



CARMEL AREA WASTEWATER DISTRICT

Regular Board Meeting

3945 Rio Road, Carmel, CA 93923

December 13, 2018
Thursday
9:00AM

CERTIFICATE OF REGISTRAR OF VOTERS

State of California
County of Monterey } ss.

I, **Claudio Valenzuela**, Registrar of Voters of the County of Monterey, State of California hereby certify;

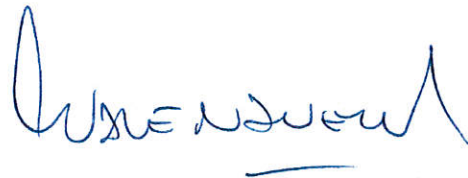
WHEREAS, the number of nominees did not exceed the number of offices required by law to be filled at the Election held on the 6th day of November 2018 within the boundaries of the **Carmel Area Wastewater District**;

NOW, THEREFORE the Registrar of Voters hereby requests the supervising authority to appoint the following qualified person or persons as listed below:

Michael K. Rachel, 4-year term

Ken White, 4-year term

IN WITNESS WHEREOF, I have hereunto affixed my hand and official seal this Tuesday, October 2, 2018 and filed this date with the **Carmel Area Wastewater District**.



Claudio Valenzuela
Registrar of Voters

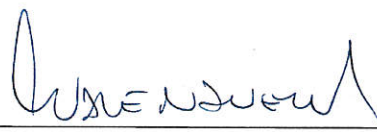
Certificate of Appointment in Lieu of Election and Oath of Office

STATE OF CALIFORNIA }
COUNTY OF MONTEREY } ss

I, Claudio Valenzuela, Registrar of Voters, in and for the County of Monterey, do hereby certify that **Michael K. Rachel** was appointed to the office of **Carmel Area Wastewater District, Director** for a term of **4 years** by the supervising authority in lieu of conducting an election on **November 6, 2018**.

In Witness Whereof, I have hereunto affixed my hand and official seal on **October 3, 2018**.

Claudio Valenzuela,
Monterey County Registrar of Voters

By 

STATE OF CALIFORNIA }
COUNTY OF MONTEREY } ss

I, **Michael K. Rachel**, do solemnly swear (or affirm) that I will support and defend the Constitution of the United States and the Constitution of the State of California against all enemies, foreign and domestic; that I will bear true faith and allegiance to the Constitution of the United States and the Constitution of the State of California, that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties upon which I am about to enter.


(Signature)

Subscribed and sworn to before me, this 3 day of December, 2018.


(Signature of Person Administering Oath)

General Manager
(Title)

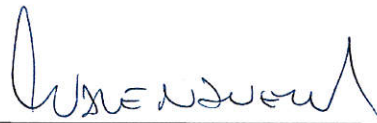
Certificate of Appointment in Lieu of Election and Oath of Office

STATE OF CALIFORNIA }
COUNTY OF MONTEREY } ss

I, Claudio Valenzuela, Registrar of Voters, in and for the County of Monterey, do hereby certify that **Ken White** was appointed to the office of **Carmel Area Wastewater District, Director** for a term of **4 years** by the supervising authority in lieu of conducting an election on **November 6, 2018**.

In Witness Whereof, I have hereunto affixed my hand and official seal on **October 3, 2018**.

Claudio Valenzuela,
Monterey County Registrar of Voters

By 

STATE OF CALIFORNIA }
COUNTY OF MONTEREY } ss

I, **Ken White**, do solemnly swear (or affirm) that I will support and defend the Constitution of the United States and the Constitution of the State of California against all enemies, foreign and domestic; that I will bear true faith and allegiance to the Constitution of the United States and the Constitution of the State of California, that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties upon which I am about to enter.


(Signature)

Subscribed and sworn to before me, this 3 day of December, 2018.


(Signature of Person Administering Oath)

General Manager
(Title)

List of Common Acronyms

ACWA	Assoc of California Water Agencies	MCRT	Mean Cell Retention Time
AF	Acre Feet	MF/RO	Microfiltration/Reverse Osmosis
APWA	American Public Works Assoc	MG/L	Milligrams per Liter
AWWA	American Water Works Assoc	MGD	Million Gallons per Day
BFE	Base Flood Elevation (FEMA)	MLSS	Mixed Liquor Suspended Solids
BMP	Best Management Practice	MLVSS	Mixed Liquor Volatile Suspended Solids
BOD	Biochemical Oxygen Demand	MOU	Memorandum of Understanding
BTU	British Thermal Units	MPN	Most Probable Number (of coliform organisms)
C&I	Calcium & Ion	MPWMD	Monterey Peninsula Water Management District
Cal OES	California Office of Emergency Services	MSL	[Elevation above] Mean Sea Level
Cal/OSHA	California Occupational Safety and Health Administration	NEC	National Electric Code
CalPERS	California Public Employees Retirement System	NELAC	National Environmental Laboratory Accreditation Council
CASA	California Association of Sanitation Agencies	NEPA	National Environmental Policy Act
CAWD	Carmel Area Wastewater District	NMFS	National Marine Fisheries Service (NOAA)
CCAMP	Central Coast Ambient Monitoring Program	NOAA	National Oceanic & Atmospheric Administration
CCLEAN	Central Coast Long Term Environ Assess Network	NPDES	National Pollutant Discharge Elimination System
CCTV	Closed Circuit Television	NPS	Non-Point Source [Pollution]
CECs	Constituents of Emerging Concern	OM&R	Operations, Maintenance, and Replacement
CEQA	California Environmental Quality Act	OSHA	Occupational Safety & Health Act
CFR	Code of Federal Regulations	PBC	Pebble Beach Company
CIP	Capital Improvement Project/Plan	PBCSD	Pebble Beach Community Services District
CL2	Chlorine	PCB's	Polychlorinated Biphenyls
CMMS	Computerized Maintenance Mgmt Software	PEHP	Post Employment Health Plan
CMOM	Capacity, Management, Operations & Maintenance	pH	Hydrogen Ion Concentration (Potential of Hydrogen)
COD	Chemical Oxygen Demand	PLC	Programmable Logic Controller
CPI	Consumer Price Index	POTW	Publicly Owned Treatment Works
CRWQCB	Calif Regional Water Quality Control Board	PPM	Parts per Million
CSDA	California Special District Association	PS	Point Source [Pollution]
CSO	Combined Sewer Overflow	PS	Pump Station
CSS	Combined Sewer System	PSI	Pounds per Square Inch
CU FT	Cubic Feet	QA/QC	Quality Assurance/Quality Control
CWA	Clean Water Act (EPA)	RAS	Return Activated Sludge
CWEA	California Water Environment Assoc	RFP	Request for Proposals
DAF	Dissolved Air Flotation	RFQ	Request for Qualifications
DEG	Degrees	RMP	Risk Management Program
DEIS	Draft Environmental Impact Statement (NEPA/EPA)	RO	Reverse Osmosis
DHS	Department of Health Services	RPM	Revolutions per Minute
DO	Dissolved Oxygen	RWQCB	Regional Water Quality Control Board
DWF	Dry Weather Flow	SAR	Sodium Adsorption Ratio
EA	Environmental Assessment (NEPA/EPA)	SBS	Sodium Bisulfite
EFT	Electronic Funds Transfer	SCADA	Supervisory Control and Data Acquisition
EIS/EIR	Environmental Impact Statement/Report	SOR	Standard Oxygen Requirement
ELAP	Environmental Laboratory Accreditation Program	SOUR	Specific Oxygen Uptake Rate
EPA	[U.S.] Environmental Protection Agency	SRF	State Revolving Loan Fund
ESMP	Electronic Self-Monitoring Report	SRT	Solids Retention Time (same as MCRT)
F/M	Food to Microorganism ratio	SRV	Sewer Relief Valve
FEB	Flow Equalization Basin	SS	Suspended Solids (same as TSS)
FEMA	Federal Emergency Management Agency	SSMP	Sewer System Management Plan
FOG	Fats, Oils and Grease	SSO	Sanitary Sewer Overflow
GAL	Gallon	SVI	Sludge Volume Index
GASB	Government Accounting Standards Board	SWRCB	State Water Resources Control Board
GPD	Gallons per Day	TDML	Total Maximum Daily Load
HP	Horsepower	TMP	Trans Membrane Pressure
I/I	Infiltration and Inflow	TDS	Total Dissolved Solids
IPR	Indirect Potable Reuse	TOC	Total Organic Carbon
IRWUG	Independent Reclaimed Water Users Group	TS/TSS	Total Suspended Solids
IS/MND	Initial Study/Mitigated Negative Declaration	UV	Ultraviolet Treatment
kw	Kilowatt	VFD	Variable Frequency Drive
kwH	Kilowatt hour	VS	Volatile Solids
LAFCO	Local Agency Formation Commission	VSS	Volatile Suspended Solids
LAMP	Local Area Management Plan	WAS	Waste Activated Sludge
lbs	Pounds	WDR	Waste Discharge Requirements
LIMS	Laboratory Information Management Software	WEF	Water Environment Federation
MCC	Motor Control Center	WPCF	Water Pollution Control Federation
		WWTP	Waste Water Treatment Plant



CARMEL AREA WASTEWATER DISTRICT (CAWD) REGULAR BOARD MEETING MINUTES OCTOBER 25, 2018

CALL TO ORDER - ROLL CALL

- Present:** President: Ken White
Directors: Greg D'Ambrosio, Michael Rachel, Robert Siegfried, and Charlotte Townsend
- Absent:** None
- Others:** Barbara Buikema, General Manager, Carmel Area Wastewater District (CAWD)
Karla Cristi, Acting Board Secretary, CAWD
Ed Waggoner, Operations Superintendent, CAWD
Chris Foley, Maintenance Superintendent, CAWD
Daryl Lauer, Collections Superintendent, CAWD
Patrick Treanor, Plant Engineer, CAWD
Robert Rathie, Wellington Law Offices, District Legal Counsel
Leo M. Laska, Board Director, Pebble Beach Community Services District (PBCSD)
Mike Niccum, General Manager, PBCSD
Dan Keig, Carmel Highlands Resident

APPEARANCES, ORDERS OF BUSINESS & ANNOUNCEMENTS

- 1. Appearances/Public Comments:**
There were no appearances or public comment.
- 2. Agenda Changes:**
There was consensus to move Item 19 after Consent Calendar.

ACTION ITEMS BEFORE THE BOARD

Action Items consist of business which requires a vote by the Board. These items are acted upon in the following sequence: (1) Staff Report (2) Board Questions to Staff (3) Public Comments, and (4) Board Discussion and Action.

CONSENT CALENDAR: APPROVAL OF MINUTES, FINANCIAL STATEMENTS AND MONTHLY REPORTS

Board Action

Following a motion made by Director Siegfried and seconded by Director D'Ambrosio the Board approved the Regular Meeting Minutes of September 27, 2018, the Special Meeting Minutes of October 8, 2018, and enacted the following Consent Calendar items:

- 3.** Approve Regular Board Meeting Minutes of – September 27, 2018.
- 4** Approve Special Board Meeting Minutes of – October 8, 2018.
- 5.** Receive and Accept Bank Statement Review By Hayashi Wayland – August 2018
- 6.** Receive and Accept Schedule of Cash Receipts and Disbursements – September 2018
- 7.** Approve Register of Disbursements - Carmel Area Wastewater District – September 2018
- 8.** Approve Register of Disbursements – CAWD/PBCSD Reclamation Project – September 2018
- 9.** Receive and Accept Financial Statements and Supplementary Schedules – September 2018
- 10.** Receive and Accept Collection System Reports – September 2018
- 11.** Receive and Accept Treatment Facility Operations Report –July 2018, August 2018, and September 2018
- 12.** Receive and Accept Safety and Regulatory Compliance Report – September 2018
- 13.** Receive and Accept Laboratory/Environmental Compliance Report – September 2018
The laboratory computer used for BOD analysis will be networked with the District's server and so will be backed up daily. President White felt that having CAWD Environmental Compliance Supervisor DeOcampo attend Carmel Restaurant Group meetings was a great outreach to inform restaurateurs of what the District is attempting to accomplish with it's Pretreatment Program and the City of Carmel Stormwater Inspections. The committee which was assigned to develop a new Source Control ordinance will be meeting again.
- 14.** Receive and Accept Capital Projects Report/Implementation Schedule – September 2018
The finish date for the Project 18-16 Highlands H2S Control on the Project Implementation Plan Schedule, can be extended from the original date of 8/31/18 to 2/28/19.
- 15.** Receive and Accept Plant Operations Report – September 2018
- 16.** Receive and Accept Maintenance Projects Report – September 2018
Mainsaver is working very well. Thank you to Chris Foley, Karla Cristi and all involved. A demo of operations inspection rounds using tablets is planned for the Board in January.

RESOLUTIONS/ORDINANCES

- 19. Resolution No. 2018-47;** A Resolution of the Board of Directors of the Carmel Area Wastewater District Declaring its Official Intent to Reimburse Certain Expenditures From the Proceeds of Debt for the Carmel Highlands West Project - *Report by Barbara Buikema, General Manager*

Speaking on behalf of the Carmel Highlands West neighborhood, resident Dan Keig addressed the Board. He said that Carmel Highlands West intends to spend \$45,000 on a project feasibility study with the expectation that the funding will be reimbursed from long term project financing. MNS Engineers has a bid prepared to conduct the study and Mr. Keig's group would like CAWD to manage the contract. Ms. Buikema felt it possible if a MOU is drawn up between Carmel Highlands West and CAWD.

Board Action

Following a motion made by Director D'Ambrosio and seconded by Director Townsend the Board unanimously adopted Resolution No. 2018-47 approving a resolution declaring its official intent to reimburse certain expenditures from the proceeds of debt for the Carmel Highlands West Project.

- 17. Resolution No. 2018-43 AMENDED;** A Resolution Adopting and Authorizing the Contribution of 1/3 Carmel Lagoon Sandbar Management Costs, Up to \$100,000 to Assist Monterey County for Fiscal Year 2018-19 Only and to Consider Funding Up to 1/3 of Sandbar Management Costs Annually Thereafter Conditioned Upon Board of Supervisors Approval to Undertake Formation of an Assessment District - *Report by Barbara Buikema, General Manager*

General Manager Buikema and Directors White and Siegfried met October 22, 2018 with Supervisor Mary Adams, who stated her office would work with the County Administrator to find funding for this year's sandbar management. Director Rachel felt that item 4 of the resolution was the position for the Board to take at this point: "That the Board agrees to consider a position to provide funding of Carmel Lagoon Management as part of its annual budget process only after the Board of Supervisors approves a resolution to undertake and establish an Assessment District to include all affected property owners."

Board Action

Following a motion made by Director Siegfried and seconded by Director Rachel the Board indefinitely tabled Items #1, 2 and 4 on Resolution No. 2018-43. Director D'Ambrosio: Nay, All Others: Ayes. (Item #3 was already unanimously approved at the October 8, 2018 Special Board Meeting.)

- 18. Resolution No. 2018-46;** A Resolution Adopting a Mitigated Negative Declaration and Mitigation Monitoring and Reporting Plan for the "Hatton Canyon Sewer Replacement Project" – *Report by Patrick Treanor, Plant Engineer* (The IS/MND is located on the District website under <http://cawd.org/engineering-services/>)

Board Action

Following a motion made by Director Townsend and seconded by Director Siegfried the Board unanimously adopted Resolution No. 2018-46 adopting the Mitigated Negative Declaration for the Hatton Canyon Sewer Replacement Project and, adopting the accompanying Mitigation Monitoring and Reporting Plan.

OTHER ACTION ITEMS BEFORE THE BOARD

- 20.** Collection System Expansion Strategy - *Report by Barbara Buikema, General Manager and Patrick Treanor, Plant Engineer*

Director Siegfried felt it crucial that CAWD directly supervise construction management. Ms. Buikema noted that it was intended for CAWD to provide oversight for small scale projects; and conduct as public works projects those of a larger scale involving CAWD financing. Director D'Ambrosio requested area maps be provided with future reports, and supported working with communities in a transparent fashion to achieve collection system expansion. Director Townsend requested sister agencies be queried for project financing processes already in place.

The Board concurred to continue the item to the next meeting to establish a policy based on input to the General Manager.

- 21.** November/December 2018 CAWD Regular Board Meeting Date - *Report by Barbara Buikema, General Manager*

The Board agreed to cancel the regular November Board meeting and hold the December Board meeting on December 13, 2018. A separate strategy meeting with staff will be scheduled in the early part of next year.

INFORMATION/DISCUSSION ITEMS

- 22.** Pebble Beach Community Services District – Regular Board Meeting of September 28, 2018 – *Report by Barbara Buikema, General Manager*

The report was informational only – no action required.

STAFF & BOARD MEMBER REPORTS

Staff Reports include items for which verbal reports/presentation will be provided. If a specific presentation is planned, it will be listed and summary information may be included with the Agenda. Brief oral reports may be provided for items arising after the Agenda preparation. The Board may wish to ask questions or discuss a staff report, but no action is appropriate other than referral to staff, or request a matter be set as a future Agenda Item.

COMMUNICATIONS

23. General Manager's Report - *Oral Report by Barbara Buikema, General Manager*

General Manager Buikema will schedule a separate strategy meeting with Board and staff in January or February dependent on consultant availability.

Director Siegfried requested Board meetings be held the first or second Thursday of each month. General Manager Buikema will provide a resolution in that regard at the December Board meeting.

24. **Announcements on subjects of interest to the Board made by members of the Board or staff** – *Oral reports or announcements from Board President, Directors or staff concerning their activities and/or meetings or conferences attended.*

The Board was amenable to Director D'Ambrosio reviewing with Engineer Treanor the management approach/informal policy Director D'Ambrosio developed to address perimeter fence vegetation.

PBCSD Board Public Meeting Notice & Agenda – The next PBCSD meetings are scheduled for:

Friday, October 26, 2018 at 9:30a.m. *Director White is scheduled to attend.*

Friday, December 7, 2018 at 9:30a.m. *Director D'Ambrosio is scheduled to attend.*

Reclamation Management Committee Meeting – The next RMC meeting is scheduled for: **Wednesday**, November 14, 2018 at 9:30 a.m. *Director Townsend and Director White are scheduled to attend.*

Special Districts Association of Monterey County – The next SDA meeting is scheduled for: Tuesday, January 15, 2019 at 6:00 pm. *Director Townsend is schedule to attend.*

25. **CLOSED SESSION:** *Pursuant to Government Code Section 54956 et seq., the Board met in closed session.*

A. Public Employee Performance Evaluation

Pursuant to Government Code Section 54957.6 the Board met in closed session to consider a Personnel Matter: **General Manager Performance Evaluation**

The Board convened in closed session at 10:35 a.m. with regard to the item listed on the agenda, and reconvened to open session at 10:50 a.m. Legal Counsel announced that in the closed session the Board took up the item listed and asked for further information.

26. **ADJOURNMENT**

There being no further business to come before the Board, the President adjourned the meeting at 10:51 a.m. The next Regular Meeting will be held at 9:00 a.m., Thursday, December 13, 2018 or an alternate, acceptable date, in the Board Room of the District Office, 3945 Rio Road, Carmel, CA 93923.

As Reported To:

Irene Bryant, Secretary to the Board

APPROVED:

Ken White, President



HAYASHI | WAYLAND

INDEPENDENT ACCOUNTANTS' REPORT

October 15, 2018

To the Board of Directors
Carmel Area Wastewater District

We have performed the procedures enumerated below, which were agreed to by Carmel Area Wastewater District (CAWD), solely to assist you in connection with a determination as to whether there were differences in the Company's recorded cash disbursements and recorded cash receipts for the month of September 2018. CAWD is responsible for its cash disbursements and cash receipts records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

We have completed our review of your bank reconciliation for the Union Bank O&M account, the Union Bank payroll account and the Monterey County Sweep account. This service is limited in scope and is neither designed nor intended to deter or discover fraud, embezzlements or any other irregularities.

The procedures we performed and the associated findings are as follows:

- (1) We reviewed individual checks (or electronic images of individual checks or substitute checks). This procedure did not reveal any differences.
- (2) We examined the signatures on each check and compared them to a copy of the signature card on file with your bank to determine if the correct authorized people have signed the checks (we are not handwriting or forgery experts). This procedure did not reveal any differences.
- (3) We examined the payee on the check and matched it to the payee name appearing in your cash disbursements journal. This procedure did not reveal any differences.
- (4) We matched interbank account transfers. This procedure did not reveal any differences.



We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the cash disbursements records or cash receipts records, accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors of Carmel Area Wastewater District, and is not intended to be and should not be used by anyone other than these specified parties.



Robert Lee, CPA
Partner
Hayashi Wayland

Cc: Mr. Ken White, President





HAYASHI | WAYLAND

INDEPENDENT ACCOUNTANTS' REPORT

November 21, 2018

To the Board of Directors
Carmel Area Wastewater District

We have performed the procedures enumerated below, which were agreed to by Carmel Area Wastewater District (CAWD), solely to assist you in connection with a determination as to whether there were differences in the Company's recorded cash disbursements and recorded cash receipts for the month of October 2018. CAWD is responsible for its cash disbursements and cash receipts records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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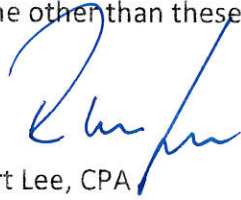
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Robert Lee, CPA
Partner
Hayashi Wayland

Cc: Mr. Ken White, President

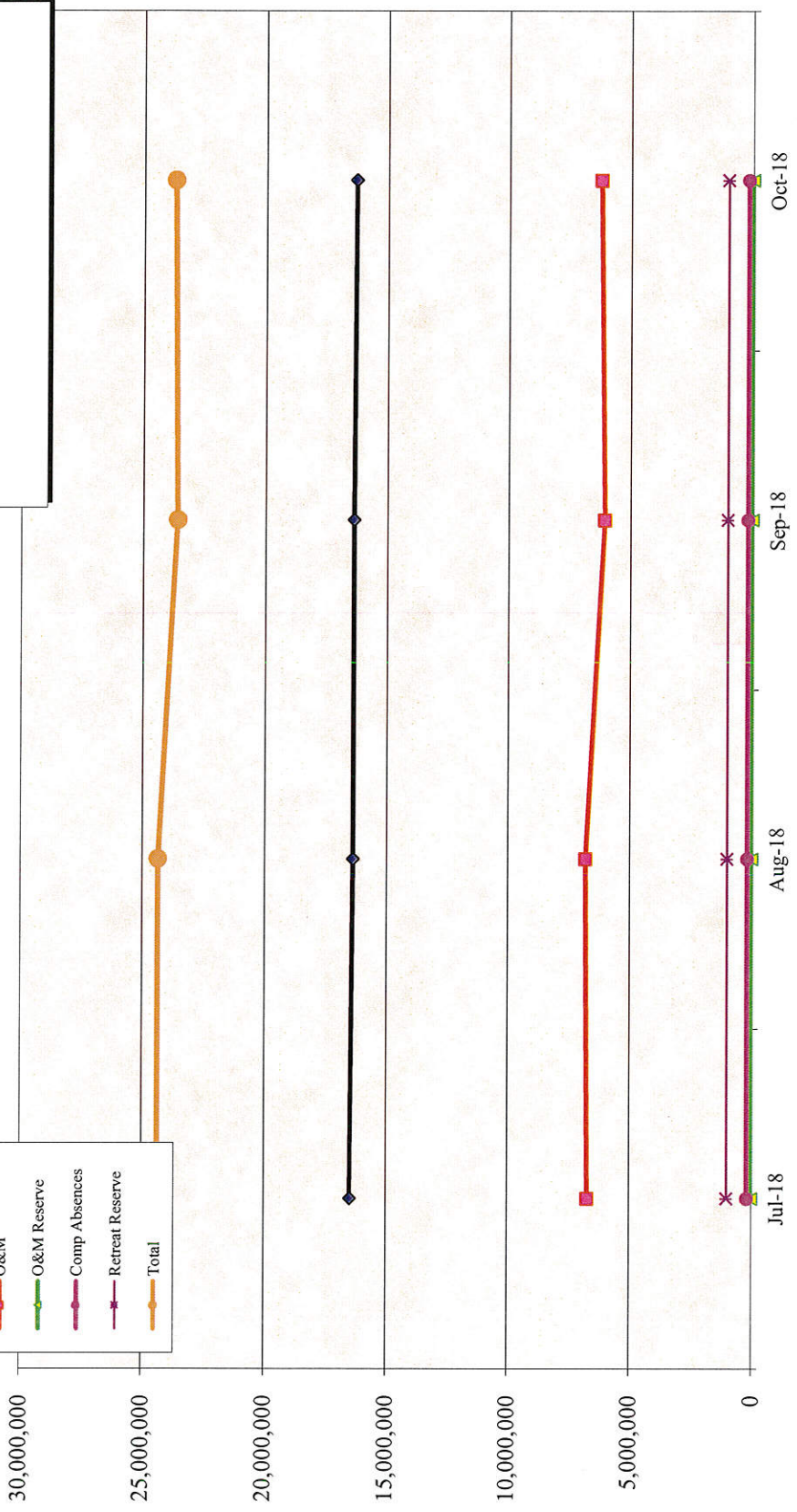


**Carmel Area Wastewater District
Schedule of Cash Receipts and Disbursements - OCTOBER 2018**

	Capital Fund	Capital Improvement Reserve	General O & M Fund	Rate Stabilization Reserve	Compensated Accruals Reserve	Defend or Managed Retreat Reserve	COUNTY Total Fund Balance	Union Bank Bank O & M Balance	Union Bank Bank PR Balance	L.A.I.F. Balance
Receipts:										
BALANCE BEGINNING OF MONTH	\$6,767,182	\$9,611,658	\$6,040,780	\$0	\$177,695	\$1,000,000	\$23,597,314	\$467,336	\$10,706	\$1,137,309
User Fees										
Property Taxes								300		
PBCSD Treatment Fees								90,000		
Reclamation O & M reimbursement								54,729		
Reclamation capital billing								485		
Permits								308,106		
PBCSD capital billing								9,011		
Other misc. revenue			108,752						1	6,179
Interest income										
Connection Fees										
Void checks										
Insurance proceeds-COBRA										
CCLEAN receipts								7,500		
Pooled liability dividend										
Reimbursement for capping off old lateral										
Total Receipts	0	0	108,752	0	0	0	108,752	470,131	1	6,179
Fund Transfers:										
Transfers to Union Bank O&M										
Transfers to Union Bank PR								(295,000)	295,000	
Transfer rate stabilization fund per Resolution										
Intra-fund transfers for capital expenditures	(67,762)		67,762							
Rebalance Capital and O&M Reserves										
Total Transfers	(67,762)	0	67,762	0	0	0	(0)	(295,000)	295,000	0
Disbursements:										
Operations and capital								371,180		
Payroll & payroll taxes									186,077	
Employee Dental reimbursements								2,573		
CALPERS EFT								26,204		
CAWD SAM pension EFT								8,650		
CAWD pension loans EFT								587		
Home Depot EFT								80		
US Bank EFT								3,777		
Deferred comp contributions EFT									8,681	
PEHP contributions EFT									2,543	
Bank/ADP fees									472	
Highlands Bond Debt Service Payment										
Annual County admin billing fee										
Unfunded CALPERS liability										
GASB 68 report fee										
Total Disbursements	0	0	0	0	0	0	0	413,051	197,773	0
BALANCE END OF MONTH	6,699,420	9,611,658	6,217,294	0	177,695	1,000,000	23,706,066	229,415	107,934	1,143,489

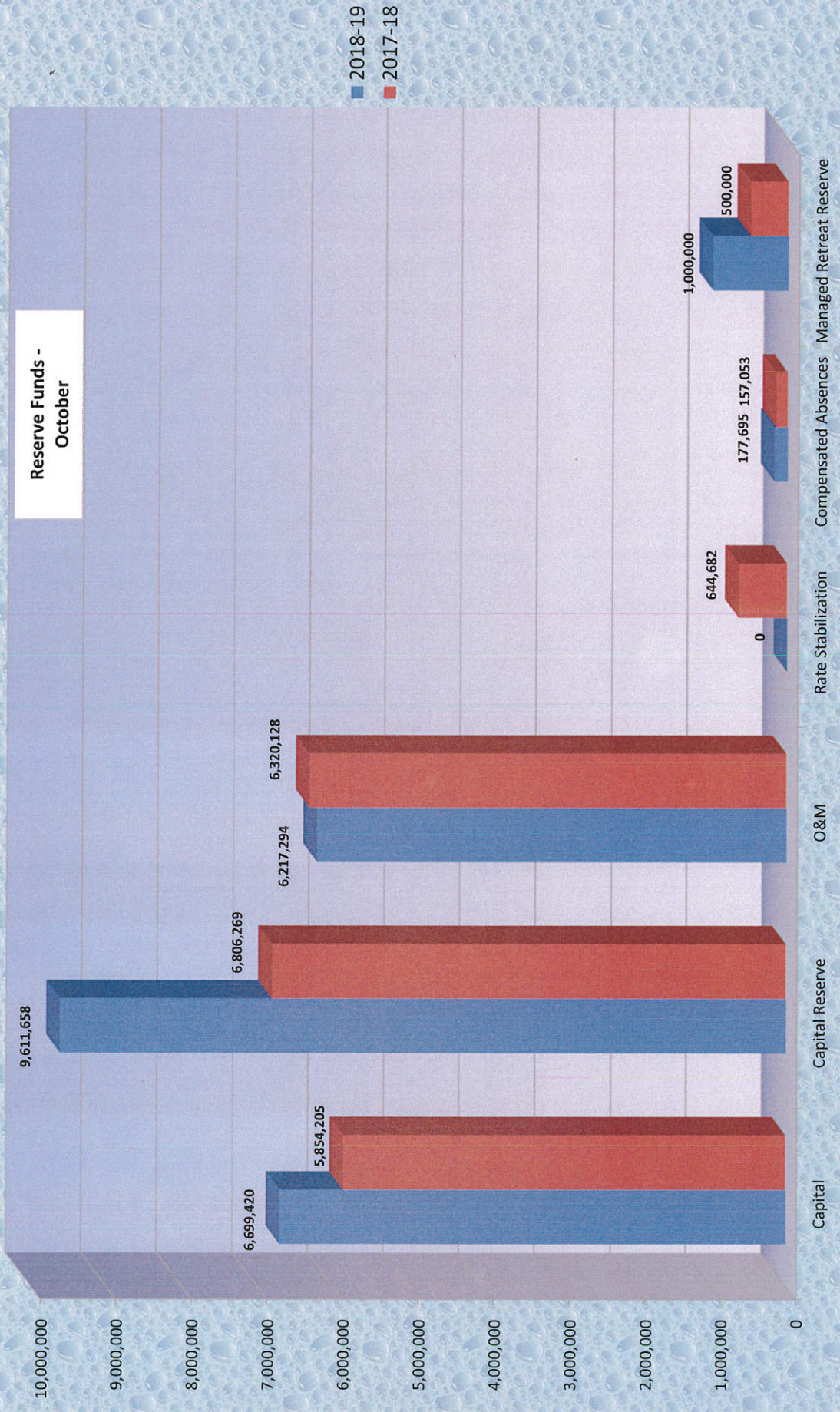
Total Fund Balances 18-19

- Capital Reserves
- O&M
- O&M Reserve
- Comp Absences
- Retreat Reserve
- Total



Capital Reserve + O&M + O&M Reserve + Compensated Absences Reserve = Total Fund held in County

Reserve Funds -
October



**Carmel Area Wastewater District
Disbursements
Oct-18**

Date	Check	Vendor	Description	Amount
10/01/18	32840	American Fidelity Assurance	Monthly employee Sec 125 plan insurance billing	735.19
10/01/18	32841	AT&T Mobility	Cell service	642.32
10/01/18	32842	AT&T CALNET 3	Various telephone lines for devices	700.29
10/01/18	32843	AutomationDirect, Inc.	Aeration control panel parts	1,666.00
10/01/18	32844	Barry Blevins	Work boots	218.49
10/01/18	32845	Bestor Engineering	Boundary survey for Plant fence (CAPITAL)	1,500.00
10/01/18	32846	Boot Barn	Employee work boots	440.13
10/01/18	32847	Buckles-Smith	PLC remote panel and MCC bucket at the digester control building	10,601.75
10/01/18	32848	Cal-Am Water	Monthly service	84.19
10/01/18	32849	CAWD/PBCSD Reclamation Project	Reimbursement for tertiary lab PG&E	606.15
10/01/18	32850	Cintas Corporation	Laundry service	1,284.32
10/01/18	32851	Consolidated Electrical Dist.	Aeration controls	1,995.31
10/01/18	32852	Culligan Water	C&I exchange service for lab	17.35
10/01/18	32853	Daryl Lauer	Dental	358.00
10/01/18	32854	Direct TV	Monthly service	77.99
10/01/18	32855	El Camino Machine & Welding	Metal channel for aeration brackets	308.60
10/01/18	32856	Evantec Corporation	Lab supplies	809.08
10/01/18	32857	Fastenal Corporation	Aeration supplies	933.11
10/01/18	32858	FasTrack Violation Processing Dept.	Bridge toll	31.00
10/01/18	32859	First Alarm	Quarterly alarm service for admin and Plant equipment	405.96
10/01/18	32860	F.O.Consulting	Assessment to remove trees	300.00
10/01/18	32861	Got.Net	Internet service	24.20
10/01/18	32862	Grainger	Portable safety barriers	995.41
10/01/18	32863	Jack Doheny Companies	Repair CCTV van power problem	787.20
10/01/18	32864	Johnson Marigot Consulting	CIP-Calle La Cruz force main (CAPITAL)	734.25
10/01/18	32865	Keenan & Associates	Health insurance	25,457.83
10/01/18	32866	Kennedy/Jenks	WWTP phase II design (CAPITAL)	9,322.50
10/01/18	32867	Mainsaver Software	Purchasing module, mainsaver connect and annual support (CAPITAL \$20,000.00)	23,600.00
10/01/18	32868	Mathews Mechanical	Aeration basin #5 & 6 piping (CAPITAL)	11,095.56
10/01/18	32869	McMaster-Carr	Stainless steel pipe fittings	733.87
10/01/18	32870	MetLife-Group Benefits	Life insurance	620.40
10/01/18	32871	Michael Hooks	Dental	1,655.80
10/01/18	32872	The NELAC Institute	Annual lab membership	150.00
10/01/18	32873	Office Team	Temp service for admin	250.68
10/01/18	32874	Palace Business Solutions	Admin office chairs	1,157.94
10/01/18	32875	Patelco Credit Union	Health Savings Account contributions	3,557.99
10/01/18	32876	Sharp Engineering & Construction	Concrete pad for water tank and trenching and concrete for secondary distribution box	6,537.00
10/01/18	32877	Univar USA Inc.	Sodium bisulfate and sodium hypochlorite	9,398.41
10/01/18	32878	Unum Life Ins.	Long-term disability insurance	1,785.11
10/01/18	32879	Vision Service Plan	Vision insurance	548.75

**Carmel Area Wastewater District
Disbursements
Oct-18**

Date	Check	Vendor	Description	Amount
10/01/18	32880	Wellington Law Offices	Legal services	3,959.00
10/04/18	32881	Buckles-Smith	Aeration basin electrical parts	4,288.37
10/04/18	32882	McMaster-Carr	Stainless steel pipe fittings and valves	379.52
10/17/18	32883	Allied Fluid Products	Submersible pump	465.45
10/17/18	32884	American Fidelity Assurance Company	Flex accounts	119.22
10/17/18	32885	Applied Marine Sciences	CCLEAN bills for ocean monitoring	24,164.73
10/17/18	32886	AT&T	Admin office alarm line	80.00
10/17/18	32887	AutomationDirect, Inc.	Aeration control panel terminal blocks	187.50
10/17/18	32888	Back Flow Parts USA	Backflow parts for repairs	314.65
10/17/18	32889	Beck's Shoes	Employee work boots	217.22
10/17/18	32890	Break Away Concrete Cutting	Concrete cutting at aeration basins	850.00
10/17/18	32891	Bryan Mailey Electric	Various electrical projects at the Plant	23,107.66
10/17/18	32892	Buckles-Smith	Wire for flow meters	180.01
10/17/18	32893	Cal-Am Water	Monthly service	893.15
10/17/18	32894	California Dept. of Fish & Wildlife	Lake and Streambed Alteration application fee for Hatton Canyon project (CAPITAL)	5,145.75
10/17/18	32895	Calif. Regional Water Quality Control Board	Section 401 Water Quality Certification application fee for Hatton Canyon (CAPITAL)	1,500.00
10/17/18	32896	Calcon Systems	Ignition SCADA project (CAPITAL)	5,363.00
10/17/18	32897	Carol C. Bergere Trust	Ratepayer refund	767.84
10/17/18	32898	Carlton's Fire Extinguisher	Fire training at the Plant	445.44
10/17/18	32899	Carmel Marina Corporation	Plant rollofs and admin building garbage	1,970.93
10/17/18	32900	Carmel Print & Copy	Employee business cards	92.68
10/17/18	32901	CAWD/PBCSD Reclamation Project	Reimbursement for tertiary lab PG&E	589.42
10/17/18	32902	Charlotte Townsend	Dental	79.00
10/17/18	32903	Christian Schmidt	Conference expenses	58.02
10/17/18	32904	Christopher Foley	Dental and conference expenses (\$115.00)	260.00
10/17/18	32905	Cintas Corporation	Laundry service	1,135.74
10/17/18	32906	Coastal Fabrication-VOID	Control panel door-PAID WITH CREDIT CARD AFTER INVOICED (\$429.41)	0.00
10/17/18	32907	Commercial Truck	Vaecon battery and alternator	513.29
10/17/18	32908	Consolidated Electrical Dist.	Electrical supplies	108.73
10/17/18	32909	Datco Services	Quarterly testing service fees	175.50
10/17/18	32910	Edges Electrical	Electrical supplies	82.32
10/17/18	32911	El Camino Machine & Welding	VOID-DUPLICATE PAYMENT	0.00
10/17/18	32912	Exceedio	Plant laptop and WIFI access points	16,721.14
10/17/18	32913	Fanny Mui	Conference expenses and dental (\$365.00)	490.79
10/17/18	32914	Fastenal Company	Operating supplies	4,789.92
10/17/18	32915	Fast Response On-Site Training	Employee hearing and medical tests	3,630.00
10/17/18	32916	Ferguson Enterprises	Aeration diffuser parts	50.47
10/17/18	32917	Grainger	Mechanical float switches	399.34
10/17/18	32918	Hach Company	Aeration controllers	4,388.81
10/17/18	32919	Hayashi & Wayland Accounting	Bank reconciliation oversight	300.00

Carmel Area Wastewater District
Disbursements
Oct-18

Date	Check	Vendor	Description	Amount
10/17/18	32920	Howden Roots LLC	Turblex blower parts	2,098.97
10/17/18	32921	ICON Cloud Solutions	Monthly telephone billing	565.89
10/17/18	32922	Idexx Laboratories	Lab supplies	3,449.99
10/17/18	32923	Inductive Automation	Design and consulting service annual fee for Inductive Automation products	1,440.00
10/17/18	32924	Kemira Water Solutions	Ferric chloride solution	2,653.49
10/17/18	32925	Liberty Composting	Sludge hauling	5,601.44
10/17/18	32926	Mainsaver Software	Database cleanup and download of preventative maintenance tasks and plans	3,000.00
10/17/18	32927	Marcello & Company	Audit fee progress payment #1	12,800.00
10/17/18	32928	Michael Skinkle	Conference expenses	136.75
10/17/18	32929	Monterey Bay Analytical Services	Sample analysis	642.50
10/17/18	32930	Monterey County Tax Collector	Annual fee for CSA #50 and MPWMD supply charge	362.98
10/17/18	32931	Monterey Auto Supply	Repair parts	320.35
10/17/18	32932	Office Team	Admin temp services	334.24
10/17/18	32933	Palace Business Solutions	Office desk and collection office chairs	1,065.13
10/17/18	32934	Peak Communications	Install wireless access points at the Plant	11,975.20
10/17/18	32935	Peninsula Welding & Medical Supply	Welding supplies and non-liquid cylinders for the lab	557.28
10/17/18	32936	Petty Cash	Replenish petty cash used for board meeting food and wellness lunch	206.58
10/17/18	32937	OVERFLOW STUB		0.00
10/17/18	32938	Pacific Gas & Electric	Monthly service	39,273.40
10/17/18	32939	Potter's Electronics	Computer cable for a lab computer	17.48
10/17/18	32940	Pure Water	Monthly service	143.25
10/17/18	32941	Quill Corporation	Plant and collection office supplies	458.55
10/17/18	32942	Scarborough Lumber (Ace Hardware)	Collection operating supplies	18.58
10/17/18	32943	Shimadzu Scientific Instruments	Annual TOC analyzer service contract	2,111.50
10/17/18	32944	Silke Communications	Handheld radio repair	57.50
10/17/18	32945	Smitty's Janitorial	Monthly service	1,110.00
10/17/18	32946	Stainless Distributors	Aeration basin parts	1,206.10
10/17/18	32947	Town & Country Gardening	Monthly service	610.00
10/17/18	32948	TPx Communications	Final payment for old telephone service	40.26
10/17/18	32949	United Rentals (North America)	Boom lift rental to weld fittings in aeration basins	4,308.88
10/17/18	32950	Univar USA Inc.	Sodium hypochlorite	3,264.39
10/17/18	32951	The UPS Store	Shipping expense for samples	190.57
10/17/18	32952	Workplace Safety Specialists	Safety training at the Plant for forklift, backhoe front loader and rigging	8,834.30
10/25/18	32953	Monterey County Clerk	Notice of Determination fee for Hatton Canyon (CAPITAL)	2,330.75
10/26/18	32954	Airtec Service	Repair digester room exhaust fan and admin building thermostats	1,306.99
10/26/18	32955	BTJ Enterprises	Newsletter and postcard postage	2,181.32
10/26/18	32956	Clark Pest Control	Treatment at the pump stations	366.00
10/26/18	32957	CSI HR Group LLC	HR consulting service	1,350.00
10/26/18	32958	Culligan Water	Exchange tank at the lab	25.00
10/26/18	32959	Dur-Red Products	Springs for pump station hatches	1,308.70

Carmel Area Wastewater District
Disbursements
Oct-18

Date	Check	Vendor	Description	Amount
10/26/18	32960	Ferguson Enterprises 1423	Valve box and lid, aeration header and diffuser parts	685.25
10/26/18	32961	Ferguson Enterprises 686	Aeration header and diffuser parts	162.60
10/26/18	32962	Fisher Scientific	Lab supplies	1,759.22
10/26/18	32963	Hach Company	Lab supplies and controllers	8,501.48
10/26/18	32964	Idexx Laboratories	Lab supplies	630.19
10/26/18	32965	Jack Doheny Companies	Repair CCTV van power problem	346.48
10/26/18	32966	McMaster-Carr	Operating supplies	252.26
10/26/18	32967	Quill Corporation	Office supplies	295.29
10/26/18	32968	Rebuild-it Services	Secondary clarifier #2 wiper and scraper blades (CAPITAL)	10,770.17
10/26/18	32969	Sigma-Aldrich	Lab supplies	1,001.90
10/26/18	32970	Toro Petroleum Corp	Heave duty maintenance oil	111.29
10/26/18	32971	Turf Image	Geographic Information Systems (GSI) service, Highlands annexation map and parcel research	1,120.00
				373,753.18

**CAWD/PBCSD Reclamation Project
Disbursements**

Oct-18

Date	Check	Vendor	Description	Amount
10/1/2018	8218	Brenntag Pacific	Ammonium hydroxide	3,150.62
10/1/2018	8219	Cal-Am Water	Monthly service	2,529.06
10/1/2018	8220	CAWD	Reimbursement for O&M, aeration and secondary PG&E	54,729.02
10/1/2018	8221	Endress+Hauser, Inc.	Reclaim effluent pipe flow meter	7,098.38
10/1/2018	8222	Evantec Corporation	Lab supplies	1,314.34
10/1/2018	8223	Fastenal Company	Parts for the filter system rehab project (CAPITAL)	373.59
10/1/2018	8224	MANCO	VFD units for the equalization basin project (CAPITAL)	5,912.43
10/1/2018	8225	The NELAC Institute	Annual lab membership	150.00
10/1/2018	8226	Pebble Beach Co.	Reimbursement for COP interest expense	10,363.83
10/1/2018	8227	PBCSD	Reimbursement for August O&M	32,327.66
10/1/2018	8228	T&T Valve and Instrument	Two new actuators	2,055.32
10/1/2018	8229	Thatcher Company of California	Sulfuric acid	4,404.04
10/1/2018	8230	Winsupply Monterey County	Butterfly valve for the filter system rehab project (CAPITAL)	1,599.20
10/4/2018	8231	McMaster-Carr	Tertiary backflow parts	155.61
10/5/2018	8232	Brenntag Pacific	Ammonium hydroxide	3,367.74
10/5/2018	8233	Mathews Mechanical	Install chemical feed pumps and PVC piping (CAPITAL)	12,478.27
10/16/2018	8234	CAWD	Reimbursement for O&M, aeration and secondary PG&E	75,363.68
10/16/2018	8235	Edges Electrical	Double throw switch for the coag/floc project	666.79
10/16/2018	8236	Fastenal Company	Operating supplies	191.47
10/16/2018	8237	Gavilan/Salinas Crane & Rigging	Crane rental for pump installation	1,235.00
10/16/2018	8238	Hach Company	Lab supplies	1,212.15
10/16/2018	8239	Harrington Industrial Plastics	Various piping supplies	4,418.51
10/16/2018	8240	Inductive Automation	Annual design and consulting services for Inductive Automation products	1,440.00
10/16/2018	8241	Marcello & Company	Audit fee	17,900.00
10/16/2018	8242	Monterey Bay Analytical Services	RO sample analysis	237.50
10/16/2018	8243	Pebble Beach Co.	Bond principal and interest, letter of credit fees current and past and project rep costs	240,876.83
10/16/2018	8244	PBCSD	Capital and O&M reimbursements	35,097.75
10/16/2018	8245	Pacific Gas & Electric	Tertiary and MF/RO	41,736.37
10/16/2018	8246	Professional Water Technologies	Antiscalant and RO membrane cleaning chemicals	6,764.96
10/16/2018	8247	Scinor Water America	105 Submerged Ultrafiltration Modules cell membranes	99,765.73
10/16/2018	8248	Shimadzu Scientific Instruments	Annual TOC analyzer service agreement	2,111.50
10/16/2018	8249	Thatcher Company of California	Sulfuric acid	825.00
10/16/2018	8250	Thermo Electron North America	Ion chromatograph maintenance parts	1,522.31
10/16/2018	8251	Trussell Technologies	Sulfuric acid tank design and MF/RO ops study (CAPITAL \$3,955.00)	14,785.00
10/26/2018	8252	Airtec Service	Repair tertiary exhaust fan	932.32

CAWD/PBCSD Reclamation Project

Disbursements

Oct-18

Date	Check	Vendor	Description	Amount
10/26/2018	8253	Brenntag Pacific	Ammonium hydroxide	3,448.28
10/26/2018	8254	Fisher Scientific	Lab supplies	661.45
10/26/2018	8255	Idexx Laboratories	Lab supplies	630.19
10/26/2018	8256	Rain for Rent	Temporary piping to feed filter effluent to MF system (CAPITAL)	15,237.11
10/26/2018	8257	Sigma-Aldrich, Inc.	Lab supplies	1,001.89
				710,070.90



**Financial Statements
and
Supplementary Schedules**

October 2018

December 13, 2018

Carmel Area Wastewater District

Balance Sheet

October 2018

ASSETS			
Current Assets			
Cash			
Cash	25,186,903.41		
TOTAL Cash	25,186,903.41		25,186,903.41
Other Current Assets			
Other Current Assets	800,357.89		
TOTAL Other Current Assets	800,357.89		800,357.89
TOTAL Current Assets		25,987,261.30	25,987,261.30
Fixed Assets			
Land			
Land	308,059.76		
TOTAL Land	308,059.76		308,059.76
Treatment Structures			
Treatment Structures	51,546,420.23		
TOTAL Treatment Structures	51,546,420.23		51,546,420.23
Treatment Equipment			
Treatment Equipment	7,443,337.94		
TOTAL Treatment Equipment	7,443,337.94		7,443,337.94
Collection Structures			
Collection Structures	1,040,749.41		
TOTAL Collection Structures	1,040,749.41		1,040,749.41
Collection Equipment			
Collection Equipment	933,107.27		
TOTAL Collection Equipment	933,107.27		933,107.27
Sewers			
			11,018,760.70
Disposal Facilities			
Disposal Facilities	1,126,272.60		
TOTAL Disposal Facilities	1,126,272.60		1,126,272.60
Other Fixed Assets			
Other Fixed Assets	3,852,835.55		
TOTAL Other Fixed Assets	3,852,835.55		3,852,835.55
Capital Improvement Projects			
Capital Improvement Projects	19,477,443.29		
TOTAL Capital Improvement Projects	19,477,443.29		19,477,443.29
Accumulated depreciation			
		(46,104,180.31)	
TOTAL Fixed Assets		50,642,806.44	50,642,806.44
Other Assets			
Other Assets		950,959.00	
TOTAL Other Assets		950,959.00	950,959.00
TOTAL ASSETS		77,581,026.74	77,581,026.74

Carmel Area Wastewater District

Balance Sheet

October 2018

LIABILITIES	
Current Liabilities	
Current Liabilities	461,059.65
TOTAL Current Liabilities	<u>461,059.65</u>
Long-Term Liabilities	
Long Term Liabilities	1,870,786.22
TOTAL Long-Term Liabilities	<u>1,870,786.22</u>
TOTAL LIABILITIES	<u>2,331,845.87</u>
NET POSITION	
Net Assets	76,744,298.02
Year-to-Date Earnings	(1,495,117.15)
TOTAL NET POSITION	<u>75,249,180.87</u>
TOTAL LIABILITIES & NET POSITION	<u>77,581,026.74</u>

Carmel Area Wastewater District
Budgeted Income Statement
Year-to-Date Variance, October 2018 - current month, Consolidated by account

	<i>4 Months Ended October 31, 2018</i>	<i>4 Months Ended October 31, 2018 Budget</i>	<i>Variance Fav/<Unf></i>	<i>% Var</i>
Income				
Revenue	653,311.66	561,377.68	91,933.98	16.4 %
TOTAL Income	653,311.66	561,377.68	91,933.98	16.4 %
Adjustments				
Discounts	399.94	0.00	399.94	
TOTAL Adjustments	399.94	0.00	399.94	
*****	653,711.60	561,377.68	92,333.92	16.4 %
***** OPERATING INCOME	653,711.60	561,377.68	92,333.92	16.4 %
Operating Expenses				
Salaries and Payroll Taxes				
Salaries and Payroll Taxes	1,017,933.27	1,057,259.06	39,325.79	3.7 %
Payroll taxes	63.00	0.00	(63.00)	
TOTAL Salaries and Payroll Taxes	1,017,996.27	1,057,259.06	39,262.79	3.7 %
Employee Benefits				
Employee Benefits	319,165.72	364,861.10	45,695.38	12.5 %
TOTAL Employee Benefits	319,165.72	364,861.10	45,695.38	12.5 %
Director's Expenses				
Director's Expenses	11,996.68	11,833.32	(163.36)	-1.4 %
TOTAL Director's Expenses	11,996.68	11,833.32	(163.36)	-1.4 %
Truck and Auto Expenses				
Truck and Auto Expenses	17,375.82	24,855.44	7,479.62	30.1 %
TOTAL Truck and Auto Expenses	17,375.82	24,855.44	7,479.62	30.1 %
General and Administrative				
General and Administrative	44,821.26	159,271.32	114,450.06	71.9 %
TOTAL General and Administrative	44,821.26	159,271.32	114,450.06	71.9 %
Office Expense				
Office Expense	18,943.14	29,155.04	10,211.90	35.0 %
TOTAL Office Expense	18,943.14	29,155.04	10,211.90	35.0 %
Operating Supplies				
Operating Supplies	175,080.44	129,045.08	(46,035.36)	-35.7 %
TOTAL Operating Supplies	175,080.44	129,045.08	(46,035.36)	-35.7 %
Contract Services				
Contract Services	328,340.43	317,313.65	(11,026.78)	-3.5 %
TOTAL Contract Services	328,340.43	317,313.65	(11,026.78)	-3.5 %

Carmel Area Wastewater District
Budgeted Income Statement
Year-to-Date Variance, October 2018 - current month, Consolidated by account

	<i>4 Months Ended October 31, 2018</i>	<i>4 Months Ended October 31, 2018 Budget</i>	<i>Variance Fav/<Unf></i>	<i>% Var</i>
Repairs and Maintenance				
Repairs and Maintenance	144,072.14	291,202.32	147,130.18	50.5 %
TOTAL Repairs and Maintenance	144,072.14	291,202.32	147,130.18	50.5 %
Utilities				
Utilities	139,276.59	145,619.36	6,342.77	4.4 %
TOTAL Utilities	139,276.59	145,619.36	6,342.77	4.4 %
Travel and Meetings				
Travel and Meetings	5,726.58	37,908.32	32,181.74	84.9 %
TOTAL Travel and Meetings	5,726.58	37,908.32	32,181.74	84.9 %
Permits and Fees				
Permits and Fees	33,254.50	40,967.00	7,712.50	18.8 %
TOTAL Permits and Fees	33,254.50	40,967.00	7,712.50	18.8 %
Memberships and Subscriptions				
Memberships and Subscriptions	2,902.00	4,711.64	1,809.64	38.4 %
TOTAL Memberships and Subscriptions	2,902.00	4,711.64	1,809.64	38.4 %
Safety				
Safety	27,183.42	22,448.36	(4,735.06)	-21.1 %
TOTAL Safety	27,183.42	22,448.36	(4,735.06)	-21.1 %
Other Expenses				
Other Expense	4,667.50	6,333.36	1,665.86	26.3 %
TOTAL Other Expenses	4,667.50	6,333.36	1,665.86	26.3 %
TOTAL Operating Expenses	2,290,802.49	2,642,784.37	351,981.88	13.3 %
***** OPERATING INCOME (LOSS)	(1,637,090.89)	(2,081,406.69)	444,315.80	21.3 %
Non-op Income, Expense, Gain or Loss				
Other Income or Gain				
Other Income, Gain, Expense and Loss	141,973.74	57,209.50	84,764.24	148.2 %
TOTAL Other Income or Gain	141,973.74	57,209.50	84,764.24	148.2 %
TOTAL Non-op Income, Expense, Gain or Loss	141,973.74	57,209.50	84,764.24	148.2 %
***** NET INCOME (LOSS)	(1,495,117.15)	(2,024,197.19)	529,080.04	26.1 %
***** NET INCOME (LOSS)	(1,495,117.15)	(2,024,197.19)	529,080.04	26.1 %

Carmel Area Wastewater District
Budgeted Operating Expenses-Maint. Field
Year-to-Date Variance, October 2018 - current month, Consolidated by
account, Department 3

	<i>4 Months Ended October 31, 2018</i>	<i>4 Months Ended October 31, 2018 Budget</i>	<i>Variance Fav/<Unf></i>	<i>% Var</i>
*****	0.00	0.00	0.00	
***** OPERATING INCOME	0.00	0.00	0.00	
Operating Expenses				
Truck and Auto Expenses				
Truck and Auto Expenses	4,492.24	4,433.40	(58.84)	-1.3 %
TOTAL Truck and Auto Expenses	4,492.24	4,433.40	(58.84)	-1.3 %
Operating Supplies				
Operating Supplies	5,010.00	8,333.32	3,323.32	39.9 %
TOTAL Operating Supplies	5,010.00	8,333.32	3,323.32	39.9 %
Contract Services				
Contract Services	919.50	6,666.68	5,747.18	86.2 %
TOTAL Contract Services	919.50	6,666.68	5,747.18	86.2 %
Repairs and Maintenance				
Repairs and Maintenance	3,096.06	11,666.68	8,570.62	73.5 %
TOTAL Repairs and Maintenance	3,096.06	11,666.68	8,570.62	73.5 %
Safety				
Safety	4,301.40	1,356.72	(2,944.68)	-217.0 %
TOTAL Safety	4,301.40	1,356.72	(2,944.68)	-217.0 %
TOTAL Operating Expenses	17,819.20	32,456.80	14,637.60	45.1 %
***** OPERATING INCOME (LOSS)	(17,819.20)	(32,456.80)	14,637.60	45.1 %
***** NET INCOME (LOSS)	(17,819.20)	(32,456.80)	14,637.60	45.1 %
***** NET INCOME (LOSS)	(17,819.20)	(32,456.80)	14,637.60	45.1 %

Carmel Area Wastewater District
Budgeted Operating Expenses-Maint. Plant
Year-to-Date Variance, October 2018 - current month, Consolidated by
account, Department 4

	<i>4 Months Ended October 31, 2018</i>	<i>4 Months Ended October 31, 2018 Budget</i>	<i>Variance Fav/<Unf></i>	<i>% Var</i>
*****	0.00	0.00	0.00	
***** OPERATING INCOME	0.00	0.00	0.00	
Operating Expenses				
Salaries and Payroll Taxes				
Salaries and Payroll Taxes	162,454.27	170,275.50	7,821.23	4.6 %
TOTAL Salaries and Payroll Taxes	162,454.27	170,275.50	7,821.23	4.6 %
Employee Benefits				
Employee Benefits	59,842.14	66,584.85	6,742.71	10.1 %
TOTAL Employee Benefits	59,842.14	66,584.85	6,742.71	10.1 %
Truck and Auto Expenses				
Truck and Auto Expenses	1,235.58	7,160.00	5,924.42	82.7 %
TOTAL Truck and Auto Expenses	1,235.58	7,160.00	5,924.42	82.7 %
General and Administrative				
General and Administrative	259.19	0.00	(259.19)	
TOTAL General and Administrative	259.19	0.00	(259.19)	
Office Expense				
Office Expense	648.83	1,450.00	801.17	55.3 %
TOTAL Office Expense	648.83	1,450.00	801.17	55.3 %
Operating Supplies				
Operating Supplies	61,177.20	21,433.36	(39,743.84)	-185.4 %
TOTAL Operating Supplies	61,177.20	21,433.36	(39,743.84)	-185.4 %
Contract Services				
Contract Services	124,030.01	96,583.36	(27,446.65)	-28.4 %
TOTAL Contract Services	124,030.01	96,583.36	(27,446.65)	-28.4 %
Repairs and Maintenance				
Repairs and Maintenance	90,910.91	187,082.36	96,171.45	51.4 %
TOTAL Repairs and Maintenance	90,910.91	187,082.36	96,171.45	51.4 %
Utilities				
Utilities	2,780.76	573.32	(2,207.44)	-385.0 %
TOTAL Utilities	2,780.76	573.32	(2,207.44)	-385.0 %
Travel and Meetings				
Travel and Meetings	1,334.84	6,543.32	5,208.48	79.6 %

Carmel Area Wastewater District
Budgeted Operating Expenses-Maint. Plant
Year-to-Date Variance, October 2018 - current month, Consolidated by
account, Department 4

	<i>4 Months Ended October 31, 2018</i>	<i>4 Months Ended October 31, 2018 Budget</i>	<i>Variance Fav/<Unf></i>	<i>% Var</i>
TOTAL Travel and Meetings	1,334.84	6,543.32	5,208.48	79.6 %
Permits and Fees				
Permits and Fees	0.00	4,400.00	4,400.00	100.0 %
TOTAL Permits and Fees	0.00	4,400.00	4,400.00	100.0 %
Memberships and Subscriptions				
Memberships and Subscriptions	1,487.00	770.00	(717.00)	-93.1 %
TOTAL Memberships and Subscriptions	1,487.00	770.00	(717.00)	-93.1 %
Safety				
Safety	6,847.58	6,934.96	87.38	1.3 %
TOTAL Safety	6,847.58	6,934.96	87.38	1.3 %
TOTAL Operating Expenses	513,008.31	569,791.03	56,782.72	10.0 %
***** OPERATING INCOME (LOSS)	(513,008.31)	(569,791.03)	56,782.72	10.0 %
***** NET INCOME (LOSS)	(513,008.31)	(569,791.03)	56,782.72	10.0 %
***** NET INCOME (LOSS)	(513,008.31)	(569,791.03)	56,782.72	10.0 %

