Draft UWMP

West Yost will provide support to District staff related to preparing for and conducting a public hearing for the Final Draft 2010 UWMP. Specific support tasks will include assistance with the development of a PowerPoint presentation for the public hearing (including providing key graphics) and attendance at the public hearing to assist in responding to any questions from the District Board of Directors and/or the public. It is assumed that the District will prepare the required notices for the public hearing. For budgeting purposes, West Yost has budgeted 16 hours for this assistance and facilitation.

Task 6: Prepare Final 2010 UWMP

Upon receipt of comments from the public and the District Board of Directors on the Draft 2010 UWMP, West Yost will incorporate comments and prepare the Final 2010 UWMP for consideration for adoption by the District Board of Directors. Ten (10) hard bound copies of the Final 2010 UWMP will be provided along with a PDF copy of the document for the District's distribution.

Task 7: Provide Assistance with Electronic Submittal of 2010 UWMP to DWR (Optional Task)

If requested and additional budget is authorized, West Yost will assist District staff with the completion of DWR's Online Submittal Tool (DOST) for the electronic submittal of the District's 2010 UWMP to DWR. It is West Yost's understanding that DWR will give priority for plan review to agencies that submit their 2010 UWMPs using DOST. DOST is still being developed by DWR and is expected to be released in February or March 2011. Once the tool is available and West Yost has had an opportunity to review the requirements, West Yost can provide an estimate to the District for assisting the District with this on-line submittal.

SCHEDULE

Our proposed Project schedule is presented as Attachment C, and assumes a Project start date of February 9, 2011. We will work with District staff to meet the required deadline for adoption and submittal of the 2010 UWMP to DWR by July 1, 2011.

COMPENSATION

West Yost will perform the Basic Scope of Work described above on a time and materials basis, at the billing rates set forth in West Yost's attached Billing Rate Schedule, for a not-to-exceed budget of \$47,500. The costs associated with performing the Basic Scope of Work described above are summarized in Table 2.

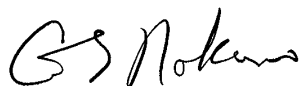
Any additional services not included in this Scope of Work will be performed only after receiving written authorization and a corresponding budget augmentation from CCWD.

Table 2. Estimated Level of Effort and Costs		
Description	Level of Effort, hours	Costs, dollars
Task 1: Attend Meetings with District Staff	32 hours	\$6,500
Task 2: Provide Technical Assistance Related to SBx7-7 Compliance	40 hours	7,000
Task 3: Prepare Administrative Draft 2010 UWMP	132 hours	24,000
Task 4: Prepare Final Draft 2010 UWMP	18 hours	2,700
Task 5: Provide Support Related to Public Hearing for Draft UWMP	16 hours	3,300
Task 6: Prepare Final 2010 UWMP	12 hours	1,500
Task 7: Provide Assistance with Electronic Submittal of 2010 UWMP to DWR (Optional Task)	TBD	TBD
Direct Costs		2,500
Contingency (0%)		0
Total Basic Scope of Work	250	\$47,500

We look forward to assisting the District with this important project. Please do not hesitate to call me at (925) 426-2580, if you have any questions or need additional information.

Sincerely,

WEST YOST ASSOCIATES



Gerry Nakano, P.E.
Project Manager

Cc: Cathleen Brennan
2011 Billing Rate Schedule
Attachment A, Focused Resumes for Gerry and Elizabeth
Attachment B, References
Attachment C, Draft Project Schedule



WEST YOST ASSOCIATES, INC. 2011 Billing Rate Schedule

(Effective January 1, 2011 through December 31, 2011)*

Position	Labor Charges (dollars per hr)
Principal/Vice President	216
Engineering Manager	206
Principal Engineer/Scientist	188
Senior Engineer/Scientist/GIS Analyst	169
Associate Engineer/Scientist	151
GIS Analyst	151
Engineer II/Scientist II	134
Engineer I/Scientist I	115
Construction Manager III	164
Construction Manager II	151
Construction Manager I	139
Resident Inspector III	127
Resident Inspector II	117
Resident Inspector I	103
Sr. Designer/Sr. CAD Operator	109
Designer/CAD Operator	97
Technical Specialist II	94
Technical Specialist I	82
Engineering Aide	68
Administrative IV	97
Administrative III	85
Administrative II	73
Administrative I	61

Hourly labor rates include Direct Costs such as general computers, system charges, telephone, fax, routine in-house copies/prints, postage, miscellaneous supplies, and other incidental project expenses.

Outside Services such as vendor reproductions, prints, shipping, and major West Yost reproduction efforts, as well as Engineering Supplies, Travel, etc. will be billed at actual cost plus 15%.

Mileage will be billed at the current Federal Rate.

Subconsultants will be billed at actual cost plus 10%.

Computers are billed at \$25 per hour for specialty models and AutoCAD.

Expert witness, research, technical review, analysis, preparation and meetings billed at 150% of standard hourly rates. Expert witness testimony and depositions billed at 200% of standard hourly rates.

A Finance Charge of 1.5 percent per month (an Annual Rate of 18 percent) on the unpaid balance will be added to invoice amounts if not paid within 45 days from the date of the invoice.

Billing rates apply to all computers and equipment, whether owned or rented by West Yost, and to all employment categories including regular full-time, part-time, limited term and contract personnel as defined in West Yost's Employee Handbook.

*This schedule will be updated annually



WEST YOST ASSOCIATES, INC.
2011 Billing Rate Schedule
(Cont'd.)

(Effective January 1, 2011 through December 31, 2011)*

SURVEYING AND EQUIPMENT CHARGES

Position	Labor Charges (dollars per hr)
GPS, 3-Person	333
GPS, 2-Person	284
GPS, 1-Person	223
Survey Crew, 2-Person	242
Survey Crew, 1-Person	182

EQUIPMENT CHARGES

Equipment	Billing Rate (dollars per day)	Billing Rate (dollars per week)
DO Meter	16	77
pH Meter	5	24
Automatic Sampler	120	658
Transducer/Data Logger	38	190
Hydrant Pressure Gage	11	47
Hydrant Pressure Recorder (HPR)	—	190
Hydrant Wrench	5	30
Pitot Diffuser	27	124
Well Sounder	27	124
Ultrasonic Flow Meter	—	249
Vehicle	82	412
Velocity Meter	11	60
Water Quality Multimeter	163	891
Thickness Gage	—	66

*This schedule will be updated annually



Gerry S. Nakano, PE

Project Manager



Gerry Nakano has 36 years of water resources engineering experience including planning, evaluation, development and phasing of water supply and distribution facilities, including the development and acquisition of new supplies to meet existing and future needs. Specific technical experience includes: preparation of urban water management plans and water supply assessments; water master plans; hydraulic network analysis/modeling; reservoir outage plans; preparation of EIR and specific plan documents; water facility evaluations; groundwater sustainable yield and water quality analyses; conjunctive use and supplemental water supply studies; saltwater intrusion and subsidence evaluations; water rights investigations; environmental investigations; and design and preparation of plans and specifications for wells, pipelines, pump stations, storage tanks, and surface water diversion structures.

PROJECT EXPERIENCE

Joint 2010 Urban Water Management Plan, City of Modesto/Modesto Irrigation District, Modesto, California: Project Manager responsible for the preparation of the joint City of Modesto and Modesto Irrigation District (MID) 2010 Urban Water Management Plan Update. Work included the day-to-day direction of the project team, review of technical work products, interface/coordination with both City and MID representatives, preparation of public presentation materials, and presentations to public, City Council and Board of Directors.

City of Santa Rosa Water Master Plan and Urban Water Management Plan Updates, City of Santa Rosa, California: Project Manager responsible for the preparation of both the City's Water Master Plan and Urban Water Management Plan Updates in 2005 and 2010. Work included technical evaluation of the City's existing and future water demands, supply availability and reliability identification of additional demand management measures/conservation, evaluation of the three SB 7 methodologies available to establish "baseline" gpcd's and preparation of DWR's UWMP "check-list" for completeness. Also assisted the City in the development of input data into the Maddaus DSS demand simulation model, review of results and interpretation/analysis of resultant future demand estimates. Also assisted City in coordinating preparation of 2005 and 2010 UWMP with the SCWA's UWMP. Letter of completeness received from DWR.

Urban Water Management Plans; 2000, 2005 and 2010, Dublin San Ramon Services District, Dublin, California: Project Manager (PM) responsible for preparation of the Dublin San Ramon Services District's 2000, 2005 and 2010 Urban Management Plans. Also served as PM for the District's 2000 and 2005 Water and Recycled Water Master Plans. Major project elements included determination of future demands; analysis of water supply reliability, SB 7 "baseline" gpcd determinations and interim and ultimate target gpcd goals; and impact of tertiary treated wastewater for non-potable use to offset and

Professional Registrations

- Professional Civil Engineer, 1977
California No. 29524

Education

- B.S., Civil Engineering, University of California, Berkeley, 1975

Certifications

- Grade III Water Treatment Plant Operator

Professional Affiliations

- American Society of Civil Engineers
- American Water Works Association
- Association of California Water Agencies
- Bay Area Water Works Association
- California Groundwater Association
- Groundwater Resources Association
- National Water Well Association

reduce potable water demands. 2000 and 2005 UWMPs were accepted as complete by DWR.

2010 Urban Water Management Plan, Town of Windsor, California: Project Manager for the Town of Windsor's 2010 UWMP Update. The Town's previous 2005 UWMP was submitted to DWR for review two years late and then took another eight months to work through DWR comments and gain "DWR acceptance", therefore, schedule and timing are issues of concern. West Yost was recently selected to prepare the Town's 2010 UWMP Update. As Project Manager, Mr. Nakano's work is to focus on documenting the Town's current and projected population estimates; general plan land uses compared to ABAG projections; determining the most advantageous baseline gpcd calculations for the Town for SB X7-7 compliance purposes; water supply and demands; evaluating water supply reliability under various hydrologic conditions; documenting the Town's efforts in implementing DMMs; and proposing modifications to the Water Shortage Contingency Plan. Work will also include responding to DWR review comments on the submitted UWMP, to obtain a letter of completeness from DWR.

2010 Urban Water Management Plan, City of Ceres, California: Project Manager responsible for the preparation of the City's 2010 Urban Water Management Plan Update. Work included technical evaluation of the City's existing and future water demands, supply availability and reliability identification of additional demand management measures/conservation, evaluation of the three SB 7 methodologies available to establish "baseline" gpcd's and preparation of DWR's UWMP "check-list" for completeness. Also assisted City in coordinating and presenting technical materials at the public hearings required under both SBx7-7 and the Urban Water management Planning Act.

Urban Water Management Plan, City of Fresno, California: Project Manager for the City of Fresno's UWMP that was started in late 2007 and completed in early 2008. (the City of Fresno had not completed an UWMP since the early 1990s). The work included documenting the City's current and projected population estimates; general plan land uses; water supply and demands; evaluating water supply reliability under various hydrologic conditions; documenting the City's efforts in implementing DMMs; preparing the Water Shortage Contingency Plan; and establishing the City's conceptual plans for the use of recycled water. Work also included responding to DWR review comments on the submitted UWMP, and received letter of completeness from DWR.

Water Master Plan, City of Ceres, California: Project Manager responsible for directing the day-to-day activities for the City of Ceres' Water Master Plan Project. In response to the California State Department of Public Health the City of Ceres was required to complete a new Water Master Plan. This plan will include a re-confirmation of the current and anticipated future water demands at buildout, evaluate the reliability of existing groundwater supplies to meet these projected demands, identify the benefits of the proposed TID treated surface water project to help meet existing and/or future demands, and refine the City's existing water system hydraulic model. Conversion from a flat rate residential billing basis to a metered rate, as part of a Prop 218 rate setting protest vote, was also part of this projects scope.

2009 Water Master Plan Update, City of Tracy, California: Project Manager responsible for the preparation of a comprehensive water master plan for the City of Tracy. This project involved the determination of buildout demand per the recently amended General Plan, evaluation of the reliability of the City's various supply sources, identification of the additional supply required to meet buildout of the City and compliance with the new SB 7 requirements to reduce gpcd by 20 percent.

Aquifer Storage and Recovery Demonstration Project, City of Tracy, California: As the Project Manager of this project, responsible for managing and directing the technical work associated with demonstrating the feasibility of implementing an Aquifer Storage and Recovery (ASR) program for the City of Tracy. This demonstration program involved the injection of excess treated surface water (when available) into the groundwater basin for storage and later extraction during peak demand periods or dry years. This type of program would provide the City with additional water supply system operational flexibility and reliability in meeting demands during normal and dry years. The project involved the testing and analysis of groundwater basin hydrogeologic and geochemical characteristics to evaluate the feasibility of injection, storage and recovery of treated surface water in two phases. The objective of Phase 1 was to determine the suitability of the groundwater basin for the injection, storage and recovery. This was accomplished through the hydraulic testing of two existing City wells. With favorable results, Phase 2 proceeded with the design, construction and testing of a demonstration ASR well to evaluate in more detail the long-term feasibility, efficiency and costs associated with a full scale ASR program for the City.

Fresno Metropolitan Water Resources Management Plan, City of Fresno, California: Project manager for and update and refinement of the 1996 Fresno Metropolitan Water Resources Management Plan (1996 Metro Plan). The 1996 Metro Plan was an

Integrated Water Resources Plan for the greater Fresno/Clovis Urban Area. West Yost updated, refined, and provided additional definition to this Integrated Water Resources Plan using new data from 1992 to 2005, and incorporated the other policy and system operational changes/issues that have occurred since the 1996 Metro Plan was issued. Planning horizons for the Metro Plan Update were: 2010 (near-term project horizon), 2025 (General Plan horizon) and 2060 (long-term policy horizon). Key focuses of the Metro Plan Update included: development and implementation of a conjunctive use program, with an emphasis on groundwater supply sustainability and reliability; the possible “marketing” of previously treated and recharged wastewater flows to downstream irrigation customers; and incorporating additional system operational flexibility, due to the ever-changing water quality requirements and existing, and possibly future, groundwater contaminant plumes.

One of the major components of the Metro Plan Update is a future water supply plan to meet existing and projected future water demands throughout the City’s service area, and including one of the City’s primary new growth areas, the Southeast Growth Area. To meet demands in the Southeast Growth Area and other new growth areas, West Yost is recommending the construction of a new surface water treatment facility and related facilities (e.g., major transmission and distribution pipelines), as well as additional groundwater wells and recycled water facilities (including new scalping plants and recycled water transmission and distribution infrastructure).



Elizabeth T. Drayer, PE

Demand Projections, Demand Management Measures, Water Shortage Contingency Plan, SB X7-7 Compliance

Elizabeth Drayer has 23 years of experience in civil engineering with emphasis in water supply planning and design. She is experienced in conducting water resources planning studies and design projects, as well as coordinating multi-discipline projects. She is experienced in the preparation of water and utility master plans, urban water management plans, drought shortage contingency plans, facility operations plans, and emergency operations plans involving the evaluation of existing facilities, evaluation of existing and future demands, identification of system deficiencies, evaluation of alternatives and development of recommendations for capital improvements. She also has experience in the preparation of preliminary and detailed designs for water supply facilities such as pipelines, pump stations, reservoirs, and canals.

PROJECT EXPERIENCE

City of Modesto/Modesto Irrigation District, 2010 Urban Water Management Plan: Project Engineer for the preparation of a joint 2010 Urban Water Management Plan for the City of Modesto and the Modesto Irrigation District (MID). Tasks included evaluating the City's current and projected service area population; determining and documenting per capita water use targets in compliance with SB x7-7 (the Water Conservation Act of 2009); projecting future water demands consistent with the City's 2015 and 2020 per capita water use targets; summarizing the City's efforts in implementing Demand Management Measures; and preparing an updated Water Shortage Contingency Plan. The City/MID 2010 Urban Water Management Plan was prepared to comply with the requirements of the Urban Water Management Planning Act with guidance as provided by the California Department of Water Resources.

City of Santa Rosa 2010 and 2005 Urban Water Management Plan Updates: City of Santa Rosa, California. Project Engineer for the preparation of an updated Urban Water Management Plan (UWMP) for the City of Santa Rosa. Tasks included assisting the City with compliance with recent SB 7 legislation requiring a 20 percent reduction in statewide per capita water use by the year 2020, including assisting the City in understanding and interpreting the "20 x 2020" legislation and determining appropriate interim (2015) and final (2020) per capita water use targets for the City based on historical water use records. Also assisted the City in re-evaluating future water demands for buildout of the City's recent adopted 2035 General Plan based on historical water use trends and compliance with the 20 x 2020 legislation.

Dublin San Ramon Services District 2010, 2005 and 2000 Urban Water Management Plan Updates: Dublin San Ramon Services District, Dublin, California. Project Engineer for the preparation of an updated Urban Water Management Plan (UWMP) for the Dublin San Ramon



Professional Registrations

- Professional Civil Engineer, 1991
- California No. C46872

Education

- M.S., Structural Engineering, University of California, Berkeley, 1988
- B.S., Civil Engineering, University of California, Berkeley, 1987

Certifications

- Underground Storage Tank Installation, 1989
- OSHA 40-Hour Health & Safety Training, 1989
- U.C. Davis Extension, 32-hour Course, Groundwater Hydrology, 1989
- U.C. Davis Extension, 32-hour Course, Principles of Toxicology, 1990

Professional Affiliations

- American Society of Civil Engineers
- American Water Works Association

Services District (DSRSD). Tasks included assisting the District with compliance with recent SB 7 legislation requiring a 20 percent reduction in statewide per capita water use by the year 2020, including assisting the District in understanding and interpreting the “20 x 2020” legislation and determining appropriate interim (2015) and final (2020) per capita water use targets for the District based on historical water use records. Also assisted the District in updating its Demand Management Measures (DMMs) to comply with the revised fundamental and programmatic Best Management Practices developed by the California Urban Water Conservation Council (CUWCC).

Urban Water Management Plan: City of Fresno, California. Project Engineer for the preparation of an updated Urban Water Management Plan for the City of Fresno. Tasks included documenting the City’s current and projected population, water supply and water demand; assessing supply reliability in normal, single dry, and multiple dry years; documenting the City’s efforts in implementing Demand Management Measures; preparing an updated Water Shortage Contingency Plan; and documenting the City’s future plans for use of recycled water, particularly in the Southeast Growth Area. The City’s Urban Water Management Plan was prepared to comply with the requirements of the Urban Water Management Planning Act with guidance as provided by the California Department of Water Resources.

Lake Hemet Municipal Water District Urban Water Management Plan: Riverside County, California. As Project Engineer, prepared the 1990 Urban Water Management Plan Update for the Lake Hemet Municipal Water District. Tasks included collecting and interpreting available water production and consumption data; evaluating future production capabilities; projecting future consumption; evaluating current water conservation programs; conducting benefit-to-cost analyses of water conservation programs; and preparing a water management plan, budget and implementation schedule.

Impacts of Climate Change on Zone 7 Water Agency Water Supplies: Zone 7 Water Agency, Pleasanton, California. Project Engineer for the preparation of an evaluation of the potential impacts of climate change on Zone 7 Water Agency water supply deliveries and reliability. Tasks included review of global and regional climate change reports and studies prepared by climate change and water supply experts, review of DWR-prepared studies, and review of State Water Project reliability studies dealing with climate change. Prepared a comprehensive report describing the potential impacts of climate change on California water resources and particularly the State Water Project and Zone 7’s State Water Project entitlements.

Water Shortage Contingency Plan: City of Tracy, California. As Project Engineer, reviewed available data, evaluated historic, current and projected supply and demand, evaluated the City’s existing water conservation and rationing plan, analyzed projected revenue and expenditures resulting from the proposed Plan and documented the Plan for submittal to the California Department of Water Resources.

Water Conservation Plan: City of Tracy, California. As Project Manager, prepared a plan describing the City’s water resources, water uses and the City’s past and current water conservation plans. Responsible for supervising and directing plan preparation, review of the draft plan, attendance at client meetings to discuss the plan, and tracking of project budget and schedule.

Metropolitan Water Resources Management Plan Update: City of Fresno, California. Project Engineer for the preparation of an update to the 1996 Fresno Metropolitan Water Resources Management Plan (1996 Metro Plan). The 1996 Metro Plan was an Integrated Water Resources Plan for the greater Fresno/Clovis Urban Area. For the Metro Plan Update, tasks included preparing a detailed description of the City’s existing and planned future water conservation program and development of a future water supply plan to meet existing and projected future water demands throughout the City’s service area, and including one of the City’s primary new growth areas, the Southeast Growth Area. To meet demands in the Southeast Growth Area and other new growth areas, West Yost is recommending the construction of a new surface water treatment facility and related facilities (e.g., major transmission and distribution pipelines), as well as additional groundwater wells and recycled water facilities (including new scalping plants and recycled water transmission and distribution infrastructure).

ATTACHMENT B: Coastside County Water District UWMP References

Joint City of Modesto/Modesto Irrigation District 2010 UWMP Update (West Yost performing complete 2010 UWMP Update)

Mr. Jim Alves, P.E. (City's Project Manager)
Associate Civil Engineer
City of Modesto
Utilities Planning and Projects Department
(209) 571-5557
jalves@modestogov.com

Mr. Walter Ward (MID's Project Manager)
Assistant General Manager, Operations
Modesto Irrigation District
(209) 526-7459
walterw@mid.org

City of Santa Rosa's 2010 UWMP Update (West Yost providing strategic assistance to City staff in preparation of 2010 UWMP)

Ms. Jennifer Burke (City's Project Manager)
Senior Water Resources Planner
City of Santa Rosa
(707) 543-3938
jburke@ci.santa-rosa.ca.us

Mr. Glen Wright, P.E.
Deputy Director, Water Resources
City of Santa Rosa
(707) 543-4281
gwright@ci.santa-rosa.ca.us

Dublin San Ramon Services District's 2010 UWMP Update (West Yost providing strategic assistance to District staff in preparation of 2010 UWMP)

Ms. Rhodora Biagtan, P.E. (District's Project Manager)
Principal Engineer
Dublin San Ramon Services District
(925) 875-2255
biagtan@dsrsd.com

City of Fresno's 2007 UWMP Update (West Yost performed complete 2007 UWMP Update)

Mr. Brock Buche, P.E. (City's Project Manager)
Supervising Civil Engineer
City of Fresno, Water Division
(559) 621-5325
brock.buche@fresno.gov

**ATTACHMENT C: COASTSIDE COUNTY WATER DISTRICT
PRELIMINARY PROJECT SCHEDULE (for discussion purposes)
(January 31, 2011)**

