



GRANADA COMMUNITY SERVICES DISTRICT

AGENDA

BOARD OF DIRECTORS

SPECIAL MEETING at 6:30 p.m.

REGULAR MEETING at 7:30 p.m.

Thursday, October 18, 2018

CALL SPECIAL MEETING TO ORDER AT 6:30 p.m. District Office Meeting Room, 504 Avenue Alhambra, 3rd Floor, El Granada.

ROLL CALL

Directors:	President:	Leonard Woren
	Vice-President:	Barbara Dye
	Director:	Jim Blanchard
	Director:	Matthew Clark
	Director:	David Seaton
Staff:	General Manager:	Chuck Duffy
	Legal Counsel:	Wittwer Parkin LLP
	Assistant Manager:	Delia Comito

The Board has the right to take action on any of the items listed on the Agenda. The Board reserves the right to change the order of the agenda items, to postpone agenda items to a later date or to table items indefinitely.

GENERAL PUBLIC PARTICIPATION

Communications from the public and members of the District Board and District Staff concerning matters not on the agenda. Speakers are limited to 3 minutes each.

ADJOURN TO CLOSED SESSION

1. Conference with Legal Counsel – Existing Litigation (Gov. Code Section §54956.9(d)(1)).

City of Half Moon Bay v. Granada Community Services District and Montara Water and Sanitary District (RPI, Sewer Authority Mid-Coastside) - Santa Clara County Superior Court, Case No. 17CV316927.

2. Conference with Legal Counsel – Existing Litigation (Gov. Code Section 54956.9(d)(1)). Administrative Liability Complaint R2-2017-1024 issued by the San Francisco Regional Water Quality Control Board.

3. **Conference Involving A Joint Powers Agency – Sewer Authority Mid-Coastside (Government Code Section 54956.96). Per Sewer Authority Mid-Coastside Agenda Items 3.A, 3.B and 3.C, on September 24, 2018, discussion will concern:**
- a. **Conference with Legal Counsel – Anticipated Litigation Pursuant to Paragraph (2) or (3) of Subdivision (d) of Government Code Section 54956.9 (One potential case – circumstances need not be disclosed pursuant to paragraph (1) of subdivision (e) of Government Code Section 54956.9).**
 - b. **City of Half Moon Bay v. Granada Community Services District and Montara Water and Sanitary District (RPI, Sewer Authority Mid-Coastside) - Santa Clara County Superior Court Case No. 17CV316927.**
 - c. **Ecological Rights Foundation vs. Sewer Authority Mid-Coastside - United States District Court Northern District of California Case No. 18-cv-04413-VC.**

Granada Community Services District representatives on SAM Joint Powers Agency board: Jim Blanchard, SAM Chair, and Leonard Woren, Director.

RECONVENE TO OPEN SESSION

Report final Board action, if any, from Closed Session.

ADJOURN SPECIAL MEETING

CALL REGULAR MEETING TO ORDER AT 7:30 p.m.

ROLL CALL

GENERAL PUBLIC PARTICIPATION

Communications from the public and members of the District Board and District Staff concerning matters under the subject jurisdiction of the board which are not on the agenda. Speakers are limited to 3 minutes each.

ACTION AGENDA

Page No.

- | | |
|---|-----------|
| 1. Consideration of Appointment to Fill Vacancy on the Parks Advisory Committee.
Recommendation: To be made by the Board. | 5 |
| 2. Consideration of Fiscal Year End June 30, 2017 Audited Financial Statements.
Recommendation: Approve the financial statements as presented. | 13 |

	<u>Page No.</u>
3. Consideration of 2018 Grant of Easements to SAM and Easement Agreement for Wet Weather Storage Facility on GCSD's Burnham Strip Property.	49
Recommendation: To be made by the Board.	
4. Consideration of Sewer Authority Mid-Coastside Report.	67
Recommendation: To be made by the Board.	

CONSENT AGENDA

5. Approval of September 20, 2018 Meeting Minutes.	83
6. Approval of October 2018 Warrants.	89
7. Approval of August 2018 Financial Statements.	93
8. Approval of Assessment District Distribution #4-18/19.	99

COMMITTEE REPORTS

9. Report on seminars, conferences, or committee meetings.	103
10. Report on Parks Advisory Committee.	105

INFORMATION CALENDAR

11. Attorney's Report. (Parkin)	107
12. General Manager's Report. (Duffy)	109
13. Administrative Staff Report. (Comito)	111
14. Engineer's Report. (Kennedy Jenks)	115
15. Future Agenda Items.	

ADJOURN REGULAR MEETING

At the conclusion of the September 20, 2018 Meeting:
Last Ordinance adopted: No. 172
Last Resolution adopted: No. 2018-006

This meeting is accessible to people with disabilities. Individuals who require special assistance to participate may request an alternative format of the agenda and packet materials. Notification in advance of the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting and the materials related to it. To request a disability-related modification or accommodation, please contact the District office at (650) 726-7093.

Except for records exempt from disclosure under section 6254 of the Public Records Act, all materials distributed for the discussion or consideration of items on the Agenda are disclosable to the public upon request, and shall be made available without delay or at the time of distribution to the Board. Please contact Delia Comito at (650) 726-7093 to request copies of Agenda materials.

ITEM #1

GRANADA COMMUNITY SERVICES DISTRICT

AGENDA MEMORANDUM

To: Board of Directors
From: Delia Comito, Assistant General Manager
Subject: Consideration to Appoint Parks Advisory Committee Vacancy
Date: October 18, 2018

With the resignation of Dale Ross on August 31, there is a vacancy on the Parks Advisory Committee (PAC), which must be filled within 60 days per district policy. The person appointed will fill the remainder of the term, ending in December 2019.

The District noticed the vacancy by flier at the EG Post Office and by publication in the HMB Review for two weeks. The District received two applications, which were forwarded to the Board Appointment Committee, and are attached for your review. The Committee shall make a recommendation for appointment.



APPLICATION

PARKS ADVISORY COMMITTEE (PAC)

OCT 05 2018

Rec'd By: _____

PERSONAL INFORMATION

Name: Michelle Dragony Primary Residence Address: 111 Vassar

Mailing Address (if different from above): _____

Home Phone: (659) 740-4384 Work: () Cell: ()

Preferred contact number: Home Work Cell Never call before: ____:____ AM

Best time to call: Morning Afternoon Evening Never call after: ____:____ PM

any time

E-mail Address: _____

How long have you lived at your current address? 2 yrs/mo On the Coastsides? 1989 yrs/mo

I am: Married Single Number of children in household: 0 Ages: _____

1 son in SB age 14

List any special interests: THE Outside! bike paddle walk boogie

WORK EXPERIENCE

Current/Last Employer: Coastside Borr Job Title: Chief Borr Officer

Address: same Phone Number: same Length of Employment: 3+

Explain duties and experience that may be relevant to this committee: _____

Go to the website. I provide everything Coastside

EDUCATION

High School: Years Completed: _____ Graduate? _____ Year: 1979

College: _____ Years Completed: 12 Graduate? Degree: AA Journalism

List additional college and/or training, and include any certification and licenses acquired: AA Print
BA Eng lit
Creds Eng
Computer

Have you previously served on the Board of Directors or PAC? Yes No (Check one)

Explain your interest in this committee and why parks and recreation issues are important to you: I built skate parks, shepherded the (Hambitt) pool, I now want to help with the GSD park system.

Do you have any personal or financial interests that could be perceived as a conflict of interest if appointed to the committee? Yes No (CHECK ONE - If yes, please describe below).

Additional information you wish to provide for the consideration of this application:
I've interviewed before. The same job.

Phx.
o

SUBMIT BY MAIL:

Board of Directors
Granada Community Services District
Post Office Box 335
El Granada, CA 94018

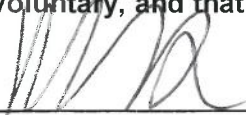
IN PERSON:

Granada Community Services District
Harbor Vista Building
504 Avenue Alhambra, 3rd Floor
El Granada, CA 94018

VIA E-MAIL: gcsd@granada.ca.gov

QUESTIONS? Please call (650) 726-7093

By submitting this application, I, the undersigned, hereby understand and agree to accept the role if appointed to serve on the Granada Parks Advisory Committee, and to perform the duties required of committee members, and further, I understand that said service is voluntary, and that I will receive no remuneration or compensation for my service.


SIGNATURE

10/2/18
DATE

AGENCY USE: Mtg Date: _____ Appointed: ___ Yes ___ No Date: _____ Term: _____



APPLICATION

PARKS ADVISORY COMMITTEE (PAC)

PERSONAL INFORMATION

614 Ferdinand Ave.

Name: Stanley Peng Primary Residence Address: El Granda

Mailing Address (if different from above): PO Box 1888 El Granada, CA 94018

Home Phone: () 408-242-7503 Work: () _____ Cell: () 408-242-7503

Preferred contact number: Home Work Cell Never call before: _____:_____ AM

Best time to call: Morning Afternoon Evening Never call after: _____:_____ PM

E-mail Address: gotsu@yahoo.com

How long have you lived at your current address? 2yr-7mo yrs/mo On the Coastsides? 2yr-7mo yrs/mo

I am: Married Single Number of children in household: 0 Ages: _____

List any special interests: Hiking, Running, Mountaineering, Backpacking, Swimming, Exploring

WORK EXPERIENCE

Investor/

Current/Last Employer: Gotsu Real Estate Services Job Title: Property Manager

Address: PO Box 1888 EG, CA 94018 Phone Number: 650-560-8622 Length of Employment: 14 yrs

Explain duties and experience that may be relevant to this committee:
Parks and recreation is critical in a well rounded neighborhood. Of many places I have managed properties, great neighborhoods always have good planning with land use and well maintained parks. This is a great perspective and reference to carry forward to the place I live.

EDUCATION

High School: San Diego Years Completed: 4 Graduate? YES Year: 1990

College: UC San Diego Years Completed: 4 Graduate? YES Degree: BSEE

List additional college and/or training, and include any certification and licenses acquired:

USC 2007 Master of Science, Electrical Engineering; Sports Medicine Nationally Certified Personal Trainer (NASM); Certified Running Coach; Property Management

Have you previously served on the Board of Directors or PAC? Yes No (Check one)

Explain your interest in this committee and why parks and recreation issues are important to you: _____

I enjoy the great outdoor and constantly feel : “what can be done better?” El Granada is a fairly primitive suburban-rural area that land use can have better planning. Parks, if not to retained their best use, then they should protect the natural habitat while allow community to share and learn the pristine place that we have.

Do you have any personal or financial interests that could be perceived as a conflict of interest if appointed to the committee? Yes No (CHECK ONE - If yes, please describe below).

Additional information you wish to provide for the consideration of this application:

What can be done better without tearing up soils and pouring concrete?

SUBMIT BY MAIL:

Board of Directors
Granada Community Services District
Post Office Box 335
El Granada, CA 94018

IN PERSON:

Granada Community Services District
Harbor Vista Building
504 Avenue Alhambra, 3rd Floor
El Granada, CA 94018

VIA E-MAIL: gcsd@granada.ca.gov

QUESTIONS? Please call (650) 726-7093

By submitting this application, I, the undersigned, hereby understand and agree to accept the role if appointed to serve on the Granada Parks Advisory Committee, and to perform the duties required of committee members, and further, I understand that said service is voluntary, and that I will receive no remuneration or compensation for my service.



SIGNATURE

9-27-18

DATE

ITEM #2

GRANADA COMMUNITY SERVICES DISTRICT

AGENDA MEMORANDUM

To: Board of Directors

From: Chuck Duffy, General Manager

Subject: Consideration of Fiscal Year End June 30, 2017 Audited Financial Report

Date: October 18, 2017

Attached are the Fiscal Year 2016/17 Audited Financial Statements for your Board's review. The first part of the audit contains the Management's Discussion and Analysis of the District's financial statements, which highlights some of the significant changes in the District's year over year financial operations. The audit shows that the District is on sound financial footing, and I will discuss the details of the audit further at our meeting.

GRANADA COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis

Year Ended June 30, 2017

This section of the Granada Community Services District's (District) annual report presents management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2017. Please read it in conjunction with the District's financial statements which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this management discussion and analysis report, the independent auditors' report, and the basic financial statements of the District. The basic financial statements also include notes that explain in more detail some of the information in the financial statements.

BASIC FINANCIAL STATEMENTS

The District's financial statements include the statements of net position, statements of revenues, expenses and changes in net position, statements of cash flows, and the statements of fiduciary net position. These statements are prepared in a manner similar to commercial enterprises. The purpose of the statement of net position is to report all assets and liabilities of the District as of the date of the statement. The difference between the assets and liabilities is net position, which represents the portion of total assets not encumbered by debt. Assets and liabilities are reported at historical purchase cost, except for investments, which are reported at fair market value in accordance with accounting pronouncements. Long-term infrastructure assets such as pump stations and sewer lines are reduced by depreciation based upon the expected remaining life of the underlying asset. The District records assets on its books when it takes ownership and liabilities when it incurs the obligation to pay, whether or not it has actually been billed.

Proprietary Funds

The District uses an Enterprise Fund to account for its sewer service. The proprietary fund financial statements include statements of net position, statements of revenues, expenses, and changes in net position, and statements of cash flows. These statements are accounted for on an economic resources measurement focus using the accrual basis of accounting similar to commercial enterprises.

Sewer service is provided through the service area of the District, except for the area designated as rural. The basic unit of charge used to calculate sewer service charges and connection fees is called an Equivalent Residential Unit (ERU), which equates to an estimated 221 gallons per day of wastewater flow. All single family homes are charged 1 ERU as their sewer service charge. Commercial properties are charged a sewer service fee based upon a formula which takes into account their water usage for the year, as well as a strength of wastewater component. The charge per ERU for fiscal year ending June 30, 2015 was \$402, which is the same as the prior year. Sewer service charges are used to fund the ongoing operations of the District, including administration, operations, treatment, collections, and depreciation set aside costs.

Fiduciary Funds

The District uses an Agency Fund to account for resources held for the benefit of parties outside the government. Statements of fiduciary net position are included in the District's basic financial statements and are accounted for on an economic resources measurement focus using the accrual basis of accounting.

GRANADA COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis

Year Ended June 30, 2017

The Assessment District was formed and funded in 1996 for the purpose of providing the District's share of funds for the expansion of the Sewer Authority Mid-Coastside (SAM) Wastewater Treatment Plant. It was created under the Municipal Improvement Act of 1913 and the Improvement Bond Act of 1915 in combination with the Integrated Financing District Act. A total of \$8.1 million in bonds were originally issued, backed by an assessment on 1,618 parcels. The bonds were refinanced in 2003 at a lower interest rate. Due to the pay-down of principal and pre-payments from some assessed parcels, \$6.1 million in bonds were issued backed by assessments on 1,355 parcels.

STATEMENT OF NET POSITION

The total assets of the District decreased \$211,169 from June 30, 2016. Current assets decreased from \$4,726,584 to \$4,663,100. The District uses its cash reserve as a set aside for short and long term replacement of capital assets. The item titled "Due from County of San Mateo" represents receivables due from the County. The District utilizes the County's property tax roll to collect its annual sewer service charges. The County collects these charges on the property tax bills sent to tax payers, and then sends monthly payments to the District.

OPERATING REVENUES AND EXPENSES

A summary of the District's statements of revenues, expenses and changes in net position is presented below, along with any changes management considers significant from the previous year.

<u>OPERATING REVENUES</u>	<u>2017</u>	<u>2016</u>	Increase <u>(Decrease)</u>
Sewer service charges	\$1,271,091	\$1,236,459	\$34,632

- The increase is relatively consistent with the prior year figures, with a minor change in the amount collected due to the variable nature of commercial use.

OPERATING EXPENSES

SAM Sewer collection and treatment	\$959,218	\$955,327	\$3,891
------------------------------------	-----------	-----------	---------

- These are the costs paid to the Sewer Authority Mid-Coastside Joint Powers Authority to manage and operate the treatment plant, as well as provide sewer cleaning, inspection, and maintenance services on a contract basis for the GSD sewer system. SAM's administration and treatment costs increased over the prior year, while collections costs remained relatively unchanged.

• Administrative and general expenses	\$870,492	\$858,703	\$11,789
---------------------------------------	-----------	-----------	----------

NON OPERATING REVENUES

Property taxes	\$824,921	\$864,769	(\$39,848)
----------------	-----------	-----------	------------

- Slight decrease from prior year due to a reduction in the District's ERAF refund.

Interest income	\$31,993	\$19,254	\$12,739
-----------------	----------	----------	----------

- Interest income increased due to an increase in interest rates for the District's reserves funds held in the Local Agency Investment Fund (LAIF).

GRANADA COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis

Year Ended June 30, 2017

BUDGETARY PROCESS

The District budget is presented to the Board of Directors for their comments each year at the regular May District Board Meeting, and is approved at the June meeting. The budget is basically comprised of two functions: administration, which comprises the general office work, permitting, management, legal, and financial aspects of the business; and sewer operations, which represents the District's share of the costs for the SAM wastewater treatment plant operations and maintenance, as well as the costs for maintaining the District's pipeline and pump station system. The SAM treatment, collection and administrative budget accounts for approximately \$1,210,829 of the District's \$1,907,229 annual operational expenditures, or 63.5% of the total budget.

CAPITAL ASSETS

The District's capital assets are comprised of its sewer lines, pump stations, force mains, and its share of the SAM Wastewater Treatment Plant (29.5%). The District currently operates and maintains 1 pump station and 34 miles of sewer pipeline. The annual depreciation calculation is based upon the estimated useful life of the assets. Actual repairs, upgrades, or replacements to capital assets are based upon review of the assets' physical conditions.

LONG-TERM DEBT

The District's only long-term debt was issued as a Certificate of Participation (COP) for \$1,145,000 in 1996, and was refinanced as a bank loan in 2002 at a lower interest rate. The COP was used to pay for cost overruns associated with the SAM Wastewater Treatment Plant Expansion that year. The payment terms remained the same as the original agreement, with a principal and interest payment of approximately \$95,000 per year. During FY 2016/17, the District made its final payment on the note. Therefore, the balance of the note as of June 30, 2017 was zero. Information on this item is included in Note 8 to the basic financial statements.