Carmel Area Wastewater District
Budgeted Operating Expenses-Collections
Year-to-Date Variance, October 2018 - current month, Consolidated by
account, Department 5

	<i>4 Months Ended</i> <i>October 31, 2018</i>	<i>4 Months Ended</i> <i>October 31, 2018</i> <i>Budget</i>	<i>Variance</i> <i>Fav/<Unf></i>	<i>% Var</i>
*****	0.00	0.00	0.00	
***** OPERATING INCOME	0.00	0.00	0.00	
Operating Expenses				
Salaries and Payroll Taxes				
Salaries and Payroll Taxes	179,728.81	170,665.28	(9,063.53)	-5.3 %
TOTAL Salaries and Payroll Taxes	179,728.81	170,665.28	(9,063.53)	-5.3 %
Employee Benefits				
Employee Benefits	70,166.54	72,452.11	2,285.57	3.2 %
TOTAL Employee Benefits	70,166.54	72,452.11	2,285.57	3.2 %
Truck and Auto Expenses				
Truck and Auto Expenses	9,983.77	10,901.68	917.91	8.4 %
TOTAL Truck and Auto Expenses	9,983.77	10,901.68	917.91	8.4 %
General and Administrative				
General and Administrative	9,485.69	18,333.32	8,847.63	48.3 %
TOTAL General and Administrative	9,485.69	18,333.32	8,847.63	48.3 %
Office Expense				
Office Expense	1,054.48	3,523.32	2,468.84	70.1 %
TOTAL Office Expense	1,054.48	3,523.32	2,468.84	70.1 %
Operating Supplies				
Operating Supplies	9,461.51	7,606.64	(1,854.87)	-24.4 %
TOTAL Operating Supplies	9,461.51	7,606.64	(1,854.87)	-24.4 %
Contract Services				
Contract Services	18,407.43	21,845.86	3,438.43	15.7 %
TOTAL Contract Services	18,407.43	21,845.86	3,438.43	15.7 %
Repairs and Maintenance				
Repairs and Maintenance	32,890.67	67,000.00	34,109.33	50.9 %
TOTAL Repairs and Maintenance	32,890.67	67,000.00	34,109.33	50.9 %
Utilities				
Utilities	13,094.84	13,018.36	(76.48)	-0.6 %
TOTAL Utilities	13,094.84	13,018.36	(76.48)	-0.6 %
Travel and Meetings				
Travel and Meetings	1,333.15	3,766.68	2,433.53	64.6 %

Carmel Area Wastewater District
Budgeted Operating Expenses-Collections
Year-to-Date Variance, October 2018 - current month, Consolidated by
account, Department 5

	<i>4 Months Ended October 31, 2018</i>	<i>4 Months Ended October 31, 2018 Budget</i>	<i>Variance Fav/<Unf></i>	<i>% Var</i>
TOTAL Travel and Meetings	1,333.15	3,766.68	2,433.53	64.6 %
Permits and Fees				
Permits and Fees	3,021.00	3,200.00	179.00	5.6 %
TOTAL Permits and Fees	3,021.00	3,200.00	179.00	5.6 %
Memberships and Subscriptions				
Memberships and Subscriptions	362.00	683.32	321.32	47.0 %
TOTAL Memberships and Subscriptions	362.00	683.32	321.32	47.0 %
Safety				
Safety	947.23	4,520.00	3,572.77	79.0 %
TOTAL Safety	947.23	4,520.00	3,572.77	79.0 %
Other Expenses				
Other Expense	180.00	0.00	(180.00)	
TOTAL Other Expenses	180.00	0.00	(180.00)	
TOTAL Operating Expenses	350,117.12	397,516.57	47,399.45	11.9 %
***** OPERATING INCOME (LOSS)	(350,117.12)	(397,516.57)	47,399.45	11.9 %
***** NET INCOME (LOSS)	(350,117.12)	(397,516.57)	47,399.45	11.9 %
***** NET INCOME (LOSS)	(350,117.12)	(397,516.57)	47,399.45	11.9 %

Carmel Area Wastewater District
Budgeted Operating Expenses-Treatment
Year-to-Date Variance, October 2018 - current month, Consolidated by
account, Department 6

	<i>4 Months Ended October 31, 2018</i>	<i>4 Months Ended October 31, 2018 Budget</i>	<i>Variance Fav/<Unf></i>	<i>% Var</i>
*****	0.00	0.00	0.00	
***** OPERATING INCOME	0.00	0.00	0.00	
Operating Expenses				
Salaries and Payroll Taxes				
Salaries and Payroll Taxes	328,352.74	356,699.42	28,346.68	7.9 %
TOTAL Salaries and Payroll Taxes	328,352.74	356,699.42	28,346.68	7.9 %
Employee Benefits				
Employee Benefits	129,421.02	131,565.36	2,144.34	1.6 %
TOTAL Employee Benefits	129,421.02	131,565.36	2,144.34	1.6 %
Truck and Auto Expenses				
Truck and Auto Expenses	285.83	1,502.00	1,216.17	81.0 %
TOTAL Truck and Auto Expenses	285.83	1,502.00	1,216.17	81.0 %
General and Administrative				
General and Administrative	3,512.06	38,166.68	34,654.62	90.8 %
TOTAL General and Administrative	3,512.06	38,166.68	34,654.62	90.8 %
Office Expense				
Office Expense	4,519.78	12,923.40	8,403.62	65.0 %
TOTAL Office Expense	4,519.78	12,923.40	8,403.62	65.0 %
Operating Supplies				
Operating Supplies	97,376.41	88,405.08	(8,971.33)	-10.1 %
TOTAL Operating Supplies	97,376.41	88,405.08	(8,971.33)	-10.1 %
Contract Services				
Contract Services	152,108.99	133,825.86	(18,283.13)	-13.7 %
TOTAL Contract Services	152,108.99	133,825.86	(18,283.13)	-13.7 %
Repairs and Maintenance				
Repairs and Maintenance	14,390.66	23,686.64	9,295.98	39.2 %
TOTAL Repairs and Maintenance	14,390.66	23,686.64	9,295.98	39.2 %
Utilities				
Utilities	115,435.05	124,533.36	9,098.31	7.3 %
TOTAL Utilities	115,435.05	124,533.36	9,098.31	7.3 %
Travel and Meetings				
Travel and Meetings	2,289.11	12,615.00	10,325.89	81.9 %

Carmel Area Wastewater District
Budgeted Operating Expenses-Treatment
Year-to-Date Variance, October 2018 - current month, Consolidated by
account, Department 6

	<i>4 Months Ended October 31, 2018</i>	<i>4 Months Ended October 31, 2018 Budget</i>	<i>Variance Fav/<Unf></i>	<i>% Var</i>
TOTAL Travel and Meetings	2,289.11	12,615.00	10,325.89	81.9 %
Permits and Fees				
Permits and Fees	6,181.50	9,315.00	3,133.50	33.6 %
TOTAL Permits and Fees	6,181.50	9,315.00	3,133.50	33.6 %
Memberships and Subscriptions				
Memberships and Subscriptions	1,053.00	2,533.32	1,480.32	58.4 %
TOTAL Memberships and Subscriptions	1,053.00	2,533.32	1,480.32	58.4 %
Safety				
Safety	12,922.01	8,936.68	(3,985.33)	-44.6 %
TOTAL Safety	12,922.01	8,936.68	(3,985.33)	-44.6 %
Other Expenses				
Other Expense	0.00	666.68	666.68	100.0 %
TOTAL Other Expenses	0.00	666.68	666.68	100.0 %
TOTAL Operating Expenses	867,848.16	945,374.48	77,526.32	8.2 %
***** OPERATING INCOME (LOSS)	(867,848.16)	(945,374.48)	77,526.32	8.2 %
***** NET INCOME (LOSS)	(867,848.16)	(945,374.48)	77,526.32	8.2 %
***** NET INCOME (LOSS)	(867,848.16)	(945,374.48)	77,526.32	8.2 %

Carmel Area Wastewater District
Budgeted Operating Expenses-Admin.
Year-to-Date Variance, October 2018 - current month, Consolidated by
account, Department 7

	<i>4 Months Ended October 31, 2018</i>	<i>4 Months Ended October 31, 2018 Budget</i>	<i>Variance Fav/<Unf></i>	<i>% Var</i>
*****	0.00	0.00	0.00	
***** OPERATING INCOME	0.00	0.00	0.00	
Operating Expenses				
Salaries and Payroll Taxes				
Salaries and Payroll Taxes	169,553.11	206,157.46	36,604.35	17.8 %
TOTAL Salaries and Payroll Taxes	169,553.11	206,157.46	36,604.35	17.8 %
Employee Benefits				
Employee Benefits	59,736.02	94,258.78	34,522.76	36.6 %
TOTAL Employee Benefits	59,736.02	94,258.78	34,522.76	36.6 %
Director's Expenses				
Director's Expenses	11,996.68	11,833.32	(163.36)	-1.4 %
TOTAL Director's Expenses	11,996.68	11,833.32	(163.36)	-1.4 %
Truck and Auto Expenses				
Truck and Auto Expenses	1,378.40	858.36	(520.04)	-60.6 %
TOTAL Truck and Auto Expenses	1,378.40	858.36	(520.04)	-60.6 %
General and Administrative				
General and Administrative	31,564.32	102,771.32	71,207.00	69.3 %
TOTAL General and Administrative	31,564.32	102,771.32	71,207.00	69.3 %
Office Expense				
Office Expense	12,720.05	11,258.32	(1,461.73)	-13.0 %
TOTAL Office Expense	12,720.05	11,258.32	(1,461.73)	-13.0 %
Operating Supplies				
Operating Supplies	208.42	433.36	224.94	51.9 %
TOTAL Operating Supplies	208.42	433.36	224.94	51.9 %
Contract Services				
Contract Services	32,235.10	58,391.89	26,156.79	44.8 %
TOTAL Contract Services	32,235.10	58,391.89	26,156.79	44.8 %
Repairs and Maintenance				
Repairs and Maintenance	1,205.49	333.32	(872.17)	-261.7 %
TOTAL Repairs and Maintenance	1,205.49	333.32	(872.17)	-261.7 %
Utilities				
Utilities	7,965.94	7,494.32	(471.62)	-6.3 %

Carmel Area Wastewater District
Budgeted Operating Expenses-Admin.
Year-to-Date Variance, October 2018 - current month, Consolidated by
account, Department 7

	<i>4 Months Ended October 31, 2018</i>	<i>4 Months Ended October 31, 2018 Budget</i>	<i>Variance Fav/<Unf></i>	<i>% Var</i>
TOTAL Utilities	7,965.94	7,494.32	(471.62)	-6.3 %
Travel and Meetings				
Travel and Meetings	769.48	14,983.32	14,213.84	94.9 %
TOTAL Travel and Meetings	769.48	14,983.32	14,213.84	94.9 %
Permits and Fees				
Permits and Fees	24,052.00	24,052.00	0.00	
TOTAL Permits and Fees	24,052.00	24,052.00	0.00	
Memberships and Subscriptions				
Memberships and Subscriptions	0.00	725.00	725.00	100.0 %
TOTAL Memberships and Subscriptions	0.00	725.00	725.00	100.0 %
Safety				
Safety	985.30	700.00	(285.30)	-40.8 %
TOTAL Safety	985.30	700.00	(285.30)	-40.8 %
Other Expenses				
Other Expense	4,487.50	5,666.68	1,179.18	20.8 %
TOTAL Other Expenses	4,487.50	5,666.68	1,179.18	20.8 %
TOTAL Operating Expenses	358,857.81	539,917.45	181,059.64	33.5 %
***** OPERATING INCOME (LOSS)	(358,857.81)	(539,917.45)	181,059.64	33.5 %
***** NET INCOME (LOSS)	(358,857.81)	(539,917.45)	181,059.64	33.5 %
***** NET INCOME (LOSS)	(358,857.81)	(539,917.45)	181,059.64	33.5 %

Carmel Area Wastewater District
Budgeted Operating Expenses-Reclamation
Year-to-Date Variance, October 2018 - current month, Consolidated by
account, Department 8

	<i>4 Months Ended October 31, 2018</i>	<i>4 Months Ended October 31, 2018 Budget</i>	<i>Variance Fav/<Unf></i>	<i>% Var</i>
*****	0.00	0.00	0.00	
***** OPERATING INCOME	0.00	0.00	0.00	
Operating Expenses				
Salaries and Payroll Taxes				
Salaries and Payroll Taxes	176,991.94	153,461.40	(23,530.54)	-15.3 %
TOTAL Salaries and Payroll Taxes	176,991.94	153,461.40	(23,530.54)	-15.3 %
Operating Supplies				
Operating Supplies	1,074.25	2,833.32	1,759.07	62.1 %
TOTAL Operating Supplies	1,074.25	2,833.32	1,759.07	62.1 %
Contract Services				
Contract Services	639.40	0.00	(639.40)	
TOTAL Contract Services	639.40	0.00	(639.40)	
Repairs and Maintenance				
Repairs and Maintenance	1,166.08	1,433.32	267.24	18.6 %
TOTAL Repairs and Maintenance	1,166.08	1,433.32	267.24	18.6 %
Safety				
Safety	1,179.90	0.00	(1,179.90)	
TOTAL Safety	1,179.90	0.00	(1,179.90)	
TOTAL Operating Expenses	181,051.57	157,728.04	(23,323.53)	-14.8 %
***** OPERATING INCOME (LOSS)	(181,051.57)	(157,728.04)	(23,323.53)	-14.8 %
***** NET INCOME (LOSS)	(181,051.57)	(157,728.04)	(23,323.53)	-14.8 %
***** NET INCOME (LOSS)	(181,051.57)	(157,728.04)	(23,323.53)	-14.8 %

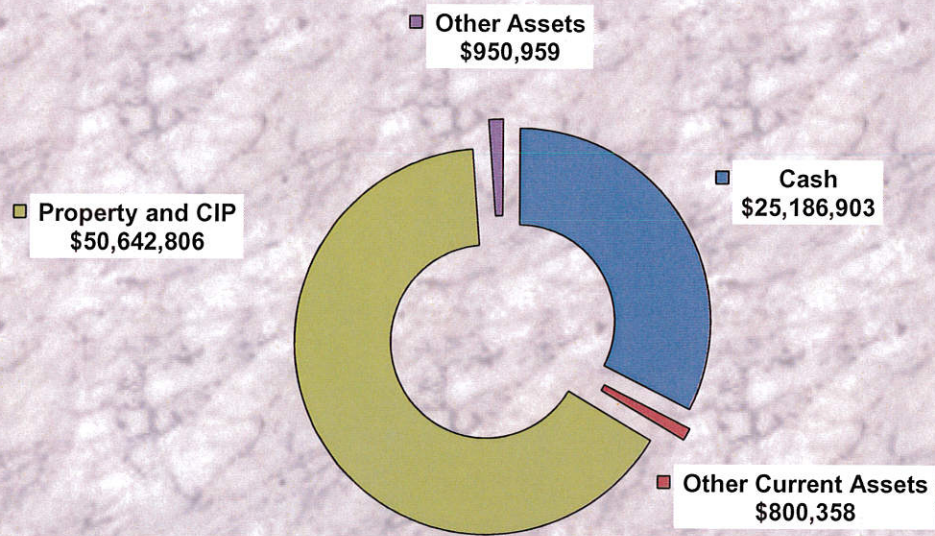
Carmel Area Wastewater District
Budgeted Operating Exp.-Waste to Energy
Year-to-Date Variance, October 2018 - current month, Consolidated by
account, Department 9

	<i>4 Months Ended October 31, 2018</i>	<i>4 Months Ended October 31, 2018 Budget</i>	<i>Variance Fav/<Unf></i>	<i>% Var</i>
Income				
Revenue	1,013.25	0.00	1,013.25	
TOTAL Income	<u>1,013.25</u>	<u>0.00</u>	<u>1,013.25</u>	
*****	<u>1,013.25</u>	<u>0.00</u>	<u>1,013.25</u>	
***** OPERATING INCOME	<u>1,013.25</u>	<u>0.00</u>	<u>1,013.25</u>	
Operating Expenses				
Salaries and Payroll Taxes				
Salaries and Payroll Taxes	39.07	0.00	(39.07)	
TOTAL Salaries and Payroll Taxes	<u>39.07</u>	<u>0.00</u>	<u>(39.07)</u>	
TOTAL Operating Expenses	<u>39.07</u>	<u>0.00</u>	<u>(39.07)</u>	
***** OPERATING INCOME (LOSS)	<u>974.18</u>	<u>0.00</u>	<u>974.18</u>	
***** NET INCOME (LOSS)	<u>974.18</u>	<u>0.00</u>	<u>974.18</u>	
***** NET INCOME (LOSS)	<u>974.18</u>	<u>0.00</u>	<u>974.18</u>	

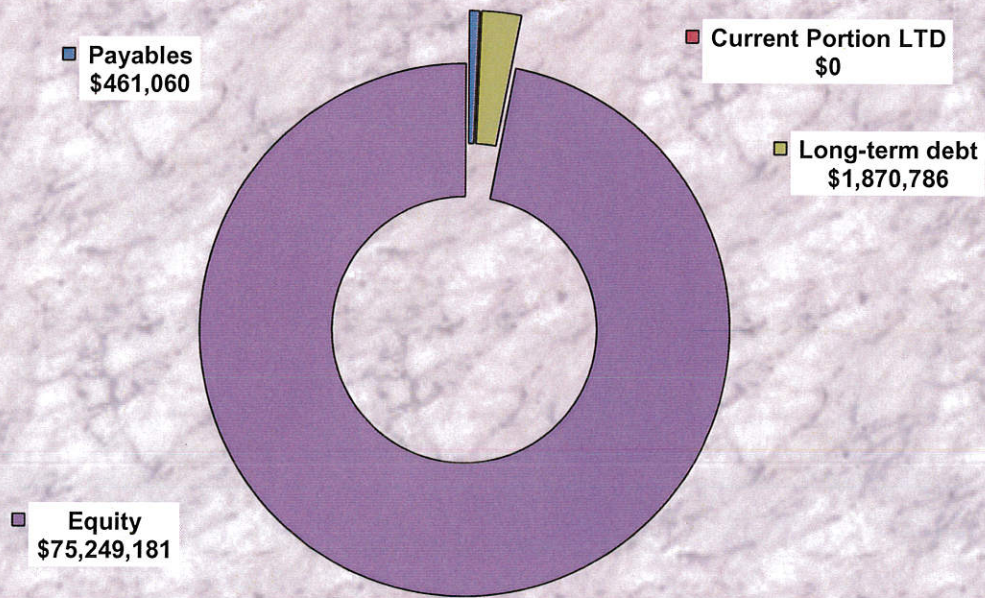
Carmel Area Wastewater District
Budgeted Operating Exp.-Brine Disposal
Year-to-Date Variance, October 2018 - current month, Consolidated by
account, Department 10

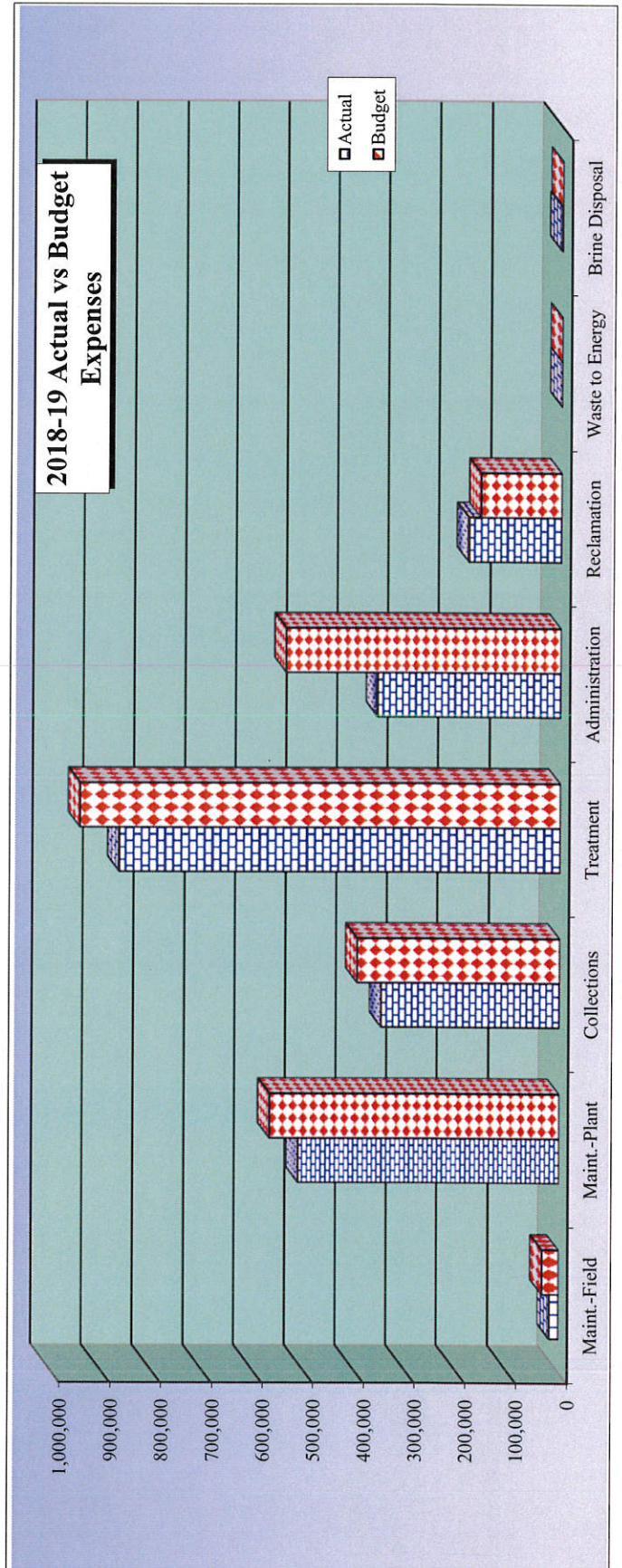
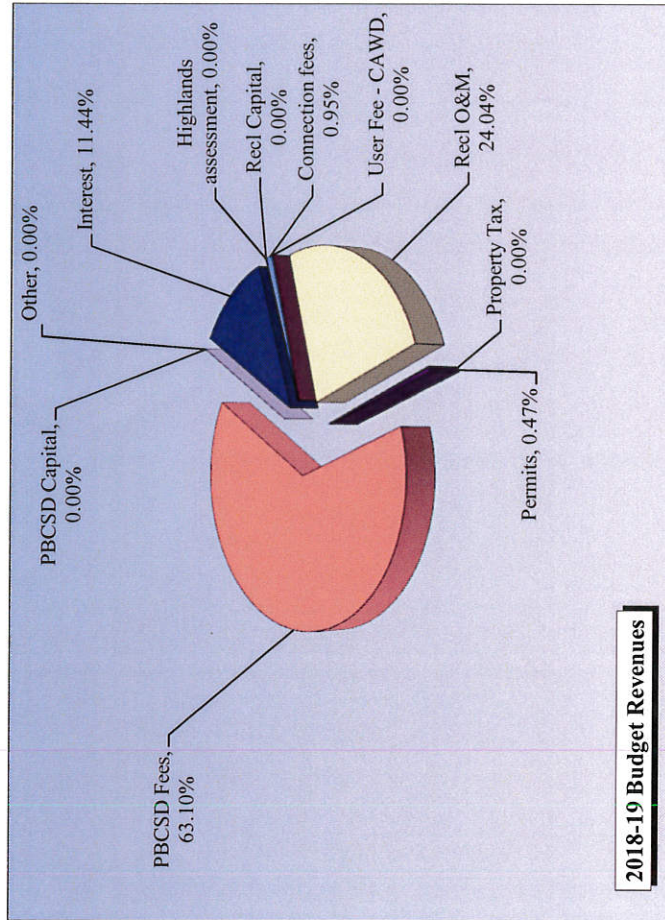
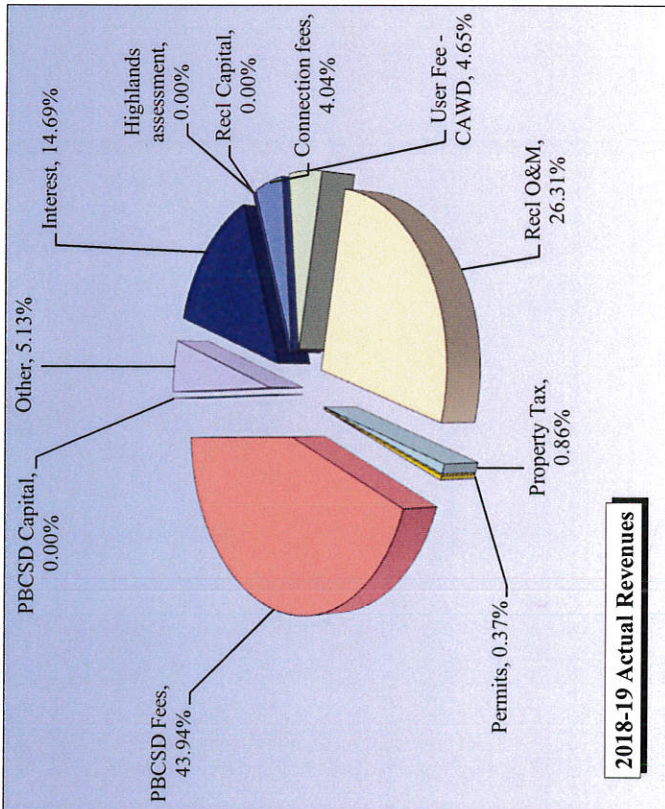
	<i>4 Months Ended October 31, 2018</i>	<i>4 Months Ended October 31, 2018 Budget</i>	<i>Variance Fav/<Unf></i>	<i>% Var</i>
*****	0.00	0.00	0.00	
***** OPERATING INCOME	0.00	0.00	0.00	
Operating Expenses				
Salaries and Payroll Taxes				
Salaries and Payroll Taxes	813.33	0.00	(813.33)	
Payroll taxes	63.00	0.00	(63.00)	
TOTAL Salaries and Payroll Taxes	876.33	0.00	(876.33)	
Operating Supplies				
Operating Supplies	772.65	0.00	(772.65)	
TOTAL Operating Supplies	772.65	0.00	(772.65)	
Repairs and Maintenance				
Repairs and Maintenance	412.27	0.00	(412.27)	
TOTAL Repairs and Maintenance	412.27	0.00	(412.27)	
TOTAL Operating Expenses	2,061.25	0.00	(2,061.25)	
***** OPERATING INCOME (LOSS)	(2,061.25)	0.00	(2,061.25)	
***** NET INCOME (LOSS)	(2,061.25)	0.00	(2,061.25)	
***** NET INCOME (LOSS)	(2,061.25)	0.00	(2,061.25)	

Assets - October 31, 2018

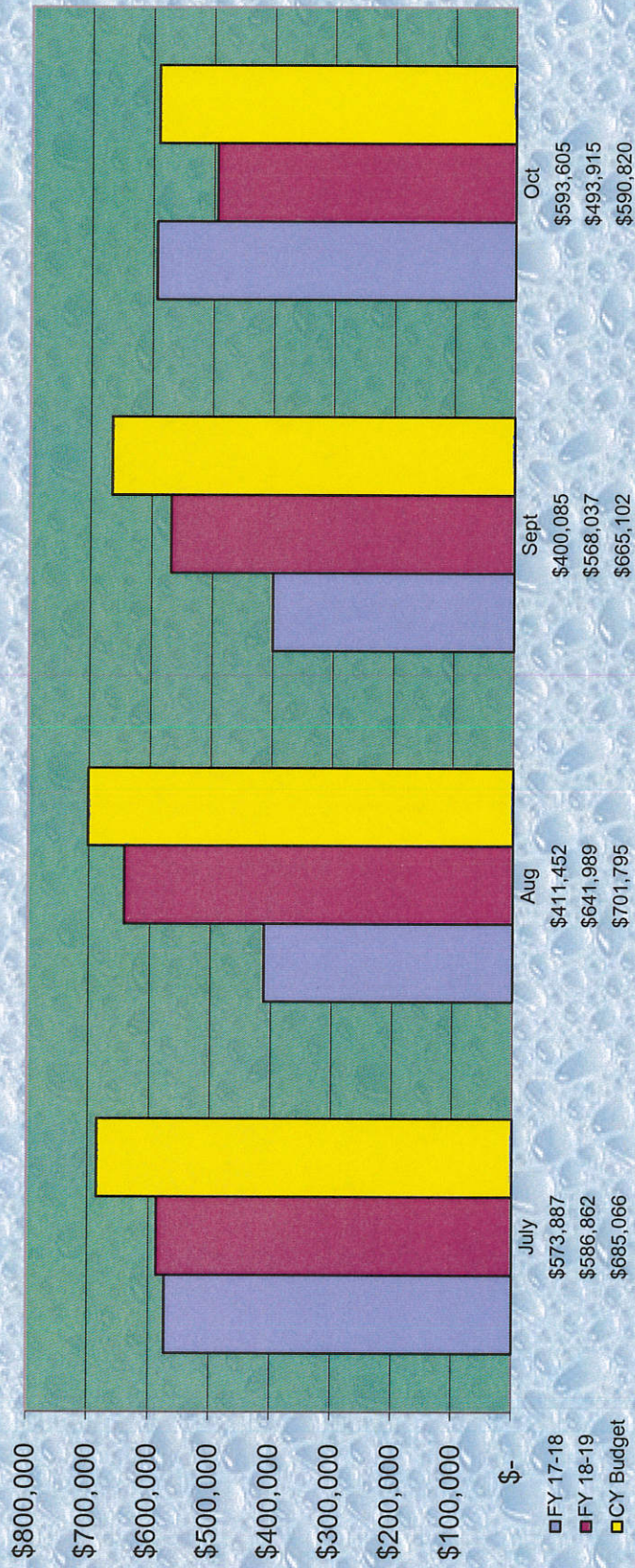


Liabilities - October 31, 2018





Operating Expenses



Carmel Area Wastewater District
Capital Expenditures
2018-19

	BEG BAL	OCT	CURRENT YTD	CUMULATIVE TOTAL	ANNUAL BUDGET	BUDGET SPENT
<u>CAPITAL PURCHASES</u>						
<u>Admin</u>						
	0	0	0	0	0	NA
<u>Collections</u>						
	0	0	0	0	0	NA
	0	0	0	0	0	NA
	0	0	0	0	0	NA
	0	0	0	0	0	NA
<u>Treatment</u>						
Mainsaver Purchasing Model and Connect-(RECL 33.33%)	6,952		26,952	26,952	40,000	67.38%
Secondary Clarifier wiper/blade rehab	10,770		10,770	10,770	0	NA
	0	0	0	0	0	NA
	0	0	0	0	0	NA
RECL share	(2,317)		(8,983)	(8,983)	(13,332)	67.38%
PBCSD share (1/3 of cost)	(5,135)		(9,580)	(9,580)	0	NA
	10,270		19,159	19,159	26,668	NA

Total Capital Purchases 18-19

**Carmel Area Wastewater District
Capital Expenditures
2018-19**

	BEG BAL	OCT	CURRENT YTD	CUMULATIVE TOTAL	ANNUAL BUDGET	BUDGET SPENT
<u>LONG TERM CIP PROJECTS</u>						
<u>Treatment</u>						
Electrical Upgrade	157,042	0	0	157,042	0	NA
Standby blower replacements	932,876	1,415	1,415	934,291	13,195	10.72%
Storm water improvements	562,669	806	806	563,475	7,517	10.72%
Thickener (RECL 50%)	942,381	1,382	1,382	943,763	12,894	10.72%
Hypo/SBS (RECL 40%)	2,930,043	4,900	4,900	2,934,942	45,704	10.72%
Portable RAS pumping	1,118,978	1,935	1,935	1,120,913	18,051	10.72%
Digester firm capacity Improvements	5,340,025	9,679	9,679	5,349,704	90,283	10.72%
#1 Water improvements	377,108	506	506	377,614	4,718	10.72%
#3 Water system improvements	323,065	265	265	323,330	2,469	10.72%
Dewatering	1,278,111	1,841	1,841	1,279,952	17,173	10.72%
Standby & main power improvements	3,435,491	5,852	5,852	3,441,343	54,592	10.72%
Perimeter Fencing	0	1,500	3,000	3,000	50,000	6.00%
Outfall Crossing rehabilitation	229,365	7,624	24,253	253,618	0	NA
Microturbine/Gas Conditioning System	400	0	1,010	1,410	0	NA
Microturbine	161,807	0	13,300	175,106	0	NA
Mainsaver Inventory Module (RECL 33%)	13,400	0	6,179	19,579	0	NA
SCADA Network Phase II	0	5,923	6,157	6,157	150,000	4.10%
WWTP Phase II Design	0	118,364	127,687	127,687	874,985	14.59%
RECL share		(2,651)	(4,711)	(1,652,385)	(24,729)	19.05%
PBCSD share (1/3 of cost)		(53,113)	(68,485)	(5,453,514)	(438,951)	15.60%
	17,802,761	106,227	136,969	10,907,027	877,901	NA
Total Long Term CIP Projects 18-19						
Total Capital (net of RECL and PBCSD)	19,209,974	154,351	209,806	11,948,084	1,249,726	NA

**Carmel Area Wastewater District
Variance Analysis
2018-19**

**YTD Actual/
YTD Budget
Variance**

Maintenance - Field

Safety -217.00% Timing-training underbudgeted slightly

Maintenance - Plant

Operating Supplies -185.40% Electrical supplies underbudgeted.

Contract Services -28.40% Network administration-Mainsaver unbudgeted. Timing-plant rehab.

Utilities -385.00% New phones unbudgeted.

Memberships and Subscriptions -93.10% Maintenance department memberships unbudgeted-small dollar amounts.

Collections

Salaries and Payroll Taxes -5.30% Timing-vacation buy backs and comp time cash out.

Operating Supplies -24.40% Radios and supplies of \$3,086.70 unbudgeted.

Treatment

Operating Supplies -10.10% Timing-chemicals and lab supplies. General supplies underbudgeted.

Contract Services -13.70% Sea level rise study budgeted in capital.

Safety -44.60% Timing-supplies and training.

Administration

Truck and Auto Expenses -60.60% Insurance underbudgeted: actual \$1,378, budget \$605

Office Expense -13.00% Timing-furnishings and fixtures, temp service.

Repairs and Maintenance -261.70% Timing-small dollar amounts, Actual \$1,205, Budget \$333.

Utilities -6.30% New phones unbudgeted.

Safety -40.80% Timing difference-training.

Waste to Energy

Unbudgeted

Brine Disposal

Unbudgeted

District Obligations:

1) 2004 Highlands Project Bond Proceeds \$3,057,165 -- Balance \$1,090,000

STAFF REPORT



TO: Board of Directors
 FROM: Daryl Lauer, Collection Superintendent
 DATE: December 13, 2018
 SUBJECT: Monthly Report – October & November

RECOMMENDATION

Receive Report- Informational only; no action required.

Permits Issued

Sewer Lateral Permits issued in October & November..... 18
 Total Fees..... \$ 2,785.00

Maintenance

Attached is a map of the locations cleaned in past three months. There were 7,686 ft. CCTV sewer line inspections during the month of October and 918 ft. in November.

Cleaning period	Footage Cleaned	Percentage Cleaned	Size of Pipe Cleaned
September	42,556 ft.	10.35%	6 – 12 inches
October	53,361 ft.	12.98%	6 – 27 inches
November	50,568 ft.	12.30%	6 – 15 inches

Construction Activities

During the final paving of Ocean Ave, contractors installed 9 new manhole frame and lids.

General Comments

All Collections staff completed Sewer System Management Plan (SSMP) training in October and in November Collections performed an emergency pump station by-pass. This training consisted of a review of District Overflow Emergency Response Plan (OERP), pump station emergency response plan and hands-on by-pass of a pump station in the field.

Service calls responded to by crew

Date	Time	Callout	Resolution
10/1/18	11:00 AM	Lateral cleanout locate	Staff could not locate cleanout, recommended H/O to call plumber
10/4/18	2:15 AM	Power fail at Pump Stations	Staff responded and was on site until power was restored
10/10/18	9:24 AM	Lateral locate	Staff located C/O for Real Estate Co.
10/12/18	8:10 AM	Main line SSO 113 Gallons Spilled	Staff found evidence that Manhole N605 had overflowed. Staff did not see an active overflow. Later that day staff contacted a plumber that had been working on a sewer lateral the day before the spill. The plumber stated that they sent lots of debris down the District owned main line. Staff cleaned the section that overflowed and found broken pipe and debris that had caused the overflow. Staff cleaned the area and notified all necessary agencies.
10/13/18	4:30 PM	Lateral Spill	Staff informed owner to call their plumber

Date	Time	Callout	Resolution
10/15/18	2:15 PM	Lateral question	H/O was worried that his neighbors' tree would cause his lateral to have root damage in the future. Contact neighbor to work out a solution.
10/21/18	3:36 AM	Power fail a Pump Stations	Staff responded and was on site until power was restored
10/23/18	8:08 AM	Report of Manhole overflowing	Staff responded and found that a Cal-Am water main was leaking, and the appearance of leak was next to District's manhole. No SSO
10/29/18	3:58 PM	Contractor hit sewer pipe	Staff arrived to find contractor had hit a private lateral line.
10/15/18	9:50 AM	Lateral back-up	Staff informed owner to call their plumber
10/30/18	2:45 PM	Lateral back-up	Staff informed owner to call their plumber
11/13/18	9:30 AM	Lateral locate	Staff could not locate cleanout, recommended H/O to call plumber
11/16/18	5:45 AM	Low level at Pump Station	Staff found level indicator had moisture / cobweb build up. Cleaned transduce to fix problem
11/16/18	9:00AM	Lateral back-up	Staff informed owner to call their plumber

USA Location Requests –

October – 118
November – 63

Plumbing permit inspections –

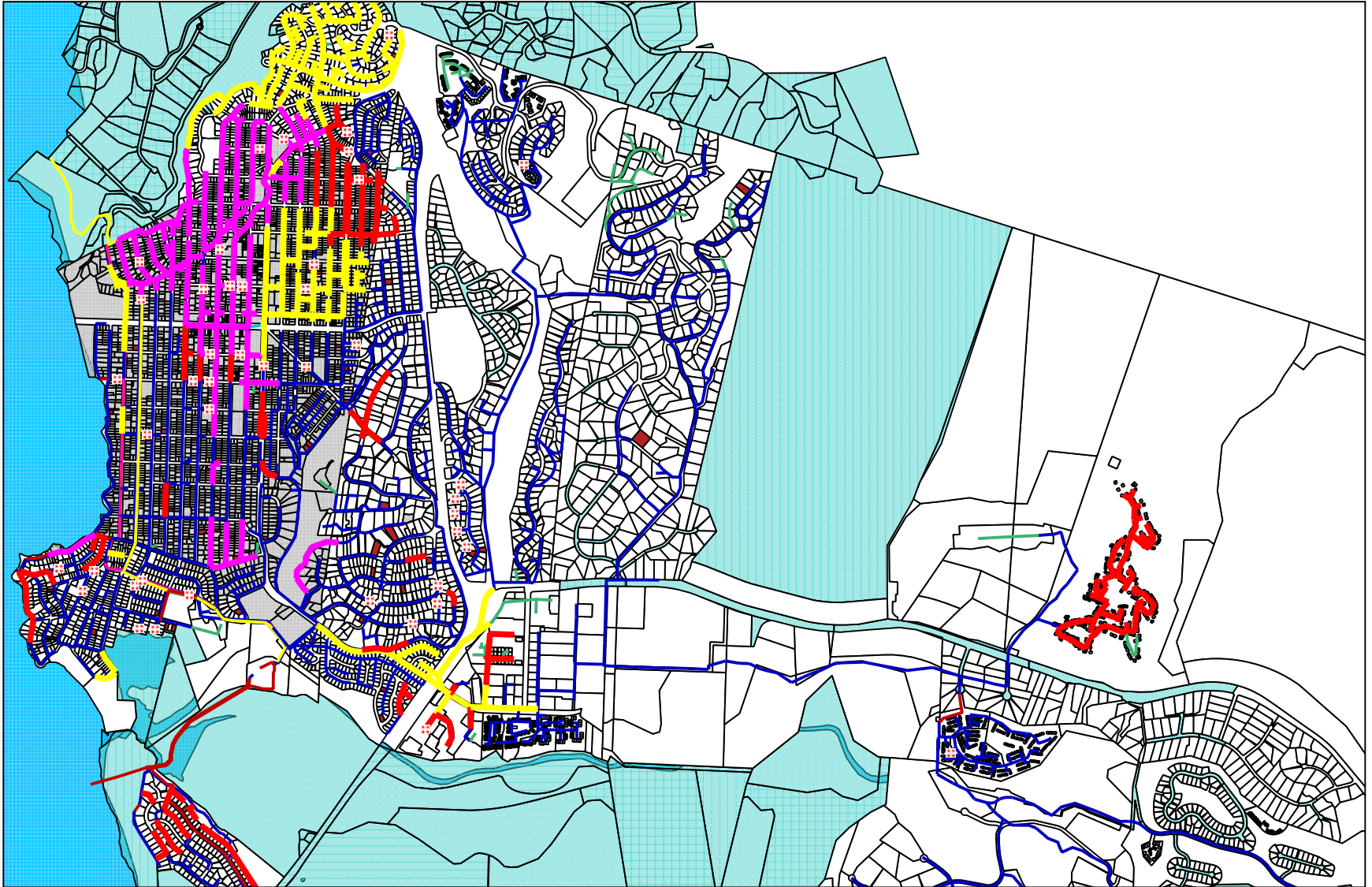
October – 9
November - 8

FUNDING

N/A- Informational item only

September (Magenta) 42,556 ft.
October (Yellow) 53,361 ft.
November (Red) 50,568 ft.

Monthly Cleaning Routes



RedZone
ROBOTICS

12/3/2018



Wastewater Treatment Facility Operations Report

	HYDRAULIC LOADINGS					YEAR-TO-DATE	
Report for: August 2018	Total Monthly, MG	Avg. Daily, MGD	Min Daily, MGD	Max Daily, MGD	% of Total	MG	acre-feet
CAWD Flow	25.482	0.822	0.760	0.871	70.110	204.02	625.82
PBCSD Flow	10.864	0.350	0.313	0.415	29.890	97.06	297.72
Total Plant Flow	36.346	1.172	1.073	1.286	100.00	301.07	923.54
Tertiary Flow	30.250	0.969	0.629	1.177	83.228	218.62	670.63
Ocean Discharge	4.879	0.157	0.113	0.269	13.424	85.58	262.51
Potable Water	0.000	0.000	0.000	0.000	0.000	0.000	0.000

TERTIARY PROCESS HISTORY

Total Annual Reclamation Production (2018)	218.62 MG (670.95 acre-ft.)
Total Lifetime Reclamation Production (94-18)	7.58 BG (23.27 B acre-ft.)
12 Month Rolling Total Reclamation Production	335.58 MG (1029.89 acre-ft.)

ELECTRICAL COSTS

Monthly Totals	Aug '18 kWh	Price per kWh	Aug'18	July'18	Jun '18	May '18
Secondary	120,985.00	\$ 0.184	\$ 22,246.67	\$ 25,111.46	\$ 21,790.35	\$ 23,417.21
Blowers	48,875.52	\$ 0.187	\$ 9,138.52	\$ 9,263.12	\$ 9,930.68	\$ 8,499.50
CAWD Total	169,860.52		\$ 31,385.19	\$ 34,374.58	\$ 31,721.03	\$ 31,916.71
Tertiary	87,191.08	\$ 0.197	\$ 17,179.94	\$ 17,533.51	\$ 17,852.68	\$ 15,726.97
MF/RO	119,943.00	\$ 0.208	\$ 24,987.80	\$ 21,426.05	\$ 22,703.79	\$ 22,229.97
Reclaim Total	207,134.08		\$ 42,167.74	\$ 38,959.56	\$ 40,556.47	\$ 37,956.94
Adjusted Monthly Totals (1)	CAWD Total	\$	23,252.85	Reclamation Total	\$	50,300.08

kW-h Per Acre Foot

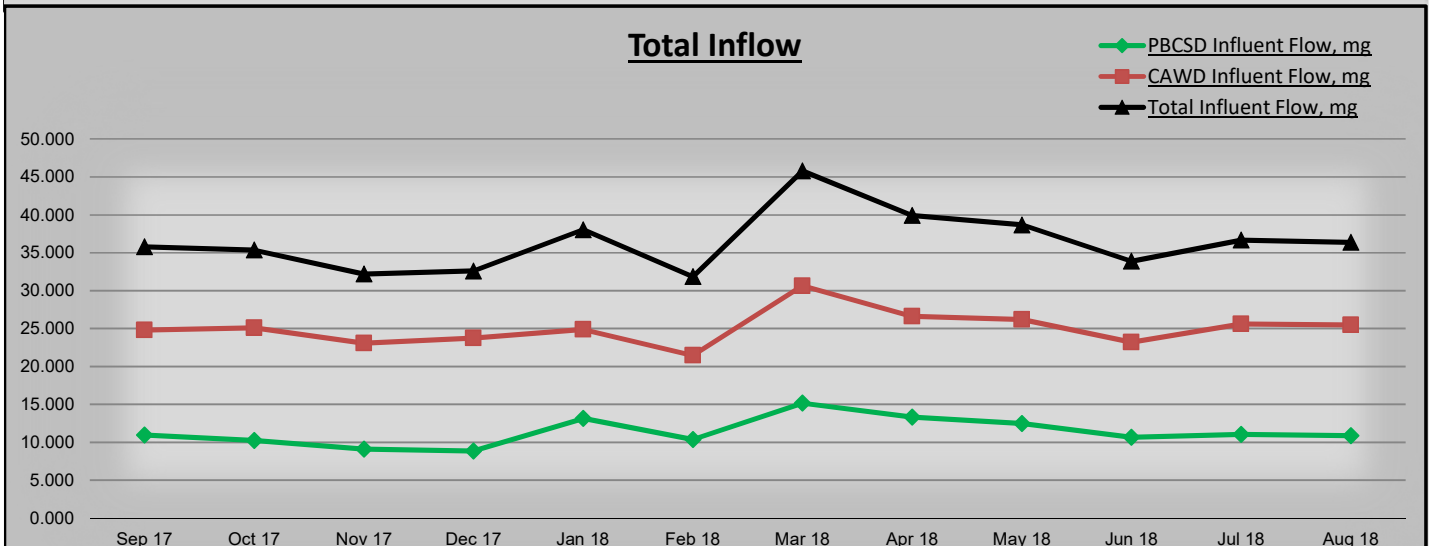
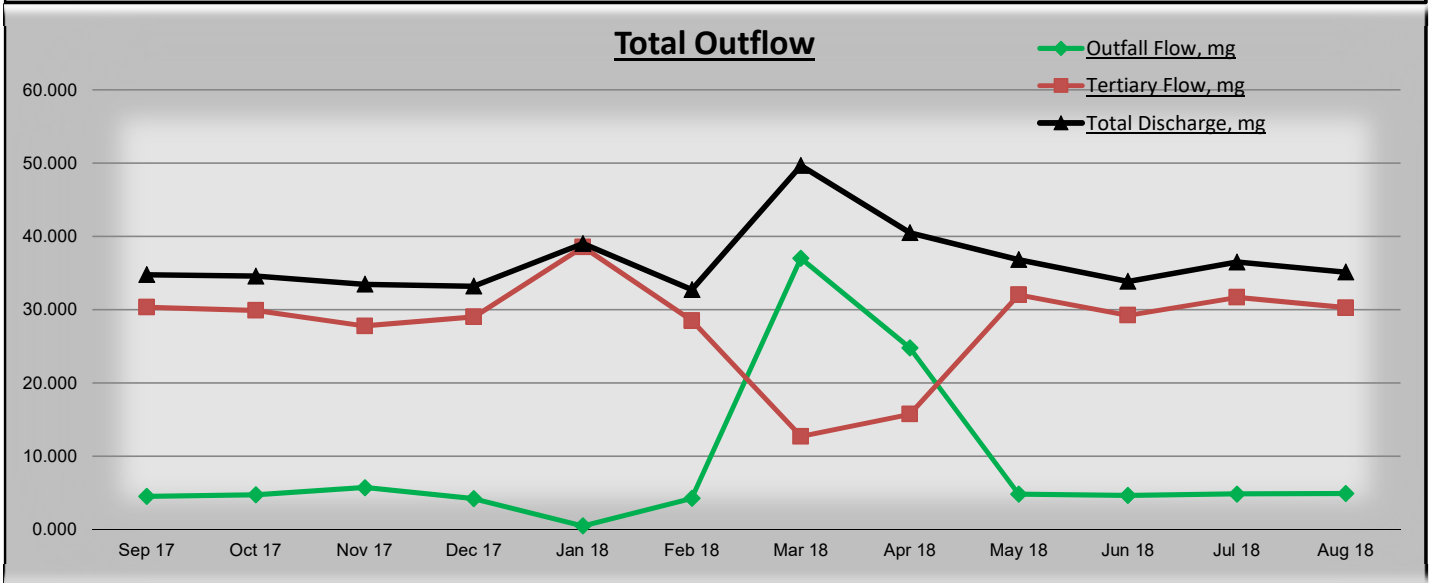
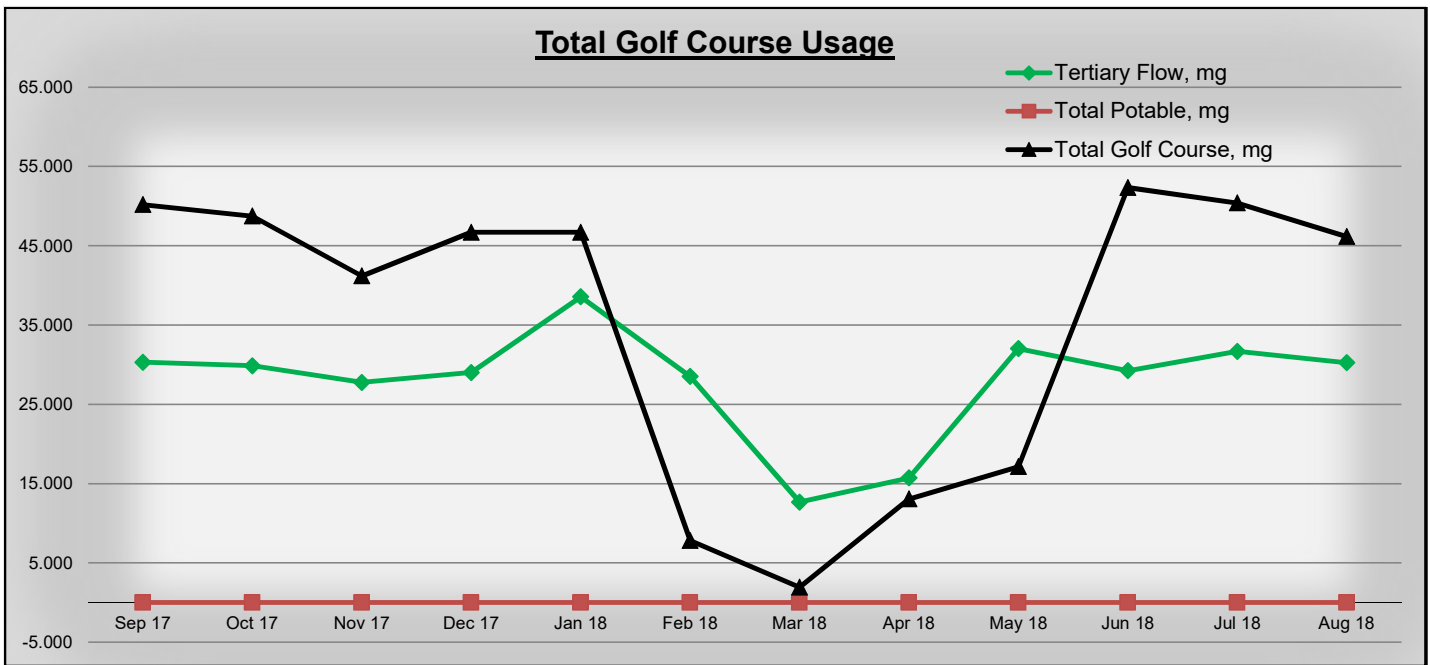
	2017				2018			
	1 QTR	2 QTR	3 QTR	4 QTR	1 QTR	2 QTR	3 QTR	4 QTR
CAWD	1407.39	1374.11	1601.12	2000.04	1770.27	1692.20	n/a	n/a
Reclamation	2579.46	1871.10	1813.37	1923.82	1780.18	2260.45	n/a	n/a

MICROTURBINE SUMMARY

Month	August '18 kWh	July'18	Jun'18	May '18	Accumulated Totals
Production, kWh	11,457	10,865	13,610	14,650	677,785.00
kWh Savings, \$	\$266,407,902.45	\$1,923.11	\$1,619.59	\$0.00	\$301,390.57

COMMENTS

(1) Cost adjustment for Reclamation percentage for Secondary power costs and CAWD's percentage for Tertiary's power costs due to the Laboratory power usage



Wastewater Treatment Facility Operations Report

	HYDRAULIC LOADINGS					YEAR-TO-DATE	
Report for: September 2018	Total Monthly, MG	Avg. Daily, MGD	Min Daily, MGD	Max Daily, MGD	% of Total	MG	acre-feet
CAWD Flow	23.073	0.769	0.723	0.894	69.457	227.09	696.59
PBCSD Flow	10.146	0.338	0.305	0.384	30.543	107.20	328.84
Total Plant Flow	33.219	1.107	1.028	1.278	100.00	334.29	1025.44
Tertiary Flow	29.086	0.953	0.647	1.240	87.558	247.71	759.85
Ocean Discharge	4.276	0.143	0.102	0.205	12.872	89.86	275.63
Potable Water (2)	5.009	0.000	0.000	0.000	15.079	5.009	15.365

TERTIARY PROCESS HISTORY

Total Annual Reclamation Production (2018)	247.71 MG (760.21 acre-ft.)
Total Lifetime Reclamation Production (94-18)	7.83 BG (24.02 B acre-ft.)
12 Month Rolling Total Reclamation Production	334.36 MG (1026.14 acre-ft.)