ID	Task Name	Duration	Start	Finish	Feb				Mar				Apr				May				Jun				Jul	
					1/30	2/6	2/13	2/20	2/27	3/6	3/13	3/20	3/27	4/3	4/10	4/17	4/24	5/1	5/8	5/15	5/22	5/29	6/5	6/12	6/19	6/26
1	Meetings	95 days	Tue 2/8/11	Tue 6/21/11																						
2	Notice to Proceed with 2010 UWMP Update	1 day	Tue 2/8/11	Tue 2/8/11	● 2/8																					
3	Kick-off Meeting to Discuss Project Strategy and Schedule	1 day	Wed 2/9/11	Wed 2/9/11	● 2/9																					
4	Project Progress Conference Calls (9 calls, about 2 per month)	84 days	Wed 2/23/11	Tue 6/21/11		●		●		●		●		●		●		●		●		●		●		●
14	Technical Assistance with SBx7-7 Compliance	14 days	Wed 2/9/11	Mon 2/28/11																						
15	Review SBx7-7 Calculations by District	14 days	Wed 2/9/11	Mon 2/28/11																						
16	Review Regional Proposal by BAWSCA	14 days	Wed 2/9/11	Mon 2/28/11																						
17	Provide Assistance with Public Hearing	14 days	Wed 2/9/11	Mon 2/28/11																						
18	Prepare Admin Draft 2010 UWMP	64 days	Wed 2/9/11	Tue 5/10/11																						
19	Section 1--Purpose	14 days	Wed 2/9/11	Mon 2/28/11																						
20	Update chapter as needed with recent statistics (West Yost with District input)	14 days	Wed 2/9/11	Mon 2/28/11																						
21	Section 2--Introduction	14 days	Wed 2/9/11	Mon 2/28/11																						
22	Update chapter as needed with recent statistics and required agency coordination (West Yost)	14 days	Wed 2/9/11	Mon 2/28/11																						
23	Section 3--Public Participation and Interagency Coordination	14 days	Wed 2/9/11	Mon 2/28/11																						
24	Update chapter as needed with recent statistics (West Yost with District input)	14 days	Wed 2/9/11	Mon 2/28/11																						
25	Section 4--Service Area Description	14 days	Wed 2/9/11	Mon 2/28/11																						
26	Update chapter as needed with recent statistics (West Yost with District input)	14 days	Wed 2/9/11	Mon 2/28/11																						
27	Prepare or integrate required tables and maps (West Yost)	14 days	Wed 2/9/11	Mon 2/28/11																						
28	Section 5--Water Supply	17 days	Mon 2/21/11	Tue 3/15/11																						
29	Update chapter as needed with recent statistics on water sources and groundwater (West Yost with District and SFPUC input)	17 days	Mon 2/21/11	Tue 3/15/11																						
30	Add text regarding transfer and desalinated opportunities (West Yost)	17 days	Mon 2/21/11	Tue 3/15/11																						
31	Potential future projects (West Yost w/ assistance from District)	17 days	Mon 2/21/11	Tue 3/15/11																						
32	Climate change (Info from SFPUC, with local description from West Yost)	17 days	Mon 2/21/11	Tue 3/15/11																						
33	Section 6--Water Use (Demands)	17 days	Mon 2/21/11	Tue 3/15/11																						
34	Update chapter as needed with recent statistics (West Yost)	17 days	Mon 2/21/11	Tue 3/15/11																						
35	Demand Projections (Maddaus Water Management)	17 days	Mon 2/21/11	Tue 3/15/11																						
36	Establish Initial SBx7-7 Water Use Compliance Targets (District staff with West Yost assistance)	10 days	Mon 2/21/11	Fri 3/4/11																						
37	Review of SBx7-7 Compliance Target and Prepare TM (West Yost)	7 days	Mon 3/7/11	Tue 3/15/11																						
38	Section 7--Wastewater and Recycled Water	18 days	Mon 2/21/11	Wed 3/16/11																						
39	Update chapter as needed with recent statistics (West Yost with District input)	18 days	Mon 2/21/11	Wed 3/16/11																						
40	Section 8--Water Supply and Demand Comparison	11 days	Wed 3/16/11	Wed 3/30/11																						
41	Update chapter as needed with recent statistics, water supply reliability, WSDC Plan, water quality, drought planning (West Yost)	11 days	Wed 3/16/11	Wed 3/30/11																						
42	Section 9--Water Shortage Contingency Plan	44 days	Wed 3/9/11	Tue 5/10/11																						
43	Update chapter as needed with recent statistics (West Yost with District input)	17 days	Wed 3/9/11	Thu 3/31/11																						
44	Prepare revenue and expenditure analysis (District staff)	17 days	Wed 3/9/11	Thu 3/31/11																						
45	Provide peer review to draft District work product	17 days	Wed 3/9/11	Thu 3/31/11																						
46	Notice public hearing on Water Shortage Contingency Plan	0 days	Tue 3/29/11	Tue 3/29/11																						
47	Public hearing on Water Shortage Contingency Plan	0 days	Tue 4/12/11	Tue 4/12/11																						
48	Board Adoption of Water Shortage Contingency Plan	0 days	Tue 5/10/11	Tue 5/10/11																						
49	Section 10--Demand Management Measures (Water Conservation)	23 days	Tue 3/1/11	Thu 3/31/11																						
50	Update chapter as needed with recent statistics, Prepare SBx7-7 Tech Memo (West Yost with District input)	23 days	Tue 3/1/11	Thu 3/31/11																						
51	Describe compliance with SBx7-7 legislation (West Yost to provide peer review)	23 days	Tue 3/1/11	Thu 3/31/11																						
52	Prepare Internal, Admin Draft 2010 UWMP (District)	13 days	Mon 4/4/11	Wed 4/20/11																						
53	Peer Review of Admin Draft 2010 UWMP (West Yost)	13 days	Mon 4/4/11	Wed 4/20/11																						
54	Incorporate District Comments (West Yost staff)	13 days	Mon 4/4/11	Wed 4/20/11																						
55	Complete Draft 2010 UWMP for Public Review (West Yost with District assistance)	0 days	Wed 4/20/11	Wed 4/20/11																						
56	Circulate Draft 2010 UWMP for Public Comment and Review	68 days	Thu 3/10/11	Tue 6/14/11																						
57	Prepare PowerPoint Presentation for Board Meeting (District staff with West Yost assistance)	13 days	Mon 4/4/11	Wed 4/20/11																						
58	Prepare Public Notice for Newspaper and Press Release (District staff)	13 days	Mon 4/4/11	Wed 4/20/11																						
59	60-Day Notification of Preparation of 2010 UWMP	0 days	Thu 3/10/11	Thu 3/10/11																						
60	First Notice in Local Newspaper	0 days	Wed 4/20/11	Wed 4/20/11																						
61	Second Notice in Local Newspaper	0 days	Wed 4/27/11	Wed 4/27/11																						
62	Public Review Period (14 day minimum from first day of newspaper publication)	14 days	Wed 4/20/11	Mon 5/9/11																						
63	Public Hearing for both SBx7-7 and Draft UWMP	0 days	Tue 5/10/11	Tue 5/10/11																						
64	Board Meeting/Discussion for both SBx7-7 and Draft UWMP (to be held at a regularly scheduled Board Meeting)	0 days	Tue 6/14/11	Tue 6/14/11																						
65	Prepare and Adopt Final 2010 UWMP	10 days	Wed 6/15/11	Tue 6/28/11																						
66	Incorporate Comments and Finalize 2010 UWMP (West Yost with District assistance)	9 days	Wed 6/15/11	Mon 6/27/11																						
67	Prepare Draft Resolution for District Council Adoption (District Staff)	9 days	Wed 6/15/11	Mon 6/27/11																						
68	Board to Consider Adoption of Final 2010 UWMP	1 day	Tue 6/28/11	Tue 6/28/11																						
69	Submit Adopted Final 2010 UWMP to DWR and California State Library (District Staff)	1 day	Thu 6/30/11	Thu 6/30/11																						

Legend: Summary (black bar), Task (blue bar), Meeting (black dot), Submittal (red diamond), Milestone (pink star), Review Period (cyan bar), Rolled Up Meeting (green bar), West Yost (green dot), Joint Effort - District & WY (red bar)

STAFF REPORT

To: Coastside County Water District Board of Directors

From: David Dickson, General Manager

Agenda: February 8, 2011

Report

Date: February 2, 2011

**Subject: Resolution Establishing a Money Purchase Retirement Plan
Benefit for District Employees**

Recommendation:

Approve Resolution 2011-02 – A Resolution Establishing a Money Purchase Retirement Plan Benefit for District Employees.

Background:

The current Memorandum of Understanding (MOU) with the field staff bargaining unit commits the District to making contributions on behalf of employees – currently \$144/month per employee -- to a “Supplemental Income Program” (SIP), otherwise known as a money-purchase pension plan. For employees hired after November 1, 2008, contributions to the SIP will replace the medical-after-retirement benefit that current employees receive. In accordance with Board policy, all District employees will receive this benefit.

After looking at three different SIP alternatives, staff has decided to recommend that the District participate in the program administered by the International City/County Management Association (ICMA). The attached resolution and associated documents implement the ICMA SIP.

Once the plan is set up, the District will make the contributions owed for the two previous fiscal years. Thereafter, annual contributions will be made in June of each fiscal year beginning in June 2011 for the current fiscal year.

Fiscal Impact:

Annual contribution of \$29,000, included in Fiscal Year 2010-2011 budget.
Retroactive contribution of \$30,000 for Fiscal Years 2008-2009 and 2009-2010, accrued in Fiscal Year 2009-2010.

RESOLUTION NO. 2011-02

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
COASTSIDE COUNTY WATER DISTRICT ESTABLISHING
A MONEY PURCHASE RETIREMENT PLAN
BENEFIT FOR DISTRICT EMPLOYEES**

WHEREAS, the Coastside County Water District (“District”) desires to establish a money purchase retirement plan for its employees; and

WHEREAS, the establishment of a money purchase retirement plan benefits employees by providing funds for retirement and funds for their beneficiaries in the event of death; and

WHEREAS, the District desires that its money purchase retirement plan be administered by ICMA-RC and that the funds held in such plan be invested in the Vantage Trust, a trust established by public employers for the collective investment of funds held under their retirement and deferred compensation plans; and

NOW THEREFORE BE IT RESOLVED that the District hereby establishes a money purchase retirement plan (the “Plan”) in the form of The ICMA Retirement Corporation Governmental Money Purchase Plan & Trust, pursuant to the specific provisions of the Adoption Agreement, both of which are attached to this Resolution and incorporated herein by this reference; and

BE IT FURTHER RESOLVED that the Plan shall be maintained for the exclusive benefit of eligible employees and their beneficiaries; and

BE IT FURTHER RESOLVED that the District hereby agrees to serve as trustee under the Plan and to invest funds held under the Plan in the Vantage Trust; and

BE IT FURTHER RESOLVED that the General Manager shall be the coordinator for the Plan; shall receive reports, notices, etc., from the ICMA Retirement Corporation or the Vantage Trust; shall cast, on behalf of the Employer, any required votes under the Vantage Trust; may delegate any administrative duties relating to the Plan to appropriate departments; and

BE IT FURTHER RESOLVED that the District hereby authorizes the General Manager to execute all necessary agreements with the ICMA Retirement Corporation incidental to the administration of the Plan.

PASSED AND ADOPTED this 8th day of February, 2011, by the following votes of the Board of Directors:

AYES:

NOES:

ABSENT:

COASTSIDE COUNTY WATER DISTRICT

Robert Feldman, President of the Board of Directors

ATTEST:

David R. Dickson, Secretary of the Board

401 Governmental Money Purchase Plan & Trust Basic Document



**ICMA RETIREMENT CORPORATION
GOVERNMENTAL MONEY PURCHASE PLAN & TRUST
BASIC DOCUMENT**

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**ICMA RETIREMENT CORPORATION
GOVERNMENTAL MONEY PURCHASE PLAN & TRUST**

I. PURPOSE

The Employer hereby adopts this Plan and Trust to provide funds for its Employees' retirement, and to provide funds for their Beneficiaries in the event of death. The benefits provided in this Plan shall be paid from the Trust. The Plan and the Trust forming a part hereof are adopted and shall be maintained for the exclusive benefit of eligible Employees and their Beneficiaries. Except as provided in Sections 4.12 and 14.03, no part of the corpus or income of the Trust shall revert to the Employer or be used for or diverted to purposes other than the exclusive benefit of Participants and their Beneficiaries.

II. DEFINITIONS

2.01 Account. A separate record which shall be established and maintained under the Trust for each Participant, and which shall include all Participant subaccounts created pursuant to Article IV, plus any Participant Loan Account created pursuant to Section 13.03. Each subaccount created pursuant to Article IV shall include any earnings of the Trust and adjustments for withdrawals, and realized and unrealized gains and losses allocable thereto. The term "Account" may also refer to any of such separate subaccounts.

2.02 Accounting Date. Each day that the New York Stock Exchange is open for trading, and such other dates as may be determined by the Plan Administrator, as provided in Section 6.06 for valuing the Trust's assets.

2.03 Adoption Agreement. The separate agreement executed by the Employer through which the Employer adopts the Plan and elects among the various alternatives provided thereunder, and which upon execution, becomes an integral part of the Plan.

2.04 Beneficiary. The person or persons (including a trust) designated by the Participant who shall receive any benefits payable hereunder in the event of the Participant's death. The designation of such Beneficiary shall be in writing to the Plan Administrator. A Participant may designate primary and contingent Beneficiaries. Where no designated Beneficiary survives the Participant or no Beneficiary is otherwise designated by the Participant, the Participant's Beneficiary shall be his/her surviving spouse or, if none, his/her estate.

Notwithstanding the foregoing, the Beneficiary designation is subject to the requirements of Article XII unless the Employer elects otherwise in the Adoption Agreement.

Notwithstanding the foregoing, where elected by the Employer in the Adoption Agreement (the "QJSA Election"), the Beneficiary designation is subject to the requirements of Article XVII.

Notwithstanding the foregoing, to the extent permitted by the Employer, a Beneficiary receiving required minimum distributions in accordance with Article X and not in a benefit form elected under Article XI or XII, may designate a Beneficiary to receive the required minimum distributions that would have otherwise been payable to the initial Beneficiary but for his or her death.

2.05 Break in Service. A Period of Severance of at least twelve (12) consecutive months.

In the case of an individual who is absent from work for maternity or paternity reasons, the twelve (12) consecutive month period beginning on the first anniversary of the first date of such absence shall not constitute a Break in Service. For purposes of this paragraph, an absence from work for maternity or paternity reasons means an absence (1) by reason of the pregnancy of the individual, (2) by reason of the birth of a child of the individual, (3) by reason of the placement of a child with the individual in connection with the adoption of such child by such individual, or (4) for purposes of caring for such child for a period beginning immediately following such birth or placement.

2.06 Code. The Internal Revenue Code of 1986, as amended from time to time.

2.07 Covered Employment Classification. The group or groups of Employees eligible to make and/or have contributions to this Plan made on their behalf, as specified by the Employer in the Adoption Agreement.

2.08 Disability. A physical or mental impairment which is of such permanence and degree that, as determined by the Employer, a Participant is unable because of such impairment to perform any substantial gainful activity for which he/she is suited by virtue of his/her experience, training, or education and that has lasted, or can be expected to last, for a continuous period of not less than twelve (12) months, or can be expected to result in death. The permanence and degree of such impairment shall be supported by medical evidence. If the Employer maintains a long-term disability plan, the definition of Disability shall be the same as the definition of disability in the long-term disability plan.

2.09 Earnings.

- (a) **General Rule.** Earnings, which form the basis for computing Employer Contributions, are all of each Participant's W-2 earnings which are actually paid to the Participant during the Plan Year, plus any contributions made pursuant to a salary reduction agreement which are not includible in the gross income of the Employee under section 125, 402(e)(3), 402(h)(1)(B), 403(b), 414(h)(2), 457(b), or, effective January 1, 2001, 132(f)(4) of the Code. Earnings shall include any pre-tax contributions (excluding direct employer contributions) to an integral part trust of the Employer providing retiree health care benefits. Earnings shall also include any other earnings as defined and elected by the Employer in the Adoption Agreement. Unless the Employer elects otherwise in the Adoption Agreement, Earnings shall exclude overtime compensation and bonuses.
- (b) **Limitation on Earnings.** For any Plan Year beginning after December 31, 2001, the annual Earnings of each Participant taken into account in determining allocations shall not exceed \$200,000, as adjusted for cost-of-living increases in accordance with section 401(a)(17)(B) of the Code. Annual Earnings means Earnings during the Plan Year or such other consecutive 12-month period over which Earnings is otherwise determined under the Plan (the determination period). The cost-of-living adjustment in effect for a calendar year applies to annual Earnings for the determination period that begins with or within such calendar year.

If a determination period consists of fewer than twelve (12) months, the annual Earnings limit is an amount equal to the otherwise applicable annual Earnings limit multiplied by the fraction, the numerator of which is the number of months in the short Plan Year and the denominator of which is twelve (12). If Earnings for any prior determination period are taken

into account in determining a Participant's allocations for the current Plan Year, the Earnings for such prior year are subject to the applicable annual Earnings limit in effect for that prior year.

- (c) **Limitations for Governmental Plans.** In the case of an eligible participant in a governmental plan (within the meaning of section 414(d) of the Code), the dollar limitation shall not apply to the extent the Earnings which are allowed to be taken into account under the Plan would be reduced below the amount which was allowed to be taken into account under the Plan as in effect on July 1, 1993, as adjusted for increases in the cost-of-living in accordance with section 401(a)(17)(B) of the Code. For purposes of this Section, an eligible participant is an individual who first became a Participant in the Plan during a Plan Year beginning before the first Plan Year beginning after December 31, 1993.
- 2.10 Effective Date.** The first day of the Plan Year during which the Employer adopts the Plan, unless the Employer elects in the Adoption Agreement an alternate date as the Effective Date of the Plan.
- 2.11 Employee.** Any individual who has applied for and been hired in an employment position and who is employed by the Employer as a common law employee; provided, however, that Employee shall not include any individual who is not so recorded on the payroll records of the Employer, including any such person who is subsequently reclassified by a court of law or regulatory body as a common law employee of the Employer. For purposes of clarification only and not to imply that the preceding sentence would otherwise cover such person, the term Employee does not include any individual who performs services for the Employer as an independent contractor, or under any other non-employee classification.
- 2.12 Employer.** The unit of state or local government or an agency or instrumentality of one (1) or more states or local governments that executes the Adoption Agreement.
- 2.13 Hour of Service.** Each hour for which an Employee is paid or entitled to payment for the performance of duties for the Employer.
- 2.14 Nonforfeitable Interest.** The nonforfeitable interest of the Participant or his/her Beneficiary (whichever is applicable) is that percentage of his/her Employer Contribution Account balance, which has vested pursuant to Article VII. A Participant shall, at all times, have a one hundred percent (100%) Nonforfeitable Interest in his/her Participant Contribution, Rollover, and Voluntary Contribution Accounts.
- 2.15 Normal Retirement Age.** The age which the Employer specifies in the Adoption Agreement. If the Employer enforces a mandatory retirement age, the Normal Retirement Age is the lesser of that mandatory age or the age specified in the Adoption Agreement.
- 2.16 Participant.** An Employee or former Employee for whom contributions have been made under the Plan and who has not yet received all of the payments of benefits to which he/she is entitled under the Plan. A Participant is treated as benefiting under the Plan for any Plan Year during which the participant received or is deemed to receive an allocation in accordance with Treas. Reg. section 1.410(b)-3(a).
- 2.17 Period of Service.** For purposes of determining an Employee's initial or continued eligibility to participate in the Plan or the Nonforfeitable Interest in the Participant's Account balance derived from Employer Contributions, an Employee will receive credit for the aggregate of all time period(s)

commencing with the Employee's first day of employment or reemployment and ending on the date a Break in Service begins. The first day of employment or reemployment is the first day the Employee performs an Hour of Service. An Employee will also receive credit for any Period of Severance of less than twelve (12) consecutive months. Fractional periods of a year will be expressed in terms of days.

Notwithstanding anything to the contrary herein, if the Plan is an amendment and restatement of a plan that previously calculated service under the hours of service method, service shall be credited in a manner that is at least as generous as that provided under Treas. Regs. section 1.410(a)-7(g).

- 2.18 Period of Severance.** A continuous period of time during which the Employee is not employed by the Employer. Such period begins on the date the Employee retires, quits or is discharged, or if earlier, the twelve (12) month anniversary of the date on which the Employee was otherwise first absent from service.
- 2.19 Plan.** This Plan, as established by the Employer, including any elected provisions pursuant to the Adoption Agreement.
- 2.20 Plan Administrator.** The person(s) or entity named to carry out certain nondiscretionary administrative functions under the Plan, as hereinafter described, which is the ICMA Retirement Corporation or any successor Plan Administrator.
- 2.21 Plan Year.** The twelve (12) consecutive month period designated by the Employer in the Adoption Agreement.
- 2.22 Trust.** The Trust created under Article VI of the Plan which shall consist of all of the assets of the Plan derived from Employer and Participant contributions under the Plan, plus any income and gains thereon, less any losses, expenses and distributions to Participants and Beneficiaries.

III. ELIGIBILITY

- 3.01 Service.** Except as provided in Sections 3.02 and 3.03 of the Plan, an Employee within the Covered Employment Classification who has completed a twelve (12) month Period of Service shall be eligible to participate in the Plan at the beginning of the payroll period next commencing thereafter. The Employer may elect in the Adoption Agreement to waive or reduce the twelve (12) month Period of Service.

If the Employer maintains the plan of a predecessor employer, service with such employer shall be treated as Service for the Employer.

- 3.02 Age.** The Employer may designate a minimum age requirement, not to exceed age twenty-one (21), for participation. Such age, if any, shall be declared in the Adoption Agreement.
- 3.03 Return to Covered Employment Classification.** In the event a Participant is no longer a member of Covered Employment Classification and becomes ineligible to make contributions and/or have contributions made on his/her behalf, such Employee will become eligible for contributions immediately upon returning to a Covered Employment Classification. If such Participant incurs a Break in Service, eligibility will be determined under the Break in Service rules of the Plan.

In the event an Employee who is not a member of a Covered Employment Classification becomes a member, such Employee will be eligible to participate immediately if such Employee has satisfied the minimum age and service requirements and would have otherwise previously become a Participant.

- 3.04 Service Before a Break in Service.** All Periods of Service with the Employer are counted toward eligibility, including Periods of Service before a Break in Service.

IV. CONTRIBUTIONS

- 4.01 Employer Contributions.** For each Plan Year, the Employer will contribute to the Trust an amount as specified in the Adoption Agreement. The Employer's full contribution for any Plan Year shall be due and paid not later than thirty (30) working days after the close of the Plan Year. Each Participant will share in Employer Contributions for the period beginning on the date the Participant commences participation under the Plan and ending on the date on which such Employee severs employment with the Employer or is no longer a member of a Covered Employment Classification, and such contributions shall be accounted for separately in his/her Employer Contribution Account. Notwithstanding anything to the contrary herein, if so elected by the Employer in the Adoption Agreement, an Employee shall be required to make contributions as provided pursuant to Section 4.03 or 4.04 in order to be eligible for Employer Contributions to be made on his/her behalf to the Plan.
- 4.02 Forfeitures.** All amounts forfeited by terminated Participants, pursuant to Section 7.06, shall be allocated to a suspense account and used to reduce dollar for dollar Employer Contributions otherwise required under the Plan for the current Plan Year and succeeding Plan Years, if necessary. Forfeitures may first be used to pay the reasonable administrative expenses of the Plan, with any remainder being applied to reduce Employer Contributions.
- 4.03 Mandatory Participant Contributions.** If the Employer so elects in the Adoption Agreement, each eligible Employee shall make contributions at a rate prescribed by the Employer or at any of a range of specified rates, as set forth by the Employer in the Adoption Agreement, as a requirement for his/her participation (1) in the Plan or (2) in this portion of the Plan. Once an eligible Employee becomes a Participant and makes an election hereunder, he/she shall not thereafter have the right to discontinue or vary the rate of such Mandatory Participant Contributions. Such contributions shall be accounted for separately in the Participant Contribution Account. Such Account shall be at all times nonforfeitable by the Participant.

If the Employer so elects in the Adoption Agreement, the Mandatory Participant Contributions shall be "picked up" by the Employer in accordance with Code section 414(h)(2). Any contribution picked-up under this Section shall be treated as an employer contribution in determining the tax treatment under the Code, and shall not be included as gross income of the Participant until it is distributed.

To constitute a Pick-Up Contribution, (1) the Employer must specify that the contributions are being paid by the Employer in lieu of contributions by the Employee, and (2) the Employee must not be given the option of choosing to receive the contributed amounts directly instead of having them paid by the Employer to the Plan.

- 4.04 Employer Matching Contributions of Voluntary Participant Contributions.** If the Employer so elects in the Adoption Agreement, Employer Matching Contributions shall be made on behalf of an eligible Employee for a Plan Year only if the Employee agrees to make Voluntary Participant Contributions for that Plan Year. The rate of Employer Contributions shall, to the extent specified in

the Adoption Agreement, be based upon the rate at which Voluntary Participant Contributions are made for that Plan Year. Employer Matching Contributions shall be accounted for separately in the Employer Contribution Account.

- 4.05 Voluntary Participant Contributions.** If the Employer so elects in the Adoption Agreement, an eligible Employee may make after-tax voluntary (unmatched) contributions under the Plan for any Plan Year in any amount up to twenty five percent (25%) of his/her Earnings for such Plan Year. Matched and unmatched contributions shall be accounted for separately in the Participant's Voluntary Contribution Account. Such Account shall be at all times nonforfeitable by the Participant.
- 4.06 Deductible Employee Contributions.** The Plan will not accept deductible employee contributions which are made for a taxable year beginning after December 31, 1986. Contributions made prior to that date will be maintained in a Deductible Employee Contribution Account. The Account will share in the gains and losses under the Plan in the same manner as described in Section 6.06 of the Plan. Such Account shall be at all times nonforfeitable by the Participant.
- 4.07 Final Pay Contributions.** If the Employer so elects in the Adoption Agreement, Participants shall be eligible to make or receive Final Pay Contributions under this Plan in accordance with Article XVIII. Notwithstanding the foregoing, this election may only be made if the Employer also elects to make contributions under Section 4.01.
- 4.08 Accrued Leave Contributions.** If the Employer so elects in the Adoption Agreement, eligible Participants shall be eligible to make or receive Accrued Leave Contributions under this Plan in accordance with Article XIX. Notwithstanding the foregoing, this election may only be made if the Employer also elects to make contributions under Section 4.01.
- 4.09 Military Service Contributions.** Notwithstanding any provision of the Plan to the contrary, effective December 12, 1994, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with section 414(u) of the Code.

Effective December 12, 1994, if the Employer has elected in the Adoption Agreement to make loans available to Participants, loan repayments will be suspended under the Plan as permitted under section 414(u)(4) of the Code.