ECONOMIC FACTORS AFFECTING CURRENT FINANCIAL POSITION

Assessed value of properties has been increasing since the 2008 economic downturn. The improving conditions have led to increased property tax revenues. There are no other known or expected economic factors which should affect the District's financial position in the near future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGER

This financial report is designed to provide our customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Granada Community Services District at 650-726-7093.

**GRANADA COMMUNITY
SERVICES DISTRICT
Basic Financial Statements
and Supplemental Information
With Independent Auditor's Report Thereon**

**Years Ended
June 30, 2017 and 2016**

Draft 10-3-18

GRANADA COMMUNITY SERVICES DISTRICT

Basic Financial Statements and Supplemental Information

Years Ended June 30, 2017 and 2016

Table of Contents

	<u>Page</u>
Independent Auditors' Report.....	1-2
Management's Discussion and Analysis.....	3-5
Basic Financial Statements:	
Statement of Net Position	6
Statement of Revenues, Expenses, and Changes in Net Position	7
Statement of Cash Flows	8
Statements of Fiduciary Net Position.....	9
Notes to Basic Financial Statements.....	10-21
Required Supplementary Information – Pensions	22
Other Report:	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	23-24

INDEPENDENT AUDITORS' REPORT

Governing Board
Granada Community Services District
El Granada, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Granada Community Services District (the District) as of June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Governing Board
Granada Community Services District
El Granada, CA

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Granada Community Services District as of June 30, 2017 and 2016, and the 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 on pages 3-5, and the Schedule of the District's Proportionate Share of the Net Pension Liability and the Schedule of Pension Contributions on page 22, 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted 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.

Fechter & Company
Certified Public Accountants

Sacramento, California
October 5, 2018

GRANADA COMMUNITY SERVICES DISTRICT
Management's Discussion and Analysis
Years Ended June 30, 2017 and 2016

This section of the Granada Community Services District's (District) annual report presents management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2017. Please read it in conjunction with the District's financial statements which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this management discussion and analysis report, the independent auditors' report, and the basic financial statements of the District. The basic financial statements also include notes that explain in more detail some of the information in the financial statements.

BASIC FINANCIAL STATEMENTS

The District's financial statements include the statements of net position, statements of revenues, expenses and changes in net position, statements of cash flows, and the statements of fiduciary net position. These statements are prepared in a manner similar to commercial enterprises. The purpose of the statement of net position is to report all assets and liabilities of the District as of the date of the statement. The difference between the assets and liabilities is net position, which represents the portion of total assets not encumbered by debt. Assets and liabilities are reported at historical purchase cost, except for investments, which are reported at fair market value in accordance with accounting pronouncements. Long-term infrastructure assets such as pump stations and sewer lines are reduced by depreciation based upon the expected remaining life of the underlying asset. The District records assets on its books when it takes ownership and liabilities when it incurs the obligation to pay, whether or not it has actually been billed.

Proprietary Funds

The District uses an Enterprise Fund to account for its sewer service. The proprietary fund financial statements include statements of net position, statements of revenues, expenses, and changes in net position, and statements of cash flows. These statements are accounted for on an economic resources measurement focus using the accrual basis of accounting similar to commercial enterprises.

Sewer service is provided through the service area of the District, except for the area designated as rural. The basic unit of charge used to calculate sewer service and connection fees is called an Equivalent Residential Unit (ERU), which equates to an estimated 221 gallons per day of wastewater flow. All single family homes are charged 1 ERU as their sewer service charge. Commercial properties are charged a sewer service fee based upon a formula which takes into account their water usage for the year, as well as a strength of wastewater component. The charge per ERU for fiscal year ending June 30, 2015 was \$402, which is the same as the prior year. Sewer service charges are used to fund the ongoing operations of the District, including administration, operations, treatment, collections, and depreciation set aside costs.

Fiduciary Funds

The District uses an Agency Fund to account for resources held for the benefit of parties outside the government. Statements of fiduciary net position are included in the District's basic financial statements and are accounted for on an economic resources measurement focus using the accrual basis of accounting.

The Assessment District was formed and funded in 1996 for the purpose of providing the District's share of funds for the expansion of the Sewer Authority Mid-Coastside (SAM) Wastewater Treatment Plant. It was created under the Municipal Improvement Act of 1913 and the Improvement Bond Act of 1915 in combination with the Integrated Financing District Act. A total of \$8.1 million in bonds were originally issued, backed by an assessment on 1,618 parcels. The bonds were refinanced in 2003 at a lower interest

GRANADA COMMUNITY SERVICES DISTRICT
Management's Discussion and Analysis
Years Ended June 30, 2017 and 2016

rate. Due to the pay-down of principal and pre-payments from some assessed parcels, \$6.1 million in bonds were issued backed by assessments on 1,355 parcels.

STATEMENT OF NET POSITION

The total assets of the District decreased \$211,169 from June 30, 2016. Current assets decreased from \$4,726,584 to \$4,663,100. The District uses its cash reserve as a set aside for short and long term replacement of capital assets. The item titled "Due from County of San Mateo" represents receivables due from the County. The District utilizes the County's property tax roll to collect its annual sewer service charges. The County collects these charges on the property tax bills sent to tax payers, and then sends monthly payments to the District based upon payments received.

OPERATING REVENUES AND EXPENSES

A summary of the District's statements of revenues, expenses and changes in net position is presented below, along with any changes management considers significant from the previous year.

<u>OPERATING REVENUES</u>	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>
Sewer service charges	\$1,271,091	\$1,236,459	\$34,632

- The increase is relatively consistent with the prior year figures.

OPERATING EXPENSES

SAM Sewer collection and treatment	\$959,218	\$955,327	\$3,891
------------------------------------	-----------	-----------	---------

These are the costs paid to the Sewer Authority Mid-Coastside Joint Powers Authority to manage and operate the treatment plant, as well as provide sewer cleaning, inspection, and maintenance services on a contract basis for the GSD sewer system. SAM's administration and treatment costs increased over the prior year, while collections costs remained relatively unchanged.

- | | | | |
|---------------------------------------|-----------|-----------|----------|
| • Administrative and general expenses | \$913,865 | \$858,703 | \$55,162 |
|---------------------------------------|-----------|-----------|----------|

NON OPERATING REVENUES

Property taxes	\$824,921	\$864,769	(\$39,848)
----------------	-----------	-----------	------------

- Slight increase from prior year due to increased assessments and a larger ERAF refund.

Interest income	\$31,993	\$19,254	\$12,739
-----------------	----------	----------	----------

- Interest income increased due to an increase in interest rates for the LAIF fund.

BUDGETARY PROCESS

The District budget is presented to the Board of Directors for their comments each year at the regular May District Board Meeting, and is approved at the June meeting. The budget is basically comprised of two functions: administration, which comprises the general office work, permitting, management, legal, and financial aspects of the business; and sewer operations, which represents the District's share of the costs for the SAM wastewater treatment plant operations and maintenance, as well as the costs for maintaining the District's pipeline and pump station system. The SAM treatment, collection and administrative budget accounts for approximately \$1,210,829 of the District's \$1,907,229 annual operational expenditures, or 63.5% of the total budget. Capital projects are budgeted along with the operations budget.

GRANADA COMMUNITY SERVICES DISTRICT
Management's Discussion and Analysis
Years Ended June 30, 2017 and 2016

CAPITAL ASSETS

The District's capital assets are comprised of its sewer lines, pump stations, force mains, and its share of the SAM Wastewater Treatment Plant (29.5%). The District currently operates and maintains 1 pump station and 34 miles of sewer pipeline. The annual depreciation calculation is based upon the estimated useful life of the assets. Actual repairs, upgrades, or replacements to capital assets are based upon review of the assets' physical conditions as well as the expected useful life of the asset.

LONG-TERM DEBT

The District's only long-term debt was issued as a Certificate of Participation (COP) for \$1,145,000 in 1996, and was refinanced as a bank loan in 2002 at a lower interest rate. The COP was used to pay for the shortfall in funding associated with the SAM Wastewater Treatment Plant Expansion that year. The final principal payment on this note was paid in fiscal year 2016-17. More information on this item is included in Note 8 to the basic financial statements.

ECONOMIC FACTORS AFFECTING CURRENT FINANCIAL POSITION

The economic conditions continue to improve from the economic downturn from 2008 and the assessed value of properties has been slowly increasing. The improving conditions could have some impact on the District's finances, due to increased property tax revenues. There are no other known or expected economic factors which should affect the District's financial position in the near future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGER

This financial report is designed to provide our customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Granada Community Services District at 650-726-7093.

BASIC FINANCIAL STATEMENTS

Draft 10-3-18

GRANADA COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017 and 2016

ASSETS	<u>2017</u>	<u>2016</u>
Current Assets:		
Cash and investments	\$ 4,577,664	\$ 4,654,204
Due from County of San Mateo	67,454	59,167
Interest receivable	10,365	6,113
Prepaid expenses and other assets	7,617	7,100
Total current assets	<u>4,663,100</u>	<u>4,726,584</u>
Capital assets, net of accumulated depreciation	<u>6,068,620</u>	<u>6,141,015</u>
Non-current assets:		
Investment in Sewer Authority Mid-Coastside	3,767,869	3,769,159
Advance to assessment district to fund bond reserve account	494,890	494,890
Advance to assessment district for supplemental funding	353,542	412,542
Advance to assessment district to fund noncontingent assessment acquisition	585,866	600,866
Total non-current assets	<u>5,202,167</u>	<u>5,277,457</u>
TOTAL ASSETS	<u>15,933,887</u>	<u>16,145,056</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>101,671</u>	<u>36,192</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	118,040	92,472
Compensated absences liability	5,571	-
Interest payable	-	1,546
Current portion of long-term debt	-	95,000
Deposits held for others	39,207	18,119
Due to assessment District	-	8,371
Total current liabilities	<u>162,818</u>	<u>215,508</u>
Non-current liabilities:		
Net pension liability	<u>170,410</u>	<u>152,020</u>
TOTAL LIABILITIES	<u>333,228</u>	<u>367,528</u>
DEFERRED INFLOWS OF RESOURCES	<u>20,515</u>	<u>23,310</u>
NET POSITION		
Invested in capital assets, net	6,068,620	6,141,015
Unrestricted	9,613,195	9,649,395
TOTAL NET POSITION	<u>\$ 15,681,815</u>	<u>\$ 15,790,410</u>

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

GRANADA COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED
June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating revenues:		
Sewer service charges	\$ 1,271,091	\$ 1,236,459
Total operating revenues	<u>1,271,091</u>	<u>1,236,459</u>
Operating expenses:		
SAM Sewage collection and treatment	959,218	955,327
Depreciation	270,994	252,218
Administration and general	913,865	858,703
General collection and treatment operations	<u>278,981</u>	<u>201,251</u>
Total operating expenses	<u>2,423,058</u>	<u>2,267,499</u>
Operating (loss)	<u>(1,151,967)</u>	<u>(1,031,040)</u>
Non-operating revenues and (expenses):		
Property tax revenue	824,921	864,769
Interest income	31,993	19,254
Equity (loss)	(1,290)	(125,890)
Interest expense	(805)	(5,465)
Other revenues	91,310	70,193
Capital contributions (connection fees)	<u>97,243</u>	<u>51,700</u>
Total non-operating revenues and (expenses)	<u>1,043,372</u>	<u>874,561</u>
Change in net position	(108,595)	(156,479)
Beginning net position	<u>15,790,410</u>	<u>15,946,889</u>
Ending net position	<u>\$ 15,681,815</u>	<u>\$ 15,790,410</u>

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

GRANADA COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED
JUNE 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Receipts from customers	\$ 1,283,892	\$ 1,239,392
Payments to suppliers	(2,028,653)	(1,712,763)
Payments to employees	(142,673)	(139,536)
Net cash used by operating activities	(887,434)	(612,907)
Cash flows from non-capital financing activities:		
Receipts from property taxes and other operating income	824,921	864,769
Net cash provided by non-capital financing activities	824,921	864,769
Cash flows from capital and related financing activities:		
Connection fees collected	97,243	51,700
Payments on long-term debt	(95,000)	(90,000)
Interest paid	(2,351)	(6,930)
Other revenues	91,310	70,193
Acquisition and construction of capital assets	(198,599)	(619,633)
Assessment district repayments	74,000	1,293,372
Payments to assessment district	(8,371)	-
Net cash (used in) provided by capital and related financing activities	(41,768)	698,702
Cash flows from investing activities:		
Interest income	27,741	13,713
Net cash provided by investing activities	27,741	13,713
Net (decrease) increase in cash and cash equivalents	(76,540)	964,277
Cash and cash equivalents, beginning of year	4,654,204	3,689,927
Cash and cash equivalents, end of year	\$ 4,577,664	\$ 4,654,204
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (1,151,967)	\$ (1,031,040)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	270,994	252,218
(Increase) decrease in accounts receivable	(8,287)	(1,781)
Increase (decrease) in accounts payable and accrued liabilities	46,656	78,666
Increase (decrease) in compensated absences liabilities	5,571	-
Increase (decrease) in prepaid expenses	(517)	99,360
Change in net pension liabilities	(49,884)	(10,330)
Net cash used by operating activities	\$ (887,434)	\$ (612,907)

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

**GRANADA COMMUNITY SERVICES DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017**

ASSETS	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 121,419	\$ 148,689
Due from County of San Mateo	19,387	10,119
Due from other funds	-	8,371
Investments	<u>2,605,277</u>	<u>2,552,551</u>
 Total Assets	 <u><u>\$ 2,746,083</u></u>	 <u><u>\$ 2,719,730</u></u>
 LIABILITIES		
Deposits held for others	\$ 1,311,785	\$ 1,211,432
Advance from District to fund bond reserve account	494,890	494,890
Advance from District to fund supplemental funding	353,542	412,542
Advance from District to fund noncontingent assessment acquisition	<u>585,866</u>	<u>600,866</u>
 Total Liabilities	 <u><u>\$ 2,746,083</u></u>	 <u><u>\$ 2,719,730</u></u>

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

GRANADA COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

Years Ended June 30, 2017 and 2016

Note 1 – Organization and Summary of Significant Accounting Policies

Organization

Granada Community Services District (District) was created in 1958 under the provisions of Section 6400 of the State of California Health and Safety Code. An elected board of directors governs the District and has the power to construct, maintain, and operate facilities for the collection, treatment, and disposal of wastewater and solid waste for the benefit of the lands and inhabitants within the San Mateo County communities of El Granada, Princeton-by-the-Sea, Miramar, and northern Half Moon Bay.

Reporting Entity

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, fund balance, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The District's funds consist of the following:

Proprietary Fund Type - Enterprise Fund

The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the 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 (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. All assets and liabilities associated with the Enterprise Fund's activities are included in the statement of net position.

Fiduciary Fund Type - Agency Fund

The Agency Fund (Assessment District) is used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other funds, and/or other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. All assets and liabilities associated with the Assessment District's activities are included in the statement of fiduciary net position.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Both the Enterprise Fund and the Agency Fund are accounted for on an economic resources measurement focus using the accrual basis of accounting in accordance with generally accepted accounting principles. Under this basis of accounting, revenues are recognized when earned except property taxes which are recognized in the year they are levied and expenses are recognized when the related liability is incurred.

The District applies all Governmental Accounting Standards Board (GASB) pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements and the State Controller's

GRANADA COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

Years Ended June 30, 2017 and 2016

Note 1 – Organization and Summary of Significant Accounting Policies, continued

Minimum Audit Requirements for California Special Districts. The District has elected not to apply GASB statements and interpretations issued subsequent to November 30, 1989.

Risk Management

The District is a member of the California Sanitation Risk Management Authority (CSRMA) which provides general liability coverage. Participation in the CSRMA risk sharing pool provides the District general liability coverage up to \$750,000 and excess coverage up to \$10 million.

Capital Assets

Capital assets for the Enterprise Fund are recorded at cost to the District for purchases or at an estimated cost when assets are contributed. Depreciation is charged to expense for all capital assets and is computed using the straight-line method over the estimated useful lives of five to 50 years.

Property Tax Revenues and Sewer Service Charges

Property taxes and sewer service charges are billed and collected by the County of San Mateo through the property tax billings. Real property taxes are levied against owners of record. The taxes are due in two installments on November 1 and February 1, and become delinquent after December 10 and April 10, respectively. Property taxes are based on assessed values of real property. A revaluation of all real property must be made upon sale or completion of construction. Amounts due from the County of San Mateo include both property taxes and sewer service charges.

Connection Fees

Connection fees consist of charges to homes and businesses for connecting to the District's sewer system.

Operating Revenues and Expenses

The District's operating revenues are those revenues generated from the primary operation of the District's sewer service. Operating expenses are those expenses that are essential to the primary operation of its sewer system. All other revenues and expenses are reported as non-operating revenues and expenses.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Investments

Investments in mutual funds and debt instruments are carried at fair value as determined in an active market. Investments in the State of California Local Agency Investment Fund are carried at cost which approximates fair value and are included in cash and cash equivalents in the statements of net position.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the District considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

GRANADA COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

Years Ended June 30, 2017 and 2016

Note 2 – Cash and Cash Equivalents

The District's cash and cash equivalents are held in federally insured deposit accounts with financial institutions and an external investment pool.

External Investment Pool

The District invests in the California State Treasurer's Local Agency Investment Fund (LAIF). LAIF was established in 1977, is regulated by California Government Code Section 16429, and under the day-to-day administration of the State Treasurer. As of June 30, 2017, LAIF had approximately \$77.6 billion in investments.

LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available, and on amortized cost of best estimate for those securities where market value is not readily available. The District's investments with LAIF at June 30, 2017 included a portion of the pooled funds invested in structured notes and asset-backed securities. These investments are described as follows.