ELECTRICAL COSTS

Monthly Totals	Sept '18 kWh	Price per kWh	Sept'18	Aug'18	July '18	Jun '18
Secondary	141,993.00	\$ 0.183	\$ 25,935.21	\$ 22,246.67	\$ 25,111.46	\$ 21,790.35
Blowers	45,411.28	\$ 0.190	\$ 8,638.06	\$ 9,138.52	\$ 9,263.12	\$ 9,930.68
CAWD Total	187,404.28		\$ 34,573.27	\$ 31,385.19	\$ 34,374.58	\$ 31,721.03
Tertiary	87,796.60	\$ 0.198	\$ 17,384.70	\$ 17,179.94	\$ 17,533.51	\$ 17,852.68
MF/RO	115,238.00	\$ 0.211	\$ 24,351.67	\$ 24,987.80	\$ 21,426.05	\$ 22,703.79
Reclaim Total	203,034.60		\$ 41,736.37	\$ 42,167.74	\$ 38,959.56	\$ 40,556.47
Adjusted Monthly Totals (1)	CAWD Total	\$	24,975.34	Reclamation Total	\$	51,334.30

kW-h Per Acre Foot

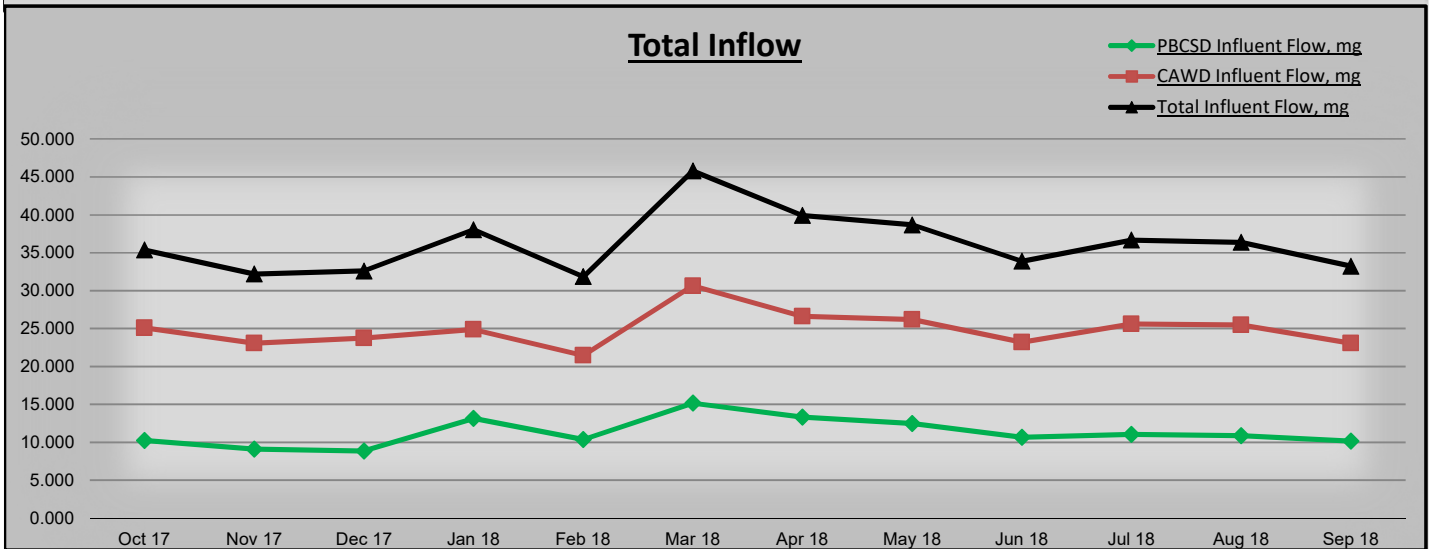
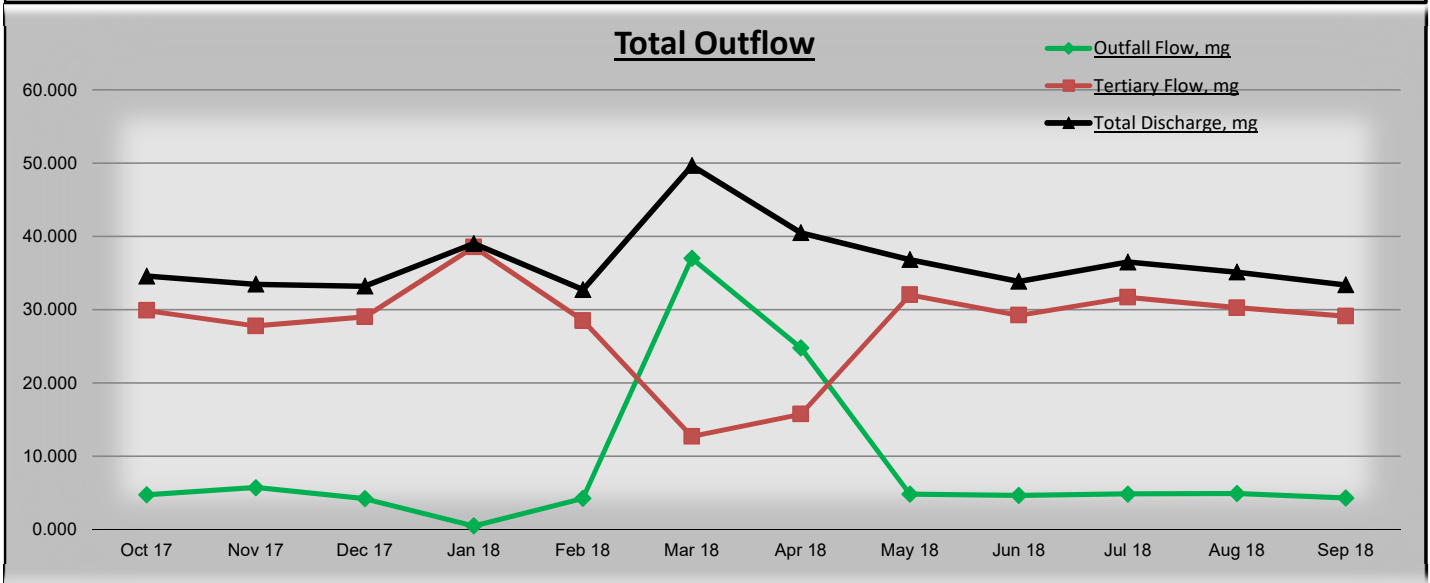
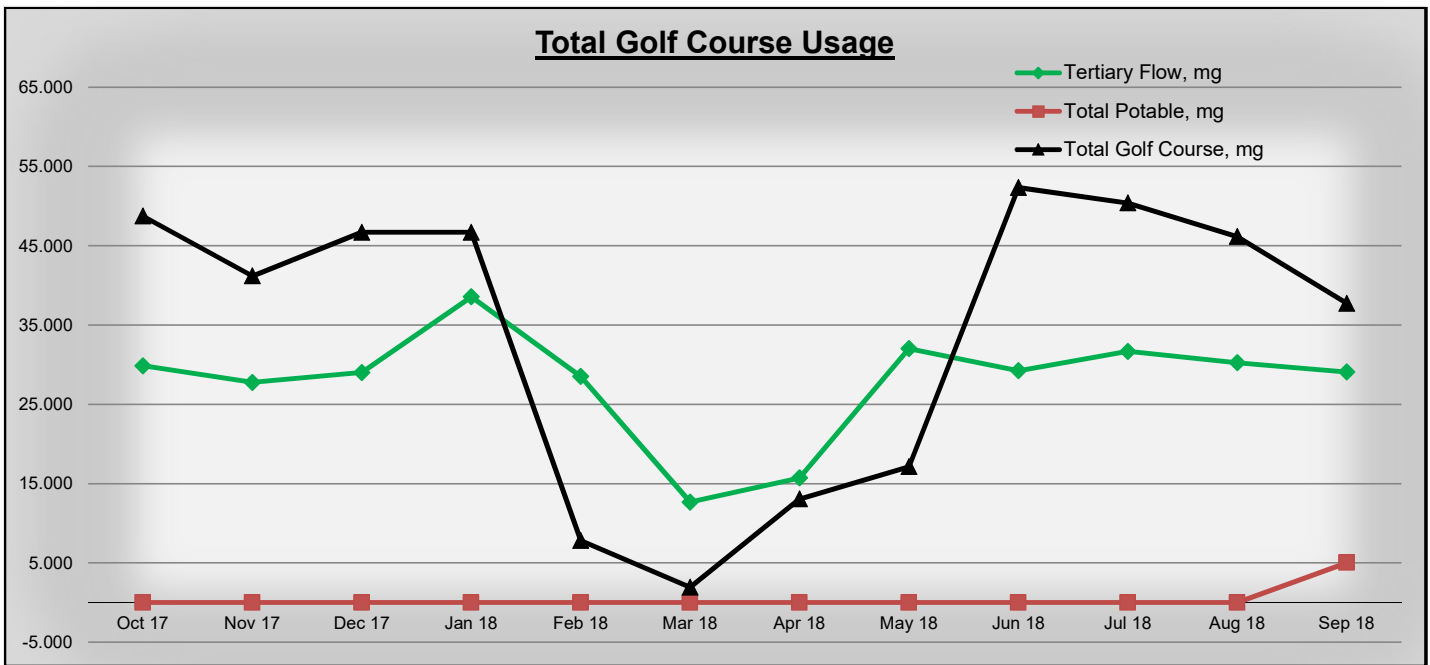
	2017				2018			
	1 QTR	2 QTR	3 QTR	4 QTR	1 QTR	2 QTR	3 QTR	4 QTR
CAWD	1407.39	1374.11	1601.12	2000.04	1770.27	1692.20	1678.08	n/a
Reclamation	2579.46	1871.10	1813.37	1923.82	1780.18	2260.45	2164.89	n/a

MICROTURBINE SUMMARY

Month	September '18 kWh	Aug'18	July'18	Jun '18	Accumulated Totals
Production, kWh	11,383	11,457	10,865	13,610	689,168.00

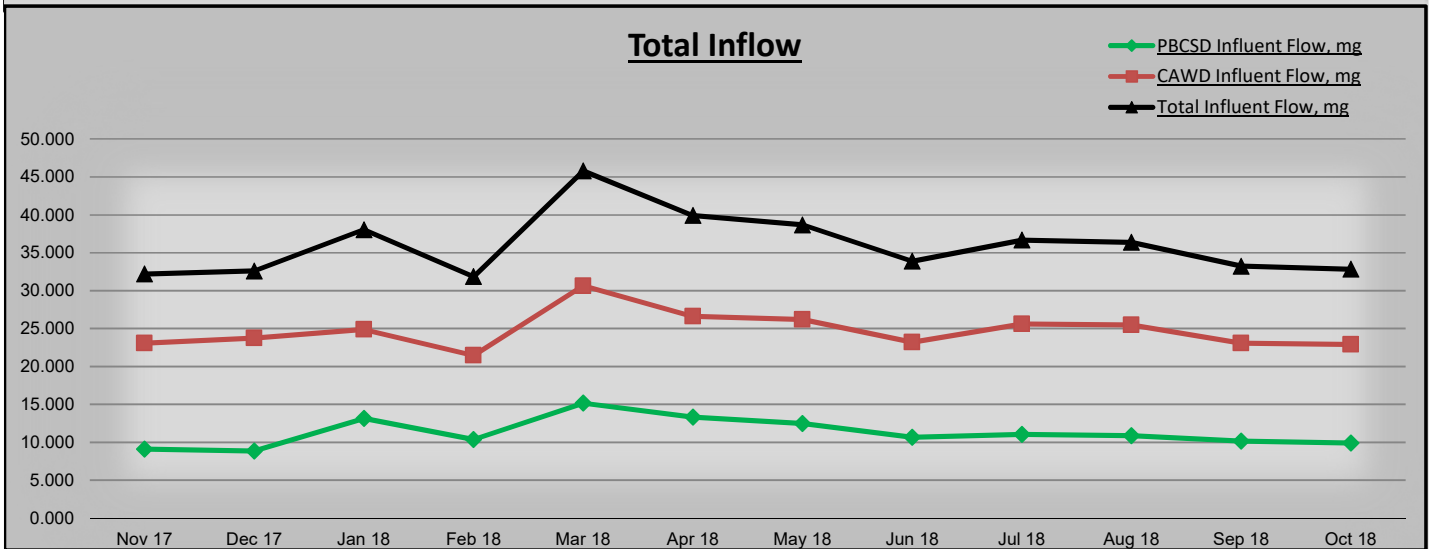
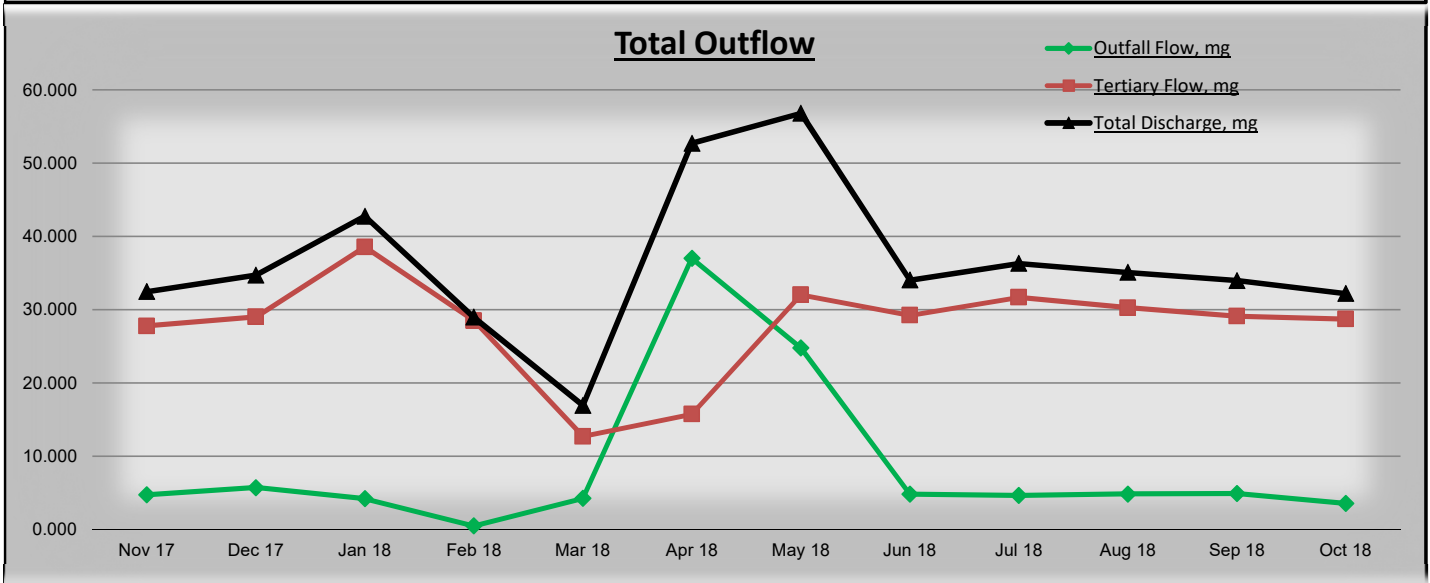
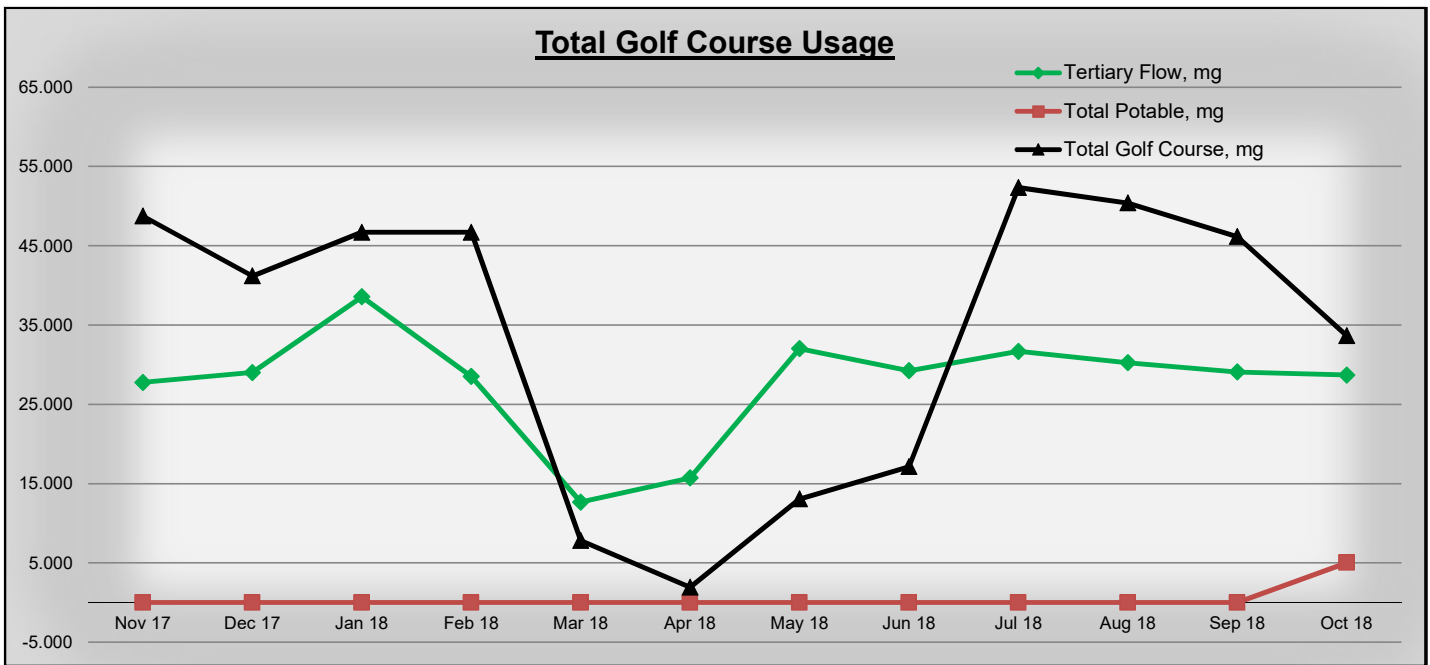
COMMENTS

- (1) Cost adjustment for Reclamation percentage for Secondary power costs and CAWD's percentage for Tertiary's power costs due to the Laboratory usage
- (2) Potable water was purchased at the request of the Technical Advisory Committee.



Wastewater Treatment Facility Operations Report

HYDRAULIC LOADINGS								YEAR-TO-DATE	
Report for: October 2018	Total Monthly, MG	Avg. Daily, MGD	Min Daily, MGD	Max Daily, MGD	% of Total	MG	acre-feet		
CAWD Flow	22.915	0.739	0.672	0.797	69.801	250.00	766.88		
PBCSD Flow	9.914	0.320	0.266	0.351	30.199	117.12	359.25		
Total Plant Flow	32.829	1.059	0.938	1.148	100.00	367.12	1126.14		
Tertiary Flow	28.693	0.926	0.791	1.097	87.401	276.40	847.86		
Ocean Discharge	3.512	0.113	0.090	0.156	10.698	93.37	286.40		
Potable Water	0.000	0.000	0.000	0.000	0.000	5.009	15.365		
TERTIARY PROCESS HISTORY									
Total Annual Reclamation Production (2018)			276.40 MG (848.27 acre-ft.)						
Total Lifetime Reclamation Production (94-18)			8.10 BG (24.87 B acre-ft.)						
12 Month Rolling Total Reclamation Production			333.18 MG (1022.53 acre-ft.)						
ELECTRICAL COSTS									
Monthly Totals	Oct '18 kWh	Price per kWh	Oct'18	Sept'18	Aug '18		July '18		
Secondary	133,198.00	\$ 0.189	\$ 25,142.67	\$ 25,935.21	\$ 22,246.67		\$ 25,111.46		
Blowers	58,451.04	\$ 0.170	\$ 9,909.43	\$ 8,638.06	\$ 9,138.52		\$ 9,263.12		
CAWD Total	191,649.04		\$ 35,052.10	\$ 34,573.27	\$ 31,385.19		\$ 34,374.58		
Tertiary	79,927.04	\$ 0.204	\$ 16,298.32	\$ 17,384.70	\$ 17,179.94		\$ 17,533.51		
MF/RO	114,100.00	\$ 0.206	\$ 23,515.58	\$ 24,351.67	\$ 24,987.80		\$ 21,426.05		
Reclaim Total	194,027.04		\$ 39,813.90	\$ 41,736.37	\$ 42,167.74		\$ 38,959.56		
Adjusted Monthly Totals (1)	CAWD Total		\$ 25,813.72		Reclamation Total		\$ 49,052.28		
kW-h Per Acre Foot									
	2017				2018				
	1 QTR	2 QTR	3 QTR	4 QTR	1 QTR	2 QTR	3 QTR	4 QTR	
CAWD	1407.39	1374.11	1601.12	2000.04	1770.27	1692.20	1678.08	n/a	
Reclamation	2579.46	1871.10	1813.37	1923.82	1780.18	2260.45	2164.89	n/a	
MICROTURBINE SUMMARY									
Month	October '18 kWh	Sept'18	Aug'18	July '18	Accumulated Totals				
Production, kWh	9,222 (2)	11,383	11,457	10,865	698,390.00				
COMMENTS									
(1) Cost adjustment for Reclamation percentage for Secondary power costs and CAWD's percentage for Tertiary's power costs due to the Laboratory usage									
(2) Micro Turbine system off-line Oct 2 thru Oct 10 due to equipment malfunction									



STAFF REPORT



To: Board of Directors

From: Mark Dias, Safety and
Regulatory Compliance Administrator

Date: December 13, 2018

Subject: Monthly Report for October & November 2018

RECOMMENDATION

Receive Report- Informational only; no action required.

DISCUSSION

Safety & Training

October 11- Tailgate training. Chris Foley, Maintenance Superintendent, gave a presentation on emergency flood response. Four pallets of sandbags had been pre-filled and were staged at strategic locations at the plant. Chris listed the priorities and key tasks needed to maintain plant operations in the event of a large scale (e.g., 100-year) flood. Emphasis will be on preventing flood waters from entering the influent wet well and the CDC contact chambers which could exceed the capacity of the plant and cause discharge violations.

October 18- Tailgate training. Safety/Compliance Administrator Mark Dias (S/C Admin Dias) trained all staff on a new portable railing system that will be used to protect from falls around vaults and other openings. The system allows for attendants to safely stand near the opening without having to don a body harness and tie-off to anchor points. Emphasis was placed on proper set up and understanding the limitations of the system.

October 19- Workman's Compensation Seminar and Training. Heather Truro of CSRMA came to the plant to provide annual Workman's Comp training. All staff received an annual refresher. Management, supervisors and the Worker's Comp Coordinator received an in-depth training on how to report a claim.

October 25- Tailgate training. Charles DayEngel, Plant Operator, presented on “At Risk Behavior,” when workers knowingly take chances or ignore established safety policies. This typically happens because workers want to take a short cut to save time or believe accidents will not happen to them. The correct way to complete any task is to do it safely, not as quickly as possible.

October 31- Fire Extinguisher Training and Equipment. Hands on fire extinguisher training was given to the remaining staff who had not completed it in September. These personnel also trained with a vapor type fire extinguisher. S/C Admin Dias had ordered a number of these extinguishers for use in the PLC and MCC control rooms upgraded during Phase I. In the event of an electrical panel fire, these extinguishers will not damage sensitive circuits, computer boards and memory chips.

November 1- Tailgate Training. S/C Admin Dias gave an update on improvements to the District’s Emergency Action Plan (EAP). The EAP addresses responses to emergencies such as fires, tsunamis, earthquakes and large spills. Decision points in the first few minutes are critical; i.e., whether to evacuate or shelter in place, accounting for all employees, whom to call and in what order, etc. A poster-sized decision flow chart is being developed which will be hung in key locations around the site so all personnel can follow the same procedures.

Nov 8- Tailgate Training. Daryl Lauer, Collections Superintendent, gave a presentation on “What Does OSHA Look For.” He noted that OSHA inspectors will often ask staff (not management) where all the safety policies are located to gauge whether workers know how to readily access the policies. These policies are available in three places: (1) hard copies in the Safety Office; (2) on the shared computer drive; and (3) on the Safety Page in the online SharePoint system.

November 29- Tailgate Training. Fanny Mui, Laboratory Analyst, spoke on housekeeping in the laboratory. Cleaning up and replacing equipment after working in the lab promotes safety by preventing accidental mixing of chemicals and having to address unknown liquids left on counters, etc. It also helps with maintaining accurate inventories of chemicals. This is true for both laboratory personnel and operations staff using the lab.

November 26, 27, 28- S/C Admin Dias and Maintenance Mechanic Greg Ange obtained their Confined Space Rescue Certification training. This 24-hour training allows Greg and Mark to operate as part of the District’s designated Rescue Team.

Ongoing Safety Improvements

During October and November Maintenance Superintendent Foley and S/C Admin Dias continued to implement safety improvements and seek input from the operations crew and Safety Committee. Many of the physical safety improvements are projects extending over several weeks. Activities in Nov/Dec included:

- Fall Safety – vault hatches. **Background:** As described in previous reports, six vault hatches were identified for replacement with built-in fall protection and greater ease of operation. **Update:** Designs were finalized and the hatches are now being fabricated by the vendor. The hatches should be delivered before the end of the calendar year. Interim safety protocols for the existing hatches have been implemented.
- Respiratory Safety – gas levels at the Calle La Cruz lift station (Ribera Road). **Background:** As described in previous reports, the wet well receives wastewater from the Carmel Highlands. The longer travel-time allows the anaerobic generation of dangerous hydrogen sulfide gas. Gas levels were high enough to warrant locking the hatch and preventing access until the gas could be mitigated. Four options were identified and are being tried in order of increasing cost. The first option –using cakes of potassium permanganate—was ineffective. The second option, using a biological treatment, was started in June was also ineffective. **Update:** the trial of the biological treatment ended in September after logging data showed gas levels were still well above health/exposure limits. The Collections and Operations superintendents are pursuing option #3 (liquid calcium nitrate). This chemical would be stored in a tote and dosed into the system at the Highlands lift station. A local ag vendor in Salinas can supply the liquid. Monthly tracking continuing.
- Planned installation of additional fire hydrants. **Background:** As first described in the July report, during the Fire Department walk-through in June it was noted that the plant only has two fire hydrants. Both are located on the south side of the site. While not required by the Fire Department, two additional locations were identified where existing plumbing could be retrofitted with fire hydrants. The locations are much closer to areas where firefighting may be needed such as the office buildings, the shop, the collections building and the Pad. **Update:** A vendor has been selected for the work, however a leaking isolation valve must first be replaced by CAWD staff. The work can occur within a few days after valve replacement.
- Bulk aqueous ammonia system repairs. **Background:** As first described in the October report, CAWD receives bulk deliveries of 19% aqueous ammonia approximately once per month. The bulk tank is located outdoors on the south side of the tertiary building with permanent secondary containment. Newly implemented gas monitoring equipment showed that ammonia vapors are escaping out of the tank lid during the filling process. Operations staff have consistently been required to wear respirators during the filling process. Until the system is improved, an Interim Operating Procedure (IOP) has been promulgated and deliveries are

overseen by the Safety Officer. Per the IOP staff are now required to remotely monitor the tank level at a safe distance using the wireless SCADA system rather than stand near the tank during filling. **Update:** The system was evaluated by the plant engineer and maintenance staff and a retrofit of the piping and venting components will be completed by CAWD staff rather than replacing the system.

Tours and Outreach

One tour was given in November to a small group of Carmel Middle School students. The students are participating in a voluntary program sponsored by National Geographic studying the fate of plastic microfibers in wastewater.

Injuries; first aid responses; worker compensation claims

There was a minor worker’s comp claim in October. A plant operator strained a shoulder while repairing piping. He was placed on light duty for three working days and returned to full duty the day of his follow up medical appointment. The case has been closed by York. The updated tracking matrix is below.

	Work Related Injuries and Illnesses for 2018 Reporting Year				
TYPE	New Incidents (Month)	Total Incidents (Year)	Total Days Away from Work (Year)	Total Days of Job Restriction (Year)	Cumulative days lost (Year)
OSHA Injuries	0	0	0	0	0
OSHA Illnesses	0	0	0	0	0
Other WC Claims	1	4	2.0	13	2.0
First Aid (non-OSHA)	0	0	0	0	0

FUNDING

N/A- Informational item only

STAFF REPORT



To: Board of Directors

From: Ray De Ocampo
Laboratory/Environmental Compliance
Supervisor

Date: December 13, 2018

Subject: Monthly Reports – October and November 2018

RECOMMENDATION

Receive Report-Informational only; No action required

DISCUSSION

LABORATORY REPORT

- On 10-09-18, the lab collected a Final Effluent sample for Quarterly DDT.
- On 10-10-18, the lab collected MF/RO Feed, Permeate, and Reject samples for Quarterly analysis.
- On 10-17-18, CAWD laboratory staff participated in a CCLEAN Inter-lab Nutrient Analysis Calibration Exercise. The results will be shared with all CCLEAN agencies on accuracy and percent recovery of the unknown sample.
- Operations Supervisor Young requested lab assistance with a jar study. The vendor would do the jar study with the RE300 product and the lab would do the analysis for phosphate as part of product evaluation for the Tertiary Coagulation/ Flocculation process.
- CAWD laboratory supervisor has submitted the laboratory application renewal for its ELAP Accreditation.

ENVIRONMENTAL COMPLIANCE REPORT

- Mr. De Ocampo spoke with the owner of Carmel Poke Co. to re-install the grease trap at the restaurant, the plumber installing the grease trap called and notified the Source Control department that it was being installed on 11-18-18.
- CAWD Collections Superintendent Lauer asked the lab to test for Hydrogen Sulfide at the Calle Cruz Lift station.
- On 11-20-18, Mr. Treanor and Mr. De Ocampo met with the Yeast of Eden owner

to work on the permitting process for Yeast of Eden brewery's connection and discharge to CAWD. It was discussed that two samples from the brewing waste will be collected and analyzed by CAWD lab to determine strength of waste discharge.

- On 11-28-18, Environmental Compliance Inspector Holland had a conference call meeting with the CWEA/P FI committee. Trevor has been involved assisting to update the Sacramento State Pretreatment Manual.

Restaurant Inspection Table

Restaurant	Compliant	Reason for Non-Compliance	Comments
China Delight	Yes		
Enzo	Yes		
Pacific Meadows	Yes		
Hacienda Carmel	Yes		
Del Mesa Carmel	Yes		
Rio Grill	Yes		
Carmel Poke Co.	Yes		
The Forge in the Forest	Yes		
Carmel Mission Inn	Yes		
RG Burgers	Yes		
Carmel Youth Center	Yes		
Carmel Foundation	Yes		
Erik's Deli	Yes		
Sea Harvest Market and Restaurant	Yes		
The Stationaery	Yes		
Carmel Poke Co.	Yes		
Island Taco	Yes		
Highlands Inn	Yes		
Flying Fish Grill	Yes		
Cypress Inn	Yes		
Mulligan's Public House	Yes		
La Balena	Yes		
Il Grillo	Yes		
La Bicyclette*, Yafa*, Little Napoli*, and Cantinetta de Luca*			CAWD Inspectors replied by email to Ms. Martelet's questions.

* denotes that City of Carmel Environmental Compliance Manager is reviewing inspection notes to see if follow up is needed.

Grocery Store/Delicatessen Inspection Table

Grocery Store/Delicatessen	Compliant	Reason for Non-Compliance	Comments
Safeway	Yes		
Lucky's	Yes		
Bruno's	Yes		
Quail Lodge	Yes		

Restaurant Compliance Table

% Compliance	Maintenance	Mechanical
Sept 2018	99%	99%
Oct 2018	100%	100%
Nov 2018	100%	100%

FUNDING

N/A-Informational item only

Project Number	Task Name	Manager	Start	Finish	Cost	2018		2019		2020		20
						H1	H2	H1	H2	H1	H2	H1
	Projects Implementation Plan Schedule											
	Treatment Plant Projects											
18-01	Phase 2 - WWTP Rehabilitation Project	Treanor	Mon 4/30/18	Thu 5/13/21	\$7,700,000.00							
	In House Projects											
18-02	Ops Building SCADA Room	Foley	Mon 4/2/18	Tue 1/15/19	\$140,000.00							
18-03	CMMS Improvements	Foley	Wed 7/11/18	Fri 2/1/19	\$100,000.00							
18-04	PLC Replacement Project (PARTIAL RECLAMATION)	Treanor/Foley	Fri 5/4/18	Tue 6/25/19	\$400,000.00							
18-05	PLC/SCADA Programming	Foley	Thu 7/5/18	Wed 4/29/20	\$300,000.00							
18-06	Disinfection Analyzer Project (PARTIAL RECLAMATION)	Waggoner/Young	Mon 1/7/19	Tue 11/19/19	\$220,000.00							
18-07	Digester No. 1 & Old No. 2 Purging and Cleaning	Waggoner/Young	Fri 3/1/19	Wed 10/2/19	\$125,000.00							
18-08	Standby Power Reliability Project (PARTIAL RECLAMATION)	Treanor	Mon 10/8/18	Fri 10/23/20	\$730,000.00							
18-09	Secondary Clarifier No. 1 Rehab	Waggoner	Thu 7/5/18	Tue 6/11/19	\$100,000.00							
18-10	Aeration Basin Improvements (PARTIAL RECLAMATION)	Waggoner	Wed 6/27/18	Fri 6/28/19	\$100,000.00							
18-11	Digester No. 1 Control Building	Foley	Thu 3/1/18	Tue 1/15/19	\$410,000.00							
18-12	NPDES Permit Application (PARTIAL RECLAMATION)	Waggoner	Thu 3/1/18	Mon 12/31/18	\$0.00							
18-13	Blower PLC Mods & LCP Rebuild	Foley	Tue 6/26/18	Fri 1/24/20	\$133,000.00							
18-28	Perimeter Tree Plan and Implementation	Treanor	Wed 11/7/18	Fri 11/29/19	\$0.00							
	Lunch Room MCC Replace with Panelboard	Foley	Fri 1/18/19	Mon 6/24/19	\$140,000.00							
	Dewatering Conveyor and Hatch Upgrades	Treanor	Tue 6/25/19	Wed 9/11/19	\$103,000.00							
	Chlorine Contact Pipe Gallery Repairs	Treanor	Wed 9/11/19	Fri 12/6/19	\$44,000.00							
	RAS Pump/Piping Rehab	Treanor	Fri 12/6/19	Fri 5/1/20	\$106,000.00							
	Miscellaneous Demo	Treanor	Fri 5/1/20	Fri 5/15/20	\$27,000.00							
	Minor Bid Projects											
	Plant Fence Replacement	TBD	Fri 5/15/20	Tue 1/4/22	\$75,000.00							
	Roof Rehabs	TBD	Fri 11/1/19	Mon 11/2/20	\$200,000.00							
	Influent Pump Station Wet Well Concrete Repair	TBD	Fri 5/15/20	Tue 1/4/22	\$75,000.00							
	Blower Air Line Leak Repair	TBD	Tue 1/4/22	Thu 2/9/23	\$40,000.00							
	Digester No. 1 Rehab	TBD	Thu 2/9/23	Thu 11/30/23	\$660,000.00							
	Paving Project	TBD	Mon 3/2/20	Fri 11/26/21	\$150,000.00							

Project: Projects Implementation Plan Date: Tue 12/4/18

Task	Summary	External Milestone	Inactive Summary	Manual Summary Rollup	Finish-only	% Complete
Split	Project Summary	Inactive Task	Manual Task	Manual Summary	Progress	Deadline
Milestone	External Tasks	Inactive Milestone	Duration-only	Start-only	Deadline	Deadline

Project Number	Task Name	Manager	Start	Finish	Cost	2018		2019		2020		20
						H1	H2	H1	H2	H1	H2	H1
	Treatment Plant Studies & O&M Manuals	Treanor	Tue 4/3/18	Tue 11/23/21	\$370,000.00	Treatment Plant Studies & O&M Manuals						
	Online O&M Manual	Treanor	Tue 1/1/19	Tue 11/23/21	\$150,000.00	Online O&M Manual						
18-14	Sea Level Rise Study	Treanor	Tue 4/3/18	Tue 12/4/18	\$220,000.00	Sea Level Rise Study						
	Collections Projects					Collections Projects						
18-15	Outfall Lagoon Crossing (PARTIAL TREATMENT PLANT)	Treanor	Thu 3/1/18	Fri 11/6/20	\$1,400,000.00	Outfall Lagoon Crossing (PARTIAL TREATMENT PLANT)						
18-16	Highlands H2S Control	Lauer	Mon 4/16/18	Mon 12/31/18	\$0.00	Highlands H2S Control						
18-27	Highlands FM ARVs	Lauer	Mon 9/10/18	Mon 12/24/18	\$60,000.00	Highlands FM ARVs						
	Highlands FM Flushing	Lauer	Mon 7/6/20	Fri 10/16/20	\$75,000.00	Highlands FM Flushing						
18-17	Hatton Canyon Pipe Bursting	Lather	Wed 5/23/18	Fri 10/18/19	\$400,000.00	Hatton Canyon Pipe Bursting						
18-18	Pump Station PLC/SCADA Replacement	Foley/Lather	Wed 7/18/18	Fri 2/14/20	\$300,000.00	Pump Station PLC/SCADA Replacement						
18-19	Standard Plans and Specs Update	Lather	Fri 11/2/18	Thu 2/28/19	\$0.00	Standard Plans and Specs Update						
18-20	Permitting Procedures Streamlining	Lauer	Thu 8/2/18	Wed 9/26/18	\$0.00	Permitting Procedures Streamlining						
18-21	Highlands and Riley Ranch Annexation	Lather	Thu 8/2/18	Thu 1/24/19	\$0.00	Highlands and Riley Ranch Annexation						
18-29	September Ranch Water and Sewer Service	Lather	Tue 9/25/18	Thu 9/26/19	\$0.00	September Ranch Water and Sewer Service						
	Carmel Valley Manor Sewer	Lather	Wed 9/26/18	Thu 9/26/19	\$0.00	Carmel Valley Manor Sewer						
	Carmel Meadows Gravity Sewer Improvements	Lather	Mon 7/6/20	Wed 6/9/21	\$500,000.00	Carmel Meadows Gravity Sewer Improvements						
	Rio Road Trunk Main Rehab	Lather	Thu 6/3/21	Wed 8/3/22	\$730,000.00	Rio Road Trunk Main Rehab						
	Pescadero	Lather	Thu 8/4/22	Wed 10/4/23	\$300,000.00	Pescadero						
	Upper High Meadows	Lather	Mon 6/3/19	Fri 7/31/20	\$120,000.00	Upper High Meadows						
	Rancho Canada New Line	Lather	Mon 8/3/20	Fri 10/1/21	\$400,000.00	Rancho Canada New Line						
	Pine Hill Sewer Line	Lather	Mon 10/4/21	Fri 12/2/22	\$300,000.00	Pine Hill Sewer Line						
	Morris Drive Pipe Replacement	Lather	Mon 10/4/21	Fri 12/2/22	\$100,000.00	Morris Drive Pipe Replacement						
	Collections Studies	Lauer/Lather	Thu 5/24/18	Tue 6/11/19	\$175,000.00	Collections Studies						
18-22	Capacity Study/20 yr CIP	Lauer/Lather	Thu 5/24/18	Mon 11/26/18	\$100,000.00	Capacity Study/20 yr CIP						
18-23	New Connections Master Plan	Lauer/Lather	Thu 8/30/18	Tue 12/25/18	\$0.00	New Connections Master Plan						
	Monte Verde and Bay/Scenic FM Assessment	Lauer/Lather	Wed 12/26/18	Tue 6/11/19	\$75,000.00	Monte Verde and Bay/Scenic FM Assessment						
	Reclamation Projects					Reclamation Projects						
18-24	Reclamation Sand Filter Integration Project	Waggoner	Wed 5/9/18	Tue 10/2/18	\$200,000.00	Reclamation Sand Filter Integration Project						
18-25	EQ Basin Pump Electrical	Foley	Mon 10/8/18	Thu 1/17/19	\$80,000.00	EQ Basin Pump Electrical						
18-26	RO Pretreatment Acid Tanks and Containment	Treanor	Fri 6/8/18	Fri 6/14/19	\$80,000.00	RO Pretreatment Acid Tanks and Containment						
	Reclamation Studies	Treanor	Mon 7/1/19	Fri 5/29/20	\$35,000.00	Reclamation Studies						

Project: Projects Implementation Plan
Date: Tue 12/4/18

Task	Summary	External Milestone	Inactive Summary	Manual Summary Rollup	Finish-only	% Complete
Split	Project Summary	Inactive Task	Manual Task	Manual Summary	Progress	Deadline
Milestone	External Tasks	Inactive Milestone	Duration-only	Start-only	Deadline	Deadline

Staff Report



TO: Board of Directors

FROM: Ed Waggoner
Operations Superintendent

SUBJECT: Monthly Report – October & November 2018

DATE: December 13, 2018

RECOMMENDATION

Receive Report-Informational only; no action required

DISCUSSION

Plant Operations

Treatment Plant:

- The treatment plant, in general, is working well. The operational challenges from the previous month have been corrected and strategy changes continue to progress on Project #18-13 Blower PLC (Programable Logic Controller) Upgrades.
- Operations Staff preparing for the rainy season by general plant cleanup and inventorying raingear and other wet weather equipment.
- Project # 18-10 Aeration Basin Improvements. Operations Staff and Mathews Mechanical continued installing equipment from PHI Incorporated on pilot testing of a new mixing system in the Aeration Basin #6 and Aeration Basin #5. PHI Inc. staff was onsite twice in November to adjust their equipment that CAWD staff installed over the last five months. Aeration basins 5 & 6 started receiving flow on the week of November 26th for testing of all improvements made during the preventive maintenance work during the five-month period from July thru November.
- CAWD Staff is continuing to pinpoint noise source(s) from the Treatment Facility. An outside noise consultant performed sound testing along with the Plant Engineer to determine a solution on specific noises generated at the treatment plant. Also, this issue was presented to the TAC (Technical Advisory Committee) and RMC (Reclamation Management Committee) committees at their last meetings.

Reclamation:

- Staff continues to monitor the used Carter Lake MF membranes in MF Cell #2. Currently the TMP (Trans membrane pressures) and Resistance values have climbed to point of replacement. Plant Staff is planning to replace the Carter Lakes MF with the last set of Carter Lakes MF the first week of December. At that time, CAWD staff and Trussell Technology will determine if these MF membranes are still operational.
- CAWD Staff finished installing the remote monitoring communications systems provided by H2O Innovations to monitor the RO and MF systems.
- Staff has been monitoring the TMP (Trans Membrane Pressure) and Resistance values on Cell #3 which contain the Memcor S10N membranes that were installed on Jan 2016. CAWD Staff and Trussell Technologies made the decision to order a second replacement membrane set of Retrofit UF membranes from Scinor Water America to replace the Memcor S10N membranes. Delivery and installation were completed during the week of October 22nd. Cell #3 has been operating with proper TMPs and no adverse effects from the Scinor SMT600-S26 MF membranes.
- Project # 18-24, Staff finished rehabilitating the Coagulation/Flocculation Basins and Direct flow into the basins during the week of November 26th. The temporary discharge piping is complete and tested. The new pump arrived to feed the Dyansand filter effluent to the MF/RO System. This installation and starting flow to the Dynasand filters is in progress and scheduled to be operational before January 1, 2019.

Training:

- Plant in-house training continues with weekly Safety meetings.
- November 6th, staff completed on-site First Aid/CPR Training.
- Operations Superintendent on Fridays every week has Operations training (1 hour) which is mandatory for Operations Staff and is available to Laboratory, Maintenance, Collection and any other CAWD employees.

Capital Improvement Phase 2

- Staff continues to communicate daily with Patrick Treanor (CAWD) on Phase 2 assessments of plant equipment and planning for the following areas; Influent Pump Station, Headworks, Blower Building, Chlor/Dechlor Building, Effluent Building, Digester No. 1, Digester No. 1 Control Building and Dewatering Building. October 3rd Kennedy-Jenks Site Visit scheduled.
- Meeting with Kennedy-Jenks Design team on November 28th to review 30% Design Set.

Meetings Attended

- Monterey County Water Awareness Committee meeting October 11, 2018 at Monterey Water Management District offices and November 2, 2018 Monterey One Water.
- Monterey Bay Water Works Association Board meeting October 26, 2018 at Moss Landing.
- Technical Advisor Committee meeting at PBCSD on October 31, 2018
- Wastewater Reclamation Project Management Committee meeting on November 7, 2018
- Conference call with PBCSD, Trussell Technologies, and CAWD on October 5, 2018 concerning the MF and RO system performance.

- Conference call with Scinor, Trussell Technologies, PBCSD, and CAWD on November 5, 2018 for developing an installation plan for the new SMT600-S26 MF membranes to replace the Evoqua S10N membranes that have failed.

Discharge Permit Violations

- No Reclamation Permit 93-72 discharge violations for the months of October & November 2018.
- No Violations on the NPDES (National Pollutant Discharge Elimination System) NPDES Number CA0047996, Order No. R3-2014-0012 for the months of October & November 2018.

FUNDING

N/A-Informational item only

Respectfully Submitted,

Edward Waggoner

Ed Waggoner

STAFF REPORT



To: Board of Directors

From: Chris Foley, Maintenance Superintendent

Date: December 13, 2018

Subject: Monthly Maintenance Report – October/November 2018

RECOMMENDATION

Receive Report- Informational only; no action required.

DISCUSSION

Maintenance Projects in Progress

- The microturbine gas compressor failed. Repair parts are on order. The unit will be reconditioned by staff.
- Preventative maintenance was completed on the treatment plant standby generators. The standard operating procedure for responding to a PG&E power fail was updated and training was provided to staff.
- A replacement ultrasonic flow meter was installed. The original unit failed. A plan is also in place to install a permanent magnetic flow meter.
- Updated lighting controls were installed at targeted locations throughout the treatment plant to reduce light pollution at night.

Upcoming Maintenance Projects

- Staff has begun work on the new purchasing software system. The new software is part of the Mainsaver Computerized Maintenance Software. This will replace the obsolete custom purchasing system with an “off the shelf” system. The new system will be more efficient and reduce the amount of duplicate data entry by

integrating the work order and inventory system with purchasing.

- New turbidity meters are on order for the tertiary system. Annual maintenance was completed on the existing units and 2 of the units required replacement.
- The new historian server was ordered for the SCADA system. Work continues on migration of the existing SCADA system to the new Ignition SCADA. The new server will improve data reporting.

Staff Development

- Michael Skinkle, Greg Ange and Karla Cristi completed a free online Excel class.
- Greg Ange and Mark Dias completed a 4-day confined space rescue training.
- Training for the new operations inspection rounds was provided by Mainsaver.

FUNDING

N/A- Informational item only

STAFF REPORT



To: Board of Directors

From: Barbara Buikema, General Manager

Date: December 13, 2018

Subject: Ordinance No. 44 Amendment: Providing for the Installation of Collecting Sewer Lines by Individuals

RECOMMENDATION

It is recommended the Board of Directors adopt an ordinance authorizing the adoption of an amendment to Ordinance No. 44, Section 11 allowing for the extension of the refund period from 10 years to 20 years.

DISCUSSION

The District has been approached by several local neighborhoods over the last three years and several of them have questioned the limit specified in Ordinance No. 44 of 10 years for any refunds when other laterals from adjoining properties are connected.

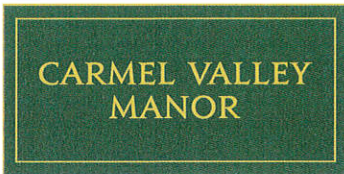
Carmel Valley Manor has formally requested an extension to twenty (20) years in a letter dated October 22, 2018. Staff is unable to find any legal or regulatory requirement limiting the refund term. We have also had legal counsel to review the matter.

The District originally specified a period of twenty years (20) in its Ordinance No. 16 passed in March 1947. That term was amended in Ordinance No. 44 to ten (10) years in March 1968.

Groups wishing to connect to the District are asking for the increase so that they may recoup some greater share of their investment. Staff is not opposed to increasing the term but recognizes it will increase the burden of monitoring.

FUNDING

Unknown at this time. This will require the District to monitor any refunds for an additional ten years.



October 22, 2018

Barbara Buikema
General Manager
Carmel Area Wastewater District
3945 Rio Road
Carmel, CA 93923

Dear Barbara,

This letter is a follow-up to our discussion regarding Carmel Valley Manor's (Manor) interest in connecting to Carmel Area Wastewater District sewer system. For the past 55 years, Carmel Valley Manor is a 501c-3 non-profit organization providing housing and healthcare services to the elderly. The Manor services are licensed by the California Departments of Public Health and Social Services.

In reviewing the information shared in our meeting, the Manor understands that once a sewer system is extended to the Manor, that a reimbursement agreement would provide for the pro rata reimbursement over a period of ten (10) years by any owner of property who did not contribute to the original cost of construction and subsequently connects to the sewer facilities within this period.

The Manor's Board of Directors requests an extension of the reimbursement period to twenty (20) years to cover the duration of any moratorium, phasing ordinance, or other governmental action that prevents making applications for, or the approval, of any new development in the benefit area.

Consideration of this request by the Board is appreciated.

Sincerely,

A handwritten signature in blue ink that reads "Jane S. Ipsen".

Jane S. Ipsen
President & CEO



ORDINANCE NO. 16

AN ORDINANCE PROVIDING FOR
THE INSTALLATION OF COLLECTING
SEWER LINES BY INDIVIDUALS

* * *

The Board of the Carmel Sanitary District does ordain as follows:

Section 1. That a collecting line is defined as a sewer line capable of having connected thereto more than one lateral sewer. The minimum inside diameter of a collecting line is established as six inches (6").

Section 2. An owner of real property within the Sanitary District, an agent of an owner, builder or contractor, or a licensed plumber desiring to install or to have a collecting line or lines installed, for the connection of a lateral or laterals to the Carmel Sanitary District sewage disposal system, shall submit an application in writing to the Secretary of the Board, requesting the installation of a collecting line or lines.

A description of the property to be served by such collecting line to the Carmel Sanitary District sewer system shall be included in the application or appended thereto.

Section 3. The application shall be submitted not less than ten days (not including Saturdays, Sundays and holidays), before the date of the regular monthly Sanitary Board meeting.

Section 4. After the application is considered by the Board of the Carmel Sanitary District, a plan by the district engineer and an estimate of the cost of the necessary work shall be furnished the applicant by the Board.

Whenever the cost of the necessary work is estimated by the district engineer to exceed one thousand dollars (\$1,000.) the work shall be submitted to competitive bids from independent

1 contractors.

2 Section 5. A deposit covering the estimated cost of the
3 work as determined by the district engineer shall be made with
4 the Board of the District before construction work shall be
5 commenced.

6 Section 6. All collecting lines installed shall become
7 the absolute property of the Carmel Sanitary District.

8 Section 7. The size, type, quality and location of the
9 collecting line or lines shall be determined and specified by the
10 Board.

11 Section 8. The work of installing shall be performed by
12 employees of the Board or by an independent contractor under the
13 direction of the Board.

14 Section 9. Within sixty days after the completion of the
15 work, the Board shall furnish the applicant with a detailed
16 statement of the cost of the installation.

17 The Board shall refund to the applicant the difference be-
18 tween the estimated cost and the actual cost, if the deposit for
19 the estimated cost exceeds the actual cost and the applicant
20 shall pay the difference if the actual cost exceeds the amount of
21 such deposit.

22 Section 10. Before the work is commenced the Board shall
23 determine the number of laterals potentially to be served by the
24 collecting line or lines. The result of such determination
25 shall be used whenever other laterals are connected to the
26 collecting line or lines.

27 Thereafter when an owner of other abutting property wishes
28 to connect a lateral to the collecting line which has been in-
29 stalled at the expense of the owner of the property first served,
30 such new applicant shall pay the Board a pro rata share of the
31 cost of the collecting line based on the number of laterals to
32 be connected thereto. The Board shall then refund this sum to
the owner of the property first served and credited with the

1 original construction cost.

2 Section 11. No refunds shall be made more than twenty
3 (20) years after the date the collecting line or lines have been
4 installed.

5 Section 12. In the event the application requires the
6 opening of any highway under the jurisdiction of the Division
7 of Highways, Department of Public Works, State of California,
8 the applicant shall, before the work is commenced, pay to the
9 Carmel Sanitary District a sum sufficient to pay for a bond if
10 such is required by the Division of Highways. This sum shall
11 be added to the estimated cost.

12 Section 13. Any person violating any of the provisions
13 of this ordinance, whether acting for himself or as the agent
14 or servant of another person, or of a firm, company or corpor-
15 ation or as an officer, agent, employee or representative of
16 any municipal corporation or of the State, shall be punishable
17 by a fine of not less than Twenty-five dollars (\$25.00), nor
18 more than One Hundred dollars (\$100.00), or by imprisonment
19 for a term of not more than thirty days (30) days, or by both
20 such fine and imprisonment.

21 Section 14. All ordinances and parts of ordinances inso-
22 far as they conflict with this ordinance are hereby repealed.

23 Section 15. This ordinance shall take effect and be in force
24 one (1) week after the date of publication.

25 Section 16. This ordinance shall be published once in The
26 Carmel Pine Cone-Cymbal, a newspaper of general circulation
27 published in this district in the edition of March 14th, 1947.

28 PASSED AND ADOPTED at a regular meeting of the Sanitary
29 Board of the Carmel Sanitary District, held therein on the 10th
30 day of March, 1947, at the office of said Sanitary Board by the
31 following vote:

32

1 AYES: Members: *Evan. Kellogg. Knight Neill*

2

3 NOES: Members: *None.*

4 ABSENT: Members: *Comstock*

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Hugh W. Comstock

Hugh W. Comstock
President of said Sanitary Board
pro tem.

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Countersigned:

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William H. Satchell

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William H. Satchell
Secretary thereof.

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I, the undersigned Secretary of the Sanitary Board of the Carmel Sanitary District, do hereby certify:

That the foregoing Ordinance is a true and correct copy of Ordinance No. 16 of said Carmel Sanitary Board, which was introduced at a regular meeting of said Sanitary Board, held on the 10th day of March, 1947, and passed and adopted by said Board.

Attest: *William H. Satchell*

William H. Satchell
Secretary of said Sanitary Board.

S E A L

Date of Publication March 14th, 1947.

1 of the work as determined by the District Engineer shall be made
2 with the Board of the District before construction work shall be
3 commenced.

4 Section 6. That all collecting lines installed shall become
5 the absolute property of the Carmel Sanitary District.

6 Section 7. That the size, type, quality and location of the
7 collecting line or lines shall be determined and specified by the
8 Board and shall be in accordance with a reasonable master plan.

9 Section 8. That the work of installing shall be performed
10 by an independent contractor under the direction of the Board.

11 Section 9. That within sixty days after the completion of
12 the work, the Board shall furnish the applicant with a detailed
13 statement of the cost of the installation.

14 That the Board shall refund to the applicant the difference
15 between the estimated cost and the actual cost, if the deposit for
16 the estimated cost exceeds the actual cost and the applicant shall
17 pay the difference if the actual cost exceeds the amount of such
18 deposit.

19 Section 10. That before the work is commenced the Board
20 shall determine the number of laterals potentially to be served by
21 the collecting line or lines. That the result of such determination
22 shall be used whenever other laterals are connected to the collecting
23 line or lines.

24 That thereafter when an owner of other abutting property wishes
25 to connect a lateral to the collecting line which has been installed
26 at the expense of the owner of the property first served, such new
27 applicant shall pay the Board a pro rata share of the cost of the
28 collecting line based on the number of laterals to be connected
29 thereto. That the Board shall then refund this sum to the owner
30 of the property first served and credited with the original con-
31 struction cost less collection costs of 15%.

32 Section 11. That no refunds shall be made more than ten (10)

1 years after the date the collecting line or lines have been installed.

2 Section 12. In the event the application requires the open-
3 ing of any highway under the jurisdiction of the Division of High-
4 ways, Department of Public Works, State of California, that the
5 applicant shall, before the work is commenced, pay to the Carmel
6 Sanitary District a sum sufficient to pay for a bond if such is
7 required by the Division of Highways. That this sum shall be added
8 to the estimated cost.

9 Section 13. That any person violating any of the provisions
10 of this ordinance, whether acting for himself or as the agent or
11 servant of another person, or of a firm, company or corporation or
12 as an officer, agent, employee or representative of any municipal
13 corporation or of the State, shall be punishable by a fine of not
14 less than Twenty-five dollars (\$25.00), nor more than One Hundred
15 dollars (\$100.00), or by imprisonment for a term of not more than
16 thirty (30) days, or by both such fine and imprisonment.

17 Section 14. That all ordinances and parts of ordinances inso-
18 far as they conflict with this ordinance are hereby repealed.

19 Section 15. That this ordinance shall take effect and be in
20 force one (1) week after the date of publication.

21 Section 16. That this ordinance shall be published once in
22 the Carmel Pine Cone, a newspaper of general circulation published
23 in this district in the edition of THURSDAY MARCH-14th 1968.

24 * * * * *

25 PASSED AND ADOPTED at a regular meeting of the Sanitary
26 Board of the Carmel Sanitary District, held therein on the 5th
27 day of MARCH, 1968, at the office of said Sanitary
28 Board by the following vote:

29 AYES: Members: ARNOT-FONSECA-LEWIS-PRWITT-SHEPARD

31 NOES: Members: NONE

32 ABSENT: Members: NONE

SHELburn ROBISON
AND
EBEN WHITTLESEY
ATTORNEYS AT LAW
BOX 1686
CARMEL, CALIFORNIA
PHONE 624-3857

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John Worth Lewis
President of said Sanitary Board.

Countersigned:

H. C. Hilbert
Secretary of the Board.

I, the undersigned Secretary of the Sanitary Board of the Carmel Sanitary District, do hereby certify:

That the foregoing Ordinance is a true and correct copy of Ordinance No. 44 of said Carmel Sanitary Board, which was introduced at a regular meeting of said Sanitary Board, held on the 5th day of MARCH, 1968, and passed and adopted by said Board.

Attest: H. C. Hilbert
H. C. HILBERT,
Secretary of said
Sanitary Board.

S E A L

Date of Publication:

ORDINANCE NO. 2018-02

AN ORDINANCE AMENDING ORDINANCE NUMBER 44 – SO AS TO REVISE THE PROVISION FOR THE INSTALLATION OF COLLECTING SEWER LINES BY INDIVIDUALS

-oOo-

THE BOARD OF DIRECTORS OF THE CARMEL AREA WASTEWATER DISTRICT DOES ORDAIN AS FOLLOWS:

1. Ordinance No. 44 Amended. Ordinance No. 44, entitled “An Ordinance Providing for the Installation of Collecting Sewer Lines by Individuals”, adopted on March 14, 1968, is hereby amended to delete Section 11 in its entirety and to replace said section with a new section to read as follows:

Section 11: That no refunds shall be made more than twenty (20) years after the date the collecting line or lines have been installed.

2. That this ordinance shall be published once in the Carmel Pine Cone, a newspaper of general circulations published in this District

3. That this ordinance shall take effect and be in force one (1) week after the date of publication in the Carmel Pine Cone, or January 1, 2019, whichever is later.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Carmel Area Wastewater District duly held on December 13, 2018, by the following vote:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

President of the Board

ATTEST:

Secretary of the Board

STAFF REPORT



To: Board of Directors

From: Chris Foley, Maintenance Superintendent

Date: December 13, 2018

Subject: 2018-19 Service Contract Amendment with Bryan Mailey Electric

RECOMMENDATION

It is recommended that the Board of Directors adopt a resolution authorizing the General Manager to enter extend the contract with Mailey Electric from \$100,000 to amount not to exceed \$285,000 for fiscal year 2018-19 for contract electrical work. The Board previously approved Resolution #2018-26 in June.

DISCUSSION

The District has had a very successful relationship with Bryan Mailey Electric for the first half of fiscal year 2018-19. Multiple critical projects have been completed. Some examples are:

- Blower building motor control rehabilitation.
- Plant wireless network implementation.
- Brine system automation.
- Aeration Basin Automation upgrades.

The work has provided significant savings by leveraging our internal engineering and project management to coordinate electrical work. Staff would like to continue this work and apply this approach to make more improvements in the reclamation and collections areas.

Some of the projects would include:

- Collection system electrical service rehabilitation.
- Tertiary system PLC (Programmable Logic Controller) upgrades.
- Treatment plant PLC control panel installation.

Qualified industrial electrical firms are still difficult to find due to the economic environment and overall lack of skilled industrial electricians in the Monterey area. Bryan's hourly rate is less than other firms and he has the required availability.

The District is also able to provide most of the material which result in significant cost savings by avoiding the contractor markup.

By utilizing a "not to exceed" time and material contract, staff is able to issue one contract while still managing the budget through the District work order and purchase order system.

FUNDING

The 2018-19 Treatment Plant O&M budget.

The 2018-19 Reclamation Capital Budget- EQ basin Electrical Project

The 2018-19 Reclamation O&M Budget

The 2018-19 Collections O&M Budget

RESOLUTION NO. 2018-48

A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A CONTRACT WITH BRYAN MAILEY ELECTRIC FOR ELECTRICAL SERVICES IN FISCAL YEAR 2018-2019 IN AN AMOUNT NOT TO EXCEED \$285,000

-oOo-

WHEREAS, the District requires the services of a qualified electrician on an ongoing basis for various projects at the treatment plant facility and the pump stations; and

WHEREAS, the District has vetted various local electrical firms and has determined that Bryan Mailey Electric has the necessary expertise and has been well satisfied with their work to date; and

WHEREAS, staff has determined the District would be better served by a "not to exceed" contract which contains defined insurance requirements, permitting and payment requirements; and

WHEREAS, the benefit of having an electrical firm on contract will increase efficiency and insure that we are able to schedule work involving electrical needs in advance.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Carmel Area Wastewater District, which is convinced by the staff report and presentation made on June 28, 2018 that this proposal has merit and hereby authorizes the General Manager to enter into a contract with Bryan Mailey Electric for fiscal year 2018-19 in an amount not to exceed \$285,000.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Carmel Area Wastewater District duly held on December 13, 2018, by the following vote:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

President of the Board

ATTEST:

Secretary of the Board

STAFF REPORT



To: Board of Directors

From: Barbara Buikema, General Manager

Date: December 13, 2018

Subject: Integrated Regional Water Management (IRWM) Memorandum of Understanding (MOU)

RECOMMENDATION

It is recommended the Board of Directors approve a resolution adopting the Amended MOU for the Integrated Regional Water Management in the Monterey Peninsula, Carmel Bay, and South Monterey Bay Region and authorizing staff to join and participate in the Regional Water Management Group (RWMG).

DISCUSSION

In 2014, voters passed Proposition 1, the Water Quality, Supply, and Infrastructure Improvement Act of 2014 the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Act (Public Resources Code, sections 79700 - 79798), which authorizes the Legislature to appropriate funding for competitive grants for IRWM projects. Funding is administered by the Department of Water Resources (DWR).

In 2016, the Central Coast RWMGs entered into a Memorandum of Agreement for Integrated Regional Water Management Planning and Funding in the Central Coast Funding Area to share Proposition 1 funding for the IRWM grant program among the six Parties in a fair and equitable manner, and to reduce the need for the Parties to compete against each other for grant funds, which creates unnecessary economic inefficiencies in implementing each Planning Region's IRWM Plan.

(Pending approval by a majority of current RWMG members) This amended MOU reflects the addition of California State University Monterey Bay, Carmel Area Wastewater District, Carmel River Watershed Conservancy, Carmel Valley Association,

City of Carmel-by-the-Sea, city of Del Rey Oaks, City of Sand City, City of Seaside, and Monterey County Resource Management Agency as members of the RWMG.

The plan envisioned by state legislators and state resource agencies that integrates the strategies, objectives, and priorities for projects to manage water resources proposed by public entities, non-profit entities, and stakeholders within a defined Planning Region. Approval of the MOU and authorization for staff to participate will allow CAWD to be a part of regional water management planning.

FUNDING

None, at this time.



Carmel Area Wastewater District

P.O. Box 221428 Carmel California 93922 ♦ (831) 624-1248 ♦ FAX (831) 624-0811

Barbara Buikema
General Manager
Ed Waggoner
Operations Superintendent
Robert R. Wellington
Legal Counsel

Board of Directors
Gregory D'Ambrosio
Michael K. Rachel
Robert Siegfried
Charlotte F. Townsend
Ken White

October 8, 2018

Sarah Hardgrave
Associate Director of Conservation
Big Sur Land Trust
509 Harnell Street
Monterey, CA 93940

Dear Ms. Hardgrave:

Carmel Area Wastewater District (CAWD) would like to petition the Regional Water Management Group (RWMG) to become a member.