- 4.10 Changes in Participant Election.** A Participant may elect to change his/her rate of Voluntary Participant Contributions at any time or during an election period as designated by the Employer. A Participant may discontinue such contributions at any time or during an election period as designated by the Employer.
- 4.11 Portability of Benefits.**
- (a) Unless otherwise elected by the Employer in the Adoption Agreement, the Plan will accept Participant (which shall include, for purposes of this subsection, an Employee within the Covered Employment Classification whether or not he/she has satisfied the minimum age and service requirements of Article III,) rollover contributions and/or direct rollovers of distributions (including after-tax contributions) made after December 31, 2001 that are eligible for rollover in accordance with Section 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii), or 457(e)(16) of the Code, from all of the following types of plans:

- (1) A qualified plan described in Section 401(a) or 403(a) of the Code;

- (2) An annuity contract described in Section 403(b) of the Code;
 - (3) An eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or a political subdivision of a state; and
 - (4) An individual retirement account or annuity described in Section 408(a) or 408(b) of the Code (including SEPs, and SIMPLE IRAs after two years of participating in the SIMPLE IRA).
- (b) Notwithstanding the foregoing, the Employer may reject the rollover contribution if it determines, in its discretion, that the form and nature of the distribution from the other plan does not satisfy the applicable requirements under the Code to make the transfer or rollover a nontaxable transaction to the Participant;
 - (c) For indirect rollover contributions, the amount distributed from such plan must be rolled over to this Plan no later than the sixtieth (60th) day after the distribution was made from the plan, unless otherwise waived by the IRS pursuant to Section 402(c)(3) of the Code.
 - (d) The amount transferred shall be deposited in the Trust and shall be credited to a Rollover Account. Such Account shall be one hundred percent (100%) vested in the Participant.
 - (e) The Plan will accept accumulated deductible employee contributions as defined in section 72(o)(5) of the Code that were distributed from a qualified retirement plan and transferred (rolled over) pursuant to section 402(c), 403(a)(4), 403(b)(8), or 408(d)(3) of the Code. Notwithstanding the above, this transferred (rolled over) amount shall be deposited to the Trust and shall be credited to a Deductible Employee Contributions Account. Such Account shall be one-hundred percent (100%) vested in the Participant.
 - (f) A Participant may, upon approval by the Employer and the Plan Administrator, transfer his/her interest in another plan maintained by the Employer that is qualified under section 401(a) of the Code to this Plan, provided the transfer is effected through a one-time irrevocable written election made by the Participant. The amount transferred shall be deposited in the Trust and shall be credited to sources that maintain the same attributes as the plan from which they are transferred. Such transfer shall not reduce the accrued years or service credited to the Participant for purposes of vesting or eligibility for any Plan benefits or features.

4.12 Return of Employer Contributions. Any contribution made by the Employer because of a mistake of fact must be returned to the Employer within one year of the date of contribution.

V. LIMITATION ON ALLOCATIONS

5.01 Participants Only in This Plan.

- (a) If the Participant does not participate in, and has never participated in another qualified plan or a welfare benefit fund, as defined in section 419(e) of the Code, maintained by the Employer, or an individual medical account, as defined by section 415(l)(2) of the Code, maintained by the Employer, which provides an Annual Addition, the amount of Annual Additions which may be credited to the Participant's Account for any Limitation Year will not

exceed the lesser of the Maximum Permissible Amount or any other limitation contained in this Plan. If the Employer Contribution that would otherwise be contributed or allocated to the Participant's Account would cause the Annual Additions for the Limitation Year to exceed the Maximum Permissible Amount, the amount contributed or allocated will be reduced so that the Annual Additions for the Limitation Year will equal the Maximum Permissible Amount.

- (b) Prior to determining the Participant's actual Compensation for the Limitation Year, the Employer may determine the Maximum Permissible Amount for a Participant on the basis of a reasonable estimation of the Participant's Compensation for the Limitation Year, uniformly determined for all Participants similarly situated.
- (c) As soon as is administratively feasible after the end of the Limitation Year, the Maximum Permissible Amount for the Limitation Year will be determined on the basis of the Participant's actual Compensation for the Limitation Year.
- (d) If, as a result of an inadvertent reasonable error in estimating the Maximum Permissible Amount for a Participant in accordance with Subsection (b) or pursuant to Subsection (c) or as a result of the allocation of forfeitures, there is an Excess Amount, the excess will be disposed of as follows:
 - (1) Any Mandatory Participant Contributions that are not "picked up" by the Employer or Voluntary Participant Contributions, to the extent they would reduce the Excess Amount, will be returned to the Participant;
 - (2) If after the application of paragraph (1) an Excess Amount still exists, and the Participant is covered by the Plan at the end of the Limitation Year, the Excess Amount in the Participant's Account will be used to reduce Employer Contributions (including any allocation of forfeitures) for such Participant in the next Limitation Year, and each succeeding Limitation Year if necessary;
 - (3) If after the application of paragraph (1) an Excess Amount still exists, and the Participant is not covered by the Plan at the end of the Limitation Year, the Excess Amount will be held unallocated in a suspense account. The suspense account will be applied to reduce future Employer Contributions (including allocation of any forfeitures) for all remaining Participants in the next Limitation Year, and each succeeding Limitation Year if necessary;
 - (4) If a suspense account is in existence at any time during a particular Limitation Year, all amounts in the suspense account must be allocated and reallocated to Participants' accounts before any Employer or any Employee contributions may be made to the Plan for that Limitation Year. Excess Amounts in a suspense account may not be distributed to Participants or former Participants.

5.02 Participants in Another Defined Contribution Plan.

- (a) Unless the Employer provides other limitations in the Adoption Agreement, this Section applies if, in addition to this Plan, the Participant is covered under another qualified defined contribution plan maintained by the Employer, or a welfare benefit fund, as defined in section 419(e) of the Code, maintained by the Employer, or an individual medical account,

as defined by section 415(l)(2) of the Code, maintained by the Employer, which provides an Annual Addition, during any Limitation Year. The Annual Additions which may be credited to a Participant's Account under this Plan for any such Limitation Year will not exceed the Maximum Permissible Amount reduced by the Annual Additions credited to a Participant's Account under the other plans and welfare benefit funds for the same Limitation Year. If the Annual Additions with respect to the Participant under other defined contribution plans and welfare benefit funds maintained by the Employer are less than the Maximum Permissible Amount and the Employer contribution that would otherwise be contributed or allocated to the Participant's Account under this Plan would cause the Annual Additions for the Limitation Year to exceed this limitation, the amount contributed or allocated will be reduced so that the Annual Additions under all such plans and funds for the Limitation Year will equal the Maximum Permissible Amount. If the Annual Additions with respect to the Participant under such other defined contribution plans and welfare benefit funds in the aggregate are equal to or greater than the Maximum Permissible Amount, no amount will be contributed or allocated to the Participant's Account under this Plan for the Limitation Year.

- (b) Prior to determining the Participant's actual Compensation for the Limitation Year, the Employer may determine the Maximum Permissible Amount for a Participant in the manner described in Section 5.01(b).
- (c) As soon as is administratively feasible after the end of the Limitation Year, the Maximum Permissible Amount for the Limitation Year will be determined on the basis of the Participant's actual Compensation for the Limitation Year.
- (d) If, pursuant to Subsection (c) or as a result of the allocation of forfeitures, a Participant's Annual Additions under this Plan and such other plans would result in an Excess Amount for a Limitation Year, the Excess Amount will be deemed to consist of the Annual Additions last allocated, except that Annual Additions attributable to a welfare benefit fund or individual medical account will be deemed to have been allocated first regardless of the actual allocation date.
- (e) If an Excess Amount was allocated to a Participant on an allocation date of this Plan which coincides with an allocation date of another plan, the Excess Amount attributed to this Plan will be the product of,
 - (1) The total Excess Amount allocated as of such date, multiplied by
 - (2) The ratio of (i) the Annual Additions allocated to the Participant for the Limitation Year as of such date under this Plan to (ii) the total Annual Additions allocated to the Participant for the Limitation Year as of such date under this and all the other prototype qualified defined contribution plans.
- (f) Any Excess Amount attributed to this Plan will be disposed in the manner described in Section 5.01(d).

5.03 Definitions. For the purposes of this Article, the following definitions shall apply:

- (a) **Annual Additions:** The sum of the following amounts credited to a Participant's account for the Limitation Year:

- (1) Employer Contributions;
- (2) Forfeitures;
- (3) Employee contributions; and
- (4) Allocations under a simplified employee pension.

Amounts allocated, after March 31, 1984, to an individual medical account, as defined in section 415(l)(2) of the Code, which is part of a pension or annuity plan maintained by the Employer, are treated as Annual Additions to a defined contribution plan.

For this purpose, any Excess Amount applied under Sections 5.01(d) or 5.02(f) in the Limitation Year to reduce Employer Contributions will be considered Annual Additions for such Limitation Year.

- (b) **Compensation:** A Participant's wages, salaries, and fees for professional services and other amounts received (without regard to whether an amount is paid in cash) for personal services actually rendered in the course of employment with the Employer maintaining the Plan to the extent that the amounts are includible in gross income (including, but not limited to, bonuses, fringe benefits, and reimbursements or other expense allowances under a nonaccountable plan (as described in Treas. Reg. section 1.62-2(c))), and excluding the following:
- (1) Employer Contributions to a plan of deferred compensation which are not includible in the Employee's gross income for the taxable year in which contributed, or Employer Contributions under a simplified employee pension plan to the extent such contributions are deductible by the Employee, or any distributions from a plan of deferred compensation; and
 - (2) Other amounts which received special tax benefits, or contributions made by the Employer (whether or not under a salary reduction agreement) towards the purchase of an annuity contract described in section 403(b) of the Code (whether or not the amounts are actually excludable from the gross income of the Employee).
 - (3) Notwithstanding the above, Compensation shall include:
 - (a) any elective deferrals (as defined in section 402(g)(3) of the Code), and
 - (b) any amount which is contributed or deferred by the Employer at the election of the Employee and which is not includible in the gross income of the Employee by reason of sections 125, 132(f)(4) or 457 of the Code.

For purposes of applying the limitations of this Article, Compensation for a Limitation Year is the Compensation actually paid or made available during such year.

- (c) **Defined Contribution Dollar Limitation:** \$40,000, as adjusted for increases in the cost-of-living in accordance with section 415(d) of the Code.
- (d) **Employer:** The Employer that adopts this Plan.

- (e) **Excess Amount:** The excess of the Participant's Annual Additions for the Limitation Year over the Maximum Permissible Amount.

Any Excess Amount shall include allocable income. The income allocable to an Excess Amount is equal to the sum of allocable gain or loss for the Plan Year and the allocable gain or loss for the period between the end of the Plan Year and the date of distribution (the gap period). The Plan may use any reasonable method for computing the income allocable to an Excess Amount, provided that the method is used consistently for all Participants and for all corrective distributions under the Plan for the Plan Year, and is used by the Plan for allocating income to Participants' Accounts.

- (f) **Limitation Year:** A calendar year, or the twelve (12) consecutive month period elected by the Employer in the Adoption Agreement. All qualified plans maintained by the Employer must use the same Limitation Year. If the Limitation Year is amended to a different twelve (12) consecutive month period, the new Limitation Year must begin on a date within the Limitation Year in which the amendment is made.

- (g) **Maximum Permissible Amount:** The maximum Annual Addition that may be contributed or allocated to a Participant's Account under the Plan for any Limitation Year shall not exceed the lesser of:

- (1) The Defined Contribution Dollar Limitation, or
- (2) One hundred percent (100%) (25% for Limitation Years before January 1, 2002) of the Participant's Compensation for the Limitation Year.

The compensation limit referred to in (2) shall not apply to any contribution for medical benefits after separation from service (within the meaning of section 401(h) or section 419A(f)(2) of the Code) which is otherwise treated as an annual addition.

If a short Limitation Year is created because of an amendment changing the Limitation Year to a different twelve (12) consecutive month period, the Maximum Permissible Amount will not exceed the Defined Contribution Dollar Limitation multiplied by the following fraction:

Number of months in the short Limitation Year: 12

VI. TRUST AND INVESTMENT OF ACCOUNTS

6.01 Trust. A Trust is hereby created to hold all of the assets of the Plan for the exclusive benefit of Participants and Beneficiaries, except that expenses and taxes may be paid from the Trust as provided in Section 6.03. The trustee shall be the Employer or such other person which agrees to act in that capacity hereunder.

6.02 Investment Powers. The trustee or the Plan Administrator, acting as agent for the trustee, shall have the powers listed in this Section with respect to investment of Trust assets, except to the extent that the investment of Trust assets is controlled by Participants, pursuant to Section 13.03.

- (a) To invest and reinvest the Trust without distinction between principal and income in common or preferred stocks, shares of regulated investment companies and other mutual funds, bonds, notes, debentures, mortgages, certificates of deposit, contracts with insurance

companies including but not limited to insurance, individual or group annuity, deposit administration, guaranteed interest contracts, and deposits at reasonable rates of interest at banking institutions including but not limited to savings accounts and certificates of deposit. Assets of the Trust may be invested in securities that involve a higher degree of risk than investments that have demonstrated their investment performance over an extended period of time.

- (b) To invest and reinvest all or any part of the assets of the Trust in any common, collective or commingled trust fund that is maintained by a bank or other institution and that is available to Employee plans qualified under section 401 of the Code, or any successor provisions thereto, and during the period of time that an investment through any such medium shall exist, to the extent of participation of the Plan, the declaration of trust of such common, collective, or commingled trust fund shall constitute a part of this Plan.
- (c) To invest and reinvest all or any part of the assets of the Trust in any group annuity, deposit administration or guaranteed interest contract issued by an insurance company or other financial institution on a commingled or collective basis with the assets of any other plan or trust qualified under section 401(a) of the Code or any other plan described in section 401(a)(24) of the Code, and such contract may be held or issued in the name of the Plan Administrator, or such custodian as the Plan Administrator may appoint, as agent and nominee for the Employer. During the period that an investment through any such contract shall exist, to the extent of participation of the Plan, the terms and conditions of such contract shall constitute a part of the Plan.
- (d) To hold cash awaiting investment and to keep such portion of the Trust in cash or cash balances, without liability for interest, in such amounts as may from time to time be deemed to be reasonable and necessary to meet obligations under the Plan or otherwise to be in the best interests of the Plan.
- (e) To hold, to authorize the holding of, and to register any investment to the Trust in the name of the Plan, the Employer, or any nominee or agent of any of the foregoing, including the Plan Administrator, or in bearer form, to deposit or arrange for the deposit of securities in a qualified central depository even though, when so deposited, such securities may be merged and held in bulk in the name of the nominee of such depository with other securities deposited therein by any other person, and to organize corporations or trusts under the laws of any jurisdiction for the purpose of acquiring or holding title to any property for the Trust, all with or without the addition of words or other action to indicate that property is held in a fiduciary or representative capacity but the books and records of the Plan shall at all times show that all such investments are part of the Trust.
- (f) Upon such terms as may be deemed advisable by the Employer or the Plan Administrator, as the case may be, for the protection of the interests of the Plan or for the preservation of the value of an investment, to exercise and enforce by suit for legal or equitable remedies or by other action, or to waive any right or claim on behalf of the Plan or any default in any obligation owing to the Plan, to renew, extend the time for payment of, agree to a reduction in the rate of interest on, or agree to any other modification or change in the terms of any obligation owing to the Plan, to settle, compromise, adjust, or submit to arbitration any claim or right in favor of or against the Plan, to exercise and enforce any and all rights

of foreclosure, bid for property in foreclosure, and take a deed in lieu of foreclosure with or without paying consideration therefor, to commence or defend suits or other legal proceedings whenever any interest of the Plan requires it, and to represent the Plan in all suits or legal proceedings in any court of law or equity or before any body or tribunal.

- (g) To employ suitable consultants, depositories, agents, and legal counsel on behalf of the Plan.
- (h) To open and maintain any bank account or accounts in the name of the Plan, the Employer, or any nominee or agent of the foregoing, including the Plan Administrator, in any bank or banks.
- (i) To do any and all other acts that may be deemed necessary to carry out any of the powers set forth herein.

6.03 Taxes and Expenses. All taxes of any and all kinds whatsoever that may be levied or assessed under existing or future laws upon, or in respect to the Trust, or the income thereof, and all commissions or acquisitions or dispositions of securities and similar expenses of investment and reinvestment of the Trust, shall be paid from the Trust. Such reasonable compensation of the Plan Administrator, as may be agreed upon from time to time by the Employer and the Plan Administrator, and reimbursement for reasonable expenses incurred by the Plan Administrator in performance of its duties hereunder (including but not limited to fees for legal, accounting, investment and custodial services) shall also be paid from the Trust. However, no person who is a fiduciary within the meaning of section 3(21)(A) of ERISA and regulations promulgated thereunder, and who receives full-time pay from the Employer may receive compensation from the Trust, except for expenses properly and actually incurred.

6.04 Payment of Benefits. The payment of benefits from the Trust in accordance with the terms of the Plan may be made by the Plan Administrator, or by any custodian or other person so authorized by the Employer to make such disbursement. Benefits under this Plan shall be paid only if the Plan Administrator, custodian or other person decides in his/her discretion that the applicant is entitled to them. The Plan Administrator, custodian or other person shall not be liable with respect to any distribution of Trust assets made at the direction of the Employer.

6.05 Investment Funds. In accordance with uniform and nondiscriminatory rules established by the Employer and the Plan Administrator, the Participant may direct his/her Accounts to be invested in one (1) or more investment funds available under the Plan; provided, however, that the Participant's investment directions shall not violate any investment restrictions established by the Employer and shall not include any investment in collectibles, as defined in section 408(m) of the Code.

6.06 Valuation of Accounts. As of each Accounting Date, the Plan assets held in each investment fund offered shall be valued at fair market value and the investment income and gains or losses for each fund shall be determined. Such investment income and gains or losses shall be allocated proportionately among all Account balances on a fund-by-fund basis. The allocation shall be in the proportion that each such Account balance as of the immediately preceding Accounting Date bears to the total of all such Account balances as of that Accounting Date. For purposes of this Article, all Account balances include the Account balances of all Participants and Beneficiaries.

6.07 Participant Loan Accounts. Participant Loan Accounts shall be invested in accordance with Section 13.03 of the Plan. Such Accounts shall not share in any investment income and gains or losses of the investment funds described in Section 6.05.

VII. VESTING

7.01 Vesting Schedule. The portion of a Participant's Account attributable to Mandatory Participant Contributions and Voluntary Participant Contributions, and the earnings thereon, shall be at all times nonforfeitable by the Participant. A Participant shall have a Nonforfeitable Interest in the percentage of his/her Employer Contribution Account established under Section 4.01, 4.04, 18.02(a) and 19.02(a) determined pursuant to the schedule elected by the Employer in the Adoption Agreement.

7.02 Crediting Periods of Service. Except as provided in Section 7.03, all of an Employee's Periods of Service with the Employer are counted to determine the nonforfeitable percentage in the Employee's Account balance derived from Employer Contributions. If the Employer maintains the plan of a predecessor employer, service with such employer will be treated as service for the Employer.

For purposes of determining years of service and Breaks in Service for the purposes of computing a Participant's nonforfeitable right to the Account balance derived from Employer Contributions, the twelve (12) consecutive month period will commence on the date the Employee first performs an hour of service and each subsequent twelve (12) consecutive month period will commence on the anniversary of such date.

7.03 Service After Break in Service. In the case of a Participant who has a Break in Service of at least five (5) years, all Periods of Service after such Breaks in Service will be disregarded for the purpose of determining the nonforfeitable percentage of the Employer-derived Account balance that accrued before such Break, but both pre-Break and post-Break service will count for the purposes of vesting the Employer-derived Account balance that accrues after such Break. Both Accounts will share in the earnings and losses of the fund.

In the case of a Participant who does not have a Break in Service of at least five (5) years, both the pre-Break and post-Break service will count in vesting both the pre-Break and post-Break Employer-derived Account balance.

In the case of a Participant who does not have any nonforfeitable right to the Account balance derived from Employer Contributions, years of service before a period of consecutive one (1) year Breaks in Service will not be taken into account in computing eligibility service if the number of consecutive one (1) year Breaks in Service in such period equals or exceeds the greater of five (5) or the aggregate number of years of service. Such aggregate number of years of service will not include any years of service disregarded under the preceding sentence by reason of prior Breaks in Service.

If a Participant's years of service are disregarded pursuant to the preceding paragraph, such Participant will be treated as a new Employee for eligibility purposes. If a Participant's years of service may not be disregarded pursuant to the preceding paragraph, such Participant shall continue to participate in the Plan, or, if terminated, shall participate immediately upon reemployment.

7.04 Vesting Upon Normal Retirement Age. Notwithstanding Section 7.01 of the Plan, a Participant shall have a Nonforfeitable Interest in his/her entire Employer Contribution Account, to the extent that the balance of such Account has not previously been forfeited pursuant to Section 7.06 of the Plan, if he/she is employed on or after his/her Normal Retirement Age.

7.05 Vesting Upon Death or Disability. Notwithstanding Section 7.01 of the Plan, in the event of Disability or death, a Participant or his/her Beneficiary shall have a Nonforfeitable Interest in his/

her entire Employer Contribution Account, to the extent that the balance of such Account has not previously been forfeited pursuant to Section 7.06 of the Plan.

- 7.06 Forfeitures.** Except as provided in Sections 7.04 and 7.05 of the Plan or as otherwise provided in this Section 7.06, a Participant who separates from service prior to obtaining full vesting shall forfeit that percentage of his/her Employer Contribution Account balance which has not vested as of the date such Participant incurs a Break in Service of five (5) consecutive years or, if earlier, the date such Participant receives, or is deemed under the provisions of Section 9.04 to have received, distribution of the entire Nonforfeitable Interest in his/her Employer Contribution Account.

No forfeiture will occur solely as a result of a Participant's withdrawal of Employee Contributions.

Forfeitures shall be allocated in the manner described in Section 4.02.

- 7.07 Reinstatement of Forfeitures.** If the Participant returns to the employment of the Employer before incurring a Break in Service of five (5) consecutive years, any amounts forfeited pursuant to Section 7.06 shall be reinstated to the Participant's Employer Contribution Account on the date of repayment by the Participant of the amount distributed to such Participant from his/her Employer Contribution Account; provided, however, that if such Participant forfeited his/her Account balance by reason of a deemed distribution, pursuant to Section 9.04, such amounts shall be automatically restored upon the reemployment of such Participant. Such repayment must be made before the earlier of five (5) years after the first date on which the Participant is subsequently reemployed by the Employer, or the date the Participant incurs a Break in Service of five (5) consecutive years.

VIII. BENEFITS CLAIM

- 8.01 Claim of Benefits.** A Participant or Beneficiary shall notify the Plan Administrator in writing of a claim of benefits under the Plan. The Plan Administrator shall take such steps as may be necessary to facilitate the payment of such benefits to the Participant or Beneficiary.
- 8.02 Appeal Procedure.** If any claim for benefits is initially denied by the Plan Administrator, the claimant shall file the appeal with the Employer, whose decision shall be final, to the extent provided by Section 15.07.

IX. COMMENCEMENT OF BENEFITS

- 9.01 Normal and Elective Commencement of Benefits.** A Participant who retires, becomes Disabled or incurs a severance from employment (separation from service for Plan Years beginning before 2002) for any other reason may elect by written notice to the Plan Administrator to have his or her vested Account balance benefits commence on any date, provided that such distribution complies with Section 9.02. Such election must be made in writing during the ninety (90) day period ending on the date as of which benefit payments are to commence. A Participant's election shall be revocable and may be amended by the Participant.

The failure of a Participant to consent to a distribution while a benefit is immediately distributable, within the meaning of section 9.02 of the Plan, shall be deemed to be an election to defer commencement of payment of any benefit.

- 9.02 Restrictions on Immediate Distributions.** Notwithstanding anything to the contrary in Section 9.01 of the Plan, if the value of a Participant's vested Account balance is at least \$1,000, and the

Account balance is immediately distributable, the Participant must consent to any distribution of such Account balance. The Participant's consent shall be obtained in writing during the ninety (90) day period ending on the date as of which benefit payments are to commence. No consent shall be required, however, to the extent that a distribution is required to satisfy section 401(a)(9) or 415 of the Code.

The Plan Administrator shall notify the Participant of the right to defer any distribution until the Participant's Account balance is no longer immediately distributable. Such notification shall include a general description of the material features, and an explanation of the relative values of, the optional forms of benefit available under the Plan in a manner that would satisfy section 417(a)(3) of the Code, and shall be provided no less than thirty (30) and no more than ninety (90) days before the date as of which benefit payments are to commence. However, distribution may commence less than thirty (30) days after the notice described in the preceding sentence is given, provided (i) the distribution is one to which sections 401(a)(11) and 417 of the Code do not apply or, if the QJSA Election is made by the Employer in the Adoption Agreement, the waiver requirements of Section 17.04(a) are met; (ii) the Plan Administrator clearly informs the Participant that the Participant has a right to a period of at least thirty (30) days after receiving the notice to consider the decision of whether or not to elect a distribution (and, if applicable, a particular distribution option); and (iii) the Participant, after receiving the notice, affirmatively elects a distribution.