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and / or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

Investments are subject to certain types of risks, including interest rate risk, custodial credit risk, credit quality risk, and concentration of credit risk. The following describes those risks.

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. The District does not have a formal policy regarding interest rate risk.

Custodial Credit Risk

Custodial credit risk is the risk that the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a formal policy regarding custodial credit risk. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, 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. With respect to investments, custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or investment pools such as LAIF.

GRANADA COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

Years Ended June 30, 2017 and 2016

Note 2 – Cash and Cash Equivalents, continued

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District does not have a formal policy regarding credit risk. LAIF does not receive a rating from a nationally recognized statistical rating organization.

Concentration of Credit Risk

The District has limitations on the amount that can be invested in any one issue beyond that stipulated by the California Government Code.

The FDIC insured the bank balances up to \$250,000 for each bank, except for non-interest bearing transaction accounts at institutions participating in the FDIC's Temporary Liquidity Guarantee Program, which are provided with unlimited deposit guarantee.

The District's cash and cash equivalents consist of the following at June 30, 2017:

	<u>Carrying Amount</u>	<u>Depository Balance</u>
Amounts insured by federal deposit insurance, or collateralized with securities held by the District in its name.	\$ 76,497	\$ 77,707
Petty cash	190	-
Amounts held on deposit with the State of California Local Agency Investment Fund, collateralized by investments registered in the State's name.	<u>4,500,977</u>	<u>4,500,977</u>
	<u>\$ 4,577,664</u>	<u>\$ 4,578,684</u>

The District's cash and cash equivalents are presented as \$4,577,474 in the statements of net position and \$2,726,696 in the statements of fiduciary net position. The difference between the carrying amount and the depository balance represents outstanding checks and deposits in transit.

GRANADA COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

Years Ended June 30, 2017 and 2016

Note 2 – Cash and Cash Equivalents, continued

The District’s cash and cash equivalents consist of the following at June 30, 2016:

	<u>Carrying Amount</u>	<u>Depository Balance</u>
Amounts insured by federal deposit insurance, or collateralized with securities held by the District in its name.	\$ 185,593	\$ 366,730
Petty cash	375	-
Amounts held on deposit with the State of California Local Agency Investment Fund, collateralized by investments registered in the State’s name.	<u>4,468,236</u>	<u>4,468,236</u>
	<u>\$ 4,654,204</u>	<u>\$ 4,835,966</u>

The District’s cash and cash equivalents are presented as \$4,654,204 in the statements of net position and \$2,701,240 in the statements of fiduciary net position. The difference between the carrying amount and the depository balance represents outstanding checks and deposits in transit.

Note 3 – Agency Fund

In 1996, Granada Community Services District established the Assessment District to finance the expansion of the sewage treatment facility owned and maintained by the Sewer Authority Mid-Coastside. Special Assessment Limited Obligation Improvement Bonds were issued through the Assessment District to generate the funds necessary to meet the District’s portion of the expansion costs. The Agency Fund is used to account for the debt service transactions of the Assessment District. The District acts as an agent with respect to the collection of special assessments from property owners and the payment of principal and interest to special assessment debt holders. The only investments reported by the District are held in the Agency Fund which consist of mutual funds and debt instruments held by a trustee.

GRANADA COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
Years Ended June 30, 2017 and 2016

Note 4 – Capital Assets

Changes in capital assets consist of the following for the year ended June 30, 2017:

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2017</u>
Equipment	\$ 22,153	\$ -	\$ -	\$ 22,153
Collection and conveyance facilities	11,140,210	11,493	-	11,151,703
Less accumulated depreciation	<u>(5,897,882)</u>	<u>(270,994)</u>	-	<u>(6,168,876)</u>
	5,264,481	(259,501)	-	5,004,980
Land	<u>876,534</u>	<u>187,106</u>	-	<u>1,063,640</u>
	<u>\$ 6,141,015</u>	<u>\$ (72,395)</u>	<u>\$ -</u>	<u>\$ 6,068,620</u>

Depreciation expense for the year-end June 30, 2017 was \$270,994.

Changes in capital assets consist of the following for the year ended June 30, 2016:

	<u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2016</u>
Equipment	\$ 22,153	\$ -	\$ -	\$ 22,153
Collection and conveyance facilities	10,520,578	619,632	-	11,140,210
Less accumulated Depreciation	<u>(5,645,664)</u>	<u>(252,218)</u>	-	<u>(5,897,882)</u>
	4,897,067	367,414	-	5,264,481
Land	<u>876,534</u>	-	-	<u>876,534</u>
	<u>\$ 5,773,601</u>	<u>\$ 367,414</u>	<u>\$ -</u>	<u>\$ 6,141,015</u>

Depreciation expense for the year-end June 30, 2016 was \$252,218.

GRANADA COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

Years Ended June 30, 2017 and 2016

Note 5 – Investment in Sewer Authority Mid-Coastside

Sewer Authority Mid-Coastside (Authority) was created by a Joint Exercise of Powers Agreement between the City of Half Moon Bay, the Granada Community Services District, and the Montara Sanitary District. The Authority was established to construct, maintain, and operate facilities for the collection, treatment, and disposal of wastewater for the benefit of the lands and inhabitants within the member agencies' respective boundaries. Audited financial statements of the Authority for the year ended June 30, 2016 are available at its office in Half Moon Bay, California. As of the date of this report, audited financial statements for the year ended June 30, 2017 were not yet available.

The following is a summary of financial information of the Authority from its June 30, 2017 and 2016 audited financial statements:

	<u>2017</u>	<u>2016</u>
Total assets	\$ 14,984,857	\$ 15,324,865
Total deferred outflows of resources	808,862	550,878
Total liabilities	3,840,628	2,449,131
Total deferred inflows of resources	<u>178,377</u>	<u>920,956</u>
Net position	\$ <u>11,774,714</u>	\$ <u>12,505,656</u>
Operating revenues	\$ 4,357,799	\$ 4,344,816
Operating expenses	<u>5,670,607</u>	<u>5,434,514</u>
Operating loss	(1,312,808)	(1,089,698)
Total non-operating revenues, net	<u>581,866</u>	<u>747,245</u>
Net loss	\$ <u>(730,942)</u>	\$ <u>(342,453)</u>

Each member's ownership at June 30, 2017 consists of the City of Half Moon Bay 50.5%, Granada Community Services District 29.5%, and Montara Sanitary District 20%.

The decreases in the District's equity in the Authority for the year ended June 30, 2017 and 2016 of \$1,290 and \$125,890, respectively, and are included in the statements of revenues, expenses, and changes in net position.

Total payments made to the Authority for operations, maintenance, collections, and capital for the years ended June 30, 2017 and 2016 were \$1,425,167 and \$1,403,580, respectively.

Note 6 – Advances to Assessment District

- 1 As part of the bond issuance financed through the Assessment District, the District was required to make two separate advances to the Agency Fund. In August 1996, the District transferred \$600,000 into the Bond Reserve Fund of the Assessment District to be used as a reserve for the payment of future bond interest and principal. During the years ended June 30, 2017 and 2016, no payments were received from the Assessment District. This advance is entitled to interest earnings on the fund balance. The balance due from the Assessment District at June 30, 2017 was \$494,890.

GRANADA COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
Years Ended June 30, 2017 and 2016

Note 6 – Advances to Assessment District, continued

- 2 Supplemental Funding - The District advanced \$1,100,726 to the Assessment District which were the proceeds of an installment obligation of the District in the amount of \$1,145,000 payable with interest over a term of 20 years. The aggregate amount reimbursable totals \$1,987,542 including interest paid on the note. The balance of the note receivable was \$1,240,866 at June 30, 2015. The amounts due to the District listed above are documented in District ordinance 153 and bond resolutions 2003-008 and 2003-012. Repayments were \$645,000 during the year ended June 30, 2016, and \$59,000 during the year ended June 30, 2017, resulting in an ending balance of \$353,542 at June 30, 2017.
- 3 The District was also required to advance \$700,000 in August of 1996 into the Noncontingent Assessment Fund of the Assessment District. The advance was used to purchase noncontingent assessments for undevelopable parcels within the District. Including interest earnings, the balance of the note receivable was \$1,240,866 at June 30, 2015. Repayments were \$640,000 during the year ended June 30, 2016, and \$15,000 during the year ended June 30, 2017, resulting in an ending balance of \$585,866 at June 30, 2017.

Note 7 – Advance to Montara Sanitary District

Due to financial difficulties experienced by the Montara Sanitary District (MSD) in 1996, they were unable to continue funding their portion of the plant expansion of the Authority. The District advanced \$1,085,094 of the plant expansion costs on behalf of MSD. According to the Authority funding agreement, there is no repayment schedule, and reimbursement of the advance will occur only if MSD requires additional capacity in the sewage treatment facility. The future capacity needs of MSD are unknown at this time and thus, due to the lack of a firm repayment schedule and unknown future payment requirements of MSD, the District has recorded an allowance of the full amount of initial debt (\$1,085,094) to reflect the uncertainty of future repayment.

The District calculates interest on the advance at a rate of 7.278%. Management has determined that the likelihood of any interest payment is remote; therefore, an allowance has been placed on the full accrued interest balance of approximately \$1,391,812 and \$1,312,839 at June 30, 2017 and 2016, respectively.

Note 8 – Note Payable

On August 1, 1996, the District financed a portion of the sewage treatment plant expansion with the issuance of a Certificate of Participation in the amount of \$1,145,000. The terms of the agreement included annual principal payments beginning September 1, 1997, and continuing until September 1, 2016. Interest was payable semi-annually on March 1 and September 1 of each year and the rate had varied between 4.75% and 6.75%. The District refinanced the Certificate of Participation with a note payable in August of 2002 at a fixed interest rate of 4.95%. The payment terms remained the same as the original agreement. During the year, the District paid the last principal payment on the note of \$95,000. The balance of the note as of June 30, 2017 was zero.

GRANADA COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

Years Ended June 30, 2017 and 2016

Note 9 – Special Assessment Debt

During 1996, the District issued Special Assessment Limited Obligation Improvement Bonds in the amount of \$8,188,583 to finance the expansion of the sewage treatment plant owned and operated by the Authority. The Agency Fund is used to account for the debt service transactions. The District refinanced the bonds in September 2003 with an interest rate ranging from 2.25% to 6.125% payable semi-annually. The bond principal is paid annually with a final maturity date of September 2022. At June 30, 2017 and 2016, \$2,665,000 and \$3,555,109 were outstanding. The District is not obligated to repay this debt, but only acts as an agent for the property owners by collecting assessments, forwarding collections to special assessment debt holders, and initiating foreclosure proceedings, if applicable.

Note 10 – Operating Lease Commitment

The District leases office space and a copier with monthly rents of \$4,200 and \$372, respectively, plus additional maintenance costs. Rental expense for the year ended June 30, 2017 and 2016 were \$54,488 and \$56,742, respectively.

Future minimum lease payments at June 30, 2017 consist of the following:

Year Ending June 30,	
2018	\$ 22,307

Note 11 – Contingent Liabilities

Contingent liabilities of an indeterminable amount include normal recurring pending claims and litigation related to the District's operations. According to outside legal counsel, none of the litigation is expected to have a material effect on the financial statements. Therefore, no provision for losses has been included in these financial statements.

Note 12 – Employees' Retirement Plan

Plan Description

The District's defined benefit pension plan, (Plan), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Plan is part of the Public Agency portion of the California Public Employees Retirement System (PERS), a cost sharing multiple-employer plan administered by PERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law.

The District selects optional benefit provisions from the benefit menu by contract with PERS and adopts those benefits through Board Action. PERS issues a separate annual financial report. Copies of the PERS' annual financial report may be obtained from the PERS Executive Office 400 P Street – Sacramento, California 95814.

GRANADA COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

Years Ended June 30, 2017 and 2016

Note 12 – Employees' Retirement Plan, continued

Funding Policy

Active plan members in the Plan are required to contribute 7% of their annual covered salary. The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The District pays the employee and employer's portion for retirement on "classic" employees. The District does not pay employee contributions for employees covered by PEPPRA. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration.

The required employer contribution rates for fiscal years ended June 30, 2017 and 2016 were 8.377% and 8.003%, respectively. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by PERS.

At June 30, 2017, the District reported a liability of \$170,410 in the Statement of Net Position for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 Pension Plan participants, which was actuarially determined.

For the fiscal year ended June 30, 2017, the District recognized pension expense of -\$15,258 in its financial statements. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits.

Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions. Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

- Discount Rate/Rate of Return – 7.5%, net of investment expense
- Inflation Rate – 2.75%
- Salary increases – Varies by Entry Age and Service
- COLA Increases – up to 2.75%
- Post-Retirement Mortality – Derived using CalPERS' Membership Data for all Funds

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2014.

GRANADA COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

Years Ended June 30, 2017 and 2016

Note 12 – Employees’ Retirement Plan, continued

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments (7.5%) 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. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	47.0%	5.71%
Global Fixed Income	19.0%	2.43%
Inflation Sensitive	6.0%	3.36%
Private Equity	12.0%	6.95%
Real Estate	11.0%	5.13%
Infrastructure and Forestland	3.0%	5.09%
Liquidity	2.0%	(1.05)%

The discount rate used to measure the total pension liability was 7.65 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension fund’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. In theory, the discount rate may differ from the long-term expected rate of return discussed previously. However, based on the projected availability of the pension fund’s fiduciary net position, the discount rate is equal to the long-term expected rate of return on pension plan investments, and was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents 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 (6.65%) or 1 percentage point higher (8.65%) than the current rate:

	1% Decrease 6.65%	Discount Rate 7.65%	1% Increase 8.65%
District’s proportionate share of the net pension plan liability	\$ 221,000	\$ 170,410	\$ 128,599

Detailed information about the pension fund’s fiduciary net position is available in the separately issued CalPERS comprehensive annual financial report which may be obtained by contacting CalPERS.

GRANADA COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

Years Ended June 30, 2017 and 2016

Note 12 – Employees’ Retirement Plan, continued

Pursuant to GASB Statement No. 63, the District recognized deferred outflows of resources in the financial statements. These items are a consumption of net position by the District that is applicable to a future reporting period.

The District has one item that is reportable on the Statement of Net Position as Deferred Outflows of Resources which is related to pensions. The total is \$101,671.

The District also recognized deferral inflows of resources in the financial statements. This is an acquisition of net position by the District that is applicable to a future reporting period. The District has one item related to pensions that is captured as a deferred inflow of resources. The total at year-end was \$20,515.

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

The \$101,671 was reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year-end June 30, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 5,594
2019	6,459
2020	22,745
2021	11,732
Total	<u>\$ 46,530</u>

Note 13 – Reclassifications

The financial statements may not be comparable with previous years as the District may have classified certain expense line items differently from the previous years.

Note 14 – Subsequent Events

The District has evaluated subsequent events through October 5, 2018, which is the date the basic financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Draft 10-3-18

GRANADA COMMUNITY SERVICES DISTRICT

Required Supplementary Information - Pensions
Years Ended June 30, 2017 and 2016

Granada Community Services District – Schedule of the District’s proportionate share of the Net Pension Liability:

Last 10 Fiscal years*

Measurement Date	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
District’s proportion of the net pension liability			
District’s proportionate share of the net pension liability	\$170,410	\$152,020	\$166,360
District’s covered employee payroll	111,600	110,200	107,294
District’s proportionate share of the net pension liability as a percentage of its covered-employee payroll	152.70%	137.95%	155.05%
Plan Fiduciary net position as a percentage of the total pension liability	54.65%	54.52%	48.16%

CALPERS - Schedule of District contributions:

Last 10 Fiscal Years*

Measurement Date	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Actuarially determined contribution	\$ 34,626	\$ 36,192	\$ 26,207
Total actual contributions	<u>(34,626)</u>	<u>(36,192)</u>	<u>(26,207)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District’s covered-employee payroll	\$ 111,600	\$ 110,200	\$ 107,294
Contributions as a percentage of covered employee payroll	31.03%	32.84%	24.43%

* Fiscal year ended June 30, 2015 was the first year of implementation.
Additional years will be presented as they become available.

OTHER REPORT

Draft 10-3-18

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Governing Board
Granada Community Services District
El Granada, California

We have audited, in accordance with the auditing standard generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Granada Community Services District (District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 5, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that we have not identified.

Governing Board
Granada Community Services District
El Granada, California

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Fechter & Company,
Certified Public Accountants

Sacramento, California
October 5, 2018

ITEM #3

GRANADA COMMUNITY SERVICES DISTRICT

AGENDA MEMORANDUM

To: Board of Directors
From: Chuck Duffy, General Manager
Subject: Consideration of an Easement Agreement with SAM for the SAM
Wet Weather Storage Facility
Date: October 18, 2018

I have attached a near final version of the easement agreement with SAM for the SAM Wet Weather Storage Facility – Phase 2, located on the District’s Burnham Strip parcel. The easement agreement encompasses three separate easements: 1) an easement for the underground storage box culverts themselves; 2) an access easement to allow SAM staff to maintain and clean the box culverts; and 3) a temporary construction easement. The agreement exhibits still need to be finalized by SAM’s engineer, but the general form of the agreement has been drafted by District Counsel. This issue is time sensitive due to the fact that SAM has already put the project plans out for bid.

RECORDING REQUESTED BY:

Granada Community Services District

WHEN RECORDED, PLEASE MAIL THIS INSTRUMENT TO:

Granada Community Services District
Post Office Box 335
El Granada, CA 94018

SPACE ABOVE FOR
RECORDER'S USE ONLY
NO FEE (Gov. C. §27383)

Documentary transfer tax is \$0.00 (Rev. & Tax C. §11922)

Assessor's Parcel No. 047-262-010 (portion)

**SUPERSEDING GRANT OF EASEMENTS AND AGREEMENT
FOR WET WEATHER STORAGE FACILITY**

This Superseding Grant of Easements and Agreement for Wet Weather Storage Facility (collectively “ Easement Grants and Agreement”) is made effective and entered into this 1st day of November 2018, by and between the Granada Community Services District, a community services district organized under the Community Services District Law (Government Code Section 61000 *et seq.*), hereinafter called “GCSD” or “Grantor,” and the Sewer Authority Mid-Coastside, a separate public entity created pursuant to the Joint Exercise of Powers Act (Government Code Section 6500 *et seq.*), hereinafter called “SAM” or “Grantee.”

