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Item 10b

## SAN MATEO COUNTY'S COTTAGE INDUSTRY OF SANITARY DISTRICTS

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### ISSUE

The 2015-2016 Grand Jury conducted an extensive investigation of a subset of the County's sewage collection agencies—six independent special districts—and determined that having many small agencies presents problems in the areas of public accountability, fiscal responsibility, and operational competence.

### EXECUTIVE SUMMARY

The Grand Jury sought to determine whether the multiplicity of agencies focused on sewage collection and treatment is efficient and beneficial for San Mateo County residents. Its conclusion is that it is emphatically not. San Mateo's cottage industry of sanitary districts fails in three important ways—public accountability, fiscal responsibility, and operational competence.

The Grand Jury had neither the resources nor the time to conduct an investigation of all 45 agencies involved in sewage collection and treatment in the County. Instead, it focused on the six independent districts, those with elected boards.

- Bayshore Sanitary District
- East Palo Alto Sanitary District
- Granada Community Services District
- Montara Water and Sanitary District
- Westborough Water District
- West Bay Sanitary District

The findings and recommendations are based on these six. The Grand Jury hopes that this research will encourage additional discussion and analysis within the County on the challenges identified. Many other County services that are provided to the residents are conducted by similar uncoordinated, fragmented entities, including water, drainage (for storm water), highway lighting, and fire and police services.

### Public Accountability

Although the board members of each of the six independent sanitary districts are theoretically accountable to the voters who elect them, in reality, the districts operate with virtually no public oversight and the "elections" are nominal at best. Information about the districts is incomplete, and the cost of service is obscured by the way it is calculated and billed. Their elected boards do little to enhance accountability due to the electoral benefit of incumbency. Most elections are not even contested. When they are, voter turnout is low. It is questionable whether most County residents are able to identify their sewer system provider.

## **Fiscal Responsibility**

The Grand Jury found no evidence of financial improprieties but many opportunities for overspending. Sewer rates are rising rapidly in most districts. Rates in San Mateo County are generally higher than other Bay Area urban areas. Five of the six districts investigated by the Grand Jury rely on property tax, although the intent of property tax is to provide funds for services that cannot be allocated to a specific user, such as fire or parks.

The districts studied by the Grand Jury receive funds for collection and treatment, but operationally they manage only sewage collection. A major portion of their budget is transferred to the treatment plants, over which they may have some influence but not control. There is much redundancy in having so many disparate districts—the Grand Jury identified overlap in board costs, audit, legal, and other functions.

## **Operational Competence**

Operational competence is difficult to judge. There is no “gold standard” of performance for sanitary districts. Countywide, the sanitary districts (whether County-operated, city-operated, or independent special districts) as a whole perform poorly on the primary performance metric (sewer overflows) compared to their urban neighbors.

More specifically, the six independent districts, which are the focus of this report, are so small that some have no employees at all, relying only on contractors. Many of the districts’ senior staff interviewed by the Grand Jury seemed to be unaware of the technologies that have emerged in the last 20 years to improve the reliability and safety of collection systems. Their systems are old, yet plans to maintain and upgrade them are lacking. As the region’s sewage management infrastructure ages, and capital investments become imperative, these districts put citizens at risk of sharply increasing rates. The districts seem to be ill prepared to handle large-scale emergencies impacting their systems, whether that is an earthquake, landslide, or flood. There was no evidence that the districts plan for emergencies more serious than a call from the public about odors or a sewer spill.

## **Recommendations**

The Grand Jury’s highest priority recommendations include:

- The Boards of Bayshore Sanitary District, East Palo Alto Sanitary District, Granada Community Services District, Montara Water & Sanitary District, West Bay Sanitary District, and Westborough Water District:
  - Form committees with neighboring cities and sanitary districts to develop plans for the consolidation and/or assumption of services provided by the district.
- Recognizing that this is likely to take some time, the Grand Jury recommends that in the meantime, the Boards of the six independent sanitary districts:
  - Improve information visibility on their websites. Implement and publish performance management metrics.

- Adjust rates over the next five years so that all costs are recovered from ratepayers, and the reliance on property tax is eliminated.
- Mail notices to ratepayers annually with an explanation of the amount of sewer service charges being billed and the rationale. Include a notification of the elected nature of the board, the role of board members, and the process for becoming a candidate.
- Establish term limits for the members of their boards of directors.
- Phase out all benefits for board directors over a period of time not to exceed three years.
- Evaluate the benefit of changing the timing of board director elections to November of even years.
- Develop plans for coordinating resources in the event of a local or regional emergency.
- San Mateo Local Area Formation Commission (LAFCo)
  - Initiate a service review of the Westborough Water District to examine whether its operations might be more efficient and effective if they were consolidated with another entity’s operations.

The Grand Jury would have liked to recommend actions to address the County’s bigger problem of lack of comprehensive oversight for its sewer collection and treatment systems. However, the very lack of oversight makes it impossible to make any such recommendations.

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## INTRODUCTION

This report addresses the proliferation of sewer providers in San Mateo County. It is organized into three main sections—background, discussion, and findings and recommendations. In addition, there are sections that cover the glossary of frequently used terms, describe the methodology, list the many source materials used by the Grand Jury (bibliography), and contain data referenced in the report (the appendices).

## GLOSSARY

- **Collection:** The gathering of sanitary waste from a point of connection to the point where it enters treatment.
- **Connection:** The point where private pipes carrying sanitary waste merge into the public system of pipelines.
- **Effective Utility Management.** A process for water and wastewater utilities to identify and address management needs. It includes metrics within 10 categories such as product quality, customer satisfaction, financial viability, and operational resiliency. The United States Environmental Protection Agency and six associations representing the United States water and wastewater sectors developed it.<sup>1</sup>
- **Forced Main:** Pipes through which sanitary waste is pumped. They are typically required in hilly areas where sewage must be pumped uphill.
- **Gravity Pipe:** Pipes in which sanitary waste flows by gravity.
- **Lateral Pipe:** The pipe from a sanitary waste generator (such as a single family residence) to a public connection.
- **Linear Asset Management Plan:** A dynamic planning tool that uses a numerical risk model to assign a risk score to every pipe segment. The plan is used to prioritize maintenance and refurbishment activities.<sup>2</sup>
- **Sanitary Sewer Charge:** The cost to ratepayers for the collection and treatment of the sewage they generate.
- **Sanitary Sewer Overflow (SSO):** A condition in which untreated sewage is discharged from a sanitary sewer into the environment prior to reaching sewage treatment facilities.<sup>3</sup>
- **Supervisory Control and Data Acquisition (SCADA):** A system for remote monitoring and control that operates with coded signals over communication channels.<sup>4</sup>
- **Treatment:** The processing of sanitary waste, separating solids from water.

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<sup>1</sup> The six associations are: the American Public Works Association, the American Water Works Association, the Association of Metropolitan Water Agencies, the National Association of Clean Water Agencies, the National Association of Water Companies, and the Water Environment Federation. WaterEUM, *About the Effective Utility Management Collaborative Effort*. <http://www.watereum.org>.

<sup>2</sup> V. W. Housen, *Linear Asset Management Plan, West Bay Sanitary District*, February 2016, p. 1-1.

<sup>3</sup> [https://en.wikipedia.org/wiki/Sanitary\\_sewer\\_overflow](https://en.wikipedia.org/wiki/Sanitary_sewer_overflow).

<sup>4</sup> Wikipedia entry for *SCADA*, <https://en.wikipedia.org/wiki/SCADA>.



## Specific Agencies

- California Association of Sanitation Agencies (CASA)
- California Special Districts Association (CSDA)
- California Water Environment Association (CWEA)
- Local Agency Formation Commission (LAFCo)

## BACKGROUND

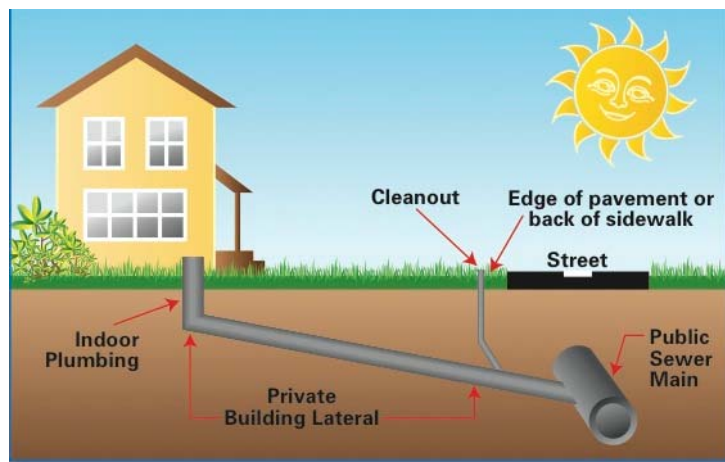
### The Basics of Wastewater and Sewage

Wastewater is water whose quality has been adversely affected by human activity.<sup>5</sup> Wastewater can originate from homes, industries, commercial activity, agriculture, surface runoff, storm water, or infiltration of fresh water into sewage systems.

The wastewater that originates from homes and businesses is commonly called sewage and is carried in sanitary sewer pipes. Sewage is collected from its source and then travels to a treatment plant. This distinction between **collection** and **treatment** is important for understanding the activities of sanitary districts.

Along the way, sewage first passes through indoor plumbing, before it flows into private building laterals as shown in Figure 1. In most cases, there is a cleanout close to the property line. This cleanout typically represents the border between what the homeowner (for example) is responsible for and where the sewage enters the public sewer main.

**Figure 1: Sewage Treatment Laterals and Mains**



Source: City of Eureka, *Wastewater Collection*, Accessed May 6, 2016. <http://ci.eureka.ca.gov/depts/pw/wastewater/default.asp>.

<sup>5</sup> Wikipedia entry for *wastewater*. <https://en.wikipedia.org/wiki/Wastewater>.

Sewage flows through sewer mains (often called pipes or pipelines) by gravity or pumping. Gravity does not work if the sewage must flow uphill to reach the treatment plant. In these cases, pumps are required, along with forced mains, which are pipes that are under pressure because their contents are moving uphill. Because the primary job of sanitary districts is pipe maintenance, this report will often speak of the length of pipe, which will mean both gravity and forced mains unless specified otherwise.

Eventually the sewage reaches a treatment plant. Along the way, the sewer mains pick up wastewater from other homes, businesses, and factories. This report will use the term *sewage* to refer to the primary wastewater streams produced in San Mateo County.

### **Sewage Management: San Mateo County**

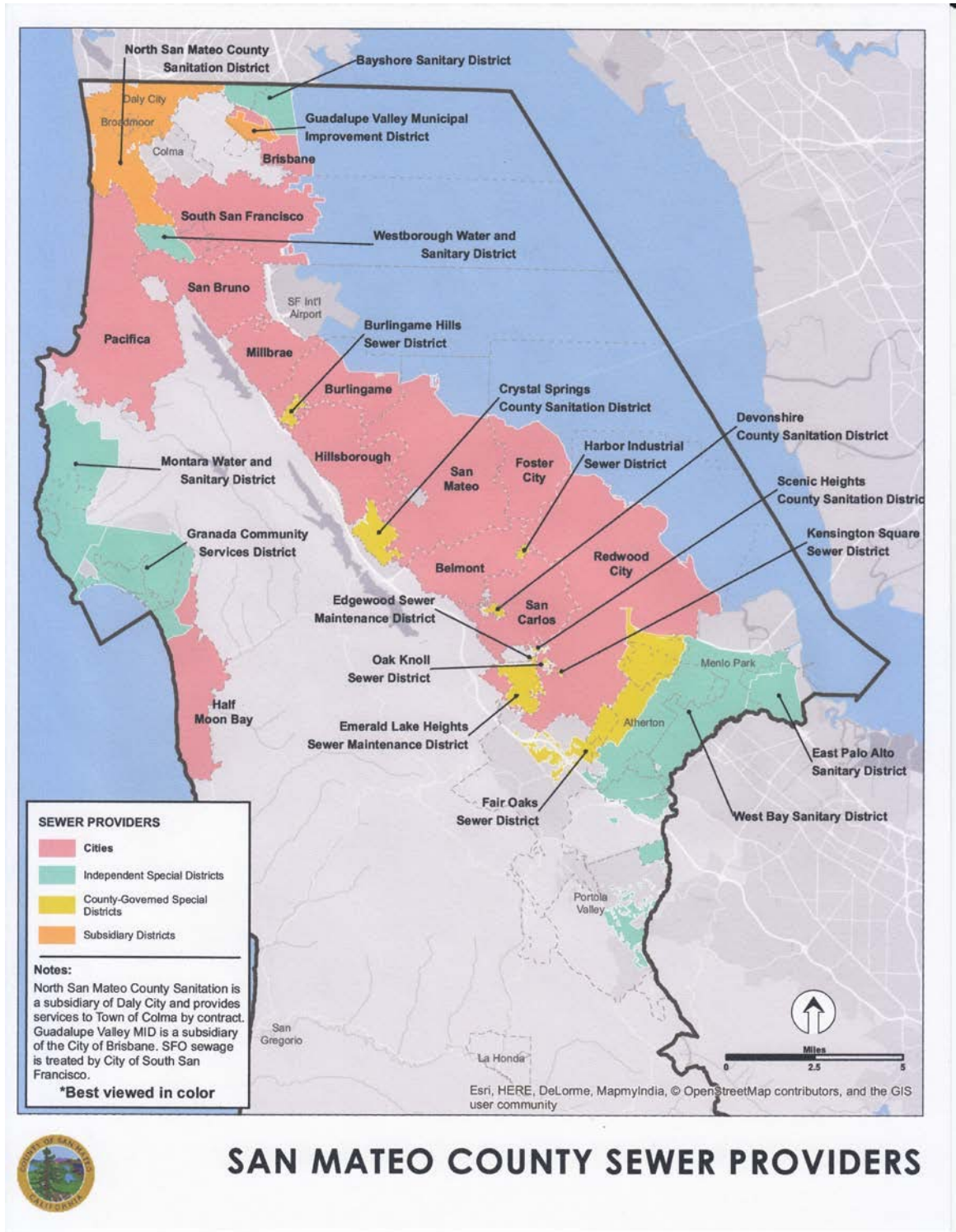
The collection of sewage in San Mateo County is handled by 36 agencies (including County and city sewage collection systems in addition to the six independent sanitary districts).<sup>6</sup> This is largely a legacy of the County's origins as a rural backwater to San Francisco. Few of these agencies treat the waste; instead, there are nine treatment plants operated by cities or joint powers agencies, with whom the districts contract to provide this service.

The four major types of districts handling sewage collection are visible in the map (see Figure 2). The County-managed districts are in yellow, and the independent districts in green. The city-operated systems are shown in pink, and the subsidiary districts are in orange.

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<sup>6</sup> See Appendix A: Sewer Providers in San Mateo County.

**Figure 2: Map of Entities in San Mateo County Handling Sewage**



Source: San Mateo Local Agency Formation Commission.

## Special Districts: Purpose and Dissolution

According to LAFCo of San Mateo County, “A special district is an agency of the State formed under general law or a special legislative act to provide governmental services such as sewer, water, fire protection, recreation, healthcare, police protection, mosquito and vector control, and other services. There are three main types of special districts:

- County-governed special districts are administered by the Board of Supervisors and are operated by the County of San Mateo.
- Independent special districts have locally elected board members and their own employees.
- Subsidiary special districts are governed by their respective city councils.”<sup>7</sup>

San Mateo County has sanitary districts that fall into all three types. There are ten County-governed special districts, the largest being the Fair Oaks Sewer Maintenance District. There are six independent special districts, the focus of this report. There are also subsidiary special districts governed by city councils, such as North San Mateo County Sanitation District. The number of districts and the complexity of the relationships among them make it difficult to grasp their scope, activities, and performance.

The process for dissolving a district is authorized by State law and processed by LAFCo accordingly. LAFCo can initiate dissolution and consolidation as can the County, a city, a special district, school district, registered voters, or landowners. LAFCo operates “in the context of State policies that favor multipurpose agencies or regional agencies over several layers of limited purpose agencies, particularly in urban areas.”<sup>8</sup> LAFCo must first assess the district’s sphere of influence.<sup>9</sup> If LAFCo determines that the district has a zero sphere of influence, other cities or districts are in a position to take over the responsibilities of the district, to the benefit of the County’s residents. Once LAFCo has declared that a district has a zero sphere of influence, it has the authority to initiate proposals that include dissolution or consolidation.

Dissolution of any special district is a complex undertaking. Entities that can assume the activities of the dissolving district must be identified. The political will to take on the challenge of proponents of the district must be present. Methodologies must be developed to apportion any property tax previously allocated to the district. These obstacles mean that not all LAFCo recommendations to consolidate or dissolve districts lead to changes.

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<sup>7</sup> San Mateo Local Area Formation Commission, *Special Districts in San Mateo County*, Accessed May 1, 2016. <http://lafco.smcgov.org/special-districts-san-mateo-county>.

<sup>8</sup> Martha Poyatos, Executive Officer, San Mateo LAFCo, *Letter re Municipal Service Review and Sphere of Influence Update for the East Palo Alto Sanitary District*, February 17, 2009, p. 2.

<sup>9</sup> “A sphere of influence is a planning boundary outside of an agency’s legal boundary (such as the city limit line) that designates the agency’s probable future boundary and service area. Factors considered in a sphere of influence review focus on the current and future land use, the current and future need and capacity for service, and any relevant communities of interest.” Source: California Association of Local Agency Formation Commissions, “What Is LAFCo.” <http://www.calafco.org/about.htm>.

## Urban Sewage Management

Most urban areas in California have a single large sewage collection and treatment provider (see Table 1). For example, San Francisco, San Jose, and Oakland each have a single agency that handles both sewage collection and treatment. In total population and miles of sewer mains San Mateo County is similar to San Jose and San Francisco. However, a large, centrally managed agency is not only the norm for individual big cities. The Central Contra Costa County Sanitary District covers 13 East Bay cities from Martinez to San Ramon.

**Table 1: System Characteristics of Major Bay Area Sewer Providers**

|                                | Population     | Forced Mains (Miles) | Gravity Mains (Miles) | Residential Rate (\$ / Year) <sup>a</sup> |
|--------------------------------|----------------|----------------------|-----------------------|---|
| <b><i>San Mateo County</i></b> | <i>765,135</i> | <i>104.4</i>         | <i>1,898</i>          | <i>\$902<sup>b</sup></i>                  |
| San Jose City                  | 998,537        | 13.0                 | 2,268                 | \$405                                     |
| Central Contra Costa           | 476,400        | 23.0                 | 1,519                 | \$471                                     |
| San Francisco <sup>c</sup>     | 864,816        |                      | 1,000                 | \$187                                     |
| Oakland                        | 406,253        | 0.2                  | 920                   | \$705                                     |

*Sources:* See Appendix B: Urban Sewer Management Agencies.

*Notes:*

<sup>a</sup>These rates came from the respective sewer providers' websites. They do not include other potential forms of income or revenue such as property taxes, bond income, or permit fees.

<sup>b</sup>County and independent districts only; excludes rates charged by cities. This is the average rate ranging from \$360 for Harbor Industrial Sewer Maintenance District to \$1,595 for Burlingame Hills Sewer Maintenance District.

<sup>c</sup>Data on Forced Mains not available.

The complexity of discussing rates in San Mateo County will be covered later in this report. Nonetheless, the rates charged to residences in San Mateo County appear to be higher than those charged by other large urban areas.

San Mateo County agencies lag on the primary measure of sewer system performance, known as the sanitary sewer overflow (SSO).<sup>10</sup> A sanitary sewer overflow occurs when untreated sewage is discharged from a sewer pipe into the environment prior to reaching sewage treatment facilities. Frequent causes of SSOs include:

- Blockage of sewer lines
- Infiltration of storm water into sewer lines during heavy rainfall
- Malfunction of pumping station lifts or electrical power failure
- Broken sewer lines<sup>11</sup>

<sup>10</sup> See Appendix E: Sanitary Sewer Overflows by District by Year.

<sup>11</sup> Wikipedia entry for *sanitary sewer overflow*. [https://en.wikipedia.org/wiki/Sanitary\\_sewer\\_overflow](https://en.wikipedia.org/wiki/Sanitary_sewer_overflow).

SSOs vary in severity depending on the volume of material released and whether the untreated sewage reached a water source. SSOs by law must be reported to the California Environmental Protection Agency, State Water Resources Control Board.<sup>12</sup> Overflows contaminate drinking water and cause thousands of cases of gastrointestinal illness in the United States each year,<sup>13</sup> resulting in beach closures, swimming restrictions, prohibitions on shellfish harvesting, and fish kills.

Countywide, the sanitary districts in San Mateo County collectively have significantly more sanitary sewer overflows than the other large urban areas in the San Francisco Bay Area (see Table 2). They have twice as many as San Jose, and nearly three times as many as Central Contra Costa Sanitary District. San Mateo County agencies have no centralized oversight over sewer management, so have no obvious method to address this problem.

**Table 2: Sanitary Sewer Overflows per Hundred Miles of Pipeline by Bay Area Sewer Providers**

|                      | 2013 | 2014 | 2015 | Average | As %age of SMC |
|----------------------|------|------|------|---------|----------------|
| San Mateo County     | 9.3  | 11.9 | 7.7  | 9.6     | 100%           |
| San Jose City        | 5.5  | 4.4  | 3.2  | 4.4     | 45%            |
| Central Contra Costa | 3.0  | 3.2  | 2.8  | 3.0     | 31%            |
| Oakland              | 9.1  | 10.8 | 9.3  | 9.7     | 101%           |

*Sources:* See Appendix B: Urban Sewer Management Agencies.

*Note:* San Francisco operates a combined sewer and storm water system and is therefore not required to report sanitary sewer overflows to the State Water Resources Control Board.

The high level of overflows in San Mateo County is not the inevitable result of aging infrastructure, although that is a risk factor for overflows. Professional and proactive management of the infrastructure is critical. A good illustration of this can be found at West Bay Sanitary District, where 58% of its pipelines were installed before 1960 and 24% were installed before 1940.<sup>14</sup> Its performance on sanitary sewer overflows in the late 2000s was poor. Experienced management, proactive assessment of its system, thoughtful prioritization of its capital projects, use of new technologies, and programs to reduce blockages have reduced SSOs from the rate of 50 to 60 per year to 5 to 15 (see Figure 3).<sup>15</sup>

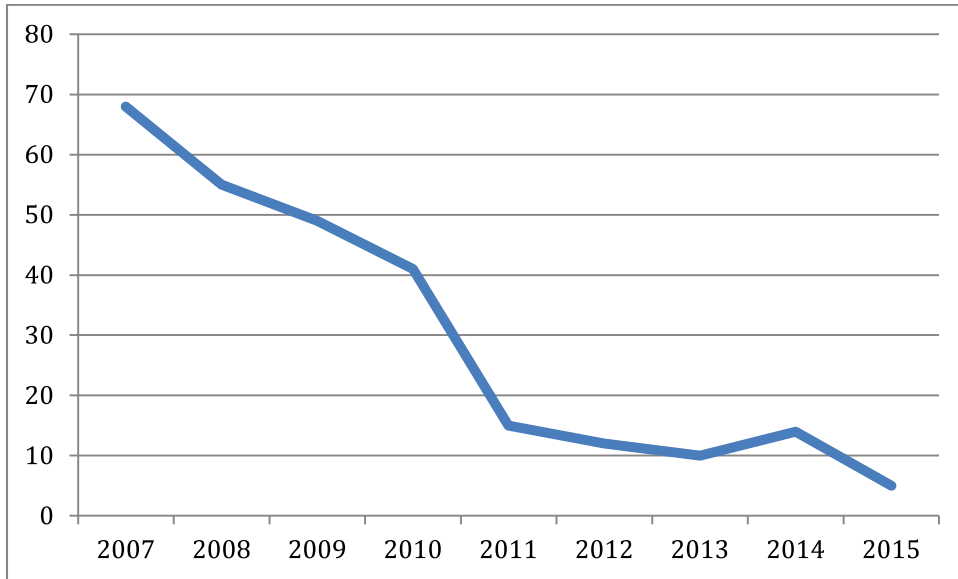
<sup>12</sup> “To provide a consistent, statewide regulatory approach to address SSOs, the State Water Resources Control Board (State Water Board) adopted Statewide General Waste Discharge Requirements (WDRs) for Sanitary Sewer Systems, Water Quality Order No. 2006-0003 (Sanitary Sewer Systems WDR) on May 2, 2006. The Sanitary Sewer Systems WDR requires public agencies that own or operate sanitary sewer systems to develop and implement sewer system management plans and report all SSOs to the State Water Board’s online SSO database.” Source: State of California Environmental Protection Agency, State Water Resources Control Board, Sanitary Sewer Overflow Reduction Program. [http://www.waterboards.ca.gov/water\\_issues/programs/sso/index.shtml](http://www.waterboards.ca.gov/water_issues/programs/sso/index.shtml).

<sup>13</sup> Wikipedia entry for *sanitary sewer overflow*. [https://en.wikipedia.org/wiki/Sanitary\\_sewer\\_overflow](https://en.wikipedia.org/wiki/Sanitary_sewer_overflow).

<sup>14</sup> See Appendix F: Age Profile of District Pipelines.

<sup>15</sup> Officials from West Bay Sanitary District: interview by the Grand Jury.

**Figure 3: Sanitary Sewer Overflows by Year for West Bay Sanitary District**



*Source:* Appendix E: Sanitary Sewer Overflows by District by Year.

*Note:* West Bay reported 68 SSOs in 2007 in a data submission to the Grand Jury, although the California Water Board recorded only 46.

There can be adverse consequences to mismanaging sewer systems. On April 10, 2008, the U.S. Environmental Protection Agency “issued enforcement actions requiring nine sewage collection systems in the Sausalito and Mill Valley areas of southern Marin County, Calif., to address chronic sewage spills, improve sewer maintenance and implement long-term programs to renew aging sewer pipes.”<sup>16</sup>

In 2011, the U.S. Environmental Protection Agency announced the settlement of a case against seven municipalities in the East Bay Municipal Utility District. According to a news release issued on March 15, 2011, “the seven municipalities . . . have cooperatively agreed to update aging infrastructure and collection systems that have been major contributors to overflows.”<sup>17</sup> This initiative eventually resulted in a consent decree issued in June 2014, requiring the affected communities to spend \$300 million over a 22-year period to upgrade their sewer collection and treatment facilities.<sup>18</sup>

Closer to home, the City of San Mateo, Hillsborough, and the Crystal Springs County Sanitation District were ordered “to cease and desist discharging waste from their respective sanitary sewer systems in violation of requirements” by the California Regional Water Quality Control Board in

<sup>16</sup> United States Environmental Protection Agency, *News Releases from Region 9, US EPA Orders Marin County Sewage Collection Systems to Address Chronic Sewage Spills*, April 8, 2008. <https://yosemite.epa.gov/opa/admpress.nsf/0/503212C4814C8FF585257427006B9568>.

<sup>17</sup> United States Environmental Protection Agency, *News Releases from Region 9, Bay Area Municipalities Ordered to Protect San Francisco Bay from Sewer Discharges*, March 15, 2011. <https://yosemite.epa.gov/opa/admpress.nsf/0/c221b52e5e4823d58525785300718f88?OpenDocument>.