In addition, upon termination of this Plan if the Plan does not offer an annuity option (purchased from a commercial provider) and if the Employer does not maintain another 401(a) defined contribution plan, the Participant's Account balance will, without the Participant's consent, be distributed to the Participant in a lump sum. However, if the Employer maintains another 401(a) defined contribution plan, the Participant's Account balance will be transferred, without the Participant's consent, to the other plan if the Participant does not consent to an immediate distribution.

An Account balance is immediately distributable if any part of the Account balance could be distributed to the Participant (or surviving spouse) before the Participant attains or would have attained (if not deceased) the later of Normal Retirement Age or age sixty-two (62).

For purposes of determining the applicability of the foregoing consent requirements to distributions made before the first day of the first plan year beginning after December 31, 1988, the Participant's vested Account balance shall not include amounts attributable to accumulated deductible employee contributions within the meaning of section 72(o)(5)(B) of the Code.

9.03 Transfer to Another Plan.

- (a) If a Participant becomes eligible to participate in another plan maintained by the Employer that is qualified under section 401(a) of the Code, the Plan Administrator shall, at the written election of such Participant, transfer all or part of such Participant's Account to such plan, provided the plan administrator for such plan certifies to the Plan Administrator that its plan provides for the acceptance of such a transfer. Such transfers shall include those transfers of the nonforfeitable interest of a Participant's Account made for the purchase of service credit in defined benefit plans maintained by the Employer. For purposes of this Plan, any such transfer shall not be considered a distribution to the Participant subject to spousal consent as described in Section 9.10.

(b) Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Distributee's election under this Section, a Distributee may elect, at the time and in the manner prescribed by the Plan Administrator, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover.

(c) **Definitions.** For the purposes of Subsection (b), the following definitions shall apply:

(1) **Eligible Rollover Distribution.** Any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include: (i) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's designated beneficiary, or for a specified period of ten years or more; (ii) any distribution to the extent such distribution is required under section 401(a)(9) of the Code; and (iii) the portion of any other distribution(s) that is not includible in gross income.

A portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in section 408(a) or (b) of the Code, or to a qualified defined contribution plan described in section 401(a) or 403(a) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

(2) **Eligible Retirement Plan.** (i) an individual retirement account described in section 408(a) of the Code or an individual retirement annuity described in section 408(b) of the Code (collectively, an "IRA"); (ii) an annuity plan described in section 403(a) of the Code; (iii) an annuity contract described in section 403(b) of the Code, (iv) an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan; or (v) a qualified plan described in section 401(a) of the Code, that accepts the Distributee's Eligible Rollover Distribution. The definition of Eligible Retirement Plan shall also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee, under a qualified domestic relations order, as defined in section 414(p) of the Code.

(3) **Distributee.** Participant; in addition, the Participant's surviving spouse and the spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in section 414(p) of the Code, are Distributees with regard to the interest of the spouse or former spouse.

(4) **Direct Rollover.** A payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

9.04 De Minimis Accounts. Notwithstanding the foregoing provisions of this Article, prior to January 1, 2002, if a Participant terminates service, and the value of his/her Nonforfeitable Interest in his/her Account is not greater than the dollar limit under section 411(a)(11)(A) of the Code, the Participant's benefit shall be paid (to the extent it constitutes an Eligible Rollover Distribution) in the form of a direct rollover to the Plan Administrator's designated IRA, unless he/she affirmatively elects to receive a cash payment or a Direct Rollover in accordance with procedures established by the Plan Administrator.

On or after January 1, 2002, if a Participant terminates service, and the value of his/her Nonforfeitable Interest in his/her Account is less than \$1,000, the Participant's benefit shall be paid as soon as practicable to the Participant in a single lump sum distribution. If the value of the Participant's Account is at least \$1,000 but not more than the dollar limit under section 411(a)(11)(A) of the Code, the Participant may elect to receive his/her Nonforfeitable Interest in his/her Account. Such distribution shall be made as soon as practicable following the request, in a lump sum.

For purposes of this Section, if a Participant's Nonforfeitable Interest in his/her Account is zero, the Participant shall be deemed to have received a distribution of such Nonforfeitable Interest in his/her Account.

9.05 Withdrawal of Voluntary Contributions. A Participant may upon written request withdraw a part of or the full amount of his/her Voluntary Contribution Account. Such withdrawals may be made at any time, provided that no more than two (2) such withdrawals may be made during any calendar year. No forfeiture will occur solely as the result of any such withdrawal.

9.06 Withdrawal of Deductible Employee Contributions. A Participant may upon written request withdraw a part of or the full amount of his/her Deductible Employee Contribution Account. Such withdrawals may be made at any time, provided that no more than two (2) such withdrawals may be made during any calendar year. No forfeiture will occur solely as the result of any such withdrawal.

9.07 In-Service Distribution from Rollover Account. Where elected by the Employer in the Adoption Agreement, a Participant that has a separate account attributable to rollover contributions to the Plan, may at any time elect to receive a distribution of all or any portion of the amount held in the Rollover Account.

9.08 In-Service Distributions. Unless otherwise elected by the Employer in the Adoption Agreement, a Participant who has reached age 70½ regardless of his Nonforfeitable Interest in his/her entire Employer Contribution Account, shall, upon written request, receive a distribution of a part of or the full amount of the balance in any or all of his vested Accounts. Such distributions may be requested at any time, provided that no more than two (2) such distributions may be made during any calendar year.

9.09 Latest Commencement of Benefits. Notwithstanding anything to the contrary in this Article, benefits shall begin no later than the Participant's Required Beginning Date, as defined under Section 10.05, or as otherwise provided in Section 10.04.

9.10 Spousal Consent. Notwithstanding the foregoing, if the Employer elected the QJSA Election in the Adoption Agreement, a married Participant must first obtain his or her spouse's notarized consent to request a distribution (other than a Qualified Joint and Survivor Annuity), withdrawal, or rollover under this Article IX.

X. DISTRIBUTION REQUIREMENTS

10.01 General Rules.

- (a) Subject to the provisions of Article XII or XVII if so elected by the Employer in the Adoption Agreement, the requirements of this Article shall apply to any distribution of a Participant's interest and will take precedence over any inconsistent provisions of this Plan. Unless otherwise specified, the provisions of this Article X apply to calendar years beginning after December 31, 2002.

With respect to distributions under the Plan made in or for Plan Years beginning on or after January 1, 2002 and prior to January 1, 2003, the Plan will apply the minimum distribution requirements of section 401(a)(9) of the Code in accordance with the regulations under section 401(a)(9) that were proposed on January 17, 2001, notwithstanding any provision of the Plan to the contrary.

- (b) All distributions required under this Article shall be determined and made in accordance with the regulations under section 401(a)(9) of the Code, and the minimum distribution incidental benefit requirement of section 401(a)(9)(G) of the Code.
- (c) Limits on Distribution Periods. As of the first Distribution Calendar Year, distributions to a Participant, if not made in a single-sum, may only be made over one of the following periods:
- (1) The life of the Participant,
 - (2) The joint lives of the Participant and a designated Beneficiary,
 - (3) A period certain not extending beyond the life expectancy of the Participant, or
 - (4) A period certain not extending beyond the joint and last survivor expectancy of the Participant and a designated Beneficiary.
- (d) TEFRA Section 242(b)(2) Elections. Notwithstanding the other provisions of this Article XVII, distributions may be made under a designation made before January 1, 1984, in accordance with Section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act (TEFRA) and the provisions of the Plan that relate to Section 242(b)(2) of TEFRA.

10.02 Time and Manner of Distribution

- (a) Required Beginning Date. The Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's required beginning date.
- (b) Death of Participant Before Distributions Begin. If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:
- (1) If the Participant's surviving spouse is the Participant's sole designated Beneficiary, then, distributions to the surviving spouse will begin by December

31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70½, if later.

- (2) If the Participant's surviving spouse is not the Participant's sole designated Beneficiary, then distributions to the designated Beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.
- (3) If there is no designated Beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.
- (4) If the Participant's surviving spouse is the Participant's sole designated Beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this Section 10.02(b), other than Section 10.02(b)(1), will apply as if the surviving spouse were the Participant.

For purposes of this Section 10.02(b) and Section 10.04, unless Section 10.02(b)(4) applies, distributions are considered to begin on the Participant's required beginning date. If Section 10.02(b)(4) applies, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under Section 10.02(b)(1). If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's required beginning date (or to the Participant's surviving spouse before the date distributions are required to begin to the surviving spouse under Section 10.02(b)(1)), the date distributions are considered to begin is the date distributions actually commence.

- (c) Forms of Distribution. Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions will be made in accordance with Sections 10.03 and 10.04. If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Code Section 401(a)(9) and the Treasury Regulations.

10.03 Required Minimum Distributions During Participant's Lifetime

- (a) Amount of Required Minimum Distribution For Each Distribution Calendar Year. During the Participant's lifetime, the minimum amount that will be distributed for each distribution calendar year is the lesser of:
 - (1) the quotient obtained by dividing the Participant's Account Balance by the distribution period set forth in the Uniform Lifetime Table found in Section 1.401(a)(9)-9, Q&A-2, of the Final Income Tax Regulations using the Participant's age as of the Participant's birthday in the distribution calendar year; or
 - (2) if the Participant's sole designated Beneficiary for the distribution calendar year

is the Participant's spouse, the quotient obtained by dividing the Participant's Account Balance by the number in the Joint and Last Survivor Table set forth in Section 1.401(a)(9)-9, Q&A-3, of the regulations using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the distribution calendar year.

- (b) Lifetime Required Minimum Distributions Continue Through Year of Participant's Death. Required minimum distributions will be determined under this Section 10.03 beginning with the first distribution calendar year and continuing up to, and including, the distribution calendar year that includes the Participant's date of death.

10.04 Required Minimum Distributions After Participant's Death

- (a) Death On or After Date Distributions Begin.
- (1) Participant Survived by Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is a designated Beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the longer of the remaining life expectancy of the Participant or the remaining life expectancy of the Participant's designated Beneficiary, determined as follows:
- (a) The Participant's remaining life expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.
- (b) If the Participant's surviving spouse is the Participant's sole designated Beneficiary, the remaining life expectancy of the surviving spouse is calculated for each distribution calendar year after the year of the Participant's death using the surviving spouse's age as of the spouse's birthday in that year. For distribution calendar years after the year of the surviving spouse's death, the remaining life expectancy of the surviving spouse is calculated using the age of the surviving spouse as of the spouse's birthday in the calendar year of the spouse's death, reduced by one for each subsequent calendar year.
- (c) If the Participant's surviving spouse is not the Participant's sole designated Beneficiary, the designated Beneficiary's remaining life expectancy is calculated using the age of the Beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.
- (2) No Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is no designated Beneficiary as of September 30 of the year after the year of the Participant's death, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the Participant's remaining life expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

- (b) Death Before Date Required Distributions Begin.
- (1) Participant Survived by Designated Beneficiary. If the Participant dies before the date required distributions begin and there is a designated Beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the remaining life expectancy of the Participant's designated Beneficiary, determined as provided in Section 10.04(a).
 - (2) No Designated Beneficiary. If the Participant dies before the date distributions begin and there is no designated Beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.
 - (3) Death of Surviving Spouse Before Distributions to Surviving Spouse Are Required to Begin. If the Participant dies before the date distributions begin, the Participant's surviving spouse is the Participant's sole designated Beneficiary, and the surviving spouse dies before distributions are required to begin to the surviving spouse under Section 10.02(b)(1), this Section 10.04(b) will apply as if the surviving spouse were the Participant.

10.05 Definitions

- (a) **Designated Beneficiary.** The individual who is designated by the Participant (or the Participant's surviving spouse) as the Beneficiary of the Participant's interest under the Plan and who is the designated Beneficiary under Code Section 401(a)(9) and Section 1.401(a)(9)-4 of the regulations.
- (b) **Distribution Calendar Year.** A calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Participant's required beginning date. For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin under Section 10.02(b). The required minimum distribution for the Participant's first distribution calendar year will be made on or before the Participant's required beginning date. The required minimum distribution for other distribution calendar years, including the required minimum distribution for the distribution calendar year in which the Participant's required beginning date occurs, will be made on or before December 31 of that distribution calendar year.
- (c) **Life Expectancy.** Life expectancy as computed by use of the Single Life Table in Section 1.401(a)(9)-9, Q&A-1, of the regulations.
- (d) **Participant's Account Balance.** The Account Balance as of the last Accounting Date in the calendar year immediately preceding the distribution calendar year (valuation calendar year) increased by the amount of any contributions made and allocated or forfeitures allocated to the Account Balance as of dates in the valuation calendar year after the Accounting Date and decreased by distributions made in the valuation calendar year after the Accounting Date.

The Account Balance for the valuation calendar year includes any amounts rolled over or transferred to the Plan either in the valuation calendar year or in the distribution calendar year if distributed or transferred in the valuation calendar year.

- (e) **Required Beginning Date.** The Required Beginning Date of a Participant is April 1 of the calendar year following the later of the calendar year in which the Participant attains age seventy and one-half (70½), or the calendar year in which the Participant retires.

XI. MODES OF DISTRIBUTION OF BENEFITS

11.01 Normal Mode of Distribution. Unless an elective mode of distribution is elected as provided in Section 11.02, benefits shall be paid to the Participant in the form of a lump sum payment.

Notwithstanding the foregoing, where the Employer made the “QJSA Election” in the Adoption Agreement, unless an elective mode of distribution is elected in accordance with Article XVII, benefits shall be paid to the Participant in the form provided for in Article XVII.

11.02 Elective Mode of Distribution. Subject to the requirements of Articles X, XII and XVII, a Participant may revocably elect to have his/her Account distributed in any one (1) of the following modes in lieu of the mode described in Section 11.01:

- (a) **Equal Payments.** Equal monthly, quarterly, semi-annual, or annual payments in an amount chosen by the Participant continuing until the Account is exhausted.
- (b) **Period Certain.** Approximately equal monthly, quarterly, semi-annual, or annual payments, calculated to continue for a period certain chosen by the Participant.
- (c) **Other.** Any other sequence of payments requested by the Participant.
- (d) **Lump Sum.** Where the Employer did make the QJSA Election in the Adoption Agreement, a Participant may also elect a lump sum payment.

11.03 Election of Mode. A Participant’s election of a payment option must be made in writing between thirty (30) and ninety (90) days before the payment of benefits is to commence.

11.04 Death Benefits. Subject to Article X (and Article XII or XVII if so elected by the Employer in the Adoption Agreement),

- (a) In the case of a Participant who dies before he/she has begun receiving benefit payments, the Participant’s entire Nonforfeitable Interest shall then be payable to his/her Beneficiary within ninety (90) days of the Participant’s death. A Beneficiary who is entitled to receive benefits under this Section may elect to have benefits commence at a later date, subject to the provisions of Article X. The Beneficiary may elect to receive the death benefit in any of the forms available to the Participant under Sections 11.01 and 11.02. If the Beneficiary is the Participant’s surviving spouse, and such surviving spouse dies before payment commences, then this Section shall apply to the beneficiary of the surviving spouse as though such surviving spouse were the Participant.
- (b) Should the Participant die after he/she has begun receiving benefit payments, the Beneficiary shall receive the remaining benefits, if any, that are payable, under the payment

schedule elected by the Participant. Notwithstanding the foregoing, the Beneficiary may elect to accelerate payments of the remaining balances, including but not limited to, a lump sum distribution.

XII. SPOUSAL DEATH BENEFIT REQUIREMENTS

12.01 Application. Unless otherwise elected by the Employer in the Adoption Agreement, on or after January 1, 2006, the provisions of this Article shall take precedence over any conflicting provision in this Plan. The provisions of this Article, known as the “Beneficiary Spousal Consent Election,” shall apply to any Participant who is credited with any Period of Service with the Employer on or after August 23, 1984, and such other Participants as provided in Section 12.04.

12.02 Spousal Death Benefit.

- (a) On the death of a Participant, the Participant’s Vested Account Balance will be paid to the Participant’s Surviving Spouse. If there is no Surviving Spouse, or if the Participant has waived the spousal death benefit, as provided in Section 12.03, such Vested Account Balance will be paid to the Participant’s designated Beneficiary.
- (b) The Surviving Spouse may elect to have distribution of the Vested Account Balance commence within the ninety (90) day period following the date of the Participant’s death, or as otherwise provided under Section 11.04. The Account balance shall be adjusted for gains or losses occurring after the Participant’s death in accordance with the provisions of the Plan governing the adjustment of Account balances for other types of distributions.

12.03 Waiver of Spousal Death Benefit.

The Participant may waive the spousal death benefit described in Section 12.02 at any time; provided that no such waiver shall be effective unless: (a) the Participant’s Spouse consents in writing to the election; (b) the election designates a specific Beneficiary, including any class of Beneficiaries or any contingent Beneficiaries, which may not be changed without spousal consent (or the Spouse expressly permits designations by the Participant without any further spousal consent); (c) the Spouse’s consent acknowledges the effect of the election; and (d) the Spouse’s consent is witnessed by a Plan representative or notary public. If it is established to the satisfaction of a Plan representative that there is no Spouse or that the Spouse cannot be located, a waiver will be deemed to meet the requirements of this Section.

Any consent by a Spouse obtained under this provision (or establishment that the consent of a Spouse may not be obtained) shall be effective only with respect to such Spouse. A consent that permits designations by the Participant without any requirement of further consent by such Spouse must acknowledge that the Spouse has the right to limit consent to a specific Beneficiary, and a specific form of benefit where applicable, and that the Spouse voluntarily elects to relinquish either or both of such rights. A revocation of a prior waiver may be made by a Participant without the consent of the Spouse at any time before the commencement of benefits. The number of revocations shall not be limited.

12.04 Definitions. For the purposes of this Section, the following definitions shall apply:

- (a) Spouse (Surviving Spouse): The Spouse or Surviving Spouse of the Participant, provided that a

former Spouse will be treated as the Spouse or Surviving Spouse and a current Spouse will not be treated as the Spouse or Surviving Spouse to the extent provided under a qualified domestic relations order as described in section 414(p) of the Code.

- (b) **Vested Account Balance:** The aggregate value of the Participant's vested Account balances derived from Employer and Employee contributions (including rollovers), whether vested before or upon death, including the proceeds of insurance contracts, if any, on the Participant's life. The provisions of this Article shall apply to a Participant who is vested in amounts attributable to Employer Contributions, Employee contributions (or both) at the time of death or distribution.

XIII. LOANS TO PARTICIPANTS

13.01 Availability of Loans to Participants.

- (a) If the Employer has elected in the Adoption Agreement to make loans available to Participants, a Participant may apply for a loan from the Plan subject to the limitations and other provisions of this Article.
- (b) The Employer shall establish written guidelines governing the granting of loans, provided that such guidelines are approved by the Plan Administrator and are not inconsistent with the provisions of this Article, and that loans are made available to all Participants on a reasonably equivalent basis.

13.02 Terms and Conditions of Loans to Participants. Any loan by the Plan to a Participant under Section 13.01 of the Plan shall satisfy the following requirements:

- (a) **Availability.** Loans shall be made available to all Participants on a reasonably equivalent basis.
- (b) **Nondiscrimination.** Loans shall not be made to highly compensated Employees in an amount greater than the amount made available to other Employees.
- (c) **Interest Rate.** Loans must be adequately secured and bear a reasonable interest rate.
- (d) **Loan Limit.** No Participant loan shall exceed the present value of the Participant's Nonforfeitable Interest in his/her Account.
- (e) **Foreclosure.** In the event of default, foreclosure on the note and attachment of security will not occur until a distributable event occurs in the Plan.
- (f) **Reduction of Account.** Notwithstanding any other provision of this Plan, the portion of the Participant's vested Account balance used as a security interest held by the Plan by reason of a loan outstanding to the Participant shall be taken into account for purposes of determining the amount of the Account balance payable at the time of death or distribution, but only if the reduction is used as repayment of the loan. If less than one hundred percent (100%) of the Participant's nonforfeitable Account balance (determined without regard to the preceding sentence) is payable to the surviving spouse, then the Account balance shall be adjusted by first reducing the nonforfeitable Account balance by the amount of the security used as repayment of the loan, and then determining the benefit payable to the surviving spouse.

- (g) **Amount of Loan.** At the time the loan is made, the principal amount of the loan plus the outstanding balance (principal plus accrued interest) due on any other outstanding loans to the Participant or Beneficiary from the Plan and from all other plans of the Employer that are qualified employer plans under section 72(p)(4) of the Code shall not exceed the lesser of:
- (1) \$50,000, reduced by the excess (if any) of
 - (a) The highest outstanding balance of loans from the Plan during the one (1) year period ending on the day before the date on which the loan is made, over
 - (b) The outstanding balance of loans from the Plan on the date on which such loan is made; or
 - (2) One-half (½) of the value of the Participant's Nonforfeitable Interest in all of his/her Accounts under this Plan (or \$10,000, if greater, for loans prior to January 1, 2006).

For the purpose of the above limitation, all loans from all qualified employer plans, including 457(b) plans, under Code section 72(p)(4) of the Code are aggregated.

- (h) **Application for Loan.** The Participant must give the Employer adequate written notice, as determined by the Employer, of the amount and desired time for receiving a loan. No more than one (1) loan may be made by the Plan to a Participant in any calendar year. No loan shall be approved if an existing loan from the Plan to the Participant is in default to any extent.
- (i) **Length of Loan.** The terms of any loan issued or renegotiated after December 31, 1993, shall require the Participant to repay the loan in substantially equal installments of principal and interest, at least quarterly (except as otherwise provided in Treasury Regulation section 1.72(p)-1, Q&A-9 for certain leave of absence and military leave), over a period that does not exceed five (5) years from the date of the loan; provided, however, that if the proceeds of the loan are applied by the Participant to acquire any dwelling unit that is to be used within a reasonable time after the loan is made as the principal residence of the Participant, the five (5) year limit shall not apply. In this event, the period of repayment shall not exceed a reasonable period determined by the Employer. Principal installments and interest payments otherwise due may be suspended during an authorized leave of absence, if the promissory note so provides, but not beyond the original term permitted under this Subsection (i), with a revised payment schedule (within such term) instituted at the end of such period of suspension. If the Participant fails to make any installment payment, the Plan Administrator may, according to Treasury Regulation 1.72(p)-1, allow a cure period, which cure period cannot continue beyond the last day of the calendar quarter following the calendar quarter in which the required installment payment was due.
- (j) **Prepayment.** The Participant shall be permitted to repay the loan in whole or in part at any time prior to maturity, without penalty.
- (k) **Note.** The loan shall be evidenced by a promissory note executed by the Participant and delivered to the Employer, and shall bear interest at a reasonable rate determined by the Employer.

Unless waived by a Participant, any plan loan that is outstanding on the date that active duty military service begins will accrue interest at a rate of no more than 6% during the period of military service in accordance with the provisions of the Servicemembers Civil Relief Act (SCRA), 50 USC App. § 526 and subject to the notice requirements contained therein. This limitation applies even if loan payments are suspended during the period of military service as permitted under the Plan and Treasury regulations.

- (l) **Security.** The loan shall be secured by an assignment of that portion the Participant's right, title and interest in and to his/her Employer Contribution Account (to the extent vested), Participant Contribution Account, and Rollover Account that is equal to fifty percent (50%) of the Participant's Account (to the extent vested).
- (m) **Assignment or Pledge.** For the purposes of paragraphs (h) and (i), assignment or pledge of any portion of the Participant's interest in the Plan and a loan, pledge, or assignment with respect to any insurance contract purchased under the Plan, will be treated as a loan.
- (n) **Spousal Consent.** If the Employer elected the QJSA Election in the Adoption Agreement, the Participant must first obtain his or her spouse's notarized consent to the loan.
- (o) **Other Terms and Conditions.** The Employer shall fix such other terms and conditions of the loan as it deems necessary to comply with legal requirements, to maintain the qualification of the Plan and Trust under section 401(a) of the Code, or to prevent the treatment of the loan for tax purposes as a distribution to the Participant. The Employer, in its discretion for any reason, may fix other terms and conditions of the loan, not inconsistent with the provisions of this Article.