RECITALS

The purpose of this Instrument is to memorialize the grant of easements and related agreement pursuant to which SAM is entitled to construct, operate, and maintain Wet Weather Storage Facility (“WWSF” - which term includes both Phase 1 and Phase 2 facilities) underground on real property owned by GCSD.

SAM was created and exists pursuant to a joint exercise of powers agreement (“JPA”), dated February 3, 1976 and subsequently amended eight times, by and among its three member agencies, being the GCSD, the Montara Water and Sanitary District (then the Montara Sanitary District) (“MWSD”), and the City of Half Moon Bay. Pursuant to the JPA, SAM has acquired and constructed facilities for the collection, storage, transmission, treatment, and disposal of wastewater collected from each member agency. SAM owns, operates and maintains the facilities which it acquired and constructed.

Pursuant to a prior GRANT OF EASEMENTS AND EASEMENT AGREEMENT effective June 1, 2012 and recorded September 17, 2013 as Document 2013-134844 (“2012 Easements”), SAM constructed Phase 1 of its Wet Weather Storage Facility underground on GCSD’s real property, called the “Wet Weather Flow Management Project” (“Phase 1 Project” or “WWFMP”), as shown on the plans and specifications titled “Wet Weather Flow Management Project, Phase 1 - 200,000 Gallons” (“Phase 1 Project Plans”) on file at SAM, consisting of an underground wastewater storage system. The Phase 1 Project is owned, maintained and operated by SAM.

Pursuant to this 2018 Instrument effective November 1, 2018 (“2018 Instrument”), SAM intends to undertake the construction of Phase 2 of its Wet Weather Storage under GCSD’s real property called the “Wet Weather Storage Expansion (“Phase 2 Project”), as shown on the plans and specifications titled “Wet Weather Storage Expansion, Phase 2 - 200,000 Gallons” (“Phase 2 Project Plans”) on file at SAM, consisting of underground wastewater storage. The Phase 2 Project will also be owned, operated, and maintained by SAM.

This 2018 Instrument effective November 1, 2018 will supersede the 2012 Easements into one Document with one description of the Wet Weather Storage Facility and use of the term “the Easements” herein shall refer to all of the easements granted in this 2018 Instrument.

The Phase 1 Project was, and the Phase 2 Project will be, constructed by SAM underground on a portion of the parcel of real property owned by GCSD identified as San Mateo County Assessor’s Parcel Number 047-262-010. This GCSD property is hereinafter referred to as “GCSD’s Burnham Strip Property” and is shown on Exhibit [redacted] attached hereto and by this reference incorporated herein.

In consideration of SAM undertaking such construction, and in order for SAM to be able to own, operate and maintain SAM’s WWSF, SAM needs, and GCSD grants, the Easements for the WWSF to SAM underground, together with separate limited surface access easements upon the surface of GCSD’s Burnham Strip Property, both shown on Exhibit [redacted] attached hereto and by this reference incorporated herein, and GCSD also grants the temporary construction easement further described below, and SAM and GCSD desire to enter into an agreement related to the use of the Easements.

GCSD will continue to have a need to use GCSD’s Burnham Strip Property, including the portion which is subject to the Easements granted in this 2018 Instrument in the furtherance of its own uses or activities.

NOW, THEREFORE, the parties agree as follows:

GRANT OF EASEMENTS AND AGREEMENT

1. WWSF Grants and locations. Grantor hereby grants to Grantee the following easements in the following locations:

(a) WWSF Easement - an exclusive easement for the construction, operation and maintenance of the WWSF beneath the surface of GCSD's Burnham Strip Property (below-ground only) as described in Exhibit A and shown on Exhibit , each attached hereto and by this reference incorporated herein;

(b) Access Easements - _____ non-exclusive easements over and across the surface of GCSD's Burnham Strip Property, as described in Exhibit A and shown on Exhibit , each attached hereto and by this reference incorporated herein, to enable unimproved access (including but not limited to prohibition of paving or other materials) to the WWSF manholes by foot for repairing, maintaining, monitoring, and inspecting the underground WWSF and for hoses connected to the nearest fire hydrant or other usable water source to clean the underground WWSF; and

(c) Temporary Construction Easement - a temporary construction easement, which shall terminate no later than the completion of construction of the Phase 2 Project, on and across those portions of GCSD's Burnham Strip Property reasonably necessary for the construction of the Phase 2 Project. SAM shall perform and complete work on the Phase 2 Project by no later than December 31, 2019 (or any extension(s) of time approved thereof by GCSD). Under the temporary construction easement, SAM shall be required to comply with all conditions of approval imposed by the County of San Mateo for such construction (including but not limited to PLN2018-00403 for a CDP and Use Permit and associated building and other permits) and to protect all coastal resources, if any, including but not limited to any wetlands and other environmentally sensitive habitat areas.

2. Grantee. The Easements are in favor of SAM as Grantee and may be exercised by SAM and/or any of its contractors (including any contractor's agents, employees or subcontractors) acting on SAM's behalf. This 2018 Instrument *supersedes* the prior GRANT OF EASEMENTS AND EASEMENT AGREEMENT effective June 1, 2012 and recorded September 17, 2013 as Document 2013-134844 – the 2012 Instrument), and SAM shall record a Quitclaim Deed as to said prior 2012 Instrument and hereby agrees that the agreements contained in this 2018 Instrument supersede the agreements in said 2012 Instrument.

3. Uses of Easements. Without limiting the generality of Section 1 , the Easements granted are for the following uses:

(a) Constructing, operating, and maintaining the WWSF; the Easements include the right of surface entry by foot to the below-ground portion of the WWSF to enable Grantee to use the Easements consistent with this Section 3.

(b) repairing, maintaining, monitoring and/or inspecting the WWSF.

(c) use and storage of construction and other equipment and materials used in construction of the WWSF pursuant to the temporary construction easement in Section 1(c) above.

(d) unimproved access (including but not limited to prohibition of paving or other materials) to and from Obispo Road where it abuts GCSD's Burnham Strip Property to the WWSF, as described in Exhibit A and shown on Exhibit [redacted] to the WWSF manholes by foot for repairing, maintaining, monitoring, and inspecting the underground WWSF and for hoses connected to the nearest fire hydrant or other usable water source to clean the underground WWSF. Such right of ingress and egress shall at all times be exercised in a manner designed to avoid damage to GCSD's Burnham Strip Property or GCSD's use thereof.

(e) the Easements include the right to fence and/or gate the WWSF temporary construction easement area during construction of the Project only. No other fencing by SAM is allowed.

The WWSF Easement shall be used for no other purposes than storage of wastewater for the SAM sewer system, and the Easements expressly do not authorize any use resulting in nuisance conditions as determined by GCSD exercising sole discretion in making such determination.

4. Restoration, Care and Maintenance of WWSF Easement.

(a) After construction of the WWSF is completed, Grantee agrees to promptly restore the surface of GCSD's Burnham Strip Property in accordance with the Phase 2 Project Plans and associated Technical Specifications.

(b) After construction of the WWSF is completed, Grantee shall not in any way disrupt or alter the surface of the ground in the WWSF Easements or on GCSD's Burnham Strip Property without the prior written consent of GCSD. Grantee shall not cause or allow any waste to occur on GCSD's Burnham Strip Property as a result of Grantee's use thereof. Grantee further agrees that it shall not store any items on the WWSF Easement and Ingress and Egress Easement(s) longer than reasonably necessary to complete construction of the WWSF.

5. Duration. The WWSF Easement and the Access Easements shall be perpetual, provided, however that the Easement Grants and Agreement and the rights and privileges herein given Grantee shall terminate in the event that Grantee shall fail for a continuous period of three (3) years to operate the WWSF. In the event of the termination or abandonment of this Easement Grants and Agreement, SAM shall, at its own expense, when requested in writing to do so (in whole or in part) by GCSD, remove all facilities, property and equipment placed by or for SAM on or under GCSD's Burnham Strip Property, and restore the portion of GCSD's Burnham Strip Property used by SAM as nearly as possible to the same state and condition it was in prior to the entry of SAM thereon; if SAM fails to do so within ninety (90) days after the aforesaid request is given, GCSD may do so, all at the cost and expense of SAM, to be paid by SAM on demand. Upon termination of the rights herein granted, SAM shall execute and deliver to GCSD within thirty (30) days, a good and sufficient quitclaim deed to the WWSF Easements and Access Easements and rights arising under this Agreement.

6. Other Liens. The Easements granted in this Instrument shall be at all times prior and superior to the lien of any mortgage or deed of trust affecting GCSD's Burnham Strip Property. Grantor agrees to execute or obtain such agreements or instruments in recordable

form, as may be reasonably required by Grantee for the purpose of evidencing the superiority of the Easements and this Easement Grants and Agreement .

7. GCSD's Own Use of GCSD's Burnham Strip Property and Need to Review WWSF Plans. GCSD will continue to have a need to use the entirety of GCSD's Burnham Strip Property (APN 047-262-010) including the portion thereof which is subject to the Easement Grants and Agreement, in the furtherance of its own uses or activities (including but not limited to park and recreation purposes), and shall have the right to do so. GCSD reserves the right to review and approve (commencing no less than 30 days prior to commencement of construction) any proposed changes to the Project Plans for the construction by SAM of the Phase 2 Project, and review and approve all proposed changes for the Access Easements, in order that GCSD may determine that such improvements are compatible with, and do not unduly conflict with the integrity of, GCSD's ownership, operation, and maintenance of, its own existing and planned sewerage system, GCSD's planned park and recreation use, or GCSD's other uses, of GCSD's Burnham Strip Property. GCSD further reserves the right to construct, operate, and maintain any of its own sanitary sewerage facilities or park or recreation facilities on, or to otherwise use, GCSD's Burnham Strip Property, including the surface area above the WWSF Easement and/or Access Easements, in such a manner as would not reasonably be expected to damage or interfere with the integrity of, or Grantee's ownership, operation, or maintenance of, the WWSF. Except while the temporary construction easement is in effect, no one shall be allowed to park on or drive over the WWSF Easement or the Access Easements.

8. Entry and Inspection. SAM shall permit GCSD or GCSD's agents to enter the WWSF Easement at any reasonable time and upon reasonable notice, for the purposes of inspecting the WWSF.

9. Utilities. All applications and connections for necessary utility services for the WWSF shall be made in the name of SAM, and SAM shall be solely liable for utility charges for the WWSF (including during construction of the Phase 2 Project) as they become due.

10. Duty to Secure. SAM shall be responsible to secure the manholes it installs and maintains within GCSD's Burnham Strip Property and assure the public safety in relation to those manholes should GCSD use its Burnham Strip Property for park or recreation purposes.

11. Abandonment of Easements. In the event that SAM resolves to abandon any portion of the WWSF or the related WWSF Easement or Access Easements, SAM agrees to take such steps to abandon and quitclaim such Easements, or appropriate portions thereof, in favor of GCSD in a manner satisfactory to GCSD..

12. Transfer, Assignment, and Subletting. This Easement Grants and Agreement shall not, nor shall any interest therein or thereunder, be transferred, assigned, mortgaged, hypothecated or transferred by SAM, whether voluntarily, involuntarily, or by operation of law, nor shall SAM let or sublet, or grant any licenses or permits with respect to the use and occupancy of the WWSF Easement Area, or any portion thereof, without the written consent of GCSD first being obtained at GCSD's sole discretion.

13. Indemnification and Release.

(a) SAM shall indemnify, defend and hold harmless GCSD, its officers, officials, employees, volunteers, and agents, against any damages, injuries, losses, or other liabilities, including reasonable attorney's fees and court costs against each of the following types of claim, action or proceeding:

(i) arising out of or relating to any failure of SAM to comply (as required by Section 15 below) with any applicable federal, state, or local law, rule, or regulation, or to obtain each and every permit and lawfully provide each and every related environmental review required for the construction of any portion of the WWSF, including from and against any claim, action or proceeding to attack, set aside, void or annul any such action taken by SAM or GCSD, including, but not limited to, any writ of mandate, declaratory relief, Clean Water Act, due process, or other litigation or administrative proceeding which may arise or result from or be related in any way to governmental approvals required for Phase 2 of the WWSF. This provision shall also apply to any action taken by SAM or GCSD to provide related environmental clearance under the California Environmental Quality Act of 1970, as amended ("CEQA") for construction of Phase 2 of the WWSF or this Easement Grants and Agreement.

(ii) arising out of or relating to any facility constructed or activity by or on behalf of SAM under GCSD's Burnham Strip Property or on the surface thereof (including, but not limited to the manhole covers or the non-exclusive Access Easements to the manholes) or SAM's construction, operation, and maintenance of the underground WWSF, including to the extent caused by earthquake or flooding. However, SAM shall not be liable for any loss or damage to any person or to GCSD's Burnham Strip Property to the extent caused by theft, fire, acts of God, acts of a public enemy, riot, strike, insurrection, war, or requisition, or for any damage or inconvenience to GCSD or GCSD's Burnham Strip Property to the extent arising out of any act or omission to act by or on behalf of GCSD in connection with GCSD's use of GCSD's Burnham Strip Property.

(iii) arising out of or relating to any failure of SAM to comply with any obligation of SAM established by the Easement Grants and Agreement.

(b) GCSD shall indemnify, defend, and hold harmless SAM, its officers, officials, employees, volunteers, and agents, against any damages, injuries, losses, or other liabilities, including reasonable attorney's fees and court costs, arising out of or relating to activity by or on behalf of GCSD (except as a member agency of SAM) on GCSD's Burnham Strip Property. However, GCSD shall not be liable for any loss or damage to any person or to the WWSF improvements to the extent caused by theft, fire, earthquake, acts of God, acts of a public enemy, riot, strike, insurrection, war, court order, or requisition, or for any damage or inconvenience to SAM or the WWSF improvements to the extent arising out of any act or omission to act by or on behalf of SAM.

(c) The Parties recognize and understand that GCSD continues to have a need or intention to use GCSD's Burnham Strip Property, including the portion which is subject to the

Easements granted in this Easement Grants and Agreement, in the furtherance of its own uses or activities and that at the time of entering into this Easement Grants and Agreement GCSD is moving forward to develop a Community Park on GCSD's Burnham Strip Property by considering Preliminary Concepts for Burnham Park. The Parties agree that in applying this Indemnification and Release Section, GCSD's park and recreation uses shall be deemed the priority uses on GCSD's Burnham Strip Property over SAM's WWSF use and SAM shall indemnify, defend and hold harmless GCSD its officers, officials, employees, volunteers, and agents, against any damages, injuries, losses, or other liabilities, including reasonable attorney's fees and court costs, to GCSD or users of any GCSD park or recreation facilities on the GCSD Burnham Strip Property to the extent arising out of or relating to SAM's WWSF use.

(d) The provisions of this Section 13 shall survive the expiration or termination of this Easement Grants and Agreement with respect to any claims or liability occurring prior to the expiration or termination or during SAM's compliance with Section 5.

14. Insurance. SAM shall provide the following insurance coverages and certificates evidencing same to the satisfaction of GCSD at least 10 days prior to commencement of construction of the WWSF. Each required policy must name GCSD as additional insured and must be primary as to any other insurance available to GCSD. The policy must include a clause ensuring that GCSD will be provided at least a 30-day written notice prior to the cancellation, reduction, or non-renewal of the insurance protection, SAM waives any right to recover against GCSD for damages to the WWSF covered by insurance. SAM thus fully waives, for the benefit of GCSD, any rights and claims that might give rise to a right of subrogation in favor of any insurance carrier and indemnifies GCSD against any such subrogation or attempt to claim such subrogation.

(a) Commercial General Liability Insurance. SAM shall maintain in full force and effect commercial general liability insurance coverage for the purpose of covering potential claims for personal injury, bodily injury, death or disability, and property damage which may arise from or in connection with its construction, operation, and maintenance of the WWSF. SAM shall maintain commercial general liability insurance with coverage at least as broad as Insurance Services Office form CG 00 01, in an amount not less than five million dollars (\$5,000,000) per occurrence for bodily injury, personal injury, death or disability, and property damage, including without limitation, blanket contractual liability and coverage for explosion, collapse and underground property damage hazards. If a general aggregate limit applies, either the general aggregate limit shall apply separately to the WWSF or the general aggregate limit shall be twice the required occurrence limit. SAM's general liability policies shall be endorsed using Insurance Services Office form CG 20 10 (or at least equivalent thereto) to provide that GCSD and its officers, officials, employees, volunteers, and agents shall be additional covered parties under such policies. An endorsement providing completed operations coverage for the additional covered parties, ISO form CG 20 37 (or at least equivalent thereto), is also required.

(b) SAM shall also require its construction contractor for the WWSF to name GCSD, its officers, officials, employees, volunteers, and agents, as additional insured on any policy required in connection with that construction.

(c) Property Insurance. Casualty insurance insuring the WWSF (including

any related improvements) against fire and extended coverage (including “all risk” coverage, and surface water insurance) for the full replacement cost of the WWSF (including any improvements), with deductibles acceptable to GCSD.

(d) Errors and Omissions Insurance. Coverage for errors and omissions shall be at least as broad as the following: Standard Occurrence Form for Errors and Omissions Coverage or claims made coverage. The limits shall be no less than the following: \$2,000,000 per claim and \$5,000,000 in the aggregate.

15. Ordinances and Statutes. SAM shall comply with any and all applicable federal, state and local laws, rules or regulations, and shall obtain any and all permits and lawfully provide any and all related environmental review required for the construction of the WWSF.