We believe that we are a qualified stakeholder because of CAWD's authority and responsibility for wastewater treatment and collection in its service area for roughly 16,000 customers along with supplying reclaimed water to the Reclaimed Water Users in Del Monte Forest to offset irrigation demands on the region's water supplies.

Depending on timing, we would like to submit the revised MOU to our Board of Directors at their October 25, 2018 meeting, or if necessary, at our December 13, 2018 meeting.

Thank you,

B. Buikema
General Manager



Monterey Peninsula, Carmel Bay, and South Monterey Bay Integrated Regional Water Management (IRWM) Regional Water Management Group (RWMG)

November 7, 2018

Dear current and potential new members of the RWMG:

In anticipation of forthcoming IRWM grant funding, the Monterey Peninsula, Carmel Bay, and South Monterey Bay RWMG re-initiated regular meetings earlier this year after a hiatus of activity since the 2014 Integrated Regional Water Management Plan Update. With support from the Monterey Peninsula Regional Water Management District, I am currently working to facilitate meetings of the RWMG, coordinate the program, and prepare required plan updates.

In 2019, the Department of Water Resources (DWR) will begin making new Proposition I IRWM implementation funding available. In 2016, the six Central Coast IRWM funding regions entered into a Memorandum of Agreement to share \$43M in Proposition I funding in a fair and equitable manner based on a base amount, and a proportional amount by population and total acreage of the planning area. This agreement was reached in part because some regions have received a disproportionate amount of past IRWM funding. As a result, the Monterey Peninsula, Carmel Bay and South Monterey Bay IRWM funding area is slated to receive approximately \$4.2M in Prop I IRWM funding, including 10% for Disadvantaged Community (DAC) Involvement and 10% for DAC Projects.

As part of the plan update and project solicitation process, it was timely to open up an opportunity for new members to join the RWMG and sign onto the Memorandum of Understanding (MOU) that forms the group. Members of the RWMG are not required to make any financial contribution to the IRWM program. Participation as a member of the RWMG does entitle a member with the ability to vote on the prioritization process for projects that would be put forward for the available IRWM grant funding.

At the last RWMG/Stakeholders meeting on September 25, 2018, potential new members were asked to provide a letter request to the RWMG to join, pursuant to the MOU's Mutual Understanding, which currently states:

- 6.12 *Participation in Regional Water Management Group (RWMG). Any qualified stakeholder may petition to become a member of the RWMG. A qualified stakeholder must demonstrate the following: a) an interest, responsibility or authority over multiple resources within the region; or b) a unique interest, responsibility, authority, or asset not shared by any other entity within the RWMG. The RWMG shall consider such a request for a change to the RWMG and shall vote by majority to accept or reject the request.*

Nine organizations have since provided letters requesting to join the RWMG: California State University Monterey Bay, Carmel Area Wastewater District, Carmel River Watershed Conservancy, Carmel Valley Association, City of Carmel-by-the-Sea, City of Del Rey Oaks, City of Sand City, City of Seaside, and Monterey County Resource Management Agency.



In addition to adding new members, other revisions are proposed to the MOU based on discussions at the last two meetings and updated information about the IRWM program in the 2016 and 2018 DWR Program Guidelines.

At this time, current RWMG members are requested to initiate your respective process to accept or reject the requests for membership by the aforementioned entities, as well as to approve the attached 2018 revision to the MOU. Potential new members are asked to initiate their respective processes for approval of the MOU. A resolution of approval by your governing body is required as evidence of the action taken.

The project solicitation process will begin in the next month for submittal of proposals by the end of the year. Once projects have been submitted they will be ranked and prioritized by the RWMG. To be able to participate in the final voting on project priorities, the process to add new members and approve the updated MOU should be completed by each member organization no later than early February 2019.

Please let me know if you have any questions about this process, or comments or changes on the draft 2018 MOU.

Sincerely,

Sarah Hardgrave, Big Sur Land Trust
Program Coordinator on behalf of the Monterey Peninsula Water Management District

AMENDED
**Memorandum of Understanding for
Integrated Regional Water Management in the
Monterey Peninsula, Carmel Bay, and South Monterey Bay Region**

1. PURPOSE

The purpose of this Memorandum of Understanding (MOU) is to recognize a mutual understanding among entities in the southern Monterey Bay area regarding their joint efforts toward Integrated Regional Water Management (IRWM) planning. That understanding will continue to increase coordination, collaboration and communication for comprehensive management of water resources in the cities and unincorporated portions of the Monterey Peninsula, Carmel Bay, and South Monterey Bay Region (Region).

- A. **Background and Description of Amendments.** The initial MOU to form a Regional Water Management Group (RWMG) was fully executed on July 22, 2008 by the Big Sur Land Trust (BSLT), a 501 (c) 3 organization, the City of Monterey, the Monterey Regional Water Pollution Control Agency ([MRPWCA, now known as Monterey One Water or M1W](#)), the Monterey County Water Resources Agency (MCWRA), and the Monterey Peninsula Water Management District (MPWMD). The MOU formed a Regional Water Management Group (RWMG) for the purposes of developing and implementing projects consistent with the guidelines set by the State of California for IRWM.

Subsequently, the Marina Coast Water District (MCWD) requested approval to become part of the RWMG and signed an amended MOU in June 2011 that includes MCWD as a member of the RWMG. In 2012, the MOU was amended to include the Resource Conservation District of Monterey County (RCD) as a member of the RWMG. In 2018, a number of additional organizations requested approval to become part of the MOU, including [California State University Monterey Bay, Carmel Area Wastewater District, Carmel River Watershed Conservancy, Carmel Valley Association, City of Carmel-by-the-Sea, city of Del Rey Oaks, City of Sand City, City of Seaside, and Monterey County Resource Management Agency.](#)

In 2014, voters passed Proposition 1, the Water Quality, Supply, and Infrastructure Improvement Act of 2014 the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Act (Public Resources Code, sections 79700 - 79798), which authorizes the Legislature to appropriate funding for competitive grants for Integrated Regional Water Management (IRWM) projects. Funding is administered by the Department of Water Resources (DWR).

In 2015, representatives from the RWMGs representing the Central Coast region entered into discussions about a funding area ~~allocation agreement~~ for Proposition 1 funds allocated to the Central Coast funding area. ~~Negotiations have resulted in a draft agreement that is acceptable to all RWMGs.~~ ~~In 2016, the Central Coast RWMGs entered into a Memorandum of Agreement for Integrated Regional Water Management~~

Planning and Funding in the Central Coast Funding Area to share Proposition 1 funding for the IRWM grant program among the six Parties in a fair and equitable manner, and to reduce the need for the Parties to compete against each other for grant funds, which creates unnecessary economic inefficiencies in implementing each Planning Region's IRWM Plan.

(Pending approval by a majority of current RWMG members) This amended MOU reflects the addition of California State University Monterey Bay, Carmel Area Wastewater District, Carmel River Watershed Conservancy, Carmel Valley Association, City of Carmel-by-the-Sea, City of Del Rey Oaks, City of Sand City, City of Seaside, and Monterey County Resource Management Agency as members of the RWMG.

2. RECITALS

- A. The State of California desires to foster Integrated Regional Water Management (IRWM) planning and encourages local public, non-profit, and private (for profit) entities to define planning regions appropriate for managing water resources and to integrate strategies within these planning regions.
- B. Water resources management authority in the Region is currently distributed among various public agencies with a range of legal powers and regulatory responsibilities. These public agencies have definite jurisdictional boundaries, whereas sensible water resources planning and management frequently requires actions in multiple jurisdictions. Non-public entities within the Region have considerable interests in cooperating with public entities to protect, manage, and enhance water resources within the Region.
- C. (Pending approval by current RWMG members) Thirteen public entities and three non-profit entities in the Region with responsibility and interests in the management of water resources have agreed to form a Regional Water Management Group for the purposes of developing and implementing projects consistent with the guidelines set by the State of California for IRWM. These entities are:
- Big Sur Land Trust (BSLT), a 501 (c) 3 organization;
 - California State University Monterey Bay
 - Carmel Area Wastewater District;
 - Carmel River Watershed Conservancy, a 501 (c) 3 organization;
 - Carmel Valley Association;
 - City of Carmel-by-the-Sea;
 - City of Del Rey Oaks
 - City of Monterey;
 - City of Seaside;
 - City of Sand City;
 - Monterey One Water (MIW) Regional Water Pollution Control Agency (MRWPCA);
 - Monterey County Resource Management Agency;

- Monterey County Water Resources Agency (MCWRA);
- Marina Coast Water District (MCWD);
- Resource Conservation District of Monterey County; and
- Monterey Peninsula Water Management District (MPWMD).

D. The ~~Regional Water Management Group~~ has defined an appropriate planning Region that takes into consideration jurisdictional limits, powers and responsibilities, and watershed and groundwater basin boundaries. The ~~Regional Water Management Group~~ is taking the lead in overseeing and implementing a detailed IRWM Plan within the planning Region. The Region is generally described as encompassing approximately 347 square miles and consists of groundwater basins and coastal watershed areas contributing to the Carmel Bay and south Monterey Bay. The Region includes coastal watersheds from the southernmost portion of the San Jose Creek watershed north to the northern limit of the Seaside Groundwater Basin. The inland area is bounded by the Seaside Groundwater Basin to the north and by the Carmel River watershed to the south and east. The western limit of the planning Region generally coincides with the land and Pacific Ocean interface, but includes the Pt. Lobos, Carmel Bay, and Pacific Grove Areas of Special Biological Significance (ASBS) adjacent to the coastal portion of the Region.

The principal groundwater basins in the planning Region are the Seaside Groundwater Basin and the Carmel Valley Aquifer. The Region includes about 38 miles of the coast within the Monterey Bay National Marine Sanctuary, three ASBS, the Cities of Carmel-by-the Sea, Del Rey Oaks, Monterey, Pacific Grove, Sand City, Seaside, and unincorporated portions of Monterey County including the Carmel Valley watershed (255 square miles), Pebble Beach, the Carmel Highlands and portions of the Seaside Groundwater Basin adjacent to Highway 68 (also known as Canyon Del Rey). This description of the planning Region is not intended to be a limitation on projects and resource planning that may be shared between adjacent IRWM planning Regions (e.g., the Greater Monterey County IRWM planning Region to the north and east).

E. The entities signatory to this MOU desire to link and integrate efforts to jointly oversee the development and implementation of a comprehensive Integrated Regional Water Management Plan for the Region and to allocate ~~Proposition 84~~ IRWM funding within the planning Region.

3. GOALS

The goals of the collaborative effort undertaken pursuant to this MOU are:

- 3.1 To implement a comprehensive IRWMP for the Region that will consider the strategies that are required by the State under CWC 79562.5 and 79564 and subsequent modifications required under ~~Proposition 84~~ and Proposition 1. Eligible projects must yield multiple benefits and include one or more of the following elements (~~PRC § 75026.(a)~~):

~~Water supply reliability, water conservation and water use efficiency~~

~~Stormwater capture, storage, clean-up, treatment, and management~~

~~Removal of invasive non-native species, the creation and enhancement of wetlands, and the acquisition, protection, and restoration of open space and watershed lands~~

~~Non-point source pollution reduction, management and monitoring~~

~~Groundwater recharge and management projects~~

~~Contaminant and salt removal through reclamation, desalting, and other treatment technologies and conveyance of reclaimed water for distribution to users~~

~~Water banking, exchange, reclamation and improvement of water quality~~

~~Planning and implementation of multipurpose flood management programs~~

~~Watershed protection and management~~

~~Drinking water treatment and distribution~~

~~Ecosystem and fisheries restoration and protection~~

(Water Code §79743 (a - j)):

Ü Water reuse and recycling for non-potable reuse and direct and indirect potable reuse

Ü Water-use efficiency and water conservation

Ü Local and regional surface and underground water storage, including groundwater aquifer cleanup or recharge projects

Ü Regional water conveyance facilities that improve integration of separate water systems

Ü Watershed protection, restoration, and management projects, including projects that reduce the risk of wildfire or improve water supply reliability

Ü Stormwater resource management, including, but not limited to, the following:

§ Projects to reduce, manage, treat, or capture rainwater or stormwater

§ Projects that provide multiple benefits such as water quality, water supply, flood control, or open space

§ Decision support tools that evaluate the benefits and costs of multi-benefit stormwater projects

§ Projects to implement a stormwater resource plan developed in accordance with Part 2.3 (commencing with Section 10560) of Division 6 including Water Code § 10562 (b)(7)

Ü Conjunctive use of surface and groundwater storage facilities

Ü Water desalination projects

Ü Decision support tools to model regional water management strategies to account for climate change and other changes in regional demand and supply projections

Ü Improvement of water quality, including drinking water treatment and distribution, groundwater and aquifer remediation, matching water quality to water use, wastewater treatment, water pollution prevention, and management of urban and agricultural runoff

Ü Regional projects or programs as defined by the IRWM Planning Act (Water Code §10537)

- 3.2 To implement a comprehensive IRWMP for the Region that incorporates water supply, water quality, flood and erosion protection, and environmental protection and enhancement objectives.
- 3.3 To improve and maximize coordination of individual public, private, and non-profit agency plans, programs and projects for mutual benefit and optimal gain within the Region.
- 3.4 To help identify, develop, and implement collaborative plans, programs, and projects that may be beyond the scope or capability of individual entities, but which would be of mutual benefit if implemented in a cooperative manner.
- 3.5 To facilitate regional water management efforts that include multiple water supply, water quality, flood control, and environmental protection and enhancement objectives.
- 3.6 To foster coordination, collaboration and communication between stakeholders and other interested parties, to achieve greater efficiencies, enhance public services, and build public support for vital projects.
- 3.7 To realize regional water management objectives at the least cost possible through mutual cooperation, elimination of redundancy, and enhanced regional competitiveness for State and Federal grant funding.
- 3.8 To satisfy State requirements for incorporation of a Storm Water Resource plan developed for the Region in accordance with Part 2.3 (commencing with Section 10560) of Division 6 including Water Code § 10562 (b)(7)

4. DEFINITIONS

- 4.1 **Funding Area Agreement.** The agreement entered into between the six regions within the Central Coast funding area to allocate a portion of Proposition 1 IRWM funds to each planning region.
- 4.2 **Integrated Regional Water Management Plan (IRWMP or IRWM Plan).** The plan envisioned by state legislators and state resource agencies that integrates the strategies, objectives, and priorities for projects to manage water resources proposed by public entities, non-profit entities, and stakeholders within a defined Planning Region. The minimum plan standards are as shown in Appendix A of "Integrated Regional Water Management Grant Program Guidelines, November 2004, Department of Water Resources and State Water Resources Control Board,

Proposition 50, Chapter 8,” as revised. Minimum IRWM Plan standards may be revised from time to time by the State of California.

- 4.3 **Integration.** The combining of water management strategies and projects to be included in an IRWMP.
- 4.4.a **Lead Agency for IRWM Plan Development.** The Monterey Peninsula Water Management District is designated by the Regional Water Management Group to lead the development or implementation of an Integrated Regional Water Management Plan for the Region.
- 4.4.b **Lead Agency for IRWM Grant Applications.** The Regional Water Management Group may designate any entity in the Regional Water Management Group to be the Lead Agency in making application to the State for grant funds.
- 4.4.c **Lead Agency for Executing a Central Coast funding area agreement.** The entity the Regional Water Management Group designates to represent the Monterey Peninsula Region to execute a Funding Area Agreement.
- 4.5 **Non-profit Agency.** A 501 (c) (3) corporation, conservancy, group or other organization involved in water resources management in the Region.
- 4.6 **Private Agency.** A private or publicly held for-profit corporation or property owner involved in water resources management in the Region
- 4.7 **Project.** A specific project that addresses a service function.
- 4.8 **Public Agency.** A state-authorized water district, water agency, water management agency or other public entity, be it a special district, city or other governmental entity, responsible for providing one or more services in the areas of water supply, water quality, wastewater, recycled water, water conservation, stormwater/flood control, watershed planning and aquatic habitat protection and restoration.
- 4.9 **Region.** The area defined by the Regional Water Management Group (RWMG) consisting of watersheds, sub-watersheds and groundwater basins under the jurisdiction of one or more entities within the RWMG.
- 4.10 **Service Function.** A water-related individual service function provided by a private, public, or non-profit entity, i.e. water supply, water quality, wastewater, recycled water, water conservation, stormwater/flood protection, watershed planning, recreational facilities, and habitat protection and restoration.
- 4.11 **Signatory Entity.** A public, private, or non-profit entity within the Region that is signatory to this MOU.
- 4.12 **Stakeholder.** A non-signatory public, private, or non-profit agency identified in the IRWM Plan with an interest in water resources management within the Region.
- 4.13 **Stormwater Resource Plan.** The plan developed for the Region that identifies stormwater capture project opportunities.
- 4.14 **Technical Advisory Committee.** The committee organized to advise the Regional Water Management Group and Stakeholders concerning the IRWM Plan. Normally, the group will be comprised of individuals with technical backgrounds in the fields of marine and freshwater biology, ecology, geology, engineering, hydrogeology, planning, resource conservation, riparian systems, water conservation, and water quality. However, stakeholders with interests in a particular aspect of resource or project management, but not necessarily a technical background, may also be considered for inclusion in the TAC.

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- 4.1~~5~~⁴ **Regional Water Management Group.** The group of entities that takes the lead in overseeing the development and implementation of the Integrated Regional Water Management Plan within the Planning Region. ~~The RWMG consists of the Monterey Regional Water Pollution Control Agency, the Monterey County Water Resources Agency, the Monterey Peninsula Water Management District, the City of Monterey, the City of Seaside, the Marina Coast Water District, the Resource Conservation District of Monterey County, and the Big Sur Land Trust. (a list of members of the Regional Water Management Group is provided in Recital C)~~
- 4.1~~6~~⁵ **Water Management Strategies.** Plans for and activities to be considered in an IRWMP include, but are not limited to, ecosystem restoration, environmental and habitat protection and improvement, water-supply reliability, flood management, groundwater management, recreation and public access, storm water capture and management, water conservation, water quality improvement, water recycling, and wetlands enhancement and creation.

5. IRWMP PARTICIPANTS

- 5.1 **Adopting Entities.** The entities in the Region that participate in the development, adoption, and implementation of the Integrated Regional Water Management Plan for the Region. Each entity intending to carry out a project proposed in the IRWMP must formally adopt the IRWMP or provide written substantiation of acceptance by the governing authority of the entity. For a public agency, adoption of the IRWMP is by formal resolution of the governing body. For a non-profit or for-profit entity, proof of acceptance of the IRWMP by the equivalent of a public agency governing body is required (e.g., by a board of directors or other management entity).
- 5.2. **Stakeholders.** Entities, such as other public, private, and non-profit entities, business and environmental groups, that are considered valuable contributors to the understanding and management of the Region's water resources.
- 5.3. **Regulatory Agencies.** These agencies, including, but not limited to, the [State Water Resources Control Board](#), Central Coast Regional Water Quality Control Board, California Coastal Commission, U.S. Army Corps of Engineers, California Public Utilities Commission, National Marine Fisheries Service (NOAA Fisheries), U.S. Fish and Wildlife Service, and the California Department of Fish and ~~Wildlife Game~~, will be invited to participate in the development and implementation of the IRWMP.
- 5.4 **Regional Water Management Group.** The group of entities that takes the lead in developing and implementing an Integrated Regional Water Management Plan within the Planning Region.

6. MUTUAL UNDERSTANDING

- 6.1. **Subject matter scope of the IRWMP.** The IRWMP for the Region will include, but is not limited to, water supply, water quality, wastewater, recycled water, water conservation, stormwater/flood control, watershed planning, erosion prevention, and habitat protection and restoration. It is acknowledged that the proposals contained in the IRWMP may be based, in part, on the land-use plans of the member entities local governments such as Cities, Monterey County, and special districts located within the Region. Therefore, the resultant IRWMP will by design

have incorporated the land-use plans and assumptions intrinsic to the respective water-related service function.

- 6.2. **Geographical scope of the IRWMP.** The area for this Memorandum is generally defined as the watersheds and associated groundwater basins contributing to the south Monterey Bay and Carmel Bay as shown in Figure 3-1: Map of Monterey Peninsula Integrated Regional Water Management Planning Region in the IRWM Plan.

The Region includes coastal watersheds from the southernmost portion of the San Jose Creek watershed north to the northern limit of the Seaside Groundwater Basin. The inland area is bounded by the Seaside Groundwater Basin to the north and by the Carmel River watershed to the south and east. The western limit of the planning Region generally coincides with the land and Pacific Ocean interface, but includes the Pt. Lobos, Carmel Bay, and Pacific Grove Areas of Special Biological Significance (ASBS) adjacent to the coastal portion of the Region.

However, it is recognized that the geographic scope represented in the IRWM Plan may be amended to include projects that are implemented cooperatively between IRWM planning regions (e.g., with the Greater Monterey County IRWM planning region) and is not intended to be a rigid boundary.

- 6.3. **Approach to developing the IRWMP.** It will be the responsibility of each entity signatory to this Memorandum to provide the Lead Agency with information for the IRWMP concerning project proposals or to identify the need for a water management strategy for each service function provided by a signatory entity.

In order to be included in the IRWMP, all proposals for development of water management plans and water development project proposals related to the IRWMP must meet the standards identified in the IRWM Plan for the Region.

A technical advisory committee consisting of staff representatives from the Regional Water Management Group, other Stakeholders and such other organizations as may become contributing entities, will review proposed management plans and project proposals for consistency with the IRWMP and recommend a prioritized list of projects to be carried out within the Region. The Regional Water Management Group and Stakeholders will meet to review the recommendation made by the TAC.

- 6.4. **Approval of prioritized project list.** Approval of the prioritized project list should occur by consensus of the Regional Water Management Group and Stakeholders and should be based on the prioritization process described in the IRWMP and the recommendations of the Technical Advisory Committee. However, if a consensus cannot be reached among the Stakeholders and Regional Water Management Group, the Regional Water Management Group may make a final determination of the prioritized project list.
- 6.5. **Adoption of the IRWMP.** Plan adoption will occur by approval of the governing board of each entity. Each member of the RWMG shall adopt the IRWM Plan or an amended IRWM Plan, when the Plan becomes available. Project proponents named

in an IRWM grant application shall adopt the IRWM Plan or amended IRWM Plan prior to submittal of the grant application. It should be noted that the adopted Plan and project list may be amended from time to time as described below.

- 6.6 **Amendment of IRWMP or Prioritized Project list.** The IRWM Plan and prioritized project list may be amended from time to time. Any member of the Regional Water Management Group or Stakeholders may request that the Lead Agency convene a meeting of the Regional Water Management Group and Stakeholders for the purposes of amending the IRWM Plan or the prioritized project list. However, it is anticipated that the IRWMP or prioritized project list will be amended no more frequently than annually, unless more frequent amendments are required to meet State IRWM standards or grant application cycles. An amended IRWM Plan must be consistent with State IRWM standards as described in Definition 4.1 “Integrated Regional Water Management Plan” and any subsequent revisions by the State to IRWM guidelines.
- 6.7. **Project Implementation.** Project proponents will be responsible for completing proposed projects and providing project reports to the Lead Agency.
- 6.8 **Project Monitoring.** The Regional Water Management Group will be responsible for monitoring the implementation of the IRWMP. The technical advisory committee will regularly report to the General Managers and Governing Boards of the Regional Water Management Group regarding progress on the development and implementation of the IRWMP. The Lead Agency will be responsible for coordinating data collection and dissemination.
- 6.9 **Grant Applications.** The Regional Water Management Group will designate a Lead Agency to apply for grant funds. The Lead Agency for each grant application should have a mission and expertise that is consistent with the purpose of the grant being applied for.
- 6.10 **Central Coast funding area agreement.** The RWMG designates MPWMD to execute a funding area agreement on behalf of the Monterey Peninsula Planning Region.
- 6.11 **Grant Awards and Agreement.** The Lead Agency will be the grantee and administer the grant on behalf of the Regional Water Management Group and Stakeholders.
- 6.12 **Participation in Regional Water Management Group (RWMG).** Any qualified stakeholder may petition to become a member of the RWMG. A qualified stakeholder must demonstrate ~~the following: a) an interest, responsibility or authority over multiple one or more resources within the region; or b) a unique interest, responsibility, authority, or asset not shared by any other entity within the RWMG.~~ The RWMG shall consider such a request for a change to the RWMG and shall vote by majority to accept or reject the request.
- 6.13 **Length of Term in Regional Water Management Group.** Members of the RWMG may change from time to time, depending on the level of resources available to each entity. However, there is no required minimum or maximum length of time required as a member of the RWMG. If an entity withdraws from the RWMG, the remaining entities should attempt to replace the interest, responsibility or authority lost by the withdrawal.

- 6.14 **Rights of the Parties and Constituencies:** This MOU does not provide any added legal rights or regulatory powers to any of the signatory parties, or to the RWMG as a whole. This MOU does not of itself give any party the power to adjudicate water rights, or to regulate or otherwise control the private property of other parties. This MOU does not contemplate the parties taking any action that would adversely affect the rights of any of the parties, or that would adversely affect the customers or constituencies of any of the parties.
- 6.15 **Termination.** An entity signatory to this MOU may withdraw from participation upon 30 days advance notice to the other signatory entities, provided it agrees to be financially responsible for any previously committed, but unmet resource commitment.
- 6.16. **Personnel resources.** It is expected that the General Managers and/or other officials of each entity signatory to this MOU will periodically meet to insure that adequate staff resources are available to implement the IRWM Plan.
- 6.17. **Other on-going regional efforts-** Development of the IRWMP is separate from efforts of other organizations to develop water-related plans on a regional basis around Monterey Bay and the Central Coast. As the IRWMP is developed and implemented, work products may be shared to provide other entities and groups with current information.

7. RECORD OF AMENDMENTS

- 7.1 June 2010 – add Marina Coast Water District to RWMG. Revise Goals, Definitions and MOU terms to reflect Proposition 84 requirements.
- 7.2 March 2012 – add process to change RWMG, define when plan is to be adopted, revise to Proposition 84 standards
- 7.3 August 2012 – add Resource Conservation District of Monterey County to RWMG
- 7.4 DATE (by February 2019) – add California State University Monterey Bay, Carmel Area Wastewater District, Carmel River Watershed Conservancy, Carmel Valley Association, City of Carmel-by-the-Sea, City of Del Rey Oaks, City of Sand City, City of Seaside, and Monterey County Resource Management Agency to RWMG

8. SIGNATORIES TO THE MEMORANDUM OF UNDERSTANDING

We, the duly authorized undersigned representatives of our respective entities, acknowledge the above as our understanding of the intent and expected outcome in overseeing the development and implementation of an Integrated Regional Water Management Plan for the Monterey Peninsula, Carmel Bay, and South Monterey Bay Region.

<p>Big Sur Land Trust</p> <p>By: _____</p> <p>Date: _____, 20__</p>	<p>Monterey County Water Resources Agency</p> <p>By: _____</p> <p>Date: _____, 20__</p>
<p>Monterey Regional Water Pollution Control Agency</p> <p>By: _____</p> <p>Date: _____, 20__</p>	<p>City of Monterey</p> <p>By: _____</p> <p>Date: _____, 20__</p>
<p>Monterey Peninsula Water Management District</p> <p>By: _____</p> <p>Date: _____, 20__</p>	<p>Marina Coast Water District</p> <p>By: _____</p> <p>Date: _____, 20__</p>
<p>Resource Conservation District of Monterey County</p> <p>By: _____</p> <p>Date: _____, 20__</p>	<p><u>California State University Monterey Bay</u></p> <p>By: _____</p> <p>Date: _____, 20__</p>

<u>Carmel Area Wastewater District</u> By: _____ Date: _____, 20	<u>Carmel River Watershed Conservancy</u> By: _____ Date: _____, 20
<u>Carmel Valley Association</u> By: _____ Date: _____, 20	<u>City of Carmel-by-the-Sea</u> By: _____ Date: _____, 20
<u>City of Del Rey Oaks</u> By: _____ Date: _____, 20	<u>City of Sand City</u> By: _____ Date: _____, 20
<u>City of Seaside</u> By: _____ Date: _____, 20	<u>Monterey County Resource Management Agency</u> By: _____ Date: _____, 20

RESOLUTION NO. 2018-49

A RESOLUTION ADOPTING THE AMENDED MEMORANDUM OF UNDERSTANDING FOR THE INTEGRATED REGIONAL WATER MANAGEMENT (IRWM) IN THE MONTEREY PENINSULA, CARMEL BAY, AND SOUTH MONTEREY BAY REGIONS AND AUTHORIZING STAFF TO JOIN AND PARTICIPATE IN THE REGIONAL WATER MANAGEMENT GROUP

-oOo-

WHEREAS, the initial MOU to form a RWMG was executed in 2008 by Big Sur Land Trust, City of Monterey, Monterey Regional Water Pollution Control Agency, Monterey County Water Resources Agency and the Monterey Peninsula Water Management District with the intent to develop and implement projects consistent with the State guidelines for IRWM funds ; and

WHEREAS, in 2019 the Department of Water Resources will begin making new Proposition 1 IRWM implementation funding available. In 2016 the six Central Coast IRWM funding regions entered into a Memorandum of Agreement to share in Proposition 1 funding in a fair and equitable manner. As part of the plan update and project solicitation process it created an opportunity for new members to join the Regional Water Management Group; and

WHEREAS, the IRWM Plan was developed through a comprehensive stakeholder process and provides for ongoing data gathering, planning, design, implementation, and evaluation through a long-term dynamic process. And the adoption of the Amended IRWM ensures multi-agency participation and future water management planning efforts in the Region.

WHEREAS, the Carmel Area Wastewater Board of Directors desires to participate as a member of the Regional Water Management Group and agrees to adopt the Amended Memorandum of Understanding for the Integrated Regional Water Management in the Monterey Peninsula, Carmel Bay, and South Monterey Bay Regions

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Carmel Area Wastewater District that it does hereby approve and adopt the Amended MOU for the Integrated Regional Water Management in the Monterey Peninsula, Carmel Bay, and South Monterey Bay Region and authorizes staff to join and participate in the Regional Water Management Group.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Carmel Area Wastewater District duly held on December 13, 2018 by the following vote:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

President of the Board

ATTEST:

Secretary of the Board

STAFF REPORT

To: Board of Directors
From: Barbara Buikema, General Manager
Date: December 13, 2018
Subject: Reclamation Audit 06-30-18



RECOMMENDATION

It is recommended that the Board of Directors adopt a resolution approving the CAWD/PBCSD Reclamation Project Audit 06-30-18.

DISCUSSION

The CAWD/PBCSD Reclamation Project Audit 06-30-18 was approved at the Reclamation Management Committee (RMC) at its November 7, 2018 meeting. A copy of the Project Audit is attached.

Items approved by the RMC are brought to CAWD or PBCSD Board, as appropriate, for approval and any applicable resolution.

FUNDING

All Reclamation Project funding is covered by the Project or by the Pebble Beach Company and Independent Reclaimed Water Users Group, as project guarantors.

CAWD/PBCSD RECLAMATION PROJECT

*an Enterprise Fund of the
Monterey Peninsula Water Management District*

**Annual Financial Report
June 30, 2018**

CAWD/PBCSD RECLAMATION PROJECT

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MARCELLO & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Post Office Box 60127 / Sacramento, California 95860

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Members
CAWD/PBCSD Reclamation Project
Carmel, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the CAWD/PBCSD Reclamation Project, Carmel, California, an enterprise fund of the Monterey Peninsula Water Management District (the Project) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Project's basic financial statements as listed in the table of contents. The prior year comparative information has been derived from the Project's 2017 financial statements and, in our report dated September 15, 2017, we expressed an unqualified opinion on the financial statements of the business-type activities.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based upon our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors and Members
CAWD/PBCSD Reclamation Project
Carmel, California

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the CAWD/PBCSD Reclamation Project, as of June 30, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the CAWD/PBCSD Reclamation Project's financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Marcello & Company

Certified Public Accountants
Sacramento, California
September 13, 2018

MANAGEMENT'S DISCUSSION & ANALYSIS

*As Prepared by Management
(unaudited)*

CAWD/PBCSD RECLAMATION PROJECT
Management's Discussion and Analysis
June 30, 2018

The following discussion and analysis is supplementary information required by the Governmental Accounting Standards Board (GASB), and is intended to provide an easily readable explanation of the information provided in the attached basic financial statements for the fiscal year ended June 30, 2018. We encourage readers to read the information presented here in conjunction with our financial statements, which follow this narrative.

Financial Highlights

Key financial highlights for 2017-18 are as follows:

- Operating revenues increased 11.8% over the prior year.
- Total amount of water sold was 23.0% higher than the prior year. Last year total water sales included 839-acre feet (AF) of reclaimed water. That figure contrasts with 1,032 AF of reclaimed water for the current year. There was no potable water purchased this year although there are plans to purchase as much as 5 AF in the fall of 2018. The operating component of water sales increased 7.9%. The non-operating or capital component of the rates decreased 2.5%.
- Net Non-operating expenses increased 15.4% over the prior year due to an increase in interest expense on the Bonds.
- Long-term obligations include the bonds issued in 1992 that mature in 2022 with current year principal due of \$2.0M and interest due of \$129,308. The Project has been able to take advantage of lower interest rates over the last several years – rates have crept up slightly to 1.37% compared with 0.87% in 2017.
- Total operating expenses (exclusive of amortization) were 0.6% less than the prior year as follows:
 - Plant operating expenses were 3.04% lower than in fiscal year 2017 and 28.1% under budget. The most significant cause was that the Project did not need to invest in a set of membranes.
 - Distribution costs were 36.7% below budget and 19.9% higher than prior year 2017. Pebble Beach Community Services District (PBCSD) Administrative and engineering salaries were under budget 1.0% while staff salaries were under budget 6.7%, Utilities were 13.6% under budget, and O&M expenses 54.2% under budget (Poppy Hills storage tank painting has been rescheduled for 2018-19).
 - Carmel Area Wastewater District (CAWD) and Monterey Peninsula Water Management District (MPWMD) General and Administrative costs were 19.9% lower than in 2017 and 28.6% under budget.

Using this Financial Report

This annual report consists of three parts: management's discussion and analysis (*this section*), the basic financial statements, and notes to the financial statements. This discussion and analysis is intended to serve

CAWD/PBCSD RECLAMATION PROJECT
Management's Discussion and Analysis
June 30, 2018

as an introduction to the Project's basic financial statements. The Project's basic financial statements consist of three components:

- The *Statements of Net Position* present information on all of the Project's assets and liabilities, with the difference between the two reported as net position.
- The *Statements of Revenues, Expenses and Changes in Net Position* present information showing how the District's net position changed during the two most recent fiscal years.
- The *Statements of Cash Flows* present information showing how the Project's cash changed during the two most recent fiscal years. It shows the sources and uses of cash.

The financial statements also include *Notes* that explain some of the information in the financial statements and provide more detailed information. They are followed by a section of *Supplementary Information* that further explains and supports information in the financial statements.

Financial Analysis

The Amended and Restated Construction & Operation Agreement became effective July 1, 2013. Revenue derived from recycled water on and after that date, including all costs necessary to recover operating capital, reserve, financing, and other costs of the Project became the responsibility Pebble Beach Company, the Independent Reclaimed Water Users Group (IRWUG) and Robert Louis Stevenson School. IRWUG refers to the unincorporated association of the owners of Cypress Point Golf Club, Northern California Golf Association (NCGA), and the Monterey Peninsula County Club. The amended agreement permits IRWUG to take a full voting seat on the Project's Reclamation Management Committee.

As part of the negotiations, the Reclaimed Water Users Group agree to pay the amounts necessary to recover all operating, capital, reserves, financing, and other costs of the Project during each fiscal year. As in the past this includes all operation and maintenance expenses, the capital reserve fund, and bond carrying costs. New costs include all principal installments on the Certificates of Participation (COP), all interest payments on the COP, an amount equal to the Bond Carrying Cost Annual Amortization Amount, and the cost of an IRWUG/Pebble Beach Company project representative. Because CalAm potable water increases are projected well into the future and the value of water on the Monterey Peninsula in general as a scarce resource; the IRWUG users became full partners in the Project on the assumption that they would be better off if the price of water was "delinked" from California American rates. The operating and capital costs are calculated each year as part of the annual budget process and allocated by usage formula to each of the users.

Current assets increased 7.3% due to a decrease in cash of 15.4% and a more significant increase in accounts receivable of 41.8%. Golf course receivables were higher at year end 2017-18; \$1,470,587, compared to \$1,033,606 in 2016-17. The Project does not provide an allowance for doubtful accounts because all receivables are collected within sixty days of each fiscal year end.

Current liabilities decreased 7.1% from the prior year. Trade payables decreased significantly by 66.2% but the decrease is viewed as a timing issue. Affiliates payables, or payables between Reclamation partners, also decreased significantly, 24.9%. Bond debt service increased 5.0% as per the bond maturity schedule.

Operating expenses in 2017-18 decreased 0.6% compared to the prior year and were under budget across nearly all cost centers: plant operations, distribution system, and administration. Potable water costs were slightly over budget due to regulatory fee assessments. The Project was not required to purchase new

CAWD/PBCSD RECLAMATION PROJECT
Management's Discussion and Analysis
June 30, 2018

membranes this fiscal year. In addition, CAWD has made a significant effort through both process and capital improvements to ensure that the quality of secondary water sent to the Project is better, thereby reducing potential fouling of the membranes. This remains a work-in-progress, but the intent is to extend membrane life and capture as much water as possible.

CAWD completed its Phase 1 rehabilitation effort at the plant that included a move away from chlorine gas to sodium hypochlorite. Because facilities are shared this will impact Reclamation – the change over from gas to liquid hypochlorite was successful. The addition of a fourth stage to the RO Recovery increased water production from 75% to 85+%. There was an addition of \$654,000 to Water Resale Rights as the capital rehabilitation project at CAWD came to a close. The next step is a rehabilitation of the sand filter system and other planned improvements that we believe will bring recovery to over 92%.

The Reclamation Project has incurred a financial deficit from inception due primarily to the cost of debt service and carrying costs on the Certificates of Participation and construction cost for the Project's expansion. With the implementation of the amended Construction & Operation Agreement the intent was to budget for a break-even position. The budgeted cost of operations, capital, and debt service are all incorporated into the water sales rate structure.

Financial Analysis of the Project (Condensed comparative data)

A summary of Net Position is presented below:

	2018	%		%	
		Change	2017	Change	2016
Net Assets					
Current Assets	\$ 2,819,323	7.4%	\$ 2,625,419	45.0%	\$ 1,810,123
Restricted Cash	1,144	0.7%	1,136	0.0%	1,136
Water Rights (net of amortization)	38,789,024	-3.0%	40,005,115	-2.4%	40,996,379
Construction-in-Progress	1,714,573	17.3%	1,461,633	46.5%	997,901
Other assets	-	n/a	-	-100.0%	1,118,503
	<u>43,324,064</u>	-1.7%	<u>44,093,303</u>	-1.8%	<u>44,924,042</u>
Liabilities					
Current Liabilities	3,630,872	-7.1%	3,909,844	2.1%	3,828,699
Long-term debt	12,008,000	-18.1%	14,660,000	-14.8%	17,212,000
	<u>15,638,872</u>	-15.8%	<u>18,569,844</u>	-11.7%	<u>21,040,699</u>
Net Position	<u>\$ 27,685,192</u>	8.5%	<u>\$ 25,523,459</u>	6.9%	<u>\$ 23,883,343</u>

Capital Assets

The MF/RO facility constructed at the Carmel Area Wastewater District's plant site was completed in June 2009. Preliminary engineering study on this project was started in 2000. Over the ensuing nine years there were multiple engineering and regulatory hurdles, but the facility was finally put into service in 2008 and construction was completed the following year.

CAWD/PBCSD RECLAMATION PROJECT
Management's Discussion and Analysis
June 30, 2018

Significant asset additions in 2017-18 were:

• SCADA PLC Improvements	\$185,483
• Forest Lake Intake Manifold Bypass	\$ 81,343
• Flow Equalization Basin Mixing Project	\$ 69,054
• Thermo Scientific Gallery Discrete Analyzer	\$ 21,609

The Project does not own the capital equipment it uses; it is owned by the public agencies that manage and operate the Project. For this reason, the value earned for the capital expenditures incurred is reflected on the Project books as water resale rights, an intangible capital asset.

The value owned by each entity involved in the Project at year end was as follows:

	2018	2017	2016
Carmel Area Wastewater District	\$37,456,774	\$37,136,487	\$36,733,132
Pebble Beach Community Services District	24,909,369	24,828,026	24,614,966
MPWMD	29,056	29,056	29,056
Open Space Users	1,459,777	1,459,777	1,459,777
Cal-Am	853,727	853,727	853,727
	<u>\$64,708,703</u>	<u>\$64,307,073</u>	<u>\$63,690,658</u>

Long-Term Debt

The Variable Rate Demand Certificates of Participation - Wastewater Reclamation Project Series 1992 Bonds were issued in 1992 for \$33,900,000 to finance the construction of the Project. As agreed to in the Amended and Restated Agreement for Sale of Recycled Water, effective July 1, 2013 all principal installments on the Certificates of Participation (COP), interest payments, and bond carrying costs became a part of the annual charge to be recovered from all recycled water buyers during the fiscal year. The Pebble Beach Company remains the fiscal guarantor to the COP debt. The interest rate continues to creep upwards but remains relatively low and has been a boon to the Project, with interest paid during 2017-18 totaling \$129,308.

CAWD/PBCSD RECLAMATION PROJECT
Management's Discussion and Analysis
June 30, 2018

A summary of Changes in Net Position is presented as follows:

	2018	%		%	
		Change	2017	Change	2016
Changes in Net Position					
Operating Revenues	\$ 6,328,302	11.8%	\$ 5,661,358	2.7%	\$ 5,513,758
Operating Expenses	(2,041,565)	-0.6%	(2,053,626)	-16.5%	(2,458,963)
Amortization	(1,617,720)	0.6%	(1,607,679)	1.0%	(1,592,269)
Operating income/(loss)	2,669,017	33.4%	2,000,053	36.8%	1,462,526
Investment income (loss)	(5,236)	-257.4%	3,326	-94.1%	56,685
Non-operating expenses	(418,982)	15.4%	(363,197)	22.8%	(295,848)
Non-operating contrib/withdrawal	1,698	-2672.7%	(66)	-108.7%	762
Other	(84,764)	n/a	-	n/a	-
subtotal	(507,284)	40.9%	(359,937)	51.0%	(238,401)
Change in net position	2,161,733	31.8%	1,640,116	34.0%	1,224,125
Net Position, beginning	25,523,459	6.9%	23,883,343	5.4%	22,659,218
Net Position, ending	\$ 27,685,192	8.5%	\$ 25,523,459	6.9%	\$ 23,883,343

Budget Highlights/Variances

An annual budget is adopted by the Reclamation Management Committee (RMC) for management purposes. Budget information is reported to the RMC and adjustments to the budget may only be made by resolution of the committee.

During fiscal year ended June 30, 2018 the following budget variances were noted:

- Water sales were over budget 1.5%. Budgeted reclaimed water sales were 1,000 AF while actual sales were 1,032 AF, or 3.2% over budget.
- Net investment earnings were a loss and under budget by 115.9% due to low interest rates.
- Plant operating costs were 28.1% under budget primarily due to lower than anticipated electrical expenses (-5.0%), lower chemical costs (-39.7%), and lower operating supplies (-59.8%). Note, a provision was made for a new set of microfiltration membranes in the budget (\$165K) but it was not necessary to purchase them this year; thereby contributing to the budget variance in operating supplies.
- PBCSD Distribution costs were 36.7% under budget and as with the Treatment Plant, utility costs were lower than anticipated (-13.6%) and under budget (-54.2%) in the O&M category primarily due to moving the recognition of \$66,687 source water (MPCC wells and 4th Fairway Diversion Facility) treatment costs into the next fiscal year, 2018-19.

CAWD/PBCSD RECLAMATION PROJECT

Management's Discussion and Analysis

June 30, 2018

- General & Administrative expenses were 28.6% under budget. This category includes CAWD, Pebble Beach Company representative, and the Monterey Peninsula Water Management District.
- Bond and L/C carrying costs were 110.4% under budget due to lower than anticipated interest rates.

Other Significant Matters

Securing an adequate water supply continues to be the single biggest challenge facing the future. Water conservation and continuing lack of rainfall remain hurdles to the Reclamation Project's ability to produce the amount of water desired. The Project is attempting to explore opportunities for new water supplies including drilling wells in Del Monte Forest and examining further potential for taking storm water into the CAWD treatment plant. At the treatment plant plans are underway to increase the recovery rate to as much as 92+% as it becomes more cost effective to squeeze every last drop of water out of plant effluent. Last year the Project contracted with H2O Innovations to design a plan to increase the recovery of the existing Reverse Osmosis (RO) system. The recommendations helped increase operating RO recovery from 75% to 87.5%. In the coming year we will be analyzing the feasibility of increasing recovery even further. There are also efforts underway to examine placing a well at the plant itself. Currently there is not an active well at the plant. Because the plant is located next to the Carmel Lagoon and the water table is relatively high the question being asked is whether there is a way to pump water from the Lagoon for the Reclamation Project. From an engineering perspective it is possible; however, there are significant regulatory and environmental hurdles. Water shortages and alternative sources will undoubtedly continue as the biggest challenge facing the Reclamation Project in the future.

Requests for Information

This financial report is designed to provide an overview of the Project's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to James Grover, Principal Accountant, at Carmel Area Wastewater District, P.O. Box 221428, Carmel, CA 93922, telephone (831) 624-1248, or email grover@cawd.org.

FINANCIAL STATEMENTS

CAWD/PBCSD RECLAMATION PROJECT
Statements of Net Position
June 30, 2018 and 2017

ASSETS	2018	<i>for comparative purposes only</i> 2017
Current Assets	<u>2018</u>	<u>2017</u>
Cash and investments (note 3)	\$ 1,337,570	\$ 1,581,078
Accounts receivable - water sales (note 4)	1,470,587	1,033,606
Accounts receivable - other	<u>11,166</u>	<u>10,735</u>
Total current assets	<u>2,819,323</u>	<u>2,625,419</u>
Capital Assets		
Water resale rights, net of amortization (note 5)	38,789,024	40,005,115
Construction-in-progress	<u>1,714,573</u>	<u>1,461,633</u>
Total capital assets	<u>40,503,597</u>	<u>41,466,748</u>
Cash Restricted for		
Debt service	<u>1,144</u>	<u>1,136</u>
Total assets	<u>\$ 43,324,064</u>	<u>\$ 44,093,303</u>
 LIABILITIES		
Current Liabilities		
Accounts payable - trade (note 6)	\$ 32,505	\$ 96,133
Accounts payable - affiliates (note 6)	946,367	1,261,711
Bond payable - current portion (note 7)	2,100,000	2,000,000
Due Pebble Beach Company - current portion (note 7)	<u>552,000</u>	<u>552,000</u>
Total current liabilities	<u>3,630,872</u>	<u>3,909,844</u>
Noncurrent Liabilities		
Bond payable (note 7)	9,800,000	11,900,000
Due Pebble Beach Company (note 7)	<u>2,208,000</u>	<u>2,760,000</u>
Total noncurrent liabilities	<u>12,008,000</u>	<u>14,660,000</u>
Total liabilities	<u>15,638,872</u>	<u>18,569,844</u>
 NET POSITION		
Net investment in capital assets	28,603,598	27,566,748
Restricted for debt service	1,144	1,136
Unrestricted	<u>(919,550)</u>	<u>(2,044,425)</u>
Total net position (page 27)	<u>27,685,192</u>	<u>25,523,459</u>
Total liabilities and net position	<u>\$ 43,324,064</u>	<u>\$ 44,093,303</u>

The accompanying notes are an integral part of these financial statements

CAWD/PBCSD RECLAMATION PROJECT
Statements of Revenue, Expenses, and Change in Net Position
Years Ended June 30, 2018 and 2017

	2018	<i>for comparative purposes only</i> 2017
Operating Revenue		
Water sales	\$ 3,075,040	\$ 2,321,784
Fixed cost charge	3,253,262	3,339,574
Total	6,328,302	5,661,358
 Operating Expenses		
Plant costs	1,517,859	1,565,507
Distribution costs	341,498	323,703
General and administrative	175,614	160,820
Potable water purchases	6,594	3,596
Amortization (note 5)	1,617,720	1,607,679
Total operating expenses	3,659,285	3,661,305
Operating income (loss)	2,669,017	2,000,053
 Nonoperating Revenue (Expenses)		
Bond and LC carrying costs	(149,290)	(168,961)
Interest expense - PBCo	(56,567)	(46,855)
Interest expense - Bonds	(129,309)	(94,973)
Investment earnings (loss)	(5,236)	3,326
MPWMD user fee	(83,816)	(52,408)
Abandoned well costs	(84,764)	-
Other revenue (expenses)	1,698	(66)
Total nonoperating revenue (expenses)	(507,284)	(359,937)
 Change in Net Position	2,161,733	1,640,116
Net Position - beginning	25,523,459	23,883,343
Net Position - end of year	\$ 27,685,192	\$ 25,523,459

The accompanying notes are an integral part of these financial statements

CAWD/PBCSD RECLAMATION PROJECT

Statements of Cash Flows

Years Ended June 30, 2018 and 2017

Cash Flows Provided By (Used For):		<i>for comparative purposes only</i>
	<u>2018</u>	<u>2017</u>
Operating Activities		
Cash received from customers	\$ 5,890,890	\$ 5,866,896
Cash payments for operating expenses	<u>(2,420,538)</u>	<u>(2,072,481)</u>
Net cash provided (used)	<u>3,470,352</u>	<u>3,794,415</u>
Noncapital Financing Activities		
Other cash receipts (expenses)	<u>1,699</u>	<u>(66)</u>
Net cash provided (used)	<u>1,699</u>	<u>(66)</u>
Capital and Related Financing Activities		
Principal paid on bond debt	(2,000,000)	(1,900,000)
Principal paid on PBCo debt	(552,000)	(552,000)
Interest expense	(185,876)	(141,828)
Bond carrying costs	(149,290)	(168,961)
Additions to Water Resale Rights	(654,569)	(1,080,147)
Abandoned well costs	(84,764)	-
MPWMD user fee	<u>(83,816)</u>	<u>(52,408)</u>
Net cash provided (used)	<u>(3,710,315)</u>	<u>(3,895,344)</u>
Investing Activities		
Investment earnings (losses)	<u>(5,236)</u>	<u>3,326</u>
Net cash provided (used)	<u>(5,236)</u>	<u>3,326</u>
Increase (decrease) in cash	(243,500)	(97,669)
Cash and investments - beginning	<u>1,582,214</u>	<u>1,679,883</u>
Cash and investments - end of year	<u>\$ 1,338,714</u>	<u>\$ 1,582,214</u>
Cash on the Statement of Net Assets consists of:		
Cash and investments	\$ 1,337,570	\$ 1,581,078
Restricted cash	<u>1,144</u>	<u>1,136</u>
Total	<u>\$ 1,338,714</u>	<u>\$ 1,582,214</u>
Operating Activities Analysis		
Operating Income (Loss)	\$ 2,669,017	\$ 2,000,053
Reconciliation Adjustments:		
Add amortization, a noncash expense	1,617,720	1,607,679
(Increase) decrease in receivables	(437,412)	205,538
Increase (decrease) in payables	<u>(378,973)</u>	<u>(18,855)</u>
Net cash provided (used)	<u>\$ 3,470,352</u>	<u>\$ 3,794,415</u>

The accompanying notes are an integral part of these financial statements

CAWD/PBCSD RECLAMATION PROJECT
Notes to Financial Statements
June 30, 2018

The notes to the financial statements include a summary of significant accounting policies and other notes considered essential to fully disclose and fairly present the transactions and financial position of the Project as follows:

- Note 1 - Defining the Reporting Entity
- Note 2 - Summary of Significant Accounting Policies
- Note 3 - Cash and Investments
- Note 4 - Receivables
- Note 5 - Capital Assets
- Note 6 - Payables
- Note 7 - Long-term Obligations
- Note 8 - Risk Management
- Note 9 - Subsequent Events
- Note 10 - New Pronouncements

CAWD/PBCSD RECLAMATION PROJECT
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Note 1 - Defining the Reporting Entity

Reporting Entity

The CAWD/PBCSD Reclamation Project (the Project) is a cooperative effort involving the Carmel Area Wastewater District (CAWD), the Pebble Beach Community Services District (PBCSD), the Monterey Peninsula Water Management District (MPWMD), and the Pebble Beach Company (PBCo). This cooperative effort did not create a new or separate legal entity. The Project is a proprietary (enterprise) fund of the Monterey Peninsula Water Management District, the issuer of the Certificates of Participation which financed the Project's first construction project.

The Project provides treated wastewater to irrigate golf courses and open space areas in the Pebble Beach community, which freed up potable water previously used for irrigation. The original Project involved the construction of a new tertiary treatment plant and laboratory facilities located on the site of the existing CAWD secondary wastewater treatment plant, the construction of a new reclaimed distribution system, including a 2.5 million gallon storage tank, and irrigation system improvements. Construction of the original Project began in January 1993 and was completed in October 1994. The tertiary treatment plant produces water which meets Title 22 standards specified by the California Department of Health Services, which is a quality acceptable for human contact.

The Project's assets are owned principally by CAWD and PBCSD, and consist primarily of the following:

- Assets owned by CAWD: (1) a tertiary treatment plant, (2) secondary process improvements, (3) laboratory facilities, (4) a reclaimed water pump station, (5) related computer equipment, and (6) a small portion of the reclaimed water pipeline.
- Assets owned by PBCSD: (1) approximately seven miles of reclaimed water distribution system pipeline, (2) the Forest Lake Reservoir, (3) a 2.5 million gallon storage tank, and (4) a potable water pump station.

The original Project was financed by Certificates of Participation (COP), which were executed and delivered at the direction of MPWMD in December 1992 in the amount of \$33,900,000. MPWMD provided the funds necessary to construct and operate the Project and then obtained ownership of the reclaimed water for the purpose of resale. PBCo guaranteed payment of construction costs of the Project as well as any operating deficiencies. The debt obligations incurred by MPWMD to finance the project constitute limited obligations of MPWMD, payable solely from the net operating revenue generated by the sale of reclaimed water produced by the Project and, if such reclaimed water revenue is insufficient, from payments on a Bond Letter of Credit provided by Wells Fargo Bank (the credit bank) through a reimbursement agreement between PBCo and the credit bank. PBCo pays the letter of credit fees, as well as principal and interest payments on debt obligations as needed, as a subsidy to the Project, with reimbursement as cash flow permits.

The activities of the Project are overseen by a six member management committee containing two representatives from the CAWD board, two from the PBCSD board, one from the PBCo, and one from the Independent Reclaimed Water Users Group (IRWUG). Since the Project does not own the wastewater reclamation capital assets, the value earned for the capital expenditures incurred is reflected on the books of the Project as water resale rights, an intangible amortizable capital asset.

Subsequent to the completion of the original facilities, the Project has been expanded to increase the quantity and quality of reclaimed water. The expanded project utilizes Forest Lake Reservoir located in Pebble Beach which provides 115 million gallons of storage capacity. The Reservoir is filled with reclaimed water during winter months when there is excess production at the treatment plant. The stored water is used during summer months when the daily irrigation demand exceeds treatment plant production capacity. PBCSD purchased the Reservoir from the California-American Water Company in 1998 and rehabilitated it to meet State Water Resources Division of Safety of Dams requirements. The rehabilitated construction of the Reservoir was completed in March 2006. The construction costs of approximately \$13 million were financed

CAWD/PBCSD RECLAMATION PROJECT
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by the sale of Pebble Beach Company water entitlements.

The Microfiltration/Reverse Osmosis (MF/RO) phase of the project (phase II), located at the CAWD treatment plant site, began design in 2006 and construction was completed in 2009. The intent of the MF/RO phase is to reduce the sodium content of the tertiary reclaimed water from 150 mg/l to less than 55 mg/l, to reduce the stress on the golf greens and eliminate the need for flushing the courses with potable water. The design capacity for the MF/RO is 1.5 million gallons with an expected blend of 80% RO water and 20% MF water. The cost of the MF/RO construction project was approximately \$20 million. The cost of the phase II project was financed through the sale of water entitlements owned by PBCo to residential property owners within the Pebble Beach community, currently at \$250,000 per acre foot, which is subject to change. At year end approximately \$29 million had been raised through these entitlement sales and investment earnings. The funds from the sales were deposited in a restricted escrow account where they were invested in short-term federal government securities before being spent for the Expanded Project. All project costs in excess of those raised through the sale of water entitlements are now paid by all participants in the Project.

The following is a brief description of each of the participants involved in the Project:

Carmel Area Wastewater District - CAWD (formerly the Carmel Sanitary District), was formed in 1908 to service the community of Carmel-by-the-Sea, is one of the oldest sanitary districts in the State. In 1934, CAWD was reorganized under the Health and Safety Code Sanitary District Act of 1923. In 1939 work began on the construction of a primary treatment plant. The primary treatment plant was built at the site of the current Wastewater Treatment Facility and had a design capacity of 0.8 million gallons per day (MGD). The primary treatment plant was the first sewage treatment plant on the Monterey Peninsula. Current permit capacity is 3.0 MGD. CAWD also provides treatment and disposal services to PBCSD, which owns one-third of the "capacity" of CAWD's treatment facility. CAWD is an independent government entity operating under authority of the Health and Safety Code of the State of California, and is governed by its own five member Board of Directors who are elected for terms of four years each.

Pebble Beach Community Services District - PBCSD provides wastewater collection and treatment; fire protection and emergency medical; supplemental law enforcement; garbage and recycling collection; and reclaimed water distribution services; and undergrounding of overhead utilities within the Pebble Beach Community. It was organized on July 1, 1982 under the Community Service District Act (Section 61000 et seq. Government Code). PBCSD is governed by a five member Board of Directors who are elected at large for a four year term and who must be residents of the District. PBCSD owns and operates its wastewater collection system and contracts with CAWD for wastewater treatment and disposal. The District provides fire protection and emergency medical services through a contract with California Department of Forestry and Fire Protection (Cal Fire), supplemental law enforcement services through a contract with California Highway Patrol, and garbage and recycling collection services through a contract with GreenWaste Recovery Inc.

Monterey Peninsula Water Management District - MPWMD is a special district created by the Monterey Peninsula Water Management District Act, Statutes of 1977, Chapter 527, to provide regional water supply planning within a 170 square mile area consisting primarily of the Monterey Peninsula and Carmel Valley, California. Within MPWMD's boundaries are the incorporated cities of Carmel-by-the-Sea, Del Rey Oaks, Monterey, Pacific Grove, Sand City and Seaside, in addition to portions of unincorporated Monterey County. The District is empowered to manage and regulate the use, reuse, reclamation, conservation, storage, distribution, treatment, and disposal of water and wastewater within its jurisdiction. MPWMD is governed by a seven member Board of Directors, five elected at large and two appointed. The District's revenue is derived from property taxes, user fees, and connection charges.

The District's stated goals and objectives are to: (1) augment the water supply, (2) prevent degradation of resources, (3) optimize the production capability of present resources, (4) manage water demand, (5) promote water reclamation, and (6) promote water conservation and education regarding water issues. All

CAWD/PBCSD RECLAMATION PROJECT
Notes to Financial Statements
June 30, 2018

tertiary treated water produced by the Project is owned by MPWMD.

Pebble Beach Company - Lone Cypress Company LLC, a Delaware limited liability company (the Company or Lone Cypress) and its two wholly owned subsidiaries, Cypress I LLC and Cypress II LLC (Cypress I and Cypress II are the general partners), were formed in June 1999 for the purpose of acquiring the partnership interest in the Pebble Beach Company (PBCo) on July 30, 1999, the date of acquisition. Substantially all the operations are conducted through PBCo, a California general partnership. PBCo generates the majority of its revenue through the ownership and operation of resort hotels, four golf courses, a full service spa, restaurants, retail outlets, a beach and tennis club, an athletic club, certain properties leased to others, and the scenic route known as 17-Mile Drive. In addition, PBCo owns land held for development of residential and commercial real estate.