13.03 Participant Loan Accounts.

- (a) Upon approval of a loan to a Participant by the Employer, an amount not in excess of the loan shall be transferred from the Participant's other investment fund(s), described in Section 6.05 of the Plan, to the Participant's Loan Account as of the Accounting Date immediately preceding the agreed upon date on which the loan is to be made.
- (b) The assets of a Participant's Loan Account may be invested and reinvested only in promissory notes received by the Plan from the Participant as consideration for a loan permitted by Section 13.01 of the Plan or in cash. Uninvested cash balances in a Participant's Loan Account shall not bear interest. No person who is otherwise a fiduciary of the Plan shall be liable for any loss, or by reason of any breach, that results from the Participant's exercise of such control.
- (c) Repayment of principal and payment of interest shall be made by payroll deduction or, where repayment cannot be made by payroll deduction, by check, and shall be invested in one (1) or more other investment funds, in accordance with Section 6.05 of the Plan, as of the next Accounting Date after payment thereof to the Trust. The amount so invested shall be deducted from the Participant's Loan Account.
- (d) The Employer shall have the authority to establish other reasonable rules, not inconsistent with the provisions of the Plan, governing the establishment and maintenance of Participant Loan Accounts.

XIV. PLAN AMENDMENT, TERMINATION AND OPTIONAL PROVISIONS

14.01 Amendment by Employer. The Employer reserves the right, subject to Section 14.02 of the Plan, to amend the Plan from time to time by either:

- (a) Filing an amended Adoption Agreement to change, delete, or add any optional provision, or
- (b) Continuing the Plan in the form of an amended and restated Plan and Trust.

No amendment to the Plan shall be effective to the extent that it has the effect of decreasing a Participant's accrued benefit. Notwithstanding the preceding sentence, a Participant's Account balance may be reduced to the extent permitted under section 412(c)(8) of the Code. For purposes of this paragraph, a Plan amendment which has the effect of decreasing a Participant's Account balance or eliminating an optional form of benefit, with respect to benefits attributable to service before the amendment shall be treated as reducing an accrued benefit. Furthermore, if the vesting schedule of the Plan is amended, in the case of an Employee who is a Participant as of the later of the date such amendment is adopted or the date it becomes effective, the nonforfeitable percentage (determined as of such date) of such Employee's right to his/her Employer-derived accrued benefit will not be less than his percentage computed under the plan without regard to such amendment.

No amendment to the Plan shall be effective to eliminate or restrict an optional form of benefit. The preceding sentence shall not apply to a Plan amendment that eliminates or restricts the ability of a Participant to receive payment of his or her Account balance under a particular optional form of benefit if the amendment provides a single-sum distribution form that is otherwise identical to the optional form of benefit being eliminated or restricted. For this purpose, a single-sum distribution form is otherwise identical only if the single-sum distribution form is identical in all respects to the eliminated or restricted optional form of benefit (or would be identical except that it provides greater rights to the Participant) except with respect to the timing of payments after commencement.

The Employer may (1) change the choice of options in the Adoption Agreement, (2) add overriding language in the Adoption Agreement when such language is necessary to satisfy sections 415 or 416 of the Code because of the required aggregation of multiple plans, (3) amend administrative provisions of the trust or custodial document in the case of a nonstandardized plan and make more limited amendments in the case of a standardized plan such as the name of the plan, employer, trustee or custodian, plan administrator and other fiduciaries, the trust year, and the name of any pooled trust in which the Plan's trust will participate, (4) add certain sample or model amendments published by the Internal Revenue Service or other required good faith amendments which specifically provide that their adoption will not cause the plan to be treated as individually designed, and (5) add or change provisions permitted under the Plan and/or specify or change the effective date of a provision as permitted under the Plan and correct obvious and unambiguous typographical errors and/or cross-references that merely correct a reference but that do not in any way change the original intended meaning of the provisions.

14.02 Amendment of Vesting Schedule. If the Plan's vesting schedule is amended, or the Plan is amended in any way that directly or indirectly affects the computation of the Participant's nonforfeitable percentage, each Participant may elect, within a reasonable period after the adoption of the amend-

ment or change, to have the nonforfeitable percentage computed under the Plan without regard to such amendment or change.

The period during which the election may be made shall commence with the date the amendment is adopted or deemed to be made and shall end on the latest of:

- (a) Sixty (60) days after the amendment is adopted;
- (b) Sixty (60) days after the amendment becomes effective; or
- (c) Sixty (60) days after the Participant is issued written notice of the amendment by the Employer or Plan Administrator.

14.03 Termination by Employer. The Employer reserves the right to terminate this Plan. However, in the event of such termination no part of the Trust shall be used or diverted to any purpose other than for the exclusive benefit of the Participants or their Beneficiaries, except as provided in this Section.

Upon Plan termination or partial termination, all Account balances shall be valued at their fair market value and the Participant's right to his/her Employer Contribution Account shall be one hundred percent (100%) vested and nonforfeitable. Such amount and any other amounts held in the Participant's other Accounts shall be maintained for the Participant until paid pursuant to the terms of the Plan.

Any amounts held in a suspense account, after all liabilities of the Plan to Participants and Beneficiaries have been satisfied or provided for, shall be paid to the Employer in accordance with the Code and regulations thereunder.

In the event that the Commissioner of Internal Revenue determines that the Plan is not initially qualified under the Internal Revenue Code, any contribution made by the Employer incident to that initial qualification must be returned to the Employer within one year after the date the initial qualification is denied, but only if the application for the qualification is made by the time prescribed by law for filing the Employer's return for the year in which the Plan is adopted, or such later date as the Secretary of the Treasury may prescribe.

14.04 Discontinuance of Contributions. A permanent discontinuance of contributions to the Plan by the Employer, unless an amended and restated Plan is established, shall constitute a Plan termination. In the event of a complete discontinuance of contributions under the Plan, the Account balance of each affected Participant shall be nonforfeitable.

14.05 Amendment by Plan Administrator. The Plan Administrator may amend this Plan upon thirty (30) days written notification to the Employer; provided, however, that any such amendment must be for the express purpose of maintaining compliance with applicable federal laws and regulations of the Internal Revenue Service. Such amendment shall become effective unless, within such 30-day period, the Employer notifies the Administrator, in writing, that it disapproves such amendment, in which case such amendment shall not become effective. In the event of such disapproval, the Administrator shall be under no obligation to continue acting as Administrator hereunder.

14.06 Optional Provisions. Any provision which is optional under this Plan shall become effective if and only if elected by the Employer and agreed to by the Plan Administrator.

XV. ADMINISTRATION

15.01 Powers of the Employer. The Employer shall have the following powers and duties:

- (a) To appoint and remove, with or without cause, the Plan Administrator;
- (b) To amend or terminate the Plan pursuant to the provisions of Article XIV;
- (c) To appoint a committee to facilitate administration of the Plan and communications to Participants;
- (d) To decide all questions of eligibility (1) for Plan participation, and (2) upon appeal by any Participant, Employee or Beneficiary, for the payment of benefits;
- (e) To engage an independent qualified public accountant, when required to do so by law, to prepare annually the audited financial statements of the Plan's operation;
- (f) To take all actions and to communicate to the Plan Administrator in writing all necessary information to carry out the terms of the Plan and Trust; and
- (g) To notify the Plan Administrator in writing of the termination of the Plan.

15.02 Duties of the Plan Administrator. The Plan Administrator shall have the following powers and duties:

- (a) To construe and interpret the provisions of the Plan;
- (b) To maintain and provide such returns, reports, schedules, descriptions, and individual Account statements, as are required by law within the times prescribed by law; and to furnish to the Employer, upon request, copies of any or all such materials, and further, to make copies of such instruments, reports, descriptions, and statements as are required by law available for examination by Participants and such of their Beneficiaries who are or may be entitled to benefits under the Plan in such places and in such manner as required by law;
- (c) To obtain from the Employer such information as shall be necessary for the proper administration of the Plan;
- (d) To determine the amount, manner, and time of payment of benefits hereunder;
- (e) To appoint and retain such agents, counsel, and accountants for the purpose of properly administering the Plan;
- (f) To distribute assets of the Trust to each Participant and Beneficiary in accordance with Article X of the Plan;
- (g) To pay expenses from the Trust pursuant to Section 6.03 of the Plan; and
- (h) To do such other acts reasonably required to administer the Plan in accordance with its provisions or as may be provided for or required by law.

- 15.03 Protection of the Employer.** The Employer shall not be liable for the acts or omissions of the Plan Administrator, but only to the extent that such acts or omissions do not result from the Employer's failure to provide accurate or timely information as required or necessary for proper administration of the Plan.
- 15.04 Protection of the Plan Administrator.** The Plan Administrator may rely upon any certificate, notice or direction purporting to have been signed on behalf of the Employer which the Plan Administrator believes to have been signed by a duly designated official of the Employer.
- 15.05 Resignation or Removal of Plan Administrator.** The Plan Administrator may resign at any time effective upon sixty (60) days prior written notice to the Employer. The Plan Administrator may be removed by the Employer at any time upon sixty (60) days prior written notice to the Plan Administrator. Upon the resignation or removal of the Plan Administrator, the Employer may appoint a successor Plan Administrator; failing such appointment, the Employer shall assume the powers and duties of Plan Administrator. Upon the resignation or removal of the Plan Administrator, any Trust assets invested by or held in the name of the Plan Administrator shall be transferred to the trustee in cash or property, at fair market value, except that the return of Trust assets invested in a contract issued by an insurance company shall be governed by the terms of that contract.
- 15.06 No Termination Penalty.** The Plan Administrator shall have no authority or discretion to impose any termination penalty upon its removal.
- 15.07 Decisions of the Plan Administrator.** All constructions, determinations, and interpretations made by the Plan Administrator pursuant to Section 15.02(a) or (d) or by the Employer pursuant to Section 15.01(d) shall be final and binding on all persons participating in the Plan, given deference in all courts of law to the greatest extent allowed by applicable law, and shall not be overturned or set aside by any court of law unless found to be arbitrary or capricious, or made in bad faith.

XVI. MISCELLANEOUS

- 16.01 Nonguarantee of Employment.** Nothing contained in this Plan shall be construed as a contract of employment between the Employer and any Employee, or as a right of an Employee to be continued in the employment of the Employer, as a limitation of the right of the Employer to discharge any of its Employees, with or without cause.
- 16.02 Rights to Trust Assets.** No Employee or Beneficiary shall have any right to, or interest in, any assets of the Trust upon termination of his/her employment or otherwise, except as provided from time to time under this Plan, and then only to the extent of the benefits payable under the Plan to such Employee or Beneficiary out of the assets of the Trust. All payments of benefits as provided for in this Plan shall be made solely out of the assets of the Trust and none of the fiduciaries shall be liable therefor in any manner.
- 16.03 Nonalienation of Benefits.** Except as provided in Sections 16.04 and 16.06 of the Plan, benefits payable under this Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution, or levy of any kind, either voluntary or involuntary, prior to actually being received by the person entitled to the benefit under the terms of the Plan; and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any right to benefits payable hereunder, shall be void. The Trust shall not in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements or torts of any person entitled to benefits hereunder.

16.04 Qualified Domestic Relations Order. Notwithstanding Section 16.03 of the Plan, amounts may be paid with respect to a Participant pursuant to a domestic relations order, but if and only if the order is determined to be a qualified domestic relations order within the meaning of section 414(p) of the Code or any domestic relations order entered before January 1, 1985.

16.05 Nonforfeitable of Benefits. Subject only to the specific provisions of this Plan, nothing shall be deemed to deprive a Participant of his/her right to the Nonforfeitable Interest to which he/she becomes entitled in accordance with the provisions of the Plan.

16.06 Incompetency of Payee. In the event any benefit is payable to a minor or incompetent, to a person otherwise under legal disability, or to a person who, in the sole judgment of the Employer, is by reason of advanced age, illness, or other physical or mental incapacity incapable of handling the disposition of his/her property, the Employer may apply the whole or any part of such benefit directly to the care, comfort, maintenance, support, education, or use of such person or pay or distribute the whole or any part of such benefit to:

- (a) The parent of such person;
- (b) The guardian, committee, or other legal representative, wherever appointed, of such person;
- (c) The person with whom such person resides;
- (d) Any person having the care and control of such person; or
- (e) Such person personally.

The receipt of the person to whom any such payment or distribution is so made shall be full and complete discharge therefor.

16.07 Inability to Locate Payee. Anything to the contrary herein notwithstanding, if the Employer is unable, after reasonable effort, to locate any Participant or Beneficiary to whom an amount is payable hereunder, such amount shall be forfeited and held in the Trust for application against the next succeeding Employer Contribution or contributions required to be made hereunder. Notwithstanding the foregoing, however, such amount shall be reinstated, by means of an additional Employer contribution, if and when a claim for the forfeited amount is subsequently made by the Participant or Beneficiary or if the Employer receives proof of death of such person, satisfactory to the Employer. To the extent not inconsistent with applicable law, any benefits lost by reason of escheat under applicable state law shall be considered forfeited and shall not be reinstated.

16.08 Mergers, Consolidations, and Transfer of Assets. The Plan shall not be merged into or consolidated with any other plan, nor shall any of its assets or liabilities be transferred into any such other plan, unless each Participant in the Plan would (if the Plan then terminated) receive a benefit immediately after the merger, consolidation, or transfer that is equal to or greater than the benefit he/she would have been entitled to receive immediately before the merger, consolidation, or transfer (if the Plan had then terminated).

16.09 Employer Records. Records of the Employer as to an Employee's or Participant's Period of Service, termination of service and the reason therefor, leaves of absence, reemployment, Earnings, and Compensation will be conclusive on all persons, unless determined to be incorrect.

16.10 Gender and Number. The masculine pronoun, whenever used herein, shall include the feminine pronoun, and the singular shall include the plural, except where the context requires otherwise.

16.11 Applicable Law. The Plan shall be construed under the laws of the State where the Employer is located, except to the extent superseded by federal law. The Plan is established with the intent that it meets the requirements under the Code. The provisions of this Plan shall be interpreted in conformity with these requirements.

In the event of any conflict between the Plan and a policy or contract issued hereunder, the Plan provisions shall control; provided, however, no Plan amendment shall supersede an existing policy or contract unless such amendment is required to maintain qualification under section 401(a) and 414(d) of the Code.

XVII. SPOUSAL BENEFIT REQUIREMENTS

17.01 Application. Effective as of January 1, 2006, where elected by the Employer in the Adoption Agreement (the "QJSA Election"), the provisions of this Article shall take precedence over any conflicting provision in this Plan. If elected, the provisions of this Article shall apply to any Participant who is credited with any Period of Service with the Employer on or after August 23, 1984, and such other Participants as provided in Section 17.05.

17.02 Qualified Joint and Survivor Annuity. Unless an optional form of benefit is selected pursuant to a Qualified Election within the ninety (90) day period ending on the Annuity Starting Date, a married Participant's Vested Account Balance will be paid in the form of a Qualified Joint and Survivor Annuity and an unmarried Participant's Vested Account Balance will be paid in the form of a Straight Life Annuity. The Participant may elect to have such annuity distributed upon the attainment of the Earliest Retirement Age under the Plan.

17.03 Qualified Preretirement Survivor Annuity. If a Participant dies before the Annuity Starting Date, then fifty percent (50%) of the Participant's Vested Account Balance shall be applied toward the purchase of an annuity for the life of the Surviving Spouse; the remaining portion shall be paid to such Beneficiaries (which may include such Spouse) designated by the Participant. Notwithstanding the foregoing, the Participant may waive the spousal annuity by designating a different Beneficiary within the Election Period pursuant to a Qualified Election. To the extent that less than one hundred percent (100%) of the vested Account balance is paid to the Surviving Spouse, the amount of the Participant's Account derived from Employee contributions will be allocated to the Surviving Spouse in the same proportion as the amount of the Participant's Account derived from Employee contributions is to the Participant's total Vested Account Balance. The Surviving Spouse may elect to have such annuity distributed within a reasonable period after the Participant's death. Further, such Spouse may elect to receive any death benefit payable to him/her hereunder in any of the forms available to the Participant under Section 11.02.

17.04 Notice Requirements.

- (a) In the case of a Qualified Joint and Survivor Annuity as described in Section 17.02, the Plan Administrator shall, no less than thirty (30) days and no more than ninety (90) days prior to the Annuity Starting Date, provide each Participant a written explanation of: (i) the terms and conditions of a Qualified Joint and Survivor Annuity; (ii) the Participant's right to make and the effect of an election to waive the Qualified Joint and Survivor Annuity form of benefit; (iii) the rights of a Participant's Spouse; and (iv) the right to make, and the effect

of, a revocation of a previous election to waive the Qualified Joint and Survivor Annuity. However, if the Participant, after having received the written explanation, affirmatively elects a form of distribution and the Spouse consents to that form of distribution (if necessary), benefit payments may commence less than 30 days after the written explanation was provided to the Participant, provided that the following requirements are met:

- (1) The Plan Administrator provides information to the Participant clearly indicating that the Participant has a right to at least 30 days to consider whether to waive the Qualified Joint and Survivor Annuity and consent to a form of distribution other than a Qualified Joint and Survivor Annuity;
 - (2) The Participant is permitted to revoke an affirmative distribution election at least until the Annuity Starting Date, or if later, at any time prior to the expiration of the 7-day period that begins the day after the explanation of the Qualified Joint and Survivor Annuity is provided to the Participant;
 - (3) The Annuity Starting Date is after the date that the explanation of the Qualified Joint and Survivor Annuity is provided to the Participant; and
 - (4) Distribution in accordance with the affirmative election does not commence before the expiration of the 7-day period that begins after the day after the explanation of the Qualified Joint and Survivor Annuity is provided to the Participant.
- (b) In the case of a Qualified Preretirement Survivor Annuity as described in Section 17.03, the Plan Administrator shall provide each Participant within the applicable period for such Participant a written explanation of the Qualified Preretirement Survivor Annuity in such terms and in such manner as would be comparable to the explanation provided for meeting the requirements of Subsection (a) applicable to a Qualified Joint and Survivor Annuity.

The applicable period for a Participant is whichever of the following periods ends last:

(i) the period beginning with the first day of the Plan Year in which the Participant attains age thirty-two (32) and ending with the close of the Plan Year preceding the Plan Year in which the Participant attains age thirty-five (35); (ii) a reasonable period ending after the individual becomes a Participant; (iii) a reasonable period ending after Subsection (c) ceases to apply to the Participant; (iv) a reasonable period ending after this Article first applies to the Participant. Notwithstanding the foregoing, notice must be provided within a reasonable period ending after separation from service in the case of a Participant who separates from service before attaining age thirty-five (35).

For purposes of applying the preceding paragraph, a reasonable period ending after the enumerated events described in (ii), (iii) and (iv) is the end of the two (2) year period beginning one (1) year prior to the date the applicable event occurs, and ending one (1) year after that date. In the case of a Participant who separates from service before the Plan Year in which age thirty-five (35) is attained, notice shall be provided within the two (2) year period beginning one (1) year prior to separation and ending one (1) year after separation. If such a Participant thereafter returns to employment with the Employer, the applicable period for such Participant shall be redetermined.

- (c) Notwithstanding the other requirements of this Section, the respective notices prescribed by this Section need not be given to a Participant if (1) the Plan “fully subsidizes” the costs

of a Qualified Joint and Survivor Annuity or Qualified Preretirement Survivor Annuity, and (2) the Plan does not allow the Participant to waive the Qualified Joint and Survivor Annuity or Qualified Preretirement Survivor Annuity and does not allow a married Participant to designate a non-Spouse Beneficiary. For purposes of this Subsection (c), a plan fully subsidizes the costs of a benefit if no increase in cost or decrease in benefits to the Participant may result from the Participant's failure to elect another benefit.

17.05 Definitions. For the purposes of this Section, the following definitions shall apply:

- (a) **Annuity Starting Date:** The first day of the first period for which an amount is paid as an annuity or any other form.
- (b) **Election Period:** The period which begins on the first day of the Plan Year in which the Participant attains age thirty-five (35) and ends on the date of the Participant's death. If a Participant separates from service prior to the first day of the Plan Year in which age thirty-five (35) is attained, with respect to the Account balance as of the date of separation, the Election Period shall begin on the date of separation.

Pre-age thirty-five (35) waiver: A Participant who will not yet attain age thirty-five (35) as of the end of any current Plan Year may make a special Qualified Election to waive the Qualified Preretirement Survivor Annuity for the period beginning on the date of such election and ending on the first day of the Plan Year in which the Participant will attain age thirty-five (35). Such election shall not be valid unless the Participant receives a written explanation of the Qualified Preretirement Survivor Annuity in such terms as are comparable to the explanation required under Section 17.04(a). Qualified Preretirement Survivor Annuity coverage will be automatically reinstated as of the first day of the Plan Year in which the Participant attains age thirty-five (35). Any new waiver on or after such date shall be subject to the full requirements of this Article.

- (c) **Earliest Retirement Age:** The earliest date on which, under the Plan, the Participant could elect to receive retirement benefits.
- (d) **Qualified Election:** A waiver of a Qualified Joint and Survivor Annuity or a Qualified Preretirement Survivor Annuity. Any waiver of a Qualified Joint and Survivor Annuity or a Qualified Preretirement Survivor Annuity shall not be effective unless: (a) the Participant's Spouse consents in writing to the election; (b) the election designates a specific Beneficiary, including any class of Beneficiaries or any contingent Beneficiaries, which may not be changed without spousal consent (or the Spouse expressly permits designations by the Participant without any further spousal consent); (c) the Spouse's consent acknowledges the effect of the election; and (d) the Spouse's consent is witnessed by a Plan representative or notary public. Additionally, a Participant's waiver of the Qualified Joint and Survivor Annuity shall not be effective unless the election designates a form of benefit payment which may not be changed without spousal consent (or the Spouse expressly permits designations by the Participant without any further Spousal consent). If it is established to the satisfaction of a Plan representative that there is no Spouse or that the Spouse cannot be located, a waiver will be deemed a Qualified Election.

Any consent by a Spouse obtained under this provision (or establishment that the consent of a Spouse may not be obtained) shall be effective only with respect to such Spouse. A consent that permits designations by the Participant without any requirement of further consent by

such Spouse must acknowledge that the Spouse has the right to limit consent to a specific Beneficiary, and a specific form of benefit where applicable, and that the Spouse voluntarily elects to relinquish either or both of such rights. A revocation of a prior waiver may be made by a Participant without the consent of the Spouse at any time before the commencement of benefits. The number of revocations shall not be limited. No consent obtained under this provision shall be valid unless the Participant has received notice as provided in Section 17.04.

- (e) **Qualified Joint and Survivor Annuity:** An immediate annuity for the life of the Participant with a survivor annuity for the life of the Spouse which is fifty percent (50%) of the amount of the annuity which is payable during the joint lives of the Participant and the Spouse and which is the amount of benefit which can be purchased with the Participant's Vested Account Balance.
- (f) **Spouse (Surviving Spouse):** The Spouse or Surviving Spouse of the Participant, provided that a former Spouse will be treated as the Spouse or Surviving Spouse and a current Spouse will not be treated as the Spouse or Surviving Spouse to the extent provided under a qualified domestic relations order as described in section 414(p) of the Code.
- (g) **Straight Life Annuity:** An annuity payable in equal installments for the life of the Participant that terminates upon the Participant's death.
- (h) **Vested Account Balance:** The aggregate value of the Participant's vested Account balances derived from Employer and Employee contributions (including rollovers), whether vested before or upon death, including the proceeds of insurance contracts, if any, on the Participant's life. The provisions of this Article shall apply to a Participant who is vested in amounts attributable to Employer Contributions, Employee contributions (or both) at the time of death or distribution.

17.06 Annuity Contracts. Where benefits are to be paid in the form of a life annuity pursuant to the terms of this Article, a nontransferable annuity contract shall be purchased from a life insurance company and distributed to the Participant or Surviving Spouse, as applicable. The terms of any annuity contract purchased and distributed by the Plan shall comply with the requirements of this Plan and section 417 of the Code.

XVIII. FINAL PAY CONTRIBUTIONS

18.01 Eligibility. Effective as of January 1, 2006, if elected by the Employer in the Adoption Agreement, Final Pay Contributions on behalf of each Participant equal to the equivalent of the accrued unpaid final pay, as defined in the Adoption Agreement ("Final Pay"), shall be contributed to the Plan.

18.02 Contribution Amount. At the election of the Employer in the Adoption Agreement, the Final Pay Contributions may be made as either (a) Employer Final Pay Contributions, or (b) Employee Designated Final Pay Contributions, as described below.

- (a) Employer Final Pay Contributions. The Employer shall contribute to the Plan for each Participant the equivalent of a designated amount of accrued unpaid final pay upon termination of employment of the Participant, as the Employer so elects in the Adoption Agreement. The Employer's contribution for any Plan Year shall be due and paid not later than the time prescribed by applicable law.

The Employer Final Pay Contributions shall be accounted for in the Employer Contribution Account.