<sup>18</sup> City of Oakland, *Landmark Clean Water Agreement, Regional East Bay Sewer Consent Decree 2014*, Accessed May 1, 2016. <http://www2.oaklandnet.com/Government/o/PWA/s/Sewer/ConsentDecree/index.htm>.

2009.<sup>19</sup> San Mateo's *Daily Journal* reported in its March 14, 2016, issue that the cost of the associated overhaul is \$770 million over 10 years.<sup>20</sup> This translates to a cost of \$5,923 per person in the affected area.<sup>21</sup>

### **Service Area and History of Independent Sanitary Districts**

The Bayshore Sanitary District is at the north end of the County, with Westborough nearby (see Figure 4). Montara and Granada border each other on the coast side of the County. Similarly, West Bay and East Palo Alto adjoin each other, at the south end of the County.

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<sup>19</sup> California Regional Water Quality Control Board, San Francisco Bay Region, *Cease and Desist Order No. R2-2009-0020*, March 11, 2009, p. 1.

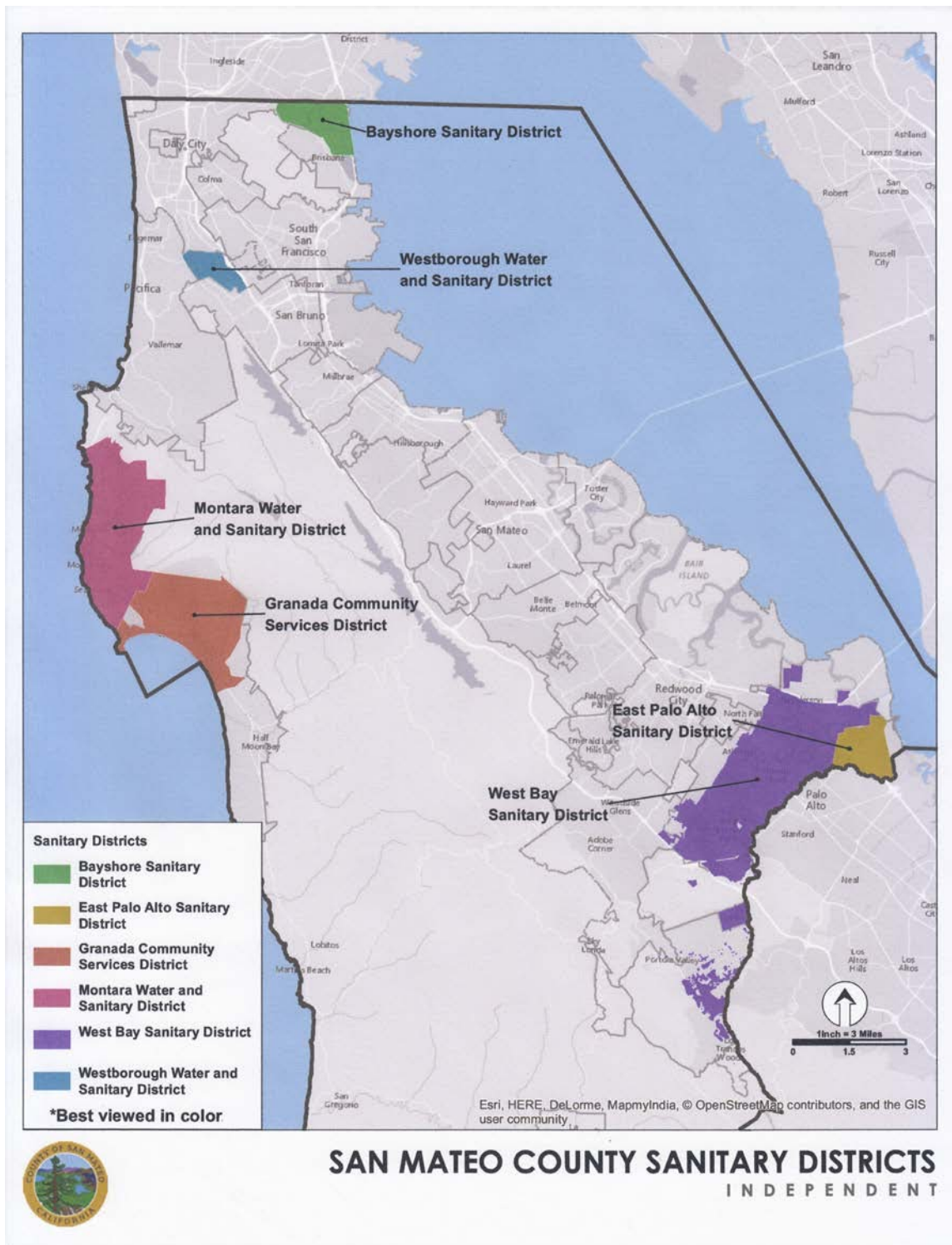
[http://www.waterboards.ca.gov/rwqcb2/board\\_decisions/adopted\\_orders/2009/R2-2009-0020.pdf](http://www.waterboards.ca.gov/rwqcb2/board_decisions/adopted_orders/2009/R2-2009-0020.pdf).

<sup>20</sup> Samantha Weigel, "Sewer Overhaul to Cost \$770M, San Mateo Launching Improvement Program for Thousands of Customers," *Daily Journal*, March 14, 2016.

<sup>21</sup> The population served by San Mateo's sewer system is 130,000 according to the San Mateo Sewer System Management Plan, dated December 7, 2015, p. 4. <http://www.cityofsanmateo.org/DocumentCenter/View/47516>. Dividing \$770,000,000 by 130,000 yields \$5,923 per person. A more accurate calculation would use number of connections rather than population to estimate the cost to households of this capital plan, but connection data was not available through website research.



**Figure 4: Map of Independent Sanitary Districts in San Mateo County**



Source: San Mateo County Local Agency Formation Commission.

The six independent sanitary districts have a long history (see Table 3). They were established over the course of six decades in response to population growth in San Mateo County. For example, a subdivision developer in South San Francisco founded the most recently established district, Westborough, in 1961. Some districts are responsible for more than just collecting sewage. Montara and Westborough also provide drinking water, while Granada recently added parks and recreation to its scope. Three of the districts provide garbage collection services within their districts. These other missions have little synergy with the core mission of sewage collection, although they do allow the sharing of some costs, such as board expenses.

**Table 3: District Establishment Date, Communities Served, and Other Areas of Responsibility**

| <b>District</b>                     | <b>Date Founded</b> | <b>Communities Served</b>  | <b>Other Areas of Responsibility</b>         |
|-------------------------------------|---------------------|--|--|
| West Bay Sanitary District          | 1902                | City of Menlo Park, Atherton, and Portola Valley, and areas of East Palo Alto, Woodside and unincorporated San Mateo and Santa Clara counties  | Solid Waste <sup>a</sup>                     |
| Bayshore Sanitary District          | 1925                | Portions of Daly City and Brisbane   | None   |
| East Palo Alto Sanitary District    | 1939                | City of East Palo Alto and portion of Menlo Park   | None   |
| Granada Community Services District | 1958                | Unincorporated areas of El Granada, Princeton, Princeton-by-the-Sea, Clipper Ridge, and Miramar; northern portion of the City of Half Moon Bay | Solid Waste, Parks & Recreation (since 2014) |
| Montara Water & Sanitary District   | 1958                | Montara, Moss Beach  | Solid Waste, Water (since 2003)              |
| Westborough Water District          | 1961                | South San Francisco west of 280 to Skyline Boulevard and South of King Drive in Daly City to San Bruno   | Water  |

*Source:* District websites.

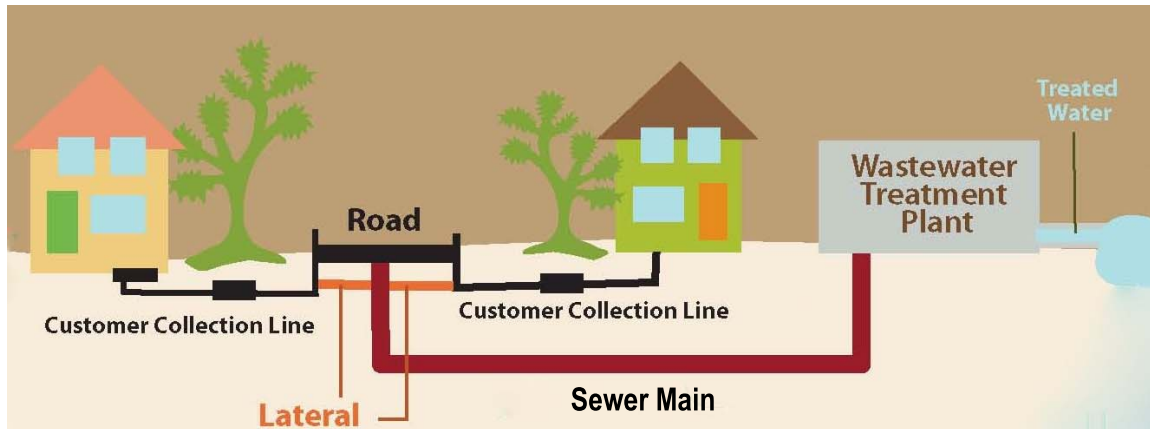
*Note:*

<sup>a</sup>Solid waste includes the pickup and disposal of trash, recyclables, and compostable materials. This activity is typically subcontracted via multi-year contracts.

## Sanitary Districts' Contribution to Sewage Management

All the independent districts are responsible for the collection but not the treatment of sewage. In Figure 5 below, they are responsible for the red line labeled “Sewer Main.” Customers are responsible for the black “Customer Collection Line” and orange “Lateral.”

**Figure 5: Sewer Mains and Wastewater Treatment**



*Source:* Hi-Desert Water District, Wastewater Reclamation Project, <http://protectgroundwater.org/wp-content/uploads/2014/01/Wastewater-treatment-system-graphic.jpg>. Sewage in San Mateo County discharges either into the Bay or into the Pacific Ocean.

The districts rely on different treatment plants for waste treatment depending on their location (see Table 4). Bayshore, East Palo Alto, and Westborough Districts rely on neighboring cities' waste treatment plants (San Francisco, Palo Alto, and Daly City respectively). Granada and Montara Districts, along with the City of Half Moon Bay, own the Sewer Authority Mid-Coastside (SAM) treatment plant. West Bay, along with the Cities of Belmont, San Carlos, and Redwood City, has a similar arrangement, owning but not operating Silicon Valley Clean Water treatment plant. Districts that share ownership also share a portion of the treatment plants' capital costs to cover both replacements and improvements. The treatment plants are typically governed by boards composed of members from the city councils or independent sanitary districts that own them.

Managing its relationship with its treatment plant is a high priority to the independent districts, as it is to the city-managed districts that do not operate their own treatment plants.<sup>22</sup> This is true partly because a significant component of their budget is allocated to treatment, as will be described later. It is also true because the plans and programs of the treatment plants can end up impacting sewage collection.

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<sup>22</sup> The County of San Mateo, as operator of ten sewer districts, is not party to any of the treatment plant Joint Powers Agreements. The County purchases capacity from nearby cities and pays to wheel the effluent through the city sewer mains.

**Table 4: Treatment Plants Serving Independent Districts**

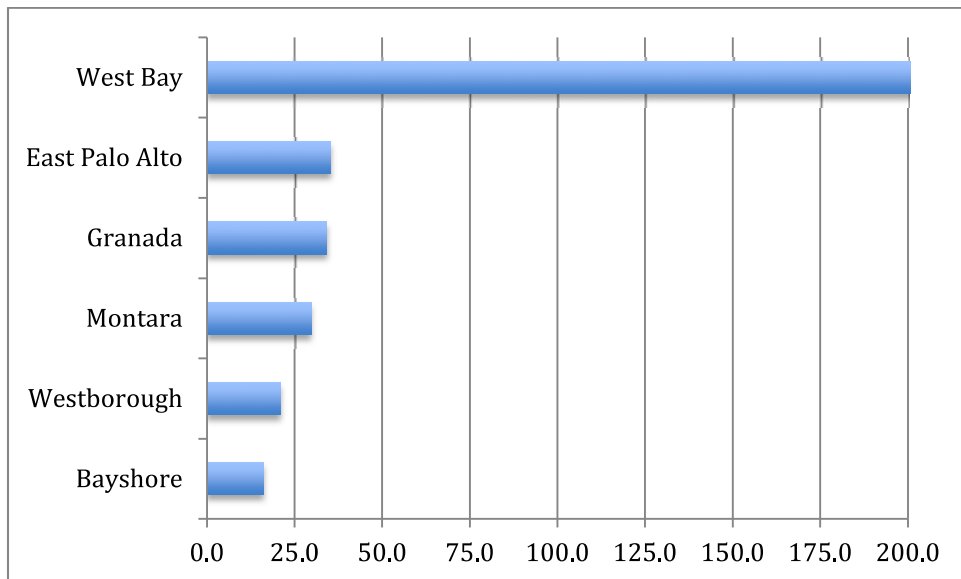
| <b>Treatment Plant</b>  | <b>Independent District</b> | <b>Other Cities Served by Treatment Plant</b>                  |
|---|-----------------------------|--|
| San Francisco Public Utilities Commission Southeast Treatment Plant   | Bayshore                    | San Francisco  |
| North San Mateo County Sanitation District, which contracts with City of Daly City Wastewater Treatment Plant | Westborough                 | Daly City  |
| Sewer Authority Mid-Coastside (SAM)   | Granada, Montara            | Half Moon Bay  |
| Silicon Valley Clean Water  | West Bay                    | Belmont, Redwood City, San Carlos                              |
| Regional Water Quality Control Plant (Palo Alto)  | East Palo Alto              | Los Altos, Los Altos Hills, Mountain View, Palo Alto, Stanford |

Source: See Appendix C: Wastewater Treatment Plants Serving Independent Sanitary Districts.

**Sanitary District Comparisons**

The independent districts oversee small collection systems (see Figure 6). The six districts include about 15% of the County’s population and manage 343 miles of pipeline, or approximately 17% of the County’s total. West Bay’s system is significantly larger than the remaining five districts’ systems taken altogether.

**Figure 6: Miles of Pipeline by District**



Source: See Appendix D: Sewage System Characteristics by District.

It is tempting to discount these districts as being inconsequential. Their budgets however are substantial (see Table 5).

**Table 5: Population, Connections, Pipe Length, and Budgeted Revenue for Independent Districts**

|                                       | <b>Bayshore</b> | <b>West-borough</b> | <b>Montara</b> | <b>Granada</b> | <b>East Palo Alto</b> | <b>West Bay</b> |
|---------------------------------------|-----------------|---------------------|----------------|----------------|-----------------------|-----------------|
| Population (#)                        | 4,513           | 14,050              | 6,012          | 6,000          | 29,000                | 55,000          |
| Connections (#)                       | 1,456           | 3,790               | 1,937          | 2,560          | 3,864                 | 20,000          |
| Pipeline (Miles)                      | 16.0            | 20.7                | 29.5           | 34.0           | 35.0                  | 208.0           |
| 2015-16 Budgeted Revenue (Million \$) | \$1.280         | \$2.523             | \$2.690        | \$2.524        | \$4.915               | \$23.750        |

*Sources:* See Appendix D: Sewage System Characteristics by District and Appendix G: Sanitary District Budgets.

For the rest of this report, the districts will be listed on the basis of their size as measured by the length of pipelines they operate—with Bayshore the smallest, followed by Westborough, Montara, Granada, East Palo Alto, and West Bay.

### **Prior Grand Jury and LAFCo Studies of Sanitary Districts**

The San Mateo County Grand Jury has investigated only one of these districts in the last 15 years. The 2002-2003 Grand Jury released a report with the results of an investigation into the East Palo Alto Sanitary District. One of the main recommendations was that the district be merged with another district, specifically West Bay Sanitary District. The East Palo Alto Sanitary District disagreed; consolidation did not happen.

LAFCo conducts municipal service reviews of districts on a periodic basis. Its recent studies include:

- *September 16, 2015:* North County Cities and Special Districts, including Bayshore Sanitary District
  - “Reaffirm a zero sphere of influence for the Bayshore Sanitary District, indicating the District should be dissolved and the Cities of Brisbane and Daly City would become ‘successor agencies.’”<sup>23</sup>
- *February 17, 2009:* East Palo Alto Sanitary District
  - “The LAFCo adopted sphere of influence designation for the EPASD is for dissolution and annexation of the territory to WBSD.”<sup>24</sup>

<sup>23</sup> San Mateo County Local Agency Formation Commission, *North County Cities & Special Districts, Municipal Service Review and Sphere of Influence Study*, September 16, 2015, p 79.

[http://lafco.smcgov.org/sites/lafco.smcgov.org/files/documents/files/North%20County%20MSR%20-%209-16-15\\_3.pdf](http://lafco.smcgov.org/sites/lafco.smcgov.org/files/documents/files/North%20County%20MSR%20-%209-16-15_3.pdf).

<sup>24</sup> Martha Poyatos, Executive Officer, San Mateo County Local Agency Formation Commission, *Municipal Service Review and Sphere of Influence Update for the East Palo Alto Sanitary District*, February 17, 2009, p. 17.

[http://lafco.smcgov.org/sites/lafco.smcgov.org/files/documents/files/msrepsdfinalwithattachments\\_0.pdf](http://lafco.smcgov.org/sites/lafco.smcgov.org/files/documents/files/msrepsdfinalwithattachments_0.pdf).

- *February 12, 2009: West Bay Sanitary District*
  - “Based on information in the municipal service review and absence of significant changes since the sphere was adopted that merit amendment to the sphere of influence, it is recommended that the WBSD sphere be reaffirmed as adopted in 1985.”<sup>25</sup>
- *October 7, 2008: City of Half Moon Bay and Unincorporated Midcoast, including Granada Sanitary District and Montara Water and Sanitary District*
  - LAFCO recommended “a single regional water and sewer district to serve the unincorporated and incorporated study area delineated by the urban/rural boundary.”<sup>26</sup> It assigned spheres of consolidation to Montara Water and Sanitary District, Granada Sanitary District (as it was named then), and Coastside County Water District. These sphere designations would allow for consolidation of Montara Water and Sanitary District with Granada Sanitary District, and formation of the Midcoast Community Services District to add Park and Recreation to existing services of water, sewer, and solid waste disposal.

In summary, LAFCo recommended the consolidation of Granada Sanitary District and Montara Water and Sanitary District in October 2008, and the dissolution of Bayshore and East Palo Alto Sanitary Districts in 2009.

## DISCUSSION

The Grand Jury’s analysis focused on three issues: public accountability, fiscal responsibility, and operational competence.

### Public Accountability

#### *Information Transparency*

Seeking data from the independent sanitary districts for comparative purposes is challenging. Each district has its own website, and the layouts differ. The most basic data—meeting minutes, budgets, rates, financial audits, and sewer system management plans—is often missing or outdated. Table 6 highlights the gaps (shaded) in core information for each of the six districts studied.

For example, the Grand Jury would expect the minutes of each board meeting to be reviewed and approved at the following board meeting, and then posted within days thereafter (the “Goal” for Meeting Minutes). In late April, the Grand Jury checked the websites of each independent

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<sup>25</sup> San Mateo County Local Agency Formation Commission, *Municipal Service Review and Sphere of Influence Update, West Bay Sanitary District*, February 12, 2009, p. 17.

[http://lafco.smcgov.org/sites/lafco.smcgov.org/files/documents/files/MSRwestbaysanitaryfebruary\\_0.pdf](http://lafco.smcgov.org/sites/lafco.smcgov.org/files/documents/files/MSRwestbaysanitaryfebruary_0.pdf).

<sup>26</sup> Martha Poyatos, Executive Officer, San Mateo County Local Agency Formation Commission, *Sphere of Influence Update, City of Half Moon Bay and Unincorporated Midcoast*, October 7, 2008, p. 12.

[http://lafco.smcgov.org/sites/lafco.smcgov.org/files/documents/files/2008\\_10\\_08\\_lafco\\_soicoastsideoct7wattachments\\_1.pdf](http://lafco.smcgov.org/sites/lafco.smcgov.org/files/documents/files/2008_10_08_lafco_soicoastsideoct7wattachments_1.pdf).

district and learned that only Westborough and West Bay had minutes for the March meeting posted. East Palo Alto and Bayshore had minutes from the February meeting posted, while Granada’s dated from the January meeting. Montara’s minutes are embedded in the Agenda Packets for meetings, which requires searching Agenda Packets to find whether minutes for a prior meeting have been included. Relative to the “Goal” of having meeting minutes posted through March 2016, only Westborough and West Bay met the standard.

The State Water Resources Control Board Order No. 2006-0003-DWQ requires Sewer System Management Plans. In spite of this order, only two districts had readily available documents on their website.<sup>27</sup>

**Table 6: Key Information Availability on District Websites**

| <b>Times</b>                 | <b>Goal<sup>a</sup></b> | <b>Bayshore</b> | <b>West-<br/>borough</b> | <b>Montara</b>  | <b>Granada</b> | <b>East Palo<br/>Alto</b> | <b>West Bay</b> |
|------------------------------|-------------------------|-----------------|--------------------------|-----------------|----------------|---------------------------|-----------------|
| Meeting Minutes              | Through March 2016      | No              | Yes                      | No              | No             | No                        | Yes             |
| Minute History               | 2010 On                 | Yes             | Yes                      | No <sup>b</sup> | No             | Yes                       | Yes             |
| Budget                       | 2015-2016               | Yes             | Yes                      | Yes             | Yes            | Yes                       | Yes             |
| Rates                        | Yes                     | No              | Yes                      | Yes             | No             | Yes                       | Yes             |
| Rate History                 | 2010 On                 | No              | No                       | No              | No             | No                        | Yes             |
| Financial Audit              | 2015                    | Yes             | Yes                      | Yes             | No             | No                        | Yes             |
| Sewer System Management Plan | 2011 On                 | Yes             | No                       | No              | No             | No                        | Yes             |
| Performance Metrics          | 2014-2015               | No              | No                       | No              | No             | No                        | Yes             |
| Sewer System Overflows       | Current                 | No              | No                       | No              | No             | No                        | No              |

Sources: District websites as of April 29, 2016.

Notes: Some districts updated their websites after April 29, 2016 following Grand Jury queries regarding information availability.

<sup>a</sup>Goal established by Grand Jury based on timely information availability.

<sup>b</sup>Montara’s minutes are embedded in agenda packets, requiring a search through multiple packets to locate a specific meeting’s minutes.

<sup>27</sup> State Water Resources Control Board, Order No. 2006-2003-DWQ, *Statewide General Waste Discharge Requirements for Sanitary Sewer Systems*, May 2, 2006, p. 2.

The information that is available is structured differently. Each district has its own methodology for preparing and presenting budgets even though the activities of each are roughly comparable. The Grand Jury developed a process to convert each of the six district's budgets to a common and therefore comparable format that was then confirmed with each district.<sup>28</sup>

### *Visibility of Rates*

Sewer rates are difficult to compile, even for residential single-family dwellings:<sup>29</sup>

- Districts have the freedom to develop a unique rate structure. For example, Bayshore, Westborough, and Montara have a rate per unit of water consumed during winter months. Each customer pays a unique amount.<sup>30</sup> These districts may lose revenue from water conservation efforts and trends towards drought tolerant gardens that reduce water usage but have limited impact on sewage collection and treatment costs.
- The other districts (Granada, East Palo Alto, and West Bay) establish a fixed rate for each type of user (single family residential, multi-family residential, restaurant, etc.). As a result of these differences, it is nearly impossible to compare the average customer's bill between Granada and Montara, two neighboring districts.
- Historical information on average customer bills is very difficult to locate, especially for those who charge based on water consumption.

In addition, residents of the independent districts are billed through a line item on their property tax statement, which means that many people are unaware of the cost of their sewer service (see Figure 7). This West Bay Sanitary District customer has a \$973 charge for "West Bay Sani Dist" on its 2015-2016 tax bill.

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<sup>28</sup> See Appendix G: Sanitary District Budgets.

<sup>29</sup> See Appendix I: Sanitary District Sewer Rates.

<sup>30</sup> For ease of comparison, this report uses the term *rate* to refer to both the fixed annual charge as well as the average customer bill calculated from water usage.



Figure 7: Property Tax Bill Reflecting Sanitary Sewer Charge

2015 - 2016 **SAN MATEO COUNTY SECURED TAX BILL** 2015 - 2016

FOR FISCAL YEAR BEGINNING JULY 1, 2015 AND ENDING JUNE 30, 2016

| PARCEL NUMBER | TAX RATE AREA | PIN NUMBER | ASSESSMENT INFORMATION | VALUES    |
|---------------|---------------|------------|------------------------|-----------|
| 62-003        | Bill# 348105  |            | Land                   | 1,392,930 |
|               |               |            | Improvements           | 1,392,930 |
|               |               |            | Fixtures               |           |
|               |               |            | Personal Property      |           |
|               |               |            | Full Cash              | 2,785,860 |
|               |               |            | Exemption              | 7,000     |
|               |               |            | Value after Exemption  | 2,778,860 |

| TAXING AGENCY                         | RATE   | AMOUNT           |
|---------------------------------------|--------|------------------|
| GENERAL TAX RATE                      | 1.0000 | 27,858.60        |
| MIDPENINSULA REG                      | 0.0008 | 22.28            |
| MENLO PK EL 2005                      | 0.0393 | 1,094.84         |
| SEQUOIA HI 2005 R                     | 0.0434 | 1,209.06         |
| SM JR COLLEGE BD                      | 0.0250 | 696.46           |
| GENERAL TAX TOT                       | 1.1085 | 30,881.24        |
| LESS: EXEMPTION                       |        | -77.58           |
| SUB-TOTAL                             |        | 30,803.66        |
| SMC Mosq Abmnt Dist (650)344-8592     |        | 3.74             |
| Sequoia UHSD Maint (800)273-5167      |        | 11.70            |
| MP ESD Comb Meas Sp Tax (650)321-7140 |        | 851.56           |
| Redwood City Storm Fee (650)321-4100  |        | 0.10             |
| West Bay Sani Dist (650)321-0384      |        | 973.00           |
| <b>Tax Payable</b>                    |        | <b>32,660.16</b> |

|          |   |          |   |
|----------|---|----------|---|
| <b>1</b> | <b>DUE NOVEMBER 1, 2015</b><br>AFTER DECEMBER 10, 2015<br>ADD 10% PENALTY TO YOUR PAYMENT<br><b>\$16,325.21</b> | <b>2</b> | <b>DUE FEBRUARY 1, 2016</b><br>AFTER APRIL 10, 2016 ADD 10%<br>PENALTY + \$40.00 COST TO YOUR PAYMENT<br><b>\$16,325.21</b> |
|----------|---|----------|---|

\* FOR HOME BANKING: USE YOUR PARCEL NUMBER ( 062-140-360) AND PAY THE FULL INSTALLMENT DUE. PARTIAL PAYMENTS WILL BE RETURNED. FAILURE TO PAY THE FULL AMOUNT DUE ON TIME WILL RESULT IN PENALTIES AND COSTS.  
 \* 65 or older may qualify for a school parcel tax exemption on a primary residence in FY 2016-17. Contact the District Office at (650)321-7140.  
 \* Pay Online at [www.sanmateocountytaxcollector.org](http://www.sanmateocountytaxcollector.org)  
 \* Please do not fold, staple, tape or otherwise mutilate the attached payment coupons.