Independent Reclaimed Water Users Group - IRWUG represents and includes Cypress Point Golf Course, Poppy Hills Golf Course, and the Monterey Peninsula Country Club.

Note 2 - Summary of Significant Accounting Policies

Accounting Policies - The accounting policies of the Project conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA) as applicable to governments. The Project is organized as a fund and its financial statements are prepared under the principles of fund accounting. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts which carry an activity's assets, liabilities, equity, revenue and expenses. The Project is an enterprise (proprietary) fund of MPWMD.

Other significant accounting policies are:

Basis of accounting - As a proprietary fund, the Project utilizes the accrual basis of accounting. Under this method, revenue is recognized in the accounting period in which it is earned, and expenses are recognized in the accounting period in which the liability is incurred. Operating revenue comes from sales of reclaimed water. When both restricted and unrestricted resources are available for use, the Project uses restricted resources first, then unrestricted resources. The Project distinguishes operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from producing and delivering reclaimed water. Operating expenses include the cost of sales, general and administrative expenses, and amortization of capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

Cash and Cash Equivalents - The Project considers all highly liquid assets purchased with an original term to maturity of ninety days or less to be cash equivalents. Cash and cash equivalents are reported as "cash and investments" on the financial statement.

Restricted Assets - Certain cash accounts of the Project are classified as restricted because their uses are limited by commitments made by the Project to the purchasers of its Certificates of Participation (bonds). Construction project cash is the escrowed account for receipt of water entitlement sales by PBCo, who is entitled to reimbursements for its cash advances for phase II construction costs.

Accounts Receivable - Accounts receivable are accounted for using the allowance method. The allowance for doubtful accounts was \$-0- at year end.

CAWD/PBCSD RECLAMATION PROJECT
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Capitalization of Construction Period Interest - Construction period interest paid on the Certificates of Participation have been capitalized into the value of the Water Resale Rights, net of interest earned on the Certificates proceeds.

Amortization - The water resale rights are amortized using the straight line method over the expected useful life of the reclamation plant, which is forty years, in accordance with Statement of Financial Accounting Standards Number 142, which specifies that an intangible asset shall be amortized over its useful life, unless that life is determined to be indefinite.

Net Position - In the Statement of Net Position, the Project's net position is classified in the following categories:

Net Investment in Capital Assets - this category groups all capital assets reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted - this category presents external restrictions imposed by creditors, grantors, contributors, or government laws or regulations.

Unrestricted - this category represents net position that is not restricted for any project or purpose.

Income Taxes - The Project is an enterprise fund of the Monterey Peninsula Water Management District, a special district, and is exempt from federal and state income taxes.

Use of Estimates - Preparing the Project's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Operating and Nonoperating Revenue - Operating revenue consist of revenue that results from the sale of treated wastewater. When an expense is incurred for purposes for which there are both restricted and unrestricted cash assets available, it is the Project's policy to apply those expenses to restricted cash to the extent such are available and then to unrestricted cash. Nonoperating revenue results from non-exchange transactions, ancillary activities or subsidies, and investment earnings.

CAWD/PBCSD RECLAMATION PROJECT
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Note 3 - Cash and Investments

Cash and investments are comprised of the following:

Deposits with financial institutions:	
Money market accounts	\$ 24,764
Checking accounts	503,829
Monterey County Investment Pool	1,647
Investment in Municipal Bonds	15,125
Certificates of Deposit	793,349
	<u>\$ 1,338,714</u>

Cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 1,337,570
Restricted cash and investments	1,144
Cash and investments	<u>\$ 1,338,714</u>

Investments Authorized by the Project's Investment Policy

The Project does not have a specific investment policy but generally follows the guidelines of the County of Monterey's Investment Policy except for \$372,119 of fixed income securities that exceed five years to maturity.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the Project's investments to market interest rate fluctuations is provided by the following table that shows the maturity date and yield of each investment:

Monterey County Investment Pool	\$ 1,647	7 months maturity, 1.63% yield
Investment in Municipal Bonds	15,125	111 months average maturity, 3.00% yield
Investment in Certificates of Deposit	793,349	56 months average maturity, 2.75% yield
Money Market funds	23,620	due on demand, yield 0.2%

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County Pool does not have a rating provided by a nationally recognized statistical rating organization.

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Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: "The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Project deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits." At year end the Project had \$265,053 in financial institutions that were not covered by FDIC, but were covered by collateralized securities of the financial institutions where the deposits were maintained.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the County's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

Concentration of Credit Risk

The investment policy of the Project contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

Investment in County Investment Pool

The Project is a voluntary participant in the Monterey County Investment Pool. Funds in the Pool essentially operate as demand deposit accounts. Available cash balances are controlled and invested by the County Treasurer in pooled investment funds in order to provide safety, liquidity and investment returns for all funds. Interest earnings from these funds are credited to the Project's account on a quarterly basis. The Monterey County Treasurer's Investment policy is in compliance with Section 53635 of the Government Code of the State of California, which permits investments in certain securities and participation in certain investment trading techniques or strategies. Annual reports of the investment pool may be obtained from the Monterey County Treasurer, Post Office Box 891, Salinas, California 93902.

CAWD/PBCSD RECLAMATION PROJECT
Notes to Financial Statements
June 30, 2018

Note 4 - Receivables

At year end receivables consist of the following:

Due from Pebble Beach Co & affiliated golf courses	\$	1,470,587
Due from CAWD		555
Due from Cal-Am Water Co		10,611
		10,611
	\$	1,481,753

These balances are believed to be collectible in full; therefore an allowance for doubtful accounts has not been established. All golf course receivables were collected by August 31, 2018.

Note 5 - Capital Assets

Proceeds from the issuance of the 1992 Certificates of Participation were used to construct facilities for wastewater reclamation and distribution. The Project does not own these facilities, but instead owns the rights to the reclaimed water for resale. The value of these rights is amortized using the straight-line method over the expected useful life of the wastewater reclamation plant and distribution system, which is forty years.

The recorded amortizable value of the water rights is equal to the costs incurred to construct facilities for wastewater reclamation and distribution, as well as other capital costs, in order to account for these in accordance with accounting principles generally accepted in the United States for intangible assets. As a result, capital outlay and construction period interest incurred have been capitalized into this account.

Capital asset activity for the year was as follows:

	Beginning Balance	Additions/ Completions	Retirements/ Transfers	Ending Balance
<i><u>Non-depreciable Assets</u></i>				
Construction-in-progress	\$ 1,461,633	\$ 252,940	\$ -	\$ 1,714,573
<i><u>Amortizable Assets</u></i>				
Water resale rights	64,307,073	401,629	-	64,708,702
<i><u>Accumulated Amortization</u></i>				
Water resale rights	(24,301,958)	(1,617,720)	-	(25,919,678)
Total capital assets, net	\$ 41,466,748	\$ (963,151)	\$ -	\$ 40,503,597

The water resale rights are owned by MPWMD, but title to the construction assets is held by CAWD, PBCSD and others. The dollar value at historic cost of the portions owned by each entity is as follows:

CAWD/PBCSD RECLAMATION PROJECT
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CAWD (plant)	\$ 37,456,773
PBCSD (distribution system)	24,909,369
MPWMD (software)	29,056
Open Space Users (irrigation systems)	1,459,777
Cal-Am (pump station partial ownership)	853,727
	64,708,702
Construction-in-progress	1,714,573
	\$ 66,423,275

Note 6 - Payables

At year end payables consist of the following:

<u>Accounts Payable - trade</u>	
Vendors for operating supplies	\$ 32,505
 <u>Accounts Payable - affiliates</u>	
MPWMD (salaries, software, fee)	\$ 118,251
CAWD (O&M, ins, electricity)	137,760
PBCSD (O&M)	222,537
PBCo (debt svc reimb)	467,819
	\$ 946,367

Note 7 - Long-term Obligations

Long-term debt and obligations activity for the year was as follows:

Business-type Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Certificates of Participation	\$ 13,900,000	\$ -	\$ (2,000,000)	\$ 11,900,000	\$ 2,100,000
Due Pebble Beach Co.	3,312,000	-	(552,000)	2,760,000	552,000
	\$ 17,212,000	\$ -	\$ (2,552,000)	\$ 14,660,000	\$ 2,652,000

Certificates of Participations - Variable Rate Bonds

To finance the original construction project, MPWMD issued *Variable Rate Demand Certificates of Participation - Wastewater Reclamation Project Series 1992 bonds* (COPs) in December 1992 in the amount of \$33,900,000, that will mature in July 2022. The COPs are in minimum denominations of \$100,000 or any integral multiple thereof or, during any reset period on or after the conversion date, in the minimum denomination of \$5,000 or any integral multiple thereof. The COPs bear interest at a variable rate unless the interest rate is converted to a reset rate for a rest period or to a fixed rate to the maturity of the COPs. The variable rate is the rate necessary to produce a par bid if the COPs were sold on the day the rate is

CAWD/PBCSD RECLAMATION PROJECT
Notes to Financial Statements
June 30, 2018

computed. The COPs accrue interest at a variable rate determined weekly, as provided in the official statement of the COPs.

Designated Reserve

A *Renewal and Replacement Reserve* was established by the Board of Directors to pay for future major repairs and capital replacements, and is held in a segregated account designated for its intended purposes. At year end the balance in this account was \$832,094.

Security for Repayment

The Project assets have not been pledged to secure payment of the COPs, nor have any other assets of MPWMD. However, pursuant to the Water Purchase Agreement, all net operating revenue from the operations of the Project is irrevocably pledged by MPWMD for debt service payment of the COPs.

This pledge constitutes a first lien on the net operating revenue and, subject to application of amount on deposit therein as permitted in the Water Purchase Agreement, is to be used for the payment of the COPs in accordance with the terms of the Water Purchase Agreement and of the Trust Agreement. Notwithstanding the foregoing, MPWMD may at any time issue obligations or execute contracts which are secured by a lien subordinate to the pledge of net operating revenue created under the Water Purchase Agreement. A bond Letter of Credit also guarantees repayment of the COPs.

Scheduled COP Payments

Interest is paid to the holders of the COPs monthly at a variable rate as described above. Pre-determined Principal payments per the 1992 COP issue are shown below. Due to the nature of variable rate bonds, interest rates fluctuate weekly as a result of economic market conditions.

For the last week in June of 2018, the interest rate was 1.37% per annum. Interest expense for the year was \$129,309 as compared to the estimated 1992 issuance annual interest expense of \$434,350 for fiscal year 2017-18. Consequently the interest payments column below is revised using a more realistic fixed annual rate of 2% which is presented for information purposes only.

Future principal and estimated interest payments are as follows:

<u>Year Ending June 30,</u>	<u>Certificates of Participation</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 2,100,000	\$ 238,000	\$ 2,338,000
2020	2,300,000	196,000	2,496,000
2021	2,400,000	150,000	2,550,000
2022	2,500,000	102,000	2,602,000
2023	2,600,000	52,000	2,652,000
Totals	<u>\$ 11,900,000</u>	<u>\$ 738,000</u>	<u>\$ 12,638,000</u>

Due Pebble Beach Company

Repayment of \$5,520,000 for bond costs incurred and advanced by PBCo prior to July 1, 2013, to be reimbursed over the next ten years at \$552,000 per year.

Future payments are as follows:

CAWD/PBCSD RECLAMATION PROJECT
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June 30, 2018

<u>Year Ending June 30,</u>	<u>Due Pebble Beach Company</u>		
	<u>Line of Credit Fees</u>	<u>Bond Carry Costs</u>	<u>Total</u>
2019	\$ 452,000	\$ 100,000	\$ 552,000
2020	452,000	100,000	552,000
2021	452,000	100,000	552,000
2022	452,000	100,000	552,000
2023	452,000	100,000	552,000
Totals	<u>\$ 2,260,000</u>	<u>\$ 500,000</u>	<u>\$ 2,760,000</u>

Note 8 - Risk Management

The Project is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omission, injuries to employees, and natural disasters. Although ownership of all assets is transferred to either CAWD or PBCSD once they are placed in service, the Project purchases property, liability, and earthquake insurance for the aforementioned assets.

CAWD purchases its share of property and liability insurance through the California Sanitation Risk Management Authority (CSRMA). CSRMA is an established public entity risk pool that operates as a common risk management and insurance program for 60 government members. Liability insurance is purchased as a separate policy for the Project. Property insurance is covered under CAWD's policy and the costs allocated back to the Project. Risk of loss is retained for general liability claims with a \$10,000 deductible. The agreement with the risk pool provides that it will be self-sustaining through member premiums and additional policies purchased from commercial insurance companies for general liability claims and for excess workers' compensation claims. Financial statements may be obtained from CSRMA, 100 Pine Street, 11th Floor, San Francisco, California 94111.

ACWA/JPIA was formed under a joint powers agreement pursuant to California Government Code to provide insurance protection for its members. The property, general liability and workers compensation programs are ACWA/JPIA's pooled programs. The member districts are provided coverage for losses in excess of their individually selected retrospective allocation points ("RAP") which are similar to a deductible. The Project's RAP for the liability insurance is \$5,000. A portion of the excess is self-insured by ACWA/JPIA where all members share the losses. Individual claims (and aggregate public liability and property claims) in excess of ACWA/JPIA's self-insured levels are covered by excess insurance policies purchased from outside commercial insurance carriers. Financial statements may be obtained from ACWA/JPIA, Post Office Box 619082, Roseville, California 95661.

PBCSD purchases insurance against various risks of loss through the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA). PBCSD also purchases a Dam failure liability insurance policy and an earthquake insurance policy which are not pooled programs. These coverages are provided by ACWA/JPIA through purchases from outside commercial insurance carriers. Dam failure liability insurance provides \$10m coverage for liabilities resulting from failure of Forest Lake Reservoir (\$250,000 deductible), and earthquake insurance provides \$25m coverage for certain Reclamation Project assets including the Poppy Hills Storage Tank, Forest Lake Reservoir embankments and hypalon liner (deductible is 5% of the value of each insured component subject to \$25,000 minimum).

Workers compensation insurance is provided by the entities contracted from CAWD and PBCSD to provide operations and maintenance for the Project.

CAWD/PBCSD RECLAMATION PROJECT
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June 30, 2018

Note 9 - Subsequent Events

The management of the Project has reviewed the results of operations for the period from its fiscal year end of June 30, 2018 through October 5, 2018, the date the draft financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

Note 10 - New Pronouncements

The Governmental Accounting Standards Board (GASB) has released the following new pronouncements, which can be read in their entirety at <http://www.gasb.org>.

GASB Statement No. 83, *Certain Asset Retirement Obligations*

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. (Issued 11/16)

GASB Statement No. 84, *Fiduciary Activities*

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. (Issued 01/17)

GASB Statement No. 87, *Leases*

Effective Date: For reporting periods beginning after December 15, 2019. (Issued 06/17)

SUPPLEMENTARY INFORMATION

CAWD/PBCSD RECLAMATION PROJECT
Budgetary Comparison Information
Resources and Charges to Appropriations
Year Ended June 30, 2018

	Budget <i>(unaudited)</i>	Actual	Variance with Budget Positive (Negative)
Resources (Inflows)			
Water sales	\$ 2,981,582	\$ 3,075,040	\$ 93,458
Fixed cost charge	3,253,262	3,253,262	-
Investment earnings (loss)	32,900	(5,236)	(38,136)
Transfer in from restricted cash capital reserves	400,000	-	(400,000)
Rollover from prior year capital reserve	425,705	-	(425,705)
Other revenue	-	1,698	1,698
Amounts Available for Appropriation	<u>7,093,449</u>	<u>6,324,764</u>	<u>(768,685)</u>
Charges to Appropriations (Outflow)			
Plant operating costs	2,111,170	1,517,859	593,311
Distribution costs	614,000	341,498	272,502
General and administrative	180,432	175,614	4,818
Potable water purchases	5,980	6,594	(614)
Amortization-noncash expense excluded	-	-	-
Bond and LC carrying costs	164,335	149,290	15,045
Bank charges	250	-	250
Interest expense - PBCo	39,000	56,567	(17,567)
Interest expense - Bonds	119,000	129,309	(10,309)
MPWMD user fee	70,000	83,816	(13,816)
Principal reduction payment - PBCo	552,000	552,000	-
Principal reduction payment - Bonds	2,000,000	2,000,000	-
Water resale rights - capital purchases/projects	1,237,282	654,569	582,713
Other expenses	-	84,764	(84,764)
Total Charges to Appropriations	<u>7,093,449</u>	<u>5,751,880</u>	<u>1,341,569</u>
Budgetary Surplus (Deficit)	<u>\$ -</u>	<u>\$ 572,884</u>	<u>\$ 572,884</u>

Reconciliation of Budgetary to GAAP Basis

Less: Amortization - noncash expense	(1,617,720)
Add: Principal debt payments - PBCo	552,000
Add: Principal debt payments - Bonds	2,000,000
Add: Additions to capital assets	654,569
Change in Net Position	<u>\$ 2,161,733</u>

CAWD/PBCSD RECLAMATION PROJECT
Budgetary Comparison Information
Resources and Charges to Appropriations
Year Ended June 30, 2017

	Budget <i>(unaudited)</i>	Actual	Variance with Budget Positive (Negative)
Resources (Inflows)			
Water sales	\$ 2,761,884	\$ 2,321,784	\$ (440,100)
Fixed cost charge	3,339,574	3,339,574	-
Investment earnings	33,100	3,326	(29,774)
Transfer in from restricted cash capital reserves	77,250	-	(77,250)
Rollover from prior year capital reserve	584,000	-	(584,000)
Other revenue	-	-	-
Amounts Available for Appropriation	<u>6,795,808</u>	<u>5,664,684</u>	<u>(1,131,124)</u>
Charges to Appropriations (Outflow)			
Plant operating costs	2,068,178	1,565,507	502,671
Distribution costs	498,975	323,703	175,272
General and administrative	119,508	160,820	(41,312)
Potable water purchases	5,200	3,596	1,604
Amortization-noncash expense excluded	-	-	-
Bond and LC carrying costs	191,735	168,961	22,774
Bank charges	250	66	184
Interest expense - PBCo	39,712	46,855	(7,143)
Interest expense - Bonds	15,800	94,973	(79,173)
MPWMD fee	70,000	52,408	17,592
Principal reduction payment - PBCo	552,000	552,000	-
Principal reduction payment - Bonds	1,900,000	1,900,000	-
Water resale rights - capital purchases/projects	1,389,577	616,415	773,162
Other expenses	-	-	-
Total Charges to Appropriations	<u>6,850,935</u>	<u>5,485,304</u>	<u>1,365,631</u>
Budgetary Surplus (Deficit)	<u>\$ (55,127)</u>	<u>\$ 179,380</u>	<u>\$ 234,507</u>

Reconciliation of Budgetary to GAAP Basis

Less: Amortization-noncash expense	(1,607,679)
Add: Principal debt payments - PBCo	552,000
Add: Principal debt payments - Bonds	1,900,000
Add: Additions to capital assets	616,415
Change in Net Position	<u>\$ 1,640,116</u>

CAWD/PBCSD RECLAMATION PROJECT
Summary of Net Position
Year Ended June 30, 2018

The following represents a detailed cumulative summary of the components that comprise Net Position from inception to June 30, 2018:

	2018	2017
	<i>(unaudited)</i>	<i>for comparative purposes only</i>
Operating income (loss) excluding amortization expense	\$ 27,465,624	\$ 23,178,887
Accumulated amortization	(25,919,678)	(24,301,958)
PBCo subsidy - operations	21,356,226	21,356,226
PBCo subsidy - construction	5,951,644	5,951,644
PBCo water entitlement sales, net of withdrawals	24,436,516	24,436,516
PBCo withdrawal	(1,641,213)	(1,641,213)
PBCo bond carrying costs reimbursement	(5,520,000)	(5,520,000)
Investment earnings, net of capitalized earnings	2,516,534	2,521,770
Bond carrying costs	(7,521,278)	(7,371,988)
Bond interest expense, net of capitalized interest	(12,937,298)	(12,807,989)
PBCo reimbursement - interest expense	(168,502)	(111,935)
MPWMD fee	(242,483)	(158,667)
Other nonoperating revenue (expense)	(5,756)	(7,455)
Arbitrage rebate	(22,468)	(22,468)
Equipment dispositions	(62,676)	22,089
	<u>\$ 27,685,192</u>	<u>\$ 25,523,459</u>

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RESOLUTION NO. 2018-50

A RESOLUTION ADOPTING
THE CAWD/PBCSD RECLAMATION PROJECT AUDIT
FOR THE YEAR ENDING 06-30-18

-oOo-

WHEREAS, the attached CAWD/PBCSD Reclamation Project Audit for the year ended June 30, 2018 was approved at the Finance Officer's Working Group and Technical Advisory Committee group levels and final approval was given by the Reclamation Management Committee (RMC) at its November 7, 2018 meeting; and

WHEREAS, items approved by the RMC are brought to the CAWD or PBCSD Board, as appropriate, for approval and any applicable resolution.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Carmel Area Wastewater District that it does hereby adopt the attached CAWD/PBCSD Reclamation Project Audit for the year ended June 30, 2018.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Carmel Area Wastewater District duly held on December 13, 2018 by the following vote:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS

President of the Board

ATTEST:

Secretary of the Board

STAFF REPORT



To: Board of Directors

From: Patrick Treanor, Plant Engineer

Subject: Trussell Technologies Contract for MF-RO Operational Support

Date: December 13, 2018

RECOMMENDATION

It is recommended that the Board of Directors adopt a resolution ratifying the General Manger's action to execute a contract for \$30,000 for additional Microfiltration-Reverse Osmosis (MF-RO) Operational support which was authorized by the Reclamation Board on November 7th, 2018.

DISCUSSION

Trussell has been reviewing operational data for the MF-RO facility since the beginning of the current fiscal year and has supported the Reclamation Project in assessing new membrane replacements and is looking at ways to increase recovery in the RO system. The work they have done to date has expended the original \$30,000 contract. This new contract for \$30,000 will allow Trussell to continue evaluating the performance of the MF-RO system to the end of the current fiscal year.

The Reclamation Board authorized the additional \$30,000 expenditure in the November 7th meeting.

FUNDING

The funding for this contract will come from the Reclamation Budget. It was discussed at the Reclamation Board meeting that this expenditure was not budgeted, however it was agreed by the Reclamation Board that the funds will either be taken from another line item or the budget will be amended before the fiscal year end.



November 27, 2018

Patrick Treanor, P.E.
Plant Engineer
3945 Rio Road
PO Box 2211428
Carmel, CA 93922

Subject: Proposal for Carmel Area Wastewater District Water Reclamation Plant Membrane Filtration and Reverse Osmosis Operational Support

Dear Patrick,

We are pleased to submit the enclosed proposal for professional services to support Carmel Area Wastewater District (CAWD) with documenting performance of the MF and RO processes, providing independent data analysis of the process performances, and support CAWD with the implementation of improvements to maximize the production capacity of recycled water and improve the reliability of the Advanced Water Treatment processes. This project will provide technical review of the Microfiltration and Reverse Osmosis Systems process performance data, water quality and maintenance activities and provide recommendations in form of two quarterly reports. The duration of the project is from December 1, 2018 to June 30, 2019 (7 months).

Water recycling and reuse is an important component of any agency's water portfolio and we appreciate the opportunity to help improve reuse capacity in Carmel and provide technical insight on process performance optimization and decreasing operating and maintenance costs.

Respectfully,
Trussell Technologies, Inc.

A handwritten signature in blue ink, appearing to read "R. Trussell".

R. Shane Trussell, Ph.D., P.E., BCEE

Enclosure: Scope of Work, Duration, and Budget

cc: Barbara Buikema
Ed Waggoner
Brent Reitz



SCOPE OF WORK

The Carmel Area Wastewater District (CAWD) Water Pollution Control Plant was designed to treat up to 3.0 million gallons per day (mgd) of municipal wastewater flow with primary and secondary treatment. Tertiary treatment was added in 1994, and later modified in 2008 to include the membrane filtration (MF) and reverse osmosis (RO) facilities, which produce up to 1.5 mgd of recycled water that is used to irrigate seven nearby golf courses. Approximately 0.2 mgd of RO concentrate is discharged through the ocean outfall.

The enclosed scope of work contains proposed tasks to support CAWD staff with increasing production capacity by increasing Reverse Osmosis System feed water recovery to 90% to 92% using existing 4-stage configuration. At average MF Feed flow of 1.2 MGD and typical blend ratio of RO product to MF product equal to 70:30, increasing the RO recovery to 90%-92% would increase production by 20,000 to 36,000 GPD. To achieve this, we recommended eliminating the phosphate returned from the MF clean-in-place (CIP) solutions as well as to optimize anti-scalant and sulfuric acid dosing to the RO system.

Our staff has extensive experience with the operation and maintenance of the membrane systems and, as identified during our analysis, the cleaning protocol should be optimized to reduce operator workload and ensure reliable operation, and minimizing any impacts on RO. We also have staff who are water quality experts that also understand membrane fouling and scaling and ways to control it. We support CAWD's direction to evaluate alternative coagulants to decrease suspended solids and potentially organics and phosphate in the MF feed water, as well as, to reduce risk of aluminum carryover to the RO feed and subsequent potential for aluminum silicate scale on the RO membranes from PACL coagulant when attempting higher water recoveries.

Our staff will assist CAWD in tracking the performance of both MF and RO systems and correlate any changes with water quality enhancements by alternative coagulant, optimized cleaning regimens (including the recently attempted MF cleans using enzymes) on Evoqua and Scinor MF membranes, and chemical dosing strategies to reach maximum water recovery and thereby increasing production of recycled water.

Task 1: MF/RO Operational Support

For this task, our staff will assist CAWD with tracking the performance of the MF system as changes are introduced in the pretreatment as well as to the maintenance. The goal of this task is to provide record of baseline performance under different operating and maintenance conditions (e.g., changes in the coagulant type and dosing at the FEB, changes in operating flux, changes in the cleaning chemicals and frequency) and determine optimum operating and maintenance conditions to improve MF system performance, reduce maintenance frequency, and operating costs. Also, Trussell Tech staff will provide technical support to CAWD on increasing the RO recovery to 90-92% with appropriate chemical dosing and operating



conditions. Our staff will also provide support with monitoring and tracking RO performance data and provide recommendations on any changes needed to ensure stable operation. This may include providing recommendations for optimal chemical dosing, cleaning frequency, and evaluating changes in feed water quality for additional improvements to O&M and increasing recovery further. Monthly conference calls (1 hour) will be scheduled based on CAWD's staff availability to go over the recommendations and/or process performance. This task is broken into three subtasks:

Task 1.1: Provide technical support on MF and RO performance and optimizations for 90-92% Recovery.

Task 2: Monthly Performance Data Review and Recommendations

In this task Trussell Tech staff will provide technical support to CAWD on increasing the RO recovery to 90-92% with appropriate chemical dosing and operating conditions. Our staff will also provide support with monitoring and tracking RO performance data and provide recommendations on any changes needed to ensure stable operation which may include optimal chemical dosing, cleaning frequency, and continue evaluating feed water quality for additional improvements to O&M and increasing recovery further. Includes monthly conference calls. This task is broken into three subtasks:

Task 2.1: Utilize remote access to obtain online MF and RO performance and lab water quality data.

Task 2.2: Provide review and analysis of operational and performance data. This includes review and analysis of operational and performance data from each unit process from the daily rounds and continuously recorded parameters. Values will be compared to historic values and analyzed by engineer to identify potential problems that could lead to unanticipated maintenance and shutdown conditions.

Task 2.3: Provide a written list of recommendations and action items in quarterly reports. This includes a written list of recommendations and action items based on the review of MF and RO process performance data as discussed above in two (2) quarterly reports.

DURATION

The proposed duration for this project is approximately seven months to begin on December 1, 2018 and end on June 30, 2019. Table 1 provides a recommended schedule for execution of the various subtasks.

BUDGET

The professional service fee for this project is \$30,000. A full breakdown provided in Table 2. Please note, the updated billing rates are also provided.



Table 1. Project Schedule

Scope			Schedule						
TASK	SUBTASK	DESCRIPTION	DEC	JAN	FEB	MAR	APR	MAY	JUN
1	Task 1: MF/RO Operational Support								
	1.1	Provide technical support on MF and RO performance and optimizations for 90-92% Recovery							
2	Task 2: Monthly Performance Data Review and Recommendations								
	2.1	Utilize remote access to obtain online MF and RO performance and lab water quality data							
	2.2	Provide review and analysis of operational and performance data							
	2.3	Provide a written list of recommendations and action items in quarterly reports (2 reports total)							

Table 2. Professional Service Fee



TRUSSELL TECHNOLOGIES PROFESSIONAL SERVICE FEE

CARMEL AREA WASTEWATER DISTRICT WATER RECLAMATION PLANT MEMBRANE FILTRATION AND REVERSE OSMOSIS OPERATIONAL SUPPORT

Scope			Budget						
TASK	SUBTASK	DESCRIPTION	TRUSSELL TECHNOLOGIES HOURS				LABOR COST	ODCs	TOTAL COST
			PE3	SUP3	SUP1	E2			
1	Task 1: MF/RO Operational Support		6	16	24	16	\$12,750	\$0	\$12,750
	1.1	Provide technical support on MF and RO performance and optimizations for 90-92% Recovery	6	16	24	16	\$12,750		\$12,750
2	Task 2: Monthly Performance Data Review and Recommendations		4	19	26	40	\$17,005	\$233	\$17,250
	2.1	Utilize remote access to obtain online MF and RO performance and lab water quality data		1	2	12	\$2,495		\$2,495
	2.2	Provide review and analysis of operational and performance data		8	12	10	\$5,830		\$5,830
	2.3	Provide a written list of recommendations and action items in quarterly reports (2 reports total)	4	10	12	18	\$8,680	\$233	\$8,925
Total			10	35	50	56	\$29,755	\$233	\$30,000

Trussell Technologies Personnel

PE3 = Principal Engineer III
SUP3 = Supervising Engineer III
SUP1 = Supervising Engineer I
E2 = Engineer II

Rate

\$285/hr
\$235/hr
\$200/hr
\$155/hr

*Total costs include 5% markup on ODCs



TRUSSELL TECHNOLOGIES, INC. HOURLY BILLING RATES

Effective: October 18, 2018

	Billing Rate	
	Normal Hourly Rate ¹	Expert Daily Rate ²
Senior Company Officer	\$ 300	\$ 3,600
Principal Engineer III	\$ 285	\$ 3,420
Principal Engineer II	\$ 270	\$ 3,240
Principal Engineer I	\$ 245	\$ 2,940
Supervising Engineer III	\$ 235	-
Supervising Engineer II	\$ 220	-
Supervising Engineer I	\$ 200	-
Senior Engineer III	\$ 185	-
Senior Engineer II	\$ 180	-
Senior Engineer I	\$ 170	-
Engineer II	\$ 155	-
Engineer I Senior Office Manager II	\$ 145	-
Associate Engineer II Senior Office Manager I	\$ 135	-
Associate Engineer I Office Manager III	\$ 130	-
Assistant Engineer II Office Manager II	\$ 115	-
Assistant Engineer I Office Manager I	\$ 110	-
Office / Lab Assistant II	\$ 105	-
Office / Lab Assistant I	\$ 95	-

1. Time will be billed in 15 minute increments
2. Time will be billed in increments of one day

Other Direct Costs

Mileage for vehicle use to be reimbursed at current IRS rate.

Travel, equipment rental and other direct costs to be reimbursed at actual cost plus 5%.

Outside Professional Services:

Outside professional services to be reimbursed at actual cost plus 15%

STANDARD FORM - MINOR SERVICES OR CONSTRUCTION CONTRACT

CARMEL AREA WASTEWATER DISTRICT
P.O. BOX 221428, CARMEL, CA 93922
TEL: (831) 624-1248 FAX: (831) 624-0811

TO: Aleks Pisarenko
Trussell Technologies
380 Stevens Avenue, Suite 212
Solana Beach, CA 92075
858-314-4127

DATE: November 29, 2018

See attached proposal from Trussell Technologies for scope of work, fee, and schedule.

Not To Exceed Contract Price: \$30,000
Payment: Based on Time and Materials Invoice

Completion due date: June 30th, 2019

Instructions: Sign and return the original. Upon acceptance by the District, a copy will be signed by its authorized representative and returned to you. Insert below, the names of your authorized representative(s).

Contractor Name/Address
Trussell Technologies
380 Stevens Avenue, Suite 212
Solana Beach, CA 92075

Accepted for the District by:

By: _____



B. Buikema, General Manager

Contractor's Authorized Representative(s)

Aleks Pisarenko, John Kenny

District's Authorized Representative(s)

Patrick Treanor – Plant Engineer

The above signed Contractor agrees that:

1. The Consultant shall indemnify, defend and hold the District and each officer, director, employee, and agent of the District harmless from and against any and all claims, suits, judgments, liabilities, losses, damages, costs and expenses of any kind (including attorney's fees) to the extent which arise from the negligence, willful misconduct or other legal fault of the Consultant or any of its agents, employees, contractors or subcontractors, except to the extent such injury or harm is caused by the District. The Consultant's obligation to indemnify, defend and hold harmless any individual or entity pursuant to the provisions of this section shall be limited to the total insurance policy coverage limits set forth in section 3 so long as the claim for indemnity is insured and covered by the policies listed in section 3. In the event of an uninsured claim, the limit of Consultant's liability shall be \$2,000,000.
2. By his/her signature hereunder, the Contractor represents that he/she is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for workers compensation or to undertake self-insurance in accordance with the provisions of said code, and he/she will comply with such provisions before commencing the performance of the work under this Contract. Contractor, and all subcontractors hired by the Contractor, shall keep workers compensation insurance for their employees in effect during all work covered by this Contract and shall file with the Carmel Area Wastewater District a certificate of coverage as required by Labor Code Section 3700.
3. Before commencing the work under this Contract, the Contractor shall file with the District certificates of insurance and policy endorsements satisfactory to the District evidencing coverage for general liability insurance, with limits of \$1,000,000 per occurrence, \$2,000,000 aggregate, for bodily injury, personal injury, and property damage; minimum automobile liability of \$1,000,000 for bodily injury and property damage each accident limit; workers compensation (statutory limit) and employer's liability (\$1,000,000). The general liability coverage shall name Carmel Area Wastewater District, its Directors, officers, employees, authorized volunteers and consultants as additional insureds using the ISO CG2010 or ISO CG2033 or equivalent additional insured endorsement and contain provisions for notifying the District 30 days in advance of cancellation of coverage (10 days for non-payment of premium). Any insurance, self-insurance or other coverage maintained by the Carmel Area Wastewater District, its Directors, officers, employees, authorized volunteers or consultants shall not contribute to it. Coverage shall be placed with a carrier with an A.M. Best rating of no less than A-:VII or equivalent or as otherwise approved by the District. In the event the Contractor employs subcontractors as part of the work covered by this Contract, it shall be the Contractor's responsibility to require and confirm that each subcontractor meets the minimum insurance requirements specified above.
4. The Contractor shall not accept direction or orders from any person other than the General Manager or the person(s) whose name(s) is (are) inserted on Page 1 as other authorized representatives.
5. Payment, unless otherwise specified, is to be within 30 calendar days after final acceptance of the work by the District.

6. All permits, unless otherwise specified, shall be paid for and obtained by the Contractor. The Contractor shall comply with all local, State and Federal rules, regulations and statutes including Cal/OSHA requirements.
7. Any change in the scope of work to be performed, method of performance, nature of materials or price thereof, to any matter materially affecting the performance of nature of the work will not be paid for or accepted unless such change, addition, or deletion is approved in advance, in writing by an authorized representative of the District. The Contractor's on-site representative shall have the authority to execute such written changes on behalf of the Contractor.

RESOLUTION NO. 2018-51

A RESOLUTION RATIFYING THE ACTIONS OF THE GENERAL MANAGER TO EXECUTE A MINOR SERVICES CONTRACT WITH TRUSSELL TECHNOLOGIES IN AN AMOUNT NOT TO EXCEED \$30,000 FOR ADDITIONAL ENGINEERING SERVICES PERTAINING TO MICROFILTRATION-REVERSE OSMOSIS (MF-RO) OPERATION SUPPORT FOR THE RECLAMATION PROJECT

-oOo-

WHEREAS, the Reclamation Board authorized execution of a contract not to exceed \$30,000 for additional MF-RO Operation Support; and

WHEREAS, Trussell has submitted a scope of work and fee proposal agreeable to the Carmel Area Wastewater District Plant Engineer and General Manager;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Carmel Area Wastewater District that it does hereby ratify the actions of the General Manager to enter into a minor services contract for additional MF-RO support in an amount of \$30,000, with Trussell Technologies, Inc.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Carmel Area Wastewater District duly held on December 13, 2018, by the following vote:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

President of the Board

ATTEST:

Secretary of the Board

STAFF REPORT



To: Board of Directors

From: Barbara Buikema, General Manager

Date: December 13, 2018

Subject: Yankee Point/Spindrift Wastewater Feasibility Study – Contract Management

RECOMMENDATION

It is recommended the Board of Directors adopt a resolution authorizing staff to enter into a contract with the Yankee Point/Spindrift neighborhood to manage the feasibility study being undertaken by MNS Engineers Inc in the amount of \$45,000 and to allow staff time to be charged at hourly rate plus benefit burden.

DISCUSSION

The Yankee Point/Spindrift neighborhood in Big Sur has made inquiries on the feasibility of extending sewer service to their area. The proposed area of study ranges from south of the Carmel Highlands Pump Station and terminates at Aurora Del Mar on the west side of Highway 1. The area of inquiry is for the west side of Highway 1 only. Staff directed the residents that their first step would be to obtain a feasibility study from a reputable engineering firm. The residents selected MNS Engineers Inc. and obtained a proposal for \$45,000.

The District was approached by the resident “leader” Dan Kieg with a request for the District to manage the contract with MNS Engineers. They would prefer the District administer the contract because (a) they recognize their lack of expertise in wastewater and (b) the need for the District to accept a system that meets our standard specifications requires some input from CAWD. Staff has spoken with MNS Engineers and they are happy to have CAWD manage the contract as they believe it will be easier for them.

The Agreement we are proposing with the Participant is fairly simply in scope: The

District will provide contract administration and ensure conformance with CAWD standards. We are asking the Participants to deposit the full amount of the MNS Engineers contract with the District. We will then administer the contract and provide an accounting to the participants.

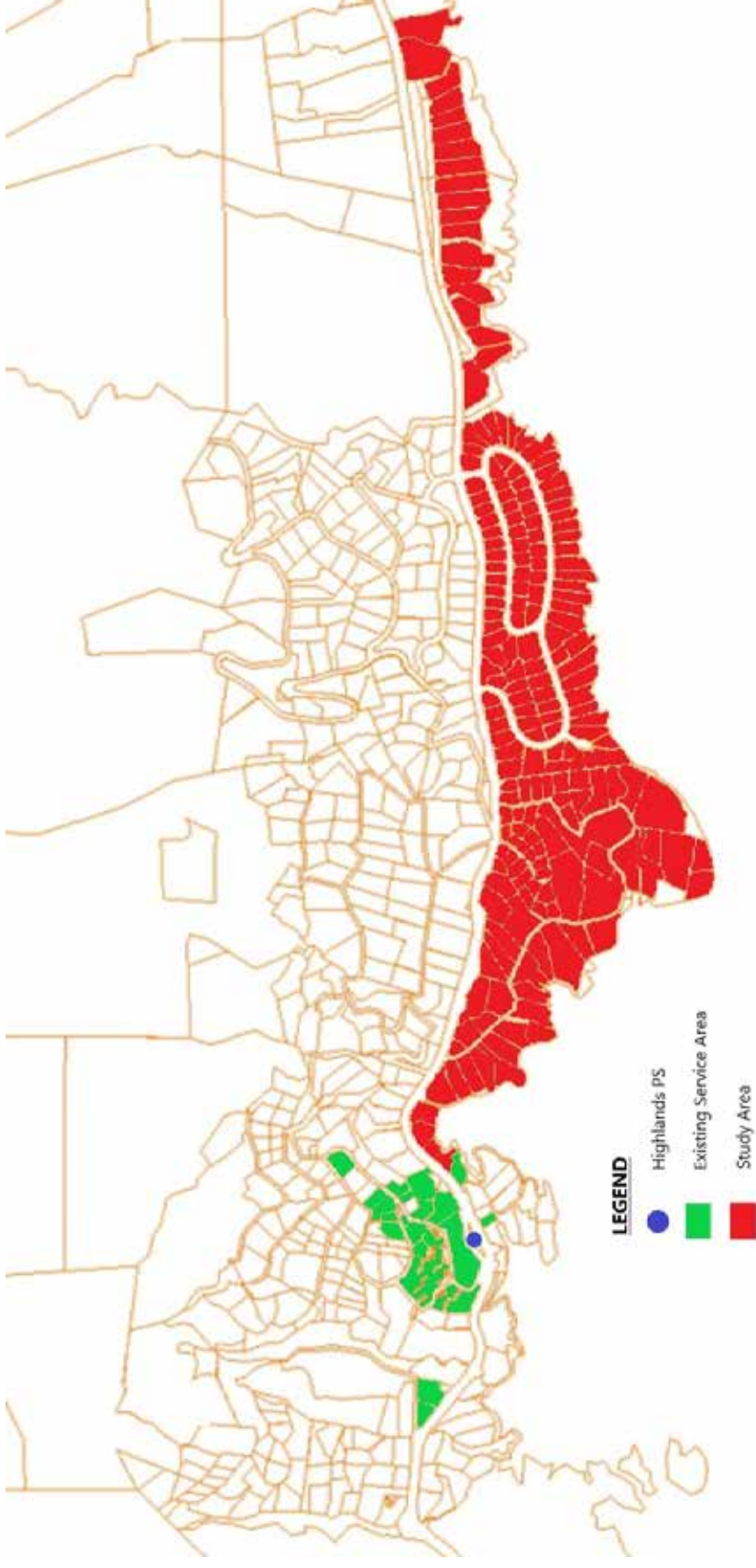
Additionally, we are asking the Participants to reimburse the District for its costs. MNS Engineers estimates this contract to take 4 months. We estimate our staff time to administer it will be between 30-60 hours total (dependent in large measure on how efficient and on schedule MNS Engineer remains).

The participant agreement was reviewed by District legal counsel.

FUNDING

The Yankee Point/Spindrift neighborhood has agreed to completely finance the engineering feasibility study. The District has requested that the full contract amount of \$45,000 be deposited with the District so that we can easily pay MNS Engineers as invoices are received.

The District's contract allows us to recover staff time on this project as per the attached schedule (Exhibit "B"). The attached rate sheet reflects the straight hourly rate with the benefit burden added. If we assume 30-60 hours at the highest rate on our spec sheet the total would amount to \$4,384 - \$8,769.



Map of Highlands – Yankee Point and Otter Cove Study Area

September 21, 2018

Highlands Sewer Users Group
Attention: Dan Kieg

3945 Rio Road
Carmel, CA 93922

SUBJECT: Professional Engineering Services for Carmel Highlands Sewer System Expansion

Dear Mr. Kieg,

MNS Engineers, Inc. (MNS) appreciates the opportunity to provide this proposal of professional engineering services. This proposal includes services for the evaluation of feasibility in extending sewer service to those properties West of Highway 1, beginning South of the Carmel Highlands Pump Station and terminating at Aurora Del Mar. MNS proposes to develop a conceptual design with cost estimates for connection of a new sewer collection system to convey wastewater to the nearest available connection to the Carmel Area Wastewater District (CAWD, District).

Background

Several community meetings have been held between CAWD and interested property owners in the Carmel Highlands area for the purpose of discussing how CAWD can facilitate expansion of sewer collection to properties along State Route 1 south of the Highlands Pump station. At present CAWD has directed the property owners to proceed at their own risk with obtaining a feasibility study and preliminary engineering design study to determine potential costs and construction risks. This study will facilitate interested property owners in making an educated decision to proceed (or not) with full design and construction of a sewer line extension. Design and construction costs are anticipated to be financed through a public finance instrument; however, estimates of individual property owner costs are needed to gauge interest from the community. The General Manager (Barbara Buikema) of CAWD has communicated a willingness to use District purchasing power to obtain the most desirable financing option for those who would like to proceed with sewer service from CAWD but only after an agreement for service has been developed and approved by all property owners wishing to fund the endeavor.

Alternatives and Conceptual Design

We understand Mr. Dan Keig has requested MNS provide this proposal for professional engineering services to provide a technical memorandum for alternatives and conceptual design of a sanitary sewer collection system extension. The purpose of this first phase is to understand the extent of the work and alternatives for the project, including project costs to the impacted project area. This design proposal also includes a task for coordination with other major utilities to develop a common utility trench or other alternative design acceptable to install multiple utilities at the same time.

The preparation of design plans and specifications for construction can be prepared under additional tasks or scope.

Scope of Work

Based on our understanding of the immediate project needs, we propose the following scope of services:

Task 1 – Project Management, Site Visit, and QA/QC

This task includes collecting and coordinating information with you throughout the duration of the project and conducting Quality Assurance and Quality Control (QA/QC) reviews on each deliverable. Our staff will also conduct a site visit and meeting to initiate the project and establish locations of existing facilities. In accordance with MNS policy, an internal QA/QC review will be performed prior to each submittal. Nick Panofsky, PE, will serve as the Project Manager and John Mukhar, PE, will provide QA/QC reviews.



Task 2 – Utility and Agency Meetings, Coordination and Planning

This task will include meeting with utilities' agencies to coordinate planning for undergrounding these utilities as part of this projects. These utilities may include PG&E, AT&T, Comcast or other potential service providers identified by the Client. We will also request information from utility agencies which may have below grade facilities in the project area to provide a basis for identifying potential utility conflicts. Additionally, we will discuss the project with Caltrans to identify project requirements within Highway 1.

Task 3 – Alternatives and Conceptual Design

MNS will evaluate the feasibility of extending the sewer system on Highway 1 South of the Carmel Highlands Inn and the number of connections needed to serve residents and facilities along the new route. This extension will enable the property owners in the Highlands area to receive sewer service through CAWD. To improve the cost benefit ratio of sewer installation, MNS will attend a design concept meeting coordinated by Mr. Kieg with three utility providers (natural gas, high speed internet, and power) to review common trench utility designs and the approvals required to install multiple utilities simultaneously. With information from the public utility coordination meeting, MNS proposes to conceptually design a sewer extension with appropriate facilities and provide for additional utilities to be installed simultaneously. This will involve extending the sewer approximately 10,500-feet and evaluating the need for associated facilities such as lift or pump stations. MNS will coordinate an evaluation of the existing sewer capacity with CAWD, where the proposed system will connect. A kick-off meeting and a site visit will initiate the project. At the kick-off meeting MNS will discuss coordination with CAWD and the appropriate utilities requested by the neighborhood members who are funding this request. Meeting minutes and site issues, if any, will be documented and forwarded to Mr. Kieg for review and comment.

The sewer extension evaluation will include:

- Estimated flow projections for the proposed service area, including proposed and approved future developments
- A hydraulic verification of proposed pipeline capacity and contribution from the proposed extension to downstream collection system at the first junction
- Preliminary pipeline alignment based on aerial photography (Google Earth and/or Monterey County GIS) and site recognizance for constructability concerns and access
- A list of alternatives for the extension including alignment and installation options
- An order-of-magnitude project cost estimate including design and administrative costs based on anticipated length of pipeline, number of manholes, and number of laterals for a sewer line extension down Highway 1 and pump stations
- A separate cost estimate for rerouting sewer lines from individual residences to the new laterals at the property line
- A recommendation of open trench or trenchless construction method, or a combination of both, for the pipeline extension
- An evaluation of alternative piping materials

Deliverables

- A draft and final Technical Memorandum summarizing the conceptual design and other items to be addressed including exhibits showing the proposed sewer alignments and pump station locations and a preliminary schedule illustrating risks for planning, permitting and construction of the project

Task 4 – Presentation of Findings to Property Owners and Final Report

This task will include attending a 2-hr. meeting with the home owners at the Highlands fire station, reviewing the findings in the Draft Report and explaining the illustrations of risk and costs. The meeting will provide the neighborhood an opportunity to comment on the technical memorandum; any comments requiring further clarification will be responded to by MNS and these responses will be included in the final Report.



Schedule

We have prepared the following schedule of milestones based on an anticipated notice to proceed.

Kick-off Meeting	ASAP, 2018
Meeting with Utility Representatives	Six weeks after kick-off meeting (estimated)
Draft Technical Memorandum	Four weeks after meeting with Utility Reps.
Review by Property Owners	Two weeks after Submittal
Final Memorandum	Two weeks after Review

Project Team

MNS Engineers proposes the same team for all tasks, led by Nick Panofsky, PE, as the Project Manager. He will be supported by Drew Lander, PE and Sean Packard, PE, as the Project Engineers. John Mukhar, PE, Principal Engineer, will perform QA/QC on all deliverables. Complete resumes for team members can be provided upon request. Brief bios for each team member follow.

Nick Panofsky, PE, QSD, ENV SP

Role: Supervising Project Engineer

License: Professional Civil Engineer, CA No. 75006

Yrs Exp: 12

Mr. Panofsky will manage the project and lead the technical analysis and design effort for the sewer extension. Nick has worked on numerous sewer collection system designs, including replacement, extensions and rehabilitation. Nick's professional consulting experience in the water resources industry has advanced through a variety of municipal infrastructure design projects including potable water, recycled water, wastewater, and stormwater. He has been involved in every stage of the design process, including planning, analysis, design, construction management, and operational assistance. He actively manages projects to meet both technical and financial goals. As Project Engineer, Nick is responsible for leading the production of project deliverables including Preliminary Design, Contract Documents, and other project deliverables. Nick will coordinate the work of lower-level staff support as needed, particularly for the AutoCAD services.

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Role: Associate Engineer

License: Professional Civil Engineer, CA No. 88388

SWPPP Developer/Practitioner, CA No. 88388

Yrs Exp: 5

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Drew Lander, PE, QSD/QSP

Role: Principal Construction Manager
License: Professional Civil Engineer, CA No. 79561
Yrs Exp: 16

Mr. Lander will provide technical analysis and design support along with construction feasibility assistance. He has a working knowledge of the Carmel Area Wastewater District (CAWD) sewer collection system. Drew worked for 6 years as the CAWD Principal Engineer and has worked with both local agencies and utilities who are anticipated to be included in this assessment. Drew’s professional experience includes involvement in every stage of the design process, including planning, analysis, design, construction management, and operational assistance. He will provide constructability evaluations and construction cost estimation. Drew will attend meetings with utility representatives and provide technical support to the project supervisor during concept design and evaluation.

John Mukhar, PE, QSD

Role: Principal Engineer
License: Professional Civil Engineer, CA No. 51052
 SWPPP Developer, CA No. 51052
Yrs Exp: 32

Mr. Mukhar will provide quality assurance of each deliverable prior to submittal. John specializes in the design and construction of water and wastewater facilities. Prior to MNS, John worked as a project/program manager for over 20 years, serving as design manager, contract manager, department liaison, and team lead for various municipalities. He is known for his strength in managing staff and leading teams to perform more efficiently and raise productivity. He has excellent knowledge of environmental engineering; federal, state, and local laws; regulations; NPDES permits; and local limits. John will serve as the City’s primary point-of-contact responsible for overseeing this project. John will review and perform QA/QC on all of the reports and submittals.

Compensation

MNS proposes to perform all tasks in the scope of services described for Phase 1 for a total fee of \$45,000, as detailed in the following table:

Phase 1 – Conceptual Design	
Task 1 – Project Management, QA/QC, and Meetings	\$7,000
Task 2 – Utility agency meetings, coordination and planning.	\$8,000
Task 3 – Conceptual Design	\$27,000
Task 4 – Presentation of findings to interested property owners.	\$3,000
Total	\$45,000



Closing

Thank you for considering MNS Engineers, Inc. for this project. Please contact Nick Panofsky 805.592.2074, npanofsky@mnsengineers.com, or Drew Lander 408.438.7294, dlander@mnsengineers.com if you have any questions, or if we can provide additional information.

Sincerely,
MNS Engineers, Inc.



Nick Panofsky, PE



**AGREEMENT PROVIDING MANAGEMENT SERVICES
FOR THE CONTRACT TO PLAN & DESIGN WASTEWATER FACILITIES TO
CONNECT THE HIGHLANDS YANKEE POINT & SPINDRIFT NEIGHBORHOODS
TO THE CARMEL AREA WASTEWATER DISTRICT**

This Agreement, dated _____, 2018, is by and between the Carmel Area Wastewater District (hereinafter referred to as the “District”) and the Yankee Point/Spindrift Road neighborhood (hereinafter referred to as “Participants”) for services generally described as Contract Management Services for the Yankee Point/Spindrift Road Wastewater Feasibility Study.

Overview

The Yankee Point/ Spindrift Road neighborhood (hereinafter referred to as “Participants”) is located on the west side of Highway 1 in the Highlands area of Big Sur is currently on septic service for wastewater. There are potentially ~350 residential connections in these neighborhoods. The Participants have indicated an interest in connecting to the District and would like to begin the process by performing a feasibility study to determine potential costs and construction risks.

The Participants have asked if the District will manage the feasibility study contract with MNS Engineers, Inc.

The District has agreed to furnish this service under the following conditions:

- I. **SERVICES or MATERIALS to be PERFORMED or FURNISHED by CAWD**
 - A. District staff will be responsible for all administrative and contract management services during the feasibility study.
 - B. The Participants have made the decision to engage MNS Engineers Inc to provide engineering services. The District’s role is solely to administer and manage the contract services provided by MNS Engineers, Inc. (See Exhibit “A”).
 - C. The District agrees to interact with MNS Engineers Inc as requested during the study. In addition, upon completion of the study, if requested by the Participants, the District is open to participating in a public meeting to discuss results of the study and potential next step forward.
 - D. CAWD’s direct involvement will be administration, design review for conformance with CAWD standards, oversight, meetings, and coordination.

It will be the responsibility of the Yankee Point/Spindrift Road neighborhood at the conclusion of the feasibility study and acceptance of the study by CAWD to evaluate the proposed project and consider whether they wish to continue.

II. COMPENSATION

The Participants will be responsible for all costs of the MNS contract. The Participants agree to deposit \$45,000 with CAWD for administration of said contract. The District will provide the Participants with an accounting of all expenditures made towards the administration of the MNS contract at the end of contract.

In addition, the Participants will compensate CAWD on a time and materials basis for actual work performed. Hourly rates for labor are attached hereto in Exhibit "B". All other costs to be billed "at cost" without markup for profit. The District will provide a detailed billing showing all costs incurred. Billings to be paid within 30 calendar days.

III. INDEMNITY

The Participants acknowledge that CAWD is providing services to assist the Participants in their effort to obtain sewer collection, treatment and disposal service for the benefit of the neighborhood and the environment "at cost". As such, the Participants will hold CAWD harmless from any and all liability arising from performance of its duties under the agreement.

The Participants shall defend, indemnify, and save the District free and harmless from and pay in full, any and all claims, demands, losses, damages, or expenses that the District may sustain or incur in any manner resulting from the performance of this agreement, including any loss, damage, or expense arising out of (1) loss of or damage to property, (2) injury to or death of persons; and (3) claims of extra or additional work or delay. The Participant's obligation to indemnify shall not extend to any loss, damage, or expense and claims for loss, damage, or expense resulting in any manner from the gross negligence of the District, its contractors, officers, agents, or employees.

IV. PROJECT REPRESENTATIVE NOTICES

The District and the Participants each designate the following persons to act as authorized representatives of the District and the Participants in matters and decisions pertinent to the timely performance of this Agreement and each authorized representative will have full powers to bind the District or the Participants including, but not limited to, transmitting instructions, receiving information, making project-related decisions not requiring official District approval and other matters. All notices or other official correspondence relating to work under this Agreement may be given by being personally delivered, by being placed in the United States mail, first-class postage prepaid, or by being sent by overnight prepaid air addressed to the party to whom notice is to be given. Each notice shall be deemed to be effective upon receipt if personally delivered or sent by air freight, or five days after being so mailed. Any notice may also be given by facsimile. Notice shall be provided to the following names and addresses:

For the Carmel Area Wastewater District:

Barbara Buikema, General Manager

Carmel Area Wastewater District
P.O. Box 221428
Carmel, CA 93922

For the Participants:

Daniel Kieg

V. FORCE MAJEURE

The District is not responsible for damages or delay in performance caused by acts of God, strikes, lockouts, accidents, or other events beyond the control of the District.

VI. GOVERING LAW & DISPUTE RESOLUTION

A. Governing Law: This Agreement shall be governed by and construed in accordance with the laws of the State of California.

B. Duty to Meet and Confer: If any dispute arises between the parties as to proper interpretation or application of this Agreement, the parties shall first meet and confer in a good faith attempt to resolve the matter between themselves. Representatives of each party will personally meet and attempt in good faith to resolve the dispute.

C. Mediation: If their representatives are unable to resolve the dispute within 15 days thereafter, the parties agree to first endeavor to settle the dispute in an amicable manner, using mandatory non-binding mediation under the rules of the Judicial Arbitration and Mediation Service (“JAMS”). The expenses of witnesses for either side shall be paid for the party producing such witnesses. All other expenses of the mediation shall be borne equally by the parties, unless they agree otherwise. Any resultant agreements from mediation shall be documented in writing. All mediation proceedings, results, and documentation shall be inadmissible for any purpose in any legal proceeding (pursuant to California Evidence Codes sections 1115 through 1128), unless otherwise agreed upon in writing by both parties. Mediators shall not be subject to any subpoena or liability, and their actions shall not be subject to discovery. Mediation shall be completed within 30 days after request for the mediation by either Party or such additional time as may be mutually agreed upon in writing by both parties.

D. Arbitration: If the dispute is not or cannot be resolved by mediation, the parties may mutually agree (but only as to those issues of the matter not resolved by mediation) to submit their dispute to arbitration. Before commencement of the arbitration, the parties may elect to have the arbitration proceed on an informal basis; however, if the parties are unable so to agree, then the arbitration shall be conducted under the rules of JAMS. The decision of the arbitrator shall be binding unless within 30 days after issuance of the arbitrator’s written decision a party files an action in a court of law.

Venue and jurisdiction for any legal proceeding between the parties shall lie in the Superior Court for the County of Monterey.

VII. ADDITIONAL PROVISIONS – EXHIBITS

Additional provisions of this Agreement are set forth on Exhibits “A” – “B”. All Exhibits shall be attached to this Agreement and are incorporated and made a part by reference.

VIII. AMENDMENT OR MODIFICATION

This Agreement may be amended, altered or modified only by written agreement executed by both parties.

IX. FURTHER ASSURANCES

Each of the parties agree to execute and deliver to the other such documents and instruments, and to take such actions, as may reasonably be required to effectuate the terms and conditions of this Agreement; provided, however, such covenant shall not have the effect of increasing the obligations of any party pursuant to this Agreement or require any representations and warranties by any party.

X. SEVERABILITY

Should any provision of this Agreement be declared invalid and unenforceable in any jurisdiction by a court of competent jurisdiction, then such portion or provision shall be deemed to be severable, to the extent invalid or unenforceable, from this Agreement as to such jurisdiction (but, to the extent permitted by law, not elsewhere) and shall not affect the remainder hereof. Notwithstanding the foregoing, a) such provision of this Agreement shall be interpreted by the parties and by any such court, to the extent possible, in such a manner that such provision shall be deemed to be valid and enforceable, and b) such court shall have the right to make such modifications to any provision of this Agreement as do not materially affect the rights or obligations under this Agreement of the parties hereto and as may be necessary in order for such provision to be valid and enforceable.