- (b) Employee Designated Final Pay Contributions. The Employer shall contribute to the Plan for each Participant all or any portion of a Participant's Final Pay, as elected by the Participant. The Employer may limit the amount of Final Pay to be elected to be contributed to the Plan. Once elected, an Employee's election shall remain in force and may not be revised or revoked.

The Employee Designated Final Pay Contributions shall be accounted for in the Participant Contribution Account, and are nonforfeitable by the Participant at all times.

The Employee Designated Final Pay Contributions shall be "picked up" by the Employer in accordance with Code section 414(h)(2). The contributions shall be treated as an employer contribution in determining the tax treatment under the Code, and shall not be included as gross income of the Participant until it is distributed.

A Participant cannot elect to receive cash in lieu of any Final Pay Contribution.

18.03 Equivalencies. The Final Pay Contribution shall be determined by multiplying the Participant's current daily rate of pay from the Employer times the amount of accrued unpaid leave being converted.

18.04 Excess Contributions. Final Pay Contributions are limited to the extent of applicable law and any Code limitation. No Final Pay Contribution shall be made to the extent that it would exceed the applicable Code section 415 limitation, as set forth in Article V. Any excess contributions as a result of the Code section 415 limitation shall remain in the Participant's leave bank.

XIX. ACCRUED LEAVE CONTRIBUTIONS

19.01 Eligibility. Effective as of January 1, 2006, if elected by the Employer in the Adoption Agreement, Accrued Leave Contributions on behalf of each eligible Participant equal to the equivalent of the accrued unpaid leave, as defined in the Adoption Agreement ("Accrued Leave"), shall be contributed to the Plan. Eligibility for Accrued Leave Contributions is limited to only those Participants or class of Participants that the Employer elects in the Adoption Agreement.

19.02 Contribution Amount. At the election of the Employer in the Adoption Agreement, the Accrued Leave Contributions may be made as either (a) Employer Accrued Leave Contributions, or (b) Employee Designated Accrued Leave Contributions, as described below.

- (a) Employer Accrued Leave Contributions. The Employer shall contribute to the Plan for each eligible Participant the equivalent of a designated amount of accrued unpaid leave each year, as the Employer so elects in the Adoption Agreement. The Employer's contribution for any Plan Year shall be due and paid not later than the time prescribed by applicable law.

The Employer Accrued Leave Contributions shall be accounted for in the Employer Contribution Account.

- (b) Employee Designated Accrued Leave Contributions. The Employer shall contribute to the Plan for each eligible Participant all or any portion of a Participant's Accrued Leave,

as elected by the Participant. The Employer may limit the amount of Accrued Leave to be elected to be contributed to the Plan. Once elected, an Employee's election shall remain in force and may not be revised or revoked.

The Employee Designated Accrued Leave Contributions shall be accounted for in the Participant Contribution Account, and are nonforfeitable by the Participant at all times.

The Employee Designated Accrued Leave Contributions shall be "picked up" by the Employer in accordance with Code section 414(h)(2). The contributions shall be treated as an employer contribution in determining the tax treatment under the Code, and shall not be included as gross income of the Participant until it is distributed.

A Participant cannot elect to receive cash in lieu of any Accrued Leave Contribution.

19.03 Equivalencies. The Accrued Leave Contribution shall be determined by multiplying the Participant's current daily rate of pay from the Employer times the amount of accrued unpaid leave being converted.

19.04 Excess Contributions. Accrued Leave Contributions are limited to the extent of applicable law and any Code limitation. No Accrued Leave Contribution shall be made to the extent that it would exceed the applicable Code section 415 limitation, as set forth in Article V. Any excess contributions as a result of the Code section 415 limitation shall remain in the Participant's leave bank.

DECLARATION OF TRUST

This Declaration of Trust (the “Group Trust Agreement”) is made as of the 19th day of May, 2001, by Vantage Trust Company, which declares itself to be the sole Trustee of the trust hereby created.

WHEREAS, the ICMA Retirement Trust was created as a vehicle for the commingling of the assets of governmental plans and governmental units described in Section 818(a)(6) of the Internal Revenue Code of 1986, as amended, pursuant to a Declaration of Trust dated October 4, 1982, as subsequently amended, a copy of which is attached hereto and incorporated by reference as set out below (the “ICMA Declaration”); and

WHEREAS, the trust created hereunder (the “Group Trust”) is intended to meet the requirements of Revenue Ruling 81-100, 1981-1 C.B. 326, and is established as a common trust fund within the meaning of Section 391:1 of Title 35 of the New Hampshire Revised Statutes Annotated, to accept and hold for investment purposes the assets of the Deferred Compensation and Qualified Plans held by and through the ICMA Retirement Trust.

NOW, THEREFORE, the Group Trust is created by the execution of this Declaration of Trust by the Trustee and is established with respect to each Deferred Compensation and Qualified Plan by the transfer to the Trustee of such Plan’s assets in the ICMA Retirement Trust, by the Trustees thereof, in accord with the following provisions:

1. Incorporation of ICMA Declaration by Reference; ICMA By-Laws. Except as otherwise provided in this Group Trust Agreement, and to the extent not inconsistent herewith, all provisions of the ICMA Declaration are incorporated herein by reference and made a part hereof, to be read by substituting the Group Trust for the Retirement Trust and the Trustee for the Board of Trustees referenced therein. In this respect, unless the context clearly indicates otherwise, all capitalized terms used herein and defined in the ICMA Declaration have the meanings assigned to them in the ICMA Declaration. In addition, the By-Laws of the ICMA Retirement Trust, as the same may be amended from time-to-time, are adopted as the By-Laws of the Group Trust to the extent not inconsistent with the terms of this Group Trust Agreement.

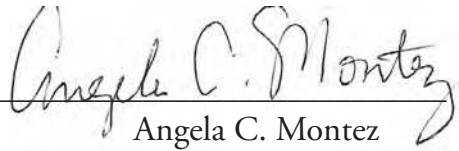
Notwithstanding the foregoing, the terms of the ICMA Declaration and By-Laws are further modified with respect to the Group Trust created hereunder, as follows:

- (a) any reporting, distribution, or other obligation of the Group Trust vis-à-vis any Deferred Compensation Plan, Qualified Plan, Public Employer, Public Employer Trustee, or Employer Trust shall be deemed satisfied to the extent that such obligation is undertaken by the ICMA Retirement Trust (in which case the obligation of the Group Trust shall run to the ICMA Retirement Trust); and
 - (b) all provisions dealing with the number, qualification, election, term and nomination of Trustees shall not apply, and all other provisions relating to trustees (including, but not limited to, resignation and removal) shall be interpreted in a manner consistent with the appointment of a single corporate trustee.
2. Compliance with Revenue Procedure 81-100. The requirements of Revenue Procedure 81-100 are applicable to the Group Trust as follows:
 - (a) Pursuant to the terms of this Group Trust Agreement and Article X of the By-Laws, investment in the Group Trust is limited to assets of Deferred Compensation and Qualified Plans, investing through the ICMA Retirement Trust.
 - (b) Pursuant to the By-Laws, the Group Trust is adopted as a part of each Qualified Plan that invests herein through the ICMA Retirement Trust.

- (c) In accord with the By-Laws, that part of the Group Trust's corpus or income which equitably belongs to any Deferred Compensation and Qualified Plan may not be used for or diverted to any purposes other than for the exclusive benefit of the Plan's employees or their beneficiaries who are entitled to benefits under such Plan.
 - (d) In accord with the By-Laws, no Deferred Compensation Plan or Qualified Plan may assign any or part of its equity or interest in the Group Trust, and any purported assignment of such equity or interest shall be void.
3. **Governing Law.** Except as otherwise required by federal, state or local law, this Declaration of Trust (including the ICMA Declaration to the extent incorporated herein) and the Group Trust created hereunder shall be construed and determined in accordance with applicable laws of the State of New Hampshire.
4. **Judicial Proceedings.** The Trustee may at any time initiate an action or proceeding in the appropriate state or federal courts within or outside the state of New Hampshire for the settlement of its accounts or for the determination of any question of construction which may arise or for instructions.

IN WITNESS WHEREOF, the Trustee has executed this Declaration of Trust as of the day and year first above written.

VANTAGETRUST COMPANY

By 
Angela C. Montez

Assistant Corporate Secretary

ICMA-RC Services LLC, a wholly owned broker-dealer subsidiary of ICMA-RC, member FINRA/SIPC.



**ATTN.: NEW BUSINESS UNIT
P.O. BOX 96220
WASHINGTON, DC 20090-6220
1-800-669-7400
WWW.ICMARC.ORG
EN ESPAÑOL LLAME AL 1-800-669-8216**

BKT000-015-200904-452

**ICMA RETIREMENT CORPORATION
GOVERNMENTAL MONEY PURCHASE PLAN & TRUST
ADOPTION AGREEMENT**

PLAN NUMBER 10- 6154

The Employer hereby establishes a Money Purchase Plan and Trust to be known as COASTSIDE COUNTY WATER DISTRICT
401(a) Plan (the "Plan") in the form of the ICMA Retirement Corporation Governmental Money Purchase
Plan and Trust (MPP 01/01/06).

This Plan is an amendment and restatement of an existing defined contribution money purchase plan.

Yes No

If yes, please specify the name of the defined contribution money purchase plan which this Plan hereby amends and restates:

I. Employer: COASTSIDE COUNTY WATER DISTRICT [902]

II. The Effective Date of the Plan shall be the first day of the Plan Year during which the Employer adopts the Plan, unless an alternate Effective Date is hereby specified: JULY 1, 2008 (e.g., January 1, 2006 for the MPP 01/01/06 Plan)

III. Plan Year will mean:

The twelve (12) consecutive month period which coincides with the limitation year. (See Section 5.03(f) of the Plan.)

The twelve (12) consecutive month period commencing on _____ and each anniversary thereof.

IV. Normal Retirement Age shall be age 55 (not to exceed age 65). [288]

V. ELIGIBILITY REQUIREMENTS:

1. The following group or groups of Employees are eligible to participate in the Plan:

- _____ All Employees
- X _____ All Full Time Employees
- _____ Salaried Employees
- _____ Non union Employees
- _____ Management Employees
- _____ Public Safety Employees
- _____ General Employees
- _____ Other Employees (specify describe the group(s) of eligible employees below)

The group specified must correspond to a group of the same designation that is defined in the statutes, ordinances, rules, regulations, personnel manuals or other material in effect in the state or locality of the Employer. Also, the eligibility requirements for participation in the Plan cannot be such that Employees become Participants only in the Plan Year in which the Employees terminate employment (i.e., stand-alone final pay plans).

2. The Employer hereby waives or reduces the requirement of a twelve (12) month Period of Service for participation. The required Period of Service shall be (write N/A if an Employee is eligible to participate upon employment) 6 months.

If this waiver or reduction is elected, it shall apply to all Employees within the Covered Employment Classification.

3. A minimum age requirement is hereby specified for eligibility to participate. The minimum age requirement is N/A (not to exceed age 21. Write N/A if no minimum age is declared.)

VI. CONTRIBUTION PROVISIONS

1. The Employer shall contribute as follows (choose all that apply):

Fixed Employer Contributions With or Without Mandatory Participant Contributions. (If section B or C is chosen, please complete section D.) (PER ATTACHED ADENDUM)

- A. Fixed Employer Contributions. The Employer shall contribute on behalf of each Participant _____% of Earnings or \$_____ for the Plan Year (subject to the limitations of Article V of the Plan).

Mandatory Participant Contributions

are required are not required

to be eligible for this Employer Contribution.

N/A

- B. Mandatory Participant Contributions for Plan Participation. A Participant is required to contribute (subject to the limitations of Article V of the Plan)

- (i) _____% of Earnings,
 (ii) \$_____, or
 (iii) a whole percentage of Earnings between the range of _____ (insert range of percentages between 0% and 20% (e.g., 3%, 6%, or 20%; 5% to 7%)), as designated by the Employer in accordance with guidelines and procedures established by the Employer

for the Plan Year as a condition of participation in the Plan. A Participant shall not have the right to discontinue or vary the rate of such contributions after becoming a Plan Participant.

The Employer hereby elects to "pick up" the Mandatory Participant Contributions.¹

Yes No

[621]

N/A

- C. Mandatory Participant Contributions for this Portion of the Plan. Each Employee eligible to participate in the Plan shall be given the opportunity to irrevocably elect to participate in the Mandatory Participant Contribution portion of the Plan by electing to contribute _____ (insert range of percentages between 0% and 20% (e.g., 3%, 6%, or 20%; 5% to 7%)) of the Employee's Earnings to the Plan for each Plan Year (subject to the limitations of Article V of the Plan).

¹ Neither an IRS advisory letter nor a de-termination letter issued to an adopting Employer is a ruling by the Internal Revenue Service that Participant contributions that are picked up by the Employer are not includ-able in the Participant's gross income for federal income tax purposes. Pick-up contributions are not mandated to receive private letter rulings, however, if an adopting employer wishes to receive a ruling on pick-up contributions they may request one in accordance with Revenue Procedure 2007-4 (or subsequent guidance).

A Participant shall not have the right to discontinue or vary the rate of such contributions after becoming a Participant in this portion of the Plan.

The Employer hereby elects to “pick up” the Mandatory Participant Contributions.²

Yes No

[621]

D. Election Window. Newly eligible Employees shall be provided an election window of _____ days (no more than 60 calendar days) from the date of initial eligibility during which they may make the election to participate in the Mandatory Participant Contribution portion of the Plan. Participation in the Mandatory Participant Contribution portion of the Plan shall begin the first of the month following the end of the election window.

An Employee’s election is irrevocable and shall remain in force until the Employee terminates employment or ceases to be eligible to participate in the Plan. In the event of re-employment to an eligible position, the Employee’s original election will resume. In no event does the Employee have the option of receiving the pick-up contribution amount directly.

N/A **Fixed Employer Match of Voluntary Participant Contributions.**

The Employer shall contribute on behalf of each Participant ___% of Earnings for the Plan Year (subject to the limitations of Article V of the Plan) for each Plan Year that such Participant has contributed ___% of Earnings or \$_____. Under this option, there is a single, fixed rate of Employer contributions, but a Participant may decline to make the required Participant contributions in any Plan Year, in which case no Employer contribution will be made on the Participant’s behalf in that Plan Year.

N/A **Variable Employer Match of Voluntary Participant Contributions.**

The Employer shall contribute on behalf of each Participant an amount determined as follows (subject to the limitations of Article V of the Plan):

_____% of the Voluntary Participant Contributions made by the Participant for the Plan Year (not including Participant contributions exceeding ____% of Earnings or \$_____);

PLUS ____% of the contributions made by the Participant for the Plan Year in excess of those included in the above paragraph (but not including Voluntary Participant Contributions exceeding in the aggregate ____% of Earnings or \$_____).

Employer Matching Contributions on behalf of a Participant for a Plan Year shall not exceed \$_____ or ____% of Earnings, whichever is ___ more or ___ less.

2. Each Participant may make a voluntary (unmatched), after tax contribution, subject to the limitations of Section 4.05 and Article V of the Plan.

Yes No

3. Employer contributions for a Plan Year shall be contributed to the Trust in accordance with the following payment schedule (no later than the 15th day of the tenth calendar month following the end of the calendar year or fiscal year (as applicable depending on the basis on which the Employer keeps its books) with or within which the particular Limitation year ends, or in accordance with applicable law):

² See footnote 1 on the previous page.

4. Participant contributions for a Plan Year shall be contributed to the Trust in accordance with the following payment schedule (no later than the 15th day of the tenth calendar month following the end of the calendar year or fiscal year (as applicable depending on the basis on which the Employer keeps its books) with or within which the particular Limitation year ends, or in accordance with applicable law):
-

VII. EARNINGS

Earnings, as defined under Section 2.09 of the Plan, shall include:

(a) Overtime

Yes No

(b) Bonuses

Yes No

(c) Other Pay (specifically describe any other types of pay to be included below)

VIII. The Employer will permit rollover contributions in accordance with Section 4.11 of the Plan.

Yes No

IX. LIMITATION ON ALLOCATIONS N/A

If the Employer maintains or ever maintained another qualified plan in which any Participant in this Plan is (or was) a participant or could possibly become a participant, the Employer hereby agrees to limit contributions to all such plans as provided herein, if necessary in order to avoid excess contributions (as described in Sections 5.02 of the Plan).

1. If the Participant is covered under another qualified defined contribution plan maintained by the Employer, the provisions of Section 5.02(a) through (f) of the Plan will apply unless another method has been indicated below.

Other Method. (Provide the method under which the plans will limit total Annual Additions to the Maximum Permissible Amount, and will properly reduce any excess amounts, in a manner that precludes Employer discretion.)

2. The limitation year is the following 12 consecutive month period:

X. VESTING PROVISIONS

The Employer hereby specifies the following vesting schedule, subject to (1) the minimum vesting requirements and (2) the concurrence of the Plan Administrator. (For the blanks below, enter the applicable percent – from 0 to 100 (with no entry after the year in which 100% is entered), in ascending order.)

<u>Period of Service Completed</u>	<u>Percent Vested</u>
Zero	_____ %
One	100 _____ %
Two	100 _____ %
Three	100 _____ %
Four	100 _____ %
Five	100 _____ %
Six	100 _____ %
Seven	100 _____ %
Eight	100 _____ %
Nine	100 _____ %
Ten	100 _____ %

XI. Loans are permitted under the Plan, as provided in Article XIII of the Plan:

Yes No

[751]

XII.

1. In-service distributions are permitted under the Plan after a participant attains (select one of the below options):

[646:8]

- Normal Retirement Age
- Age 70½
- Not permitted at any age

2. Tax-free distributions of up to \$3,000 for the payment of qualifying insurance premiums for eligible retired public safety officers are available under the Plan.

Yes No (Default)

[646:3]

XIII. In-service distributions of the Rollover Account are permitted under the Plan as provided in Section 9.07.

Yes No (Default)

[646:7]

XIV. SPOUSAL PROTECTION

The Plan will provide the following level of spousal protection (select one):

A. Participant Directed Election. The normal form of payment of benefits under the Plan is a lump sum. The Participant can name any person(s) as the Beneficiary of the Plan, with no spousal consent required.

[646:6]

B. Beneficiary Spousal Consent Election (Article XII). The normal form of payment of benefits under the Plan is a lump sum. Upon death, the surviving spouse is the Beneficiary, unless he or she consents to the Participant's naming another Beneficiary. (This is the default provision under the Plan if no selection is made.)

[646:6]

C. QJSA Election (Article XVII). The normal form of payment of benefits under the Plan is a 50% qualified joint and survivor annuity with the spouse (or life annuity, if single). In the event of the Participant's death prior to commencing payments, the spouse will receive an annuity for his or her lifetime.

[642:8]

[646:6]

XV. FINAL PAY CONTRIBUTIONS N/A

The Plan will provide for Final Pay Contributions if either 1 or 2 below is selected.

Final Pay shall be defined as (select one):

- A. Accrued unpaid vacation
- B. Accrued unpaid sick leave
- C. Accrued unpaid vacation and sick leave
- D. Other (insert definition of final pay): _____

that would otherwise be payable to the Employee in cash upon termination.

N/A 1. **Employer Final Pay Contribution.** The Employer shall contribute on behalf of each Participant _____% of Final Pay to the Plan (subject to the limitations of Article V of the Plan).

N/A 2. **Employee Designated Final Pay Contribution.** Each Employee eligible to participate in the Plan shall be given the opportunity at enrollment to irrevocably elect to contribute _____% (insert fixed percentage of final pay to be contributed) or up to _____% (insert maximum percentage of final pay to be contributed) of Final Pay to the Plan (subject to the limitations of Article V of the Plan).

Once elected, an Employee’s election shall remain in force and may not be revised or revoked. If the employer elects to “pick up” these amounts, in no event does the Employee have the option of receiving the pick-up contribution amount directly.

The Employer hereby elects to “pick up” the Employee Designated Final Pay Contribution thereby treating such contributions as Employer-made contributions for federal income tax purposes.

- Yes
- No

[621]

XVI. ACCRUED LEAVE CONTRIBUTIONS

The Plan will provide for accrued unpaid leave contributions if either 1 or 2 is selected below.

N/A

Accrued Leave shall be defined as (select one):

- A. Accrued unpaid vacation
- B. Accrued unpaid sick leave
- C. Accrued unpaid vacation and sick leave
- D. Other (insert definition of final pay): _____

that would otherwise be payable to the Employee in cash.

1. **Employer Accrued Leave Contribution.** The Employer shall contribute as follows (choose one of the following options):

For each Plan Year, the Employer shall contribute on behalf of each Eligible Participant the unused Accrued Leave in excess of _____(insert number of hours/days/weeks) to the Plan (subject to the limitations of Article V of the Plan).

For each Plan Year, the Employer shall contribute on behalf of each Eligible Participant _____ % of unused Accrued Leave to the Plan (subject to the limitations of Article V of the Plan).

N/A

2. **Employee Designated Accrued Leave Contribution.**

Each eligible Participant shall be given the opportunity at enrollment to irrevocably elect to contribute _____% (insert fixed percentage of accrued unpaid leave to be contributed) or up to _____% (insert maximum percentage of accrued unpaid leave to be contributed) of Accrued Leave to the Plan (subject to the limitations of Article V of the Plan).

Once elected, an Employee's election shall remain in force and may not be revised or revoked. If the employer elects to "pick up" these amounts, in no event does the Employee have the option of receiving the pick-up contribution amount directly.

The Employer hereby elects to "pick up" the Employee Designated Final Pay Contribution thereby treating such contributions as Employer-made contributions for federal income tax purposes.

Yes No

[621]

In order to allow for Final Pay Contributions and/or Accrued Leave Contributions, as defined in sections XV and XVI above, the Plan must also include additional sources of ongoing contributions, such as Fixed Employer Contributions or Mandatory Participant Contributions. In accordance with IRS Guidance, ICMA-RC will not process Final Pay Contribution or Accrued Leave Contribution Features as part of a "Stand Alone" Final Pay Plan.

XVII. The Employer hereby attests that it is a unit of state or local government or an agency or instrumentality of one or more units of state or local government.

XVIII. The Plan Administrator hereby agrees to inform the Employer of any amendments to the Plan made pursuant to Section 14.05 of the Plan or of the discontinuance or abandonment of the Plan.

XIX. The Employer hereby appoints the ICMA Retirement Corporation as the Plan Administrator pursuant to the terms and conditions of the ICMA RETIREMENT CORPORATION GOVERNMENTAL MONEY PURCHASE PLAN & TRUST.

The Employer hereby agrees to the provisions of the Plan and Trust.

XX. The Employer hereby acknowledges it understands that failure to properly fill out this Adoption Agreement may result in disqualification of the Plan.

XXI. An adopting Employer may rely on an advisory letter issued by the Internal Revenue Service as evidence that the Plan is qualified under section 401 of the Internal Revenue Code to the extent provided in applicable IRS revenue procedures and other official guidance.

In Witness Whereof, the Employer hereby causes this Agreement to be executed on this _____ day of
FEBRUARY _____, 20 11 _____.

EMPLOYER

ICMA RETIREMENT CORPORATION
777 North Capitol St., NE
Washington, DC 20002-4240
202-962-8096

By: _____

By: _____

Print Name: DAVID R. DICKSON _____

Print Name: _____

Title: GENERAL MANAGER _____

Title: _____

Attest: _____

Attest: _____

STAFF REPORT

To: Coastside County Water District Board of Directors

From: David Dickson, General Manager

Agenda: February 8, 2011

Report

Date: February 4, 2011

Subject: Coastside County Water District Fiscal Year 2011/2012 Budget
Timeline

Recommendation:

No action required. Information only.

Background:

The Timeline for the Fiscal Year 2011-2012 Capital Improvement and Operations and Maintenance Budget process is attached. Staff will present the draft budget and Capital Improvement Program to the Board at the March 8, 2011 meeting. There will be opportunity for the Board and the public to review the budget and provide input at that meeting, at the April 12 meeting, and at the May 10 meeting. At the May 10 meeting, the Board will consider scheduling a public hearing on the budget and authorizing issuance of a Proposition 218 notice of proposed rate increase.

Following the 45-day Proposition 218 notice period, the proposed schedule calls for the Board to hold a public hearing on the budget at a special meeting on June 28. The Board will consider approval of the budget and any rate increase following the public hearing. The new rates, if approved, would go into effect July 1, 2011.

Fiscal Impact:

No fiscal impact.