Source: Grand Juror

**Board Tenure**

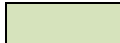


The districts state that having elected board members gives them an important link to the community.<sup>31</sup> Unfortunately, based on the general trend of uncontested elections, the communities in which they operate appear to have little interest in the elections (see Table 7). Uncontested elections are those in which the number of candidates are the same or less than the number of openings. These elections are not placed on the ballot, and the candidates are automatically approved. Contested elections are those in which the contest is placed on the ballot and the public votes. Sixty-five percent of elections in the last eight election cycles were uncontested for the independent sanitary districts.

<sup>31</sup> Officials from independent sanitary districts: interviews by the Grand Jury.

Two of the districts, Bayshore and Westborough, have not had contested elections since 2000. West Bay has not had a contested election in over 10 years. This suggests that public participation in the selection is minimal. The only district with regularly contested ballots is East Palo Alto.

**Table 7: Contested and Uncontested Elections in Sanitary Districts**

| District       | 2001        | 2003        | 2005        | 2007        | 2009        | 2011        | 2013        | 2015                  |
|----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------------------|
| Bayshore       | Uncontested | Uncontested | Uncontested | Uncontested | Uncontested | Uncontested | Uncontested | Uncontested           |
| Westborough    | Uncontested | Uncontested | Uncontested | Uncontested | Uncontested | Uncontested | Uncontested | Uncontested           |
| Montara        | Uncontested | Contested   | Contested   | Contested   | Uncontested | Uncontested | Contested   | Deferred <sup>a</sup> |
| Granada        | Contested   | Contested   | Uncontested | Uncontested | Contested   | Uncontested | Contested   | Deferred <sup>a</sup> |
| East Palo Alto | Contested   | Contested   | Contested   | Uncontested | Contested   | Contested   | Contested   | Uncontested           |
| West Bay       | Contested   | Contested   | Uncontested | Uncontested | Uncontested | Uncontested | Uncontested | Uncontested           |

Uncontested   
 Contested   
 Deferred<sup>a</sup> 

*Source:* Data provided by the San Mateo County Elections website, shapethefuture.org as well as Elections division staff. See Appendix K: Director Tenure by District for detailed sources.

*Note:* <sup>a</sup>Granada and Montara chose to change their election years to even-numbered years, so deferred 2015 elections to 2016.

Even in those instances where elections are contested, the turnout is low. Turnout for the most recently contested elections, in 2013, was less than a quarter of the registered voters (see Table 8).

**Table 8: Turnout for 2013 Sanitary District Elections**

|                | Percentage of Registered Voters |
|----------------|---------------------------------|
| Montara        | 25.9%                           |
| Granada        | 24.0%                           |
| East Palo Alto | 14.1%                           |

*Source:* San Mateo County Elections website, shapethefuture.org.

There is an important danger resulting from this. Ratepayers are responsible to support rates that allow for necessary capital improvements. In a small district, with few active voters, it is possible for a very few people to influence decisions on topics such as rates. In the last elections in 2013 in Montara and Granada, the winners were separated from the losers by 111 and 15 votes respectively.<sup>32</sup>

With these conditions, board turnover is low. The average tenure of the board members on all six boards is over 10 years (see Table 9). Since the membership term is four years on all boards, this means that the **average** board member is serving on his or her third term. There is value in having experience on any board, but there is also the risk of resistance to new ideas.

<sup>32</sup> San Mateo County, *Statement of Vote, San Mateo County Consolidated Municipal, School, and Special District Election, November 5, 2013*. <https://www.shapethefuture.org/elections/results/2013/nov/official/Nov2013SOV.pdf>.

**Table 9: Length of Service of Board Directors**

|                | <b>Average Length of Service in Years</b> | <b>Longest Length of Service in Years</b> |
|----------------|---|---|
| Bayshore       | 16.6                                      | 23.3                                      |
| Westborough    | 13.8                                      | 26.6                                      |
| Montara        | 8.6                                       | 12.6                                      |
| Granada        | 9.7                                       | 18.6                                      |
| East Palo Alto | 9.0                                       | 12.6                                      |
| West Bay       | 6.8                                       | 16.6                                      |

*Source:* See Appendix K: Director Tenure by District.

*Note:* Measured as of June 30, 2016.

### *Public Profile*

Districts have minimal interaction with the public compared to, for example, water districts. Bills are not established based on a metering of sewage, so customers have few reasons to question the billed amount. Customers do not start and stop sewer service as they do with other utilities. Customers do not have drought-related sewer budgets.

A survey commissioned by the East Palo Alto Sanitary District in 2012 illustrates the point. They learned that 38% of residential respondents stated they were familiar with the district. However, only two thirds of these realized that it provides sewer services.<sup>33</sup> Only eight out of 500 residential property owners surveyed and none of the 100 commercial property owners surveyed knew the district sewer rate.<sup>34</sup>

The Grand Jury suspects that East Palo Alto is not unique and that most independent sanitary district customers could not name their sanitary sewer provider.

### **Fiscal Responsibility**

The districts receive revenue from four primary sources:

- **Property Tax:** Five of the six independent districts receive property tax.
- **Sewer Service Charges:** These charges are paid through a line item on property tax bills.
- **Permit and Connection Fees:** The districts collect modest amounts of money in permit and connection fees.<sup>35</sup> Developers and others connecting to the system for the first time or upgrading a connection pay these fees.
- **Interest on Reserves:** The districts collect minimal amounts of interest on the money they hold in their reserves.

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<sup>33</sup> Jatelo Productions, *East Palo Alto Sanitary District Public Relations Plan*, November 7, 2013, p. 104. <http://www.epasd.com/home/showdocument?id=324>.

<sup>34</sup> *Ibid.*, p. 110.

<sup>35</sup> Bayshore, Montara, and West Bay budgeted between \$5,000 and \$50,000 in permit fees in FY 2015-2016. All districts except Westborough collected connection fees in the \$14,000 to \$50,000 range except Montara, which budgeted for over \$300,000 in FY 2015-2016. Montara recently expanded opportunities for new sewer connections, which is what is driving this unusually large amount. See Appendix G for detail.

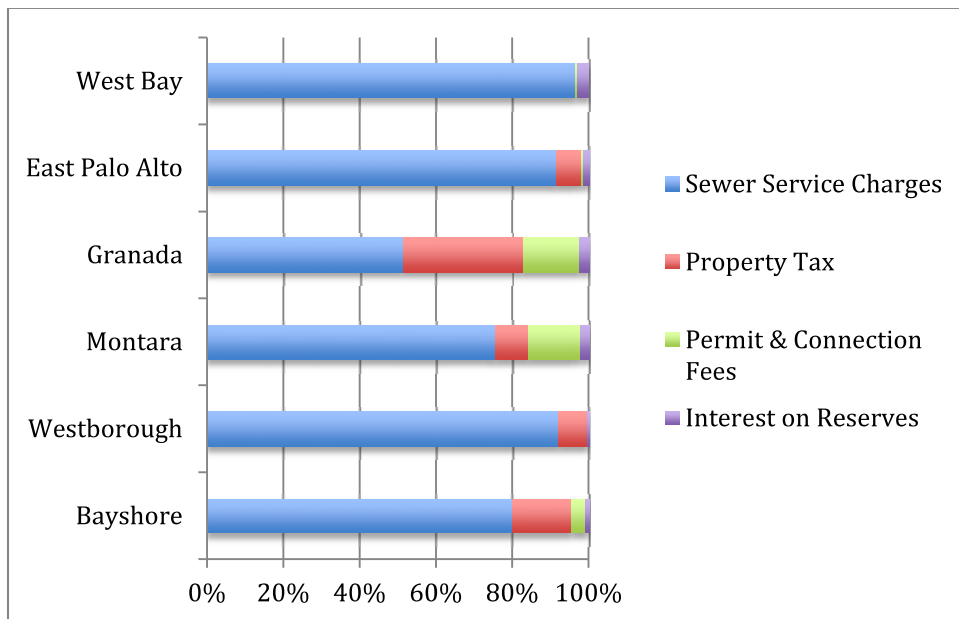
This report focuses on Property Tax and Sewer Service Charges, since they constitute more than 80% of the total income of the independent sanitary districts.

*Property Tax Subsidies*

The contribution of property tax to the districts’ revenue is meaningful, particularly for Bayshore and Granada (see Figure 8).

All independent districts except West Bay were funded through property tax prior to the passage of Proposition 13. As a result, they continue to receive a share of the property tax collected by San Mateo County from all County residents. Although it received property taxes in earlier years, West Bay did not receive property tax funding in fiscal year 1977-1978, and as a result of Proposition 13 and its subsequent enabling legislation, the district continues not to receive any property taxes.<sup>36</sup>

**Figure 8: Property Tax Contribution to Total Revenue**



Source: See Appendix H: Sanitary District Budget Analysis FY 2015-2016.

Notes: Granada’s relatively large portion of revenue due to Permit & Connection Fees is a result of a repayment of monies advanced to the Assessment District. Montara’s large portion is due to the processing of a backlog of connection requests.

<sup>36</sup> The County Controller’s Office was unable to determine the reason that West Bay received no property tax in 1977-1978 although it confirmed that it had received property tax in some prior years.

One of the goals of Proposition 13 was to eliminate property tax for government-provided services for which the customer could be charged directly. California Government Code Section 16270 states:

The Legislature finds and declares that many special districts have the ability to raise revenue through user charges and fees and that their ability to raise revenue directly from the property tax for district operations has been eliminated by Article XIII A of the California Constitution. It is the intent of the Legislature that such districts rely on user fees and charges for raising revenue due to the lack of the availability of property tax revenues after the 1978-79 fiscal year. Such districts are encouraged to begin the transition to user fees and charges during the 1978-79 fiscal year.<sup>37</sup>

Almost 40 years later, five of the independent sanitary districts continue to rely heavily on property tax revenue while also collecting sewer service charges. Their budgets for FY 2015-2016 include \$1,733,000 for property tax receipts.<sup>38</sup> In 2013, Granada Sanitary District took a small step towards reducing its heavy reliance on property tax by adding Parks and Recreation to its scope, becoming the Granada Community Services District. The resolution applying for its reorganization, contained the following statement:

“WHEREAS, the District receives property tax as well as sewer and garbage fees and it is currently intended that Park and Recreation services would initially be funded with a portion of the property tax the District receives . . .”<sup>39</sup>

If the five districts did not receive a share of the 1% property tax, their rates would be more comparable with districts such as West Bay (see Figure 9). Without the property tax, the five districts’ ratepayers would pay more and County taxpayers’ tax would be allocated elsewhere.

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<sup>37</sup> California Government Code Section 16270, <http://www.leginfo.ca.gov/cgi-bin/displaycode?section=gov&group=16001-17000&file=16270-16271>.

<sup>38</sup> See Appendix G: Sanitary District Budgets.

<sup>39</sup> Granada Sanitary District, Resolution No. 2013-003, *Resolution of Application for a Reorganization of the Granada Sanitary District into a Community Services District*. [http://granada.ca.gov/wp-content/uploads/2014/02/2013-04-18\\_RESOLUTION\\_for\\_LAFCO\\_Application.pdf](http://granada.ca.gov/wp-content/uploads/2014/02/2013-04-18_RESOLUTION_for_LAFCO_Application.pdf).

**Figure 9: Impact of Property Tax in Reducing Sewer Rate**



Source: See Appendix H: Sanitary District Budget Analysis FY 2015-2016.

Note: The impact of the property tax is calculated by dividing the total property tax by the number of customers in the district. This is an approximation of the impact of the tax since not all customers are subject to the same rate structure.

### High and Rising Rates

Sewer Service Charges are the primary source of revenue for the independent sanitary districts, ranging from 51% for Granada to 96% for West Bay. Sewer Service Charges come from rates paid by users.

As indicated earlier, the rates in San Mateo County for the 10 County-run and six independent districts are greater than those for comparable urban areas in the Bay Area.<sup>40</sup> Those rates range from \$187 to \$705, while independent sanitary district rates range from \$402 to \$973 (see Table 10). Rates for the County-run districts have averaged 25% growth in the last five years (from 2010-2011 to 2015-2016). During the same period, the average of the independent sanitary districts was 20%. The consumer price index for the San Francisco Bay Area grew approximately 14% during the same period.

<sup>40</sup> As noted earlier, the rates do not include other potential revenue sources such as property taxes.

**Table 10: Sanitary Sewer Rates and Growth**

| Name  | 2015-2016 | % Growth 2011 to 2016 |
|---|-----------|-----------------------|
| Bayshore Sanitary District                          | \$613     | 0%                    |
| Westborough Water District                          | \$512     | 29%                   |
| Montara Water & Sanitary District                   | \$810     | 11%                   |
| Granada Community Services District                 | \$402     | 10%                   |
| East Palo Alto Sanitary District                    | \$575     | 19%                   |
| West Bay Sanitary District                          | \$973     | 50%                   |
|   |           |                       |
| Average Rate and Growth of Independent Districts    | \$648     | 20%                   |
| Average Rate and Growth of County-Managed Districts | \$1,072   | 25%                   |
| Consumer Price Index, San Francisco Bay Area        |           | 14%                   |

Source: Appendix I: Sanitary District Sewer Rates.

Rate increases are subject to Proposition 218, which requires that sanitary districts hold a public hearing, mail advance notice of the hearing, and conduct a ballot protest proceeding before any proposed rate increase.<sup>41</sup> This means that districts must have ratepayer support to increase rates, even in cases where rate increases are required to allow agencies to comply with state mandates to avoid sanitary sewer overflows. Ratepayer protest is more likely in smaller systems with lower numbers of ratepayers.<sup>42</sup>

The challenge for ratepayers is judging whether the rate they are being charged is appropriate or not. The fact that the rate is rising rapidly could be due to the district’s failure to raise rates in earlier years by deferring capital improvements, or to the tightening of State regulatory oversight requiring new capital investments, among other possibilities. Low rates are not necessarily a sign of prudent fiscal management.

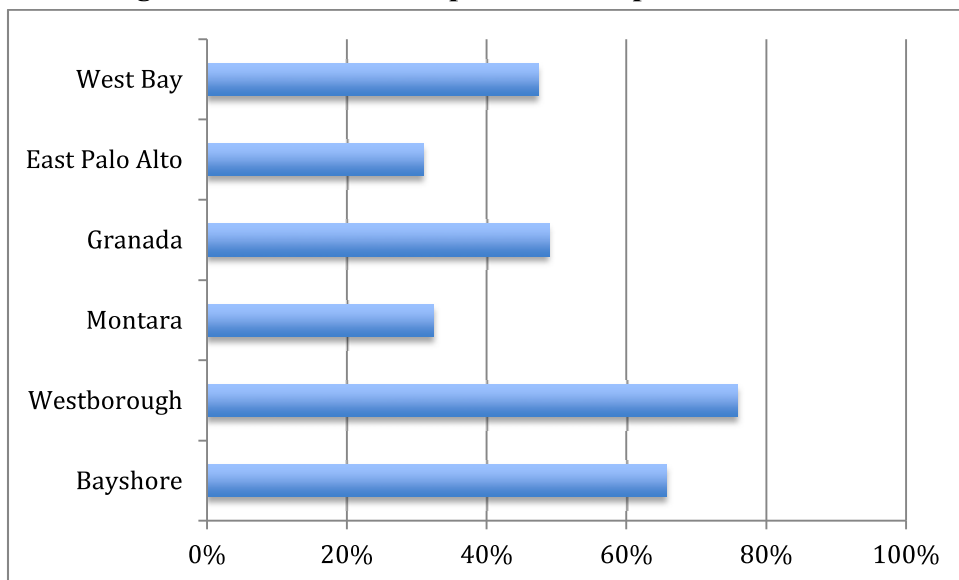
*Handling of Treatment Costs*

The sanitary districts collect revenue for the treatment of sewage as well as the collection of sewage, even though they do not manage the sewage treatment plants. Between one third and two thirds of all revenues received by these districts go towards treatment expense and capital, as shown in Figure 10. Treatment expense is the annual cost to process sewage. Treatment capital is the money to fund capital improvement projects, such as the replacement of equipment or construction of new facilities. For example, treatment expense and capital is 47% of West Bay’s budget, leaving 53% for maintenance and capital improvement of its sewage collection system.

<sup>41</sup> California Special Districts Association, *Proposition 218 Guide for Special Districts*, 2013. p. 19.

<sup>42</sup> Official from San Mateo LAFCo: interview by the Grand Jury.

**Figure 10: Treatment Expense and Capital's Share of Revenue**



Source: See Appendix H: Sanitary District Budget Analysis FY 2015-2016.

The wide discrepancy in percentage of revenue allocated to treatment is due to many reasons—the varying costs of the treatment plants used, the nature of the contracts negotiated with the treatment plants, the amount of capital investment currently underway at the treatment plants, and the individual district’s budgeting practices. This arrangement further separates the ratepayer from the agency spending the ratepayer’s money. It makes it difficult to judge whether the rates are fair across the County, and whether the money is well spent. In any case, it introduces additional players to the decisions involved in managing sewage treatment plants, and that in itself may add little value.

#### *Rationalizing Collection and Administration Expenses*

After treatment costs are removed, the districts are left with the costs associated with administering the district and maintaining the sewer pipes.

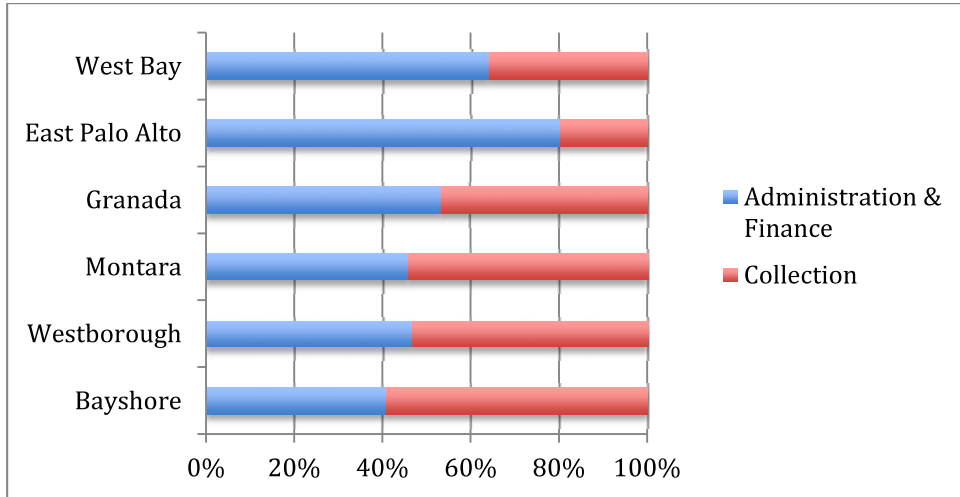
The wide differences in how expenses are allocated between Collection and Administration/Finance are difficult to explain (see Figure 11).

- The methodology for allocating costs between Collection and Administration/Finance is neither well defined nor consistent across districts.
- Districts with both water and sewage responsibilities (such as Montara and Westborough) tend to have a lower proportion of Administration and Finance because these costs are shared.
- Westborough does not report its revenue and expenses separately between its water and sewage responsibilities, so its split was estimated. It is difficult to understand how Westborough can set rates for sewer services without separate cost accounting for water and sewer services.



- East Palo Alto’s emphasis on community engagement and involvement may be a factor in why such a high percentage of its non-treatment operating expenses (80%) are for Administration and Finance.<sup>43</sup>

**Figure 11: Operating Expense Split between Collection and Administration/Finance**



Source: See Appendix H: Sanitary District Budget Analysis FY 2015-2016.

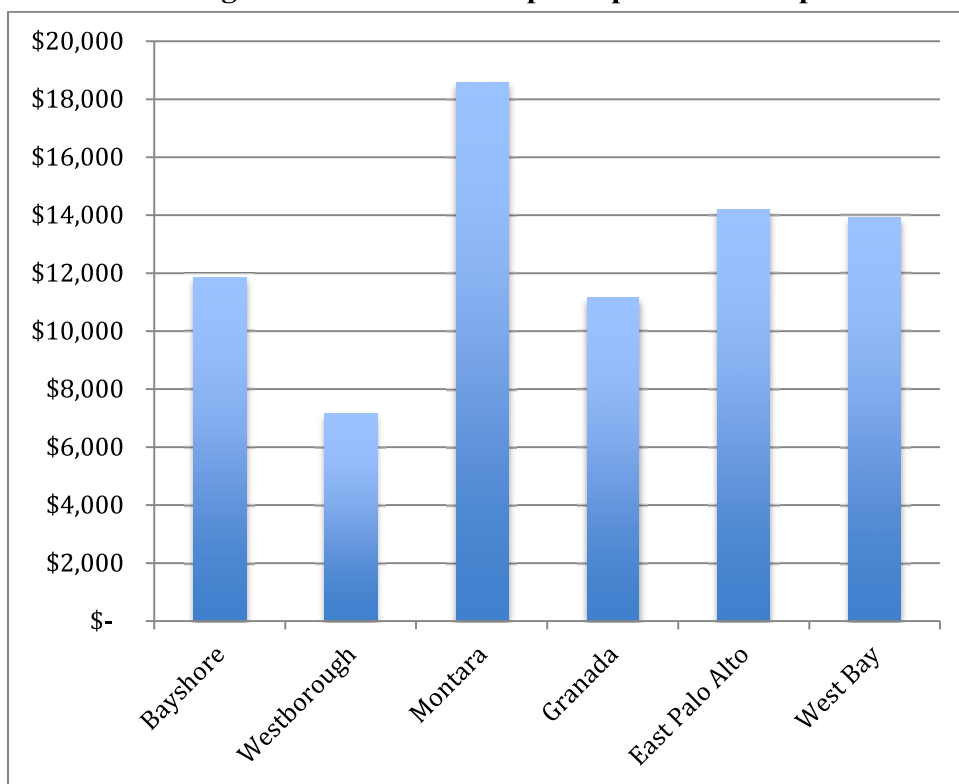
Note: West Bay does not consider treatment costs to be operating costs, unlike the other districts. It classifies them as non-operating costs. For comparative purposes, the Grand Jury categorized them in this report as operating costs.

Collection expense per mile of pipeline varies from \$7,165 for Westborough to \$18,619 for Montara (see Figure 12).<sup>44</sup> The Grand Jury was unable to determine the reasons for the differences.

<sup>43</sup> In addition to the Public Relations study cited earlier (Jatelo Productions, *East Palo Alto Sanitary District Public Relations Plan*), East Palo Alto is the only district whose board calendar includes regular public relations committee meetings.

<sup>44</sup> See Appendix D: Sewage System Characteristics by District; see Appendix G: Sanitary District Budgets for FY 2015-2016; see Appendix H: Sanitary District Budgets for FY 2014-2015.

**Figure 12: Collection Expense per Mile of Pipeline**



Source: See Appendix H: Sanitary District Budget Analysis FY 2015-2016.

Note: Calculated as collection costs divided by miles of gravity and forced main pipelines.

### *Board Compensation*

Board compensation differs dramatically between districts (see Figure 13). The per-diem rate for meeting attendance varies from \$75 for Montara’s directors to \$293 for East Palo Alto’s. Most districts hold monthly board meetings; Montara’s and West Bay’s boards meet twice per month. East Palo Alto is the only district with standing committee meetings scheduled on days other than regular board meetings.<sup>45</sup>

Government codes dictate the allowable compensation for board members of special districts. Sanitary districts’ compensation is covered by California Health and Safety Code Section 6489, which sets \$100 as the maximum allowable compensation per day.<sup>46</sup> Community services districts and water districts have the same limit. The law allows for an adjustment of 5% per year following a public hearing.<sup>47</sup> Bayshore, East Palo Alto, and West Bay have been generous in taking advantage of these provisions to raise board director compensation.

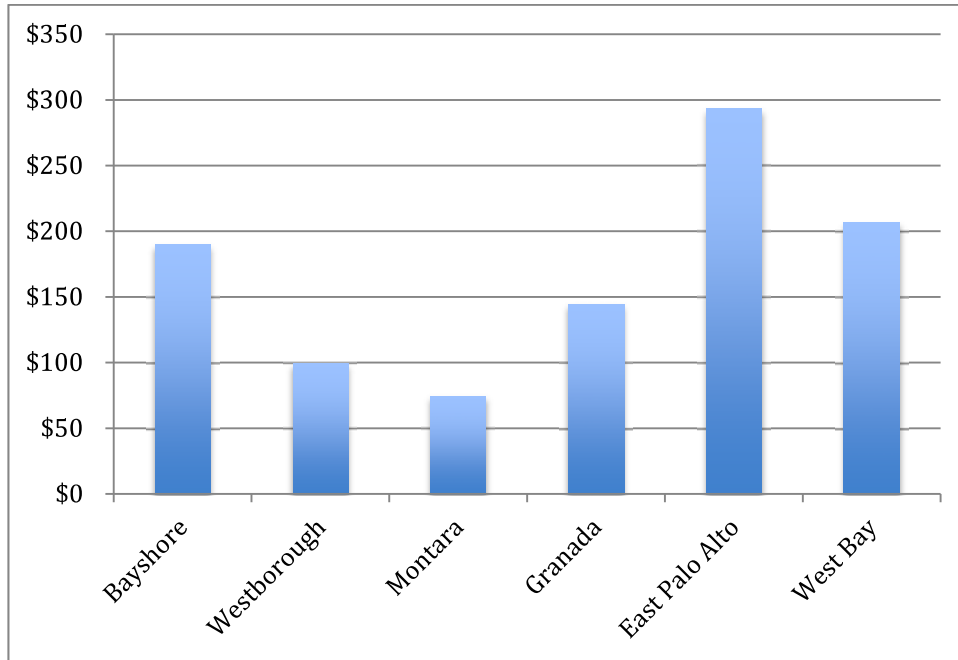
<sup>45</sup> Based on meeting schedules posted on district websites.

<sup>46</sup> California Health and Safety Code, *Section 6489*.

[http://leginfo.legislature.ca.gov/faces/codes\\_displaySection.xhtml?lawCode=HSC&sectionNum=6489](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=HSC&sectionNum=6489).

<sup>47</sup> California Water Code, *Section 20200-20207*, <http://www.leginfo.ca.gov/cgi-bin/displaycode?section=wat&group=20001-21000&file=20200-20207>.

**Figure 13: Meeting Compensation for Directors**



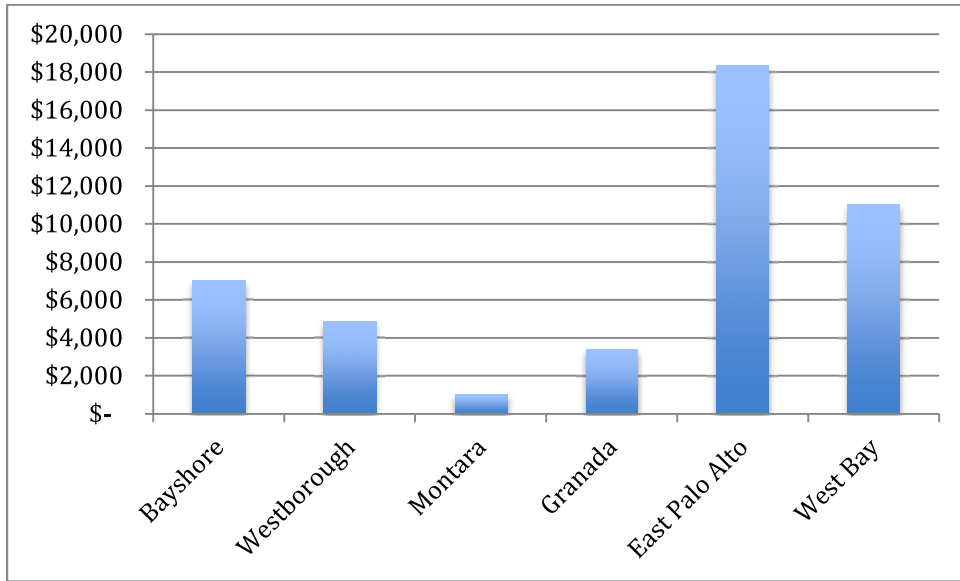
Source: See Appendix J: Board Costs for Sanitary Districts.