16. Notices. Any notice which either party may, or is required to give, shall be given mailing same by first class mail, postage prepaid, to SAM or GCSD at the addresses shown below, or at such other place as may be designated in writing by the parties from time to time:

Granada Community Services District
Post Office Box 335
El Granada, CA 94018

Sewer Authority Mid-Coastside
1000 N. Cabrillo Hwy
Half Moon Bay, CA 94019

It shall remain the sole responsibility of each party to notify the other party, in the manner above described, of any change of address for either party which occurs during the duration of this Easement Grants and Agreement. Failure to notify the other party of any change of address in accordance with this Section shall absolve the party entitled to the notice of change of address of any duty, obligation or liability resulting from sending a notice required by this Easement Grants and Agreement to the previously provided address.

17. Successors. This Easement Grants and Agreement is binding upon and inures to the benefit of any successor in interest to any Party.

18. GCSD's Remedies on Default. If SAM defaults in the performance of any of its obligations hereunder, GCSD may give SAM notice of such default and, if SAM does not cure any such noticed default within thirty (30) days, after the giving of such notice (or if such default is of such nature that it cannot be completely cured within such period, if SAM does not commence such curing within such thirty (30) days and thereafter proceed with reasonable diligence and in good faith to cure such default), then GCSD may terminate this Easement Grants and Agreement and the easements described therein on not less than ten (10) days' notice to SAM. On the date specified in such notice the term of this Easement Grants and Agreement and the easements described therein shall terminate, and SAM shall then quit and surrender the WWSF Easement and Ingress and Egress Easement(s) to GCSD, but SAM shall remain liable as herein provided. If this Easement Grants and Agreement and the easements described herein shall have been so terminated by GCSD, GCSD may at any time thereafter resume possession of the WWSF Easements and Ingress and Egress Easement(s) by any lawful means and remove SAM or other occupants and their effects. No failure to enforce any term of this Easement Grants and Agreement shall be deemed a waiver by GCSD.

19. Entire Agreement. The foregoing constitutes the entire agreement between the Parties as to the SUPERSEDING GRANT OF EASEMENTS AND AGREEMENT FOR WET WEATHER STORAGE FACILITY and may be modified only in a writing signed by both parties.

Granada Community Services District

Sewer Authority Mid-Coastside

By: _____
Leonard Woren., Board President

By: _____
Beverli Marshall, General Manager

EXHIBIT A

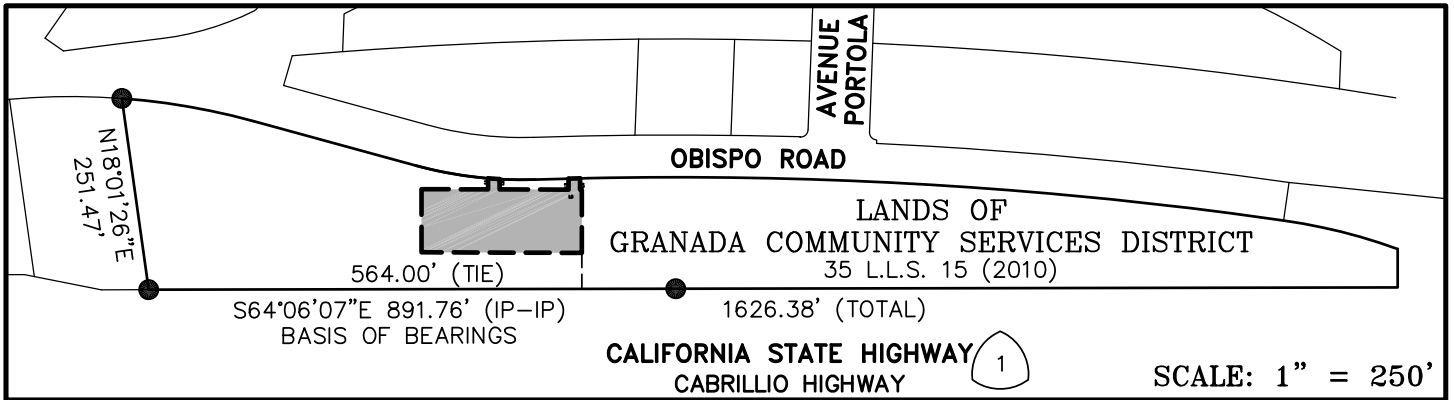
Legal Descriptions

Under separate cover

EXHIBIT B

Easements Plat for Wet Weather Storage Facility (WWSF)

Under separate cover



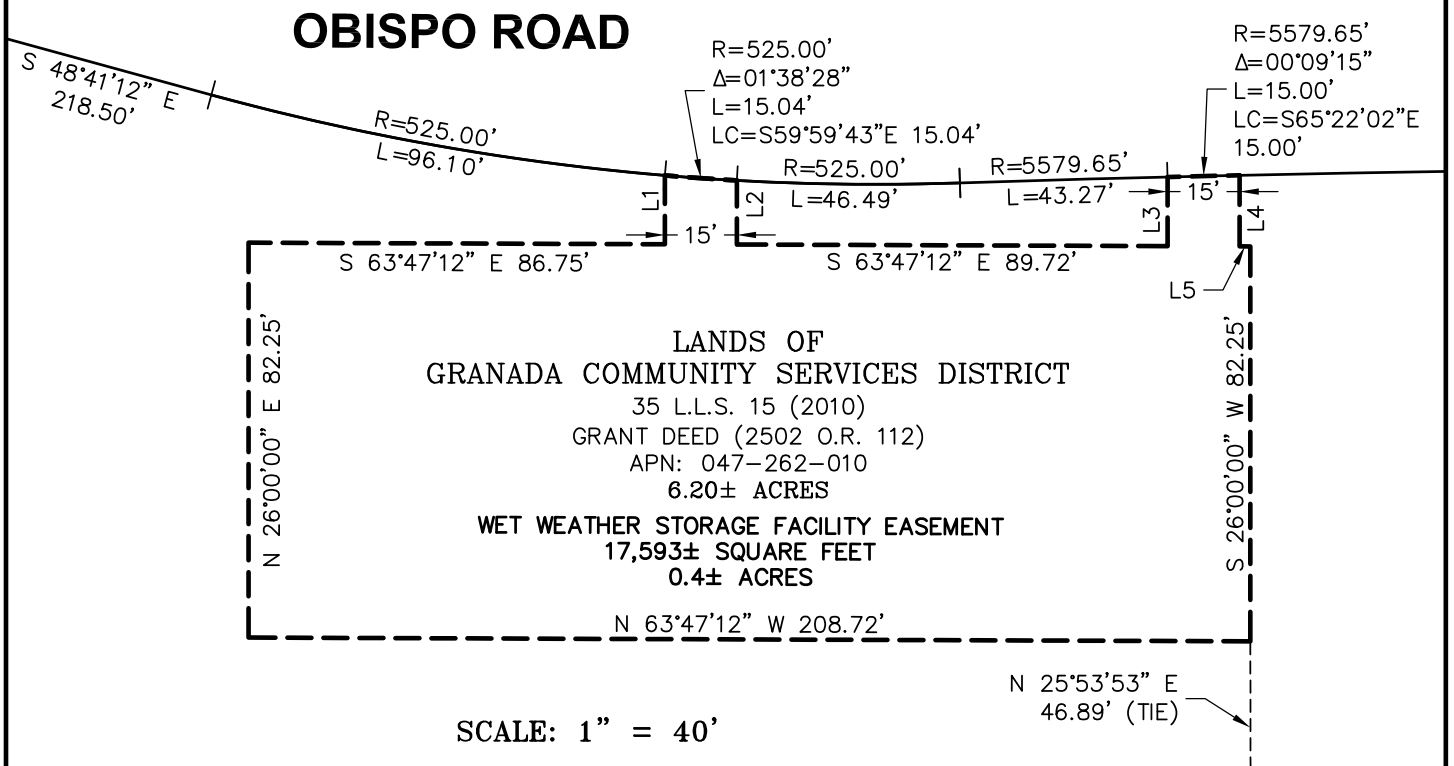
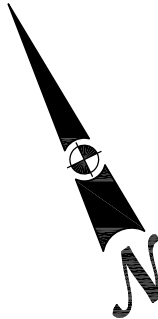
BASIS OF BEARINGS

RECORD OF SURVEY NO. 2134 FILED FOR RECORD IN VOLUME 35, OF L.L.S. MAPS AT PAGE 15, RECORDS OF SAN MATEO COUNTY, BEING THE SOUTH PROPERTY LINE AND NORTHERLY RIGHT-OF-WAY LINE OF STATE HIGHWAY 1, TAKEN AS SOUTH 64°06'07\"/>

LEGEND

- WET WEATHER STORAGE FACILITY EASEMENT
- 3/4\"/>

LINE TABLE		
LINE	BEARING	LENGTH
L1	N26°00'00\"/>	



QUIET RIVER
 Land Services Inc.
 6747 Sierra Court, Suite K
 Dublin, CA 94568
 (925) 734-6788 Phone

EXHIBIT A - WET WEATHER STORAGE FACILITY EASEMENT

MID-COASTSIDE / BURNHAM STRIP
 OBISPO ROAD AT AVENUE PORTOLA - EL GRANADA
 UNINCORPORATED SAN MATEO COUNTY CALIFORNIA

DUDK1801	DRN. BY: MAS	CHK. BY: KMM	DATE: 9/18/18
----------	--------------	--------------	---------------

EXHIBIT C

Easements Plat for Access Easements to Wet Weather Storage Facility (WWSF)

Under separate cover

**CERTIFICATE OF ACCEPTANCE
OF INTEREST IN REAL PROPERTY**

THIS IS TO CERTIFY that the interest in real property conveyed by the Grant of Easements and Easement Grants and Agreement for Wet Weather Storage Facility, dated November 1, 2018, from the **Granada Community Services District** to the **Sewer Authority Mid-Coastside**, a separate public agency created pursuant to the California Joint Exercise of Powers Act (Government Code Section 6500 et seq), is hereby accepted by the undersigned General Manager on behalf of the Sewer Authority Mid-Coastside, pursuant to the authority conferred by resolution of the Board of Directors of the Sewer Authority Mid-Coastside, adopted on _____, 2018.

ACCEPTED BY AND ON BEHALF OF THE SEWER AUTHORITY MID-COASTSIDE

By: _____
Beverli Marshall
General Manager

Dated: _____

State of California)
County of San Mateo)

On _____ before me, _____, Notary Public, personally appeared Beverli Marshall, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____(Seal)

RESOLUTION No. 2018-___

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE GRANADA COMMUNITY SERVICES DISTRICT
REGARDING ENVIRONMENTAL DOCUMENTATION SUPPORTING
GRANT OF EASEMENTS AND AGREEMENT ENABLING
SAM'S WET WEATHER STORAGE EXPANSION (PHASE 2)**

WHEREAS, pursuant to a SETTLEMENT AGREEMENT AND STIPULATION FOR ENTRY OF ADMINISTRATIVE CIVIL LIABILITY ORDER (R2-2018-1012) signed by the Executive Officer of the Regional Water Quality Control Board ("RWQCB") August 27, 2018, the Sewer Authority Mid-Coastside ("SAM") agreed to construct and operate an Enhanced Compliance Action ("ECA") to make capital improvements in the form of expansion of the existing underground wet weather wastewater storage facilities on Burnham Strip Property owned by the Granada Community Services District ("GCSD") from 200,000 gallons to 400,000 gallons; and

WHEREAS, in order to enable it to carry out the ECA, SAM needs a grant of easements from GCSD and GCSD has prepared a SUPERSEDING GRANT OF EASEMENTS AND AGREEMENT FOR WET WEATHER STORAGE FACILITY ("SUPERSEDING EASEMENT INSTRUMENT") for this purpose which has been agendized for consideration by GCSD's Board of Directors at GCSD's October 18, 2018 Board Meeting; and

WHEREAS, on August 13, 2018 SAM, as Lead Agency under CEQA for environmental review of the ECA, adopted Resolution No. 7-2018, choosing to adopt an Addendum to the Mitigated Negative Declaration SAM had adopted on March 23, 2009 for SAM's existing underground wet weather storage facilities ("WWSF") constructed in 2012 on GCSD's Burnham Strip Property; and

WHEREAS, on August 27, 2018 SAM approved the ECA (expansion of the existing Wet Weather Storage Facility – WWSF) and authorized proceeding to bid thereon with October 22, 2018 scheduled for SAM's Award of Contract; and

WHEREAS, GCSD qualifies as a Responsible Agency under CEQA as to the WWSF and with regard to the initial portion of the WWSF constructed in 2012 had adopted as a Responsible Agency on April 23, 2009 the attached RESOLUTION NO. 2009-008 a RESOLUTION OF THE BOARD OF DIRECTORS OF THE GRANADA SANITARY DISTRICT REGARDING MITIGATED NEGATIVE DECLARATION FOR PORTOLA STORAGE TANK PROJECT pursuant to which GCSD found that it had considered SAM's March 23, 2009 Mitigated Negative Declaration as adequate to support GCSD's acquisition of Burnham Strip Property, entry into an easement or lease agreement with SAM for use of such Property for the 2012 WWSF Project, and approval of its share of the Project Budget; and

WHEREAS, with regard to the ECA Project, SAM did not consult with or otherwise accord

Responsible Agency status to GCSD prior to adopting its Addendum to SAM's 2009 Mitigated Negative Declaration and as a result the potential impacts related to GCSD's previously communicated plans to utilize GCSD's Burnham Strip Property for park and recreation purposes were not addressed in the Addendum; and

WHEREAS, GCSD's proposed SUPERSEDING EASEMENT INSTRUMENT in order to enable SAM to carry out the ECA has been drafted so that it will preclude any impacts related to the WWSF from GCSD's utilization of its Burnham Strip Property (including the portion subject to the WWSF Easements) for park or recreation purposes; and

WHEREAS on October 18, 2018 the Board of Directors of the Granada Community Services District considered the Addendum, the 2009 MND and the contents of the SUPERSEDING EASEMENT INSTRUMENT which the Board may approve; and

WHEREAS, pursuant to CEQA and CEQA Guidelines, the Board of Directors of the Granada Community Services District finds on the basis of, and after review of, the whole record before it (including, but not limited to, the 2018 Addendum, the 2009 Mitigated Negative Declaration, and the SUPERSEDING EASEMENT INSTRUMENT, that there is no substantial evidence that the Project as mitigated will have a significant effect on the environment.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Granada Community Services District hereby makes the following findings:

1. All GCSD meetings on the Addendum and the 2009 MND were conducted in compliance with the law and all GCSD actions taken were in compliance with CEQA, the CEQA Guidelines and any and all other applicable requirements; and

2. All Interested Parties desiring to comment to GCSD on the MND were given the opportunity to submit oral and/or written comments on the adequacy of the Addendum, 2009 MND, and SUPERSEDING EASEMENT INSTRUMENT prior to this action by the Board of Directors of the Granada Community District; and

3. The Board of Directors of the Granada Community Services District was presented with and/or had the opportunity to review all of the information in the administrative record; and

4. The Board of Directors of the Granada Community Services District has considered the information contained in the Addendum and 2009 MND and the administrative record (including the Initial Study), as well as the evidence that the proposed SUPERSEDING GRANT OF EASEMENTS AND AGREEMENT FOR WET WEATHER STORAGE FACILITY has been drafted so that it will preclude any impacts related to the WWSF from GCSD's utilization of its Burnham Strip Property (including the portion subject to the WWSF Easements) for park or recreation purposes; and

5. Based on the entire record of this matter, there is no substantial evidence that the

SUPERSEDING EASEMENT INSTRUMENT (the portion of the ECA Project to be carried out by the Granada Community Services District) may have a significant effect on the environment; and

6. The documents constituting the record of proceedings upon which this decision is based are located in the Granada Community Services District Offices and are maintained by the General Manager of the Granada Community Services District.

NOW, THEREFORE BE IT FURTHER RESOLVED that the Board of Directors of the Granada Community Services District has duly and properly considered the 2018 Addendum, the 2009 Mitigated Negative Declaration, and the SUPERSEDING EASEMENT INSTRUMENT, and determined that under the circumstances the SUPERSEDING EASEMENT INSTRUMENT may be approved in compliance with CEQA.

PASSED AND ADOPTED by the Board of Directors of the Granada Community Services District, this 18th day of October, 2018, by the following vote:

- AYES:**
- NOES:**
- ABSENT:**
- ABSTAIN:**

Approved:

Leonard Woren, President

Countersigned:

Delia Comito, Secretary



GRANADA COMMUNITY SERVICES DISTRICT

Board of Directors

Jim Blanchard, President

Leonard Woren, Vice President

Matthew Clark, Director

Barbara Dye, Director

David Seaton, Director

Notice of Determination

To:

County Clerk
County of San Mateo
555 County Center, 1st Floor
Redwood City, CA 94063

Responsible Agency:

Granada Community Services Dist.
504 Avenue Alhambra, Third Floor
El Granada, CA 94018

Contact: Delia Comito, Assistant General Manager

Phone: (650) 726-7093

Email: dcomito@granada.ca.gov

Lead Agency:

Sewer Authority Mid-Coastside
1000 N. Cabrillo Hwy.
Half Moon Bay, CA 94019

Contact: Kishen Prathivadi

Phone: (650) 726-0124

Email: kishen@samcleanswater.org

SUBJECT: Filing of Notice of Determination in compliance with Section 21152 of the Public Resources Code.

State Clearinghouse N^o: N/A

Project Title: Sewer Authority Mid-Coastside Wet Weather Storage Facility Expansion Project

Project Applicant: Sewer Authority Mid-Coastside

Project Location: Burnham Strip (APN 047-262-010), between Highway 1 and Obispo Road, from Coronado Avenue to Capistrano Road, Approximately 400 feet west of the Obispo Road and Avenue Portola intersection.

Project Description:

Addition of 200,000 gallons of underground wastewater storage facilities on the Burnham Strip Property owned by the Granada Community Services District.