DRAFT

Fiscal Year 2011/2012
Capital Improvement & Operations/Maintenance Budget

TIMELINE
(Dates Subject to Change)

Description	Date
Staff Internal Budget Review - Distribute O&M Budget Worksheets and Update CIP budget spreadsheet	Week of January 17, 2011
Staff Internal Budget Review - Worksheets Due - Review CIP Budget	February 11, 2011
Finance Committee Meeting - Introduction to FY 2011-2012 Budget	January 27, 2011
Facility Committee Meeting - Introduction to FY 2011-2012 Budget	January 31, 2011
Finance Committee Meeting - Discuss "Draft" CIP and O&M Budget materials	Week of February 28, 2011
Present "Draft" CIP and O&M Budget to Board of Directors at Board Meeting	March 8, 2011
Present "Draft" CIP and O&M Budget to Board of Directors at Board Meeting	April 12, 2011
Budget Workshop/Discussion and Approval of Notice of Rate Increase	May 10, 2011
Mail Notice of Rate Increase to District Customers	May 12, 2011
CCWD General Manager to write letters/visit large user Customers	June 6 th - 10 th
Present "Draft" CIP and O&M Budget to Board of Directors at Board Meeting	June 14, 2011
Approve CIP and O&M Budget along with Rate Increase Hearing	June 28, 2010

Revised: January 27, 2011

STAFF REPORT

To: Coastside County Water District Board of Directors

From: David Dickson, General Manager

Agenda: February 8, 2011

Report

Date: February 4, 2011

Subject: CIP Project Status and Update

Recommendation:

No action required. Discussion only.

Background:

The attached spreadsheet summarizes CIP project status as of December 31, 2010. It indicates that we currently project FY11 CIP expenditures of about \$3 million vs. the planned budget of approximately \$3.5 million. As in past years, actual year-end expenditures will likely be less than our mid-year projections. The District's long-term financing plan contemplated the need to borrow money at the beginning of Fiscal Year 2011-2012 to fund the CIP and maintain reserves. This will still be the case, though the current rate of CIP expenditures could delay the borrowing.

I'd like to highlight the following:

- SCADA Project: This project, budgeted for a total of \$900,000 over this fiscal year and next, will bid in February. Achieving the projected \$400,000 expenditure in this year will be a challenge.
- Half Moon Bay Tank 1 Repair and Recoat: Going to bid in February. Due to the extensive repairs necessary, we estimate this project will cost \$300,000 vs. the \$200,000 included in the CIP.
- Pilarcitos Canyon Blending Station: We plan to bid this project in February. Funds for the project were included in the previous CIP and not carried over into FY10-11.
- Denniston Improvements: This project will go out for bid in March, and we plan to award the contract in June. The cash flow needs of this project, currently estimated at about \$7,000,000 will drive our borrowing schedule.

**COASTSIDE COUNTY WATER DISTRICT
APPROVED CAPITAL IMPROVEMENT PROJECTS
FISCAL YEAR 2010-2011**

1/31/2011

	Approved CIP Budget FY 10/11	Actual To Date FY 10/11	Projected Year-End FY 10/11	Projected vs. Budget Variance	Project Status/ Comments
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PIPELINE PROJECTS

	Small Line Decomission Behind Main Street	\$ 25,000		\$ 25,000	\$ -	Contract Awarded
	Rebuild Harbor 4" Vault	\$ 20,000		\$ 20,000	\$ -	planning

WATER TREATMENT PLANTS

99-05	Denniston Intake Maintenance	\$ 29,000	\$ 25,347	\$ 25,347	\$ 3,653	Denniston dredging project for Year 2010 - Completed
10-03	Nunes- Backwash Variable Rates Prj (design/build)	\$ 25,000	\$ 19,745	\$ 25,000	\$ -	Assembling parts
10-04	Nunes - Flocc Drive Repair	\$ 50,000	\$ 44,311	\$ 45,000	\$ 5,000	Drives received and installed. Complete for FY11. New mixers on order for 2012, Project to be complete in FY12
08-05	Nunes WTP - Plant Painting	\$ 12,500		\$ 12,500	\$ -	

FACILITIES & MAINTENANCE

09-07	AMR Program & Fixed Network	\$ 100,000		\$ 50,000	\$ 50,000	Need to present business case to facilities committee and Board
08-08	PRV Valves Replacement Project	\$ 20,000	\$ 13,000	\$ 20,000	\$ -	On-going program
99-01	Meter Change Program	\$ 30,000	\$ 8,776	\$ 30,000	\$ -	On-going program
09-09	Fire Hydrant Replacement	\$ 20,000	\$ 5,621	\$ 20,000	\$ -	Variance due to this project gets done when there is extra time.
09-10	Standardize Chlorine Analyzers at 6 Facilities	\$ 25,000	\$ 8,288	\$ 18,000	\$ 7,000	Purchasing parts and equipment for EG3
09-23	District Digital Mapping	\$ 75,000		\$ 75,000	\$ -	EKI Preparing Scope

EQUIPMENT PURCHASE & REPLACEMENT

99-02	Vehicle Replacement	\$ 20,000	\$ 17,166	\$ 18,000	\$ 2,000	Purchase Complete
99-03	Computer System	\$ 12,000	\$ 4,005	\$ 10,000	\$ 2,000	
99-04	Office Equipment/Furniture	\$ 3,000		\$ -	\$ 3,000	
06-03	SCADA/Telemetry/electrical controls	\$ 550,000	\$ 27,073	\$ 400,000	\$ 150,000	Bid February 2011
	Billing System Upgrade	\$ 75,000	\$ 2,400	\$ 70,000	\$ 5,000	To Be Completed October 2011

PUMP STATIONS / TANKS / WELLS

09-17	Crystal Springs Emergency Generator	\$ 50,000			\$ 50,000	
	MCC Upgrades Denniston PP	\$ 30,000			\$ 30,000	Incorporated into DCWTP Improevments Prj
	Alves Tank - Recoating (Interior & Exterior)	\$ 100,000		\$ 100,000	\$ -	Preparing bid documents
	EG Tank 2 - Recoating (and Ladder)	\$ 200,000		\$ -	\$ 200,000	Preparing bid documents
	EG Tank #2 Pump Station Pump Replacement	\$ 30,000	\$ 23,185	\$ 23,185	\$ 6,815	Complete
	Half Moon Bay Tank #1 (Int & Ext Recoat)	\$ 200,000	\$ 4,896	\$ 300,000	\$ (100,000)	Preparing bid documents
	Miramar Tank Fence upgrade	\$ 8,000		\$ 20,000	\$ (12,000)	

DENNISTON WTP PRIORITY (SHORT-TERM) IMPROVEMENTS

08-19	Denniston Short Term WTP Modifications	\$ 50,000		\$ 50,000	\$ -	Incorporated into DCWTP Improvement Prj
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NUNES WTP PRIORITY (SHORT-TERM) IMPROVEMENTS

08-24	Nunes Short Term WTP Modifications	\$ 1,100,000	\$ 897,908	\$ 900,000	\$ 200,000	100% Complete
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DENNISTON WTP (LONG-TERM) IMPROVEMENTS (MEMBRANE FILTRATION)

08-22	Denniston Pre/Post Treatment Design	\$ 400,000	\$ 189,773	\$ 400,000	\$ -	Design in progress
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**COASTSIDE COUNTY WATER DISTRICT
APPROVED CAPITAL IMPROVEMENT PROJECTS
FISCAL YEAR 2010-2011**

1/31/2011

Approved CIP Budget FY 10/11	Actual To Date FY 10/11	Projected Year-End FY 10/11	Projected vs. Budget Variance	Project Status/ Comments
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WATER SUPPLY DEVELOPMENT

09-21	Reclamation Project Planning	\$ 100,000		\$ -	\$ 100,000	Timing of expenditures difficult to estimate due to slow progress in reaching agreement with SAM for recycling.
09-22	Water Supply Alternatives Evaluation	\$ 100,000	\$ 74,697	\$ 100,000	\$ -	Cost to date includes work on NPS-POST Denniston land transfer. Projected includes Urban Water Management Plan

FY 10-11 TOTALS \$ 3,459,500 \$ 1,366,190 \$ 2,712,032 \$ 702,468

FY 09/10 CIP Projects - paid in FY 10/11

1125-02	Retention - Filter Media - Denniston		\$ 8,511	\$ 8,511	\$ (8,511)	Project completed FY09-10.
1118-12	CSP Exterior Painting Project		\$ 23,463	\$ 2,500	\$ (2,500)	
1121-51	Miramar Tank Recoating Project (retention)		\$ 28,054	\$ 28,045	\$ (28,045)	Project completed FY09-10.
1121-53	Pilarcitos Canyon Blending Station		\$ 29,185	\$ 130,000	\$ (130,000)	Original budget \$150K. FY09-10 expenditure of \$13,700

PREVIOUS YEAR TOTALS \$ 89,213 \$ 169,056 \$ (169,056)

NON-BUDGETED ITEMS (CAPITAL EXPENDITURES) FOR CURRENT FISCAL YEAR 010/11

1118-12	New Check Scanner for Office		\$ 2,716	\$ 2,716	\$ (2,716)	
1118-03	Outback Brush Cutter		\$ 2,512	\$ 2,512	\$ (2,512)	
1118-13	Base Station for Shop		\$ 2,501	\$ 2,501	\$ (2,501)	
1128-03	El Granada Pipeline - Phase III		\$ 428	\$ 428	\$ (428)	
1121-58	Railroad Pipeline Replacment		\$ 9,726	\$ 663	\$ (663)	
1121-59	Terrace Ave Service Connection Replacement		\$ 7,276	\$ 83,000	\$ (83,000)	
1120-07	Denniston Booster Pump		\$ 2,748	\$ 5,000	\$ (5,000)	
1121-62	New Pilarcitos Well		\$ 3,055	\$ 3,055	\$ (3,055)	
1118-09	Nunes - Chemtrac Systems Streaming Current		\$ 11,000	\$ 11,000	\$ (11,000)	
1127-06	Denniston Intake Failure 2010		\$ 8,472	\$ 50,000	\$ (50,000)	
1118-11	Denniston Discharge Station		\$ 7,286	\$ 10,000	\$ (10,000)	

NON-BUDGETED TOTALS \$ 57,720 \$ 170,875 \$ (170,875)

CIP TOTALS \$ 3,459,500 \$ 1,513,123 \$ 3,051,963 \$ 362,537

STAFF REPORT

To: Coastside County Water District Board of Directors

From: David Dickson, General Manager

Agenda: February 8, 2011

Report

Date: February 4, 2011

Subject: San Francisco Public Utilities Commission Revised Wholesale Rate Projection

Recommendation:

None. Information only.

Background:

We recently received from BAWSCA an updated projection of SFPUC's wholesale water rates (see text of email from John Ummel below and attached table). Due a continued drop in water sales across all SFPUC customers, they anticipate an increase of 41% versus the previously projected increase of 10.2%.

For CCWD, the effect of this increase, combined with the planned shutdown of the Denniston plant, could mean an increase of more than \$800,000 in water purchase costs in FY12 over a projected expenditure of about \$1,600,000 in FY11. Our FY11 long-term financing plan anticipated a year-to-year water purchase cost increase of about \$300,000.

SFPUC staff have also informed BAWSCA that they plan to propose a change to the wholesale rate structure that would assure the SFPUC of meeting its revenue requirements in the face of varying and unpredictable water demand. We do not know what effect this change in revenue collection approach, if adopted, would have on our SFPUC water costs for the coming year.

Although the impact of SFPUC's ongoing rate increases is significant for the District and our customers, staff believes it is important to emphasize that the rate increases are driven by the cost of SFPUC water system improvements designed to ensure our water supply in the event of a major earthquake. After years of inaction, SFPUC finally undertook these long-needed improvements at the insistence of its collective wholesale customers, CCWD included.

STAFF REPORT

Agenda: February 8, 2011

Subject: SFPUC Projected Rates

Page Two

John Ummel email dated January 14, 2011:

All:

On December 20, I forwarded the SFPUC's revised wholesale rate projections for FY 11-12 through 2020. As reported three weeks ago, the SFPUC projected the FY11-12 wholesale rate at \$2.51 per ccf.

At yesterday's Commission meeting, significantly higher rates were shown to the Commission. As shown on the attached, the FY 11-12 rate is currently projected at \$2.68 per ccf, a 41% increase over the current rate of \$1.90 per unit. Rates in the post-WSIP period (2015 - 2020) are also significantly higher than reported December 20.

This revision to the projections stems primarily, though not solely, from the SFPUC making adjustments to future purchases by the wholesale customers after reviewing December purchase data.* In addition, the SFPUC is thinking we may be entering an era of lower demands, at least for awhile. (In-city projected rates are being adjusted upwards as well.)

The SFPUC will be providing BAWSCA more information behind these most recent projections which will also be shared with the wholesale customers in advance of the February 25th wholesaler meeting.

Please pass this information along to those within your organization on a need-to-know basis.

Appreciatively,

John Ummel
Senior Administrative Analyst

**December SFPUC purchases were the lowest since BAWUA/BAWSCA began keeping records on monthly usage (FY83-84). Y-T-D wholesale purchases (July thru Dec) were off 4% over the same period from last year. If water sales for the remainder of the FY continue at that reduced level, FY 10-11 would end at 145 MGD, down from last year's dismal volume of 151 mgd.*



Water Enterprise 10 Year Financial Plan - Wholesale

		Updated 10-Year Financial Plan					
Fiscal Year		FY2010-11 Requirement		FY2011-12 Requirement		Change	
Actual	2005-06	-8.3%	\$1.02	-8.3%	\$1.02	-	-
	2006-07	26.5%	\$1.22	26.5%	\$1.22	-	-
	2007-08	6.5%	\$1.30	6.5%	\$1.30	-	-
	2008-09	11.1%	\$1.43	11.1%	\$1.43	-	-
	2009-10	15.7%	\$1.65	15.7%	\$1.65	-	-
	2010-11	15.2%	\$1.90	15.2%	\$1.90	-	-
Projected	2011-12	10.2%	\$2.09	41.2%	\$2.68	31.0%	\$0.59
	2012-13	29.2%	\$2.71	8.5%	\$2.91	-20.7%	\$0.20
	2013-14	5.3%	\$2.85	7.1%	\$3.12	1.8%	\$0.27
	2014-15	12.6%	\$3.21	6.6%	\$3.32	-6.0%	\$0.11
	2015-16	20.4%	\$3.87	14.0%	\$3.79	-6.4%	(\$0.08)
	2016-17	-2.5%	\$3.77	6.6%	\$4.04	9.1%	\$0.27
	2017-18	0.1%	\$3.78	6.6%	\$4.30	6.5%	\$0.52
	2018-19	0.7%	\$3.80	0.0%	\$4.30	-0.7%	\$0.50
	2019-20	-1.3%	\$3.75	1.7%	\$4.38	3.0%	\$0.63
	2020-21	1.6%	\$3.81	1.2%	\$4.43	-0.4%	\$0.62

1/13/11

STAFF REPORT

To: Coastside County Water District Board of Directors

From: David Dickson, General Manager

Agenda: February 8, 2011

Report

Date: February 4, 2011

Subject: Update on SFPUC Untreated Water Rate Study for CCWD

Recommendation:

No action required. Information only.

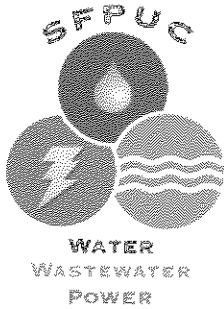
Background:

Our efforts in working with SFPUC staff to create an untreated water rate for CCWD reached a significant milestone on February 3 with the issuance of a memorandum on the proposed rate structure change (Attachment A). The memorandum is the first step in a process required under the Water Supply Agreement between SFPUC and its wholesale customers before SFPUC can adopt any rate structure change. BAWSCA and the other wholesale customers now have 60 days to comment on the proposed change. They do not need to approve or disapprove the proposal, but SFPUC staff and the Commission will consider their comments in deciding whether to adopt the new rate.

The memorandum estimates that the CCWD “discount” for the fiscal year beginning July 1, 2011 would be \$0.24 per ccf. Based on tentative projections of CCWD water use for FY11-12, this discount would represent a savings of about \$225,000. This amount would be recovered by increasing the unit charge for all other retail and wholesale customers. SFPUC estimates the increase in the unit cost for wholesale customers to be about \$0.001 per ccf, or about 0.1% of the currently projected wholesale rate.

Anticipating the issuance of the SFPUC memo, I sent a letter to all BAWSCA agencies on February 2 (Attachment B). I also spoke on the proposed untreated water rate at a meeting of all BAWSCA Agency Appointed Water Management Representatives on February 3.

While the rate study developments are positive for the District, I want to emphasize that there is no assurance that SFPUC staff will recommend to the Commission that the rate be adopted, and no assurance that the Commission will approve the change. Staff will continue to work with SFPUC toward these goals.



SAN FRANCISCO PUBLIC UTILITIES COMMISSION

1155 Market St., 11th Floor, San Francisco, CA 94103 • Tel. (415) 554-3155 • Fax (415) 554-3161 • TTY (415) 554.3488



February 3, 2011

Arthur Jensen, General Manager
 Bay Area Water Supply and Conservation Agency
 155 Bovet Road, Suite 302
 San Mateo, California 94402

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 COMMISSIONER

ED HARRINGTON
 GENERAL MANAGER

Re: Fiscal Year 2011-12 Untreated Wholesale Water Rate Discount Factor &
 SFPUC's Proposal to Add to the Annual Wholesale Rate Setting Process

Dear Mr. Jensen,

Pursuant to Section 6.04.B of the Water Supply Agreement (WSA) the San Francisco Public Utilities Commission (SFPUC) has reviewed and analyzed Wholesale Water Rate structure alternatives related to treated and untreated water and is **recommending a new rate setting approach for fiscal year 2011-12.**

This memorandum details the proposed **Untreated Water Discount Factor, which is being proposed at \$0.24 per Ccf for FY 2011-12**, and describes the reasons for the proposed change. It also describes the estimated financial impact and timing for both Wholesale Customers and Retail Customers. Consistent with the Water Supply Agreement section 6.04, Wholesale Customers have sixty (60) days to provide comment to the SFPUC on the details contained within this report. The formal comment period will end at **5 pm, April 4, 2011.**

Charles Perl, Deputy Chief Financial Officer, and I are available to discuss the supporting analysis with you or your staff and to answer any questions. We look forward to your input. We can both be reached at (415) 554-3155.

Thank you,


 Todd L. Rydstrom

AGM Business Services & Chief Financial Officer
 San Francisco Public Utilities Commission
 1155 Market Street, 11th Floor
 San Francisco, CA 94103
trydstrom@sfwater.org

UNTREATED WHOLESALE WATER RATE DISCOUNT FACTOR PROPOSAL

Background

Most wholesale agencies purchasing water from the San Francisco Public Utilities Commission (SFPUC) benefit from water treatment whereas Coastside County Water District (CCWD) is the only Wholesale Customer receiving untreated water. The untreated water that CCWD receives from the SFPUC must be treated at CCWD's own treatment facility at their own expense. Under the current rate structure, all Wholesale Customers, including CCWD, pay the same unit cost for water, which is calculated to include treatment costs.

To address this issue, Agreement 8b of Coastside County Water District's (CCWD) water sales contract with the San Francisco Public Utilities Commission (SFPUC) included a provision that says: *Within 6 months of receiving a request from Customer (CCWD) the SFPUC will initiate a one-time rate study to evaluate the possible creation of a wholesale untreated water rate classification for supplies delivered to Customer. Following the conclusion of the study, the SFPUC will consider the results in making its next round of annual rate recommendations to the Commission regarding wholesale service rates and rate structures, with adoption subject to the discretion of the SFPUC in accordance with Section 6.04 of the WSA.*

The SFPUC received a request from CCWD and with the assistance of an independent rate consultant, the FCS Group, timely undertook and completed the above referenced study. The findings from this study are detailed in a report to the SFPUC titled *Wholesale Rate Options for Untreated Water Supplied to the Coastside County Water District*. A copy of the full report is available upon request.

As a result of this analysis and report, the **SFPUC proposes the addition of an 'Untreated Wholesale Water Rate Discount Factor' of \$0.24 to the fiscal year 2011-12 Wholesale Water Rate Schedule for any Wholesale Customer receiving untreated water from Crystal Springs Reservoir.** To make this change revenue neutral overall, the **SFPUC also recommends that costs related to the Harry Tracy Water Treatment Plan be re-allocated accordingly to both retail and wholesale customers actually benefiting from treatment and be based on proportionate annual use.** This approach is consistent with the general principles in Section 5.02E of the WSA.

Proposed Untreated Wholesale Water Rate Discount Factor

The water that CCWD purchases from the SFPUC is sourced from two locations; the Pilarcitos and Crystal Springs Reservoirs. Water from Pilarcitos receives no treatment by the SFPUC. Water stored in Crystal Springs Reservoir may receive treatment from SFPUC facilities but not from the Harry Tracy Water Treatment Plant (HTWTP). The proposed untreated water discount factor is calculated by dividing the relevant treatment costs by total wholesale water deliveries. Using current expense projections and rate modeling estimates, the discount factor developed as follows:

	FY11-12	FY12-13	FY13-14
<u>HTWTP Expenses to be Removed</u>			
O&M	(\$11.2m)	(\$11.5m)	(\$11.9m)
Existing Assets	(\$2.0m)	(\$2.0m)	(\$2.0m)
Cash Funded Capital	(\$0.5m)	(\$0.8m)	(\$0.8m)
Debt	(\$3.0m)	(\$3.4m)	(\$4.4m)
Total HTWTP Expense to be Removed	(\$16.7m)	(\$17.7m)	(\$19.1m)
	+	+	+
Total Wholesale Water Consumption	68.3m ccf	68.3m ccf	68.9m ccf
	=	=	=
Discount Rate for Untreated Water	(\$0.24/ccf)	(\$0.26/ccf)	(\$0.28/ccf)
	=	=	=
Untreated Wholesale Water Rate Discount Factor	(\$0.24/ccf)	(\$0.26/ccf)*	(\$0.28/ccf)*

*For preliminary planning purposes only, actual values are subject to change

Impact of Discount Factor on Wholesale Revenue Requirement

The proposed Untreated Wholesale Water Rate Discount Factor will reduce SFPUC revenue without reducing the overall revenue requirement. It is proposed that the relevant treatment costs associated with the discount factor be reallocated to both retail and wholesale customers according to proportionate annual use.

In order to determine the impact of the discount factor on both retail and wholesale customers, the net impact must first be subtracted from the Wholesale Revenue Requirement and then reallocated to all customers who benefit from treated water.

Net Impact of Untreated Wholesale Water Rate Discount Factor*			
	FY11-12	FY12-13	FY13-14
Untreated Wholesale Water Rate Discount Factor	(\$0.24/ccf)	(\$0.26/ccf)	(\$0.28/ccf)
	X	X	X
Annual CCWD consumption	0.9m ccf	0.9m ccf	0.9m ccf
	=	=	=
Estimated Impact of Untreated Water Discount Factor to be allocated across all customers receiving treated water	(\$213,315)	(\$231,091)	(\$251,054)
	+	+	+
Wholesale Revenue Requirement	\$188.8M	\$201.1M	\$218.8M
	=	=	=
Revised Wholesale Revenue Requirement	\$188.6M	\$200.9M	\$218.6M

*Numbers illustrated here are for preliminary planning purposes only, actual values are subject to change.

Impact of Discount Factor on Wholesale and Retail Customers

In order to remedy this mismatch of costs and benefits, the resulting amount of the discount factor must be allocated to retail and wholesale customers benefiting from deliveries of treatment water.

Discount Factor Allocation to Wholesale & Retail Customers Receiving Treated Water		
	FY 11-12	
	Wholesale	Retail
Net Impact of Untreated Water Discount Factor*	\$213,315	
	X	
Wholesale and Retail Proportional Use Factors*	65.3%	34.7%
	=	
Discount Factor allocation to Wholesale and Retail Customers*	\$139,295	\$74,020

*For preliminary planning purposes only, actual values are subject to change.

Since the current Wholesale Customer rate structure is the Wholesale Revenue Requirement less fixed rate service charges divided by Wholesale Water Deliveries, the Wholesale Rate impact of the Untreated Wholesale Water Rate Discount Factor can be similarly determined:

$$\text{Rate Impact} = \frac{\text{WRR Change} + \text{Discount Factor Allocation to Benefitting Wholesale Customers}}{\text{Wholesale Water Deliveries}}$$

Using fiscal year 2011-12 projections, including a 140 MGD (68,315,508 Ccf) delivery rate, this calculation results in a slight savings to Wholesale Customers benefiting from treated water deliveries due to the shifting of about a third of the discount factor cost to Retail Customers. For fiscal year 2011-12 the rate reduction is estimated to be \$0.0011 per Ccf for Wholesale Customers. For CCWD, the applicable discount factor is estimated to be \$0.24 per Ccf, as they must cover treatment costs themselves following delivery from the SFPUC water system.

$$\text{Average Wholesale Rate Net Impact (Savings)} = \frac{-\$213,315 + \$139,295}{68,315,508 \text{ Ccf}} = (\$0.0011) / \text{Ccf}$$

Similarly the retail rate impact can be calculated using 74.4 MGD average delivery rate (36,314,595 Ccf). This calculation results in a fiscal year 2011-12 cost allocation increase of roughly \$0.0020 per hundred cubic feet (Ccf) of water.

$$\text{Retail Rate Impact} = \frac{\$74,020}{36,314,595 \text{ Ccf}} = \$0.0020 / \text{Ccf}$$

Wholesale & Retail Customer Impact with Known Annual Deliveries Approach

The combined impact of this proposed Untreated Water Discount fact along with the proposed Known Annual Deliveries Approach is illustrated below.