The difference in compensation practices is even starker when you compare annual total compensation planned in the FY 2015-2016 budgets (see Figure 14). East Palo Alto’s board members receive an average of \$18,000 in compensation and other benefits per year, while West Bay’s receive only \$11,000 in spite of it being a much larger district. Three of the districts have responsibility for a major mission other than sewage (Granada, Montara, and Westborough). In these cases, their board costs reflect a portion of the total costs, which is why they are lower than Bayshore’s, East Palo Alto’s, and West Bay’s.<sup>48</sup>

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<sup>48</sup> All districts except Westborough provide separate budgets for their sewage management responsibilities. Westborough’s management assisted the Grand Jury with an estimate of its sewage-related budget.

**Figure 14: Annual Board Compensation per Director**



Source: See Appendix J: Board Costs for Sanitary Districts.

While most districts do not provide benefits to their directors other than a meeting stipend, Bayshore and East Palo Alto offer substantial benefits (see Table 11). These benefits are generous given the very occasional responsibilities of board members.

**Table 11: Board of Director Benefits by District**

| District       | Benefit   |
|----------------|---|
| Bayshore       | Dental, Life Insurance for Directors and Spouse / Partner or Children |
| Westborough    | None  |
| Montara        | None  |
| Granada        | None  |
| East Palo Alto | Dental, Vision, Health  |
| West Bay       | None  |

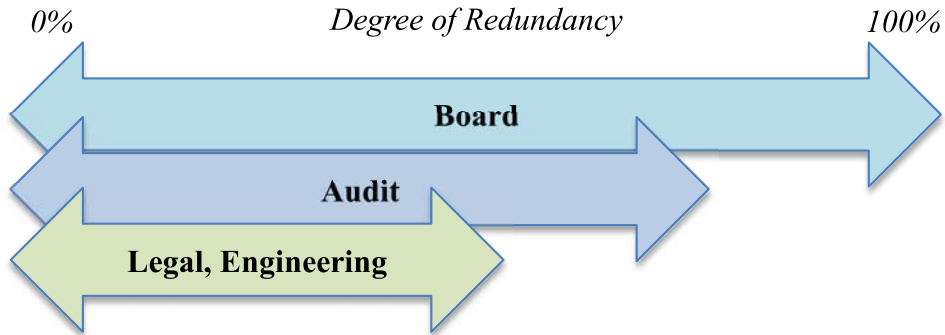
Source: See Appendix J: Board Costs for Sanitary Districts.

Note: FY 2015-2016.

*Redundant Activities*

The six districts budget for items that duplicate work done by other districts. This duplication of costs can be redundant and costly to the taxpayer (see Figure 15).

**Figure 15: Economies of Scale in Professional Services**



If the districts were consolidated with other entities, the board costs associated with sewer services would be eliminated. Similarly, audit costs would be eliminated for the districts if they were consolidated. The audit costs for the receiving entities may go up slightly, especially during the year of consolidation, but the incremental costs would be small.

A portion of legal and engineering fees would continue to be required in the event of consolidations because of the unique characteristics of each district being eliminated. However, the common work of staying apprised of current legal and regulatory requirements, attending district meetings, and preparing district documents (such as Sewer System Management Plans) could be reduced, perhaps dramatically.

The costs involved are not insignificant. For example, board costs total over \$225,000 per year (see Table 12). The total cost of professional services is nearly \$1,000,000, much of which would be eliminated by consolidation.

**Table 12: Cost Impact of Multiple Small Districts**

| <b>Expense Type</b> | <b>Bayshore</b>  | <b>West-borough</b> | <b>Montara</b>  | <b>Granada</b>   | <b>East Palo Alto</b> | <b>West Bay</b>  | <b>Totals</b>    |
|---------------------|------------------|---------------------|-----------------|------------------|-----------------------|------------------|------------------|
| Board               | \$35,000         | \$24,416            | \$5,300         | \$17,000         | \$91,800              | \$55,404         | \$228,920        |
| Legal               | \$30,000         | \$15,900            | \$24,500        | \$60,000         | \$36,000              | \$160,000        | \$326,400        |
| Audit               | \$10,500         | \$8,758             | \$13,000        | \$12,000         | \$20,043              | \$15,000         | \$79,301         |
| Engineering         | \$55,000         | \$9,150             | \$52,000        | \$20,000         | \$85,000              | \$130,000        | \$351,150        |
| <b>Total</b>        | <b>\$130,500</b> | <b>\$58,224</b>     | <b>\$94,800</b> | <b>\$109,000</b> | <b>\$232,843</b>      | <b>\$360,404</b> | <b>\$985,771</b> |

Source: Input from individual districts as well as published budgets. See Appendix G: Sanitary District Budgets.

Note: Data for FY 2015-2016.

The Grand Jury did not investigate the contracts for the professional services firms supporting the sanitary districts. Longevity is highly valued by the districts. The legal counsel in each of the

six has been in place at least 10 years,<sup>49</sup> with Westborough’s counsel serving for over 30 years. Such long-term relationships raise questions about the competitiveness of the fees paid to these firms, since they appear to be rarely, if ever, subject to a standard procurement bidding process.

Other economies of scale could be realized in general management and office administration. There may be opportunities in collection activities as well, with economies of scale in workforce and equipment utilization. West Bay provides a good example. When Los Altos Hills contracted with West Bay for sewer collection services, West Bay’s network expanded by 54 miles, or about 27%. It added two people on a base of 28 full-time equivalent staff, or only 7%.<sup>50</sup>

Scale is a challenge for benchmarking of administrative and finance processes. The minutes of the Granada board meeting from January 21, 2016, record an exchange between director David Seaton, elected in 2013, and director Leonard Woren, elected in 1997:

“Consideration of Potential Cost Sharing Opportunities among Sewer Authority Mid-Coastside (SAM) Member Agencies.

Director Seaton requested this Item for discussion as he feels overhead costs of Coastside agencies providing sewer related services are greater than necessary for the population. He suggested a long-term approach aimed at cost sharing if not consolidation. The Board held a discussion.

ACTION: Director Woren moved to table the Item indefinitely until Director Seaton is able [sic] provide specific line-item expenses with the estimated cost saving calculations he foresees by cost sharing.”<sup>51</sup>

This generally negative attitude to the potential for improvement through sharing of best practices, mutual benchmarking, and other cooperative efforts was clearly visible in the leadership of the five smallest districts interviewed.<sup>52</sup>

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<sup>49</sup> Officials from independent sanitary districts: interviews by the Grand Jury.

<sup>50</sup> Ibid.

<sup>51</sup> Minutes of Granada Sanitary District Board of Directors Regular Meeting, dated January 21, 2016, p. 2.

<sup>52</sup> Officials from independent sanitary districts (excluding West Bay): interviews by the Grand Jury.

## Operational Competence

### *No Gold Standard*

The core operating responsibility of the sanitary districts is sewage collection, which translates to the maintenance of the pipes that connect customers' homes and businesses to the treatment plant. These responsibilities also include connecting new customers to the sewage system or modifying existing customers' connections.

The sanitary districts have a modest role to play in terms of customer service. They field calls from customers regarding sewage leakages and sewer line blockages. They receive requests for permits for new or upgraded connections. Customers themselves must coordinate with building and public works departments to replace or upgrade laterals and cleanouts. Only one of the districts, West Bay, tracks any metrics related to its interactions with customers, although all districts claimed to have excellent customer service.<sup>53</sup>

The Grand Jury was unable to determine whether a “gold standard” of performance exists for sewage collection. When we asked management of each of the districts who they viewed as the “gold standard” in the Bay Area, we received interesting results:

- Bayshore cited itself.
- East Palo Alto, Granada, and Montara cited West Bay.
- The biggest district, West Bay, cited Central Contra Costa Sanitary, West Valley Sanitary District, and Union Sanitary in Fremont.

Only East Palo Alto and West Bay appeared to be actively involved in the primary professional association for sewage system management, the California Water Environment Association. As a result, even among the districts themselves, there is no objective basis for evaluating the performance of the sanitary districts.

### *Age of Pipelines*

The sewage infrastructure of the six independent sanitary districts is old, with over 43% laid before 1960.<sup>54</sup> Older pipe is more susceptible to problems due to root intrusion, land settling, inaccurate maps, and other causes. Because of these problems, older pipe can be more expensive to maintain. Most of these older pipes are clay or concrete, which typically last 50 to 60 years.<sup>55</sup>

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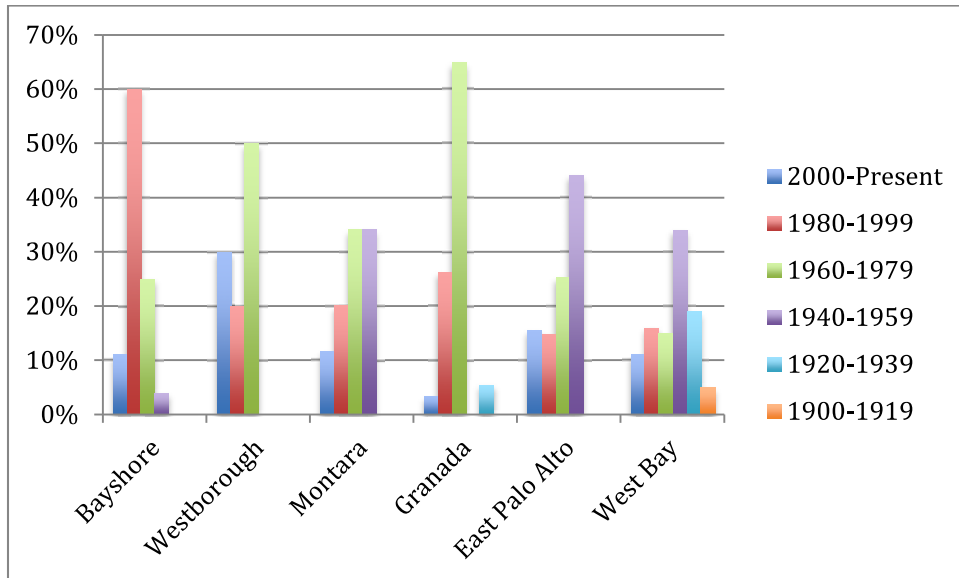
<sup>53</sup> Officials from the independent sanitary districts: interviews by the Grand Jury.

<sup>54</sup> See Appendix F: Age Profile of District Pipelines.

<sup>55</sup> Most sewer pipe laid before 1980 was clay or concrete. Pipe Rehab Specialists, *How Long Do Sewer Pipes Last?*, accessed May 1, 2016. <http://www.piperehabspecialists.com/how-long-do-sewer-pipes-last/>.

Approximately half the pipes in East Palo Alto and West Bay are over 50 years old and therefore approaching end of life (see Figure 16).

**Figure 16: Pipeline Age by District**



Source: See Appendix F: Age Profile of District Pipelines.

Note: Montara data estimated for 1940-1959 and 1960-1979 by dividing pipe aged between 1940-1979 by two.

### Sanitary Sewer Overflows

San Mateo County’s independent sanitary districts contribute less than 10% of the sanitary sewer overflows in the County (see Table 13). With approximately 17% of the County’s total pipeline length, they are doing relatively better as a group than the other sewer providers in the County.

**Table 13: Sanitary Sewer Overflows by District**

|                                       | 2013 | 2014 | 2015 |
|---------------------------------------|------|------|------|
| <i>San Mateo County</i>               | 186  | 238  | 155  |
| Percentage from Independent Districts | 10%  | 9%   | 9%   |
| Bayshore                              | 1    | 2    | 1    |
| Westborough                           | 1    | 0    | 0    |
| Montara                               | 1    | 4    | 7    |
| Granada                               | 5    | 2    | 1    |
| East Palo Alto                        | 0    | 0    | 0    |
| West Bay                              | 10   | 14   | 5    |

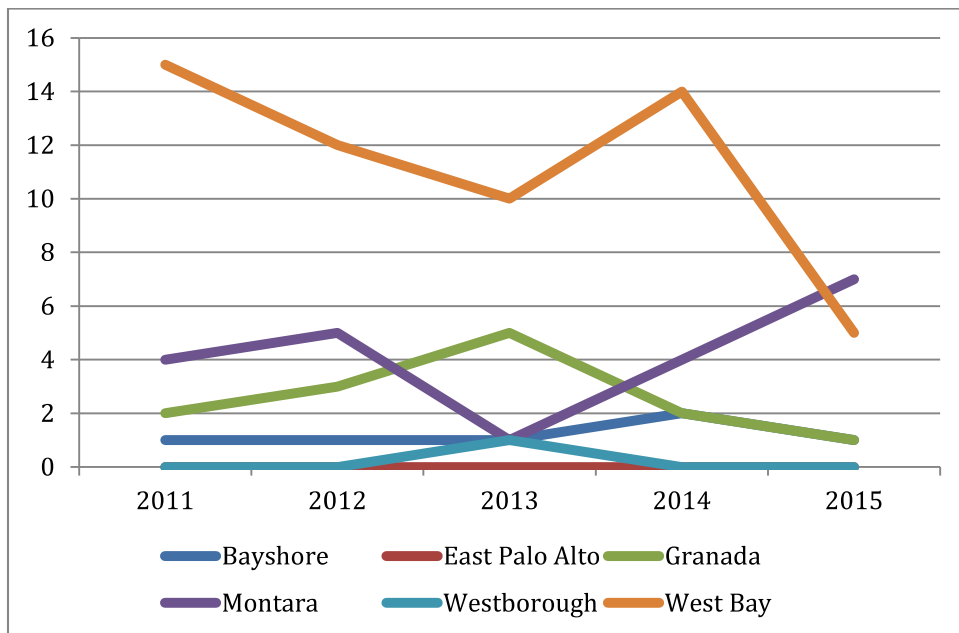
Source: See Appendix E: Sanitary Sewer Overflows by District by Year.

From 2011 to 2015, the most noticeable change in performance by any district is West Bay’s dramatic improvement (see Figure 17). West Bay’s current general manager, a public works executive with more than 30 years of experience in wastewater management, joined the district in 2010 and made reduction in SSOs a major priority. Montara struggles to prevent overflows in



its hilly environment with many pump stations. East Palo Alto reported having no SSOs in the last five years, while Westborough reported only one, and that in 2013.

**Figure 17: Sanitary Sewer Overflows by Year**



*Source:* See Appendix E: Sanitary Sewer Overflows by District by Year.

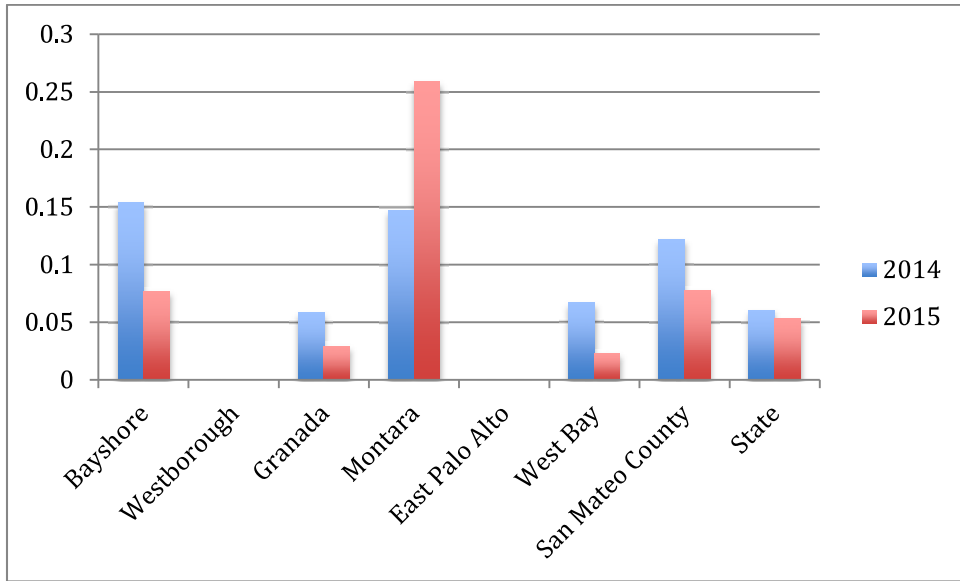
*Note:* Some data points are not visible due to overlap. For example, Bayshore’s values for 2014 and 2015 are equal to Granada’s, so its line is hidden behind Granada’s.

Similarly, East Palo Alto’s and Westborough’s values are identical in all years except 2013, so the East Palo Alto values are only visible in that year.

SSOs per mile of pipe show that the two biggest districts (West Bay and East Palo Alto) are lower than the state average for SSOs per mile of pipe, in spite of the age of their pipes (see Figure 18). It is difficult to assess precisely why this is the case other than to note the experience and professionalism of their leadership and employees, as well as West Bay’s deployment of technologies such as cured-in-place pipe and linear asset management planning.<sup>56</sup> Bayshore and Montara SSOs were high relative to County and state averages in 2014, with that trend continuing for Montara into 2015.

<sup>56</sup> Cured-in-place pipe is a “jointless, seamless, pipe-within-a-pipe with the capability to rehabilitate pipes.” It is one of several trenchless rehabilitation methods used to repair existing pipelines. Source: Wikipedia entry for cured-in-place pipe. [https://en.wikipedia.org/wiki/Cured-in-place\\_pipe](https://en.wikipedia.org/wiki/Cured-in-place_pipe). Linear asset planning is a method for prioritizing pipeline repair or replacement based on multiple factors.

**Figure 18: Sanitary Sewer Overflows per Mile of Pipe**



*Source:* See Appendix E: Sanitary Sewer Overflows by District by Year.

*Notes:* East Palo Alto and Westborough reported no Sanitary Sewer Overflows in 2014 and 2015.

### *Dependence on Contractors*

With the exception of West Bay, the sanitary districts are so small that they cannot justify hiring and retaining their own staff, so they hire outside contractors to manage their responsibilities. The functions performed by contractors are highlighted in Table 14.

**Table 14: Use of Contractors by Function in Independent Sanitary Districts**

| Responsibility                           | Bayshore                                      | West-borough   | Montara                             | Granada                             | EPA  | West Bay                                  |
|--|---|--|-------------------------------------|-------------------------------------|--|---|
| Number of Full-Time Equivalent Employees | 0   | 1 <sup>a</sup>   | 2                                   | 2                                   | 9  | 28  |
| District Administration                  |   |  |                                     |                                     |  |   |
| General Manager                          | N/A   | Employee   | Employee                            | Dudek & Associates <sup>b</sup>     | Contractor <sup>c</sup>                        | Employee                                  |
| District Clerk                           | Contractor <sup>d</sup>                       | Employee   | N/A                                 | Employee                            | N/A  | N/A                                       |
| Legal                                    | Meyers Nave                                   | Hanson Bridgett LLP  | Law Offices of David E. Schricker   | Wittwer Parkin LLP                  | Best Best & Krieger LLP                        | Atchison, Barisone, Condotti & Kovacevich |
| Finance & Accounting                     |   |  |                                     |                                     |  |   |
| Accountant                               | Contractor <sup>d</sup>                       | Chavan & Associates, LLP                                   | Maze & Associates                   | Employee                            | Jeanpierre, Wegem, Alabi & Co. LLP CPAs        | Employee                                  |
| Sewer Service Rates                      | TBD   | TBD  | Bartle Wells Associates             | TBD                                 | Bartle Wells Associates                        | HF&H Consultants, LLC                     |
| Auditor <sup>e</sup>                     | Fechter & Co., CPAs                           | Charles Z. Fedak   | Vavernick, Trine & Day              | Fechter & Co, CPAs                  | Maze & Associates                              | Chavan & Associates, LLP                  |
| Engineering                              | Thomas E. Yeager, formerly of Kennedy / Jenks | Pakpour Consulting   | Nute Engineering                    | Kennedy / Jenks Consultants         | Freyer & Laureta Inc.                          | Employee                                  |
| Collections (Maintenance)                | Collection Systems Maintenance Service        | North San Mateo County Sanitation District                 | Sewer Authority Mid-Coastside (SAM) | Sewer Authority Mid-Coastside (SAM) | Employee                                       | Employee                                  |
| Permit Processing                        | Contractor                                    | Employee / Contractor                                      | Employee                            | Employee                            | Employee                                       | Employee                                  |
| Treatment                                | SFPUC Southeast Treatment Plant               | North San Mateo County Sanitation District Treatment Plant | Sewer Authority Mid-Coastside (SAM) | Sewer Authority Mid-Coastside (SAM) | Palo Alto Regional Water Quality Control Plant | Silicon Valley Clean Water                |

Sources: Representative from Bayshore: interview by the Grand Jury, February 23, 2016.

Representative from Westborough: interview by the Grand Jury, February 29, 2016.

Representative from Montara: interview by the Grand Jury, February 22, 2016.

Representative from Granada: interview by the Grand Jury, February 22, 2016.

Representative from East Palo Alto: interview by the Grand Jury, February 25, 2016.

Representative from West Bay: interview by the Grand Jury, February 23, 2016.

Notes: <sup>a</sup>Westborough has three employees involved in sewer management, but each also supports its mission of providing fresh water. Management judged that it had the equivalent of one employee managing its sewage responsibilities, spread across General Management, the District Clerk, and permit processing.

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<sup>b</sup>Chuck Duffy serves approximately 30 hours per month. According to Granada district staff, he serves as general manager for two other sanitary districts located in southern California.

<sup>c</sup>Karen Maxey, independent contractor and former employee.

<sup>d</sup>Joann Landi, independent contractor.

<sup>e</sup>Auditors are always independent contractors.

Some of the same contractors work in several districts. For example, Fechter provides audit services for Bayshore and Granada. Westborough and West Bay use Chavan & Associates for financial services. Kennedy/Jenks Consulting is the source of engineering for Bayshore and Granada.

### *Use of Technologies*

Based on the Grand Jury's research, the five smallest independent districts are using few of the current technologies available to manage their collection systems (see Table 15).<sup>57</sup> The newer technologies offer ways to prevent problems that older approaches based on the fix-it-when-it-breaks approach did not. This can have near-term implications such as increased risk of sanitary sewer overflows. A bigger concern is that without taking steps to proactively preserve, rehabilitate, and replace pipelines now, districts will face increased costs in the future. The recent publicity (mentioned earlier in this report) about unplanned, multi-hundred million dollar investments to replace worn-out collection and treatment systems attests to this.<sup>58</sup>

During interviews, it became clear that many of the independent sanitary district leaders were unaware of developments in sewage management that may be applicable to them. They rarely if ever attend industry conferences,<sup>59</sup> do not appear to require employees or contractors' employees to participate in certification programs, and do not actively benchmark their performance.

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<sup>57</sup> Officials from the independent sanitary districts: interviews by the Grand Jury.

<sup>58</sup> See Section titled "Urban Sewage Management."

<sup>59</sup> Only Montara and West Bay leadership reported regular attendance at conferences directly related to sanitary waste management, such as California Association of Sanitation Agencies and California Water Environment Association. All districts attended at least occasional meetings at the California Special Districts Association.

**Table 15: Use of Operational and Planning & Control Technologies by District**

| <b>In Use</b>                              | <b>Bayshore</b> | <b>West-borough</b> | <b>Montara</b> | <b>Granada</b> | <b>EPA</b> | <b>West Bay</b> |
|--|-----------------|---------------------|----------------|----------------|------------|-----------------|
| <b>Operational Performance</b>             |                 |                     |                |                |            |                 |
| Camera                                     | Yes             | No                  | Yes            | Yes            | No         | Yes             |
| Sonar Technology                           | No              | No                  | No             | No             | No         | No              |
| Root Foaming                               | No              | Yes                 | No             | No             | No         | Yes             |
| Trenchless / Slip Line Technology          | Yes             | No                  | Yes            | Yes            | No         | Yes             |
| Operator Certifications                    | No              | Yes                 | No             | Yes            | No         | Yes             |
| <b>Planning &amp; Control Technologies</b> |                 |                     |                |                |            |                 |
| Linear Asset Management Plan (LAMP)        | No              | No                  | Yes            | No             | No         | Yes             |
| Effective Utility Management               | No              | No                  | Yes            | No             | No         | Yes             |
| SCADA Systems                              | No              | Yes                 | Yes            | No             | No         | Yes             |

| <b>Planned</b>                             | <b>Bayshore</b> | <b>West-borough</b> | <b>Montara</b> | <b>Granada</b> | <b>EPA</b> | <b>West Bay</b> |
|--|-----------------|---------------------|----------------|----------------|------------|-----------------|
| <b>Operational Performance</b>             |                 |                     |                |                |            |                 |
| Camera                                     | Yes             | Yes                 | Yes            | Yes            | Yes        | Yes             |
| Sonar Technology                           | No              | No                  | No             | No             | No         | No              |
| Root Foaming                               | No              | Yes                 | No             | No             | No         | Yes             |
| Trenchless / Slip Line Technology          | Yes             | Yes                 | Yes            | Yes            | No         | Yes             |
| Operator Certifications                    | No              | Yes                 | No             | Yes            | No         | Yes             |
| <b>Planning &amp; Control Technologies</b> |                 |                     |                |                |            |                 |
| Linear Asset Management Plan (LAMP)        | No              | No                  | No             | No             | No         | Yes             |
| Effective Utility Management               | No              | No                  | No             | No             | No         | Yes             |
| SCADA Systems                              | No              | Yes                 | Yes            | No             | No         | Yes             |

Change in use

Source: Sanitary District interviews.

Technology is not the only factor that leads to good performance. The Grand Jury learned that good performance is a function of the base condition of the infrastructure, the quality and skill of leadership and staff, work standards, the tools and technology available to perform the work, and the funds allocated to capital investment. There are likely other factors, as well.

### *Emergency Preparedness*

A review of urban sewage management websites turns up evaluations of the emergency-preparedness of their systems. San Francisco has a comprehensive Sewer System Improvement Program, whose initial goal is to “provide a compliant, reliable, resilient, and flexible system that can respond to catastrophic events.”<sup>60</sup> The associated level of service is to “ensure treatment of flows within 72 hours of a major earthquake.”<sup>61</sup> San Jose updated its Sewer System Management Plan in 2014, with multiple references to emergency management.<sup>62</sup>

As mentioned earlier, the State Water Control Board requires Sewer System Management Plans of all districts, and yet only two of San Mateo’s independent districts have plans that are easy to locate on their websites. Emergency preparedness is a key required component of these plans.