XI. WAIVER

No waiver of any right or obligation of any of the parties shall be effective unless in writing, specifying such waiver, executed by the party against whom such waiver is sought to be enforced. A waiver by any of the parties of any of their rights under this Agreement on any occasion shall not be a bar to the exercise of the same right on any subsequent occasion or of any other right at any time.

XII. ATTORNEYS FEES

Should either party to this Agreement bring legal action against the other, (formal judicial proceeding or arbitration), the case shall be handled in Monterey County, California, and the party prevailing in such action shall be entitled to a reasonable attorney's fee which shall be fixed by the judge, or arbitrator hearing the case and such fee shall be included in the judgment, together with all costs.

XIII. COUNTERPARTS

This Agreement may be executed in two counterparts, each of which shall be deemed an original, but both of which shall constitute one and the same instrument.

XIV. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the parties regarding the subject matter hereof, and supersedes all prior or contemporaneous negotiations, understandings or agreements of the parties, whether written or oral, with respect to such subject matter.

IN WITNESS WHEREOF, this Agreement has been executed in duplicate by the Yankee Point/Spindrift Participants and the duly authorized representatives of the District effective the date first shown above.

CARMEL AREA WASTEWATER DISTRICT

By: _____
Barbara Buikema, General Manager

**Yankee Point/Spindrift
“Participant”**

A.P.N.

Owner Name

Address

By: _____

Name: _____

Date: ____/____/18

STATE OF CALIFORNIA
COUNTY OF MONTEREY

On this ____ day of _____, in the year 2018, before me, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to this instrument, and acknowledged that he/she executed it.

Notary Public

Term Expires: _____

**Exhibit “B”
CAWD Schedule of Charges**

Personnel Compensation

Classification	Hourly Rate
Principal Engineer	\$146.15
Plant Engineer	\$146.15
Principal Accountant	\$101.26
Admin Svcs/Board Clerk	\$75.33

Direct Expenses

Reimbursement for direct expenses, as listed below, incurred in connection with the work will be at cost. Examples of such items may include, but are not limited to:

- a. Maps, photographs, 3rd party reproductions/printing and special supplies required to complete the work.
- b. Project specific telecommunications and delivery charges
- c. Special fees, insurance, permits and licenses applicable to the work

The foregoing Schedule of Charges is incorporated into the agreement for services provided, effective July 1, 2018 through June 30, 2019. After June 30, 2019 invoices will reflect the Schedule of Charges current in effect.

RESOLUTION NO. 2018-52

A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A CONTRACT WITH THE CARMEL HIGHLANDS (YANKEE POINT/SPINDRIFT) NEIGHBORHOOD TO MANAGE THE FEASIBILITY STUDY BEING UNDERTAKEN BY MNS ENGINEERS INC IN THE AMOUNT OF \$45,000 AND TO AUTHORIZE RECOVERY OF STAFF TIME SPENT IN CONTRACT ADMINISTRATION

-oOo-

WHEREAS, the Carmel Highlands (Yankee Point/Spindrift) neighborhood has expressed an interest in connecting to the District for sewer service; and

WHEREAS, the appropriate initial step is an engineering feasibility study to determine how such a system could be undertaken and what the costs might be; and

WHEREAS, the Carmel Highlands (Yankee Point/Spindrift) neighborhood has asked the District to manage the contract with MNS Engineers Inc and agreed to front the costs of the contract. The neighborhood has asked to reimburse staff time only at the hourly rate.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Carmel Area Wastewater District that it does hereby authorize the General Manager to enter into a contract with the Carmel Highlands (Yankee Point/Spindrift) neighborhood to manage the feasibility study being undertaken by MNS Engineers Inc. in the amount of \$45,000 and to allow staff time to be charged at an hourly rate plus benefit burden.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Carmel Area Wastewater District duly held on December 13, 2018 by the following vote:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

President of the Board

ATTEST:

Secretary of the Board

STAFF REPORT



To: Board of Directors

From: Barbara Buikema, General Manager

Date: December 13, 2018

Subject: Professional Engineering Service for Carmel Highlands Sewer Service Expansion Feasibility Study

RECOMMENDATION

It is recommended the Board of Directors adopt a resolution authorizing the General Manager to enter into a contract with MNS Engineers Inc in the amount of \$45,000 to manage the sewer feasibility study on the Carmel Highlands Project.

DISCUSSION

The District was approached by the Yankee Point/Spindrif resident “leader” Dan Kieg with a request for the District to manage the contract with MNS Engineers. They would prefer the District administer the contract because (a) they recognize their lack of expertise in wastewater and (b) the need for the District to accept a system that meets our standard specifications requires some input from CAWD. Staff has spoken with MNS Engineers and they are happy to have CAWD manage the contract as they believe it will be easier for them.

The area of study extends south of the Carmel Highlands Pump Station and terminates at Aurora Del Mar on the west side of the highway. We estimate there are 350 +/- individual residences in this area that are currently on septic tank.

The Agreement we are proposing with the Participant is fairly simply in scope: The District will provide contract administration and ensure conformance with CAWD standards. We are asking the Participants to deposit the full amount of the MNS Engineers contract with the District. We will then administer the contact and provide an accounting to the participants.

FUNDING

The Yankee Point/Spindrift neighborhood has agreed to completely finance the engineering feasibility study. The District has requested that the full contract amount of \$45,000 be deposited with the District so that we can easily pay MNS Engineers as invoices are received.

November 10, 2019

Carmel Area Wastewater District
Attention: Barbara Buikema
3945 Rio Road
Carmel, CA 93923

SUBJECT: Professional Engineering Services for Carmel Highlands Sewer System Expansion

Dear Ms. Buikema,

MNS Engineers, Inc. (MNS) appreciates the opportunity to provide this proposal of professional engineering services. This proposal includes services for the evaluation of feasibility in extending sewer service to those properties West of Highway 1, beginning South of the Carmel Highlands Pump Station and terminating at Aurora Del Mar. MNS proposes to develop a conceptual design with cost estimates for connection of a new sewer collection system to convey wastewater to the nearest available connection to the Carmel Area Wastewater District (CAWD, District).

Background

Several community meetings have been held between CAWD and interested property owners in the Carmel Highlands area for the purpose of discussing how CAWD can facilitate expansion of sewer collection to properties along State Route 1 south of the Highlands Pump station. At present CAWD has directed the property owners to proceed at their own risk with obtaining a feasibility study and preliminary engineering design study to determine potential costs and construction risks. This study will facilitate interested property owners in making an educated decision to proceed (or not) with full design and construction of a sewer line extension. Design and construction costs are anticipated to be financed through a public finance instrument; however, estimates of individual property owner costs are needed to gauge interest from the community.

Alternatives and Conceptual Design

We understand Mr. Dan Keig has requested MNS provide this proposal for professional engineering services to provide a technical memorandum for alternatives and conceptual design of a sanitary sewer collection system extension. The purpose of this first phase is to understand the extent of the work and alternatives for the project, including project costs to the impacted project area. This design proposal also includes a task for coordination with other major utilities to develop a common utility trench or other alternative design acceptable to install multiple utilities at the same time.

The preparation of design plans and specifications for construction can be prepared under additional tasks or scope.

Scope of Work

Based on our understanding of the immediate project needs, we propose the following scope of services:

Task 1 – Project Management, Site Visit, and QA/QC

This task includes collecting and coordinating information with you throughout the duration of the project and conducting Quality Assurance and Quality Control (QA/QC) reviews on each deliverable. Our staff will also conduct a site visit and meeting to initiate the project and establish locations of existing facilities. In accordance with MNS policy, an internal QA/QC review will be performed prior to each submittal. Nick Panofsky, PE, will serve as the Project Manager and John Mukhar, PE, will provide QA/QC reviews.

Task 2 – Utility and Agency Meetings, Coordination and Planning

This task will include meeting with utilities' agencies to coordinate planning for undergrounding these utilities as part of this projects. These utilities may include PG&E, AT&T, Comcast or other potential service providers identified by the Client. We will also request information from utility agencies which may have below grade facilities in the project area to provide a basis for identifying potential utility conflicts. Additionally, we will discuss the project with Caltrans to identify project requirements within Highway 1.

Task 3 – Alternatives and Conceptual Design

MNS will evaluate the feasibility of extending the sewer system on Highway 1 South of the Carmel Highlands Inn and the number of connections needed to serve residents and facilities along the new route. This extension will enable the property owners in the Highlands area to receive sewer service through CAWD. To improve the cost benefit ratio of sewer installation, MNS will attend a design concept meeting coordinated by CAWD with three utility providers (natural gas, high speed internet, and power) to review common trench utility designs and the approvals required to install multiple utilities simultaneously. With information from the public utility coordination meeting, MNS proposes to conceptually design a sewer extension with appropriate facilities and provide for additional utilities to be installed simultaneously. This will involve extending the sewer approximately 10,500-feet and evaluating the need for associated facilities such as lift or pump stations. MNS will coordinate an evaluation of the existing sewer capacity with CAWD, where the proposed system will connect. A kick-off meeting and a site visit will initiate the project. At the kick-off meeting MNS will discuss coordination with CAWD and the appropriate utilities requested by the neighborhood members who are funding this request. Meeting minutes and site issues, if any, will be documented and forwarded to CAWD and Mr. Kieg for review and comment.

The sewer extension evaluation will include:

- Estimated flow projections for the proposed service area, including proposed and approved future developments
- A hydraulic verification of proposed pipeline capacity and contribution from the proposed extension to downstream collection system at the first junction
- Preliminary pipeline alignment based on aerial photography (Google Earth and/or Monterey County GIS) and site recognizance for constructability concerns and access
- A list of alternatives for the extension including alignment and installation options
- An order-of-magnitude project cost estimate including design and administrative costs based on anticipated length of pipeline, number of manholes, and number of laterals for a sewer line extension down Highway 1 and pump stations
- A separate cost estimate for rerouting sewer lines from individual residences to the new laterals at the property line
- A recommendation of open trench or trenchless construction method, or a combination of both, for the pipeline extension
- An evaluation of alternative piping materials

Deliverables

- A draft and final Technical Memorandum summarizing the conceptual design and other items to be addressed including exhibits showing the proposed sewer alignments and pump station locations and a preliminary schedule illustrating risks for planning, permitting and construction of the project

Task 4 – Presentation of Findings to Property Owners and Final Report

This task will include attending a 2-hr. meeting coordinated with CAWD and the home owners at the Highlands fire station, reviewing the findings in the Draft Report and explaining the illustrations of risk and costs. The meeting will provide the neighborhood an opportunity to comment on the technical memorandum; any comments requiring further clarification will be responded to by MNS and these responses will be included in the final Report.

Schedule

We have prepared the following schedule of milestones based on an anticipated notice to proceed.

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Project Team

MNS Engineers proposes the same team for all tasks, led by Nick Panofsky, PE, as the Project Manager. He will be supported by Drew Lander, PE and Sean Packard, PE, as the Project Engineers. John Mukhar, PE, Principal Engineer, will perform QA/QC on all deliverables. Complete resumes for team members can be provided upon request. Brief bios for each team member follow.

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Role: Supervising Project Engineer
License: Professional Civil Engineer, CA No. 75006
Yrs Exp: 12

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Role: Associate Engineer
License: Professional Civil Engineer, CA No. 88388
 SWPPP Developer/Practitioner, CA No. 88388
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Role: Principal Construction Manager
License: Professional Civil Engineer, CA No. 79561
Yrs Exp: 16

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Role: Principal Engineer
License: Professional Civil Engineer, CA No. 51052
 SWPPP Developer, CA No. 51052
Yrs Exp: 32

Mr. Mukhar will provide quality assurance of each deliverable prior to submittal. John specializes in the design and construction of water and wastewater facilities. Prior to MNS, John worked as a project/program manager for over 20 years, serving as design manager, contract manager, department liaison, and team lead for various municipalities. He is known for his strength in managing staff and leading teams to perform more efficiently and raise productivity. He has excellent knowledge of environmental engineering; federal, state, and local laws; regulations; NPDES permits; and local limits. John will serve as the City’s primary point-of-contact responsible for overseeing this project. John will review and perform QA/QC on all of the reports and submittals.

Compensation

MNS proposes to perform all tasks in the scope of services described for Phase 1 for a total fee of \$45,000, as detailed in the following table:

Phase 1 – Conceptual Design	
Task 1 – Project Management, QA/QC, and Meetings	\$7,000
Task 2 – Utility agency meetings, coordination and planning.	\$8,000
Task 3 – Conceptual Design	\$27,000
Task 4 – Presentation of findings to interested property owners.	\$3,000
Total	\$45,000

Closing

Thank you for considering MNS Engineers, Inc. for this project. Please contact Nick Panofsky 805.592.2074, npanofsky@mnsengineers.com, or Drew Lander 408.438.7294, dlander@mnsengineers.com if you have any questions, or if we can provide additional information.

Sincerely,
MNS Engineers, Inc.



Nick Panofsky, PE

RESOLUTION NO. 2018-53

A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A CONTRACT WITH MNS ENGINEERS INC IN THE AMOUNT OF \$45,000 TO MANAGE THE SEWER FEASIBILITY STUDY ON THE CARMEL HIGHLANDS PROJECT

-oOo-

WHEREAS, the District has determined that it an appropriate use of staff time to assist the homeowners in the Carmel Highlands by managing a feasibility study to be performed by MNS Engineers Inc.; and

WHEREAS, the District agrees to enter into a contract directly with MNS Engineers provided that the homeowners deposit the full contract amount with the District prior to commencing any work.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Carmel Area Wastewater District that it does hereby authorize the General Manager to enter into a contract with MNS Engineers Inc in the amount of \$45,000 to manage a sewer feasibility study.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Carmel Area Wastewater District duly held on December 13, 2018 by the following vote:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS

President of the Board

ATTEST:

Secretary of the Board

STAFF REPORT



To: Board of Directors

From: Irene Bryant, Secretary to the Board

Date: December 13, 2018

Subject: Appointment of President, President Pro Tem, Secretary, and Secretary Pro Tem to the Board

DISCUSSION

The current terms of office for the President of the Board, President Pro Tem, Secretary to the Board, and Secretary Pro Tem expire December 13, 2018.

Therefore, it is necessary for the Board of Directors to adopt a resolution electing a member of the Board to act as the President of the Board, and to elect a member of the Board to act as the President Pro Tem of the Board, both for a one-year term commencing December 13, 2018.

It is also necessary for the Board to appoint a Secretary of the Board and a Secretary Pro Tem, both for a one-year term commencing December 13, 2018.

CARMEL AREA WASTEWATER DISTRICT
BOARD OF DIRECTORS - TERMS OF OFFICE

1993-94	Joyce Stevens, President	Arthur Haseltine, Vice President
1994-95	Arthur Haseltine, President	John Floyd, Vice President
1995-96	Arthur Haseltine, President	Paul Beemer, Vice President
1996-97	Paul Beemer, President	Brian Congleton, Vice-President
1997-98	Paul Beemer, President	Brian Congleton, Vice-President
1998-99	Brian Congleton, President	Charlotte Townsend, Vice President
1999-00	Brian Congleton, President	Charlotte Townsend, Vice-President
2000-01	Charlotte Townsend, President	Joyce Stevens, Vice-President
2001-02	Charlotte Townsend, President	Joyce Stevens, Vice President
2002-03	Joyce Stevens, President	Robert Kohn, Vice-President
2000-04	Joyce Stevens, President	Robert Kohn, Vice President
2004-05	Robert Kohn, President	Ken White, President Pro-Tem
2005-06	Ken White, President	William Englander, President Pro-Tem
2006-07	Ken White, President	William Englander, President Pro-Tem
2007-08	Charlotte Townsend, President	Robert Siegfried, President Pro-Tem
2008-09	Charlotte Townsend, President	Robert Siegfried, President Pro-Tem
2009-10	Robert Kohn, President	Greg D'Ambrosio, President Pro-Tem
2010-11	Robert Kohn, President	Greg D'Ambrosio, President Pro-Tem
2011-12	Charlotte Townsend, President	Greg D'Ambrosio, President Pro-Tem
2012-13	Charlotte Townsend, President	Robert Siegfried, President Pro-Tem
2013-14	Ken White, President	Robert Siegfried, President Pro-Tem
2014-15	Ken White, President	Robert Siegfried, President Pro-Tem
2015-16	Ken White, President	Robert Siegfried, President Pro-Tem
2016-17	Ken White, President	Robert Siegfried, President Pro-Tem
2017-18	Ken White, President	Robert Siegfried, President Pro-Tem

RESOLUTION NO. 2018-54

A RESOLUTION SELECTING A PRESIDENT AND PRESIDENT PRO TEM, AND APPOINTING A SECRETARY AND SECRETARY PRO TEM OF THE CARMEL AREA WASTEWATER DISTRICT, FOR A TERM OF ONE YEAR COMMENCING ON DECEMBER 13, 2018

-oOo-

WHEREAS, as authorized by law, the Board of Directors of the Carmel Area Wastewater District has heretofore acted from time-to-time to appoint one of its members as President of the Board and one of its members as President Pro Tem, and has also from time-to-time appointed a Secretary and a Secretary Pro Tem;

NOW, THEREFORE, BE IT RESOLVED, following an election held by the Board of Directors this date, that:

1. _____ shall act as the President of the Board for a term of office of one year (or until his/her successor is elected);

2. _____ shall act as the President Pro Tem of the Board for a term of one year (or until his/her successor is elected);

3. _____ is hereby appointed Secretary of the Board for the period of one year (or until his/her successor is appointed);

4. _____ is appointed Secretary Pro Tem for the period of one year (or until his/her successor is appointed);

5. That each of the above terms of office or appointments shall commence on December 13, 2017; and

6. That the selection of the above named Secretary, together with statistical facts regarding the Board, shall be reported to the California Secretary of State and to the County Clerk of Monterey County as required by Government Code §53051.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Carmel Area Wastewater District duly held on December 13, 2018, by the following vote:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

ABSTAIN: BOARD MEMBERS:

ATTEST:

President of the Board

Secretary of the Board

STAFF REPORT



To: Board of Directors
From: Barbara Buikema, General Manager
Date: December 13, 2018
Subject: Financial Audit For Fiscal Year Ending 06-30-18

RECOMMENDATION

It is recommended that the Board of Directors accept the Carmel Area Wastewater District Annual Financial Statements and Independent Audit Report for the fiscal year ended June 30, 2018 prepared by the firm Marcello & Company as meeting the requirements for an annual independent financial audit.

DISCUSSION

The attached audit report gives the District a “clean” or unqualified opinion on the 06-30-18 statements.

There were no significant recommendations from this year’s audit – the accounting “books” and internal controls are appropriate.

To best review the District’s audited financial statement; staff would direct readers first to the Management Discussion & Analysis in the front of the report which is the District’s summary and analysis of where we were during the prior year and factors that could potentially affect us going forward.

Attached: CAWD Audit for year ended 06-30-18

FUNDING

Preparation of the annual audit was a budgeted expense for 2017-18 in the amount of \$26,800.

Government Code section 12410.6 (b) indicates that commencing with the 2013-14 fiscal year, a local agency shall not employ a public accounting firm to provide audit services to a local agency if the lead audit partner or coordinating audit partner having primary responsibility for the audit, or the audit partner responsible for reviewing the audit, has performed audit service for that local agency for six consecutive years. Under this code section there is no requirement for CAWD to change auditors at this time. Staff recommends continuing with the services of Marcello & Company for fiscal year 2018-19.

CARMEL AREA WASTEWATER DISTRICT
California

Annual Financial Report

**Year Ended
June 30, 2018**

CARMEL AREA WASTEWATER DISTRICT

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MARCELLO & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Post Office Box 60127 / Sacramento, California 95860

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Carmel Area Wastewater District
Carmel, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Carmel Area Wastewater District, Carmel, California (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. The prior year comparative information has been derived from the District's 2017 financial statements and, in our report dated September 29, 2017, we expressed an unqualified opinion on the financial statements of the business-type activities.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based upon our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors and Members
Carmel Area Wastewater District
Carmel, California

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Carmel Area Wastewater District, as of June 30, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension schedules and schedules of funding progress as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Carmel Area Wastewater District's basic financial statements. The budgetary comparison information is presented for purposes of additional analysis and is not a required part of the financial statements. The budgetary comparison information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Marcello & Company

Certified Public Accountants
Sacramento, California
September 28, 2018

MANAGEMENT'S DISCUSSION & ANALYSIS

As Prepared by Management

(unaudited)

Carmel Area Wastewater District
Management's Discussion and Analysis
June 30, 2018

The following discussion and analysis are supplementary information required by the Governmental Accounting Standards Board (GASB) and is intended to provide an easily readable explanation of the information provided in the attached basic financial statements for the fiscal year ended June 30, 2018. We encourage readers to read the information presented here in conjunction with our financial statements, which follow this narrative.

Financial Highlights

Key financial highlights for 2017-18 are as follows:

- The District's net position increased by 7.1% or \$5.0M to \$76.7M. Total Operating revenues increased 6.2% or \$537K over the prior year. Sewer user fees, the District's primary source of operating revenue, increased 9.4% or \$641K over the prior year. The rate model projected an 8.6% increase in residential rates – overwhelmingly the District's largest user category. The increases are reflective of the District's continued efforts to fund its capital improvement and rehabilitation efforts. Pebble Beach Community Services District (PBCSD) treatment fees decreased by 10.2% or \$141K over prior year. Flow from Del Monte Forest decreased to 31.2% compared with 34.6% in 2017-18. Reimbursement from the Reclamation Project for O&M expenses increased 6.6% or \$34K due to increased time spent on maintenance efforts at the MF/RO pad.
- Total non-operating revenues decreased 13.7% or \$673K over the prior year primarily due to a reduction in reimbursement from other agencies for capital costs. Property tax revenue increased 6.4% or \$117K over the prior year. Investment income increased 95.4% or \$190K over the prior year. Connection fees increased 587.1% or \$25K from the prior year. Reimbursement of capital costs from PBCSD decreased 43.9% or \$917K and from Reclamation it decreased 23.5% or \$131K.
- Total operating expenses (excluding depreciation) increased 3.5% or \$200K over the prior year reflecting a focus on completion of the Phase I capital improvement project rather than the considerable prior focus on repair and rehabilitation around the facility.
- Non-operating expenses decreased 13.6% or \$10K from the prior year due to lower interest earnings and fiscal expenses.
- Total Current Assets increased 6.9% or \$1.8M over the prior year. This was primarily due to an increase in Cash and Investments of \$2.4M.
- Total Current Liabilities decreased 61.6% over the prior year primarily due to a decrease in Accounts Payable. Trade payables are down because of both timing issues and because we are no longer in the midst of Phase I of our Capital Improvement program. The Deferred Revenue represents CCLEAN program revenues – the District became lead agency effective July 1, 2017.

Carmel Area Wastewater District
Management's Discussion and Analysis
June 30, 2018

Overview of the Financial Statements

This annual report consists of three parts – management’s discussion and analysis (*this section*), the basic financial statements, and other supplementary information. The Financial Statements include Notes which explain in detail some of the information included in the basic financial statements. They are followed by a section of *Supplementary Information* that further explains and supports information in the financial statements.

Required Financial Statements

This discussion and analysis is intended to serve as an introduction to the District’s basic financial statements. The District’s basic financial statements consist of three components:

- The *Statements of Net Position* present information on all the District’s assets and liabilities, with the difference between the two reported as net position.
- The *Statements of Revenue, Expenses and Changes in Net Position* present information showing how the District’s net position changed during the two most recent fiscal years.
- The *Statements of Cash Flows* present information showing how the District’s cash changed during the two most recent fiscal years. It shows the sources and uses of cash.

The District’s financial statements utilize the full accrual basis of accounting whereby revenue is recognized when it is earned, and expenses are recognized as they are incurred. The District’s accounting methods follow accounting principles generally accepted in the United States and as applied to governmental enterprise funds.

Financial Analysis of the District

The Statements of Net Position and the Statements of Revenue, Expenses and Changes in Net Position provide an indication of the District’s financial condition. The District’s net position reflects the difference between assets and liabilities. An increase in net position over time typically indicates an improvement in financial condition.

A summary of net position is presented below:

	2018	2017	2016
Assets			
Current Assets	\$ 27,804,237	\$ 25,998,204	\$ 25,348,793
Capital Assets net of depreciation	50,337,616	48,163,109	43,608,250
Bond issue costs	-0-	-0-	-0-
Total Assets	\$ 78,141,853	\$ 74,161,313	\$ 68,957,043
Deferred Outflow of Resources	950,959	992,009	1,021,125
Total Assets & deferred outflow of resources	\$ 79,092,812	\$ 75,153,322	\$ 69,978,168

Carmel Area Wastewater District
Management's Discussion and Analysis
 June 30, 2018

Liabilities

Current Liabilities	\$ 625,186	\$ 1,629,504	\$ 1,415,553
Long-term vac/sick pay	133,271	117,790	127,516
Net pension liability	(207,127)	(370,040)	(515,387)
Long-term debt	1,090,000	1,240,000	1,385,000
Total Liabilities	<u>\$ 1,641,330</u>	<u>\$ 2,617,254</u>	<u>\$ 2,412,682</u>

Deferred Inflow of Resources

707,184	850,879	1,251,145
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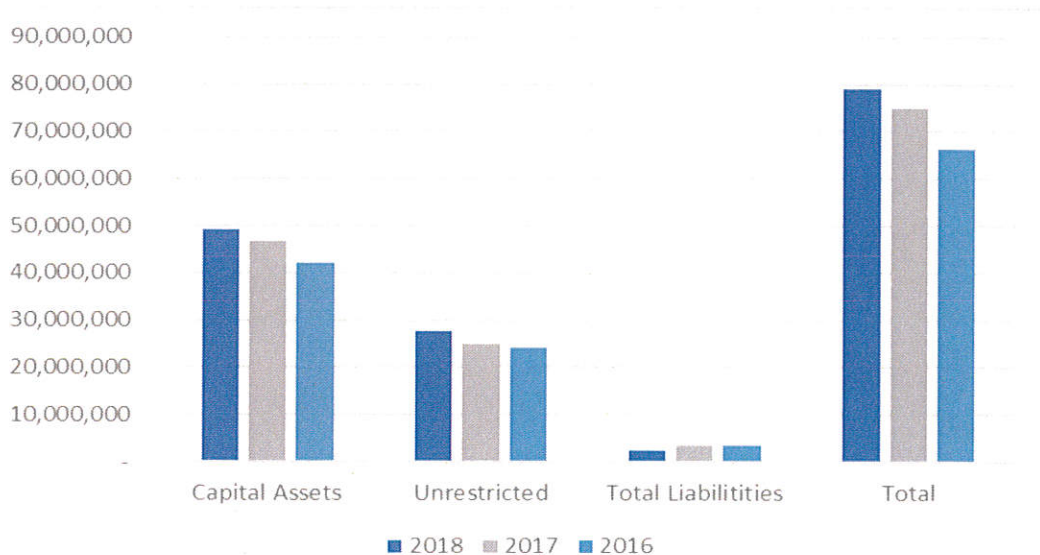
Total Liabilities & Deferred Inflow

<u>\$ 2,348,514</u>	<u>\$ 3,468,133</u>	<u>\$ 3,663,827</u>
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Net Position

Invested in capital assets, net of related debt	49,097,616	46,778,109	42,083,250
Restricted	-0-	-0-	-0-
Unrestricted	27,646,682	24,907,080	24,231,091
Total net position	<u>\$ 76,744,298</u>	<u>\$ 71,685,189</u>	<u>\$ 66,314,341</u>
Total Liabilities & Net Position	<u>\$ 79,092,812</u>	<u>\$ 75,153,322</u>	<u>\$ 69,978,168</u>

CAWD Net Position Comparison June 30, 2016 to 2018



Carmel Area Wastewater District
Management's Discussion and Analysis
June 30, 2018

The District's cash balances are segregated by purpose, as approved by the Board, as follows:

<u>Designation of Cash Balances</u>	<u>Amount</u>
Capital Reserves	\$ 8,680,592
Current Year O&M (2017-18)	13,326,661
Current Year Capital (2017-18)	2,628,196
Rate Stabilization Fund	644,682
LAIF Investment Fund	1,131,938
Defend or Managed Retreat Reserve	500,000
Compensated Accruals Fund	157,053
Total	<u>\$ 27,069,122</u>

After formally accepting the asset management plan prepared for the Treatment plant in April 2013 the District moved forward with implementation of the first phase. The original plan estimated the District will need to spend \$30M over the next fifteen years on plant rehabilitation – this is exclusive of engineering costs and construction management. The District has subsequently carried the long term plan out each year to maintain the fifteen-year time horizon. The long-range total required for the treatment plant remains \$40M. We have already initiated planning for Phase II of our plant rehabilitation.

The current long-term capital plan is for the Treatment Plant only – staff is currently working on producing a similar plan for the Collection System. We currently maintain a five-year plan; but are working on extending it to 15 years to meet the requirements of the Regional Board. The State General Waste Discharge Requirements for Sanitary Sewer Systems (Order No. 2006-0003) requires that we establish a proactive approach to ensure that a system-wide operation, maintenance, and management plan is in place to reduce the number and frequency of sanitary sewer overflows. We know that some of our underground assets are nearing the end of their lifespan and we are also examining capacity issues throughout the system.

The result of the District's long-term capital planning is that we are committed to spending, at a minimum, \$1M per year in Collections and we are committed to spending an estimated \$40M+ at the Treatment Plant over the next 15 years. The District's initial plan was to fund the entire Long-Term Capital Improvement Plan via pay-as-you-go. The Board felt that rather than burden future ratepayers it was appropriate to assess current users and therefore authorized the plan to ramp up user fees, on average, 10% per year until the target funding level was met. Currently we are examining our long-range cash flow projections and it is evident that we will have to decide about potential borrowing if we are to complete all planned rehabilitation work. At the Treatment Plant we are planning on three major rehabilitation projects phases – we've started design on Phase II. In the Collection Department we are attempting to first update our planning documents and then we will commit to one major line replacement project per year. It is an ambitious plan to be sure.

Phase I of our Capital Rehabilitation at the plant was front-loaded because of the critical systems slated for replacement and rehab. Part of our decision going forward will be how we space the timing of Phase II and Phase III. As indicated, Phase II pre-design was initiated in 2017-18 and we plan to go into design in 2018-19. Phase II will include:

Carmel Area Wastewater District
Management's Discussion and Analysis
June 30, 2018

- Influent Pump Station – design of new low-flow pumps
- Headwords design new automatic bar screens that include wash press. Replace existing grit washing unit and grit tank collector mechanism. Replace MCC panel and PLC.
- Chlor/Dechlor Building rehabilitation to relocate chemical sampling/analytical facilities
- Plant Water (3W) Pump Station Controls
- Effluent pumps – evaluate option to improve operations
- Digester demolition and new sludge holding tank

The Phase I project design and construction management was performed by Kennedy/Jenks Consultants. We continued to utilize Kennedy/Jenks Consultants for the pre-design on Phase II and anticipate utilizing them for the design phase.

A summary of Changes in Net Position is presented below:

	2018	2017	2016
Changes in Net Position:			
Operating revenues	\$ 9,233,334	\$ 8,696,097	\$ 7,732,237
Nonoperating revenues	4,252,477	4,925,821	5,233,349
<i>total revenues</i>	13,485,811	13,621,918	12,965,586
Operating expenses	5,945,298	5,745,006	7,087,189
Nonoperating expenses	67,003	77,579	84,453
Depreciation expense	2,414,401	2,428,485	2,392,750
<i>total expenses</i>	8,426,702	8,251,070	9,564,392
Income before Cap Contributions	5,059,109	5,370,848	3,401,194
Capital Contribution	-	-	-
Change in net position	5,059,109	5,370,848	3,401,194
Net position, beginning	\$ 71,685,189	\$ 66,314,341	\$ 62,913,147
Restatements	-	-	-
Net position, ending	\$ 76,744,298	\$ 71,685,189	\$ 66,314,341

The District's strategy for rate-setting has consistently been to cover all operating expenses with operating revenue and to utilize non-operating revenue (i.e. property taxes and interest revenues) to cover capital and other non-operating expenses. The District does not factor depreciation into its rate structure. However, since 2012-13 we have entered an amount for Capital Replacement gradually building to \$1.3M per year in 2018-19. This funding combined with our property tax revenue means that the District has roughly \$3M coming in each year for capital replacement and rehabilitation. We have a long-term capital plan for the treatment plant of roughly \$40M over the next 15 years and for the collection system of roughly \$60M over the next 20 years. And there is one more piece to our long-term plan: sea level rise. We have established a dedicated reserve to fund sea level rise mitigation that may range from relatively simple water proofing efforts to moving facilities. We believe we have at minimum another 30 years at our current location. After that we believe much depends on the planning that we are doing now.

Carmel Area Wastewater District
Management's Discussion and Analysis
June 30, 2018

The District's net position increased by \$5.0M or 7.1% for many reasons. Operating revenues increased 6.2% or \$537K but nonoperating revenues decreased more than double that by 13.7% or \$673K. Operating Expenses increased 3.5% or \$200K with the result that income before any capital contribution decreased 5.8% or \$311K. The District's assets exceeded liabilities by \$76MM as of June 30, 2018. Net position, over time, may serve as a useful indicator of an entity's financial position.

The District's operations continue to be strong enough to support our plan to "pay-as-you-go" for our Treatment Plant Rehabilitation. We intend to utilize "pay-as-you-go" for the \$8-9M Phase II rehabilitation of our Treatment Plant. We have applied for two \$1M grants through FEMA/OES for flood mitigation of our Outfall/Calle la Cruz line and our Hatton Canyon line. We believe we are positioned to pay cash for the first five years of our Collection System long term plan. In short, we see paying cash as offering greater freedom. It offers greater freedom to plan and build what we want and need; however, it requires considerable planning. We recognize that we may not be able to continue to pay cash indefinitely; but our Board of Directors had taken the position for now of not taking on debt.

Capital Assets Activity

In addition to the major Long-Term Capital Improvement Plan (CIP) project under design by Kennedy/Jenks Engineers there are multiple in-house projects the District is managing.

2017-18 significant asset additions include:

• Larsen Field line repair	\$ 358,925
• Outfall/Calle la Cruz Crossing	\$ 217,618
• Hatton Canyon line replacement	\$ 169,355
• CAT Track Loader	\$ 54,952

Debt Service Activity

In 2004, the District entered into an agreement with the Highlands Inn, the Tickle Pink Inn and the Highlands Sanitary Association to manage and obtain the necessary financing for them to construct a pipeline and connect to the District's treatment and collection facilities. The District obtained \$3,000,000 in the form of a 20-year bond as part of a pooled financing arrangement with the California Statewide Communities Development Authority Water & Wastewater Revenue Bonds, Series 2004A. In 2018 the District made a principal payment on the bond of \$145,000 and \$67,003 in interest. Prior year 2017 principal payment was \$140,000 with \$79,579 in interest. The Highlands Project bond is the District's only outstanding bond obligation; the District had no debt service obligations prior to 2004.

All debt service interest and principal payments are being repaid by the parties that benefit directly from the obligation. The Highlands Project Bond obligation is fully reimbursed by the Highlands Inn, the Tickle Pink Inn, and the Highlands Sanitary Association.

Budget Highlights/Variations

An annual budget is adopted by the CAWD Board of Directors each spring for the subsequent fiscal year. Budget information is reported to the Board and adjustments to the budget may only be made by resolution of the Board.

Carmel Area Wastewater District
Management's Discussion and Analysis
June 30, 2018

2017-18 major variances can be described as follows:

- Sewer service fees were 6.2% or \$437K over budget – the rate model provided for an additional \$1.3M to be allocated for future capital expenses.
- PBCSD treatment fees were 23.6% or \$236K over budget because of the increase in Treatment Plant expenses for continued rehabilitation of the plant. Flow from PBCSD decreased to 31.2% of total inflows to the plant.
- Total Operating revenues were 8.3% over budget in total – attributable to user fees and PBCSD treatment fees.
- Maintenance department was 21.6% under budget. The District had a temporary Maintenance Superintendent for six months of the year which resulted in a slow-down in Maintenance work completed. The District Engineer performed double duty during this period. When the new position was filled we returned to our previous level of service.
- Collections department was 5.0% under budget. Salaries were 5.4% over budget, operating supplies 8.0% under budget, contract services 8.7% over budget, and repairs and maintenance was 1.3% over budget.
- The Treatment Plant was 15.8% under budget. Salaries were under budget 17.0%, employee benefits were under budget 31.3% and general and administrative expenses were 65.5% over budget.
- General & Administrative Expenses were 12.5% under budget. Salaries were under budget 3.2%, employee benefits were 27.6% under budget, and contract services were 29.4% under budget.
- Property tax revenue was 11.9% over budget or \$207K. The budget employed a conservative factor of 1.5%.
- Investment revenue was 179.0% over budget or \$250K. While interest rates have remained very low, we simply did not pay out funds on Phase I as quickly as anticipated.
- PBCSD capital reimbursements were 39.0% or \$750K less than anticipated, however as with CAWD expenditures, the capital payments to Anderson Pacific were slower to roll out than originally thought.

Other Significant Matters

- The District awarded an employee COLA for 2017-18 of 2.7%. During negotiations the District agreed to a two-year employee COLA of 3.0% for both the 2018-19 and 2019-20.

Carmel Area Wastewater District
Management's Discussion and Analysis
June 30, 2018

- The employee contribution to CalPERS for Classic members increased to 5% in 2017-18 and is slated to increase an additional 1% in each of the next two years so by 2019-29 employees will be paying their full portion.
- The annual lump sum CalPERS unfunded liability was \$7,110 for 2017-18 and is projected to increase to \$13,511 for 2018-19. The District can fund this completely from cash reserves.

Economic Factors and Next Year's Budget and Rates

The financial condition of the District remains remarkably solid considering the scope of our projected rehabilitation projects. Over 80.0% of the District's operating revenues are derived from wastewater user fees, which are subject to minimal economic volatility. In addition, the District receives an additional 13.3.8% of its operating revenue by contract from Pebble Beach Community Services District for the treatment of its sewage. That contract has been in effect since 1969 and is not anticipated to change significantly.

The District's design of Phase I – Long Term Capital Improvement Plan was completed in January 2018 with total change orders under 2%. With its completion we have started to plan and design Phase II which will include rehab and improvements to the Influent Bldg., the Headworks, and Effluent Bldg. We firmly believe that solid pre-planning is the key to success in capital project management. We planned intensively for Phase I and have are well into the same process for Phase II. Attention to detail is key to our success.

We continue to work on improvements in the Collection System. The Asset Management Study of the Collection System was completed this year and forms the foundation of our long-term plan to rehabilitate the system. We estimate that total costs of rehabilitation over the next 20 years is approximately \$40M. The study has segmented rehabilitation into high, medium, and low risk and will allow the District to progress methodically through the system. The District completed a similar analysis of the Treatment Plant in 2013 and utilizes it as the basis for planning Phase I and Phase II.

The District has engaged Environmental Science Associates (ESA) for a Sea Level Rise Vulnerability Assessment of the treatment plant and collection system. ESA was selected because of their extensive experience working in the lower Carmel River, their design of the Carmel Lagoon South Arm Restoration Project, their ability to provide coastal lagoon monitoring using their proprietary analytical methods of predicting water levels, and the experience of the team of scientists assigned to this project.

The District submitted an amendment to the Monterey County Local Hazard Mitigation Plan (LHMP) that will enable us to participate in grant applications at the federal level. Initially it was thought that we would not be able to participate without buy-in from all County cities; however, we're happy to report that proved unnecessary from the federal perspective. The District can now participate in any potential grant funding with the only requirement that we participate with the County in future updates to the plan.

One of the first things we did with our participation in the LHMP was to apply for FEMA funding to move the District's outfall line under the lagoon. The Carmel River Free Project (CRFree) presents a potential liability to the District because the diversion of flows to the south arm could potentially dislodge the pipeline from its supporting piers. Moving the pipeline is critical to allowing the CRFree project to

Carmel Area Wastewater District
Management's Discussion and Analysis
June 30, 2018

move forward. The Big Sur Land Trust and the County have indicated that there is a very short window for the District to complete its project moving the timeline – we're aiming to do the work in the summer of 2020. To that end we've applied for grant funding from FEMA that will enable us to move forward. A response to our application is anticipated in 2019.

Our second utilization of the LHMP and grant funding involves Hatton Canyon. The District has significant infrastructure running under its easement in Hatton Canyon that it will need to protect. In the past, State Parks has managed the roadway, but now due to its own budgetary pressures State Parks has indicated that the District will need to take responsibility. We had another sanitary sewer overflow on this line last year and recognize this as a high priority. We have applied to FEMA/CalOES for grant funding to repair/rehabilitate this line and make it considerably more robust and eliminate the impact of the streambed overflow. Again, a response to our application is anticipated in 2019.

Five years ago, we initiated a plan to increase the capital component of the rate model by \$250K each year over the next five years with the knowledge that we needed not only to cover operating cost increases, but we had significant capital rehabilitation requirements. We deferred any increase in 2015-16; but went back to the original plan in 2016-17. We remain optimistic that we can pay for a Phase II with cash. But we recognize that we face extraordinary challenges with the rehabilitation of the collection system and dealing with sea level rise. While we believe the challenges of sea level rise may be at least 50 years in the future we know that planning must begin now.

Requests for Information

This financial report is designed to provide an overview of the District's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to James Grover, Principal Accountant, P.O. Box 221428, Carmel, CA 93922 or grover@cawd.org.

BASIC FINANCIAL STATEMENTS

CARMEL AREA WASTEWATER DISTRICT
Statements of Net Position
June 30, 2018 and 2017

Page 1 of 2

*for comparative
purposes only*

Assets	2018	2017
Current Assets		
Cash and investments	\$ 27,069,122	\$ 24,578,189
Accounts receivable	133,109	107,224
Accounts receivable - affiliates	602,006	1,312,791
Total current assets	27,804,237	25,998,204
Noncurrent Assets		
Capital assets not being depreciated	19,922,368	15,868,944
Capital assets, net of depreciation	30,415,248	32,294,165
Total noncurrent assets	50,337,616	48,163,109
Total assets	78,141,853	74,161,313
Deferred Outflows of Resources		
Deferred pensions	950,959	992,009
Total assets and deferred outflows of resources	\$ 79,092,812	\$ 75,153,322

The accompanying notes are an integral part of these financial statements

CARMEL AREA WASTEWATER DISTRICT
Statements of Net Position
June 30, 2018 and 2017

Page 2 of 2

Liabilities and Net Position	<u>2018</u>	<u>2017</u>
		<i>for comparative purposes only</i>
Current Liabilities		
Accounts payable - trade	\$ 366,686	\$ 1,427,063
Accrued bond interest	16,275	18,178
Deferred revenue	47,801	-
Revenue bonds - current	150,000	145,000
Compensated absences - current	44,424	39,263
Total current liabilities	<u>625,186</u>	<u>1,629,504</u>
Noncurrent Liabilities		
Amounts due in more than one year:		
Revenue bonds payable	1,090,000	1,240,000
Compensated absences	133,271	117,790
Net pension liability (overfunded)	<u>(207,127)</u>	<u>(370,040)</u>
Total noncurrent liabilities	<u>1,016,144</u>	<u>987,750</u>
Total liabilities	<u>1,641,330</u>	<u>2,617,254</u>
Deferred Inflows of Resources		
Deferred pensions	<u>707,184</u>	<u>850,879</u>
Total liabilities and deferred inflows of resources	<u>2,348,514</u>	<u>3,468,133</u>
Net Position		
Net investment in capital assets	49,097,616	46,778,109
Unrestricted	<u>27,646,682</u>	<u>24,907,080</u>
Total net position	<u>76,744,298</u>	<u>71,685,189</u>
Total liabilities, deferred inflows, and net position	<u>\$ 79,092,812</u>	<u>\$ 75,153,322</u>

The accompanying notes are an integral part of these financial statements

CARMEL AREA WASTEWATER DISTRICT
Statements of Revenue, Expenses, and Change in Net Position
Years Ended June 30, 2018 and 2017

	<u>2018</u>	<i>for comparative purposes only</i> <u>2017</u>
Operating Revenue		
Sewer service fees	\$ 7,432,554	\$ 6,790,895
Treatment fees, PBCSD	1,236,025	1,377,192
Reclamation Project operating reimbursements	552,629	518,110
Permits and inspection fees	11,300	9,900
Other operating revenue	826	-
Total operating revenue	<u>9,233,334</u>	<u>8,696,097</u>
 Operating Expenses		
Maintenance - Field	46,070	109,594
Maintenance - Plant	1,114,003	1,025,421
Sewage collection	1,400,890	1,324,276
Sewage treatment and disposal	4,236,393	4,233,644
General and administrative	1,039,220	1,031,582
Reclamation Project expenses	503,169	448,974
Other operating expenses	19,954	-
Total operating expenses	<u>8,359,699</u>	<u>8,173,491</u>
 Operating income (loss)	<u>873,635</u>	<u>522,606</u>
 Nonoperating Revenue (Expenses)		
Property tax revenue	1,941,135	1,823,473
Investment earnings (loss)	390,633	199,913
Highlands Sewer Project revenue	218,522	220,010
Connection fees	29,897	4,351
PBSCD capital cost reimbursements	1,172,715	2,090,686
Reclamation Project capital cost reimbursements	425,442	556,458
Interest and fiscal expenses	(67,003)	(77,579)
Other nonoperating revenue	74,133	30,930
Total net nonoperating revenue	<u>4,185,474</u>	<u>4,848,242</u>
 Change in Net Position	5,059,109	5,370,848
Net Position - beginning	<u>71,685,189</u>	<u>66,314,341</u>
Net Position - end of year	<u>\$ 76,744,298</u>	<u>\$ 71,685,189</u>

The accompanying notes are an integral part of these financial statements

CARMEL AREA WASTEWATER DISTRICT
Statements of Cash Flows
Years Ended June 30, 2018 and 2017

Page 1 of 2

Cash Flows Provided By (Used For):	<u>2018</u>	<u>2017</u>
		<i>for comparative purposes only</i>
Operating Activities		
Cash received from customers	\$ 9,966,035	\$ 8,286,739
Cash payments for operating supplies	(2,562,163)	(2,134,839)
Cash payments for personnel costs	<u>(4,362,602)</u>	<u>(3,634,995)</u>
Net cash provided (used)	<u>3,041,270</u>	<u>2,516,905</u>
Noncapital Financing Activities		
Property tax revenue	1,941,135	1,823,473
Highlands Sewer Project revenue	<u>218,522</u>	<u>220,010</u>
Net cash provided (used)	<u>2,159,657</u>	<u>2,043,483</u>
Capital and Related Financing Activities		
Connection fees	29,897	4,351
Purchase of property and equipment	(4,588,908)	(6,983,344)
Reimbursements for capital projects	1,598,157	2,647,144
Interest and fiscal expenses	(68,906)	(79,329)
Principal paid on revenue bonds	(145,000)	(140,000)
Other cash revenue	<u>74,133</u>	<u>30,930</u>
Net cash provided (used)	<u>(3,100,627)</u>	<u>(4,520,248)</u>
Investing Activities		
Investment earnings (loss)	<u>390,633</u>	<u>199,913</u>
Net cash provided (used)	<u>390,633</u>	<u>199,913</u>
Increase (decrease) in cash	2,490,933	240,053
Cash and cash equivalents - beginning	<u>24,578,189</u>	<u>24,338,136</u>
Cash and cash equivalents - end of year	<u><u>\$ 27,069,122</u></u>	<u><u>\$ 24,578,189</u></u>

The accompanying notes are an integral part of these financial statements

CARMEL AREA WASTEWATER DISTRICT
Statements of Cash Flows
Years Ended June 30, 2018 and 2017

Page 2 of 2

	2018	<i>for comparative purposes only</i> 2017
Operating Activities Analysis		
Operating Income (Loss)	\$ 873,635	\$ 522,606
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Add depreciation, a noncash expense	2,414,401	2,428,485
Changes in current assets and liabilities:		
(increase) decrease in trade receivables	(25,885)	27,085
(increase) decrease in affiliate receivables	710,785	(436,443)
(increase) decrease in other expenses	-	(39,807)
increase (decrease) in payables	(1,060,377)	213,943
increase (decrease) in compensated absences	20,642	(12,968)
increase (decrease) in deferrals	108,069	(185,996)
Net cash provided (used)	\$ 3,041,270	\$ 2,516,905

The accompanying notes are an integral part of these financial statements

CARMEL AREA WASTEWATER DISTRICT
Notes to Financial Statements
June 30, 2018

The notes to the financial statements include a summary of significant accounting policies and other notes considered essential to fully disclose and fairly present the transactions and financial position of the District as follows:

- Note 1 - Defining the Reporting Entity
- Note 2 - Summary of Significant Accounting Policies
- Note 3 - CAWD/PBCSD Reclamation Project
- Note 4 - Cash and Investments
- Note 5 - Receivables
- Note 6 - Capital Assets
- Note 7 - Payables
- Note 8 - Deferred Compensation Plan
- Note 9 - Long-term Obligations
- Note 10 - Postemployment Benefits Other than Pensions
- Note 11 - Single Employer Defined Benefit Pension Plan
- Note 12 - Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
- Note 13 - Risk Management
- Note 14 - Subsequent Events
- Note 15 - New Pronouncements

CARMEL AREA WASTEWATER DISTRICT
Notes to Financial Statements
June 30, 2018

Note 1 - Defining the Reporting Entity

Reporting Entity

The Carmel Area Wastewater District (the District), organized July 8, 1908, is governed under the provisions of the Sanitary District Act of 1923, Health and Safety Code, Section 6400 et seq., as amended. The function of the District is to provide, operate and maintain sewage collection, treatment, and disposal facilities for the properties included within its boundaries and for certain contracted adjacent properties, and supply reclaimed water to the Monterey Peninsula Water Management District.

The District's reporting entity includes all significant operation and revenue sources as determined under the criteria established by the Governmental Accounting Standards Board (GASB). Oversight responsibility is determined on the basis of selection of the governing board, designation of management, ability to significantly influence operations, accountability for fiscal matters, and the scope of public service. The District is exempt from federal income and state franchise taxes.

In March 1969, the District entered into an agreement with the Pebble Beach Community Services District (PBCSD) for treatment and disposal of sewage service delivered by PBCSD. It was anticipated that the contract would account for approximately one third of the capacity of the District's treatment plant. PBCSD began delivering sewage to the District in fiscal year 1970-71, and reimburses the District for one third of its operating treatment and disposal expenses plus a portion of general and administrative expenses at an agreed upon annual fee for this service. The agreement has been modified several times over the years, and currently operates under the 1994 amended agreement.

Under the same agreement, PBCSD additionally reimburses the District for one-third the cost of capital assets purchased or constructed for sewage treatment and disposal. Carmel Area Wastewater District maintains sole ownership of the wastewater treatment plant and related capital assets. PBCSD has only a contractual "right to use" one-third of the sewage treatment plant's capacity under the terms of the most recent modified 1994 agreement and has no rights to ownership of the District's capital assets. Accordingly, capital assets are recorded by the District at 100 percent of their historic cost or contributed value, and any expense reimbursements received from PBCSD or other affiliates are recorded as revenue to the District.

Intact sewage systems constructed by real estate developers are completed at no cost to the District. These systems, when formally accepted by District engineers and the Board of Directors, are recorded as revenue to the District.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Carmel Area Wastewater District's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The financial transactions of the District are recorded in a Proprietary Fund type.

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the expenses, including depreciation, of providing goods or services to the general public are recovered through user charges.

Enterprise Funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management

CARMEL AREA WASTEWATER DISTRICT
Notes to Financial Statements
June 30, 2018

control, accountability, or other purposes. The District is such an enterprise fund.

The basic financial statements are prepared using the accrual basis of accounting. Accordingly all assets and liabilities (whether current or noncurrent) are included in the statement of net position. The statement of revenue, expenses, and change in net position presents increases (revenue) and decreases (expenses) in total net position. Capital contributions of property and equipment are reported as a separate line item in the statements of revenue, expenses, and change in net position.

Other Agencies

Accounting principles generally accepted in the United State of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause that reporting entity's financial statements to be misleading or incomplete. The criteria provided in GASB Statement No. 14 have been considered and there are no agencies or entities, which should be presented with the District.

Accounts and Records

Records of the District are maintained at its office in Carmel, California. These records include cash receipts and disbursements journals, a general ledger, complete minutes of the Board of Directors meetings, Resolutions, Ordinances and files of supporting documents. Investment funds of the District are on deposit with the Monterey County Treasurer's investment pool.

Budgets and Budgetary Accounting

A budget of projected cash receipts and disbursements is prepared to meet the requirements of the Monterey County Auditor and for internal use by the Board of Directors. The budget is used to provide financial guidance to the District and to determine the amount of funds required from user fees and other sources. The only material difference between the budgetary basis method, and the accounting principles generally accepted in the United State of America (GAAP) method, is depreciation expense and the principal portion of debt service payments.

OTHER SIGNIFICANT ACCOUNTING POLICIES ARE:

Basis of Accounting

The accounting methods and procedures adopted by the District conform to accounting principles generally accepted in the United State of America as applied to governmental enterprises funds. These financial statements are presented in accordance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement provides for; recognition of contributions in the Statement of Revenue, Expenses, and Change in Net Position; inclusion of a Management Discussion and Analysis as required supplementary information; and other disclosure changes.

Cash and Investments

The District maintains an account with the Monterey County Investment Pool, which essentially operates as a demand deposit account. Available cash balances are managed and controlled by the Monterey County Treasurer in pooled investment funds in order to provide safety, liquidity, and high investment returns for all funds. Earnings from these funds are credited to the District's account on a quarterly basis. Assessments in excess of estimated current bond requirements of the District are deposited in the Monterey County account which earns interest based on the fund's prorata share of the cash in the investment fund. The District also maintains financial institution bank accounts for operations and payroll that are FDIC insured up to \$250,000 per individual financial institution.

Cash and Cash Equivalents

The District considers all highly liquid assets purchased with an original term to maturity of ninety days or less to be cash equivalents. Cash and cash equivalents are reported as "cash and investments" on the financial statement.

CARMEL AREA WASTEWATER DISTRICT
Notes to Financial Statements
June 30, 2018

Restricted Assets

Certain cash and investments of the District are classified as restricted because their uses are limited by commitments made by the District with participants for the design and construction of Wastewater Treatment Plan facilities or as restricted by bond covenants. When an expense is incurred for purposes for which there are both restricted and unrestricted cash assets available, restricted cash is used first, then unrestricted cash as it is needed.

Investment Policy

The District has not adopted an investment policy but generally follows the Monterey County Treasurer's investment policy guidelines which allow investments in any security authorized by Section 53635 of the Government Code of the State of California, and any other Government Code that permits investments in various securities, or participation in investment trading techniques or strategies.

Accounts Receivable

Account receivables considered uncollectible are accounted for using the allowance method. The allowance for doubtful accounts was \$-0- at June 30, 2018. All annual user fee customer invoices are added to the County assessed property tax invoices, mailed to property owners annually, collected by the County Assessor where the proceeds are deposited into the District's investment account with the County Treasurer.

Property, Plant & Equipment

Capital assets are accounted for at historical cost or estimated cost. In accordance with the District's capital assets policy, minor expenditures under \$10,000 for renewals and betterments are charged to expense as incurred. Major expenditures for renewals and betterments are capitalized. In cases where assets are donated to the District, construction costs or estimated market values are recorded on the date received. Costs of assets sold, retired or otherwise disposed of have been eliminated from the accounts, and gains or losses on disposition are included in the applicable year's financial statement. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend lives, are also expensed in the current period.

The cost of property and equipment is depreciated from the date of acquisition, using the straight-line method of depreciation over their estimated useful lives, as follows:

<u>Asset Category</u>	<u>Useful Lives</u>
Treatment Plant - structures	30-40 years
Treatment Plant - equipment	12-15 years
Collections - office	40 years
Collections - pump stations	40 years
Disposal Facilities	20-50 years
Sewer and Appurtenances	25-75 years
Other Assets	25-75 years

Vacation, Sick Leave, and Other Compensated Absences

The District has recorded an accrual for compensated absences in accordance with the District's policy of paying for unused vacation and sick leave of employees. The District's method of calculating the liability is in accordance with GASB Statement No. 16, except that the additional accruals for salary-related payments associated with the payment of compensation absences, for example the employer's share of pension contributions, social security and medicare taxes, have not been accrued as that amount is not considered significant or material to the financial statements taken as a whole. Compensated vacation and sick leave absences are recorded as expenditures when they are paid. Unpaid vacation and sick leave at year-end is recorded as an expense and a liability when earned by employees. These unpaid amounts will be paid from available resources provided for in future year budgets and are classified as current or noncurrent, based upon expected payment dates.

CARMEL AREA WASTEWATER DISTRICT
Notes to Financial Statements
June 30, 2018

Long-term Obligations

Long-term debt and obligations are reported as liabilities on the statement of net position either as current if payments are to be made within 12 months of the fiscal year-end, otherwise as noncurrent.

Pension Funding Obligations

Defined benefit pension plan (overfunded) or underfunded net liabilities are recognized and disclosed using the accrual basis of accounting.

In general, the District recognizes a net pension liability, which represents the District's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the California Public Employees Retirement System (CalPERS). The net pension liability is measured as of the District's prior fiscal year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

For purposes of measuring the net pension liability and deferred outflows/inflows or resources relating to pensions and pension expense, information about the fiduciary net position of the District's pension plan with CalPERS and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value. Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed basis five-year period of recognition.

Net Position

The business-type activities financial statements utilize a net position presentation. Net position represents the difference between assets plus deferred outflow of resources, as compared to liabilities plus deferred inflow of resources, and are displayed in the following three components:

- *Net Investment in Capital Assets* - this component groups all capital assets, reduced by accumulated depreciation, and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of the assets.
- *Restricted Net Position* - this component represents net position that is subject to constraints either (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* - this component represents net position of the District, not restricted for any construction project or other purpose.

When both restricted and unrestricted net position is available, restricted resources are used first, then unrestricted resources as they are needed.

CARMEL AREA WASTEWATER DISTRICT
Notes to Financial Statements
June 30, 2018

Operating and Nonoperating Revenue

Operating revenue and expenses consist of revenue that results from the ongoing principal operations of the District. Operating revenue consists primarily of charges for services. Nonoperating revenue results from non-exchange transactions, ancillary activities or subsidies, and investment earnings.

Property Taxes

Property taxes in the State of California are administered for all local agencies at the County level and consist of secured, unsecured and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

- Property Valuations - are established by the Assessor of Monterey County for the secured and unsecured property tax rolls; the utility property tax roll is valued by the California State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13), properties are assessed at 100% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increase to full value is allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations and is subject to annual reappraisal.
- Tax Levies - are limited to 1% of full assessed value which results in a tax rate of \$1.00 per \$100 assessed valuation under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.
- Tax Levy Dates - are attached annually on January 1, preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.
- Tax Collections - are the responsibility of the Monterey County's tax collector. Taxes and assessments on secured and utility rolls, which constitute a lien against the property, may be paid in two installments: The first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payments.
- Tax Levy Apportionments - due to the nature of the County-wide maximum levy, it is not possible to identify general-purpose tax rates for specific entities such as the District. Under State legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by each County auditor-controller based primarily on the ratio that each agency represented of the total County-wide levy for the three fiscal years prior to fiscal year 1979.
- Property Tax Administration Fees - the State of California fiscal year 1990-91 Budget Act authorized Counties to collect an administrative fee for its collection and distribution of property taxes.
- Monterey County bills and collects property taxes and user fees for the District in addition to its own property taxes.