Discount Factor Allocation to Wholesale / Retail Customers Receiving Treated Water

Estimated Impact of Untreated Wholesale Water Rate Structure on Monthly Billing

Known Annual Deliveries Approach - Fiscal Year 2011-12

Wholesale Customers	FY 2009-10 Total Deliveries Ccf	MGD	% of Total	Billing Factor Based on FY 2009-10 Monthly Deliveries of All Wholesale Customers													
				11.86%	10.77%	12.47%	-10.09%	8.04%	6.90%	7.05%	5.16%	5.35%	6.25%	7.38%	8.66%	100.00%	
				TOTAL	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	TOTAL
Alameda CWD	5,274,040	10.81	7.23%	\$10,072	\$1,194	\$1,085	\$1,256	\$1,016	\$810	\$695	\$710	\$520	\$339	\$629	\$743	\$874	\$10,072
El Sobrante	124,883	0.26	0.17%	\$239	\$28	\$26	\$30	\$24	\$19	\$16	\$17	\$12	\$13	\$15	\$18	\$21	\$239
Eumlingame	1,917,614	3.93	2.63%	\$3,662	\$434	\$394	\$457	\$370	\$295	\$253	\$258	\$189	\$'96	\$229	\$270	\$318	\$3,662
Conilleras MWA	2,830	0.01	0.00%	\$5	\$1	\$1	\$1	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5
Daly City	2,471,592	5.07	3.39%	\$4,720	\$560	\$508	\$589	\$476	\$380	\$326	\$333	\$243	\$252	\$295	\$348	\$410	\$4,720
East Palo Alto	885,517	1.81	1.21%	\$1,691	\$201	\$182	\$211	\$171	\$136	\$117	\$119	\$87	\$90	\$106	\$125	\$147	\$1,691
Estero MID	2,392,875	4.90	3.28%	\$4,570	\$542	\$492	\$570	\$461	\$368	\$315	\$322	\$236	\$244	\$286	\$337	\$397	\$4,570
Guadalupe Valley WD	154,001	0.32	0.21%	\$294	\$35	\$32	\$37	\$30	\$24	\$20	\$21	\$15	\$16	\$18	\$22	\$26	\$294
Hayward	8,416,044	17.25	11.54%	\$16,076	\$1,906	\$1,731	\$2,005	\$1,622	\$1,293	\$1,109	\$1,194	\$829	\$860	\$1,005	\$1,187	\$1,395	\$16,076
Hillsborough	1,447,483	2.97	1.98%	\$2,764	\$328	\$298	\$345	\$279	\$222	\$191	\$195	\$143	\$'48	\$173	\$204	\$240	\$2,764
Menlo Park	1,484,518	3.04	2.04%	\$2,835	\$336	\$305	\$354	\$266	\$228	\$196	\$200	\$146	\$'52	\$177	\$209	\$246	\$2,835
Mid-Peninsula CWD	1,400,765	2.87	1.92%	\$2,675	\$317	\$288	\$334	\$270	\$215	\$185	\$189	\$138	\$'43	\$167	\$197	\$232	\$2,675
Millbrae	1,094,867	2.24	1.50%	\$2,091	\$248	\$225	\$261	\$211	\$168	\$144	\$147	\$108	\$'12	\$131	\$154	\$181	\$2,091
Milpitas	3,065,570	6.28	4.20%	\$5,854	\$694	\$630	\$730	\$591	\$471	\$404	\$413	\$302	\$313	\$366	\$432	\$508	\$5,854
Mountain View	4,365,076	8.95	5.98%	\$8,336	\$989	\$888	\$1,040	\$841	\$670	\$575	\$588	\$430	\$446	\$521	\$615	\$723	\$8,336
North Coast CWD	1,475,164	3.02	2.02%	\$2,817	\$334	\$303	\$351	\$284	\$227	\$194	\$199	\$145	\$'51	\$176	\$208	\$244	\$2,817
Palo Alto	5,362,543	10.99	7.35%	\$10,241	\$1,214	\$1,103	\$1,277	\$1,033	\$824	\$707	\$722	\$528	\$548	\$640	\$756	\$889	\$10,241
Punissima Hills	854,854	1.75	1.17%	\$1,632	\$194	\$176	\$204	\$165	\$131	\$113	\$115	\$84	\$87	\$102	\$121	\$142	\$1,632
Redwood City	4,689,257	9.61	6.43%	\$8,955	\$1,062	\$964	\$1,117	\$904	\$720	\$618	\$632	\$462	\$479	\$580	\$681	\$777	\$8,955
San Bruno	713,054	1.46	0.98%	\$1,362	\$161	\$147	\$170	\$137	\$110	\$94	\$96	\$70	\$73	\$85	\$101	\$118	\$1,362
San Jose	2,015,340	4.13	2.76%	\$3,949	\$456	\$414	\$480	\$388	\$310	\$266	\$271	\$199	\$206	\$241	\$284	\$334	\$3,949
Santa Clara	1,147,665	2.35	1.57%	\$2,192	\$260	\$236	\$273	\$221	\$176	\$151	\$155	\$113	\$'17	\$137	\$162	\$190	\$2,192
Sunnyvale	4,833,316	9.92	6.63%	\$9,240	\$1,096	\$995	\$1,152	\$932	\$743	\$638	\$652	\$477	\$494	\$577	\$682	\$802	\$9,240
Westborough CWD	412,060	0.84	0.56%	\$787	\$93	\$85	\$98	\$79	\$63	\$54	\$55	\$41	\$42	\$49	\$58	\$68	\$787
Total-Municipal	56,007,938	114.78	76.79%	\$106,957	\$12,863	\$11,518	\$13,340	\$10,794	\$8,603	\$7,381	\$7,543	\$5,517	\$5,719	\$6,684	\$7,895	\$9,281	\$106,957
Cal Water	15,889,763	32.56	21.78%	\$30,344	\$3,598	\$3,268	\$3,795	\$3,062	\$2,441	\$2,094	\$2,140	\$1,565	\$1,623	\$1,886	\$2,240	\$2,633	\$30,344
Stanford University	1,043,864	2.14	1.43%	\$1,993	\$236	\$215	\$249	\$201	\$160	\$138	\$141	\$103	\$'07	\$125	\$147	\$173	\$1,993
Total-Private	16,933,627	34.70	23.22%	\$32,338	\$3,835	\$3,482	\$4,033	\$3,263	\$2,601	\$2,232	\$2,281	\$1,668	\$1,729	\$2,021	\$2,387	\$2,806	\$32,338
Total Resale	72,941,565	149.48	100%	\$139,295	\$16,518	\$15,000	\$17,373	\$14,057	\$11,204	\$9,612	\$9,923	\$7,185	\$7,448	\$8,705	\$10,282	\$12,087	\$139,295
Total Retail	33,485,857	68.62		\$74,020	\$8,778	\$7,971	\$9,232	\$7,470	\$6,954	\$5,109	\$5,220	\$3,818	\$3,958	\$4,625	\$5,464	\$6,423	\$74,020
TOTAL																	\$213,315

Next Steps

The SFPUC proposes the adoption of an Untreated Wholesale Water Rate Discount Factor effective starting July 1, 2011 for fiscal year 2011-12 as discussed in this memo. Like the Wholesale Rate, this Discount Factor is proposed to be revisited each year during the annual budget process. Next steps are summarized below. We are available to discuss any questions and can be reached at (415) 554-3155.

Timeline of Key Deadlines & Next Steps

03-Feb-11	Letter to Wholesale Customers. Proposed Rate Structure & Report
25-Feb-11	Annual meeting with Wholesale Customers
04-Apr-11	60-Day Wholesale Customer comment period ends. SFPUC General Manager submits report to the Commission recommending specific change(s) to the rate structure.
10-Apr-11	SFPUC Final Rate Proposal & Recommendation(s) sent to Wholesale Customers
10-May-11	SFPUC Commission Wholesale Rate Hearing, Adoption & Environmental Enhancement Surcharge Adoption
17-May-11	Prop 218 Noticing at least a 45-day Period for Wholesale Customers ... to their Retail Customers
01-Jul-11	Effective date for new Wholesale Rate(s) & Environmental Enhancement Surcharge



February 2, 2011

Via Email to
BAWSCA Agency Water Management Representatives

Re: Proposed SFPUC Untreated Water Rate

Dear BAWSCA Agency Water Management Representatives:

As you may have noticed, the agenda recently distributed for SFPUC's Annual Meeting for Wholesale Customers and BAWSCA on February 25 includes a proposed wholesale untreated water rate for Fiscal Year 2011-2012. SFPUC has prepared the untreated water rate proposal at the request of Coastside County Water District (CCWD). Because this new rate, if adopted, would affect all SFPUC water customers, I would like to provide you with some background on CCWD's concerns and how we have worked with SFPUC to address them through this proposed change.

CCWD is the only SFPUC customer receiving untreated water. Section 3.08A of the Water Supply Agreement specifically exempts CCWD from the treated water quality guarantee provided to all other Wholesale Customers:

3.08 Water Quality

A. San Francisco shall deliver treated water to Wholesale Customers (except Coastside County Water District, which receives untreated water from Crystal Springs and Pilarcitos Reservoirs) that complies with primary maximum contaminant level and treatment technique standards at the regulatory entry points designated in the San Francisco Regional Water System Domestic Water Supply Permit (currently Permit No. 02-04-04P3810001) issued by the California Department of Public Health (CDPH).

During the renegotiation of our individual agency Water Sales Contract, CCWD questioned the fairness of CCWD having to pay the full treated water rate for an untreated water supply. Although CCWD receives a different and less valuable product than that provided to other customers, we pay the same price as do all the other wholesale customers. CCWD then incurs an additional cost exceeding \$1.00 per ccf to bring our SFPUC supply up to potable water standards.

Responding to our concerns, SFPUC committed in our Water Sales Contract to evaluate the possible creation of a wholesale untreated water rate. With the assistance of financial consultants FCS Group, SFPUC staff has prepared a draft rate study recommending that untreated water be supplied at a rate that is approximately 8% to 10% lower than the wholesale treated water rate to reflect the lower quality and cost of providing untreated water. The lower rate would be determined by taking costs associated with the

BAWSCA Agency Water Management Representatives

February 2, 2011

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Harry Tracy Treatment Plant out of the untreated water rate. Costs not recovered in the lower rate would then be spread over all SFPUC customers, both retail and wholesale.

The projected untreated water rate for Fiscal Year 2012 would be approximately \$0.23 per ccf lower than the treated water rate, or about 8.6% of SFPUC's currently projected wholesale rate of \$2.68. The untreated water rate would increase the treated water wholesale rate by less than \$0.002 per ccf. This increase would contribute about 0.1% to a proposed overall increase of 41% for Fiscal Year 2012.

CCWD has provided SFPUC with extensive comments on the draft rate study sent to us in December 2010. CCWD's comments were focused on ensuring that the study's analysis was logical, consistent with the terms of the Water Supply Agreement, and clearly presented. SFPUC staff have been responsive to the issues we raised and have been working to revise the study before issuing a final version.

In the weeks to come, you will have an opportunity to review the untreated water rate proposal in more detail. Section 6.04B of the Water Supply Agreement between SFPUC and the Wholesale Customers requires that SFPUC send you a report describing any proposed rate structure change before recommending to the Commission that it be adopted. SFPUC staff will be able to answer any questions you may have regarding the rate study.

CCWD supports the rate study recommendation and believes the proposal is fair to all SFPUC customers. We appreciate your consideration to our concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "David R. Dickson". The signature is fluid and cursive, with a long horizontal stroke at the end.

David R. Dickson
General Manager

cc: Mr. Arthur Jensen, BAWSCA

STAFF REPORT

To: Coastside County Water District Board of Directors

From: David Dickson, General Manager

Agenda: February 8, 2011

Report

Date: February 4, 2011

Subject: General Manager's Report

Recommendation:

None. Information only.

Background:

For this month's report, I would like to highlight the following:

1. Water Reclamation Update

There is nothing new to report this month. We are waiting for SAM to respond to the principles of agreement the CCWD Board approved on February 9, 2010. There was some discussion of recycled water at the SAM board meeting on January 24. SAM Manager Steve Leonard provided me with the following summary of the discussion and direction he received:

Two directors had specific points to make about recycled water.

Director Ric Lohman wants me to pursue funding via grants and loans. He recognizes that many of the traditional funding sources have not been very productive. He is suggesting "micro grants" from "other" sources.

Director Scott Boyd is concerned about the cost and environmental risk of pushing a recycle pipe under Pilarcitos Creek as currently proposed. He laid out some potential pipe alignments to cross Pilarcitos Creek. He is especially interested in finding funding for a horse bridge (at the current horse fording point) to hang a recycle pipe on. He also asked when we could get into the CEQA process. I told him that we needed to define a project before we could get into that process. He too asked about grant funding. When asked about the "Dickson/Foley principals of agreement" he said that they were keeping their attorney too busy to get to the review finished.

2. CCWD-MWSD Mutual Interest Committee Meeting - February 1

Director Donovan and I attended this meeting on behalf of CCWD, and Montara Water and Sanitary District was represented by Directors Slater-Carter and Ptacek and General Manager Clemens Heldmaier. Discussion focused on identifying areas for potential cooperation between the districts, including implementation of the Agreement for Emergency Water Supply.

MONTHLY REPORT

To: David Dickson, General Manager
From: Joe Guistino, Superintendent of Operations
Agenda: February 8, 2011

Report
Date: February 2, 2011

Monthly Highlights

Roosevelt Avenue Gate Valve Failures

Valves installed in 2004 in one section of Roosevelt Avenue are failing due to corrosion of substandard bolts used in their assembly. Two major failures occurred on the same day. We will be replacing all carbon steel bolts on approximately 15 valves in this area to prevent future problems.

California Department of Public Health (DPH)

We received a very favorable review from the DPH from their inspection of Nunes Water Treatment Plant (WTP)

Home Monitoring

Senior and On Call Staff are now able to monitor Nunes plant conditions and system reservoir levels from their home computers.

Source of Supply

Pilarcitos Reservoir and Pilarcitos Wells 1, 4a and 5 were the major source of supply for the month of December. Pilarcitos Wells are running at 160 gpm.

Systems Improvement

Beautification

- Cleaned ditches along Denniston access road.
- Cleaned up the Denniston discharge pump house.
- Crews removed a tree that fell on our spoils pile at Denniston.
- Crews removed graffiti on our wall facing Main Street.
- Cleaned and restocked work truck.
- Cleaned up Roosevelt Street valve fail sites.
- Cleaned up shop and corp yard.
- Nunes tidied up for the State DPH inspection.
- New drain lines labeled at Nunes WTP

Backflow Program

- Surveyed and sent Notices to Install Backflow Devices to Ace Hardware, the adjacent strip mall, the Andreini buildings behind Ace Hardware, the Twice As Nice strip mall and the Pacific Gas & Electric (PG&E) corporation yard for backflow requirements.
- Backflow devices have been installed on all businesses in Strawflower Village and New Leaf shopping center.
- Made arrangements with the Coastside Fire Protection District (CFPD) to have them forward to me all reviews for new businesses in the El Granada/Princeton area in order for Coastside County Water District (CCWD) to insure that proper backflow devices are installed if needed.

Nunes WTP Backwash Improvement

Calcon integrated the new backwash valves into the plant Supervisory Control And Data Acquisition (SCADA) system. All physical wire connections have been made from the pumps and the new valves to the SCADA control panels. This project should be complete in February. When complete, we will be able to initiate and control a backwash from the SCADA screen and the new and old control panels. We will ultimately be able to wash filters more efficiently, resulting in less water usage.

Denniston Creek Discharge Station

District crews installed all electrical feed and inlet and outlet plumbing for the discharge station in January. The pump, dechlor and monitoring equipment will be installed as crews have time in the ensuing months.

Nunes Storage Shed

District crews excavated and poured pads at Nunes WTP for a prefabricated shed and the first phase of the backup sodium hypochlorite storage area. The storage shed was installed in January. Equipment and parts that have been displaced to make room for salt storage in the hypochlorite generating area have been relocated to the storage shed. Two totes of bulk sodium hypochlorite will remain on site in the event that the hypochlorite generator is down for repairs. They have been moved to the second concrete pad poured in January. Crews will build a containment wall around them in Feb/March.

Cahill Solar Panel

There is no electrical power at the site of the Cahill Storage Tank. All power to run the telemetry is supplied through solar panels. With the maturation of the surrounding trees since the station was built, the available solar radiation has significantly diminished. Crews installed a second solar panel and raised the first panel to re-establish an adequate power supply for our telemetry instrumentation.

Nunes Water Recapture

Staff has completed a project to capture all water discharges from Nunes WTP. These are flows from the streaming current analyzer (coagulation control) and turbidimeters (quality control) and amount to 2800 gallons per day. This water is sent to the washwater recovery basins to be recycled through the plant and has significantly reduced the stress on our septic system.

Home Monitoring

Steve Twitchell has installed District SCADA (Real VNC) on the home computers of all On-Call Personnel and Superintendent of Operations. We can now monitor the District tank and pump station activity as well as the Nunes WTP process remotely.

Nunes Hydropneumatic System

This system provides the utility water that is used to carry our chemical feeds to their respective application points. It is also used to supply bathroom plumbing and surface wash for the backwashing of the filters. It remains our weak link at the plant and will be upgraded to be SCADA controlled later this year. Crews replumbed the old air lines and installed an air hose reel for simple air use applications.

Update on Other Activities:

Denniston WTP Intake

The mixer should be delivered by the end of February.. We reviewed Kennedy/Jenks' preliminary drawing of the intake piping and found it good. District crews exposed the inlet piping in January and the engineers will inspect and provide us with the inlet piping modifications in February.

Sensus Registers

We have confirmed the manufacture dates of the Automatic Meter Reading (AMR) registers and will have Sensus replace all registers that were manufactured between October 07 and August 08. This is the period where registers could be faulty.

School Tour

On Wednesday 19 January, Treatment Staff and Cathleen Brennan conducted a tour of the Nunes WTP for 30 1st graders from Seacrest School. All went well.

Roosevelt Avenue Gate Valve Failures

On Friday, 7 January, a street valve on the corner of Roosevelt and Alameda failed, resulting in serious water loss and damage to the street. Investigation into the cause of the break revealed that the carbon steel bolts holding the valve bonnet to the valve body had corroded to the point of failure. This was the third valve failure on this street in the last 4 years. A second valve in that neighborhood failed later that evening, probably weakened by the activity earlier in the day. The surge of water resulted in a brown water event along the 12" main in El Granada. The color subsided within 24 hours.

Since this is a high pressure area and valve failure here could result in collateral damage or personal injury, we have initiated an emergency project to replace all of the bolts on valves on Roosevelt and Washington Streets that were not supplied with stainless steel bolts. These valves were all installed in 2004 to replace old cast iron pipes that could no longer withstand the higher pressures in the neighborhood. Some of the valves used in the replacement project did not have the specified stainless steel bolts. We will continue to investigate to determine which other valves were installed with the carbon steel bolts. I also feel that this problem may be aggravated by stray underground currents in the area. We shall investigate this matter further this summer.

Andreini Bros. construction has been contracted to replace the bolts on the remaining valves on Roosevelt. They will also be installing sacrificial zinc anodes and test stations to suppress any galvanic corrosion that may be taking place.

Encroachment Permits

We have been notified by the San Mateo County Roads Division that we must turn in encroachment permits every time we excavate in the roadways of the County. This will include El Granada and Princeton. We have paid an annual permit of \$2600 to cover the first 10 water main/service repairs. We average about 22 repairs per year in these areas. We have modified our form letter to new customers that they will be responsible for obtaining the encroachment permit prior to excavating to tap into our mains.

Safety/Training/Inspections/Meetings

Meetings Attended

- 5 Jan - Conference call with Kennedy/Jenks to discuss Denniston Treatment Upgrades, Denniston intake repair and Denniston Short Term Improvement projects.
- 8 Jan - Fire Service System audit with other city agencies at the Half Moon Bay (HMB) Fire Station. Audit conducted by Tridata Company.
- 11 Jan - Annual California Department Public Health inspection of Nunes WTP
- 12 Jan - Safety Committee meeting and Confined Space Training.
- 14 Jan - Met with Mark Noack of the Half Moon Bay Review to discuss Denniston Improvements.
- 20 Jan - Operations & Maintenance (O&M) Staff meeting.
- 21 Jan - Met with ESA to discuss Denniston Environmental Impact Report for the Denniston water rights project.
- 25 Jan - 90% Denniston Upgrade/Short Term Improvement (STI) Project review with Kennedy/Jenks.
- 26 Jan - All employee meeting and annual employee pot luck.
- 27 Jan - Finance Committee meeting.

Safety Meeting and Training

The Safety Committee met on 12 January and discussed the training schedule for the year.

Safety Training for December consisted of Confined Space Training.

On 18 January, Steve Twitchell and I viewed a webinar on the latest Fluoride science and regulation changes.

On 19 January, Steve Twitchell trained Lead Operator Sean Donovan on SOP writing and computer formatting.

Regulatory Agency Interaction

California Department of Public Health (DPH)

Our California DPH engineer toured the Nunes WTP on 11 January and was very impressed with the STI upgrades. Staff also showed her our alarm testing protocol, on-line turbidimeter calibrations and our jar testing procedures. She was accompanied by an intern specifically to show him a good example of a well run surface water treatment plant. We should be receiving the final inspection report in February.

Projects

Tank Recoating Projects

Coating Systems Incorporated (CSI) had the floor of Half Moon Bay Tank 1 tested for thickness and found it to be quite satisfactory except for the outer 12". They will be recommending replacement of the floor in this section. Their specifications will be complete in February and we will go out to bid in March to repair and coat, internally and externally Half Moon Bay Tank1 and externally for Alves Tank.

Nunes Short Term Improvement Project

Received the as-builts for the system controls from Telstar. This project has been signed off as complete.

Denniston STI and Treatment Upgrade Project and Intake Repairs

Met with Kennedy Jenks twice in January. We plan to go out to bid on this important project in March.

Pilarcitos Canyon Blending Station

We plan to go out to bid for this project in February.

Crystal Springs Pump Station Coating

This project is complete.

Monthly Report

To: David Dickson, General Manager
From: Cathleen Brennan, Water Resource Analyst
Agenda: February 8, 2011
Subject: Water Resources Report

This report is provided as an update on water resources activities. The report includes the following items:

- Urban Water Management Plan 2010
 - Half Moon Bay Precipitation Table
 - List of Meetings
-

□ **Urban Water Management Plan (UWMP) 2010**

In January, staff mailed out notifications, as required in the Urban Water Management Planning Act, to public agencies and private organizations. These notifications are required to encourage public participation in the process of preparing the Urban Water Management Plan.

List of Notified Organizations	
City of Half Moon Bay	San Mateo County Farm Bureau
County of San Mateo - Planning	San Mateo County Harbor District
Sewer Authority Mid-Coastside	The Rotary Club of Half Moon Bay
Granada Sanitary District	Peninsula Open Space Trust (POST)
Bay Area Water Supply and Conservation Agency	Coastside Land Trust
Montara Water and Sanitary District	San Mateo County Resource Conservation District
San Francisco Public Utilities Commission	Coastside Fire Protection District
Half Moon Bay Coastside Chamber of Commerce	

A notice in the Half Moon Bay Review was displayed in the February 2, 2011 edition for the general public and a notice was placed in the spring newsletter to notify District customers.

There will be additional notifications of public hearings this spring, as the schedule for the development of the Urban Water Management Plan is finalized. If there are additional organizations that should be included in the notification, please let me know.

□ **Half Moon Bay Precipitation Table**

Precipitation for the month of January was significantly below average. This brought the year to date total to 85% of average.

Precipitation for Half Moon Bay (inches)													
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total
Historic Average	1.6	3.0	4.5	5.3	4.6	3.8	1.9	0.8	0.3	0.1	0.2	0.4	26.3
Water Year 2011	2010			2011									12.3
	1.1	3.0	6.9	1.3									

□ **January List of Meetings**

- California Department of Water Resources - Calculating Baseline GPCD (webinar) 1/5/2011
- California Department of Water Resources - UWMP Draft Guidebook (webinar) 1/12/2011
- California Urban Water Conservation Council - Group 1 Representation 1/13/2011
- Employee Meeting - 1/26/2011
- EPA WaterSense - Partner Forum - 1/27/2011