The Grand Jury reviewed the meeting minutes of the six districts for the last 12 months, from approximately April 2015 through March 2016. There was no evidence of any discussion regarding emergency preparedness in any of the sets of minutes.<sup>63</sup>

### **FINDINGS**

- F1. From 2013-2015, San Mateo County sewer agencies had more than twice as many sanitary sewer overflows as San Jose and three times as many as Central Contra Costa Sanitary District.
- F2. Independent district websites have gaps in information regarding historical rates, sewer system management plans, and sanitary sewer overflows. Meeting minutes and financial audits are frequently out of date.
- F3. The use of the annual property tax statement for billing purposes makes the cost of sewer services less visible to residents.
- F4. Elections for sanitary district board membership are rarely contested, and when they are, voter turnout is low. The average tenure of board members is over 10 years.
- F5. Five of the six districts receive countywide property taxes, which means that residents’ fees are not paying the full cost of sewer services.
- F6. Sewer rates from 2010-2011 to 2015-2016 increased faster than the consumer price index. The six districts acknowledged that this trend is likely to continue given the age of pipelines in the County and the cost of maintenance to and replacement of those pipelines.
- F7. Funds for treatment plants pass from ratepayers through the independent sanitary districts to the treatment plants; the sanitary districts add little value.
- F8. The total budget for operating the boards of the six districts studied is over \$225,000. East Palo Alto’s average annual compensation for directors is \$18,000, 66% higher than the

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<sup>60</sup> San Francisco Water Power Sewer, *SSIP Goals & Level of Service*. <http://sfwater.org/index.aspx?page=668>.

<sup>61</sup> *Ibid*.

<sup>62</sup> City of San Jose, *Sewer System Management Plan, Document No. 1131790*, October 2014, p. 8.

<sup>63</sup> See Appendix L: References to “Disaster” or “Emergency” in Board Meeting Minutes.

next highest (and much larger) district, West Bay. Bayshore and East Palo Alto offer employee-type benefits to directors including dental insurance.

- F9. The pipelines of the six districts are aging, with almost half having been laid over 50 years ago. These pipes are approaching end of life.
- F10. There are many wholly or partially redundant activities across the six independent districts, including board costs, financial audits, legal services, and engineering.
- F11. Most of the independent sanitary districts rely almost entirely on contractors to fulfill their responsibilities.
- F12. In many cases, district leadership is unfamiliar with the existing and emerging technologies for improving sewer system performance while reducing costs.
- F13. The proliferation of sanitary districts within San Mateo County makes it challenging to coordinate an emergency response. The districts themselves have not reviewed or discussed emergency/disaster planning within their boards in the past year.

## **RECOMMENDATIONS**

The Grand Jury recommends that the Board of the Bayshore Sanitary District and the City Councils of Brisbane and Daly City do the following:

- R1. Form a committee of Board members (Bayshore Sanitary District), Council members (Brisbane, Daly City), and staff from each to discuss the assumption of services provided by Bayshore Sanitary District into Brisbane and/or Daly City. Evaluate alternatives and determine the benefits to ratepayers. Issue a report with recommendations and a plan by September 30, 2017.

The Grand Jury recommends that Boards of the East Palo Alto Sanitary District and West Bay Sanitary District and the City Council of East Palo Alto do the following:

- R2. Form a committee of Board members (East Palo Alto Sanitary District, West Bay Sanitary District), Council members (East Palo Alto), and staff from each to discuss the assumption of services provided by East Palo Alto Sanitary District into either West Bay Sanitary District or the City of East Palo Alto. Evaluate alternatives and determine the benefits to ratepayers. Issue a report with recommendations and a plan by September 30, 2017.

The Grand Jury recommends that the Boards of Granada Community Services District and Montara Water and Sanitary District and the City Council of Half Moon Bay do the following:

- R3. Form a committee of Board members (Granada Community Services District, Montara Water and Sanitary District), Council members (Half Moon Bay), and staff from each to plan the consolidation or assumption of services provided by these two districts. Evaluate alternatives and determine the benefits to ratepayers. Issue a report with recommendations and a plan by September 30, 2017.

The Grand Jury recommends that the Board of the Westborough Water District and the City Councils of Daly City and South San Francisco do the following:

- R4. Form a committee of Board members (Westborough Water District), Council members (Daly City, South San Francisco), and staff from each to discuss the assumption of services provided by Westborough Water District into Daly City and/or South San Francisco. Evaluate alternatives and determine the benefits to ratepayers. Issue a report with recommendations and a plan by September 30, 2017. Work with California Water Service Company on this initiative.

The Grand Jury recommends that the Boards of Bayshore Sanitary District, East Palo Alto Sanitary District, Granada Community Services District, Montara Water & Sanitary District, West Bay Sanitary District, and Westborough Water District do the following:

- R5. Improve information visibility on their website, including key system characteristics, rates and rate history, sewer system management plans, sanitary sewer overflows, and board member compensation. Key system characteristics would include population served, number of connections, number of miles of pipe (gravity, forced main), number of pump stations and number of pumps, average dry weather flow, and average wet weather flow. Ensure all information is up to date. Refresh website by September 30, 2016.
- R6. Implement and publish performance management metrics including but not limited to the Effective Utility Management framework, beginning with Fiscal Year 2016-2017.
- R7. Adjust rates over the next five years so that all costs are recovered from ratepayers, and the reliance on property tax is eliminated. Transition property tax revenues to neighboring cities to be used for community benefit.
- R8. Mail notices to ratepayers at least annually with an explanation of the dollar amount of sewer service charges being billed and the rationale. Provide information on the prior five years' rates for comparison purposes. Display the portion of the rate that is related to collection activities, and the portion allocated to treatment. Mail notices approximately 30 days before the mailing of the property tax bills. Initiate mailings by November 2016.
- R9. Notify ratepayers annually of elected nature of Board, role and compensation of Board members, and process for becoming a candidate. Encourage active participation by ratepayers. This notification may be included in the mailing that explains the rationale for rates. Initiate notification by November 2016.
- R10. Establish term limits for the members of their boards of directors by June 30, 2017.
- R11. Establish a procurement process for professional services to include formal evaluation of existing service providers, issuance of Request for Proposals, regular reviews of existing providers, and a structured negotiation process by March 31, 2017.
- R12. Demonstrate active participation in professional organizations focused on the work of sanitary districts, such as California Water Environment Association, by June 30, 2017. Require CWEA certification of district operators, including contractors, by June 30, 2017.
- R13. Develop plans for coordinating resources in the event of a local or regional emergency by June 30, 2017.



The Grand Jury recommends that the Boards of Bayshore Sanitary District, East Palo Alto Sanitary District, West Bay Sanitary District, and Westborough Water District do the following:

R14. Evaluate the benefit of changing the timing of board director elections to November of even years, when federal and state elections generate greater turnout.<sup>64</sup>

The Grand Jury recommends that the Board of the Westborough Water District do the following:

R15. Develop, publish, and track separate budgets for sewer and water services, beginning with Fiscal Year 2016-2017.

The Grand Jury recommends that the Boards of the Bayshore Sanitary District, Montara Water and Sanitary District, and Westborough Water District do the following:

R16. Explore the feasibility of establishing a flat rate for capital improvements separate from the water usage rate. Report back at a public meeting by December 31, 2016.

The Grand Jury recommends that the Boards of the Bayshore Sanitary District and East Palo Alto Sanitary District do the following:

R17. Reduce the daily compensation of board directors to \$100 per day by December 31, 2017. Phase out all benefits for board directors over a period of time not to exceed three years.

The Grand Jury recommends that the San Mateo County Local Agency Formation Commission do the following:

R18. Initiate a service review of the Westborough Water District to examine whether its operations might be more efficiently and effectively run if they were consolidated with another entity's operations.

## **REQUEST FOR RESPONSES**

Pursuant to Penal Code Section 933.05, the Grand Jury requests responses as follows:

From the following entities:

- San Mateo County Local Agency Formation Commission: R18

From the following governing bodies:<sup>65</sup>

- Bayshore Sanitary District: R1, R5-R13, R14, R16, R17
- East Palo Alto Sanitary District: R2, R5-R13, R14, R17
- Granada Community Services District: R3, R5-R13
- Montara Water & Sanitary District: R3, R5-R13, R16

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<sup>64</sup> Granada Community Services District and Montara Water and Sanitary District have already made the decision to transition director elections to even-numbered years, beginning in 2016.

<sup>65</sup> Each district should respond to the Finding and Recommendation in light of its particular circumstances and performance, and not reply on behalf of all independent districts.

- West Bay Sanitary District: R2, R5-R13, R14
- Westborough Water District : R4, R5-R13, R14, R15, R16
- City of Brisbane: R1
- City of Daly City: R1, R4
- City of East Palo Alto: R2
- City of Half Moon Bay: R3
- City of South San Francisco: R4

The governing bodies identified above should be aware that the comment or response of the governing body must be conducted subject to the notice, agenda and open meeting requirements of the Brown Act.

## **METHODOLOGY**

### **Documents**

- The Grand Jury gathered information from each of the six independent sanitary districts in four steps:
  - Step 1: The Grand Jury conducted Internet research on each district, including its budgets, meeting minutes, and Sanitary Sewer Management Plans. The Jury also reviewed election records and performance statistics gathered by the State of California Water Resources Board.
  - Step 2: The Grand Jury requested information from each district on its budget, along with collection system information.
  - Step 3: The Grand Jury requested information from each district on its budgeting practices and pipeline ages. It also asked that each district review its data as analyzed by the Grand Jury and confirm the data was correct.
  - Step 4: The Grand Jury requested additional information on rates and technology deployment. It also asked each district to once again verify the data used to describe its district in the report.

### **Interviews**

Reports issued by the Civil Grand Jury do not identify individuals interviewed. Penal Code Section 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Civil Grand Jury.

The Grand Jury interviewed leadership at each of the six independent sanitary districts as well as LAFCo of San Mateo County.

### **Site Visits**

- Bayshore Sanitary District

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## **APPENDIX A: SEWER PROVIDERS IN SAN MATEO COUNTY**

### **Sewage Collection (36)**

#### **Independent (6)**

- Bayshore Sanitary District
- East Palo Alto Sanitary District
- Granada Community Services District
- Montara Water and Sanitary District
- Westborough Water District
- West Bay Sanitary District

#### **County Managed (10)**

- Burlingame Hills Sewer Maintenance District
- Crystal Springs County Sanitation District
- Devonshire County Sanitation District
- Edgewood Sewer Maintenance District
- Emerald Lake Heights Sewer Maintenance District
- Fair Oaks Sewer Maintenance District
- Harbor Industrial Sewer Maintenance District
- Kensington Square Sewer Maintenance District
- Oak Knoll Sewer Maintenance District
- Scenic Heights County Sanitation District

#### **City Managed (13)**

- Belmont Collection System
- Brisbane City Collection System
- Burlingame City Collection System
- Foster City Collection System
- Half Moon Bay Collection System
- Hillsborough (Town of) Collection System
- Millbrae City Collection System
- Pacifica (Calera Creek Water Recycling Plant Collection System)
- Redwood City Collection System
- San Bruno City Collection System
- San Carlos City Collection System
- San Mateo Collection System
- South San Francisco City Collection System

#### **Subsidiary Districts (2)**

- Guadalupe Valley Municipal Improvement District
- North San Mateo County Sanitation District

#### **Unique Systems (5)**

- San Francisco International Airport Mel Leong Treatment Plant - Industrial Wastewater & Sanitary Waste Collection Systems
- Sewer Authority Mid-Coastside Collection System
- Silicon Valley Clean Water Collection System

SLAC National Accelerator Laboratory Collection System  
Tower Road Complex Collection System

**Wastewater Treatment (9)**

Burlingame Wastewater Treatment Facility (operated by Veolia Water)  
Calera Creek Water Recycling Plant  
Daly City Wastewater Treatment Plant  
Millbrae Water Pollution Control Plant  
San Francisco International Airport Mel Leong Treatment Plant  
San Mateo Wastewater Treatment Plant  
Sewer Authority Mid-Coastside (SAM)  
Silicon Valley Clean Water (formerly South Bayside System Authority)  
South San Francisco Water Quality Control Plant

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## APPENDIX B: URBAN SEWER MANAGEMENT AGENCIES

### System Characteristics of Major Bay Area Sewer Providers

|  | Population | Area (Sq. Miles) | Forced Main (Miles) | Gravity Main (Miles) | Residential Rate (\$/Year) |
|--|------------|------------------|---------------------|----------------------|----------------------------|
| <i>San Mateo County</i>                                | 765,135    | 448.0            | 104.4               | 1,898                | \$902 <sup>a</sup>         |
| San Jose City Collection System                        | 998,537    | 176.6            | 13.0                | 2,268                | \$405                      |
| Central Contra Costa Sanitary District                 | 476,400    | 144.0            | 23.0                | 1,519                | \$471                      |
| San Francisco Public Utilities Commission <sup>b</sup> | 864,816    | 46.9             |                     | 1,000                | \$187                      |
| Oakland City Collection System                         | 406,253    | 55.8             | 0.2                 | 920                  | \$705                      |

*Sources:*

San Mateo County

**Population:** US Census Bureau, estimate as of 7/1/15; <http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk>

**Area:** Land only; [https://en.wikipedia.org/wiki/San\\_Mateo\\_County,\\_California](https://en.wikipedia.org/wiki/San_Mateo_County,_California)

**Pipeline Length:** <https://ciwqs.waterboards.ca.gov/ciwqs/readOnly/PublicReportSSOServlet>

**Rate:** Average of 10 county-managed and 6 independent district rates for 2015-2016. See Appendix I: Sanitary District Sewer Rates.

San Jose

**Population:** U.S. Census Bureau, estimate as of 1/1/13;

<https://www.google.com/search?client=safari&rls=en&q=area+of+san+jose+ca&ie=UTF-8&oe=UTF-8#q=population+of+san+jose+ca>

**Area:** Land only; [https://en.wikipedia.org/wiki/San\\_Jose,\\_California](https://en.wikipedia.org/wiki/San_Jose,_California)

**Pipeline Length:** <https://ciwqs.waterboards.ca.gov/ciwqs/readOnly/PublicReportSSOServlet>

**Rate:** <https://www.sanjoseca.gov/index.aspx?nid=1661>

Central Contra Costa

**Population, Area:** <http://www.centraalsan.org/index.cfm?navid=65>

**Pipeline Length:** <https://ciwqs.waterboards.ca.gov/ciwqs/readOnly/PublicReportSSOServlet>

**Rate:** <http://centraalsan.org/index.cfm?navid=78>

San Francisco

**Population:** [https://en.wikipedia.org/wiki/San\\_Francisco](https://en.wikipedia.org/wiki/San_Francisco)

**Area:** Land only; [https://en.wikipedia.org/wiki/San\\_Francisco](https://en.wikipedia.org/wiki/San_Francisco).

**Pipeline Length:** Estimates report vary from 900 – 1000; <http://www.sfwater.org/index.aspx?page=392>.

**Rate:** Estimated from average household size (2.63) times average per capita monthly water consumption (1.72 CCF) times \$9.06 for the first four CCF per month. A CCF is a hundred cubic feet of water, or 748 gallons.

**Household Size:** <http://www.sfwater.org/index.aspx?page=392>.

**Water Consumption:**

Factsheet: January by the Numbers, California EPA, California State Water Resources Control Board,  
[http://www.waterboards.ca.gov/water\\_issues/programs/conservation\\_portal/conservation\\_reporting.shtml](http://www.waterboards.ca.gov/water_issues/programs/conservation_portal/conservation_reporting.shtml).

**Rate:** <http://sfwater.org/modules/showdocument.aspx?documentid=5031>.

Oakland

**Population** as of 1/1/2013:

<https://www.google.com/search?client=safari&rls=en&q=area+of+san+jose+ca&ie=UTF-8&oe=UTF-8#q=population+of+oakland+california>

**Area:** Land only; [https://en.wikipedia.org/wiki/Oakland,\\_California](https://en.wikipedia.org/wiki/Oakland,_California)

**Pipeline Length:** <https://ciwqs.waterboards.ca.gov/ciwqs/readOnly/PublicReportSSOServlet>

**Rate:**

**Collection:** Flyer 2016 Sewer Service Charge Website - One Page (1-4-16) Final.pdf;

<http://www2.oaklandnet.com/Government/o/PWA/s/Sewer/index.htm>

**Treatment:** <http://www.ebmud.com/wastewater/rates-and-charges/#single-family>.

*Notes:*

<sup>a</sup>County and independent districts only; excludes rates charged by cities. This is average rate ranging from \$360 for Harbor Industrial Sewer Maintenance District to \$1,595 for Burlingame Hills Sewer Maintenance District.

<sup>b</sup>Data on Forced Mains not available.

### Sanitary Sewer Overflows by Major Bay Area Sewer Providers

| Sanitary Sewer Overflows <sup>a</sup> | 2013 | 2014 | 2015 | Average | As %age of SMC |
|---------------------------------------|------|------|------|---------|----------------|
| San Mateo County                      | 186  | 238  | 155  | 193     | 100%           |
| San Jose City                         | 125  | 101  | 74   | 100     | 52%            |
| Central Contra Costa                  | 46   | 49   | 43   | 46      | 24%            |
| Oakland                               | 91   | 108  | 93   | 97      | 50%            |

Source:

State of California Environmental Protection Agency, Water Resources Control Board, California Integrated Water Quality System Project (CIWQS). *SSO Report Form*. Accessed March 17, 2016. <https://ciwqs.waterboards.ca.gov/ciwqs/readOnly/PublicReportSSOServlet>.

Note:

<sup>a</sup>San Francisco is not required to report Sanitary Sewer Overflows to the State Water Resources Control Board because it operates what is known as a combined sewer system, which includes sewage and storm water.

### Sanitary Sewer Overflows per Hundred Miles of Pipeline

| Sanitary Sewer Overflows / Hundred Miles | 2013 | 2014 | 2015 | Average | As %age of SMC |
|--|------|------|------|---------|----------------|
| San Mateo County                         | 9.3  | 11.9 | 7.7  | 9.6     | 100%           |
| San Jose City                            | 5.5  | 4.4  | 3.2  | 4.4     | 45%            |
| Central Contra Costa                     | 3.0  | 3.2  | 2.8  | 3.0     | 31%            |
| Oakland                                  | 9.1  | 10.8 | 9.3  | 9.7     | 101%           |

Sources: Previous tables: System Characteristics of Major Bay Area Sewer Providers and Sanitary Sewer Overflows by Major Bay Area Sewer Providers.



**APPENDIX C: WASTEWATER TREATMENT PLANTS SERVING INDEPENDENT SANITARY DISTRICTS**

| <b>Name</b>   | <b>Governance</b>  | <b>Bay-shore</b>         | <b>Westborough</b>       | <b>Montara</b>           | <b>Granda</b>            | <b>East Palo Alto</b>    | <b>West Bay</b>          | <b>Other Entities Served</b>                                   |
|---|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--|
| SFPUC Southeast Treatment Plant   | 5 Directors, appointed by SF Mayor   | <input type="checkbox"/> |                          |                          |                          |                          |                          | San Francisco  |
| Regional Water Quality Control Plant (Palo Alto)  | Part of Palo Alto Public Works Department  |                          |                          |                          |                          | <input type="checkbox"/> |                          | Los Altos, Los Altos Hills, Mountain View, Palo Alto, Stanford |
| Sewer Authority Mid-Coastside (SAM)   | 6 Directors, 2 each from City of Half Moon Bay, Granada CSD, and Montara SD                |                          |                          | <input type="checkbox"/> | <input type="checkbox"/> |                          |                          | City of Half Moon Bay  |
| North San Mateo County Sanitation District, which contracts with City of Daly City Wastewater Treatment Plant | Part of City of Daly City Water and Wastewater Resources Department                        |                          | <input type="checkbox"/> |                          |                          |                          |                          | Daly City  |
| Silicon Valley Clean Water  | 4 Directors, 1 each from Belmont, Redwood City, San Carlos, and West Bay Sanitary District |                          |                          |                          |                          |                          | <input type="checkbox"/> | Belmont, Redwood City, San Carlos                              |

*Sources:*

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**APPENDIX D: SEWAGE SYSTEM CHARACTERISTICS BY DISTRICT**

| <b>Topic</b>                             | <b>Unit of Measure</b>   | <b>Bayshore</b> | <b>West-borough</b> | <b>Montara</b> | <b>Granada</b> | <b>East Palo Alto</b> | <b>West Bay</b> |
|--|--------------------------|-----------------|---------------------|----------------|----------------|-----------------------|-----------------|
| <b>Sanitary System Connections</b>       |                          |                 |                     |                |                |                       |                 |
| Population Served                        | Number of People         | 4,513           | 14,050              | 6,012          | 6,000          | 29,000                | 55,000          |
| Residential Customers - Single Family    | Number of Units          | 1,588           | 3,730               | 1,556          | 2,260          | 3,327                 | 14,092          |
| Residential Customers - Multi-Family     | Number of Units          | 22              | 14                  | 57             | 101            | 3,510                 | 4,499           |
| Non-Residential Customers                | Number of Units          | 129             | 46                  | 351            | 199            | 229                   | 610             |
| Connections                              | Number                   | 1,456           | 3,790               | 1,937          | 2,560          | 3,864                 | 20,000          |
| Equivalent Dwelling Units (EDU)          | Number of Units          | 2,163           | N/A                 | N/A            | 3,215          | 7,720                 | 19,201          |
| <b>Sewer System Data</b>                 |                          |                 |                     |                |                |                       |                 |
| Gravity Main Pipes                       | Miles                    | 15.0            | 20.2                | 23.7           | 34.0           | 35.0                  | 200.0           |
| Forced Main Pipes                        | Miles                    | 1.0             | 0.5                 | 5.8            | 0.0            | 0.0                   | 8.0             |
| Pump Stations                            | Number                   | 1               | 3                   | 41             | 1              | 0                     | 12              |
| <b>Effluent Flow Rates</b>               |                          |                 |                     |                |                |                       |                 |
| Ave. Dry Weather (ADW) Flow <sup>a</sup> | Thousand Gallons Per Day | 265.0           | 672.7               | 390.0          | 401.0          | 1,400.0               | 3,470.0         |
| Ave. Wet Weather (AWW) Flow <sup>b</sup> | Thousand Gallons Per Day | 328.2           | 721.1               | 950.0          | 463.0          | 5,000.0               | 9,000.0         |

*Source:* Sanitary Districts data input to Grand Jury, February-March 2016.

*Notes:*

<sup>a</sup>Average Dry Weather Flow (ADW): The average flow of effluent, measured in thousands of gallons per day, when the ground water is at or near normal and a runoff condition is not occurring.

<sup>b</sup>Average Wet Weather Flow (AWW): The average flow of effluent during wet weather, measured in thousands of gallons per day. This is typically higher than ADW because of the infiltration of storm runoff into the wastewater system.

**APPENDIX E: SANITARY SEWER OVERFLOWS BY DISTRICT BY YEAR**

|                | Total Number of SSO Locations |      |      |      |      |      |      |      |      |  |
|----------------|-------------------------------|------|------|------|------|------|------|------|------|--|
|                | 2007                          | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |  |
| Bayshore       | 2                             | 1    | 0    | 0    | 1    | 1    | 1    | 2    | 1    |  |
| Westborough    | 2                             | 1    | 1    | 0    | 0    | 0    | 1    | 0    | 0    |  |
| Montara        | 1                             | 15   | 11   | 8    | 4    | 5    | 1    | 4    | 7    |  |
| Granada        | 3                             | 5    | 2    | 5    | 2    | 3    | 5    | 2    | 1    |  |
| East Palo Alto | 1                             | 1    | 2    | 0    | 0    | 0    | 0    | 0    | 0    |  |
| West Bay       | 68                            | 55   | 49   | 41   | 15   | 12   | 10   | 14   | 5    |  |

*Source:*

State of California Environmental Protection Agency, Water Resources Control Board, California Integrated Water Quality System Project (CIWQS), *SSO Report Form*. Accessed March 17, 2016. <https://ciwqs.waterboards.ca.gov/ciwqs/readOnly/PublicReportSSOServlet>.

*Note:* Bayshore amended the Water Resources Control Board value for 2007 (from 1 to 2). West Bay amended the Water Resources Control Board values for 2007 (from 46 to 68) and 2010 (from 40 to 41).

**APPENDIX F: AGE PROFILE OF DISTRICT PIPELINES**

| <b>Pipeline Age Profile</b> | <b>Bayshore</b> | <b>Westborough</b> | <b>Montara<sup>a</sup></b> | <b>Granada</b> | <b>East Palo Alto</b> | <b>West Bay</b> | <b>Weighted Average</b> |
|-----------------------------|-----------------|--------------------|----------------------------|----------------|-----------------------|-----------------|-------------------------|
| As %age of Total            |                 |                    |                            |                |                       |                 |                         |
| 2000-Present                | 11%             | 30%                | 12%                        | 3%             | 16%                   | 11%             | 12%                     |
| 1980-1999                   | 60%             | 20%                | 20%                        | 26%            | 15%                   | 16%             | 20%                     |
| 1960-1979                   | 25%             | 50%                | 34%                        | 65%            | 25%                   | 15%             | 25%                     |
| 1940-1959                   | 4%              | 0%                 | 34%                        | 0%             | 44%                   | 34%             | 28%                     |
| 1920-1939                   | 0%              | 0%                 | 0%                         | 6%             | 0%                    | 19%             | 12%                     |
| 1900-1919                   | 0%              | 0%                 | 0%                         | 0%             | 0%                    | 5%              | 3%                      |
| <b>Pre-1960 Pipe</b>        | <b>4%</b>       | <b>0%</b>          | <b>34%</b>                 | <b>6%</b>      | <b>44%</b>            | <b>58%</b>      | <b>43%</b>              |

*Source:* District data input to Grand Jury, February-March 2016.

*Note:*

<sup>a</sup>Montara data did not identify pipeline age for the years before 1980. Although Montara Water and Sanitary District was formed in 1958, its roots go back to 1907 according to its website (<http://mwsd.montara.org/about/history>). The Grand Jury assumed, therefore, that 50% of its pre-1980 pipe was installed between 1940 and 1959, and that the remaining 50% was installed between 1960 and 1979.