This is to advise that, on 10/18/2018, the Granada Community Services District ("GCSD"), as a Responsible Agency as defined by CEQA, has granted an Easement for the above-described Sewer Authority Mid-Coastside Wet Weather Storage Facility Expansion Project ("Project") on GCSD property located on the Burnham Strip. Prior to granting this Easement, GCSD made the following determinations and findings of fact regarding the above-described Project:

1. On August 13, 2018, the Sewer Authority Mid-Coastside, as Lead Agency for the Project, adopted an Addendum to a SAM Wet Weather Flow Management Project Mitigated Negative Declaration, adopted by the Sewer Authority Mid-Coastside on March 23, 2009 to install underground wet weather storage facilities on the Burnham Strip.
2. The Sewer Authority Mid-Coastside circulated its Addendum to the March 23, 2009 Mitigated Negative Declaration and related documents under the California Environmental Quality Act (CEQA) (Public Resources Code §§ 21000 et seq.), CEQA Guidelines (14 Cal. Code Regs. § 15000 *et seq.*).
3. Pursuant to the March 23, 2009 Mitigated Negative Declaration, mitigation measures were made a condition of approval of the Project.
4. The Sewer Authority Mid-Coastside made Findings under CEQA.
5. A statement of overriding considerations was not adopted for the Project.
6. GCS&D, on the basis, and after consideration and review, of the relevant record before it (including any relevant portions of the 2018 Addendum, the 2009 Mitigated Negative Declaration, the CEQA Findings, and all related documents), and based on the analysis and evidence detailed therein, prior to acting upon each and every approval made, or to be made, by GCS&D regarding the Project, finds that the approval of the above-described Easement for the Project, and implementation thereof, will result in less than significant impacts on the environment, and that no changes or additional mitigation is required pursuant to CEQA.

This is to certify that the 2018 Addendum and all related documents and record of Project approval are available to the general public at 504 Avenue Alhambra, Third Floor, El Granada, CA 94018.

Signature: _____
Delia Comito

Title: Assistant General Manager

Date: _____

ITEM #4



SEWER AUTHORITY MID-COASTSIDE

Board of Directors Meeting Agenda

Regular Board Meeting 7:00 PM, Monday, September 24, 2018

SAM Administration Building, 1000 N. Cabrillo Highway, Half Moon Bay, CA 94019

1. CALL TO ORDER

- A. Roll Call
- | | |
|-------------|------------------------------|
| Chair: | Jim Blanchard (GCSD) |
| Vice-Chair: | Dr. Deborah Penrose (HMB) |
| Secretary: | Kathryn Slater-Carter (MWSD) |
| Treasurer: | Deborah Ruddock (HMB) |
| Director: | Scott Boyd (MWSD) |
| Director: | Leonard Woren (GCSD) |

2. PUBLIC COMMENT / ORAL COMMUNICATION

3. CONVENE IN CLOSED SESSION (*Items discussed in Closed Session comply with the Ralph M. Brown Act.*)

A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Government Code Paragraph (1) of Subdivision (d) of Section 54956.9:
(Half Moon Bay v. Granada CSD, Montara WSD & Sewer Authority Mid-Coastside)

B. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Government Code Paragraph (1) of Subdivision (d) of Section 54956.9:
(Ecological Rights Foundation vs. Sewer Authority Mid-Coastside)

C. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Pursuant to Paragraph (2) or (3) of Subdivision (d) of Government Code Section 54956.9 (One potential case – circumstances need not be disclosed pursuant to paragraph (1) of subdivision (e) of Government Code Section 54956.9)

D. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Pursuant to Government Code 54957 – Title: General Manager

4. CONVENE IN OPEN SESSION (*Report Out on Closed Session Items*)

5. PUBLIC COMMENT / ORAL COMMUNICATION

6. CONSENT AGENDA (*Consent items are considered routine and will be approved / adopted by a single motion and vote unless a request for removal for discussion or explanation is received from the public or Board.*)

- A. Approve Minutes of September 10, 2018, Regular Board Meeting ([Attachment](#))
- B. Approve Disbursements for September 24, 2018 ([Attachment](#))
- C. Receive FY 2018/19 Expense and Revenue Report for Period Ending August 31, 2018 ([Attachment](#))

7. REGULAR BUSINESS *(The Board will discuss, seek public input, and possibly take action on the following items.)*

- A. Discuss Concerns Raised by the City’s Director of Public Works Regarding the Audited Financial Statements for FYE 6/30/17, Requests for the FYE 6/30/18 Audit Process, and Give Direction to Staff ([Attachment](#))
- B. Discuss Director Compensation for Each Day of Service and Direct Staff to Publish a Notice of Public Hearing to Adopt an Ordinance Setting Director Compensation ([Attachment](#))

8. GENERAL MANAGER’S REPORT

- A. Receive Manager’s Report for August 2018 ([Attachment](#))

9. ATTORNEY’S REPORT

10. DIRECTORS’ REPORT

11. TOPICS FOR FUTURE BOARD CONSIDERATION ([Attachment](#))

12. ADJOURNMENT

- Upcoming Regular Board Meetings: October 22 and November 26, 2018

The meeting will end by 9:00 p.m. unless extended by board vote.

INFORMATION FOR THE PUBLIC

This agenda contains a brief description of each item to be considered. Those wishing to address the Board on any matter not listed on the Agenda, but within the jurisdiction of the Board, may do so during the Public Comment section of the Agenda and will have a maximum of three minutes to discuss their item. Those wishing to speak on a matter listed on the Agenda will be called forward at the appropriate time.

Any writing that is a public record and relates to an agenda item for an open session of a regular meeting, that is distributed to the Board less than 72 hours prior to the meeting, is available for public inspection, during normal business hours, at the Authority’s office.

Board meetings are accessible to people with disabilities. Upon request, this agenda will be made available in appropriate alternative formats to persons with a disability. In compliance

MINUTES
SAM BOARD OF DIRECTORS MEETING
September 10, 2018

1. CALL TO ORDER

Chair Blanchard called the meeting to order at 7:02 p.m. at the SAM Administration Building, located at 1000 N. Cabrillo Highway, Half Moon Bay, CA 94019

A. Roll Call

Directors Ruddock, Slater-Carter, Woren, Blanchard, Penrose, and Boyd were present. Also present, General Manager Marshall.

2. PUBLIC COMMENT/ORAL COMMUNICATION

None

3. CONVENE IN CLOSED SESSION (*Items discussed in Closed Session comply with the Ralph M. Brown Act.*)

The Board went into closed session at 7:03 P.M.

A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Government Code Paragraph (1) of Subdivision (d) of Section 4956.9: (Half Moon Bay v. Granada CSD, Montara WSD & Sewer Authority Mid-Coastside)

B. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Government Code Paragraph (1) of Subdivision (d) of Section 54956.9: (Ecological Rights Foundation vs. Sewer Authority Mid-Coastside)

C. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Pursuant to Paragraph (2) or (3) of Subdivision (d) of Government Code Section 54956.9 (One potential case – circumstances need not be disclosed pursuant to paragraph (1) of subdivision (e) of Government Code Section (54956.9)

D. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Pursuant to Government Code 54957 – Title: General Manager

4. CONVENE IN OPEN SESSION (*Report Out on Closed Session Items*)

The Board reconvened into open session at 8:02 p.m. Chair Blanchard reported that there was no reportable action.

5. PUBLIC COMMENT/ORAL COMMUNITION

None

6. CONSENT AGENDA (*Consent items are considered routine and will be approved / adopted by a single motion and vote unless a request for removal for discussion or explanation is received from the public or Board.*)

The Board concurred that agenda items 6C, 6D, 6E, and 6F be pulled for further discussion.

A. Approve Minutes for August 27, 2018, Regular Board Meeting.

Director Penrose requested that, at some point, the SAM Board of Directors need to come up with a policy that states what should be in the minutes.

B. Approve Disbursements for September 10, 2018

G. Authorize General Manager to Attend, and be Reimbursed for Expenses Related to the CalPERA Annual Conference December 4 – 7, 2018, in Monterey, CA

Director Boyd moved and Director Woren seconded the motion to approve consent agenda items 6A., 6B., and 6G. as presented.

Boyd/Woren/8 Ayes/0 Noes. The motion passed.

C. Confirm Cancellation of the Regular SAM Board Meetings on October 8, November 26, and December 24, 2018 Due to Conflicts with Observed Holidays

General Manager Marshall reviewed the staff report and recommended that the Board confirm that the regular Board meetings for October 8, November 26, and December 24, 2018 be cancelled. A discussion ensued.

Following the discussion, Director Slater-Carter made a motion, and Director Woren seconded, to cancel the October 8, November 12, and December 24, 2018 Board meetings.

Slater-Carter/Woren/8 Ayes/0 Noes. The motion passed.

Director Slater-Carter requested a discussion on the Strategic Plan workshop in agenda item 8, the General Manager's Report.

- D. Authorize General Manager to Execute a Contract with Peninsula Pump & Equipment, Inc for Routine Pump Inspection and Repair Services in an Amount Not to Exceed \$50,000 for Fiscal Year 2018/19

General Manager Marshall discussed her request to execute a contract with Peninsula Pump & Equipment, Inc. for routine pump repair services in an amount not to exceed \$50,000 for Fiscal Year 2018/19.

Following a brief discussion, Director Boyd made a motion, and Director Slater-Carter seconded, to authorize the General Manager to execute a contract with Peninsula Pump & Equipment, Inc. for routine pump repair service in an amount not to exceed \$50,000 for fiscal year 2018/19. Director Ruddock stated that HMB would be voting for it under protest because it is related to the IPS.

Boyd/Slater-Carter, 8 Ayes (Directors Ruddock and Penrose under protest)/0 Noes. The motion passed.

- E. Authorize General Manager to Execute a Contract for Sewer Line Cleaning Services from Presidio Systems, Inc in an Amount Not to Exceed \$50,000 for Fiscal Year 2018/19

General Manager Marshall reviewed the staff report and recommended that the Board of Directors authorize the General Manager to execute a contract with Presidio Systems Inc. for cleaning sanitary sewer pipelines in an amount not to exceed \$50,000 for fiscal year 2018/19.

Following a brief discussion, Director Boyd made a motion, and Director Woren seconded, to authorize the General Manager to execute a contract with Presidio Systems, Inc. for cleaning sanitary sewer pipelines in an amount not to exceed \$50,000 for Fiscal Year 2018/19.

Boyd/Woren/8 Ayes/0 Noes. The motion passed.

- F. Authorize General Manager to Approve Purchases of Treatment-Related Chemicals from Univar USA Inc. through Bay Area Consortium in an Amount Not to Exceed \$100,000 for Fiscal Year 2018/19

Director Slater-Carter made a motion, and Director Penrose seconded, to authorize the General Manager to approve purchases of treatment related chemicals from Univar USA, Inc. through the Bay Area Chemical Consortium in an amount not to exceed \$100,000 for fiscal year 2018/19.

Slater-Carter/Penrose/8 Ayes/0 Noes. The motion passed.

7. REGULAR BUSINESS *(The Board will discuss, seek public input, and possibly take action to approve the following items.)*

- A. Review and Approve Proposed Utility Worker Job Description, Pay Range, and Amend the Bi-Weekly Wage Schedule for FY 2018/19

General Manager Marshall reviewed the staff report and recommended that the Board of Directors approve the Utility Worker job description and pay range as presented. She also recommended that the Board amend the bi-weekly wage schedule for Fiscal Year 2018/19 to reflect the new position.

Following the discussion, Director Slater-Carter made a motion, and Director Ruddock seconded, to approve the proposed utility worker job description, pay range, and amend the bi-weekly wage schedule for fiscal year 2018/19.

Slater-Carter/Ruddock/8 Ayes/0 Noes. The motion passed.

- B. Update on Repairs to Dedicated Water Line for Fire Protection

General Manager Marshall discussed the update for the 10-inch fire line that is located at 484 Pilarcitos Avenue. She informed the Board that a leak was reported on Sunday, August 12. It was located on the 10-ft. easement area between the two houses. She reported on the repairs made to the line and discussed the liability of continuing to use the existing line given the proximity to the two houses. A discussion ensued. Director Woren requested that staff investigate who originally paid for the installation of the line at its current location.

Following the discussion, the Board thanked General Manager Marshall for her update.

8. GENERAL MANAGER'S REPORT

General Manager Marshall informed the Board that, earlier in the day, the Board Operations Committee met to talk about the Strategic Plan Workshop and discuss how to go through the process for this current year. The Board agreed that it is imperative that the member agency managers participate and are looking at November 17th for the Strategic Plan Workshop to take place. General Manager Marshall will reach out to Martin Rauch, of Rauch Communications, to see if he is available to facilitate on that day.



SEWER AUTHORITY MID-COASTSIDE

Staff Report

TO: Honorable Board of Directors

FROM: Beverli A. Marshall, General Manager

SUBJECT: Discuss Concerns Raised by the City's Director of Public Works Regarding SAM Audited Financial Statements for FYE June 30, 2017, Requests for FYE June 30, 2018, Audit Process and Give Direction

Executive Summary

The purpose of this report is for the Board of Directors to discuss the e-mail from John Doughty, City of Half Moon Bay Director of Public Works, regarding his concerns about the financial statements for the fiscal year ending June 30, 2017, requests for changes to the upcoming audit process.

Fiscal Impact

There is no fiscal impact from this report.

Background and Discussion/Report

Attached is the e-mail (Attachment A) from John Doughty, Director of Public Works, outlining his concerns regarding the draft Sewer Authority Mid-Coastside Audited Financial Statements for Fiscal Year Ending 06/30/16. In the e-mail, Mr. Doughty implies that the other agency managers might have similar concerns. He also makes several requests regarding SAM's accounting practices and staff positions.

Mr. Doughty comments that SAM has not addressed the Auditor's concerns from FYE 6/30/16. I have attached the Auditor's SAS letter for FYE 6/30/16, which includes the Manager's responses (Attachment B). Of the five issues identified, three (2016-02, 2016-03, and 2016-05) depend upon additional funding from the member agencies. As you may recall from the budget discussions, Mr. Doughty and the City of Half Moon Bay

BOARD MEMBERS:	J. Blanchard	S. Boyd	D. Penrose
	D. Ruddock	K. Slater-Carter	L. Woren
ALTERNATE MEMBERS:	M. Clark	B. Dye	A. Eisen
	J. Harvey	B. Huber	H. Rarback

were not in favor of increasing the budget to fund SAM reserves. SAM implemented the IncodeX software as proposed and has security settings to prevent inappropriate use. As for the policy review and update, it takes staff time to review and prepare new policies. Unfortunately, adequate staff time is one of the deficiencies identified by the Auditor. Neither GCSD nor MWSD managers support increasing SAM's budget for additional administrative support.

In response to discussions with the Auditor for the FYE 6/30/17 statements and the recent vacancy in the Supervisor of Administrative Services position, staff contacted several accounting firms to determine: 1) are there local firms with experience providing accounting services to public agencies; 2) availability to provide accounting services on a monthly basis; and 3) what is the cost for these services. Only one agency, Maze & Associates, was qualified, available, and willing to provide these services on a regular basis (Attachment C). Based on the cost of the services, it was my intent to discuss this with the SAM Board prior to filling the vacant Supervisor position.

The draft SAS letter for FYE 6/30/17 reiterates the issues identified in the previous year's audit, and includes the Manager's draft responses (Attachment D). As previously identified by staff and the MRG staff analysis from 2017 (Attachments E and F), even with efficiencies from the new accounting software, SAM does not have sufficient staffing levels in various areas, including Administrative Services.

Attached is the engagement letter from Cropper Accountancy for the FYE 6/30/18 audit (Attachment G). John Cropper, from Cropper Accountancy, will be available by phone to answer questions.

Staff Recommendation

Staff recommends that the Board of Directors discuss the e-mail and give direction to staff regarding next steps.

Supporting Documents

- Attachment A: E-mail from John Doughty, dated September 19, 2018
- Attachment B: Auditor's Comments for FYE 6/30/16 with Management's Responses
- Attachment C: Proposal for Accounting Services from Maze & Associates dated August 20, 2018
- Attachment D: Draft Response to Auditor's Comments for FYE 6/30/17
- Attachment E: Agenda Item 8A from February 22, 2016 SAM Board meeting

BOARD MEMBERS:	J. Blanchard	S. Boyd	D. Penrose
	D. Ruddock	K. Slater-Carter	L. Woren
ALTERNATE MEMBERS:	M. Clark	B. Dye	A. Eisen
	J. Harvey	B. Huber	H. Rarback

From: John Doughty
To: [Beverli Marshall](#)
Cc: [Chuck Duffy](#); [Clemens](#); [David Boesch](#)
Date: Wednesday, September 19, 2018 9:26:26 AM

Beverli:

The City of Half Moon Bay has reviewed the most recent FY 2016-17 Financial Statement and Management Letter and would like to express concerns regarding SAM's financial position, internal control deficiencies and lack of adequate financial policies. Our concerns are amplified by the fact that some of the issues listed in the current Management Letter were identified during the prior year's audit process. Not only were the prior issues not resolved, the number and magnitude of deficiencies noted in the FY 2016-17 Letter increased with the current audit. Also, given the fact that this audit process is now one full year late, we can only assume that the Net Position Deficit reported in the statement has likely increased in the FY 2017-18, and all listed deficiencies probably remain unresolved as of today.

This situation creates a series of issues for member agencies, as we cannot adequately record the "investment in SAM" figures in our financial statements, which can lead to a potential misstatement of each agency's financial position and cause challenges in short and long-term financial planning. We strongly advise SAM to get a handle on the matters by contracting with an outside independent CPA or public agency audit firm to provide financial expertise and staffing to identify any software implementation issues (that should be addressed through a separate consulting work), clean up the books and address all audit finding, develop financial policies compliant with GASB requirements and best practices, and assist with completion of the FY 2017-18 year-end and financial audit as soon as possible. Given the extent and nature of the internal control deficiencies, the City would also recommend increasing the scope of the FY 2017-18 audit work to look more closely into internal control issues for potential fraud and/or misuse of public funds.