Use of Estimates

Preparing the District's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

CARMEL AREA WASTEWATER DISTRICT
Notes to Financial Statements
June 30, 2018

Note 3 - CAWD/PBCSD Reclamation Project

The CAWD/PBCSD Reclamation Project (the Project) is a "cooperative effort" involving the Carmel Area Wastewater District (CAWD), the Pebble Beach Community Service District (PBCSD), the Monterey Peninsula Water Management District (MPWMD), the Pebble Beach Company (PBCo), and the Independent Reclaimed Water Users Group (IRWUG). This cooperative effort did not create a new or separate legal entity. The Project is accounted for as a Proprietary (Enterprise) Fund in the books of the Monterey Peninsula Water Management District, the issuer of the Certificates of Participation, which originally financed the Project. The activities of the Project are overseen by a six member management committee containing two representatives from the CAWD board, two from the PBCSD board, one from the PBCo board, and one from the Independent Reclaimed Water Users Group (IRWUG).

The Project provides treated or reclaimed wastewater to irrigate golf courses and open space areas within the community of Pebble Beach, which frees up potable water previously used for irrigation. The Project operates on the site of CAWD's existing wastewater treatment plant. The Project includes: a tertiary treatment plant, laboratory facilities, a wastewater distribution system, a storage tank used to distribute the treated wastewater to the receptor sites in Pebble Beach, and irrigation system improvements. Recent improvements include a Microfiltration/Reverse Osmosis facility at the CAWD plant, and a reservoir increase capacity project to hold additional reclaimed water at the PBCSD reservoir. The tertiary treatment plant produces water which meets Title 22 standards specified by the California Department of Health Services, which is a quality acceptable for irrigation.

Phase 1

The Project was initially financed in December 1992 by Certificates of Participation (COP) in the amount of \$33,900,000 which were executed and delivered at the direction of the MPWMD. Per the COP issuance agreement, the MPWMD agreed to provide the funds necessary to construct and operate the Project with contractual provisions to own the reclaimed water for the express purpose of resale of this water primarily to golf courses located within the Pebble Beach Community to reduce their reliance upon potable water. The PBCo guaranteed payment of construction costs of the Project, plus any operating deficiencies.

Any debt obligations incurred by the MPWMD to finance the Project constitutes limited obligations of MPWMD. These limited obligations are payable solely from the net operating revenue generated by the sale of reclaimed water produced by the Project and, if such reclaimed water revenue is insufficient, from payments on a Bond Letter of Credit, provided by Bank of America (the credit bank), through a reimbursement agreement between PBCo and the credit bank.

Phase 1 Construction of the Project began in January 1993, and was completed in October 1994. The Project assets are owned principally by CAWD and PBCSD, and consist primarily of the following:

Assets owned by CAWD include the following:

- new tertiary treatment plant
- secondary process improvements
- new laboratory facilities
- reclaimed water pump station
- related computer equipment
- small portion of the reclaimed water pipeline

Assets owned by PBCSD include the following:

- approximately seven miles of reclaimed water distribution system pipelines
- 2.5 million gallon storage tank
- portable water pump station
- reclaimed water booster pump station

CARMEL AREA WASTEWATER DISTRICT
Notes to Financial Statements
June 30, 2018

Phase 2

In 2004, the Carmel Area Wastewater District, the Monterey Peninsula Water Management District, the Pebble Beach Community Services District, and the Pebble Beach Company approved agreements that enabled a significant expansion of the Project's operations known as Phase 2. The goal of the expansion was to enable the Pebble Beach golf courses to be fully dependent on recycled water, thus saving a significant amount of potable water. The expansion was partially funded from the sales of Pebble Beach Company's legal water entitlement agreements to Del Monte Forest residential property owners, currently available at \$250,000 per acre foot. Approximately \$29 million has been raised through these sales and investment earnings, with the proceeds deposited in a restricted construction escrow account.

The agreements commit the Pebble Beach Company and the Independent Reclaimed Water Users (the unincorporated association of the owners of Cypress Point Golf Club, Poppy Hills Golf Course, and the Monterey Peninsula Country Club) to use and pay for recycled water for irrigation, and make provisions for the beneficial use of any surplus recycled water.

The Project began construction on the Forest Lake Reservoir in 2004 with completion in 2006. Total cost of the reservoir component of the expanded project was approximately \$13 million. Upon completion of the reservoir, PBCSD began the application process with the California Division of Safety of Dams to increase the permitted capacity from 320 acre feet to 370 acre feet. Design began in 2006 for the micro-filtration/reverse osmosis (MF/RO) treatment component, along with implementation of a pilot project at Carmel Area Wastewater District's treatment facility. Construction commenced in October 2006 on the MF/RO plant. At June 30, 2009 the entire construction project was complete. Total cost of the MF/RO portion was approximately \$21.5 million. The combined improvements are expected to solve water quality issues experienced by the golf courses and should eliminate their use of potable water except in case of emergency. Year-round production is now possible with the Forest Lake Reservoir providing *peak demand* requirements.

Note 4 - Cash and Investments

Cash and investments at fiscal year-end are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and investments	<u>\$ 27,069,122</u>
Cash and investments are comprised of the following:	
Deposits with financial institutions:	
Checking accounts	\$ 377,910
State investment pool	1,131,938
Monterey County investment pool	<u>25,559,274</u>
	<u>\$ 27,069,122</u>

Participation in an external County Investment Pool

The District is a voluntary participant in the Monterey County Investment Pool. Funds in the Pool essentially operate as demand deposit accounts. Available cash balances are controlled and invested by the County Treasurer in pooled investment funds in order to provide safety, liquidity and investment returns for all funds. Interest earnings from these funds are credited to the District's account on a quarterly basis. The Monterey County Treasurer's Investment policy is in compliance with Section 53635 of the Government Code of the State of California, which permits investments in certain securities and participation in certain investment trading techniques or strategies. Annual reports of the investment pool may be obtained from the Monterey County Treasurer, Post Office Box 390, Salinas, California 93902.

CARMEL AREA WASTEWATER DISTRICT
Notes to Financial Statements
June 30, 2018

Participation in an external State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF). LAIF, established in 1977, is regulated by California Government Code Section 16429 and under the day to day administration of the California State Treasurer. There is a five member Local Investment Advisory Board that is chaired by the State Treasurer. LAIF determines fair value of its investment portfolio based on market quotations for those securities where market quotations are readily available, and on amortized cost or best estimate for those securities where market value is not readily available. LAIF is part of the Pooled Money Investment Account (PMIA) and under the control of the State Treasurer's Office, which is audited by the Bureau of State Audits on an annual basis. As of June 30, 2018, PMIA had approximately \$88.8 billion in investments. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Audited financial statements of PMIA may be obtained from the California State Treasurer's web site at www.treasurer.ca.gov.

Investments Authorized by the Project's Investment Policy

The District does not have a specific investment policy but generally follows the guidelines of Monterey County's Investment Policy. All funds invested are managed to meet the guidelines stated in both California Code Section 53600, et. seq. and the County's investment policy. The following County Investment Pool guidelines and directives are generally followed by District management:

- The legal, final maturity of any single security within the investment portfolio will not exceed five years at purchase.
- The *weighted average life* of the portfolio will not exceed two years.
- The maximum maturity of investments in a money market pool shall not exceed 397 days, and the weighted maturity average maturity of the pool shall not exceed 90 days. A money market pool shall not exceed 10% of the portfolio's book value on the date investments are made; maximum investment in all money market pools shall not exceed 20% of the portfolio's book value on the date that investments are made.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the maturity date and yield of each investment:

		<u>Maturity Date and Yield</u>
Monterey County investment pool	\$ 25,559,274	7 months average maturity, 1.63% yield
State investment pool	\$ 1,131,938	6 months average maturity, 1.85% yield

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County Pool does not have a rating provided by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. At year end, 94.5% of the District's cash was invested with the Monterey County Investment Pool.

CARMEL AREA WASTEWATER DISTRICT
Notes to Financial Statements
June 30, 2018

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At year end the District had \$153,166 in bank financial institutions that was not covered by the FDIC, but was covered by collateralized securities of the bank financial institutions where the deposits were maintained.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the County's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

Note 5 - Receivables

Receivables at year end consist of the following:

User fees - customers	\$	58,220
User fees - State Park		74,889
Total accounts receivable	\$	133,109
Reclamation Project	\$	137,760
Pebble Beach CSD		464,246
Total receivables from affiliates	\$	602,006

CARMEL AREA WASTEWATER DISTRICT
Notes to Financial Statements
June 30, 2018

Note 6 - Capital Assets

Capital assets activity for the year consists of the following:

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
<u>Non-depreciable Assets</u>				
Land and land rights	\$ 308,060	\$ -	\$ -	\$ 308,060
Construction-in-progress	15,560,884	4,053,424	-	19,614,308
totals	<u>15,868,944</u>	<u>4,053,424</u>	<u>-</u>	<u>19,922,368</u>
<u>Depreciable Assets</u>				
Treatment structures	51,546,420	-	-	51,546,420
Treatment equipment	7,302,072	-	(60,042)	7,242,030
Collection pump stations	1,040,749	-	-	1,040,749
Collection pump equipment	910,633	22,474	-	933,107
Sewers and appurtenances	10,675,004	343,757	-	11,018,761
Disposal facilities	1,126,273	-	-	1,126,273
Other assets	3,802,009	23,875	-	3,825,884
totals	<u>76,403,160</u>	<u>390,106</u>	<u>(60,042)</u>	<u>76,733,224</u>
<u>Accumulated Depreciation</u>	<u>(44,108,995)</u>	<u>(2,414,401)</u>	<u>205,420</u>	<u>(46,317,976)</u>
<u>Net Capital Assets</u>	<u>\$48,163,109</u>	<u>\$ 2,029,129</u>	<u>\$ 145,378</u>	<u>\$50,337,616</u>

In the statement of revenue, expenses, and change in net position, total depreciation expense for the year was charged to the following departments:

Sewage collection	\$ 341,643
Sewage treatment and disposal	2,035,960
General and administrative	36,798
	<u>\$ 2,414,401</u>

Note 7 - Payables

Payables at year end consist of the following:

Construction, engineering and consultants	\$ 305,692
Legal and accounting	21,598
Other vendors	39,396
	<u>\$ 366,686</u>

CARMEL AREA WASTEWATER DISTRICT
Notes to Financial Statements
June 30, 2018

Note 8 - Deferred Compensation Plan

The District maintains a deferred compensation plan for its eligible employees wherein amounts earned by the employees are paid at a future date. All full-time, regular, salaried employees are permitted to participate in the plan beginning on the first day of the month following their hire date. The employee may elect to make contributions up to the limits established by the Internal Revenue Service for this type of plan, and becomes 100% vested from the first date of participation. Nationwide Retirement Solutions, Inc., and the Variable Annuity Life Insurance Company, both administer the plan, which is in conformity with Section 457 of the Internal Revenue Code.

Note 9 - Long-term Obligations

Long-term debt and obligation activity for the year was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds	\$ 1,385,000	\$ -	\$ (145,000)	\$ 1,240,000	\$ 150,000
Compensated absences	170,021	7,674	-	177,695	44,424
Single employer net pension liability (overfunded)	(655,167)	-	-	(655,167)	
CalPERS net pension liability (overfunded)	285,127	162,913	-	448,040	
	<u>\$ 1,184,981</u>	<u>\$ 170,587</u>	<u>\$ (145,000)</u>	<u>\$ 1,210,568</u>	

Compensated Absences

The accrued compensated absences amounts will be paid from available resources and are classified as current or noncurrent, based upon expected payment dates.

Revenue Bonds

In 2004, the District issued \$3,000,000 in *California Statewide Communities Development Authority Water and Wastewater Revenue Series 2004-A Bonds* through a pooled financing program for the design, planning, and construction of sewer facilities for certain properties located within the Carmel Highlands area. The District has signed agreements with (1) the Highlands Inn, (2) the Highlands Sanitary Association (which is comprised of eleven individual owners as members) and (3) the Tickle Pink Inn, to be reimbursed through sewer user fees for all the annual costs associated with the bonds including, but not necessarily limited to, installment payments of principal and interest on the bonds, debt service or administrative fees, and costs or obligations for which the District is obligated to make under the terms of the bond agreement. The sewer user fees and reimbursable costs generated from the customers in the Carmel Highlands area are assessed and included on the Monterey County secured property tax rolls, and submitted by the District annually, as is the same payment program with all District wastewater customers. Principal on the bonds is payable annually beginning October 1, 2004. Interest is payable semi-annually on October 1 and April 1, beginning October 1, 2004.

The interest rates on the bonds range from 1.5% to 5.25%; the bonds mature on October 1, 2024. The bond agreement contains a covenant requiring the District to yield "system net revenues" during each fiscal year equal to at least 120% of the annual debt service in the fiscal year. The covenant has been met.

CARMEL AREA WASTEWATER DISTRICT
Notes to Financial Statements
June 30, 2018

Future annual principal and interest requirements are as follows:

<u>Year Ending June 30,</u>	<u>Revenue Bonds, Series 2004-A</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 150,000	\$ 61,163	\$ 211,163
2020	160,000	53,025	213,025
2021	170,000	44,363	214,363
2022	175,000	35,306	210,306
2023	185,000	25,856	210,856
2024-2025	400,000	21,263	421,263
totals	<u>\$ 1,240,000</u>	<u>\$ 240,976</u>	<u>\$ 1,480,976</u>

Note 10 - Postemployment Benefits Other than Pensions

Plan Description

In September 2002, the District established a postemployment health plan (PEHP) to meet its employees' postemployment health care needs and expenses. Under the PEHP plan, Nationwide Retirement Solutions Company (NRS) provides administrative services in exchange for a fee as agreed upon by the District and NRS. The plan does not establish a long-term liability of the District. All employees are permitted to participate in the plan beginning on the first day of the month following their hire date. The District contributes 1% of an employee's salary to the plan on a periodic basis, on behalf of each eligible employee who is a plan participant. Amounts contributed are segregated to either one or both of the following sub-accounts for: (1) reimbursements of qualifying medical care expenses not paid by insurance or (2) reimbursement of health care insurance premiums. Contributions may not vary among eligible employees to fund the qualifying medical care expense sub-account and will be made as an equal dollar amount for each employee. Contributions to fund health care insurance premium sub-accounts may be made as an equal dollar amount or as a percentage of salary, but such percent or dollar amount must apply to all eligible employees. For the year ended June 30, 2018 the District contributed \$23,237 to the plan.

Note 11 - Single Employer Defined Benefit Pension Plan

A. General Information about the Plan

Plan Description

The District placed a contribution freeze on its Strategic Asset Management single employer defined benefit pension plan effective October 29, 2005, and adopted a new retirement plan with the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. Employees no longer accrue service credits under the single employer defined benefit plan, and the plan does not accept new employees. However, the District will continue funding this current plan to cover prior service, and the current plan will be paid out as eligible employees (those hired prior to October 29, 2005) leave District employment. The District is the Plan Administrator. Additional information concerning this Single Employer Defined Benefit Pension Plan can be obtained from the District's principal accountant.

Benefits Provided

The District maintains this single employer defined benefit pension plan that covers all full time employees as they become eligible for participation before October 29, 2005. An employee became eligible after six months of service and attaining the age of 20.5. The amounts of pension benefits are based on length of services and compensation.

CARMEL AREA WASTEWATER DISTRICT
Notes to Financial Statements
June 30, 2018

Premiums are paid into a trust, which is administered by LPL Financial (Linsco/Private Ledger). The District makes all required payments on behalf of its eligible employees.

The plan provides for a fixed benefit payment upon reaching retirement at age 62 or after five years of participation, if later. The retirement benefit is 2.5% of monthly compensation times years of services at the termination date. An employee's pre-retirement death benefit is equal to the present value of their accrued benefit. Effective July 1, 2001, the plan was amended for *participants*, defined as any employee who has completed one or more years of service, to vest under the following schedule:

<u>Years of Service</u>	<u>Vesting</u>
0-2	0%
3	20%
4	40%
5	60%
6	80%
7 or more years	100%

Contributions

The District's funding policy is to provide for employer contributions on a monthly basis. Contributions are actuarially determined under the aggregate actuarial cost method and are designed to accumulate sufficient assets to pay benefits when due. Although service credit to the plan has stopped, employees will only be able to draw their pension account upon separation from District employment. The existing plan is closed to any new employees hired after October 29, 2005. Employer contributions to the plan for the year ended June 30, 2018 were \$78,936 and were made in accordance with the contribution requirements determined by actuarial valuation of the plan year beginning July 1, 2014.

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

As of June 30, 2017, the District reported a Net Pension Liability as follows:

Total pension liability	\$ 4,763,226
Fiduciary net position	5,418,393
Net pension liability (overfunded)	(655,167)

At June 30, 2017 (measurement date), the District reported deferred outflows of resources and deferred inflows of resources related to this pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 509,859
Net difference between projected and actual earnings on pension plan investments	183,898	-
Differences between expected and actual experience	91,752	-
Totals	\$ 275,650	\$ 509,859

CARMEL AREA WASTEWATER DISTRICT
Notes to Financial Statements
June 30, 2018

Amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense in the years ending June 30, 2017 and thereafter as follows:

Year Ended June 30,	
2018	\$ (67,528)
2019	(67,527)
2020	(65,532)
2021	(35,159)
2022	1,537
thereafter	-
	<u>\$ (234,209)</u>

C. Actuarial Assumptions

Actuarially determined contribution rates are calculated as of July 1, 12 months prior to the end of the fiscal year in which contributions are reported. Methods and assumption used to determine contribution rates are as follows:

Valuation date	July 1, 2014
Measurement date	June 30, 2017
Actuarial cost method	Entry age
Amortization method	5 years
Remaining amortization method	3-5 years
Inflation	2.00%
Salary increases	3.50%
Investment Rate of Return, net	6.00%
Retirement age, with 5 years participation	62
Mortality	RP 2014 tables

D. Discount Rate

The discount rate used to measure the total pension liability was 6.00% which is the long-term expected rate of return on pension plan investments net of pension plan administrative expense, including inflation.

E. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability calculated using the discount rate of 6.0%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Discount Rate -1% 5%	Current Discount Rate 6.0 %	Discount Rate +1% 7%
Net Pension Liability	\$ (399,348)	\$ (655,167)	\$ (1,312,166)

CARMEL AREA WASTEWATER DISTRICT
Notes to Financial Statements
June 30, 2018

Note 12 - Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

A. General Information about the Plan

Plan Description

Starting October 29, 2005, the District provides pension benefits to eligible employees through a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and District ordinance. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50-55 with statutorily reduced benefits. Death benefits are the pre-retirement Optional Settlement 2W Death Benefit, and the post-retirement death benefit lump sum. The cost of living adjustments for each plan are applied as specified by the Public Employees Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	<u>Miscellaneous Plan</u>	
	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
Hire date		
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 years svc	5 year svc
Benefit payments	monthly for life	monthly for life
Retirement age	60	62
Monthly benefits, as a % of eligible compensation	2.0%	2.0%
Required employee contribution rates	7.000%	6.250%
Required employer contribution rates	7.200%	6.533%

Contributions

The District makes partial contributions required of District employees on their behalf and for their account depending upon date of hire. Employee members are required to make contributions of their annual covered salary in an amount depending upon date of hire. The contribution requirements of plan are established and may be amended by CalPERS. Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2018, employer pension plan contributions were \$165,214.

CARMEL AREA WASTEWATER DISTRICT
Notes to Financial Statements
June 30, 2018

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

As of June 30, 2018, the District reported a net pension liability for its Proportionate Share of the Net Pension Liability of the CalPERS Public Agency Cost-Sharing Plan as follows:

Total pension liability	\$ 5,436,016
Fiduciary net position	4,987,976
Net pension liability	448,040

The District's net pension liability for its Plan with CalPERS is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2017 (measurement date), and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures.

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District reported deferred outflows of resources and deferred inflows of resources related to this pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,828	\$ 26,192
Changes of assumptions	226,833	17,296
Net difference between projected and actual earnings on pension plan investments	51,300	-
Change in employer's proportion	108,622	114,337
Differences between employer's contributions and the proportionate share of contributions	121,512	39,500
Pension contributions subsequent to the measurement date	165,214	-
Totals	<u>\$ 675,309</u>	<u>\$ 197,325</u>

Recognition of Deferred Outflows and Inflows of Resources in Future Pension Expense as follows:

<u>Year Ending June 30:</u>	
2019	\$ 89,192
2020	157,657
2021	96,379
2022	(30,458)

CARMEL AREA WASTEWATER DISTRICT
Notes to Financial Statements
June 30, 2018

C. Actuarial Assumptions

The total pension liability for this plan's actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous Plan
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.3% - 15.0% (1)
Investment Rate of Return	7.0% (2)

(1) Depending on age, service, and type of employment

(2) Net of pension plan investment expenses, including inflation

D. Discount Rate

The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.0 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.0 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.0 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.15 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2018-19 fiscal year, and will continue to check the materiality of the difference in calculation until such time as they change their methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach.

CARMEL AREA WASTEWATER DISTRICT
Notes to Financial Statements
June 30, 2018

Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each asset class. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

CalPERS adheres to an Asset Allocation Strategy which establishes asset class allocation policy targets and ranges, and manages those asset class allocations within their policy ranges. The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses. The asset allocation has an expected long-term blended rate of return of 7.0 percent.

Asset Class	Allocation
Global Equity	51.00%
Global Fixed Income	20.00%
Inflation Sensitive Assets	6.00%
Private Equity	10.00%
Real Assets	12.00%
Other	0.00%
Liquid Assets	1.00%
	100.00%

E. Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Discount Rate		
	6.15%	7.15%	8.15%
	(1% Decrease)	(Current Rate)	(1% Increase)
Net Pension Liability	\$ 1,195,747	\$ 448,040	\$ (171,224)

Note 13 - Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. This policy covers solely the District's property and equipment located at 26900 State Route 1 in Carmel, California, and not property and equipment owned by the Pebble Beach Community Services District or the Monterey Peninsula Water Management District that may be physically located on CAWD property.

The District is a member of the California Sanitation Risk Management Authority (CSRMA), an established public entity risk pool that operates as a common risk management and insurance program for 60 government members. The District pays an annual premium to the pool for its workers' compensation, excess workers compensation, property, and general coverage. Risk of loss is retained for general liability claims. The agreement with the risk pool provides that it will be self-sustaining through member premiums and additional policies purchased from commercial insurance companies for general liability claims, and for excess workers' compensation claims.

CARMEL AREA WASTEWATER DISTRICT
Notes to Financial Statements
June 30, 2018

The District's share of CSRMA year-end assets, liabilities, and retained earnings has not been calculated by the CSRMA. Financial statements may be obtained from CSRMA, 100 Pine Street, 11th Floor, San Francisco, California 94111.

Health Life and Vision Insurance - the District has approved a group health insurance plan, which provides benefits for all qualified employees.

Dental Insurance - the District has elected to self-insure for dental insurance under a reimbursement plan. The amount of the contingent liability, if any, at fiscal year end is not material, however, the District is not aware of any significant claims currently pending.

Note 14 - Subsequent Events

The management of the District has reviewed the results of operations for the period from its year end June 30, 2018 through October 19, 2018, the date the draft financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

Note 15 - New Pronouncements

The Governmental Accounting Standards Board (GASB) has released the following new pronouncements, which can be read in their entirety at <http://www.gasb.org>.

GASB Statement No. 83, *Certain Asset Retirement Obligations*

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. (Issued 11/16)

GASB Statement No. 84, *Fiduciary Activities*

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. (Issued 01/17)

GASB Statement No. 87, *Leases*

Effective Date: For reporting periods beginning after December 15, 2019. (Issued 06/17)

REQUIRED SUPPLEMENTARY INFORMATION

(unaudited)

CARMEL AREA WASTEWATER DISTRICT
Required Supplementary Information
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (unaudited)
As of June 30, 2018

Schedule of Proportionate Share of the Net Pension Liability

The proportion (percentage) of the collective net pension liability represents the District's share of the cost-sharing plan assets offset against the actuarial determined collective pension liability.

The proportionate share (dollar amount) of the collective net pension liability represents the District's share of the cost-sharing plan assets offset against the actuarial determined collective pension liability.

The employer's covered-employee payroll represents the payroll of employees that are provided with pensions through the plan.

Schedule of Contributions

The employer's contributions to the plan is actuarially determined or based on statutory or contractual requirements which comprise the following: (1) the agent employer's actuarially determined contribution to the pension plan (its statutorily/contractually required contribution), (2) the employer's actual contributions, the difference between the actual and actuarially determined contributions (its statutorily/contractually required contributions), and (3) a ratio of the actual contributions divided by covered-employee payroll.

CARMEL AREA WASTEWATER DISTRICT
Required Supplementary Information
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (unaudited)
Last 4 Fiscal Years *

Schedule of the District's Proportionate Share of
of the Plan's Net Pension Liability

	2018	2017	2016	2015
District's proportion of the net pension liability	0.004518%	0.003295%	-0.000481%	0.010110%
District's proportionate share of the net pension liability	\$ 448,040	\$ 285,127	\$ (33,002)	\$ 629,116
District's covered-employee payroll *	\$ 2,177,857	\$ 2,030,331	\$ 2,053,405	\$ 1,868,031
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	20.57%	14.04%	-1.61%	33.68%
Plan fiduciary net position as a percentage of the total pension liability	73.31%	74.06%	78.40%	79.82%

* for the fiscal year ending on the measurement date

Schedule of the District's Contributions

Contractually required employer contribution	\$ 165,214	\$ 152,534	\$ 134,094	\$ 157,952
Contributions in relation to the contractually required employer contribution	<u>165,214</u>	<u>152,534</u>	<u>134,094</u>	<u>718,672</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (560,720)</u>
District's covered-employee payroll **	\$ 2,252,020	\$ 2,177,857	\$ 2,030,331	\$ 2,053,405
Contributions as a percentage of covered-employee payroll	7.34%	7.00%	6.60%	35.00%

** for the fiscal year ending on the date shown

CARMEL AREA WASTEWATER DISTRICT
Required Supplementary Information
Single Employer Defined Benefit Pension Plan (unaudited)
As of June 30, 2018

Schedule of Changes in the Net Pension Liability and Related Ratios

The beginning and ending balances of the total pension liability, the plan assets available for pension benefits, and the net pension liability, as well as the change in those amounts during the year are presented by cause.

Total pension liability, plan net position, net pension liability, a ratio of plan net position divided by the total pension liability, payroll amount for current employees in the plan (covered-employee payroll), and a ratio of the net pension liability divided by covered-employee payroll.

Schedule of Contributions

The employer's contributions to the plan is actuarially determined or based on statutory or contractual requirements which comprise the following: (1) the agent employer's actuarially determined contribution to the pension plan (its statutorily/contractually required contribution), (2) the employer's actual contributions, the difference between the actual and actuarially determined contributions (its statutorily/contractually required contributions), and (3) a ratio of the actual contributions divided by covered-employee payroll.

CARMEL AREA WASTEWATER DISTRICT
Required Supplementary Information
Single Employer Defined Benefit Pension Plan (unaudited)
Last 3 Fiscal Years *

Schedule of Changes in the Net Pension Liability and Related Ratios

<u>Total Pension Liability</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Service Cost	\$ -	\$ -	\$ -
Interest on total pension liability	271,856	267,034	234,721
Differences between expected and actual experience	16,907	29,560	103,803
Changes of assumptions	-	-	(907,311)
Benefit payments, includes refunds	<u>(112,946)</u>	<u>(319,499)</u>	<u>(73,846)</u>
Net change in total pension liability	175,817	(22,905)	(642,633)
Total pension liability - beginning	4,587,409	4,610,314	5,252,947
Total pension liability - ending	<u><u>\$ 4,763,226</u></u>	<u><u>\$ 4,587,409</u></u>	<u><u>\$ 4,610,314</u></u>
 <u>Plan Fiduciary Net Position (plan assets)</u>			
Contributions - employer	\$ 88,680	\$ 130,672	\$ 216,420
Contributions - employee	-	-	-
Net investment income - expected	374,628	(92,216)	227,644
Net investment income - gain/(loss)	-	-	9,974
Benefit payments, includes refunds	(112,946)	(319,499)	-
Administrative expense	<u>(1,763)</u>	<u>(16,821)</u>	<u>(73,846)</u>
Net change in plan fiduciary net position	348,599	(297,864)	380,192
Plan fiduciary net position - beginning	5,069,794	5,367,658	4,987,466
Plan fiduciary net position - ending	<u><u>\$ 5,418,393</u></u>	<u><u>\$ 5,069,794</u></u>	<u><u>\$ 5,367,658</u></u>
 Net Pension Liability (overfunded)	 <u><u>\$ (655,167)</u></u>	 <u><u>\$ (482,385)</u></u>	 <u><u>\$ (757,344)</u></u>
 <u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>			
Covered employee payroll	\$ 683,592	\$ 759,350	\$ 785,681
NPL as percentage of covered employee payroll	-95.80%	-64.00%	-97.00%

Schedule of Contributions

Actuarially determined contribution	\$ 78,940	\$ 88,667	\$ 130,567
Actual contributions	<u>(88,680)</u>	<u>(130,672)</u>	<u>(216,420)</u>
Contribution deficiency (excess)	<u><u>\$ (9,740)</u></u>	<u><u>\$ (42,005)</u></u>	<u><u>\$ (85,853)</u></u>
 Covered employee payroll	 \$ 683,592	 \$ 759,350	 \$ 779,176
Contributions as a percentage of covered payroll	-12.97%	-17.21%	-27.78%

* Fiscal year 2015 was the first year of implementation, therefore only three years are shown.

OTHER SUPPLEMENTARY INFORMATION

CARMEL AREA WASTEWATER DISTRICT
Budgetary Comparison Information
Revenue and Expenses
Year Ended June 30, 2018

	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Operating Revenue</u>			
Sewer service fees	\$ 6,995,437	\$ 7,432,554	\$ 437,117
PBCSD treatment fees	1,000,000	1,236,025	236,025
Reclamation Project O&M reimbursements	519,945	552,629	32,684
Permits and inspection fees	9,000	11,300	2,300
Other operating revenue	-	826	826
Total operating revenue	<u>8,524,382</u>	<u>9,233,334</u>	<u>708,952</u>
<u>Operating Expenses</u>			
Maintenance - Field	136,045	46,070	89,975
Maintenance - Plant	1,345,282	1,114,003	231,279
Sewage collection	1,115,413	1,059,247	56,166
Sewage treatment and disposal	2,613,270	2,200,433	412,837
General and administrative	1,146,047	1,002,422	143,625
Reclamation Project O&M expenses	519,945	503,169	16,776
Nondepartmental expenses	465,000	-	465,000
Unallocated depreciation expense	2,661,000	2,414,401	246,599
Other operating expenses	-	19,954	(19,954)
Total operating expenses	<u>10,002,002</u>	<u>8,359,699</u>	<u>1,642,303</u>
Operating income (loss)	(1,477,620)	873,635	2,351,255
<u>Nonoperating Revenue and (Expenses)</u>			
Property tax revenue	1,734,000	1,941,135	207,135
Investment revenue	140,000	390,633	250,633
Highlands Sewer Project revenue	216,506	218,522	2,016
PBCSD capital reimbursements	1,923,083	1,172,715	(750,368)
Connection fees	18,000	29,897	11,897
Reclamation Project capital reimbursements	375,478	425,442	49,964
Debt Service - Interest and fiscal expenses	(71,506)	(67,003)	4,503
Other non-operating revenue (expenses)	(4,860)	74,133	78,993
Total non-operating revenue and (expenses)	<u>4,330,701</u>	<u>4,185,474</u>	<u>(145,227)</u>
Net income (loss)	\$ 2,853,081	\$ 5,059,109	\$ 2,206,028
<u>Non-GAAP Reconciling Adjustment</u>			
Debt Service - Principal	(145,000)	(145,000)	-
	<u>\$ 2,708,081</u>	<u>\$ 4,914,109</u>	<u>\$ 2,206,028</u>

STAFF REPORT



To: Board of Directors
From: Barbara Buikema, General Manager
Date: December 13, 2018
Subject: CAWD Pension Plan – Actuarial Review July 1, 2018

RECOMMENDATION

It is recommended that the Board of Directors accept the Carmel Area Wastewater District 2018 Actuary Report prepared by Nicolay Consulting.

DISCUSSION

Nicolay Consulting, the District's actuary, has completed the July 1, 2018 report for the Strategic Asset Management Plan (SAM). The plan was reviewed by the Pension Committee on November 5, 2018.

Actuarial Report Highlights:

Employer Contribution for plan year ending June 30, 2019:	
Annual Contribution to fully amortize the Unfunded Actuarial Accrued Liability in five years (adjusted for monthly contributions)	\$-0-
Market Value of Asset on July 1, 2018	\$5,263,465
Actuarial Asset Value on July 1, 2018	\$5,126,285
Present Value of all Accrued Plan Benefits on July 1, 2018	\$5,112,788
Number of Participants at July 1, 2018	
Retired participants receiving benefits	3
Terminated vested participants entitled to future benefits	4
Active participants	6
Total participants	13

The plan's funded status on an All Expected Future Benefits basis was 97% on June 30, 2016, 96% on June 30, 2017 and 100% on June 30, 2018.

The unfunded actuarial accrued liability as of July 1, 2018 is (\$13,497).

FUNDING

The 2018 Actuary Report recommended minimum required contribution for the 2018/19 Plan Year is \$-0-. Year-to-date 2018/19 the District has contributed \$34,600 to the plan because we typically continue to contribute at the same level as the prior year until the actuary report is received and then adjust as necessary. The 2018/19 budget allocated \$103,790 to the plan.

The charge from Nicolay Consulting Services to prepare actuarial report and employee statements was \$8,775. There are sufficient funds in the current year budget under Actuarial Services to cover this charge.

**Carmel Area
Wastewater District
Pension plan**

2018 Actuary's Report

Valuation Date: July 1, 2018
Plan Year Ending: June 30, 2019
Tax Year Ending: June 30, 2019



October 11, 2018

PENSION CONSULTANTS AND ACTUARIES

Ms. Barbara Buikema
Carmel Area Wastewater District
PO Box 221428
Carmel, CA 93922

530 BUSH STREET, SUITE 500
SAN FRANCISCO, CALIFORNIA 94108-3633
TEL: 415-512-5300
FAX: 415-512-5314

Dear Ms. Buikema:

Re: Carmel Area Wastewater District Pension Plan - July 1, 2018 Actuary's Report

We have performed an actuarial valuation of the Carmel Area Wastewater District Pension Plan for the purpose of determining the plan's funding status as of July 1, 2018 and recommended funding level for the 2018/19 Plan Year. This report is provided solely for this purpose and should not be used or relied upon for other purposes. It also should not be disclosed or distributed to a third party, unless we provide written permission.

This report is based on actual experience through June 30, 2018 and plan provisions in effect on July 1, 2018. The valuation and cost calculations for the 2018/19 Plan Year, as summarized in this report, are based on participant data and un-audited Plan financial information provided by Carmel Area Wastewater District as of July 1, 2018.

All costs, liabilities, and other factors under the plan were determined in accordance with generally accepted actuarial principles and procedures. In our opinion, the actuarial assumptions used, described on page 12, are individually reasonable taking into account the experience of the plan and consistent expectations as to future experience. In combination, the actuarial assumptions represent our best estimate of the anticipated experience under the plan. The costs and actuarial exhibits presented in this report, in our opinion, fully and fairly disclose the actuarial position of the plan.


Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in plan provisions or applicable law. Due to the limited scope of this assignment, we did not perform an analysis of the potential range of possible future measurements.

We have met the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. There is no relationship between the plan sponsor and our employer that would impair our objectivity in preparing this report.

We would be pleased to answer any questions on the material contained in this report or to provide explanation or further detail as may be appropriate.

Respectfully submitted,

Nicolay Consulting Group


Eddie Lee, ASA, MAAA, FCA, EA
Senior Actuary


Gary E. Cline, ASA, MAAA, FCA, EA
Vice President & Chief Operating Officer

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SECTION I Summary

A. Highlights

Employer Contribution for plan year ending June 30, 2018:	
Annual Contribution to fully amortize the Unfunded Actuarial Accrued Liability in five years (adjusted for monthly contributions)	\$0
Market Value of Asset on July 1, 2018	\$ 5,263,465
Actuarial Asset Value on July 1, 2018	\$ 5,126,285
Present Value of all Accrued Plan Benefits on July 1, 2018	\$ 5,112,788
Number of Participants at July 1, 2018:	
Retired participants receiving benefits	3
Terminated vested participants entitled to future benefits	4
Active participants	<u>6</u>
Total participants	13

B. Valuation Summary

The Carmel Area Wastewater District Pension Plan was established effective July 1, 1969 and has been amended from time to time since that date. The October 29, 2005 Plan amendment froze benefit service as of October 29, 2005, credited an additional 3 years of service for active employees and reduced normal retirement age from 65 to 62.

This section presents a summary of the valuation results and the funding status of the Plan at July 1, 2018:

1. Annual Cost

Based on funding the initial unfunded actuarial accrued liability over a period of five years from July 1, 2014 and each Gain/Loss over a 5 year period, the recommended minimum required contribution for the 2018/2019 Plan Year is \$0.

2. Change in Annual Cost

The recommended minimum required contribution decreased to \$0 for the 2018/19 Plan Year compared to \$103,838 a year ago. The decrease in contribution was due to the Plan was fully funded as of June 30, 2018.

	<u>2018/2019</u>	<u>2017/2018</u>	<u>2016/2017</u>
(1) Recommended Required Minimum Contribution	\$0	\$103,838	\$ 78,940
(2) Covered Compensation (less than age 65)	\$0	\$683,592	\$681,185
(3) Contribution as a Percentage of Covered Compensation	N/A	15.19%	11.00%

B. Valuation Summary, continued

3. Funded Status

A plan's "funded status" is measured by comparing the Plan's assets with the Plan's actuarial liability. A ratio in excess of 100% means that the Plan's assets exceed the actuarial liability.

The Plan's actuarial liability may be measured in a variety of ways. Some of the alternatives are described below:

- **Hard Frozen/Terminated Plan Basis:**

This actuarial liability represents the actuarial present value of all benefits accrued as of the valuation date, based on service and salary at that date.

- **On-going Plan Basis:**

This actuarial liability represents the actuarial present value of all benefits allocated to plan years prior to the valuation date based on a particular actuarial cost method (i.e., Projected Unit Credit cost method). These calculations would include a projection of salary to the anticipated date of retirement/termination, based on the salary scale used for determining Plan cost.

- **All Expected Future Plan Benefits:**

This actuarial liability represents the actuarial present value of all expected future benefits under the Plan as of the valuation date including benefits expected to be earned for future service based on future salary increases. Since service was frozen on October 29, 2005 this is equal to the On-going plan basis.

The Plan's funded status is described below, based on each of these measures of actuarial liability as of June 30, 2018 and June 30, 2017:

	June 30, 2018	June 30, 2017	June 30, 2016
Actuarial Value of Assets	\$5,126,285	\$5,430,513	\$5,285,090
Actuarial Liabilities:			
Frozen Plan Basis	\$4,572,558	\$5,074,705	\$4,826,548
On-Going Plan/All Expected Future Plan Benefits	\$5,112,788	\$5,639,170	\$5,455,005
Funded Status:			
Frozen Plan Basis	112%	107%	110%
All Expected Future Plan Benefits	100%	96%	97%

C. Historical Summary

	<u>2018/2019</u>	<u>2017/2018</u>	<u>2016/2017</u>	<u>2015/2016</u>	<u>2014/2015</u>
Annual Costs					
Recommended Employer Contribution	0	\$103,838	\$ 78,940	\$ 88,667	\$ 130,567
Amount of Employer Contribution	\$78,936	Not Available	\$88,680	\$130,672	\$ 216,420
ASSETS AT BEGINNING OF PLAN YEAR					
Market Value of Assets	\$5,263,465	\$5,418,843	\$ 5,069,794	\$ 5,367,658	\$4,987,466
Actuarial Value of Assets	5,126,285	5,430,513	5,285,090	5,226,222	4,665,880
ACTUARIAL LIABILITIES AT BEZGINNING OF PLAN YEAR					
Actuarial Accrued Liability	\$5,112,788	\$5,639,170	\$ 5,455,005	\$ 5,517,625	\$5,252,947
Unfunded Actuarial Accrued Liability	(13,497)	208,657	169,915	291,403	587,067
NUMBER OF PARTICIPANTS					
Retired	3	3	2	2	1
Disabled	0	0	0	0	0
Vested Termination	4	5	5	5	6
Active	<u>6</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>8</u>
Total	13	14	14	15	15

SECTION II
Valuation Funding Information

A. Development of the 2018/2019 Employer Contribution

Contribution required to amortize the July 1, 2018 unfunded actuarial accrued liability over a closed 5-year period plus gains and losses over 5 years.

(a) Normal cost at July 1, 2018	\$ 0
(b) Amortization of Unfunded Actuarial Accrued liability since July 1, 2018 over 5 years, payable as of beginning of year [see Section II(C)]	0
(c) Interest adjustment for monthly payments at 4.50%	<u>0</u>
(d) Contribution for 2018/2019 plan year, payable monthly	<u>\$ 0</u>

Valuation Funding Information

B. Development of the Unfunded Actuarial Accrued Liability

1. Projected Unit Credit actuarial accrued liability as of July 1, 2018	
(a) Active participants	\$ 2,152,725
(b) Retired participants	2,020,345
(c) Disabled participants	0
(d) Terminated vested participants	<u>939,718</u>
	\$ 5,112,788
2. Actuarial Value of Assets as of July 1, 2018	<u>5,126,285</u>
3. Unfunded actuarial accrued liability as of July 1, 2018 (1) - (2)	\$ <u>0</u>

Valuation Funding Information

C. Summary of Amortization Bases Used in Development of 2018/2019 Employer Contribution Range

Amortization bases for the District have been fully amortize as of June 30, 2018. Future actuarial gains and loses on/after July 1, 2018 will be amortized over a 5-year period beginning on the date established.

<u>Item</u>	<u>Initial Amount</u>	<u>Date Estab-lished</u>	<u>Initial Period (Years)</u>	<u>Remaining Balance on 7/1/2018</u>	<u>Annual Amortization Payment (Payable Monthly)</u>
Total				<u>N/A/</u>	<u>N/A</u>

SECTION III

Asset Information

A. Statement of Plan Assets at June 30, 2018

The assets of the Carmel Area Wastewater District Pension Plan are invested with LPL Financial

Investments:	
Cash and Cash Equivalents	\$ 256,315
Pooled Mutual Funds	4,971,958
Participant Loans	<u>27,063</u>
Cash value at June 30, 2018	\$ 5,255,336
Receivable from disbursement account	8,129
Loan payment receivable	<u>0</u>
Market Value assets at June 30, 2018	<u>\$ 5,263,465</u>

B. Changes in Assets during the 2017/2018 Plan Year

1. Market Value assets at July 1, 2017		\$ 5,418,393
2. Changes during year		
(a) Credits		
(i) Employer contributions	\$ 78,936	
(ii) Participant contributions	0	
(iii) Earned income	101,259	
(iv) Investment gain (unrealized and realized)	<u>299,174</u>	
(v) Total credits		479,369
(b) Charges		
(i) Investment Expenses	\$ 36,052	
(ii) Retirement and Disability benefits	596,447	
(iii) Lump sum benefits	0	
(iv) Loan defaulted	0	
(v) Administrative fees	<u>1,798</u>	
(vi) Total charges		<u>634,297</u>
3. Market Value assets at June 30, 2018 = 1 + 2(a)(v) - 2(b)(v)		<u>\$ 5,263,465</u>

C. ACTUARIAL VALUE OF ASSETS – ASSET AVERAGING

(1)	July 1, 2018 Market Value		\$ 5,263,465
(2)	Previous Asset Gains and Losses		
		(i) <u>Amount</u>	(ii) <u>Weighting</u>
			(iii) <u>(i) x (ii)</u>
(a)	2017/18 Gain	\$132,238	2/3
(b)	2016/17 Loss	147,063	1/3
(c)	Total Asset Adjustment		<u>\$137,180</u>
(3)	Adjusted Assets [(1) – (2)(e)(iii)]		\$5,126,285
(4)	Minimum Actuarial Value of Assets [85%x(1)]		4,473,945
(5)	Maximum Actuarial Value of Assets [115%x(1)]		6,052,985
(6)	Actuarial Value of Assets [(3); not less than (4) or more than (5)]		\$5,126,285

SECTION IV
Census Data

A. Participant Census Reconciliation

	<u>Active partici- cipants</u>	<u>Terminated participants with vested rights</u>	<u>Retired parti- cipants</u>	<u>Disabled parti- cipants</u>	<u>Total</u>
1. Plan participants on July 1, 2017	6	5	3	0	14
2. Data corrections	-	-	-	-	-
3. New entrants	-	-	-	-	-
4. Terminated vested participants entitled to future benefits	-	-	-	-	-
5. Terminated non-vested participants	-	-	-	-	-
6. Participants retiring	-	-	-	-	-
7. Participants becoming disabled	-	-	-	-	-
8. Participants paid lump sum benefits	-	(1)	-	-	-
9. Deaths	-	-	-	-	-
10. Deaths with beneficiary	-	-	-	-	-
11. Certain period expired	-	-	-	-	-
12. Rehired	-	-	-	-	-
13. Plan participants on July 1, 2018	<u>6</u>	<u>4</u>	<u>3</u>	<u>0</u>	<u>13</u>

<u>Active Participants</u>	<u>July 1, 2018</u>	<u>July 1, 2017</u>
Average Age:	49.93	48.93
Average Service Plan Participation:	19.97	18.97
Average Annual Salary:	\$117,326	\$113,932

B. Classification of Participants on July 1, 2018

	<u>Fully Vested</u>	<u>Non- Vested</u>	<u>Total</u>
1. Active participants accruing benefits:			
(a) Under normal retirement age	6	0	6
(b) Over normal retirement age	<u>0</u>	<u>0</u>	<u>0</u>
(c) Total	6	0	6
2. Terminated participants with deferred vested benefits	4	0	4
3. Retired and disabled participants presently receiving benefit payments	<u>3</u>	<u>0</u>	<u>3</u>
4. Total = (1c) + (2) + (3)	<u><u>13</u></u>	<u><u>0</u></u>	<u><u>13</u></u>

C. Age and Service Profile of Active Participants

<u>Age</u>	<u>Completed Years of Accrual Service July 1, 2018</u>						<u>Total</u>
	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-30</u>	<u>30+</u>	
0-19	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0
40-44	0	0	1	1	0	0	2
45-49	0	0	0	0	1	0	2
50-54	0	0	0	1	1	0	2
55-59	0	0	0	0	0	0	0
60-64	0	0	0	0	1	0	1
65-69	0	0	0	0	0	0	0
70+	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>0</u>	<u>6</u>

SECTION V

Assumptions and Methods

A summary of the actuarial methods and assumptions used in the July 1, 2018 actuarial valuation of the Plan follows:

Actuarial Methods:

Actuarial Cost Method: Projected Unit Credit Actuarial Cost Method

Valuation of Assets: Effective July 1, 2014, the Actuarial Value of Assets are determined based on the smoothed market value (without phasing). Under this method, a gain or loss for a year is determined by calculating the difference between the expected value of the assets for the year and the fair market value of assets at the valuation date. The actuarial value of assets is equal to the market value of plan's assets with gains subtracted or losses added at the rates described as follows:

- (1) 2/3 of the prior year's gain or loss, plus
- (2) 1/3 of the second preceding year's gain or loss

The asset value determined under this method will be adjusted to be no greater than 115% and no less than 85% of the fair market value.

Before July 1, 2014, assets are valued at fair market value on June 30 as reported by the District.

Actuarial Assumptions:

Investment Yield: Pre-retirement, net of expenses:
4.50% per annum.

Post-retirement, net of expenses:
(a) Lump Sums: 6.25%,
(b) Annuities: 4.50%.

Salary Scale: 3.5% per annum.

Rate of Retirement: Participants are expected to retire on their Normal Retirement Date.

Rate of Employee Turnover: None

Assumptions and Methods

Rate of Disability:	None
Rate of Mortality:	(1) Pre-retirement: None (2) Post-retirement: (a) Lump Sums: 1994 GAR Mortality Tables, blended 50% male and 50% female. (b) Annuities: RP-2014 Top-Quartile Healthy Annuitant Generational Mortality Tables with Generational Projection Scale MP-2017 (Males and Female).
Expenses:	It is assumed that expenses will be paid by investment returns greater than the assumed investment yield (i.e., investment return is net of expenses).
Payment Form:	It is assumed that : (a) 50% participants elect lump sums, (b) 50% participants elect annuity payments; at retirement, termination, death or disability.
Amortization Period of Unfunded Liabilities	The unfunded actuarial accrued liabilities are fully amortized as of July, 1 2018. Gains and losses arise on/after July 1, 2018 will be amortized over a 5-year period.

SECTION VI Plan Provisions

Effective Date:	July 1, 1969
Most Recent Restatement Date:	July 1, 2003
Most Recent Amendment Date:	Effective July 1, 2009
Plan Year:	July 1 to June 30
Eligibility for Coverage:	All employees hired prior to October 29, 2005.
Employee Contribution:	None required.
District Contribution:	Full cost of Plan.
Normal Retirement Date:	July 1 after reaching age 62 and completing five years of Plan participation.
Delayed Retirement Date:	First of any month following actual retirement after attaining age 62 and completion of five years of Plan participation. An employee can work beyond his normal retirement date and continue to earn pension benefits.
Early Retirement Date:	None
Disability	Total and permanent disability which lasts at least six months resulting in termination of employment.
Normal Form of Retirement Benefit:	The amount of annual retirement income determined by the benefit formula is payable monthly for life with 120 payments guaranteed.
Automatic Form of Distribution of Retirement Benefit:	Unless otherwise elected by the participant, the normal retirement benefit will be automatically paid to a married participant in the form of a reduced actuarial equivalent joint and 50% to survivor annuity.

Plan Provisions

Optional Forms of Distribution of Retirement Benefit:	<p>If elected by the participant, his benefit, in an actuarial equivalent amount, may be paid in the form of:</p> <ul style="list-style-type: none">(a) a joint and survivor annuity with the reduced survivor annuity payable as 50%, 66-2/3% or 100% of the monthly benefit payable during the lifetime of the participant;(b) a straight life annuity;(c) a life only annuity;(d) a lump sum payment.
Formula for Annual, Normal Retirement Benefit:	2.5% of the average earnings paid to the employee during the highest one plan year, multiplied by the number of years of accrual service.
Accrual Service:	Total number of Years in which an employee is credited with at least 1,000 hours of service. No accrual service shall be credited after October 29, 2005. Participants employed on October 29, 2005 shall be credited with an additional 3 years plus 0.333 years for the period July1, 2005 through October 31, 2005.
Early Retirement Benefit:	None
Benefit at Deferred Retirement:	Greater of the accrued benefit, based on accrual service and compensation to late retirement date and the actuarially increased Normal Retirement Benefit.
Disability Benefit:	Immediate payment of actuarial equivalence of the accrued benefit calculated the same as a retirement benefit, based on average earnings and accrual service as of the disability retirement date.
Death Benefit:	
Prior to Retirement:	The greater of the actuarial equivalent of the Vested Accrued Benefit (applicable to married or unmarried participants), or the benefit the participant's spouse would have received if the participant had terminated on his date of death and elected to begin receiving his benefit under the automatic joint and 50% to surviving spouse pension option commencing on his earliest retirement date
After Retirement:	In accordance with the annuity payment form in effect.

Plan Provisions

Vesting:

<u>Years of Vesting Service</u>	<u>Vested Percent</u>
0-2	0%
3	20%
4	40%
5	60%
6	80%
7 or more	100%

Vesting Service

Total number of Years in which an employee is credited with at least 1,000 hours of service. For participants employed on October 29, 2005, an additional three years is credited.

Benefit:

Vested Accrued Benefit as of date of termination, payable as of Normal Retirement date. Immediate lump sum option available.

Plan Factors for Actuarial
Equivalence

Interest: 6.25%
Pre Retirement Mortality: None
Post Retirement Mortality: 94 GAR (50% male 50% female)

Termination of Plan:

In the event of termination of the Plan, funds are to be distributed, to the extent available, in the following order:

- (a) benefits of participants who had retired prior to plan termination;
- (b) benefits of participants who had reached Normal Retirement Age at termination, but had not yet retired;
- (c) all other benefits;

Administration:

The District is the Plan Administrator.

Funding of Plan:

Through a Trust, assets are held at LPL Financial.

STAFF REPORT



To: Board of Directors
From: Barbara Buikema, General Manager
Date: December 13, 2018
Subject: Request To Change Regular Board Meeting Date

RECOMMENDATION

It is recommended that the Board of Directors make a motion to change the date of the regular Board meeting to the second Thursday of the month, except for November-December when a combined meeting is held.

DISCUSSION

At the October 2018 regular Board Meeting, Director Siegfried requested that the Board consider changing the regular board meeting date. The Board agreed to consider at their next regular meeting in December.

The suggestion made in October was that the Board consider the second Thursday of the month.

If the Board determines that it would like to make the change to the second Thursday, there may be a transitional phase as staff settles into a new reporting schedule. The one change that will result is that monthly reports will be one month back – i.e. in January the reports will be for November. Currently we would report December in January; however, moving the meeting to the second Thursday would mean that most of the data collected is not yet available.

FUNDING

No additional cost anticipated.

STAFF REPORT

To: Board of Directors

From: Irene Bryant, Board Secretary

Date: December 13, 2018

Subject: Conference Attendance,
PBCSD Board Meeting Attendance, And
Board Member Committee Assignments
For 2019



DISCUSSION

Attached is information on the 2019 CASA and WateReuse conferences. In order to determine attendance at these, or any other desired conferences, it is necessary that Directors indicate their preferences early in the year for registration purposes.

A roster of attendance for the 2019 PBCSD Board meetings, which follows a regular rotation of Directors, is also attached. Assignments are for a period of one month. It is the responsibility of the signed Member to get a substitute if the Member cannot attend.

The Board President requested that the 2018 Committee Assignments list be distributed in December for review and consideration, and then assignments will be made at the following Board meeting in January. Committee assignments are made through discussion and agreement by Directors. A list of the current 2018 Committees and assignments are included for reference.

CASA Events & Meetings

THU JAN 10 **CWEA Effective Utility Management Workshop: Your Path to Sustainability 2019**
 8:30 AM - 4:30 PM
 More Information.
[AT CITY OF SAN DIEGO PUBLIC UTILITIES DEPARTMENT](#)

WED JAN 23 **CASA Winter Conference 2019**
 ALL DAY
 Schedule At-A Glance Registration Form Registration...
FRI JAN 25 [AT RENAISSANCE INDIAN WELLS](#)

MON FEB 25 **CASA Washington D.C. Policy Forum**
 ALL DAY
 Registration Form Registration Fee Hotel...
WED FEB 27 [AT ST. REGIS WASHINGTON, D.C.](#)

WED AUG 21 **64th Annual Conference**
 ALL DAY
 Registration Form Registration Fee Hotel Reservation...
FRI AUG 23 [AT MANCHESTER GRAND HYATT SAN DIEGO](#)

TUE JAN 21 **CASA Winter Conference 2020**
 ALL DAY
 Registration Form Registration Fee Hotel Reservation...
THU JAN 23 [AT RENAISSANCE INDIAN WELLS](#)



Finance and Innovation Act (WIFIA) loans! The WIFIA program recently announced that it is inviting 39 projects in 16 states to apply for funding. #CASAConnects pic.twitter.com/nSGIXwa1QP

Last week from CASA_CleanWater's Twitter

The Water Environment Federation has begun accepting applications for its water leaders program.



ABOUT US

CASA provides leadership, advocacy and information to our members, legislators and the public, and promotes partnerships on clean water and beneficial reuse issues that protect public health and the environment.

CONTACT US

1225 8th Street, Suite 595
 Sacramento, CA 95814
 (916) 446-0388

MAR
17
Sun

2019 WateReuse California Annual Conference @ Hyatt Regency Orange County
Mar 17 @ 8:00 am – Mar 19 @ 5:00 pm

MAY
23
Thu

8th Annual Water Reuse in Texas Conference @ McAllen Convention Center
May 23 – May 24 all-day

SEP
8
Sun

34th Annual WateReuse Symposium @ Marriott Marquis San Diego Marina
Sep 8 – Sep 11 all-day

MAR
15
Sun

2020 WateReuse California Annual Conference @ Hyatt Regency San Francisco
Mar 15 @ 8:00 am – Mar 17 @ 5:00 pm

MAR
21
Sun

2021 WateReuse California Annual Conference @ Hyatt Regency Indian Wells
Mar 21 @ 8:00 am – Mar 23 @ 5:00 pm



Carmel Area Wastewater District

P.O. Box 221428 Carmel California 93922 √ (831) 624-1248 √ FAX (831) 624-0811

Barbara Buikema
General Manager
Edward Waggoner
Operations Superintendent
Robert R. Wellington
Legal Counsel

Board of Directors
Gregory D'Ambrosio
Michael K. Rachel
Robert Siegfried
Charlotte F. Townsend
Kennedy White

ATTENDANCE AT PBCSD BOARD MEETINGS FOR 2019

It is important for at least one CAWD Board Member to attend the Pebble Beach Community Services District's regular Board Meetings, held the final Friday of every month at 9:30a.m., and if possible, any special meetings during the assignment period, with usual compensation.

Members may provide an oral report at the next CAWD Board Meeting which follows their attendance at the PBCSD meeting.

Assignments are for a period of one month. It is the responsibility of the signed Member to get a substitute if the Member cannot attend.

January 2019	Mike Rachel
February 2019	Bob Siegfried
March 2019	Charlotte Townsend
April 2019	Ken White
May 2019	Greg D'Ambrosio
June 2019	Mike Rachel
July 2019	Bob Siegfried
August 2019	Charlotte Townsend
September 2019	Ken White
October 2019	Greg D'Ambrosio
November 2019	No Meeting
December 2019	Mike Rachel



Carmel Area Wastewater District

P.O. Box 221428 Carmel California 93922 ∨ (831) 624-1248 ∨ FAX (831) 624-0811

TO: Board of Directors
 FROM: Irene Bryant
 SUBJECT: Committee Assignments for 2018
 DATE: December 13, 2018

2018 CAWD BOARD COMMITTEE ASSIGNMENTS		
COMMITTEE	MEMBERS	ALTERNATE
Budget & Audit	D'Ambrosio	
	Siegfried	
District Ordinances: Standard Plans and Details, Uniform Plumbing, and Source Control (ad hoc)	Rachel Siegfried	
Pension	Rachel	
Reclamation Management	Townsend	
	White	
Salary & Benefits	Rachel	
	White	
Special Districts' Association	Townsend	Siegfried

STAFF REPORT



To: Board of Directors
From: Barbara Buikema, General Manager
Date: December 13, 2018
Subject: Insurance Claim

RECOMMENDATION

Staff is requesting direction from the Board of Directors on payment of a claim for damages in the amount of \$1,597.67.

DISCUSSION

Director Siegfried was rear-ended on his way to a conference on July 11, 2017. Insurance of the at-fault party covered part of the expenses (the repair of the physical damage to Mr. Siegfried's vehicle) but left \$1,597.67 unpaid. The outstanding amount is as follows:

Budget car rental (7-11 to 8-4-17)	\$1,267.81
Mileage (109 miles @ \$0.50/mi)	\$ 54.50
Accident Report from CHP	\$ 10.00
Cab (Carmel Mission to Monterey Airport)	\$ 28.00
Enterprise car rental (8-4 to 8-14-17)	\$ 137.36
CEPSYM* Conference registration	\$ 100.00
Total	\$1,597.67

*CEPSYM = California Extreme Precipitation Symposium

An attempt was made to file the claim with our carrier; however, per CSRMA (via Alliant) physical damage to a Director's personal vehicle and related expenses are not covered under our policy.