**APPENDIX G: SANITARY DISTRICT BUDGETS**

**Budget for FY 2015-2016**

|  | <b>Bayshore</b>    | <b>West-borough</b> | <b>Montara</b>     | <b>Granada</b>     | <b>East Palo Alto</b> | <b>West Bay</b>       |
|--|--------------------|---------------------|--------------------|--------------------|-----------------------|-----------------------|
| <b>Operating Income</b>                  |                    |                     |                    |                    |                       |                       |
| Permit & Inspection Fees                 | \$5,000            | \$0                 | \$19,000           | \$0                | \$0                   | \$50,000              |
| Property Tax Receipts                    | \$200,000          | \$185,000           | \$230,000          | \$800,000          | \$318,000             | \$0                   |
| Sewer Service Charges                    | \$1,022,700        | \$2,313,257         | \$2,035,943        | \$1,293,000        | \$4,500,000           | \$22,899,707          |
| Other Revenue                            | \$0                | \$0                 | \$47,000           | \$55,500           | \$26,000              | \$624,614             |
| <b>Total Operating Revenue</b>           | <b>\$1,227,700</b> | <b>\$2,498,257</b>  | <b>\$2,331,943</b> | <b>\$2,148,500</b> | <b>\$4,844,000</b>    | <b>\$23,574,321</b>   |
| <b>Operating Expenses</b>                |                    |                     |                    |                    |                       |                       |
| Administration & Finance                 | \$130,600          | \$130,760           | \$466,958          | \$432,500          | \$2,025,600           | \$5,176,446           |
| Collection                               | \$189,800          | \$148,323           | \$549,260          | \$379,083          | \$496,900             | \$2,893,195           |
| Treatment                                | \$840,000          | \$1,900,012         | \$707,892          | \$1,019,855        | \$1,513,000           | \$5,881,095           |
| <b>Total Operating Expenses</b>          | <b>\$1,160,400</b> | <b>\$2,179,095</b>  | <b>\$1,724,110</b> | <b>\$1,831,438</b> | <b>\$4,035,500</b>    | <b>\$13,950,736</b>   |
| <b>Net Cash Flow From Operations</b>     | <b>\$67,300</b>    | <b>\$319,162</b>    | <b>\$607,833</b>   | <b>\$317,062</b>   | <b>\$808,500</b>      | <b>\$9,623,585</b>    |
| <b>Investment Income</b>                 |                    |                     |                    |                    |                       |                       |
| Interest Income                          | \$12,000           | \$10,735            | \$11,281           | \$6,200            | \$52,540              | \$125,000             |
| <b>Total Investment Income</b>           | <b>\$12,000</b>    | <b>\$10,735</b>     | <b>\$11,281</b>    | <b>\$6,200</b>     | <b>\$52,540</b>       | <b>\$125,000</b>      |
| <b>Investment Expenses</b>               |                    |                     |                    |                    |                       |                       |
| Collection Capital Projects              | \$311,500          | \$0                 | \$685,483          | \$572,000          | \$715,000             | \$8,059,500           |
| Treatment Capital Projects               | \$0                | \$0                 | \$160,666          | \$210,045          | \$0                   | \$5,343,044           |
| <b>Total Investment Expenses</b>         | <b>\$311,500</b>   | <b>\$0</b>          | <b>\$846,149</b>   | <b>\$782,045</b>   | <b>\$715,000</b>      | <b>\$13,402,544</b>   |
| <b>Net Cash Flow Used by Investments</b> | <b>\$(299,500)</b> | <b>\$10,735</b>     | <b>\$(834,868)</b> | <b>\$(775,845)</b> | <b>\$(662,460)</b>    | <b>\$(13,277,544)</b> |

|                              | Bayshore    | West-borough | Montara   | Granada    | East Palo Alto | West Bay      |
|------------------------------|-------------|--------------|-----------|------------|----------------|---------------|
| Financing Income             |             |              |           |            |                |               |
| Connection Fees              | \$40,000    | \$0          | \$325,604 | \$14,100   | \$18,000       | \$50,000      |
| Other Financing Income       | \$0         | \$0          | \$20,692  | \$355,000  | \$0            | \$1,000       |
| Total Financing Income       | \$40,000    | \$0          | \$346,296 | \$369,100  | \$18,000       | \$51,000      |
| Financing Expenses           |             |              |           |            |                |               |
| Loan Interest Expense        | \$0         | \$0          | \$46,812  | \$0        | \$0            | \$0           |
| Loan Principal Expense       | \$0         | \$0          | \$65,025  | \$0        | \$159,000      | \$0           |
| Total Financing Expense      | \$0         | \$0          | \$111,837 | \$0        | \$159,000      | \$0           |
| Net Cash Flow From Financing | \$40,000    | \$0          | \$234,459 | \$369,100  | \$(141,000)    | \$51,000      |
| Overall Projected Cash Flow  | \$(192,200) | \$329,897    | \$7,424   | \$(89,683) | \$5,040        | \$(3,602,959) |

*Sources:*

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<https://westbaysanitary.org/wp-content/uploads/2015/06/FY2015-16-Budget-Approved.pdf>.

*Note:* District budgets were reformatted to a Grand Jury-designed standard format for comparison across districts. Each district was given an opportunity to review the reformatting and to make adjustments to capture its data as accurately as possible.

**Budget for FY 2014-2015**

|  | <b>Bayshore</b>    | <b>Westborough</b> | <b>Montara</b>     | <b>Granada</b>     | <b>East Palo Alto</b> | <b>West Bay</b>       |
|--|--------------------|--------------------|--------------------|--------------------|-----------------------|-----------------------|
| <b>Operating Income</b>                  |                    |                    |                    |                    |                       |                       |
| Permit and Inspection Fees               | \$2,000            | \$0                | \$14,000           | \$0                | \$0                   | \$50,000              |
| Property Tax Receipts                    | \$150,000          | \$179,000          | \$225,000          | \$750,000          | \$318,000             | \$0                   |
| Sewer Service Charges                    | \$1,045,000        | \$2,154,281        | \$2,181,853        | \$1,273,000        | \$4,366,000           | \$20,909,847          |
| Other Revenue                            | \$0                | \$0                | \$46,000           | \$60,900           | \$30,000              | \$48,000              |
| <b>Total Operating Revenue</b>           | <b>\$1,197,000</b> | <b>\$2,357,181</b> | <b>\$2,466,853</b> | <b>\$2,083,900</b> | <b>\$4,714,000</b>    | <b>\$21,007,847</b>   |
| <b>Operating Expenses</b>                |                    |                    |                    |                    |                       |                       |
| Administration & Finance                 | \$117,000          | \$124,295          | \$416,538          | \$427,900          | \$1,980,000           | \$4,713,532           |
| Collection                               | \$183,100          | \$150,840          | \$490,613          | \$354,561          | \$410,400             | \$2,749,220           |
| Treatment Facility                       | \$800,000          | \$1,771,730        | \$624,021          | \$1,082,555        | \$1,375,000           | \$5,350,000           |
| <b>Total Operating Expenses</b>          | <b>\$1,100,100</b> | <b>\$2,046,865</b> | <b>\$1,531,172</b> | <b>\$1,865,016</b> | <b>\$3,765,400</b>    | <b>\$12,812,752</b>   |
| <b>Net Cash Flow From Operations</b>     | <b>\$96,900</b>    | <b>\$286,416</b>   | <b>\$935,681</b>   | <b>\$218,884</b>   | <b>\$948,600</b>      | <b>\$8,195,095</b>    |
| <b>Investment Income</b>                 |                    |                    |                    |                    |                       |                       |
| Interest Income                          | \$13,000           | \$10,117           | \$31,974           | \$7,000            | \$54,000              | \$125,000             |
| <b>Total Investment Income</b>           | <b>\$13,000</b>    | <b>\$10,117</b>    | <b>\$31,974</b>    | <b>\$7,000</b>     | <b>\$54,000</b>       | <b>\$125,000</b>      |
| <b>Investment Expenses</b>               |                    |                    |                    |                    |                       |                       |
| Collection Capital Projects              | \$170,000          | \$79,000           | \$821,923          | \$370,000          | \$576,000             | \$7,212,500           |
| Treatment Capital Projects               | \$0                | \$0                | \$63,360           | \$156,500          | \$0                   | \$4,136,382           |
| <b>Total Investment Expenses</b>         | <b>\$170,000</b>   | <b>\$79,000</b>    | <b>\$885,283</b>   | <b>\$526,500</b>   | <b>\$576,000</b>      | <b>\$11,348,882</b>   |
| <b>Net Cash Flow Used by Investments</b> | <b>\$(157,000)</b> | <b>\$(68,883)</b>  | <b>\$(853,309)</b> | <b>\$(519,500)</b> | <b>\$(522,000)</b>    | <b>\$(11,223,882)</b> |
| <b>Financing Income</b>                  |                    |                    |                    |                    |                       |                       |



|                              | Bayshore   | Westborough | Montara   | Granada     | East Palo Alto | West Bay      |
|------------------------------|------------|-------------|-----------|-------------|----------------|---------------|
| Connection Fees              | \$10,000   | \$0         | \$228,488 | \$14,100    | \$18,000       | \$50,000      |
| Other Financing Income       | \$0        | \$0         | \$0       | \$135,000   | \$0            | \$1,000       |
| Total Financing Income       | \$10,000   | \$0         | \$228,488 | \$149,100   | \$18,000       | \$51,000      |
| Financing Expenses           |            |             |           |             |                |               |
| Loan Interest Expense        | \$0        | \$0         | \$108,915 | \$0         | \$0            | \$0           |
| Loan Principal Expense       | \$0        | \$0         | \$0       | \$0         | \$444,600      | \$0           |
| Total Financing Expense      | \$0        | \$0         | \$108,915 | \$0         | \$444,600      | \$0           |
| Net Cash Flow From Financing | \$10,000   | \$0         | \$119,573 | \$149,100   | \$(426,600)    | \$51,000      |
| Overall Projected Cash Flow  | \$(50,100) | \$217,533   | \$201,945 | \$(151,516) | \$0            | \$(2,977,787) |

*Sources:*

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*Note:* District budgets were reformatted to a Grand Jury-designed standard format for comparison across districts. Each district was given an opportunity to review the reformatting and to make adjustments to capture its data as accurately as possible.

# Budget for Bayshore Sanitary District

| Budget from District Web Site |  |              |              | Restatement of Budget to Grand Jury Format |              |              |              |
|-------------------------------|--|--------------|--------------|--|--------------|--------------|--------------|
| #                             |  | FY 2014-15   | FY 2015-16   | Note: Include depreciation                 | #            | FY 2014-15   | FY 2015-16   |
|                               | <b>Revenues</b>                              |              |              |  |              |              |              |
|                               | Operating Revenues                           |              |              | Operating Income                           |              |              |              |
| 1                             | Sewer Service Charges                        | \$ 1,045,000 | \$ 1,022,700 | Permit & Inspection Fees                   | 2            | \$ 2,000     | \$ 5,000     |
| 2                             | Permit Fees (Plan Check/Inspection)          | \$ 2,000     | \$ 5,000     | Property Tax Receipts                      | 6            | \$ 150,000   | \$ 200,000   |
| 3                             | Total Operating Revenues                     | \$ 1,047,000 | \$ 1,027,700 | Sewer Service Charges                      | 1            | \$ 1,045,000 | \$ 1,022,700 |
|                               | Non-Operating Revenues                       |              |              | Other Revenue                              | 7            | \$ -         | \$ -         |
| 4                             | Connection/Capacity Fees                     | \$ 10,000    | \$ 40,000    | Total Operating Income                     |              | \$ 1,197,000 | \$ 1,227,700 |
| 5                             | Interest                                     | \$ 13,000    | \$ 12,000    | Operating Expenses                         |              |              |              |
| 6                             | Taxes  | \$ 150,000   | \$ 200,000   | Administration & Finance                   | 23-35, 38-43 | \$ 117,000   | \$ 130,600   |
| 7                             | Other  | \$ -         | \$ -         | Collection                                 | 13-19, 36-37 | \$ 183,100   | \$ 189,800   |
| 8                             | Total Non-Operating Revenues                 | \$ 173,000   | \$ 252,000   | Treatment Facility                         | 21           | \$ 800,000   | \$ 840,000   |
| 9                             | Total Revenues                               | \$ 1,220,000 | \$ 1,279,700 | Total Operating Expenses                   |              | \$ 1,100,100 | \$ 1,160,400 |
|                               | Contributions from Contingency Funds         |              |              | Operating Net                              |              | \$ 96,900    | \$ 67,300    |
| 10                            | Capital Improvement Projects                 | \$ 50,100    | \$ 192,200   | Investment Income                          |              |              |              |
| 11                            | Total Revenues and Contributions             | \$ 1,270,100 | \$ 1,471,900 | Interest Income                            | 5            | \$ 13,000    | \$ 12,000    |
|                               | Expenditures                                 |              |              | Total Investment Income                    |              | \$ 13,000    | \$ 12,000    |
| 12                            | Contractual Services                         |              |              | Investment Expenses                        |              |              |              |
|                               | Collection System                            |              |              | Capital Investment                         | 46-56        | \$ 170,000   | \$ 311,500   |
| 13                            | a. Gas, Oil, & Fuel                          | \$ 900       | \$ 600       | Treatment Capital Assessment               |              | \$ -         | \$ -         |
| 14                            | b. O&M - Base                                | \$ 84,200    | \$ 84,200    | Total Investment Expenses                  |              | \$ 170,000   | \$ 311,500   |
| 15                            | c. O&M - Inspections                         | \$ 10,000    | \$ 15,000    | Investment Net                             |              | \$ (157,000) | \$ (299,500) |
| 16                            | d. O&M - Miscellaneous                       | \$ 3,000     | \$ 5,000     | Financing Income                           |              |              |              |
| 17                            | e. Repairs & Maintenance                     | \$ 14,000    | \$ 14,000    | Connection Fees                            | 4            | \$ 10,000    | \$ 40,000    |
| 18                            | f. Utilities                                 | \$ 14,000    | \$ 14,000    | Other Financing Income                     |              | \$ -         | \$ -         |
| 19                            | g. Special Services                          | \$ 3,000     | \$ 2,000     | Total Financing Income                     |              | \$ 10,000    | \$ 40,000    |
| 20                            | Total Collection System                      | \$ 129,100   | \$ 134,800   | Financing Expenses                         |              |              |              |
|                               | Treatment & Disposal                         |              |              | Loan Interest Expense                      |              | \$ -         | \$ -         |
| 21                            | a. San Francisco Contract                    | \$ 800,000   | \$ 840,000   | Loan Principal Expense                     |              | \$ -         | \$ -         |
| 22                            | Total Contractual Services                   | \$ 929,100   | \$ 974,800   | Total Financing Expenses                   |              | \$ -         | \$ -         |
|                               | Administration & General                     |              |              | Financing Net                              |              | \$ 10,000    | \$ 40,000    |
| 23                            | Benefits                                     | \$ 11,350    | \$ 12,000    | Overall Net Financial Flows                |              | \$ (50,100)  | \$ (192,200) |
| 24                            | Director Fees & Expenses                     | \$ 14,250    | \$ 15,000    |  |              |              |              |
| 25                            | Payroll Service & Taxes                      | \$ 1,400     | \$ 1,400     |  |              |              |              |
| 26                            | Election Expenses                            | \$ -         | \$ 3,500     |  |              |              |              |
| 27                            | Insurance                                    | \$ 10,000    | \$ 10,000    |  |              |              |              |
| 28                            | Memberships                                  | \$ 3,000     | \$ 3,000     |  |              |              |              |
| 29                            | Office Expenses                              |              |              |  |              |              |              |
| 30                            | a. General                                   | \$ 1,200     | \$ 1,200     |  |              |              |              |
| 31                            | b. Telephone & Internet                      | \$ 1,700     | \$ 1,700     |  |              |              |              |
| 32                            | c. Website Maintenance                       | \$ 2,000     | \$ 2,000     |  |              |              |              |
| 33                            | Professional Services                        |              |              |  |              |              |              |
| 34                            | a. Audit                                     | \$ 10,500    | \$ 10,500    |  |              |              |              |
| 35                            | b. Legal                                     | \$ 30,000    | \$ 30,000    |  |              |              |              |
| 36                            | c. Engineering - General                     | \$ 50,000    | \$ 50,000    |  |              |              |              |
| 37                            | d. Engineering - Plan Review                 | \$ 4,000     | \$ 5,000     |  |              |              |              |
| 38                            | e. Administration                            | \$ 17,000    | \$ 18,200    |  |              |              |              |
| 39                            | f. Other Professional Services               | \$ 3,600     | \$ 3,600     |  |              |              |              |
| 40                            | Printing & Publications                      | \$ 1,300     | \$ 4,000     |  |              |              |              |
| 41                            | Board Room Maintenance & Repairs             | \$ 500       | \$ 5,000     |  |              |              |              |
| 42                            | Travel & Meetings                            | \$ 5,000     | \$ 5,000     |  |              |              |              |
| 43                            | Licenses, Permits, & Fees                    | \$ 4,200     | \$ 4,500     |  |              |              |              |
| 44                            | Total Administration & General               | \$ 171,000   | \$ 185,600   |  |              |              |              |
| 45                            | Total Operating Expenditures                 | \$ 1,100,100 | \$ 1,160,400 |  |              |              |              |
|                               | Non-Operating Expenditures                   |              |              |  |              |              |              |
|                               | Capital Improvements                         |              |              |  |              |              |              |
| 46                            | a. Pump Rehabilitation                       | \$ 10,000    | \$ 10,000    |  |              |              |              |
| 47                            | b. Lateral Replacements (2)                  | \$ 20,000    | \$ 20,000    |  |              |              |              |
| 48                            | c. Generator Replacement                     | \$ -         | \$ 100,000   |  |              |              |              |
| 49                            | d. 2014-15 Capital Project                   | \$ -         | \$ 150,000   |  |              |              |              |
| 50                            | e. Master Plan - GIS Development             | \$ -         | \$ 23,000    |  |              |              |              |
| 51                            | f. Schwerin Street Manhole Raising           | \$ -         | \$ 8,500     |  |              |              |              |
| 52                            | g. Force Main Contingency Plan               | \$ 20,000    | \$ -         |  |              |              |              |
| 53                            | h. Rio Verde & Geneva Spot Repair            | \$ 5,000     | \$ -         |  |              |              |              |
| 54                            | i. Midway Village Replacement                | \$ 60,000    | \$ -         |  |              |              |              |
| 55                            | j. MacDonald & Geneva Replacement            | \$ 20,000    | \$ -         |  |              |              |              |
| 56                            | g. Design, Construction Review & Contingency | \$ 35,000    | \$ -         |  |              |              |              |
| 57                            | Total Capital Improvements                   | \$ 170,000   | \$ 311,500   |  |              |              |              |
| 58                            | Total Non-Operating Expenditures             | \$ 170,000   | \$ 311,500   |  |              |              |              |
| 59                            | Contributions to Contingency Funds           | \$ -         | \$ -         |  |              |              |              |
| 60                            | Total Expenses and Contributions             | \$ 1,270,100 | \$ 1,471,900 |  |              |              |              |

# Budget for Westborough Water District

| Budget from District Web Site |   |                     |                     |       |
|-------------------------------|---|---------------------|---------------------|-------|
| Line                          |   | FY 2014-15          | FY 2015-16          | Alloc |
|                               | Operating Income                                |                     |                     |       |
| 1                             | Water Sales                                     | \$ 2,346,010        | \$ 2,496,650        | 0%    |
| 2                             | Sewer Svc. And Transfer Charges                 | \$ 2,154,281        | \$ 2,313,257        | 100%  |
| 3                             | Installation, Connect, and Misc.                | \$ -                | \$ -                | 0%    |
| 4                             | <b>Total Operating Income</b>                   | <b>\$ 4,500,291</b> | <b>\$ 4,809,907</b> |       |
|                               | Operating Expense                               |                     |                     |       |
| 5                             | Water Expenditures                              | \$ 1,993,248        | \$ 2,146,579        | 0%    |
| 6                             | Sanitary Sewer Expenditures                     | \$ 1,848,802        | \$ 1,982,664        | 4%    |
| 7                             | Admin & General Expenditures                    | \$ 828,630          | \$ 871,730          | 15%   |
| 8                             | Depreciation                                    | \$ 252,931          | \$ 225,168          | 29%   |
| 9                             | <b>Total Operating Expenditures</b>             | <b>\$ 4,923,611</b> | <b>\$ 5,226,141</b> |       |
|                               | Gain (Loss) from Operations                     | \$ (423,320)        | \$ (416,234)        |       |
|                               | Non-Operating Income                            |                     |                     |       |
| 10                            | Property Taxes                                  | \$ 358,000          | \$ 370,000          | 50%   |
| 11                            | Investment Interest                             | \$ 20,234           | \$ 21,469           | 50%   |
| 12                            | Other   | \$ 47,800           | \$ 27,215           | 0%    |
| 13                            | <b>Total Non-Operating Income</b>               | <b>\$ 426,034</b>   | <b>\$ 418,684</b>   |       |
|                               | Non-Operating Expense                           |                     |                     |       |
| 14                            | Miscellaneous Expense                           | \$ -                | \$ -                | 0%    |
| 15                            | <b>Total Non-Operating Expense</b>              | <b>\$ -</b>         | <b>\$ -</b>         |       |
| 16                            | Gain (Loss) from Non-Operating                  | \$ 426,034          | \$ 418,684          |       |
| 17                            | <b>Net Income Before Capital Facilities Inc</b> | <b>\$ 2,714</b>     | <b>\$ 2,450</b>     |       |
| 18                            | Capital Facilities Income                       | \$ -                | \$ -                | 0%    |
| 19                            | <b>Net Income</b>                               | <b>\$ 2,714</b>     | <b>\$ 2,450</b>     |       |

Note: Budget between water and sewer not separated.

GM provided guidelines for assumptions below in interview 6/2/16

### Assumptions

|   |  |              |              |
|---|--|--------------|--------------|
| 1 | Sanitary sewer expenditures              | Collection   | Treatment    |
|   |  | 4%           | 96%          |
|   | 2015-16 Split                            | \$ 82,652    | \$ 1,900,012 |
| 2 | Admin & General Expenditures             | Water        | Sewer        |
|   | 50% sewer                                | 85%          | 15%          |
| 3 | Depreciation                             | Water        | Sewer        |
|   | 6/30/15 capital assets, net              | \$ 3,959,803 | \$ 1,630,408 |
|   | Percentage distribution                  | 71%          | 29%          |
| 4 | Property Taxes                           | 50%          | 50%          |
| 5 | Investment Interest                      | 50%          | 50%          |
| 6 | Other, Misc. Expense, Capital Facilities | 100%         | 0%           |
|   | Rent from cell phone tower               |              |              |
| 7 | Capital                                  | FY 2014-15   | FY 2015-16   |
|   | Collection                               | \$ 79,000    | \$ -         |
|   | Treatment                                | \$ -         | \$ -         |
|   | Not separately allocated                 |              |              |
|   |  | Water        | Sewer        |
| 8 | Professional services                    | 50%          | 50%          |
| 9 | Board                                    | 50%          | 50%          |

| Restatement of Budget to Standard Format |         |                     |                     |  |
|--|---------|---------------------|---------------------|--|
| Note: Include depreciation               | Line #s | FY 2014-15          | FY 2015-16          |  |
| Operating Income                         |         |                     |                     |  |
| Permit & Inspection Fees                 |         | \$ -                | \$ -                |  |
| Property Tax Receipts                    | 10      | \$ 179,000          | \$ 185,000          |  |
| Sewer Service Charges                    | 2       | \$ 2,154,281        | \$ 2,313,257        |  |
| Other Revenue                            | 12      | \$ -                | \$ -                |  |
| <b>Total Operating Income</b>            |         | <b>\$ 2,333,281</b> | <b>\$ 2,498,257</b> |  |
| Operating Expenses                       |         |                     |                     |  |
| Administration & Finance                 | 7       | \$ 124,295          | \$ 130,760          |  |
| Collection                               | 6, 8    | \$ 150,840          | \$ 148,323          |  |
| Treatment Facility                       | 6       | \$ 1,771,730        | \$ 1,900,012        |  |
| <b>Total Operating Expenses</b>          |         | <b>\$ 2,046,865</b> | <b>\$ 2,179,095</b> |  |
| <b>Operating Net</b>                     |         | <b>\$ 286,416</b>   | <b>\$ 319,162</b>   |  |
| Investment Income                        |         |                     |                     |  |
| Interest Income                          | 11, 18  | \$ 10,117           | \$ 10,735           |  |
| <b>Total Investment Income</b>           |         | <b>\$ 10,117</b>    | <b>\$ 10,735</b>    |  |
| Investment Expenses                      |         |                     |                     |  |
| Capital Investment                       |         | \$ 79,000           | \$ -                |  |
| Treatment Capital Assessment             |         | \$ -                | \$ -                |  |
| <b>Total Investment Expenses</b>         |         | <b>\$ 79,000</b>    | <b>\$ -</b>         |  |
| <b>Investment Net</b>                    |         | <b>\$ (68,883)</b>  | <b>\$ 10,735</b>    |  |
| Financing Income                         |         |                     |                     |  |
| Connection Fees                          |         | \$ -                | \$ -                |  |
| Other Financing Income                   | 14      | \$ -                | \$ -                |  |
| <b>Total Financing Income</b>            |         | <b>\$ -</b>         | <b>\$ -</b>         |  |
| Financing Expenses                       |         |                     |                     |  |
| Loan Interest Expense                    |         | \$ -                | \$ -                |  |
| Loan Principal Expense                   |         | \$ -                | \$ -                |  |
| <b>Total Financing Expenses</b>          |         | <b>\$ -</b>         | <b>\$ -</b>         |  |
| <b>Financing Net</b>                     |         | <b>\$ -</b>         | <b>\$ -</b>         |  |
| <b>Overall Net Financial Flows</b>       |         | <b>\$ 217,533</b>   | <b>\$ 329,897</b>   |  |