Additionally, I recently visited the SAM website and was disappointed to find that you are currently recruiting for the position Kathy Matthews recently vacated. I have discussed with David Boesch and we both feel that this recruitment is far too premature given the many issues that need to be resolved. We strongly urge you to:

1. Put an immediate hold on the hiring process; and
2. Commence securing contract accounting services (optimally from a CPA firm with public audit experience) to address current/interim finance and accounting needs (including implementation of Tyler accounting software).

To reiterate, at this point, it would not be prudent to make any major policy decisions including adding new or additional administrative staff until all the numerous audit issues are resolved and the recommendations above are implemented or addressed. It is our belief that contract services will allow you (SAM) the greatest opportunity for timely resolution of accounting issues, preparation of processes and procedures (as needed) and addressing other

audit identified issues. We also believe that proceeding with hiring of a staff person at this time will not be fair to that individual, will not result in the best possible candidate pool or serve the best interest of SAM and its member agencies. While we recognize authority lies with you, the General manager to hire and manage staff, we believe that the fiduciary responsibilities of the Board and your accountability to the rate payers of the member agencies, outweigh any benefit derived from hiring a new administrative staff person at present.

The City staff has not had the opportunity to discuss this issue with the General Managers of Granada or Montara. As such, we have copied each on this email as a means of informing them and soliciting their input.

We would be happy to discuss at your convenience.

John

John T. Doughty
Director of Public Works
Office: 650-726-8252
Mobile: 831-247-1088
Email: jdoughty@hmbcity.com

-
"There is only one way to avoid criticism: do nothing, say nothing and be nothing"
Aristotle



City of Half Moon Bay
501 Main Street
Half Moon Bay, CA 94019
www.hmbcity.com

Attachment A

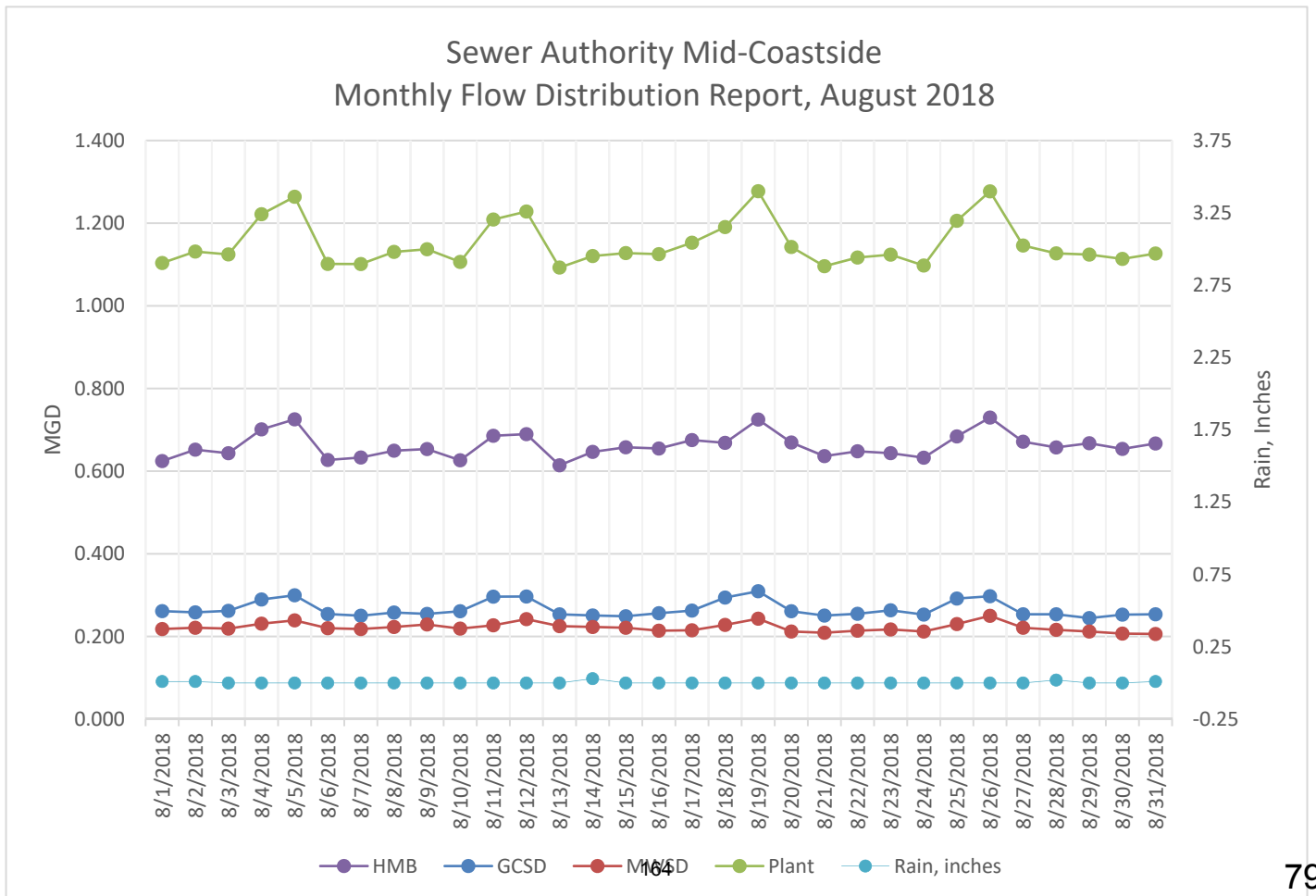
Flow Distribution Report Summary for August 2018

The daily flow report figures for the month of August 2018
have been converted to an Average

Daily Flow (ADF) for each Member Agency.
The results are attached for your review.

The summary of the ADF information is as follows:

	<u>MGD</u>	<u>%</u>
The City of Half Moon Bay	0.662	57.6%
Granada Community Services District	0.266	23.1%
Montara Water and Sanitary District	<u>0.222</u>	<u>19.3%</u>
Total	1.150	100.0%



Sewer Authority Mid-Coastside

Monthly Collection System Activity/SSO Distribution Report, August 2018

August 2018

	Total	Number of S.S.O's			
		HMB	GCSO	MWSD	SAM
Roots	0	0	0	0	0
Grease	0	0	0	0	0
Mechanical	0	0	0	0	0
Wet Weather	0	0	0	0	0
Other	0	0	0	0	0
Total	0	0	0	0	0

12 Month Moving Total

	Total	12 month rolling Number			
		HMB	GCSO	MWSD	SAM
Roots	0	0	0	0	0
Grease	1	1	0	0	0
Mechanical	1	1	0	0	0
Wet Weather	0	0	0	0	0
Other	3	1	1	1	0
Total	5	3	1	1	0
		60%	20%	20%	0%

Reportable SSOs

	Total	Reportable Number of S.S.O.'s			
		HMB	GCSO	MWSD	SAM
August 2018	0	0	0	0	0
12 Month Moving Total	5	3	1	1	0

SSOs / Year / 100 Miles

	Total	Number of S.S.O.'s /Year/100 Miles			
		HMB	GCSO	MWSD	SAM
August 2018	0.0	0.0	0.0	0.0	0.0
12 Month Moving Total	4.8	8.1	3.0	3.7	0.0
Category 1	1.9	5.4	0.0	0.0	0.0
Category 2	0.0	0.0	0.0	0.0	0.0
Category 3	2.9	2.7	3.0	3.7	0.0
Miles of Sewers	104.5	37.0	33.2	27.0	7.3
		35.4%	31.8%	25.8%	7.0%

12 Month Rolling Total Sewer Cleaning Summary

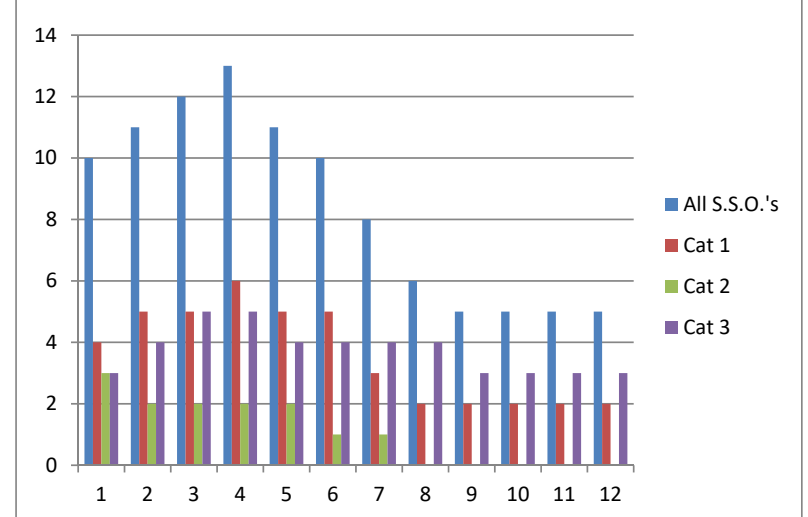
Month	HMB	GCSO	MWSD	Total Feet	Total Miles
Sep - 17	18,710	17,419	11,347	47,476	9.0
Oct - 17	19,336	11,871	14,696	45,903	8.7
Nov - 17	17,854	23,041	9,978	50,873	9.6
Dec - 17	31,661	14,103	9,810	55,574	10.5
Jan - 18	26,653	13,069	11,444	51,166	9.7
Feb - 18	10,011	6,913	11,998	28,922	5.5
Mar - 18	15,529	10,672	9,585	35,786	6.8
Apr - 18	13,294	11,588	11,614	36,496	6.9
May - 18	12,081	12,563	10,730	35,374	6.7
June - 18	17,720	17,272	9,086	44,078	8.3
July - 18	29,678	19,093	9,715	58,486	11.1
Aug - 18	22,610	22,232	16,155	60,997	11.6

Annual ft	235,137	179,836	136,158	551,131	
-----------	---------	---------	---------	---------	--

Annual Mi.	44.5	34.1	25.8		104.4
------------	------	------	------	--	-------

Attachment C

12 Month Moving SSO Totals Through August 2018



Sewer Authority Mid-Coastside
 1000 Cabrillo Hwy N.
 Half Moon Bay, CA 94019
 (650) 726-0124
 www.samcleanswater.org



A Joint Powers Authority
 Serving:
 City of Half Moon Bay
 Granada Community Services District
 Montara Water and Sanitary District

**COLLECTION SYSTEM SERVICES
 MONTHLY ACTIVITY REPORT: AUGUST 2018**

As required in the Agreement for Maintenance and Operation Services between the Sewer Authority Mid-Coastside and Granada Community Services District, the following information is provided for the month of AUGUST 2018

Basic Services

Feet of Sewer Line Cleaned:	<u>20,160 ft</u>	Manholes Inspected:	120
Feet of Hot Spot Sections Cleaned:	<u>2,072 ft</u>	Areas Unable to be Cleaned:	0
Sanitary Sewer Overflows:	<u>0</u>	Customer Service Call Responses:	<u>1</u>
Sewer Line/Manhole Failures:	<u>0</u>	Non-Emergency Repairs:	<u>0</u>
Emergency Repairs Completed:	<u>0</u>	Amount Spent on Repairs Completed:	<u>0</u>

Extended Services

Mechanic Hours:	<u>8.76</u>	Work Orders Completed:	<u>23</u>
Work Orders Incomplete:	<u>0</u>	Work Orders Total:	<u>23</u>
Annual Mechanic Hours to Date:	38.31	Annual Lift Station Hours to Date	38.31

Administrative Services

Claims Reported to Insurance:	<u>0</u>	USA Markings Completed:	52
F.O.G. Inspections Completed:	<u>0</u>	F.O.G. Inspections Passed:	0
F.O.G. Inspections Failed:	<u>0</u>	Permit Inspections:	0

Attachments

- Annual Feet of Sewer Line Cleaning by Month-Enclosed
- Annual Feet of Hot Spot Cleaning by Month-Enclosed
- List of Sewer Line Repairs Requested and Status-None
- Sanitary Sewer Overflow Reports-None
- Customer Service Call Responses and Resolution-Enclosed
- Hours by Lift Station-Enclosed
- List of Lift Station Repairs Requested and Status-None
- Quarterly Inventory Report-None

ITEM #5



GRANADA COMMUNITY SERVICES DISTRICT

MINUTES BOARD OF DIRECTORS SPECIAL AND REGULAR MEETINGS

September 20, 2018

CALL SPECIAL MEETING TO ORDER

The special meeting was called to order at 6:30 p.m.

ROLL CALL

President Leonard Woren, Vice President Barbara Dye, Director Jim Blanchard, and Director David Seaton. Director Matthew Clark was absent.

Staff: General Manager Chuck Duffy, Assistant General Manager Delia Comito, and District Counsel William Parkin.

GENERAL PUBLIC PARTICIPATION

ADJOURN TO CLOSED SESSION

1. Conference with Legal Counsel – Existing Litigation (Gov. Code Section §54956.9(d)(1)).

City of Half Moon Bay v. Granada Community Services District and Montara Water and Sanitary District (RPI, Sewer Authority Mid-Coastside) - Santa Clara County Superior Court, Case No. 17CV316927.

2. Conference Involving A Joint Powers Agency – Sewer Authority Mid-Coastside (Government Code Section 54956.96):

**CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Pursuant to Paragraph (2) or (3) of Subdivision (d) of Government Code
Section 54956.9 (Two potential cases – circumstances need not be
disclosed pursuant to paragraph (1) of subdivision (e) of Government Code
Section 54956.9)**

Granada Community Services District representatives on SAM joint powers agency board: Jim Blanchard, Chair, and Leonard Woren, Director.

RECONVENE TO OPEN SESSION

There was no reportable action taken in Closed Session.

ADJOURN SPECIAL MEETING

CALL REGULAR MEETING TO ORDER AT 7:43 p.m.

ROLL CALL

GENERAL PUBLIC PARTICIPATION

Ms. Comito announced that there was a vacancy on the Parks Advisory Committee.

ACTION AGENDA

1. PUBLIC HEARING: Consideration to Adopt Ordinance to Increase Compensation to Board Members for Attendance at the Meetings of the Board of Directors.

Mr. Duffy stated that the item was requested by Director Woren, as the District's director's compensation of \$145 per meeting had not been increased since 2002. District Counsel's memo stated that the amount could be increased up to \$261 per meeting. Director Woren said that he was hoping to enable more interested persons to serve on the board by having a reasonable compensation rate. Directors Dye and Seaton were generally opposed to any increase.

President Woren opened the public hearing. No comments from the public were received. President Woren closed the public hearing.

ACTION: Director Blanchard moved to table the item until a date uncertain. (Blanchard/Dye). Approved 4-0.

2. Consideration of Parks Advisory Committee Recommended Parks and Recreation Priority Needs List for FY 2018/19.

Ms. Comito explained that the PAC had updated their recommended priority needs list at their September 11, 2018 meeting, and was being presented now for Board approval. PAC Chair Pat Tierney said that completed tasks were removed, new ones added, and all were re-prioritized. The Board held a discussion as follows:

- Counsel recommended removing "Priority #11-Work with San Mateo County to prepare a Tree Policy for the Medians". The medians are still the responsibility of the County.
- Director Woren requested that staff write a letter to SAM regarding use of the old boiler room at the Portola pump station for a public restroom.
- Director Dye asked for a parks budget accounting, which the General Manager will present at a future meeting.
- Director Seaton would like to discuss the timing of Items 9-12 and raised a question regarding the status of the County pump track plan at Quarry Park. Resident Dave Olsen stated that the Quarry Park plan was on hold.
- Resident Fran Pollard suggested looking at additional district staff for parks.
- Director Seaton suggested looking at Section 1720.4 of the Labor Code regarding volunteers.
- El Granada resident Debra Gerardi offered her services to facilitate meetings and to volunteer to help in anyway.

The Board asked PAC to add a cost estimate for each item, including estimated staffing, and list each item as a short-term or long-term priority, and to bring it back to the Board.

3. Consideration of District Newsletter.

Mr. Duffy reported that PAC had provided the newsletter included in the packet. The Board thanked PAC Member Nancy Marsh for drafting the newsletter, and for providing the summary of the Burnham Strip event results.

4. Consideration of District’s Sewer Authority Mid-Coastside Report.

Directors Blanchard and Woren reported on the September 10 SAM meeting. There was a long and detailed discussion at the SAM meeting concerning the substantially late FYE June 30, 2017 SAM audit, which was technically due by June 30, 2018. SAM staff and the auditor reported that they had multiple issues regarding internal bookkeeping and financial procedures which delayed approval of the audit, which also affects the timing of SAM member agency audits. The audit was not approved by the SAM Board. Also discussed was the easement issue with the SAM Wet Weather Flow management Project.

CONSENT AGENDA

- 5. Approval of August 16, 2018 Meeting Minutes.**
- 6. Approval of August 30, 2018 Meeting Minutes.**
- 7. Approval of September 2018 Warrants.**
- 8. Approval of July 2018 Financial Statements.**
- 9. Approval of Assessment District Distribution #3-18/19.**

ACTION: Director Blanchard moved to approved the Consent Agenda. (Blanchard/Dye). Approved 4-0.

COMMITTEE REPORTS

- 10. Report on seminars, conferences, or committee meetings.**
- 11. Report on Parks Advisory Committee.**

INFORMATION CALENDAR

- 12. Attorney’s Report. (Parkin)**
- 13. General Manager’s Report. (Duffy)**
- 14. Administrative Staff Report. (Comito)**
- 15. Engineer’s Report. (Kennedy Jenks)**
- 16. Future Agenda Items.**

ADJOURN REGULAR MEETING

The regular meeting was adjourned at 9:20 p.m.