The District's Vehicle Use Policy, approved 01-26-17, specifically addresses the use of personal vehicles in Appendix A, page 7, item 4:

4. Personal Vehicles –Individuals who operate Personal Vehicles on CAWD Business must possess a valid California Driver's license, must be in compliance with all driving and motor

vehicle laws, must possess their own automobile liability insurance, and must meet the qualifications outlined in this policy.

- Drivers who operate Personal Vehicles to conduct CAWD Business should be aware that their own personal automobile insurance provides the primary coverage for both liability and physical damage.
- Decisions regarding extension of CAWD auto liability coverage are made by the General Manager on a prior case-by-case basis. Operating a Personal Vehicle on CAWD Business in violation of this policy will result in no excess liability coverage by CAWD and may disqualify the driver from receiving Indemnification from CAWD. CAWD reserves the right to secure an MVR check on any driver who operates a Personal Vehicle while conducting CAWD Business. The driver or owner, not CAWD, is responsible for any physical damage to a Personal Vehicle operated on CAWD Business.

Some communications and documents relevant to this matter are attached for your information (the at-fault party's insurance carrier is Allstate, Director Siegfried's is Farmers).

FUNDING

Funding is available in General Operating Revenues.

Comments History

Agent: Monica Arellano

You must comply with all laws regarding business calls, including calls to cell phones. See the Do-Not-Call and Compliance links on Agency Dashboard for more information.

[REDACTED] & Robert Siegfried Account

Comment Type	Date	Applies To	Source	Follow Up
Customer Service	Nov 15, 2017 8:29 AM PT	Contact: Robert Siegfried	Ann Appel eCMS	None

eMail

Subject: Claim reimbursement

To: robtsiegfried@gmail.com

From: aappel@farmersagent.com

Read Receipt Not Requested. Priority: Normal

Body: Good morning Bob. I received a response from our claims department regarding your inquiry about the reimbursement from Allstate. As I mentioned yesterday, as a courtesy Farmers submitted your reimbursement request along with our subrogation demand in September. Unfortunately Allstate has chosen to fight this claim and it is currently in arbitration. See email below.

Hello Ann,

I'm sorry to hear they have not been reimbursed yet. We have had to send the claim to Arbitration as they are not paying the full demand amount. I've CC'd Amanda Strybos who is the arb adjuster, however, the arb process is just starting.

Andrew E. Waldron

Auto Subrogation Representative

Subrogation Claims Department

This type of arbitration can take quite a bit of time. Farmers will present its findings to a third party arbitrator and Allstate will do the same. The arbitrator will review both and make a final decision. This process is just starting and usually take 90-180 days. I will follow up with Amanda and make sure you are kept in the loop.

Please let me know if you have any additional questions. Thanks! Ann

Ann Appel
69 Soledad Dr
Monterey, CA 93940-6037
License # 0D74291
831-655-3413 (Office)

Comments History

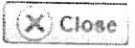
Agent: Monica Arellano

You must comply with all laws regarding business calls, including calls to cell phones. See the Do-Not-Call and Compliance links on Agency Dashboard for more information.

Gail Lehman Siegfried & Robert Siegfried Account

Comment Type	Date	Applies To	Source	Follow Up
Claims	Sep 13, 2017 1:57 PM PT	Policy: 195525806	Monica Arellano eCMS	None

Andy @ Farmers claims department called in w/update regarding reimbursement request from BC; documentation submitted to Allstate, total dollar amount requested by insured \$1,597.67 amount submitted for subrogation \$1,372.67 includes minus \$225 for rental car which insured was paid by Farmers under his LOU K4 + K3; no guarantee Allstate will pay back but submitted; Andy LMOVW w/info and contact info for Allstate for Robert.

 Close

Barbara Buikema

From: Allstate Insurance <allstate@service01.email-allstate.com>
Sent: Tuesday, July 03, 2018 1:57 PM
To: Elaine Tizon
Subject: [External] OUR CLIENT: Carmel Area Wastewater District / Robert Siegfried YOUR CLAIM# 0466446440 MR

Hello Elaine,

It appears Robert got into the rental vehicle starting on 07/11 with budget rental car, but his vehicle was not brought into the shop until 07/27. With looking at the damage to his vehicle, it appears the Toyota Truck was still drivable and not sure why he was in a rental during this period up to 08/04. I confirmed with the body shop where he had his vehicle repaired and they confirmed, vehicle was dropped off on 07/27 and picked up on 08/14.

Please let me know what he says and if he has any documentation on him missing the conference of which he stated. Also, we do not cover any gas, mileage or any additional insurance when it comes to rental vehicles as he is asking for reimbursement for mileage.

Thanks,

BRIAN KAPLUN
Allstate Northbrook Indemnity Company
Phone: (818) 716-3816
Fax: (866) 447-4293
claims@claims.allstate.com

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**** Please do not delete your unique Conversation ID ****

*** Conversation ID: 4257E96C3A1B0DD3 ***

From: Elaine.Tizon@alliant.com
Sent: Monday, July 2, 2018 9:16 PM
To: claims@claims.allstate.com
CC: scole@alliant.com, Buikema@cawd.org
Subject: [External] OUR CLIENT: Carmel Area Wastewater District / Robert Siegfried YOUR CLAIM# 0466446440 MR

RE: OUR CLIENT: Carmel Area Wastewater District / Robert Siegfried YOUR CLAIM# 0466446440 MRH DATE OF LOSS: 7/11/17

Allstate Northbrook Indemnity Company
To Claims Department:
Attention: Romeo Hernandez

Barbara Buikema

From: Barbara Buikema
Sent: Thursday, July 05, 2018 3:16 PM
To: 'elaine.tizon@alliant.com'
Subject: FW: Allstate claim

Elaine

I asked my director if he had anything from his insurance – i.e. declination letter.
He forwarded the email to me below.

Please let me know if you need anything more

Barbara Buikema
General Manager
Carmel Area Wastewater District
831-624-1248

From: Bob Siegfried [mailto:robsiegfried@gmail.com]
Sent: Thursday, July 05, 2018 1:56 PM
To: Barbara Buikema <Buikema@cawd.org>
Subject: Fwd: Allstate claim

----- Forwarded message -----

From: Ann Appel <aappel@farmersagent.com>
Date: Mon, Feb 26, 2018, 10:04
Subject: Allstate claim
To: <robsiegfried@gmail.com>
[REDACTED]

Hello Mr. Siegfried. Good news! The arbitration was in favor of Farmers. As a courtesy Farmers has re-sent your rental reimbursement request to Allstate. It is best you contact Allstate in a couple days. Adjustor is Celine Mello 800-966-7334x3702. Claim 0466446440. You have more power as we don't have a legal right to the money so we can't make a legal demand. Because arbitration was in our favor, you still has the right to take the other driver to small claims court, so it is in Allstate's best interest to pay it to avoid exposing their insured to that risk.

Let me know if you need additional assistance or information. Thanks! Ann

Barbara Buikema

From: Bob Siegfried <robsiegfried@gmail.com>
Sent: Tuesday, July 10, 2018 10:46 AM
To: Barbara Buikema
Subject: Re: FW: Allstate claim / OUR CLIENT: Carmel Area Wastewater District / Robert Siegfried
YOUR CLAIM# 0466446440 MR

I found a record of my 2017 payment to CEPSYM. Here is the link to CEPSYM's Web site. If you scroll down the left hand column, you will find

"

CEPSYM is a Floodplain Management Association project

"

That is the organization that processed my conference payment.

I'll copy you the bill.

There were 2 rental cars. The one for which I have not been reimbursed, and the one my insurance carrier covered.

Also I forgot to note that Allstate was terrible (politely phrased) about returning phone calls. That helped prompt my turning the situation over to my own carrier.

Bob

On 07/09/2018 02:37 PM, Bob Siegfried wrote:

Barbara,

Truck was drivable except that the shell door could not be locked to secure a relocated rear license plate from theft.

Time lag is accounted for by the fact that I originally tried to work directly with Allstate, since the fault was clear. They were chaotic, and under the impression I was claiming injury. When my patience ran out, I started over with my own insurer.

CEPSYM has a record of who paid last year. I will email them

Bob

On Jul 9, 2018 14:00, "Barbara Buikema" <Buikema@cawd.org> wrote:

Bob – I hope you're able to open the attached. They have some additional questions for you.

Thanks

Barbara

Barbara Buikema

From: Barbara Buikema
Sent: Thursday, July 12, 2018 2:48 PM
To: 'elaine.tizon@alliant.com'
Subject: Robert Siegfried claim
Attachments: Siegfried - misc.pdf; Siegfried - payment for conference.pdf

Elaine

Director Siegfried has filtered in a little bit more information to me that I am forwarding along

Thank you
Barbara Buikema
Carmel Area Wastewater District
831-624-1248

-----Original Message-----

From: Bob Siegfried [mailto:robtsiegfried@gmail.com]
Sent: Tuesday, July 10, 2018 6:33 PM
To: Barbara Buikema <Buikema@cawd.org>
Subject: Too many cooks

My agent left a message saying that Allstate has agreed to pay some \$300+ for car rental (I don't understand their numbers, and it sounded like she did not either. This was a chain message starting with the subrogation minion.), and will review the rental for the car I rented personally. I got a phone message from them wanting to ask about whether my car was driveable. I will answer that tomorrow.

An additional constraint I forgot about. We were still building our house at the time. I had been using my truck to haul supplies, rented what the rental agency (Enterprise, if I remember correctly) had on hand that could do the same duty. That is why I did not rent a little sedan.

My first thought was let's wait for the dust to settle, but it has been so long that does not seem like a good idea. I hesitate to make suggestions because this issue really is between CAWD and me at this point, but if I were you, I would ask CSRMA to manage CAWD's interests in this by wading into the mix.

STAFF REPORT



To: Board of Directors
From: Barbara Buikema, General Manager
Date: December 13, 2018
Subject: Expense Reimbursement Policy Review

RECOMMENDATION

Staff is requesting direction from the Board of Directors on review of the District's Expense Reimbursement Policy.

DISCUSSION

CAWD's Expense Reimbursement & Travel Policy was approved by the Board in January 2013. The policy was amended in October 2013 with Resolution #2013-32 reducing the threshold required for Board approval of individual director request for reimbursement from \$5K to \$2.5K.

The Board President requested that this item be placed on the agenda for review.

FISCAL IMPACT

None



CAWD

Expense Reimbursement & Travel Policy

January 2013

I. FINDINGS

Whereas, the Carmel Area Wastewater District takes its stewardship over the use of its limited public resources seriously.

Whereas, public resources should only be used when there is a substantial benefit to the District.

Whereas, such benefits include:

- The opportunity to discuss the District's concerns with local, regional, state and federal officials
- Participating in local, regional, state and national organizations whose activities affect the District
- Attending educational seminars designed to improve officials'/employees skill and information levels; and
- Promoting public service and morale by recognizing such service.

Whereas, 1) legislative and other local, regional, state and federal agency business is frequently conducted over meals; 2) sharing a meal with local, regional, state and federal officials is frequently the best opportunity for a more extensive, focused and uninterrupted communication about the District's policy concerns' and 3) each meal expenditure must comply with the limits and reporting requirements of local, state and federal law.

Whereas, this policy provides guidance to elected and appointed official and employees on the use and expenditure of District resources, as well as the standards against which those expenditures will be measured.

Whereas, this policy satisfies the requirements of Government Code sections 53232.2 – 53232.3

Whereas, this policy supplements the definition of actual and necessary expenses for purposes of state laws related to permissible uses of public resources.

Whereas, this policy also supplements the definition of necessary and reasonable expenses for purposes of federal and state income tax laws.

Whereas, this policy also applies to any charges made to a District credit card, cash advances or other line of credit.

II. AUTHORIZED EXPENSES

District funds, equipment, supplies (including letterhead), titles, and staff time must only be used for authorized District business. Expenses incurred in connection with the following types of activities generally constitute authorized expenses, as long as the other requirements of this policy are met:

- Communicating with representatives of local, regional, state and national government on District advocated policy positions;
- Attending educational seminars designed to improve officials' and employee skill and information levels;
- Participating in local, regional, state and national organizations whose activities affect the District's interests;
- Recognizing service to the District (for example, thanking a longtime employee with a retirement gift or celebration of nominal value and cost);
- Attending District events; and
- District meetings for which a stipend is expressly authorized under this policy.

All expenses that fall within one of the categories listed above must be approved by the General Manager. The official or staff member must submit an Expense Reimbursement Form to the General Manager for approval of all expenses. All out-of-state travel must have prior approval of the General Manager.

The following expenses require prior governing body approval:

- International travel;
- Expenses exceeding \$5,000 per trip.

Examples of personal expenses that the District will not reimburse include, but are not limited to:

- The personal portion of any trip, such as the following:
 - Barber or beauty parlor services
 - Airline and other trip insurance
 - Personal postage, telephone calls or reading materials
- Political or charitable contributions or events;
- Family expenses, including partner's expenses when accompanying official/employee on District-related business, as well as children or pet related expenses;
- Entertainment expenses, including theater, movies (either in-room or at the theater), sporting events (including gym, massage and/or golf related expenses), or other cultural events;
- Non-mileage personal automobile expenses, including repairs, traffic citations, insurance or gasoline, personal travel while at an out-of-County location; and

- Personal losses incurred while on District business. Any questions regarding the propriety of a particular type of expense should be resolved by the approving authority before the expense is incurred.

This policy is subject to administrative exception subject to approval by the General Manager as appropriate to the circumstances. Special circumstances requiring expenditures exceeding “normal trip expenditures” are to be reviewed and approved individually by the Principal Accountant and General Manager.

III. COST CONTROL

To conserve District resources and keep expenses within community standards for public officials and employees, expenditures should adhere to the following guidelines. In the event that expenses are incurred which exceed these guidelines, the cost borne or reimbursed by the District will be limited to the costs that fall within the guidelines.

All employee expenditures and/or reimbursements are subject to Department Head and General Manager approval.

All expenditures and/or reimbursements to Directors are subject to the General Manager’s approval.

Transportation

Reimbursement will be for the most economical mode and class of transportation reasonably consistent with scheduling needs and cargo space requirements, using the most direct and time-efficient route. Charges for rental vehicles may be reimbursed under this provision if more than one District official or employee is attending an out of town conference, and it is determined that sharing a rental vehicle is more economical than other forms of transportation. In making such determination, the cost of the rental vehicle, parking and gasoline will be compared to the combined cost of such other forms of transportation. Government and group rates must be used when available.

Airfare

The Administrative Services Coordinator or Department Head shall seek and attempt to use the lowest rates available for commercial airline service. Whenever possible, travelers should take advantage of flight arrangements that minimize District cost (for example, purchasing a round trip ticket may be less expensive than two one-way tickets). District travelers may upgrade tickets, provided that the traveler and not the District pay for the difference in cost for such upgrade.

The District will not reimburse any type of travel insurance unless the General Manager requests the traveler to purchase cancellation coverage.

Reasonable baggage charges, if imposed by the airline, on the first checked bag are reimbursable.

Tickets will be paid for in advance when possible and the employee will be provided with all carrier information to include electronic ticket information. Claims must be substantiated by an original ticket

document (i.e. e-ticket or passenger receipt ticket copy). A copy of the credit card receipt or statement alone is insufficient.

District travelers may retain frequent flyer/hotel rewards and similar program benefits. However, participation in these programs must not influence flight/hotel/etc. selection which would result in incremental cost to the District beyond the lowest available airfare/hotel cost unless the difference is paid by the traveler. Free tickets or cash allowances for volunteer denied boarding compensation may be retained by the traveler but no additional cost to the District or interruption of District work is allowed and any additional time required to complete the trip is to be personal time.

Automobile

Automobile mileage is reimbursed at Internal Revenue Service rates presently in effect (see www.irs.gov). These rates are designed to compensate the driver for gasoline, insurance, maintenance, and other expenses associated with operating the vehicle. This amount does not include bridge and road tolls, which are also reimbursable.

The Internal Revenue Service rates will not be paid for rental vehicles or District vehicles; only receipted fuel expenses will be reimbursed.

Private or personal vehicles shall only be used after the employee has confirmed that an appropriate District vehicle is not available or cannot reasonably be accessed to accommodate the necessary travel.

District employee mileage to the regular or main place of work from home and back is considered commuting and may not be claimed.

When two or more District employees are traveling to the same site by vehicle, they should use only as many vehicles as are required to accommodate the number of travelers and business needs of the District. If a District employee chooses to use a separate private vehicle because of personal preferences or obligations, he/she shall not be eligible for mileage or fuel reimbursement for the travel.

If a District employee chooses to use a private vehicle instead of an alternative mode of transportation chosen by the department head because of personal preferences or obligations, his/her mileage reimbursement shall not exceed the cost of using the alternative mode of transportation.

Car Rental

Approval of a rental vehicle must be authorized in writing on a travel advance request form which delineates the reason for the request. Costs associated with the rental of a vehicle are reimbursable when prior approval is received from the General Manager.

Rental rates that are equal or less than those available through the State of California's website (<http://www.catravelmart.com/default.htm>) shall be considered the most economical and reasonable for purposes of reimbursement under this policy. An original car rental receipt showing the number of days and type of vehicle rented is required for vehicle rental expense reimbursement claims.

Additional vehicle insurance shall be waived by the District traveler as all employees are covered under the District auto insurance policy as long as they are on District business.

Rental cars shall be refueled prior to return to the rental agency to reduce cost to the District.

Taxis/Shuttles

Taxis or shuttle fares may be reimbursed, including a 15 percent gratuity per fare, when the cost of such fares is equal or less than the cost of car rentals, gasoline and parking combined, or when such transportation is necessary for time-efficiency.

Lodging

Reimbursement shall be for the actual cost of such accommodations for the individual representative of the District. Lodging expense reimbursement may not be claimed for guests of the District traveler. Where expense for a family member or friend is included in the receipt, the claim must not exceed the single occupancy rate.

Lodging expenses will be reimbursed or paid for when travel on official District business reasonably requires an overnight stay. An original room receipt, showing the number of days and the number of occupants, is required upon the employee's return to work for lodging expense reimbursement claims. A copy of the receipt or a credit card receipt alone is insufficient.

Conferences/Meetings

If such lodging is in connection with a conference, lodging expenses must not exceed the group rate published by the conference sponsor for the meeting in questions if such rates are available at the time of booking. If the group rate is not available, see next section.

Other Lodging

Travelers must request government rates, when available. A listing of hotels offering government rates in different areas is available at <http://www.catravelsmart.com/lodguideframes.htm>. Lodging rates that are equal or less than government rates are presumed to be reasonable and hence reimbursable for purposes of this policy.

In the event that government rates are not available at a given time or in a given area, lodging rates that do not exceed the median retail price for lodging for that area listed on websites like www.priceline.com or an equivalent service shall be considered reasonable and hence reimbursable.

Meals

Local Meal Functions:

- Directors, General Manager and Management employees may receive reimbursement for documented costs incurred in providing meals or refreshments for District on-premises consumption in conjunction with working sessions.
- Directors, General Manager and Management employees may receive reimbursement for documented meal or refreshment costs incurred in the context of local meetings directly involving District business.
- Staff meets with Board members or other non-employee individuals subject to Department Head approval and only when the meeting is business related. Reimbursement can be made for a meal function that involves only staff members but requires prior Department Head approval.

District travelers are subject to the following time frames for the first and last day of travel:

- Breakfast may be claimed if traveler must reasonably be away from home because of District business at or before 6:00 a.m. and ending after 10:00 a.m. Lunch can also be included if travel ends after 1:00 p.m. and dinner if travel ends after 7:00 p.m.
- Lunch may be claimed if because of District business travel must commence before 11:00 a.m. and ends after 3:00 p.m. Dinner can also be included if travel ends after 7:00 p.m.
- Dinner may be claimed if a District traveler must commence travel before 5:00 p.m.

Snacks between meals may not be claimed.

All elected/appointed District officials and staff members claiming reimbursement for meals consumed while on District business are required to submit claims. Reimbursable meal expenses and associated gratuities will not exceed the following rates per person:

Breakfast	\$13.80
Lunch	\$20.70
Dinner	\$34.50

The maximum amounts considered for reimbursement are based on the guidelines for daily meals and tips found on the General Services Administration website (<http://www.gsa.gov/portal/category/100120>). The District calculates an average of the five cities commonly used by the Board and staff for conferences/meetings. The rates may be reset on an annual basis or at the discretion of the General Manager.

Actual meal costs, not to exceed the maximum amounts, may be claimed only when accompanied by a receipt and when incurred for a meal when such meal is part of a regularly scheduled business event such as a seminar, professional meeting, or other business meeting or when the cost is incurred for a meal associated with District business activity. Any amount not utilized on the per diem schedule for a specific meal (breakfast, lunch, or dinner) may be used for other meals on the same day.

The District will not pay for alcohol/personal bar expenses

Meal costs must be incurred directly by the claimant; direct billing to the District by a restaurant in regard to Board or staff member expenses is prohibited unless specifically authorized by the General Manager. Payment for service received at a restaurant (tips) shall not exceed 15-20% of the restaurant price of the meal and is recognized as a legitimate and reasonable cost of the meal.

For group meal events organized by others (i.e. conferences and other types of activities that fall within the list of “authorized expenditures” above), the District recognizes that the per person cost may exceed these maximums. The agenda/brochure or other documentation describing the event and price must accompany the claim to the District.

If full breakfast, lunch and/or dinner are provided without charge at a meeting appropriate deductions will be made from the per diem allowance.

Telephone/Fax/Cellular

Telephone bills for business purposes are a reimbursable expense and will normally be included on the lodging bill for overnight accommodations. Personal telephone calls are not a reimbursable expense.

Officials and Staff will be reimbursed for actual telephone and fax expenses incurred on District business. Telephone bills should identify which calls were made on District business. For cellular calls when the

official/employee has a particular number of minutes included in the official's/employee's plan, the official/employee can identify the percentage of calls made on public business.

Internet

Officials/Employees will be reimbursed for Internet access connection and/or usage fees away from home, not to exceed \$15.00/day, if Internet access is necessary for District related business

Airport Parking

Long-term parking must be used for travel exceeding 24-hours.

Baggage Handling

Baggage handling fees of up to \$1.50 per bag and gratuities of up to 18 percent will be reimbursed.

Public Meeting Refreshments

The District will reimburse for refreshments for meetings where the public is invited. The purpose and for whom must be designated on the receipt.

Staff Meeting Refreshments

Reimbursement for the cost of minimal refreshments served at employee-only staff meetings are considered an appropriate expenditure if approved by the Department Head.

Interview Panels

Reimbursement may be received for the purchase of refreshments or lunch for participants of selection panels engaged in official District recruitment activities as approved by the General Manager. The title of the job recruitment and the persons serving on the panel must be documented on the receipt.

Members of personnel interview panels may claim mileage to the panel location from their regular or main place of work, and back.

Sympathy Gifts

Departmental gifts of flowers or other gifts sent in the event of a serious illness or death are considered to be PERSONAL expressions of sympathy and will not be reimbursed or paid for by the District. However, such gifts sent from the District at large may be paid for by the District out of the appropriate District operating account as directed or approved by the Board of Directors.

Reimbursement for Personal Credit Card Use

For administrative efficiency, employees who purchase equipment/supplies/services for the District are strongly encouraged to go through designated District purchasing procedures. However, in the event an employee utilizes their personal credit card for District related purchases it may be submitted for reimbursement. The District purchasing policies must still be observed. The receipt must include a description and reason for the purchase.

Reimbursement from another Agency

Expenses for which District officials or staff members receive reimbursement from another agency are not reimbursable.

IV. Cash Advance Policy

From time to time, it may be necessary for an official or employee to request a cash advance to cover anticipated expenses while traveling or doing business on the District's behalf. Such request for an advance should be submitted to the Principal Accountant at a minimum of 3 days prior to the need for the advance with the following information:

- The purpose of the expenditure
- The benefits of such expenditure to the District
- The anticipated amount of the expenditure(s) (for example: hotel rates, meal costs, and transportation expenses); and
- The dates of the expenditure.

The District provides a standard Cash Advance form on the Public Drive folder "Public Forms".

When processing advances, only per diem rates and Yahoo or MapQuest mileage will be used for meals and mileage.

Any unused advance must be returned to the District treasury within ten business days of the official's/employee's return along with an expense report and receipts documenting how the advance was used in compliance with this expense policy.

In the event the Principal Accountant is uncertain as to whether a request complies with this policy, such individual must seek resolution first from the General Manager.

V. Credit Card Use Policy

The District recognizes the advantage of credit cards in providing receipts for expenses in carrying out the business of the District. CAWD does not issue credit cards to appointed or elected office holders but does have an agency credit card for selected District expenses. District office holders may use the District's credit card for such purposes as airline tickets and hotel reservations by following the same procedures as for cash advances.

The District issues credit cards to authorized Managers to use for travel related expenses or for purchases that require payment by credit card. Employees with CalCards should use the card for all travel related expenses including commercial travel and hotel expenses.

Receipts documenting expenses incurred on the District credit card and compliance with this policy must be submitted within thirty business days of use.

District credit cards may not be used for personal expense, even if the official/employee subsequently reimburses the District.

VI. Expense Report Content and Submission Deadline

All cash advance expenditures, credit card expenses, and expense reimbursement requests must be submitted on an expense report form provided by the District.

Expense reports must document that the expense in question met the requirements of this policy. For example, if the meeting is with a legislator, the official should explain whose meals were purchased, what issues were discussed and how those relate to the District's positions and priorities.

Officials/employees must submit their expense reports within 60 days of an expense being incurred, accompanied by receipts documenting each expense. Restaurant receipts, in addition to any credit card receipts, are also part of the necessary documentation.

Inability to provide such documentation in a timely fashion may result in the expense being borne by the official/employee.

VII. Audits of Expense Reports

All expenses are subject to verification that they comply with this policy.

VIII. Reports to Governing Board

At the following District Board meeting, each official shall briefly report on meetings attended at District expense. If multiple officials attended, a joint report may be made.

IX. Compliance with Laws

District officials and staff should keep in mind that some expenditures may be subject to reporting under the Political Reform Act and other Laws. All agency expenditures are public records subject to disclosure under the Public Records Act.

X. Violation of This Policy

In the event that this District Expense Reimbursement and Travel Policy is in conflict with another District policy, the policy with the most conservative application shall prevail.

Under state law, use of public resources or falsifying expense reports in violation of this policy may result in any or all of the following:

- Loss of reimbursement privileges,
- A demand for restitution to the District,
- The District's reporting the expenses as income to the elected official and/or staff to state and federal tax authorities,
- Civil penalties of up to \$1,000 per day and three times the value of the resources used, and
- Prosecution for misuse of public resources.

RESOLUTION NO. 2013 –32

A RESOLUTION AMENDING THE DISTRICT'S EXPENSE REIMBURSEMENT AND TRAVEL
POLICY

TO REDUCE THE THRESHOLD REQUIRED FOR BOARD APPROVAL OF INDIVIDUAL
DIRECTOR REQUESTS FOR REIMBURSEMENT FROM \$5,000 TO \$2,500

-oOo-

WHEREAS, the District presently has in place an expense reimbursement policy that was approved by the Board January 24, 2013 by Resolution No. 2013-01; and

WHEREAS, the General Manager has prepared an amendment to the policy, Section II consisting of two pages, copy included with the agenda packet for the October 24, 2013 regular Board meeting; and

WHEREAS, the Board has reviewed the updated policy and the General Manager's staff report that describes and explains the amended policy, and this Board is persuaded that the policy adequately addresses the needs of the District and is in conformity with state law regulating expense reimbursement, including without limitation AB 1234, as codified in the California Government Code;

WHEREAS, the amendment changes the requirement for Board approval of individual Director expenses from \$5,000 to \$2,500

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Carmel Area Wastewater District that it does hereby adopt the updated expense reimbursement policy described hereinabove, and directs the General Manager to include said policy in all necessary and appropriate District documents.

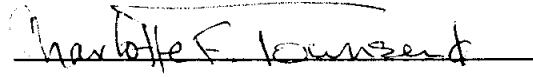
PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Carmel Area Wastewater District duly held on October 24, 2013, by the following vote:

AYES: BOARD MEMBERS: Suzanne Paboojian, Greg D'Ambrosio,
Charlotte Townsend, and Robert Siegfried

NOES: BOARD MEMBERS: None

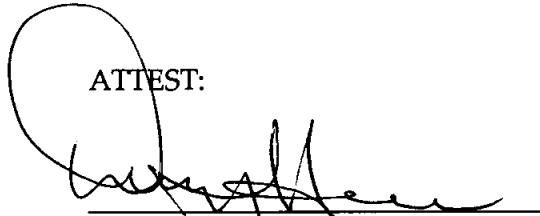
ABSENT: BOARD MEMBERS: Ken White

ABSTAIN: BOARD MEMBERS: None

A handwritten signature in black ink, appearing to read "Charlotte F. Lounsbury", written over a horizontal line.

President of the Board

ATTEST:

A handwritten signature in black ink, written over a horizontal line. The signature is somewhat stylized and difficult to decipher.

Secretary of the Board

STAFF REPORT



To: Board of Directors

From: Ed Waggoner, Operation Superintendent

Date: December 13, 2018

Subject: Update on the Grind to Energy Pilot Project for Increased Methane Production from Anaerobic Digesters – Treatment Plant

RECOMMENDATION

It is recommended that the Board of Directors approve an extension to continue the review of ORDINANCE NO. 2017-02 The Establishment of a Service Fee for the Discharge of Liquid Food Waste (AKA Food Waste Slurry) into the District’s Grease Receiving Facility, and direct the General Manager to:

- 1) Maintain the fee for discharging liquid food waste (also known as “Food Waste Slurry”) shall be \$0.05 per gallon.
- 2) Review the Pilot Project and Fee in one (1) year.
- 3) Continue to explore opportunities to acquire more Food Waste Slurry.

DISCUSSION

The Board PASSED AND ADOPTED ORDINANCE NO. 2017-02 on August 24, 2017.

The District started receiving “Inedible Kitchen Grease” (IKG) on February 28, 2018. Since this date the District has received 14 loads totaling 40,227 gallons all of which was injected into the Anaerobic Digester. These deliveries were from either El Super Market in Salinas or Whole Foods in Santa Cruz.

This pilot project was to test the viability of utilizing the current Grease Receiving Facility to inject IKG into the Digester which would potentially increase the Digester Gas production thus increasing power production with the Micro Turbines. Staff monitored both the IKG injection rate into the Digester and Gas production after receiving each of these deliveries. It was determined when receiving intermittent loads, the Digester Gas production increase was detectable in small amounts Standard Cubic

Feet (SCF) gas production. But when receiving multiple deliveries within a few days of each other, as was the case on July 18 and July 20, two on November 21 staff did observe a recordable increase. From the two July deliveries staff recorded an increase in Digester Gas production of 132,610 SCF over a 10-day period and the November 21 deliveries yielded 120,515 SCF over a 6-day period.

During the last year CAWD staff has had the Treatment Facility permitted as a Renderer of Inedible Kitchen Grease Material through the California Department of Food and Agriculture, Meat, Poultry, & Egg Safety Branch. Currently, CAWD is the licensed Renderer Facility on the Central Coast Area. The cost of this process has totaled \$8,000.00 for two one-year Rendering Permits.

Current revenue from the tipping fees has totaled \$2,011.35 since the system has been in operation.

CAWD Staff has met with the Salinas Valley Solid Waste Authority and Monterey Regional Waste Management District in efforts to acquire a more stable supply of Food Waste Slurry from Food Waste Projects both agencies are currently working on. CAWD staff started exploring a carbon offset with Monterey Botanicals on possible organic slurry from their growing operation.

Grind to Energy food waste deliveries

Date	Ticket number	volume (gal)	Location	comments
2/28/2018		2488	Whole Foods-Santa Cruz	
3/28/2018		2987	El Super-Salinas	
4/12/2018		2805	Whole Foods-Santa Cruz	
4/30/2018		2970	El Super-Salinas	
6/1/2018	1	3600	Whole Foods-Santa Cruz	new Manifest initiated
7/18/2018	2	3052	El Super-Salinas	
7/20/2018	3	2759	Whole Foods-Santa Cruz	
	4			Void
8/31/2018	5	2800	Whole Foods-Santa Cruz	
9/14/2018	6	2804		
10/11/2018	7	2600	Whole Foods-Santa Cruz	
10/16/2018	8	3000		
8/23/2018	9	3250	El Super-Salinas	
	10			skipped
11/21/2018	11	2483	Whole Foods-Santa Cruz	
11/21/2018	12	2629	El Super-Salinas	
Total gallons received		40227		

STAFF REPORT



To: Board of Directors

From: B. Buikema, General Manager

Date: December 13, 2018

Subject: Summary of Monterey County Treasurer Report dated 09-30-18

RECOMMENDATION

No action required – this is informational only

DISCUSSION

During the July – September quarter, the yield curve remained flat as rates on shorter term yields have outpaced longer-term yields. The first quarter marked the tenth straight quarterly rise in the 2-year yield as the U.S. economy remained strong and the Federal Reserve’s continued tightening monetary policy raised the federal funds target rate by 25 basis points for the third time during the calendar year. The U.S. economy is experiencing a strong labor market, core inflation is hitting the Fed’s long-term target of 2% for the first time since 2012, and the economy is seeing record corporate profits which are driven in part by savings from tax cuts and a continued optimistic business outlook. The Federal Reserve expectations for growth and employment indicators support the Fed’s continued pace of gradual rate hikes, however, potential headwinds exist in the form of geopolitical risks, tariffs, slower housing market momentum and rising interest rates.

PORTFOLIO CHARACTERISTICS			
	03-31-18	06-30-18	09-30-18
Total Assets	\$1,516,664,506.96	\$1,560,422,623.40	\$1,331,217,570.21
Market Value	\$1,509,587,099.98	\$1,551,265,646.11	\$1,323,210,566.84
Days to Maturity	233	233	222
Yield	1.41%	1.63%	1.84%
Estimated Earnings	\$5,262,243.84	\$6,477,652.90	\$6,517,874.72

The Monterey County Treasurer’s portfolio consists of fixed income investments, all of which are authorized by the State of California Government Code 53601.

PORTFOLIO ASSET COMPOSITION 09-30-18	
Corporate Notes	14.7%
Overnight Liquid Assets	23.3%
US Treasuries	14.3%
Federal Agencies	16.8%
Commercial Paper	10.2%
Negotiable CDs	6.4%
Supranational	3.6%
Asset Based Securities	0.7%
Municipal Bonds	0.0%

The County Treasury continues to perform comparatively to portfolio benchmarks this quarter. The County investment strategy continues to focus on capturing relative value while remaining cautious.

Future Strategy: The Treasurer has 80% of the portfolio invested in maturities under one year and 19% invested in the 1-3 year maturity range. In the current interest rate environment of rising rates, holding shorter-term securities allows the County to capture higher yields as maturities are reinvested. The County will continue to manage the portfolio under the established tenets of safety and liquidity while maximizing the rate of return.

The investment portfolio was in compliance with all applicable provisions of state law and the adopted Investment Policy, and contained sufficient liquidity to meet all projected outflows over the next six months.

Note: The full Monterey County Treasurer Report is available at:
www.co.monterey.ca.us/taxcollector/Treasury_Main.html

**CARMEL AREA WASTEWATER DISTRICT
SUMMARY OF RETIREMENT PENSION PLAN TRUSTEES
MEETING HELD - November 5, 2018**

A meeting of the Retirement Pension Plan Trustees was held on Monday, November 5, 2018 at 1:15 p.m.

Those Present Included: Michael Rachel, Director, Trustee
Rob Wellington, Legal Counsel, Trustee
Barbara Buikema, General Manager, Trustee
William J. Hastie, Jr., MBA, Investment Advisor

I. Portfolio Performance Review 3rd Quarter 2018

CAWD Portfolio value as of 09-30-18 was \$5,459,260. The third quarter portfolio investment return was 4.37% with an investment return of \$286,265. The blended benchmark was 3.63% meaning the portfolio outperformed the blended benchmark by 0.74%. Mr. Hastie anticipates one more Fed interest rate increase before the end of the year. The consumer price index has been below expectations. In general, Mr. Hastie felt that looking at trade, politics, jobs, and the midterms these are volatile times. CPI for the quarter remained below expectations. Inflation remains very low.

The investment strategy has been to remain broadly diversified. The portfolio composition remains at a 60% stocks 40% bonds. The tax bill has favored small caps and tariffs have favored large caps. The result has been that mid-caps have not performed nearly as well, as evidenced by the Russell Mid Cap and Russell 2000 indices. The small cap index lost 9% and the mid-caps that we own lost 10% in October. Prime Cap Odyssey Growth, a large cap growth equity fund (7% of portfolio) performed very well with a return of 9.51%. Mr. Hastie suggested the performance gains were the result of news of a possible trade deal with China. Large cap blend equity as represented by iShares Core S&P 500 and Columbia Contrarian (19% of portfolio) also performed well at 7.70% return. The bond sector has not performed well and has hampered the portfolio total blended return. Intermediate Term Municipal Bonds represented by Blackrock Strategic Municipals (6% of portfolio) performed poorly at 0.07% return and Mr. Hastie is considering purging holdings. Total annualized return since November 8, 2006 is 5.08%.

Portfolio Risk Measures (3-year measure):

	Three Year	S&P 500	Five Year	S&P 500	Ten Year	S&P 500
Beta (a)	0.65		0.63		0.71	
Standard Deviation (b)	6.34	9.18	6.42	9.55	10.49	14.40
Mean	13.53	17.31	10.36	13.95	10.81	11.97
Alpha	1.98		1.31		1.96	

(a) Strategy is to maintain Beta in the range of 0.60 - 0.67

(b) Strategy is to remain at roughly 2/3 of S & P 500

II. 4th Quarter 2018 Action Plan

For the 4th Quarter no changes are recommended. The strategy is to remain broadly diversified and rebalance as necessary.

III. LPL Financial

Mr. Hastie informed the Committee that he had discontinued his relationship with LPL financial because of dissatisfaction with service response. He has moved his business to Commonwealth Financial Network. Commonwealth was formed in 1979 and is one of the nation's largest, privately held Registered Investment Adviser-independent broker/dealers. The firm has approximately 1,778 independent advisors and financial planners for who it serves as a "back office" processing investment transactions on behalf of their clients. The firm caters to clients of varying types; but focuses mostly on high net worth individuals. The District transition from LPL to Commonwealth should be seamless and it is unlikely we will notice any changes. The committee agree to transition to Commonwealth Financial Network with Mr. Hastie.

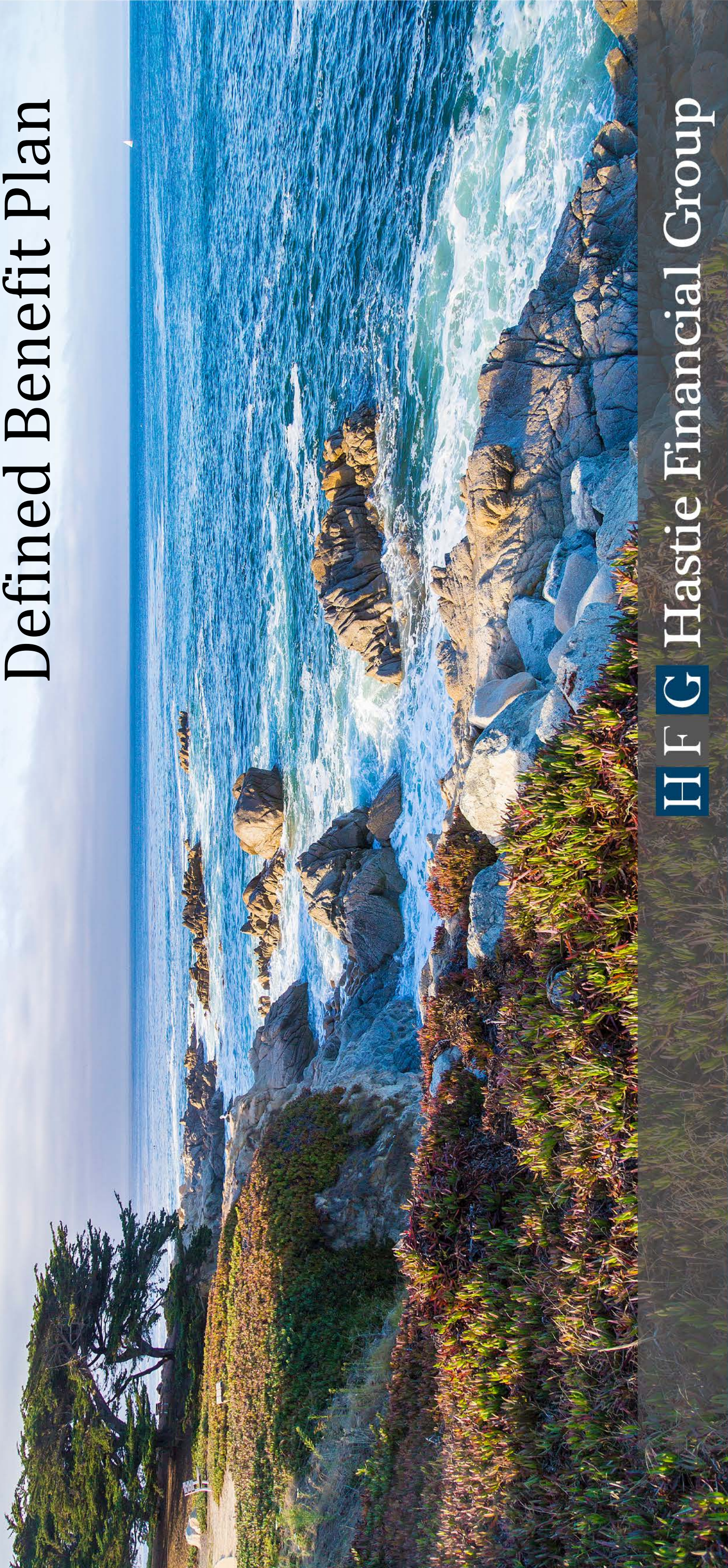
IV. 2018 Actuary Report

The 2018 Actuarial Report for the Strategic Asset Management (SAM) pension plan was reviewed. There is a separate staff report listed on this month's agenda.

There being no further business, the meeting was adjourned at approximately 2:30 p.m.

Respectfully submitted,
Barbara Buikema
General Manager

Carmel Area Wastewater District Defined Benefit Plan



H F G Hastie Financial Group

For confidence in your future

3rd Quarter 2018 Performance Review

4th Quarter Action Plan

November 5, 2018

CAWD Portfolio Value 9/30/2018

\$5,459,260.78

3Q 2018 Portfolio Investment Return %

4.37%

3Q 2018 Portfolio Investment Return \$

\$286,265.80

Blended Benchmark

3.63%

	3Q18	1 Year	3 Year	5 Year
CAWD Portfolio	4.37%	8.01%	25.56%	36.46%

Benchmark Indices - Stocks

Standard & Poor's 500	7.71%	17.91%	61.43%	92.10%
Russell 1000	7.42%	17.76%	60.44%	89.77%
Russell Mid Cap	5.00%	13.98%	50.18%	73.51%
Russell 2000	3.58%	15.24%	60.66%	69.06%
Russell 3000	7.12%	17.58%	60.46%	88.02%
EAFE	1.42%	3.25%	32.26%	27.04%
MSCI Emerging Markets	-0.95%	-0.44%	43.42%	21.60%

Benchmark Indices - Fixed Inc.

Barclays Capital Gov't 1-3 years	0.20%	-0.01%	1.15%	2.89%
Barclays Capital Gov't - Int.	-0.11%	-1.18%	0.56%	4.75%
Barclays Capital - Aggregate	0.02%	-1.22%	3.99%	11.28%

Annualized Return Since Inception

November 8, 2006

CAWD Portfolio (Approx. 60% Stocks/40% Bonds)	5.08%
Standard & Poor's 500	8.62%
Russell 3000	8.66%
Russell 2000	8.15%
Barclays Capital - Aggregate Bond	3.75%

Account Summary

Loc	Account Name	LPL Account #	Sponsor Account #	Description	Market Value(\$) on 6/29/2018	Market Value(\$) on 9/28/2018	6/29/2018-to-9/28/2018 Total % (IRR)
LPL	Carmel Area Wastewater	4319-0073		SAM - Retirement	5,235,435.11	5,459,260.78	4.37
Report Totals:					\$5,235,435.11	\$5,459,260.78	4.37%

LG - Large Cap U.S. Growth Equity

Loc	Account#	Security	Description	Starting Market Value(\$)	Inflows (\$)	Dividends (\$)	Capital Payments (\$)	Interest (\$)	Outflows (\$)	Net Change (\$)	Ending Market Value(\$)	Return % (IRR)
LPL	4319-0073	POGRX	PRIME CAP ODYSSEY GROWTH	365,803.44	0.00	0.00	0.00	0.00	0.00	34,777.41	400,580.85	9.51
Totals:				365,803.44	0.00	0.00	0.00	0.00	0.00	34,777.41	400,580.85	9.51

LBL - Large Cap U.S. Blend Equity

Loc	Account#	Security	Description	Starting Market Value(\$)	Inflows (\$)	Dividends (\$)	Capital Payments (\$)	Interest (\$)	Outflows (\$)	Net Change (\$)	Ending Market Value(\$)	Return % (IRR)
LPL	4319-0073	IVV	ISHARES CORE S&P 500 ETF	776,281.15	0.00	3,642.49	0.00	0.00	(3,642.49)	59,592.73	832,231.39	7.71
LPL	4319-0073	SMGIX	COLUMBIA CONTRARIAN CORE INSTL CL	244,878.48	0.00	0.00	0.00	0.00	0.00	18,792.78	263,671.25	7.67
Totals:				1,021,159.63	0.00	3,642.49	0.00	0.00	(3,642.49)	78,385.51	1,095,902.64	7.70

3RD QUARTER FUND PERFORMANCE

LV - Large Cap U.S. Value Equity

Loc	Account#	Security	Description	Starting Market Value(\$)	Inflows (\$)	Dividends (\$)	Capital Payments (\$)	Interest (\$)	Outflows (\$)	Net Change (\$)	Ending Market Value(\$)	Return % (IRR)
LPL	4319-0073	DQIRX	DREYFUS EQUITY INCOME CL I	732,614.66	4,296.01	4,296.01	0.00	0.00	(4,296.01)	45,729.16	778,343.82	6.24
Totals:				732,614.66	4,296.01	4,296.01	0.00	0.00	(4,296.01)	45,729.16	778,343.82	6.24

MBL - Mid Cap U.S. Blend Equity

Loc	Account#	Security	Description	Starting Market Value(\$)	Inflows (\$)	Dividends (\$)	Capital Payments (\$)	Interest (\$)	Outflows (\$)	Net Change (\$)	Ending Market Value(\$)	Return % (IRR)
LPL	4319-0073	VEXAX	VANGUARD EXTENDED MARKET INDEX ADMIRAL CL	240,487.22	959.85	959.85	0.00	0.00	(959.85)	10,502.49	250,989.71	4.37
Totals:				240,487.22	959.85	959.85	0.00	0.00	(959.85)	10,502.49	250,989.71	4.37

SG - Small Cap U.S. Growth Equity

Loc	Account#	Security	Description	Starting Market Value(\$)	Inflows (\$)	Dividends (\$)	Capital Payments (\$)	Interest (\$)	Outflows (\$)	Net Change (\$)	Ending Market Value(\$)	Return % (IRR)
LPL	4319-0073	VSEIX	JPMORGAN SMALL CAP EQUITY CL I	258,450.96	0.00	0.00	0.00	0.00	0.00	13,195.86	271,646.82	5.11
Totals:				258,450.96	0.00	0.00	0.00	0.00	0.00	13,195.86	271,646.82	5.11

LGS - Large Capitalization Global Stock

Loc	Account#	Security	Description	Starting Market Value(\$)	Inflows (\$)	Dividends (\$)	Capital Payments (\$)	Interest (\$)	Outflows (\$)	Net Change (\$)	Ending Market Value(\$)	Return % (IRR)
LPL	4319-0073	OGIYX	OPPENHEIMER GLOBAL OPPTYS CL Y	554,295.68	0.00	0.00	0.00	0.00	0.00	39,860.52	594,156.20	7.19
Totals:				554,295.68	0.00	0.00	0.00	0.00	0.00	39,860.52	594,156.20	7.19

3RD QUARTER FUND PERFORMANCE

SI - Strategic Income

Loc	Account#	Security	Description	Starting Market Value(\$)	Inflows (\$)	Dividends (\$)	Capital Payments (\$)	Interest (\$)	Outflows (\$)	Net Change (\$)	Ending Market Value(\$)	Return % (IRR)
LPL	4319-0073	PONPX	PIMCO INCOME CL I2	800,060.24	11,326.55	11,009.30	0.00	0.00	(11,009.30)	4,262.60	804,640.09	0.53
Totals:				800,060.24	11,326.55	11,009.30	0.00	0.00	(11,009.30)	4,262.60	804,640.09	0.53

BL - Bank loan

Loc	Account#	Security	Description	Starting Market Value(\$)	Inflows (\$)	Dividends (\$)	Capital Payments (\$)	Interest (\$)	Outflows (\$)	Net Change (\$)	Ending Market Value(\$)	Return % (IRR)
LPL	4319-0073	FRFZX	PGIM FLOATING RATE INCOME CL Z	681,372.58	8,562.70	8,267.01	0.00	0.00	(8,267.01)	10,355.40	692,023.67	1.51
Totals:				681,372.58	8,562.70	8,267.01	0.00	0.00	(8,267.01)	10,355.40	692,023.67	1.51

ITM - Intermediate-Term Municipal Bond

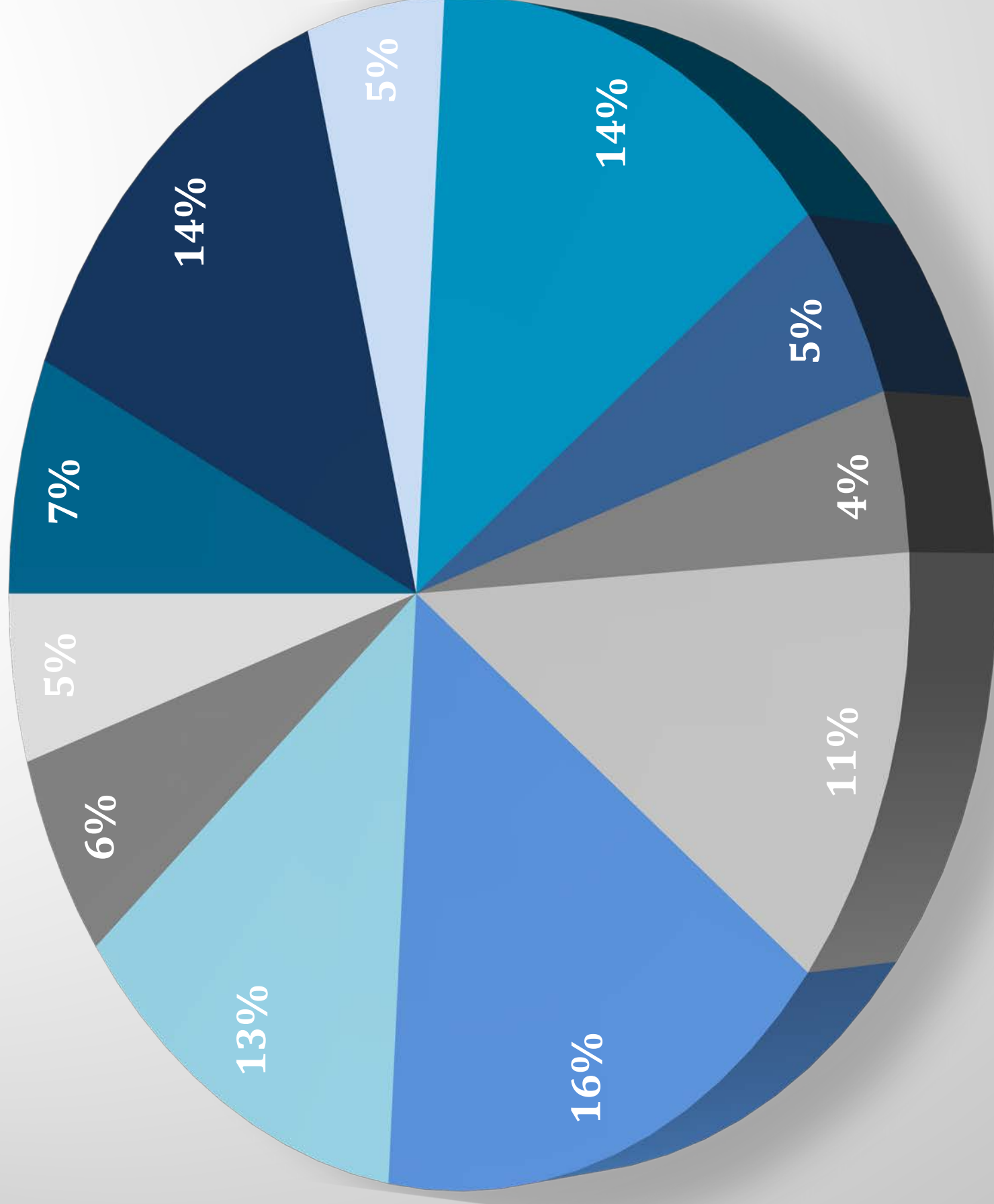
Loc	Account#	Security	Description	Starting Market Value(\$)	Inflows (\$)	Dividends (\$)	Capital Payments (\$)	Interest (\$)	Outflows (\$)	Net Change (\$)	Ending Market Value(\$)	Return % (IRR)
LPL	4319-0073	MAMTX	BLACKROCK STRATEGIC MUN OPPTYS INSTL CL	317,712.65	2,385.37	2,408.59	0.00	0.00	(2,408.59)	228.01	317,917.43	0.07
Totals:				317,712.65	2,385.37	2,408.59	0.00	0.00	(2,408.59)	228.01	317,917.43	0.07

CASH - Cash and Equivalents

Loc	Account#	Security	Description	Starting Market Value(\$)	Inflows (\$)	Dividends (\$)	Capital Payments (\$)	Interest (\$)	Outflows (\$)	Net Change (\$)	Ending Market Value(\$)	Return % (IRR)
LPL	4319-0073	9999776	GVI-JP Morgan US Government-Investor Shares	256,315.34	32,029.73	968.84	0.00	0.00	(42,827.37)	968.84	246,486.54	0.38
LPL	4319-0073	Cash	Cash Balance	7,162.70	101,122.70	0.00	0.00	0.00	(101,712.42)	0.00	6,572.98	0.00
Totals:				263,478.04	133,152.43	968.84	0.00	0.00	(144,539.79)	968.84	253,059.52	0.38
Totals:				\$5,235,435.11	\$31,552.09	\$0.00	\$0.00	\$0.00	\$238,265.80	\$5,459,260.78	4.37%	

- No Changes at this time
- Rebalance the rest of the portfolio

4TH QUARTER 2018 OVERALL PORTFOLIO



■ PrimeCap Odyssey Growth - 7%

■ iShares Core S&P 500 - 14%

■ Columbia Contrarian Core - 5%

■ Dreyfus Equity Income = 14%

■ Vanguard Extended Market Index - 5%

■ JPMorgan Small Cap Equity - 4%

■ Oppenheimer Global Opportunities - 11%

■ PIMCO Income - 16%

■ Prudential Floating Rate - 13%

■ BlackRock Strategic Muni Opportunity - 6%

■ Cash - 5%

BETA:

A measure of volatility (risk) relative to the Standard & Poor's 500 Index. Beta of 1.0 indicates risk equal to that of the Standard & Poor's 500 Index over a given period of time, usually 3, 5 and 10 years. Beta of less than 1.0 indicates risk less than that of the S&P 500 Index.

	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
CAWD Portfolio	0.65	0.63	0.71

Mutual Fund/ETF	3 Year Beta	Net Expense Ratio
PRIMECAP Odyssey Growth	1.14	0.67
iShares Core S&P 500	1.00	0.04
Columbia Contrarian Core	0.97	0.79
Dreyfus Equity Income Fund	0.86	0.78
Vanguard Extended Market Index	1.02	0.08
JPMorgan Small Cap Equity	0.88	0.99
Oppenheimer Global Opportunities	1.24	0.92
PIMCO Income	0.38	0.60
Prudential Floating Rate	0.06	0.70
BlackRock Strategic Muni Opportunities	0.98	0.58

STANDARD DEVIATION:

Another measure of volatility (risk). A higher Standard Deviation indicates a higher degree of volatility (risk) over a given period of time, usually 3, 5 and 10 years. We will compare the CAWD Portfolio with the S&P 500 Index.

	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
CAWD Portfolio	6.34	6.42	10.49
Standard & Poor's 500 Index	9.18	9.55	14.40

MEAN:

Mean return over a given period of time, usually 3, 5 and 10 years. We will compare the CAWD Portfolio with the S&P 500 Index.

	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
CAWD Portfolio	13.53	10.36	10.81
Standard & Poor's 500 Index	17.31	13.95	11.97

ALPHA:

A measure of risk-adjusted returns. An Alpha of 0 indicates a return proportionate to the degree of risk taken. A positive Alpha indicates a return generated in excess of the degree of risk taken.

	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
CAWD Portfolio	1.98	1.31	1.96

BLENDING BENCHMARK ALLOCATION

Benchmark	Allocation
Barclays US Aggregate TR	16%
Russell 1000 Value	14%
S&P 500 TR	14%
Barclaus US Aggregate Floating TR	13%
MSCI ACWI SMID NR	11%
Russell 1000 Growth	7%
Barclays Municipal TR	6%
Russell 1000 TR	5%
Russell Mid Cap TR	5%
CASH	5%

STAFF REPORT



To: Board of Directors

From: Barbara Buikema, General Manager

Date: December 13, 2018

Subject: Pebble Beach Community Services District – Regular Board Meeting
October 26, 2018

DISCUSSION

Agenda items from the October 26, 2018 meeting that are of specific interest to this District:

- Total cash balance at the end of September 2018 was \$14.3M; of that amount, \$10.7M was designated for Capital Acquisition and Outlay Reserves. Property taxes comprise roughly 85% of District revenues with user fees making up 12%.
- The September 2018 Cash Basis Budget showed total revenues at 0.6% and total expenditures at 6.7%
- Forest Lake Reservoir held 26 MG (million gallons) of recycled water or 23% of permitted capacity. Current storage volume is 44% above the historic average of 18 MG.
- Total irrigation water demand for the 2018 calendar year through September was 832 AF (acre feet). Total demand for the calendar year is 4% below the 5-year average of 868 AF and 3% below the 23-year average annual usage of 862 AF. Forest Lake net storage decrease of approximately 3 million gallons in September. By comparison, a net storage decrease of approximately 18 million gallons was observed in September of last year. The large difference from the prior year is the result of lower monthly demand and the addition of 5 million gallons of potable water pumped from Viscaino Pump Station.
- Average daily wastewater flow of 338,000 GPD was measured in September at

the PBCSD-Carmel gate. This represents 31% of the total flow at the CAWD treatment facility. The measured PBCSD flow was 2% below the five-year average of 344,000 GPD for the month of September; the CAWD total flow was 8% below the five-year average of 1,203,000 GPD for September.

- 2018 Alternative Reclamation Sources through October 15, 2018 is 35 AF total.
- The Board authorized a SCADA improvement Project for an amount not to exceed \$260,000. The project is equally divided between engineering design and SCADA system programing.
- Average daily wastewater flows measured in million gallons per day (MG) show:

MONTH	TOTAL	CAWD FLOW	PBCSD FLOW	PBCSD
July - 18	36.645	25.589	11.056	30.171%
Aug - 18	36.346	25.482	10.864	29.890%
Sept - 18	33.219	23.073	10.146	30.543%
Total	106.210	74.144	32.066	30.191%