# Budget for Montara Water and Sanitary District

| Budget from District Web Site |  |                           | Restatement of Budget to Standard Format |                           |            |
|-------------------------------|--|---------------------------|--|---------------------------|------------|
| #                             | FY 2014-15                                     | FY 2015-16                | #  | FY 2014-15                | FY 2015-16 |
| 1                             | Operating Revenue                              |                           |  |                           |            |
| 2                             | Cell Tower Lease                               | \$ 31,500 \$ 32,000       |  |                           |            |
| 3                             | Admin Fees (New Construction)                  | \$ 3,600 \$ 2,500         | 2-6                                      | \$ 14,000 \$ 19,000       |            |
| 4                             | Admin Fees (Remodel)                           | \$ 1,000 \$ 3,000         | 7  | \$ 225,000 \$ 230,000     |            |
| 5                             | Inspection Fees (New Construction)             | \$ 3,400 \$ 2,000         | 8-9                                      | \$ 2,181,853 \$ 2,035,943 |            |
| 6                             | Inspection Fees (Remodel)                      | \$ 2,000 \$ 4,500         | 1, 10                                    | \$ 46,000 \$ 47,000       |            |
| 7                             | Remodel Fees                                   | \$ 4,000 \$ 7,000         |  |                           |            |
| 8                             | Property Tax Receipts                          | \$ 225,000 \$ 230,000     |  |                           |            |
| 9                             | Sewer Service Charges                          | \$ 2,183,853 \$ 2,039,943 |  |                           |            |
| 10                            | Sewer Service Refunds, Customer                | \$ (2,000) \$ (4,000)     |  |                           |            |
| 11                            | Waste Collection Revenues                      | \$ 14,500 \$ 15,000       |  |                           |            |
| 12                            | Total Operating Revenue                        | \$ 2,466,853 \$ 2,331,943 |  |                           |            |
| 13                            | Operating Expenses                             |                           |  |                           |            |
| 14                            | Bank Fees                                      | \$ 3,100 \$ 4,000         |  |                           |            |
| 15                            | Board Meetings                                 | \$ 2,500 \$ 2,500         |  |                           |            |
| 16                            | Director Fees                                  | \$ 2,500 \$ 3,300         |  |                           |            |
| 17                            | Election Expenses                              | \$ - \$ -                 |  |                           |            |
| 18                            | Conference Attendance                          | \$ 2,000 \$ 2,000         |  |                           |            |
| 19                            | Information Systems                            | \$ 6,000 \$ 6,000         |  |                           |            |
| 20                            | Fidelity Bond                                  | \$ 900 \$ -               |  |                           |            |
| 21                            | Property & Liability Insurance                 | \$ 1,500 \$ 1,755         |  |                           |            |
| 22                            | LAFCO Assessment                               | \$ 1,600 \$ 1,987         |  |                           |            |
| 23                            | Meeting Attendance, Legal                      | \$ 11,000 \$ 9,500        |  |                           |            |
| 24                            | General Legal                                  | \$ 20,000 \$ 15,000       |  |                           |            |
| 25                            | Litigation                                     | \$ - \$ -                 |  |                           |            |
| 26                            | Maintenance, Office                            | \$ 3,000 \$ 6,000         |  |                           |            |
| 27                            | Meetings, Local                                | \$ - \$ -                 |  |                           |            |
| 28                            | Office Supplies                                | \$ 9,000 \$ 9,000         |  |                           |            |
| 29                            | Postage  | \$ 4,000 \$ 2,000         |  |                           |            |
| 30                            | Printing & Publishing                          | \$ 4,000 \$ 3,000         |  |                           |            |
| 31                            | Accounting                                     | \$ 30,000 \$ 30,000       |  |                           |            |
| 32                            | Audit  | \$ 13,000 \$ 13,000       |  |                           |            |
| 33                            | Consulting                                     | \$ 11,500 \$ 13,000       |  |                           |            |
| 34                            | Data Services                                  | \$ 5,500 \$ 6,000         |  |                           |            |
| 35                            | Labor & HR Services                            | \$ 2,250 \$ 2,250         |  |                           |            |
| 36                            | Payroll Services                               | \$ 900 \$ 800             |  |                           |            |
| 37                            | Other Professional Services                    | \$ - \$ -                 |  |                           |            |
| 38                            | San Mateo County Tax Roll Charges              | \$ 3,000 \$ 2,500         |  |                           |            |
| 39                            | Telephone & Internet                           | \$ 9,000 \$ 9,000         |  |                           |            |
| 40                            | Mileage Reimbursement                          | \$ 1,500 \$ 1,500         |  |                           |            |
| 41                            | Reference Materials                            | \$ 200 \$ 200             |  |                           |            |
| 42                            | Other Administrative                           | \$ - \$ -                 |  |                           |            |
| 43                            | CalPERS 457 Deferred Plan                      | \$ 13,065 \$ 13,709       |  |                           |            |
| 44                            | Employee Benefits                              | \$ 41,298 \$ 36,497       |  |                           |            |
| 45                            | Disability Insurance                           | \$ 1,139 \$ 1,451         |  |                           |            |
| 46                            | Payroll Taxes                                  | \$ 13,052 \$ 14,983       |  |                           |            |
| 47                            | Worker's Compensation Insurance                | \$ 7,856 \$ 3,891         |  |                           |            |
| 48                            | Management                                     | \$ 79,129 \$ 86,041       |  |                           |            |
| 49                            | Staff  | \$ 97,777 \$ 103,090      |  |                           |            |
| 50                            | Staff Certification                            | \$ 1,890 \$ 1,854         |  |                           |            |
| 51                            | Staff Overtime                                 | \$ 2,382 \$ 3,718         |  |                           |            |
| 52                            | Staff Standby                                  | \$ - \$ 1,147             |  |                           |            |
| 53                            | District Sponsored Defined Benefit Plan        | \$ - \$ 45,285            |  |                           |            |
| 54                            | Claims, Property Damage                        | \$ 10,000 \$ 10,000       |  |                           |            |
| 55                            | Education & Training                           | \$ 1,000 \$ 1,000         |  |                           |            |
| 56                            | Meeting Attendance, Engineering                | \$ 5,000 \$ 2,000         |  |                           |            |
| 57                            | General Engineering                            | \$ 25,000 \$ 50,000       |  |                           |            |
| 58                            | Equipment & Tools, Expensed                    | \$ 1,000 \$ 1,000         |  |                           |            |
| 59                            | Alarm Services                                 | \$ 5,000 \$ 5,000         |  |                           |            |
| 60                            | Landscaping                                    | \$ 2,400 \$ 2,400         |  |                           |            |
| 61                            | Pumping Fuel & Electricity                     | \$ 35,000 \$ 27,000       |  |                           |            |
| 62                            | Maintenance, Collection System                 | \$ 20,000 \$ 10,000       |  |                           |            |
| 63                            | Fuel   | \$ 800 \$ 800             |  |                           |            |
| 64                            | Truck Equipment, Expensed                      | \$ 160 \$ 160             |  |                           |            |
| 65                            | Truck Repairs                                  | \$ 400 \$ 400             |  |                           |            |
| 66                            | Total Other Operations                         | \$ - \$ -                 |  |                           |            |
| 67                            | SAM Collections                                | \$ 305,853 \$ 360,500     |  |                           |            |
| 68                            | SAM Operations                                 | \$ 624,021 \$ 707,892     |  |                           |            |
| 69                            | SAM Prior Year Adjustment                      | \$ - \$ -                 |  |                           |            |
| 70                            | SAM Maintenance, Collection System             | \$ 40,000 \$ 40,000       |  |                           |            |
| 71                            | SAM Maintenance, Pumping                       | \$ 50,000 \$ 50,000       |  |                           |            |
| 72                            | Total Operations Expenses                      | \$ 1,531,172 \$ 1,724,110 |  |                           |            |
| 73                            | Net Cash Flow Provided by Operations           | \$ 935,681 \$ 607,833     |  |                           |            |
| 74                            | Investment Income                              |                           |  |                           |            |
| 75                            | Interest Revenue                               |                           |  |                           |            |
| 76                            | -Employee Loans                                | \$ 23,974 \$ 3,281        |  |                           |            |
| 77                            | -LAF, Interest                                 | \$ 8,000 \$ 8,000         |  |                           |            |
| 78                            | Total Investment Income                        | \$ 31,974 \$ 11,281       |  |                           |            |
| 79                            | Investment Expenses                            |                           |  |                           |            |
| 80                            | Capital Improvement Program                    | \$ 821,923 \$ 685,483     |  |                           |            |
| 81                            | SAM Capital Assessment                         | \$ 63,360 \$ 160,666      |  |                           |            |
| 82                            | Total Investment Expenses                      | \$ 885,283 \$ 846,149     |  |                           |            |
| 83                            | Net Cash Flow Used by Investments              | \$ (853,309) \$ (834,868) |  |                           |            |
| 84                            | Financing Income                               |                           |  |                           |            |
| 85                            | Connection Fees (Residential New Const)        | \$ 178,488 \$ 275,604     |  |                           |            |
| 86                            | Connection Fees (Residential Remodel)          | \$ 50,000 \$ 50,000       |  |                           |            |
| 87                            | Employee Loan Program - Principal Received     | \$ - \$ 20,692            |  |                           |            |
| 88                            | Total Financing Income                         | \$ 228,488 \$ 346,296     |  |                           |            |
| 89                            | Financing Expense                              |                           |  |                           |            |
| 90                            | Loan Interest Expense                          | \$ 56,340 \$ 20,790       |  |                           |            |
| 91                            | -PNC Equipment Lease                           | \$ 52,575 \$ 26,022       |  |                           |            |
| 92                            | -J-Bank Loan                                   | \$ - \$ 65,025            |  |                           |            |
| 93                            | Loan Principal Expense                         | \$ 108,915 \$ 111,837     |  |                           |            |
| 94                            | Total Financing Expense                        | \$ 108,915 \$ 111,837     |  |                           |            |
| 95                            | Net Cash Flow Provided by Financing Activities | \$ 119,573 \$ 234,459     |  |                           |            |
| 96                            | Overall Projected Cash Flow                    | \$ 201,945 \$ 7,424       |  |                           |            |
| 97                            | Transfer to Sewer Reserves                     | \$ - \$ (7,424)           |  |                           |            |
| 98                            | Net Cash Flow                                  | \$ - \$ -                 |  |                           |            |

# Budget for Granada Community Services District

| Budget from District Web Site                    |   |                     |                     | Restatement of Budget to Grand Jury Format |              |                     |                     |
|--|---|---------------------|---------------------|--|--------------|---------------------|---------------------|
| Lin  |   | FY 2014-15          | FY 2015-16          | Note: Include depreciation                 | Line #s      | FY 2014-15          | FY 2015-16          |
| <b>Operating Revenues</b>                        |   |                     |                     |  |              |                     |                     |
| 1  | Property Tax Allocation                                 | \$ 550,000          | \$ 550,000          | Operating Income                           |              |                     |                     |
| 2  | Annual Sewer Service Charges                            | \$ 1,273,000        | \$ 1,293,000        | Permit & Inspection Fees                   |              | \$-                 | \$-                 |
| 3  | Reim. From A.D. - Salary & Overhead                     | \$ 35,400           | \$ 30,000           | Property Tax Receipts                      | 1, 43        | \$ 750,000          | \$ 800,000          |
| 4  | Recology of the Coast Franchise Fee                     | \$ 23,500           | \$ 23,500           | Sewer Service Charges                      | 2            | \$ 1,273,000        | \$ 1,293,000        |
| 5  | Miscellaneous   | \$ 2,000            | \$ 2,000            | Other Revenue                              | 5-Mar        | \$ 60,900           | \$ 55,500           |
| 6  | <b>Total Revenues</b>                                   | <b>\$ 1,883,900</b> | <b>\$ 1,898,500</b> | <b>Total Operating Income</b>              |              | <b>\$ 2,083,900</b> | <b>\$ 2,148,500</b> |
| <b>Operating Expenses</b>                        |   |                     |                     |  |              |                     |                     |
| 7  | SAM General (Treatment & Admin)                         | \$ 988,155          | \$ 925,455          | Operating Expenses                         |              |                     |                     |
| 8  | SAM Collections   | \$ 263,061          | \$ 268,083          | Administration & Finance                   | 14-21, 23-35 | \$ 427,900          | \$ 432,500          |
| 9  | Lateral Repairs   | \$ 40,000           | \$ 60,000           | Collection                                 | 8-11, 22     | \$ 334,561          | \$ 379,083          |
| 10   | CCTV  | \$ 30,000           | \$ 30,000           | Treatment Facility                         | 7, 12        | \$ 1,082,555        | \$ 1,019,855        |
| 11   | Pet Waste Stations                                      | \$ 1,500            | \$ 1,000            | <b>Total Operating Expenses</b>            |              | <b>\$ 1,845,016</b> | <b>\$ 1,831,438</b> |
| 12   | Plant Shortfall Debt Service (COP)                      | \$ 94,400           | \$ 94,400           | <b>Operating Net</b>                       |              | <b>\$ 238,884</b>   | <b>\$ 317,062</b>   |
| 13   | <b>Total Operations Expenditures</b>                    | <b>\$ 1,417,116</b> | <b>\$ 1,378,938</b> | <b>Investment Income</b>                   |              |                     |                     |
| <b>Administrative Expenses</b>                   |   |                     |                     |  |              |                     |                     |
| 14   | Accounting  | \$ 2,000            | \$ 2,000            | Interest Income                            | 39           | \$ 7,000            | \$ 6,200            |
| 15   | Auditing  | \$ 8,000            | \$ 12,000           | <b>Total Investment Income</b>             |              | <b>\$ 7,000</b>     | <b>\$ 6,200</b>     |
| 16   | Copier Lease  | \$ 7,000            | \$ 7,000            | <b>Investment Expenses</b>                 |              |                     |                     |
| 17   | County Tax Roll Charges                                 | \$ 7,600            | \$-                 | Capital Investment                         | 45-47        | \$ 370,000          | \$ 572,000          |
| 18   | Directors' Compensation                                 | \$ 11,000           | \$ 11,000           | Treatment Capital Assessment               | 48           | \$ 156,500          | \$ 210,045          |
| 19   | Education & Travel Reimbursement                        | \$ 2,000            | \$ 2,000            | <b>Total Investment Expenses</b>           |              | <b>\$ 526,500</b>   | <b>\$ 782,045</b>   |
| 20   | Employee Salaries                                       | \$ 105,000          | \$ 110,000          | <b>Investment Net</b>                      |              | <b>\$ (519,500)</b> | <b>\$ (775,845)</b> |
| 21   | Employee Medical, Payroll Taxes, & Retirement           | \$ 55,500           | \$ 58,000           | <b>Financing Income</b>                    |              |                     |                     |
| 22   | Engineering Services (General)                          | \$ 5,500            | \$ 20,000           | Connection Fees                            | 40           | \$ 14,100           | \$ 14,100           |
| 23   | Insurance   | \$ 12,000           | \$ 6,000            | Other Financing Income                     | 41-42        | \$ 135,000          | \$ 355,000          |
| 24   | Legal Services  | \$ 60,000           | \$ 60,000           | <b>Total Financing Income</b>              |              | <b>\$ 149,100</b>   | <b>\$ 369,100</b>   |
| 25   | Memberships   | \$ 10,000           | \$ 10,000           | <b>Financing Expenses</b>                  |              |                     |                     |
| 26   | Newsletter  | \$ 2,500            | \$ 2,500            | Loan Interest Expense                      |              | \$-                 | \$-                 |
| 27   | Office Lease  | \$ 50,000           | \$ 50,000           | Loan Principal Expense                     |              | \$-                 | \$-                 |
| 28   | Office Maintenance & Repairs                            | \$ 2,000            | \$ 2,000            | <b>Total Financing Expense</b>             |              | <b>\$-</b>          | <b>\$-</b>          |
| 29   | Office Supplies   | \$ 5,000            | \$ 5,000            | <b>Financing Net</b>                       |              | <b>\$ 149,100</b>   | <b>\$ 369,100</b>   |
| 30   | Professional Services - Other                           | \$ 65,000           | \$ 65,000           | <b>Overall Net Financial Flows</b>         |              | <b>\$ (131,516)</b> | <b>\$ (89,683)</b>  |
| 31   | Publications & Notices                                  | \$ 3,500            | \$ 10,000           |  |              |                     |                     |
| 32   | Utilities   | \$ 8,800            | \$ 9,000            |  |              |                     |                     |
| 33   | Video Taping of Board Meetings                          | \$ 3,000            | \$ 2,000            |  |              |                     |                     |
| 34   | Computers   | \$ 1,000            | \$ 2,000            |  |              |                     |                     |
| 35   | Miscellaneous   | \$ 7,000            | \$ 7,000            |  |              |                     |                     |
| 36   | <b>Total Administration Expenditures</b>                | <b>\$ 427,900</b>   | <b>\$ 452,500</b>   |  |              |                     |                     |
| 37   | <b>Total Operating Expenditures</b>                     | <b>\$ 1,845,016</b> | <b>\$ 1,831,438</b> |  |              |                     |                     |
| 38   | <b>Net To/(From) Reserves</b>                           | <b>\$ (38,884)</b>  | <b>\$ (67,062)</b>  |  |              |                     |                     |
| <b>Non-Operating Revenues</b>                    |   |                     |                     |  |              |                     |                     |
| 39   | Interest on Reserves                                    | \$ 7,000            | \$ 6,200            |  |              |                     |                     |
| 40   | Connection Fees   | \$ 14,100           | \$ 14,100           |  |              |                     |                     |
| 41   | SAM Refund from Prior Year Allocation                   | \$-                 | \$ 5,000            |  |              |                     |                     |
| 42   | Repayment of Monies Advanced to the Assessment District | \$ 135,000          | \$ 350,000          |  |              |                     |                     |
| 43   | ERAF Refund from Prior Year                             | \$ 200,000          | \$ 250,000          |  |              |                     |                     |
| 44   | <b>Total Non-Operating Revenues</b>                     | <b>\$ 356,100</b>   | <b>\$ 625,300</b>   |  |              |                     |                     |
| <b>Capital Projects and Reserve Fund Balance</b> |   |                     |                     |  |              |                     |                     |
| <b>Capital Projects</b>                          |   |                     |                     |  |              |                     |                     |
| 45   | Mainline System Repairs                                 | \$ 10,000           | \$ 10,000           |  |              |                     |                     |
| 46   | Sewer Main Replacement CIP                              | \$ 340,000          | \$ 550,000          |  |              |                     |                     |
| 47   | Update of Sewer System Management Plan                  | \$ 20,000           | \$ 12,000           |  |              |                     |                     |
| 48   | SAM - Projects  | \$ 156,500          | \$ 210,045          |  |              |                     |                     |
| 49   | <b>Total Capital Improvement Projects</b>               | <b>\$ 526,500</b>   | <b>\$ 782,045</b>   |  |              |                     |                     |
| <b>Capital Reserve Fund</b>                      |   |                     |                     |  |              |                     |                     |
| 50   | Beginning Balance on July 1                             | \$ 3,511,000        | \$ 3,081,000        |  |              |                     |                     |
| 51   | Capital Projects  | \$ (526,500)        | \$ (782,045)        |  |              |                     |                     |
| 52   | Transfer (to)/from Operating Budget                     | \$ 38,884           | \$ 67,062           |  |              |                     |                     |
| 53   | Transfer (to)/from Non-Operating Revenues               | \$ 356,100          | \$ 625,300          |  |              |                     |                     |
| 54   | <b>Total Reserve at End of Fiscal Year</b>              | <b>\$ 3,379,484</b> | <b>\$ 2,991,317</b> |  |              |                     |                     |

# Budget for East Palo Alto Sanitary District

| #                                  | Account                              | Budget from District Work Stop |               |              |              |              |              |              |              |              |              |              | Measurement of Budget to Standard Format |              |              |              |
|------------------------------------|--------------------------------------|--------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--|--------------|--------------|--------------|
|                                    |                                      | FY 2014-15                     | FY 2015-16    | FY 2015-16   | FY 2014-15   | FY 2015-16   | FY 2014-15   | FY 2015-16   | FY 2014-15   | FY 2015-16   | FY 2014-15   | FY 2015-16   | FY 2014-15                               | FY 2015-16   | FY 2014-15   | FY 2015-16   |
| 1                                  | Recurring Balance                    | \$ 4,300,000                   | \$ 7,013,320  | \$ 882,000   | \$ 1,692,800 | \$ 1,043,800 | \$ 202,200   | \$ 52,410    | \$ 682,800   | \$ 1,233,200 | \$ 27,000    | \$ 27,000    | \$ 27,000                                | \$ 27,000    | \$ 316,000   | \$ 316,000   |
| 2                                  | Service Service Charges              | \$ 4,306,000                   | \$ 4,306,000  | \$ 4,306,000 | \$ 4,306,000 | \$ 4,306,000 | \$ 4,306,000 | \$ 4,306,000 | \$ 4,306,000 | \$ 4,306,000 | \$ 4,306,000 | \$ 4,306,000 | \$ 4,306,000                             | \$ 4,306,000 | \$ 4,306,000 | \$ 4,306,000 |
| 3                                  | Property Tax                         | \$ 310,000                     | \$ 310,000    | \$ 310,000   | \$ 310,000   | \$ 310,000   | \$ 310,000   | \$ 310,000   | \$ 310,000   | \$ 310,000   | \$ 310,000   | \$ 310,000   | \$ 310,000                               | \$ 310,000   | \$ 310,000   | \$ 310,000   |
| 4                                  | Operating Income                     | \$ 40,320                      | \$ 38,000     | \$ 18,000    | \$ 18,000    | \$ 18,000    | \$ 18,000    | \$ 18,000    | \$ 18,000    | \$ 18,000    | \$ 18,000    | \$ 18,000    | \$ 18,000                                | \$ 18,000    | \$ 18,000    | \$ 18,000    |
| 5                                  | Interest Income                      | \$ 20,800                      | \$ 24,000     | \$ 4,500     | \$ 5,100     | \$ 6,000     | \$ 7,000     | \$ 210       | \$ 1,000     | \$ 2,800     | \$ 3,300     | \$ 100       | \$ 100                                   | \$ 100       | \$ 100       | \$ 100       |
| 6                                  | Rental Income                        | \$ 4,784,320                   | \$ 4,880,000  | \$ 22,500    | \$ 21,100    | \$ 6,000     | \$ 7,000     | \$ 210       | \$ 1,000     | \$ 2,800     | \$ 3,300     | \$ 100       | \$ 100                                   | \$ 100       | \$ 100       | \$ 100       |
| 7                                  | Total Projected Revenue              | \$ 11,844,320                  | \$ 11,801,320 | \$ 985,100   | \$ 1,698,200 | \$ 1,403,800 | \$ 202,200   | \$ 103,410   | \$ 1,233,200 | \$ 1,495,500 | \$ 27,000    | \$ 27,000    | \$ 27,000                                | \$ 27,000    | \$ 316,000   | \$ 316,000   |
| 8                                  | Interest Transfers                   | \$ 11,844,320                  | \$ 11,801,320 | \$ 985,100   | \$ 1,698,200 | \$ 1,403,800 | \$ 202,200   | \$ 103,410   | \$ 1,233,200 | \$ 1,495,500 | \$ 27,000    | \$ 27,000    | \$ 27,000                                | \$ 27,000    | \$ 316,000   | \$ 316,000   |
| 9                                  | Total Available Revenues             | \$ 11,844,320                  | \$ 11,801,320 | \$ 985,100   | \$ 1,698,200 | \$ 1,403,800 | \$ 202,200   | \$ 103,410   | \$ 1,233,200 | \$ 1,495,500 | \$ 27,000    | \$ 27,000    | \$ 27,000                                | \$ 27,000    | \$ 316,000   | \$ 316,000   |
| 10                                 | Personnel & Other Operating Expenses | \$ 2,233,400                   | \$ 2,244,500  | \$ 2,233,400 | \$ 2,244,500 | \$ 2,233,400 | \$ 2,244,500 | \$ 2,233,400 | \$ 2,244,500 | \$ 2,233,400 | \$ 2,244,500 | \$ 2,233,400 | \$ 2,244,500                             | \$ 2,233,400 | \$ 2,244,500 | \$ 2,233,400 |
| 11                                 | Employee Post Employment Benefits    | \$ 80,000                      | \$ 78,000     | \$ 80,000    | \$ 78,000    | \$ 80,000    | \$ 78,000    | \$ 80,000    | \$ 78,000    | \$ 80,000    | \$ 78,000    | \$ 80,000    | \$ 78,000                                | \$ 80,000    | \$ 78,000    | \$ 80,000    |
| 12                                 | Travel & Entertainment               | \$ 1,375,000                   | \$ 1,331,000  | \$ 1,375,000 | \$ 1,331,000 | \$ 1,375,000 | \$ 1,331,000 | \$ 1,375,000 | \$ 1,331,000 | \$ 1,375,000 | \$ 1,331,000 | \$ 1,375,000 | \$ 1,331,000                             | \$ 1,375,000 | \$ 1,331,000 | \$ 1,375,000 |
| 13                                 | Treatment Plant (RISQCP)             | \$ 3,600,400                   | \$ 3,833,500  | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 14                                 | Total Operating Expenditures         | \$ 3,600,400                   | \$ 3,833,500  | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 15                                 | Long Term Debt Service               | \$ 365,600                     | \$ 80,000     | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 16                                 | 2011 SFPL Loan                       | \$ 25,800                      | \$ 150,000    | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 17                                 | Fiscal Awar's Equipment              | \$ 25,800                      | \$ 150,000    | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 18                                 | Capital Projects                     | \$ 12,900                      | \$ 50,000     | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 19                                 | Other Debt Limit                     | \$ 4,111,600                   | \$ 4,115,500  | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 20                                 | Total Budgeted Expenditures          | \$ 4,111,600                   | \$ 4,115,500  | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 21                                 | Interest Transfers                   | \$ 410,000                     | \$ 764,500    | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 22                                 | Ending Fund Balance                  | \$ 7,013,320                   | \$ 7,013,320  | \$ 985,100   | \$ 1,013,800 | \$ 658,800   | \$ 658,800   | \$ 52,410    | \$ 103,410   | \$ 2,233,200 | \$ 1,495,500 | \$ 27,000    | \$ 27,000                                | \$ 27,000    | \$ 316,000   | \$ 316,000   |
| 23                                 | Depreciation                         | \$ 907,500                     | \$ 972,500    | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 24                                 | Salaries & Employee Benefits         | \$ 21,000                      | \$ 56,000     | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 25                                 | Director's Fees                      | \$ 524,000                     | \$ 565,000    | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 26                                 | Subtotal                             | \$ 1,392,500                   | \$ 1,397,500  | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 27                                 | Operation & Maintenance              | \$ 2,600                       | \$ 600        | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 28                                 | Other Operating Supplies             | \$ 23,000                      | \$ 22,500     | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 29                                 | Office Expenses                      | \$ 25,000                      | \$ 10,000     | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 30                                 | Travel                               | \$ 25,000                      | \$ 30,000     | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 31                                 | Publication & Legal Notice           | \$ 70,000                      | \$ 30,000     | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 32                                 | Gas, Fuel                            | \$ 14,500                      | \$ 12,000     | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 33                                 | Water & Maintenance                  | \$ 50,000                      | \$ 60,000     | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 34                                 | Repairs & Utilities                  | \$ 48,000                      | \$ 40,000     | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 35                                 | Travel & Meeting                     | \$ 20,000                      | \$ 21,000     | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 36                                 | Training & Education                 | \$ 25,000                      | \$ 16,000     | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 37                                 | Contracted Services                  | \$ 1,100,000                   | \$ 1,100,000  | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 38                                 | Construction                         | \$ 44,000                      | \$ 170,000    | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 39                                 | Engineering Services                 | \$ 75,000                      | \$ 85,000     | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 40                                 | Prof & Spec Services                 | \$ 95,000                      | \$ 90,000     | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 41                                 | Professional Services                | \$ 45,000                      | \$ 50,000     | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 42                                 | Printing & Advertising               | \$ 12,000                      | \$ 6,000      | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 43                                 | Operating Supplies                   | \$ 21,000                      | \$ 22,000     | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 44                                 | Special Expenses                     | \$ 15,000                      | \$ 50,000     | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 45                                 | Insurance                            | \$ 20,000                      | \$ 50,000     | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 46                                 | Legal Services                       | \$ 20,000                      | \$ 20,000     | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 47                                 | Subtotal                             | \$ 2,233,400                   | \$ 2,244,500  | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 48                                 | Capital & Debt                       | \$ 21,000                      | \$ 160,000    | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 49                                 | Gen Fin Financing Corp Bond          | \$ 21,000                      | \$ 160,000    | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 50                                 | Other Financing                      | \$ 44,000                      | \$ 80,000     | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 51                                 | Subtotal                             | \$ 44,000                      | \$ 240,000    | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 52                                 | Other Changes                        | \$ -                           | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 53                                 | Subtotal                             | \$ -                           | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 54                                 | Transfers to Other Funds             | \$ -                           | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 55                                 | Transfers from Other Funds           | \$ -                           | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 56                                 | Treatment Plant Revenue              | \$ 410,000                     | \$ 764,500    | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 57                                 | Rent Subsidization                   | \$ -                           | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| 58                                 | Subtotal                             | \$ 410,000                     | \$ 764,500    | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |
| <b>Overall Net Financial Flows</b> |                                      | \$ -                           | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                                     | \$ -         | \$ -         | \$ -         |