SUBMITTED BY:

ATTEST:

Delia Comito, Secretary

Chuck Duffy, General Manager

Date Approved by Board: October 18, 2018

ITEM #6

Granada Community Services District
October 2018 Warrants
For the October 18, 2018 Board of Director's Meeting

Date	Num	Name	Memo	Account	Amount
09/19/18	7033	Sewer Authority Mid-Coastside	Aug 2018 Collections	5020 · SAM-Collections	24,424.95
10/18/18	7034	Alhambra & Sierra Springs	Aug 2018	6140 · Office Supplies	23.62
10/18/18	7035	AT&T	Sep 2018 Pump Stn Alarm .	6170 · Utilities	71.00
10/18/18	7036	Barbara Dye	09/20/18 GCSD, 09/28/18 Comm	6040 · Directors' Compensation	219.50
10/18/18	7037	Comcast	10/13/18-11/12/18 Svcs	6170 · Utilities	221.09
10/18/18	7038	David Seaton	09/20/18 GCSD	6040 · Directors' Compensation	145.00
10/18/18	7039	Dudek	Sept 2018 Prof Svcs	6151 · General Manager	10,150.00
10/18/18	7040	Express Plumbing	Medio Creek Maint & Monitoring - Oct	1617-1 · Medio Creek Xing/Mirada Sewer	975.00
10/18/18	7041	Gaetani Real Estate	Office Lease-Nov 2018	6120 · Office Lease	4,450.00
10/18/18	7042	Half Moon Bay Review	Legal Pub-Dir Comp/PAC Vac Ad/Ann Renewal	6160 · Publications & Notices	516.60
10/18/18	7043	Hue & Cry, Inc.	Alarm: Ofc Oct-Dec 2018, Pump Stn-Oct 2018	6170 · Utilities	121.90
10/18/18	7044	Jim Blanchard	09/20/18 GCSD, 09/10/18 & 09/24/18 SAM	6040 · Directors' Compensation	235.00
10/18/18	7045	Kennedy Jenks	Aug 2018 Svcs	6071 · Engineering	15,668.83
10/18/18	7046	Leonard Woren	09/20/18 GCSD, 09/10/18 & 09/24/18 SAM, 09/28/18 Comm	6040 · Directors' Compensation, Reimb	309.50
10/18/18	7047	Pacifica Community TV	09/20/18 GCSD	6180 · Video Taping	250.00
10/18/18	7048	PG&E	Pump Stn Invoice dtd 09/17/18	6170 · Utilities	253.59
10/18/18	7049	PG&E-2	Mirada Rd Inv dtd 09/05/18	6170 · Utilities	21.94
10/18/18	7050	PGE	Office Inv dtd 09/24/18	6170 · Utilities	220.20
10/18/18	7051	Rodolfo Romero	Oct 2018 Cleaning 2x	6130 · Office Maint & Repairs	140.00
10/18/18	7052	Sautter Graphics	Burnham Strip Sign	5130 · Parks & Rec Professional Svcs	222.58
10/18/18	7053	Sewer Authority Mid-Coastside	Oct 2018 Gen, Sep 2018 Coll Assessments	5020 · SAM-Admin/Treat/Env/Inf/Coll	146,140.47
10/18/18	7054	Somach Simmons & Dunn	Aug 2018 Legal Fees-Enforcement Action	6091 · Legal	751.50
10/18/18	7055	US Bank Equipment Finance	09/24/18-10/24/18	6020 · Copier Lease	457.68
10/18/18	7056	Verizon Wireless	Sep 2018	6170 · Utilities	103.13
10/18/18	7057	Wells Fargo Credit Card	Aug 2018 Credit Card Charges	6140 · Office Supplies	836.58
10/18/18	7058	White Nelson Diehl Evans	Sep 2018	6152 · Accounting	2,500.00
10/18/18	7059	Wittwer & Parkin	Sep 2018 Svcs	6090 · Legal- Gen, IPS, Parks	24,158.97
TOTAL:					233,588.63

ITEM #7

Granada Community Services District
Statement of Net Position (Unaudited)

As of August 31, 2018

ASSETS

Current Assets	
1000 · Wells Fargo Checking - Gen Op	\$ (869)
1010 · Wells Fargo Checking - Deposit	7,111
1020 · Petty Cash	490
1030 · Cash - LAIF	4,163,208
1100 · Accounts Receivable	17,540
Total Current Assets	4,187,480
Fixed Assets	
1600 · Land	1,063,640
1610 · Construction in Progress	800,813
1615 · Equipment	22,153
1620 · Collections System	10,350,890
1630 · Accumulated Depreciation	(6,168,876)
Total Fixed Assets	6,068,620
Other Assets	
1700 · Advance to MWSD	1,085,094
1710 · Allowance - for Advance to MWSD	(1,085,094)
1720 · Advance to AD- Bond Reserve	369,890
1730 · Advance to AD- NCA Fund	470,866
1735 · Advance to AD- Assesmnt Revenue	283,542
1740 · Security Deposit Office Lease	3,000
1750 · Investment in SAM	3,767,869
1760 · Deferred Outflows of Resources	101,671
Total Other Assets	4,996,838
Total Assets	15,252,938

LIABILITIES

Current Liabilities	
2000 · Accounts Payable	89,821
2000 · Accrued Vacation	5,571
2020 · Class 3 Deposits	17,196
2100 · Payroll Liabilities	1,492
2225 · Recology-Del Garbage	1,869
2300 · Due to AD	58,371
2310 · Relief Refund Advance	350
Total Current Liabilities	174,670
Long Term Liabilities	
2401 · Net Pension Liability	170,410
2402 · Deferred Inflows of Resources	20,515
Total Long Term Liabilities	190,925
Total Liabilities	365,595

NET POSITION

3000 · Net Assets	5,724,150
3005 · Contributed Capital	9,595,349
Net Income	(435,206)
Total Net Position	\$ 14,884,293

**Granada Community Services District
Revenue & Expenses (Unaudited)
July 1, 2018 through August 31, 2018**

	July 1 - Aug 31, 2018	Expected To Date	Variance Favorable/ (Unfavorable)	FY 2018/2019 Budget
Revenues				
Operating Revenue				
4010 · Property Tax Allocation	522	33,333	(32,811)	200,000
4015 · Park Tax Allocation	1,060	66,667	(65,607)	400,000
4020 · Sewer Service Charges-SMC	813	245,167	(244,354)	1,471,000
4030 · AD OH Reimbursement	5,172	5,000	172	30,000
4040 · Recology Franchise Fee	5,916	5,333	583	32,000
Total Operating Revenue	13,483	355,500	(342,017)	2,133,000
Non Operating Revenue				
4120 · Interest on Reserves	-	7,733	(7,733)	46,400
4130 · Connection Fees	23,500	7,833	15,667	47,000
4150 · Repayment of Adv to AD-NCA	-	13,201	(13,201)	79,204
4155 · Repayment of Adv to AD-ARF	-	7,966	(7,966)	47,796
4160 · SAM Refund from Prior Yr	-	833	(833)	5,000
4170 · ERAF Refund	-	41,667	(41,667)	250,000
4180 · Misc Income	1,600	333	1,267	2,000
Total Non Operating Revenue	25,100	79,566	(54,466)	477,400
Total Revenues	38,583	435,066	(396,483)	2,610,400
Gross Profit	38,583	435,066	(396,483)	2,610,400
Expenses				
Operations				
5010 · SAM - General	163,723	163,723	-	982,337
5020 · SAM - Collections	47,898	47,417	(481)	270,545
5050 · Mainline System Repairs	-	1,667	1,667	10,000
5060 · Lateral Repairs	3,800	3,333	(467)	20,000
5065 · CCTV	650	1,667	1,017	10,000
5070 · Pet Waste Station	211	167	(44)	1,000
5110 · RCD - Parks	-	833	833	5,000
5120 · Half Moon Bay Reimb - Parks	-	4,167	4,167	25,000
5130 · Parks & Rec Professional Services	6,405	3,333	(3,072)	20,000
Total Operations	222,687	224,641	1,954	1,323,882

No assurance is provided on these financial statements.

**Granada Community Services District
Revenue & Expenses (Unaudited)
July 1, 2018 through August 31, 2018**

	July 1 - Aug 31, 2018	Expected To Date	Variance Favorable/ (Unfavorable)	FY 2018/2019 Budget
Expenses (Continued)				
Administration				
6010 · Auditing	-	2,500	2,500	15,000
6020 · Copier lease	830	1,250	420	7,500
6040 · Directors' Compensation	2,445	1,833	(612)	11,000
6050 · Education & Travel Reimb	264	333	69	2,000
6060 · Employee Compensation	53,526	54,867	1,341	220,000
6070 · Engineering Services	-	3,333	3,333	20,000
6080 · Insurance	724	1,667	943	10,000
6090 · Legal Services	73,352	12,500	(60,852)	75,000
6095 · Legal Services for Case Related Legal	-	16,667	16,667	100,000
6100 · Memberships	736	1,500	764	9,000
6110 · Newsletter	-	1,000	1,000	6,000
6120 · Office Lease	8,900	9,000	100	54,000
6130 · Office Maintenance & Repairs	280	417	137	2,500
6140 · Office Supplies	801	1,000	199	6,000
6150 · Professional Services	25,215	15,833	(9,382)	95,000
6160 · Publications & Notices	468	1,667	1,199	10,000
6170 · Utilities	1,953	1,667	(286)	10,000
6180 · Video Taping	1,000	583	(417)	3,500
6190 · Computers	720	333	(387)	2,000
6220 · Miscellaneous	235	1,167	932	7,000
6230 · Bank Service Charges	1,014	-	(1,014)	-
Total Administration	<u>172,463</u>	<u>129,117</u>	<u>(43,346)</u>	<u>665,500</u>
Capital Projects				
1617-1 · Medio Creek Xing Crossing	(3,050)	58,333	61,383	350,000
7100 · SAM - Infrastructure	78,639	78,639	-	471,834
7500 · Projects - Parks	-	16,667	16,667	100,000
Total Capital Projects	<u>75,589</u>	<u>153,639</u>	<u>78,050</u>	<u>921,834</u>
Total Expenses	<u>470,739</u>	<u>507,397</u>	<u>36,658</u>	<u>2,911,216</u>
Net Income	<u>(432,156)</u>	<u>(72,331)</u>	<u>(359,825)</u>	<u>(300,816)</u>

No assurance is provided on these financial statements.

ITEM #8

DISTRIBUTION REQUEST NO.: #4-18/19
BOND ADMINISTRATION FUND
(Account Number: 94673305)

DISTRIBUTION TOTAL: \$8,106.15

\$6,100,000.00
GRANADA SANITARY DISTRICT
LIMITED OBLIGATION REFUNDING IMPROVEMENT BONDS 2003
Reassessment & Refunding Project

DISTRIBUTION REQUEST
For Payment of Bond Administration Costs

The undersigned Treasurer of the Granada Sanitary District (the "District") hereby requests of the Fiscal Agent for the District the payment of Bond Administration Costs for the items and in the manner and amount stated in the attached Schedule A, and in connection herewith hereby certifies that the payment requested is for the Administrative Costs, and that funds are available in the Bond Administration Fund (Account #94673305) to make such payment, and further states that all requirements for the payment of the amount to be disbursed pursuant hereto have been met.

October 18, 2018

Chuck Duffy, Finance Officer/Treasurer

SCHEDULE "A"

DISTRIBUTION REQUEST NO: #4-18/19

DATE: October 18, 2018
DISTRIBUTE FROM ACCOUNT #: 94673305
ACCOUNT NAME: Bond Administration Fund
DISTRIBUTION AMOUNT: \$ 8,106.15

PAYMENT INSTRUCTIONS: Issue checks and mail as listed below.

Payee	Mailing Address	Services Provided	Amount
Taussig & Assoc	5000 Birch St, #6000, Newport Bch, CA 92660	Admin Svcs: Aug 2018	\$ 865.15
US Bank	CM-9690 PO Box 70870, St Paul, MN 55170-9690	Fiscal Agent Fees	\$ 4,655.00
GCSD	P.O. Box 335, El Granada, CA 94018	GCSD OH Reim: Aug 2018	\$ 2,586.00
TOTAL:			\$ 8,106.15

ITEM #9

GRANADA COMMUNITY SERVICES DISTRICT

AGENDA NOTICE

There are no documents for this Agenda Item.

ITEM #10

GRANADA COMMUNITY SERVICES DISTRICT

AGENDA NOTICE

There are no documents for this Agenda Item.

ITEM #11

AGENDA NOTICE

There are no documents for this Agenda Item.

ITEM #12

AGENDA NOTICE

There are no documents for this Agenda Item.

ITEM #13

Administrative Staff Report

To: Board of Directors
 From: Delia Comito, Assistant General Manager
 Date: October 18, 2018

Report Period - September 15, 2018 – October 12, 2018

PUBLIC RECORDS REQUESTS – There were no public records requests received this period.

APPLICATIONS RECEIVED – One (1) application was received this period:

Rec'd	Cl	Owner or Agent	APN	Address	Sq. Ft.	Zone
07/30/18	1A	Wilkinson Philip	048-093-040	495 Mirada Rd, Miramar	3,697	R-1/S-17
07/30/18	1A	Stenger Sean	047-071-270	312 Sevilla Ave, EG	5,585	R-1/S-94
08/24/18	1A	Abolmoluki B	047-275-050	1120 Columbus, EG	6,026	R-1/S-17
09/04/18	1A	Reavill John	047-055-120	438 Sevilla, EG	5,000	R-1/S-17
09/12/18	1A	Wang Junhua	047-281-160	638 Coronado, EG	6,705	R-1/S-17
09/25/18	VAR	Xue/Li/Xu	047-111-270	736 San Carlos, EG	4,800	R-1/S-17

Note: Shaded areas were previously reported.

PERMITS ISSUED – Three (3) permits were issued this period:

Permit No.	Cl	Issue Date	Owner or Agent	APN	Address	Sq. Ft.	Zone	
3174	1A	07/13/18	Kybych Serhiy	048-013-600	124 Magellan	Miramar	7,792	R-1/S-94
3175	3	07/31/18	Kostiuk Michael	047-144-370	620 Portola Ave	EG	7,338	R-1/S-17
3176	1A	07/31/18	Kostiuk Michael	047-144-370	620 Portola Ave	EG	7,338	R-1/S-17
3177	1A	07/31/18	Wilkinson Phillip	048-093-040	495 Mirada Rd	Miramar	3,697	R-1/S-17
3178	1A	08/01/18	Stenger Sean	047-071-270	312 Sevilla Ave	EG	5,585	R-1/S-17
3179	3	08/13/18	Chirichillo	048-121-100	260 Medio Ave	HMB	5,000	R-1/S-94
3180	1A	08/14/18	Reavill John	047-055-120	438 Sevilla Ave	EG	5,000	R-1/S-17
3181	1A	09/25/18	Wang Junhua	047-281-160	638 Coronado St	EG	6,705	R-1/S-17
3183	1A	09/27/18	Abolmoluki B	047-275-050	1120 Columbus	EG	6,026	R-1/S-17
3184	2M	10/11/18	Coastside Fire	047-261-030	555 Obispo Rd	EG	2.38 ac	EG Gate

Note: Shaded areas were previously reported.

SEWER HOOK-UPS – There was one (1) sewer hook-up this period:

Hook-up Date	Type	Permit No.	Permit Issue Date	Owner	APN	Address
08/28/18	1A	3164	11/16/16	Michetti & Kessler	047-105-090	401 Paloma, EG
09/10/18	1A	3166	07/13/17	Lang Justin	047-105-240	755 San Carlos, EG
09/18/18	1A	3169	08/17/18	Cuvelier Jacqueline	047-175-250	265 El Granada Blvd, EG
10/10/18	1A	3168	08/14/17	Rogers Clay	047-141-240	243 Del Monte Rd, EG

Note: Shaded areas were previously reported.

REPAIRS – There were no repairs this period.

Repair Date	Type	Problem	Location or Address	Cause	Cost
08/18/18	Clean-out	Back-up	164 Ave Balboa	Roots/District Clean-out	3,800

Note: Shaded areas were previously reported

ITEM #14

10 October 2018

Memorandum

To: Granada Community Services District
From: John H. Rayner, District Engineer
Subject: Engineer's Report for October 2018

Medio Creek Crossing at Mirada Road

The leased temporary pumping system has been operating since January 2018. The temporary system will remain in operation until a permanent solution, either a creek crossing or a sewer to direct flows to the Naples Beach Pump Station is implemented.

Replacement of Pedestrian Bridge over Medio Creek

The County is planning to replace the existing pedestrian bridge over Medio Creek, which may offer GCSD an opportunity to suspend a replacement sewer under the new bridge. The County held interviews last week to select a design consultant for the new bridge. The selected consultant will be coordinating with GCSD re the sewer.

Naples Beach Project - Phase 2

This project will eliminate the need for a sewer crossing of Medio Creek but needs a sewer easement from State Parks. The District contracted with Valbridge Property Advisors, formerly Hulberg & Associates, to perform the appraisal. The Valbridge report, dated May 16, 2018, estimated the value of the permanent and temporary construction easements at \$6,000 and \$3,000 respectively. We forwarded the appraisal to Sheila Branon with State Parks Santa Cruz District. She advised us in August that GCSD's request for an easement had been forwarded to Sacramento and she expects their review to take several months.

Before finalizing the easements, the District will need to have a survey and legal description of the easements prepared and recorded.

Updating permits for the project could begin as soon as State Parks confirms it will grant the easement. The project would likely be combined with other needed CIP improvements. Once this project is completed the temporary bypass pumping system over Medio Creek would no longer be needed.

Big Wave (Class 3 Permit)

Earlier this month we reviewed the revised off site plans showing the proposed sewer main being in Airport Street, rather than in an off-road easement along the west side of Airport Street as previously shown. We received the plans on Aug 30th and emailed our review comments to

Memorandum

Granada Community Services District

10 October 2018

Page 2

GCSD on Oct 1st. The plans will need to be revised in accordance with our comments and resubmitted to GCSD. The District will also need to separately review the design of onsite sewers which must be designed and constructed in accordance with GCSD specifications although not dedicated to GCSD.

Updated 5-Year CIP

We are coordinating with GCSD staff re updating the 5-Year CIP and expect to have a recommendations within the next several months..

[Type here]