# Budget for West Bay Sanitary District

| Budget from District Web Site     |  |               |               | Restatement of Budget to Standard Format      |               |                 |                 |
|-----------------------------------|--|---------------|---------------|---|---------------|-----------------|-----------------|
| #                                 | General Fund   | FY 2014-15    | FY 2015-16    | Note: Include depreciation                    | #             | FY 2014-15      | FY 2015-16      |
| <b>Fund Income</b>                |  |               |               | <b>Operating Income</b>                       |               |                 |                 |
| 1                                 | Operating Income                                       |               |               | Permit & Inspection Fees                      | 5             | \$ 50,000       | \$ 50,000       |
| 2                                 | Non-Residential  | \$ 4,427,515  | 4,693,223     | Property Tax Receipts                         |               | \$-             | \$-             |
| 3                                 | Residential  | \$ 16,482,332 | 18,206,484    | Sewer Service Charges                         | 1,2           | \$ 20,909,847   | \$ 22,899,707   |
| 4                                 | Total Sewer Service Charges                            | \$ 20,909,847 | \$ 22,899,707 | Other Revenue                                 | 4,6           | \$ 48,000       | \$ 624,614      |
| 5                                 | Flow Equalization Cost Sharing                         | \$ 48,000     | 309,000       | Total Operating Income                        |               | \$ 21,007,847   | \$ 23,574,321   |
| 6                                 | Permit and Inspection Fees                             | \$ 50,000     | 50,000        | <b>Operating Expenses</b>                     |               |                 |                 |
| 7                                 | Other Operating Income (LAH & WS)                      | \$-           | 315,614       | Administration & Finance                      | 21-24, 27-29, | \$ 4,713,532    | \$ 5,176,446    |
| 8                                 | Total Operating Income                                 | \$ 21,007,847 | \$ 23,574,321 | Collection                                    | 25-26, 30-31, | \$ 2,749,220    | \$ 2,893,195    |
| 9                                 | Non-Operating Income                                   |               |               | Treatment Facility                            | 43            | \$ 5,350,000    | \$ 5,881,095    |
| 10                                | Interest Income  | \$ 50,000     | 50,000        | Total Operating Expenses                      |               | \$ 12,812,752   | \$ 13,950,736   |
| 11                                | Other Non-Operating Income                             | \$ 1,000      | 1,000         | <b>Operating Net (including depreciation)</b> |               |                 |                 |
| 12                                | Total Non-Operating Income                             | \$ 51,000     | \$ 51,000     |   |               | \$ 8,195,095    | \$ 9,623,585    |
| 13                                | Total Income   | \$ 21,058,847 | \$ 23,625,321 | <b>Investment Income</b>                      |               |                 |                 |
| 14                                | General Fund Available Balance                         | \$ 6,505,889  | \$ 7,441,158  | Interest Income                               | 8, 62         | \$ 125,000      | \$ 125,000      |
| 15                                | Total Available for Fiscal Year                        | \$ 27,564,736 | \$ 31,066,479 | Total Investment Income                       |               | \$ 125,000      | \$ 125,000      |
| <b>Fund Expenditures</b>          |  |               |               | <b>Investment Expenses</b>                    |               |                 |                 |
| 16                                | Total Operating Expense (Excl. Depreciation)           | \$ 6,044,252  | \$ 6,548,641  | Capital Investment                            | 65-70         | \$ 7,212,500    | \$ 8,059,500    |
| 17                                | Total Non-Operating Expense                            | \$ 9,504,882  | \$ 11,245,139 | Treatment Capital Assessment                  | 44-52         | \$ 4,136,382    | \$ 5,343,044    |
| 18                                | Total Current Expense (Excl. Depreciation)             | \$ 15,549,134 | \$ 17,793,780 | Total Investment Expenses                     |               | \$ 11,348,882   | \$ 13,402,544   |
| 19                                | General Fund Operating Reserve                         | \$ 6,505,889  | \$ 7,441,158  | <b>Investment Net</b>                         |               |                 |                 |
| 20                                | Subtotal Total Current Exp & Operating Reserve         | \$ 22,055,023 | \$ 25,234,938 |   |               | \$ (11,223,882) | \$ (13,277,544) |
| 21                                | Amount to Transfer To/(From) CA Fund                   | \$ 5,509,713  | \$ 5,831,541  | <b>Financing Income</b>                       |               |                 |                 |
| <b>Fund Expenditures - Detail</b> |  |               |               | <b>Financing Expenses</b>                     |               |                 |                 |
| 22                                | Operating Expense                                      |               |               | Connection Fees                               | 61            | \$ 50,000       | \$ 50,000       |
| 23                                | Salaries & Wages                                       | \$ 2,814,271  | 3,092,348     | Other Financing Income                        | 9             | \$ 1,000        | \$ 1,000        |
| 24                                | Employee Benefits                                      | \$ 1,204,077  | 1,337,664     | Total Financing Income                        |               | \$ 51,000       | \$ 51,000       |
| 25                                | Directors' Fees  | \$ 34,404     | 34,404        | <b>Financing Net</b>                          |               |                 |                 |
| 26                                | Election Expense                                       | \$-           | 40,000        |   |               | \$ 51,000       | \$ 51,000       |
| 27                                | Depreciation   | \$ 1,400,000  | 1,500,000     | <b>Overall Net Financial Flows</b>            |               |                 |                 |
| 28                                | Gasoline, Oil & Fuel                                   | \$ 65,000     | 70,000        |   |               | \$ (2,977,787)  | \$ (3,602,959)  |
| 29                                | Insurance  | \$ 92,000     | 92,000        |   |               |                 |                 |
| 30                                | Memberships  | \$ 23,350     | 30,000        |   |               |                 |                 |
| 31                                | Office Expense   | \$ 33,000     | 33,000        |   |               |                 |                 |
| 32                                | Operating Supplies                                     | \$ 323,395    | 332,195       |   |               |                 |                 |
| 33                                | Contractual Services                                   | \$ 388,000    | 388,000       |   |               |                 |                 |
| 34                                | Professional Services                                  | \$ 425,350    | 425,350       |   |               |                 |                 |
| 35                                | Printing & Publications                                | \$ 62,500     | 62,500        |   |               |                 |                 |
| 36                                | Rents & Leases   | \$ 34,080     | 38,680        |   |               |                 |                 |
| 37                                | Repairs & Maintenance                                  | \$ 252,825    | 259,000       |   |               |                 |                 |
| 38                                | Research & Monitoring                                  | \$ 8,000      | 33,000        |   |               |                 |                 |
| 39                                | Travel & Meetings                                      | \$ 55,500     | 55,500        |   |               |                 |                 |
| 40                                | Utilities  | \$ 140,500    | 145,000       |   |               |                 |                 |
| 41                                | Other Operating Expenses                               | \$ 153,000    | 145,000       |   |               |                 |                 |
| 42                                | Transfer Overhead Expense to Solid Waste Fund          | \$ (65,000)   | \$ (65,000)   |   |               |                 |                 |
| 43                                | Total Operating Expense (incl Depreciation)            | \$ 7,444,252  | \$ 8,048,641  |   |               |                 |                 |
| 44                                | Total Operating Expense (excl. Depreciation)           | \$ 6,044,252  | \$ 6,548,641  |   |               |                 |                 |
| <b>Non-Operating Expense</b>      |  |               |               |   |               |                 |                 |
| 45                                | Contributions to S.B.S.A. (Operations)                 | \$ 5,350,000  | 5,881,095     |   |               |                 |                 |
| 46                                | Contributions to S.B.S.A. Capital Reserve (former)     | \$-           | 153,494       |   |               |                 |                 |
| 47                                | SVCW Bonds (Formerly SBSA) (\$10 million)              | \$ 203,877    | 204,378       |   |               |                 |                 |
| 48                                | SVCW Bonds (Formerly SBSA) (\$55 million)              | \$ 1,305,283  | 1,305,283     |   |               |                 |                 |
| 49                                | SVCW Bonds (\$65 million)                              | \$ 1,084,222  | 1,145,000     |   |               |                 |                 |
| 50                                | SVCW - SRF Debt Service                                | \$ 207,000    | 225,000       |   |               |                 |                 |
| 51                                | SVCW - SRF Reserve Contribution                        | \$ 401,000    | 693,889       |   |               |                 |                 |
| 52                                | SVCW - Line of Credit                                  | \$ 34,000     | 70,000        |   |               |                 |                 |
| 53                                | 2012 SVCW - SRF Loan                                   | \$ 401,000    | 401,000       |   |               |                 |                 |
| 54                                | Future SVCW Bonds 2014-15 (\$60 million)               | \$ 500,000    | 1,145,000     |   |               |                 |                 |
| 55                                | Other Non-Operating Expense                            | \$ 6,000      | 6,000         |   |               |                 |                 |
| 56                                | Contributions to LAFCo                                 | \$ 12,500     | 15,000        |   |               |                 |                 |
| 57                                | Total Non-Operating Expense                            | \$ 9,504,882  | \$ 11,245,139 |   |               |                 |                 |
| 58                                | Total Current Expense (excl. Depreciation)             | \$ 15,549,134 | \$ 17,793,780 |   |               |                 |                 |
| <b>Reserves</b>                   |  |               |               |   |               |                 |                 |
| 59                                | Reserve for Operations (5 months Total Exp)            | \$ 6,505,889  | \$ 7,441,158  |   |               |                 |                 |
| 60                                | Total Reserves   | \$ 6,505,889  | \$ 7,441,158  |   |               |                 |                 |
| 61                                | Total Expense, Liabilities, and Reserves               | \$ 22,055,023 | \$ 25,234,938 |   |               |                 |                 |
| <b>Capital Assets Fund</b>        |  |               |               |   |               |                 |                 |
| <b>Fund Income &amp; Reserves</b> |  |               |               |   |               |                 |                 |
| 62                                | Beginning Balance for Fiscal Year                      | \$ 11,258,357 | 16,202,765    |   |               |                 |                 |
| 63                                | Anticipated Connection Charges Revenue                 | \$ 50,000     | 50,000        |   |               |                 |                 |
| 64                                | Interest Income  | \$ 75,000     | 75,000        |   |               |                 |                 |
| 65                                | Projected Transfer from General Fund                   | \$ 5,509,713  | \$ 5,831,541  |   |               |                 |                 |
| 66                                | Total Income & Reserves                                | \$ 16,893,070 | \$ 22,159,306 |   |               |                 |                 |
| <b>Fund Capital Expenditures</b>  |  |               |               |   |               |                 |                 |
| 67                                | Administration   | \$ 345,000    | 330,000       |   |               |                 |                 |
| 68                                | Collection Facilities                                  | \$ 722,500    | 434,500       |   |               |                 |                 |
| 69                                | Subsurface Lines and Other Plant                       | \$ 5,960,000  | 7,110,000     |   |               |                 |                 |
| 70                                | Construction Projects Environmental Review             | \$ 10,000     | 10,000        |   |               |                 |                 |
| 71                                | Manhole Raising (Paving Projects)                      | \$ 100,000    | 100,000       |   |               |                 |                 |
| 72                                | Allowance for Unanticipated Expenses                   | \$ 75,000     | 75,000        |   |               |                 |                 |
| 73                                | Total Capital Expenditures                             | \$ 7,212,500  | 8,059,500     |   |               |                 |                 |
| <b>Reserve Transfers</b>          |  |               |               |   |               |                 |                 |
| 74                                | Emergency Capital Reserves Transfer                    | \$ 350,000    | \$-           |   |               |                 |                 |
| 75                                | Capital Project Reserves Transfer                      | \$ 350,000    | 320,000       |   |               |                 |                 |
| 76                                | Equipment Replacement Reserves Transfer                | \$-           | 215,000       |   |               |                 |                 |
| 77                                | Total Capital Expenditures, Reserve Transfers & CIP C. | \$ 7,912,500  | \$ 8,594,500  |   |               |                 |                 |
| 78                                | Projected Available Fund at Year End                   | \$ 8,980,570  | \$ 13,564,806 |   |               |                 |                 |
| <b>Fund Accounting</b>            |  |               |               |   |               |                 |                 |
|                                   |  | Fund Balance  |               | Variance                                      |               | 2015-2016       |                 |
|                                   |  | 6/30/15       | 6/30/16       |   |               | Contributions   | Expenditures    |
| 79                                | General Fund   | \$ 6,505,889  | \$ 7,441,158  | \$ 935,269                                    | \$ 935,269    | \$-             | \$-             |
| <b>Capital Assets Fund</b>        |  |               |               |   |               |                 |                 |
| 80                                | Emergency Capital Reserve                              | \$ 5,000,000  | \$ 5,000,000  | \$-   | \$-           | \$-             | \$-             |
| 81                                | Capital Project Reserve                                | \$ 3,500,000  | \$ 2,860,000  | \$ (640,000)                                  | \$ 320,000    | \$ (960,000)    | \$ (960,000)    |
| 82                                | Equipment Replacement Reserve                          | \$-           | \$ 65,000     | \$ 65,000                                     | \$ 215,000    | \$ (150,000)    | \$ (150,000)    |
| <b>Solid Waste Fund</b>           |  |               |               |   |               |                 |                 |
| 83                                | Rate Stabilization Reserve                             | \$ 92,838     | \$ 112,838    | \$ 20,000                                     | \$ 20,000     | \$-             | \$-             |
| 84                                | Total Reserves   | \$ 15,098,727 | \$ 15,478,996 | \$ 380,269                                    | \$ 1,490,269  | \$ (1,110,000)  | \$ (1,110,000)  |

**APPENDIX H: SANITARY DISTRICT BUDGET ANALYSIS FY 2015-2016**

|                               | <b>Bayshore</b> | <b>West-<br/>borough</b> | <b>Montara</b> | <b>Granada</b> | <b>East Palo<br/>Alto</b> | <b>West Bay</b> |
|-------------------------------|-----------------|--------------------------|----------------|----------------|---------------------------|-----------------|
| All Revenue                   | \$1,279,700     | \$2,508,992              | \$2,689,520    | \$2,523,800    | \$4,914,540               | \$23,750,321    |
| Treatment Capital & Expense   | \$840,000       | \$1,900,012              | \$868,558      | \$1,229,900    | \$2,228,000               | \$11,224,139    |
| Treatment as % of Revenue     | 66%             | 76%                      | 32%            | 49%            | 31%                       | 47%             |
| As % of Revenue               |                 |                          |                |                |                           |                 |
| Sewer Service Charges         | 80%             | 92%                      | 76%            | 51%            | 92%                       | 96%             |
| Property Tax                  | 16%             | 7%                       | 9%             | 32%            | 6%                        | 0%              |
| Permit & Connection Fees      | 4%              | 0%                       | 14%            | 15%            | 0%                        | 0%              |
| Interest & Other              | 1%              | 0%                       | 2%             | 2%             | 2%                        | 3%              |
| Rate Analysis                 |                 |                          |                |                |                           |                 |
| Average Residential Rate      | \$613           | \$512                    | \$810          | \$402          | \$575                     | \$973           |
| Property Tax                  | \$200,000       | \$185,000                | \$230,000      | \$800,000      | \$318,000                 | \$0             |
| # of Customers                | 1,739           | 3,790                    | 1,964          | 2,560          | 7,066                     | 19,201          |
| Property Tax/Customer         | \$115           | \$49                     | \$117          | \$313          | \$45                      | \$0             |
| Rate w/o Property Tax Benefit | \$728           | \$561                    | \$927          | \$715          | \$620                     | \$973           |
| Operating Expense Analysis    |                 |                          |                |                |                           |                 |
| Miles of Sewer Pipe           | 16.0            | 20.7                     | 29.5           | 34.0           | 35.0                      | 208.0           |
| Collection Cost/Mile          | \$11,863        | \$7,165                  | \$18,619       | \$11,148       | \$14,197                  | \$13,910        |

Sources: See Appendix D: Sewage System Characteristics by District. See Appendix G: Sanitary District Budgets. See Appendix I: Sanitary District Sewer Rates.



## APPENDIX I: SANITARY DISTRICT SEWER RATES

### Payment Method and Calculation

| Type        | Name  | How Paid          | How Calculated                 |
|-------------|---|-------------------|--------------------------------|
| Independent | Bayshore Sanitary District                    | Property Tax Bill | Water Consumption <sup>a</sup> |
| Independent | Westborough Water District                    | Property Tax Bill | Water Consumption              |
| Independent | Montara Water & Sanitary District             | Property Tax Bill | Water Consumption              |
| Independent | Granada Community Services District           | Property Tax Bill | Fixed Rate <sup>b</sup>        |
| Independent | East Palo Alto Sanitary District              | Property Tax Bill | Fixed Rate                     |
| Independent | West Bay Sanitary District                    | Property Tax Bill | Fixed Rate                     |
| SMC County  | Burlingame Hills Sewer Maintenance            | Property Tax Bill | Fixed Rate                     |
| SMC County  | Crystal Springs County Sanitation             | Property Tax Bill | Fixed Rate                     |
| SMC County  | Devonshire County Sanitary                    | Property Tax Bill | Fixed Rate                     |
| SMC County  | Edgewood Sewer Maintenance                    | Property Tax Bill | Fixed Rate                     |
| SMC County  | Emerald Lake Heights Sewer Maintenance-Zone 1 | Property Tax Bill | Fixed Rate                     |
| SMC County  | Emerald Lake Heights Sewer Maintenance-Zone 2 | Property Tax Bill | Fixed Rate                     |
| SMC County  | Fair Oaks Sewer Maintenance                   | Property Tax Bill | Fixed Rate                     |
| SMC County  | Harbor Industrial Sewer Maintenance           | Property Tax Bill | Fixed Rate                     |
| SMC County  | Kensington Square Sewer Maintenance           | Property Tax Bill | Fixed Rate                     |
| SMC County  | Oak Knoll Sewer Maintenance                   | Property Tax Bill | Fixed Rate                     |
| SMC County  | Scenic Heights County Sanitation              | Property Tax Bill | Fixed Rate                     |

*Notes:*

<sup>a</sup>Districts with water consumption-based rates provided an average residential rate. Each single-family residence is charged based on water consumption during winter months.

<sup>b</sup>Fixed rate: All single-family residences are charged a fixed rate set annually.

### Sewer Rates and Growth—Independent Districts

| Name                                | 2010-2011 | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | % Growth 2011 to 2016 |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------------------|
| Bayshore Sanitary District          | \$613     | \$613     | \$613     | \$613     | \$613     | \$613     | \$613     | 100%                  |
| Westborough Water District          | \$397     | \$396     | \$391     | \$413     | \$465     | \$512     | \$516     | 129%                  |
| Montara Water & Sanitary District   | \$728     | \$711     | \$741     | \$763     | \$904     | \$810     | \$751     | 111%                  |
| Granada Community Services District | \$365     | \$383     | \$402     | \$402     | \$402     | \$402     | \$402     | 110%                  |
| East Palo Alto Sanitary District    | \$485     | \$520     | \$520     | \$520     | \$550     | \$575     | \$575     | 119%                  |
| West Bay Sanitary District          | \$650     | \$690     | \$752     | \$820     | \$893     | \$973     | \$1,031   | 150%                  |
| Average Rate and Growth             | \$540     | \$552     | \$570     | \$589     | \$638     | \$648     | \$648     | 120%                  |

Sources: 2015-2016: Provided by Sanitary Districts.

Bayshore

Data submitted by district. Based on 200 gallons per day for an average family.

Westborough

Data submitted by district; based on total units in January and February of each year divided by number of customers times the applicable rate.

Montara

Data submitted by district; average bill based on average water consumed times the applicable rate.

Granada

2014-2015: Bay Area Clean Water Agencies, *Sewer Rate Survey 2015*. <http://bacwa.org/wp-content/uploads/2016/01/BACWA-Sewer-Rate-Survey-May-2015.pdf>

2013-2014: Granada Sanitary District, *Fiscal Year 2013/14 Budget*. [http://granada.ca.gov/wp-content/uploads/2014/02/GSD\\_FY\\_2013-14\\_Budget.pdf](http://granada.ca.gov/wp-content/uploads/2014/02/GSD_FY_2013-14_Budget.pdf).

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East Palo Alto

2013-2014; 2014-2015: East Palo Alto Sanitary District, *Agenda Packet July 27, 2014, Resolution 1129*. <http://www.epasd.com/home/showdocument?id=84>.

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2010-2011; 2011-2012: East Palo Alto Sanitary District, *Agenda Packet, April 5, 2012, Audit for Fiscal Year End June 30, 2011*, <http://www.epasd.com/home/showdocument?id=240>.

West Bay

HF&H Consultants, LLC, West Bay Sanitary District. Sewer Rate Study, Final Report, April 22, 2015. [http://westbaysanitary.org/wsbd-prod/resources/1400/WBSD\\_FINALReport\\_22April2015.pdf](http://westbaysanitary.org/wsbd-prod/resources/1400/WBSD_FINALReport_22April2015.pdf).

### Sewer Rates and Growth—County-Managed Districts

| Name  | 2010-2011 | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017     | % Growth<br>2011-2016 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|---------------|-----------------------|
| Burlingame Hills Sewer Maintenance            | \$1,150   | \$1,595   | \$1,595   | \$1,595   | \$1,595   | \$1,595   | Not Available | 139%                  |
| Crystal Springs County Sanitation             | \$1,200   | \$1,200   | \$1,350   | \$1,350   | \$1,350   | \$1,350   | Not Available | 113%                  |
| Devonshire County Sanitary                    | \$900     | \$1,000   | \$1,025   | \$1,050   | \$1,075   | \$1,100   | \$1,125       | 122%                  |
| Edgewood Sewer Maintenance                    | \$900     | \$950     | \$1,025   | \$1,100   | \$1,175   | \$1,250   | \$1,325       | 139%                  |
| Emerald Lake Heights Sewer Maintenance-Zone 1 | \$1,100   | \$1,130   | \$1,160   | \$1,190   | \$1,220   | \$1,250   | \$1,280       | 114%                  |
| Emerald Lake Heights Sewer Maintenance-Zone 2 | \$770     | \$810     | \$850     | \$890     | \$930     | \$970     | \$1,010       | 126%                  |
| Fair Oaks Sewer Maintenance                   | \$420     | \$470     | \$500     | \$530     | \$560     | \$590     | \$620         | 140%                  |
| Harbor Industrial Sewer Maintenance           | \$310     | \$320     | \$330     | \$340     | \$350     | \$360     | \$370         | 116%                  |
| Kensington Square Sewer Maintenance           | \$900     | \$975     | \$1,015   | \$1,055   | \$1,095   | \$1,135   | \$1,175       | 126%                  |
| Oak Knoll Sewer Maintenance                   | \$800     | \$900     | \$930     | \$960     | \$990     | \$1,020   | \$1,050       | 128%                  |
| Scenic Heights County Sanitation              | \$950     | \$1,050   | \$1,080   | \$1,110   | \$1,140   | \$1,170   | \$1,200       | 123%                  |
| Average Rate and Growth                       | \$855     | \$945     | \$987     | \$1,015   | \$1,044   | \$1,072   | \$1,017       | 125%                  |

Source:

San Mateo County Public Works. *Sewer Service Rate Information*. Accessed March 11, 2016. <http://publicworks.smcgov.org/sewer-service-rate-information>.  
 County of San Mateo, Inter-Departmental Correspondence, Department of Public Works, *Executive Summary - Adoption of Proposed Sewer Service Rates and Fiscal Year 2011-12 Sewer Service Charges Report for the Ten County Sewer/Sanitation Districts Governed by the Board of Supervisors*, July 11, 2011, <http://publicworks.smcgov.org/sites/publicworks/files/SSC%202011%20BOS%2020110726.pdf>.

**Sewer Rates and Growth—Combined**

| Name   | 2010-2011 | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | % Growth<br>2011-2016 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------------------|
| Combined Average Rate and Growth<br>(Independent and County-Managed<br>Districts | \$743     | \$807     | \$840     | \$865     | \$900     | \$922     | \$870     | 124%                  |
| Consumer Price Index, San Francisco<br>Area, Annual Rate as of June              | 2.40%     | 2.60%     | 2.60%     | 3.0%      | 2.30%     |           |           | 114%                  |

*Source:*

United States Department of Labor, Bureau of Labor Statistics, Western Information Office, *Consumer Price Index, San Francisco Area-February 2016*.  
[http://www.bls.gov/regions/west/news-release/consumerpriceindex\\_sanfrancisco.htm](http://www.bls.gov/regions/west/news-release/consumerpriceindex_sanfrancisco.htm).

**APPENDIX J: BOARD COSTS FOR SANITARY DISTRICTS**

| <b>FY 2015-2016</b>                    | <b>Bayshore</b>   | <b>West-borough</b>        | <b>Montara</b> | <b>Granada</b> | <b>East Palo Alto</b>  | <b>West Bay</b> |
|--|---|----------------------------|----------------|----------------|------------------------|-----------------|
| Regular Meeting Compensation           | \$190   | \$100                      | \$75           | \$145          | \$293                  | \$207           |
| Regular Meeting Frequency <sup>a</sup> | Monthly   | Monthly                    | Twice Monthly  | Monthly        | Monthly                | Twice Monthly   |
| Board Expenses                         |   |                            |                |                |                        |                 |
| Directors' Fees                        | \$15,000  | \$5,250                    | \$3,300        | \$11,000       | \$56,000               | \$34,404        |
| Memberships                            | \$3,000   | \$15,816                   |                | \$5,000        | \$15,000               | \$12,000        |
| Meetings and Travel                    | \$5,000   | \$3,350                    |                | \$1,000        | \$14,000               | \$9,000         |
| Other                                  | \$12,000  |                            | \$2,000        |                | \$6,800                | \$0             |
| Total Board Expenses                   | \$35,000  | \$24,416                   | \$5,300        | \$17,000       | \$91,800               | \$55,404        |
| Expense/Director                       | \$7,000   | \$4,883                    | \$1,060        | \$3,400        | \$18,360               | \$11,081        |
| Benefits                               | Dental, Life Insurance for Directors and Spouse/Partner or Children | None                       | None           | None           | Dental, Vision, Health | None            |
| Professional Memberships <sup>b</sup>  | CASA, CSDA, USA   | BAWSCA, SSF CoC ACWA, CSDA | None           | CASA, CSDA     | CASA, CSDA, CoC        | CASA            |

Source: District data input to Grand Jury, February-March 2016.

Notes: <sup>a</sup>Excludes committee meetings

<sup>b</sup>Association of California Water Agency  
 Bay Area Clean Water Agencies ACWA  
 Bay Area Water Supply & Conservation Agency BACWA  
 California Association of Sanitation Agencies BAWSCA  
 California Special Districts Association CASA  
 Chamber of Commerce CSDA  
 Underground Service Alert CoC  
 USA

**APPENDIX K: DIRECTOR TENURE BY DISTRICT**

| <b>District &amp; Directors</b> | <b>Date 1st Appointed / Elected</b> | <b>Years of Service</b> | <b>Next Up</b> |
|---------------------------------|-------------------------------------|-------------------------|----------------|
| <b>Bayshore</b>                 |                                     |                         |                |
| Iris Gallagher                  | 12/7/93                             | 22.5                    | 2017           |
| Walter Quinteros                | 2/25/93                             | 23.3                    | 2019           |
| Norman Rizzi                    | 1/24/02                             | 14.4                    | 2019           |
| Mae Swanbeck                    | 9/22/05                             | 10.8                    | 2019           |
| Kenneth Tonna                   | 8/26/04                             | 11.8                    | 2017           |
| Average Tenure                  |                                     | 16.6                    |                |
| <b>Westborough</b>              |                                     |                         |                |
| David J. Irwin                  | 1/12/12                             | 4.4                     | 2019           |
| William O. Lopez                | 12/11/08                            | 7.5                     | 2019           |
| Janet G. Medina                 | 8/12/04                             | 11.8                    | 2019           |
| Tom Chambers                    | 11/4/97                             | 18.6                    | 2017           |
| Perry H. Bautista               | 11/7/89                             | 26.6                    | 2017           |
| Average Tenure                  |                                     | 13.8                    |                |
| <b>Montara</b>                  |                                     |                         |                |
| Jim Harvey                      | 11/4/03                             | 12.6                    | 2018           |
| Dwight Wilson                   | 11/5/13                             | 2.6                     | 2018           |
| Bill Huber                      | 11/5/13                             | 2.6                     | 2018           |
| Kathryn Slater-Carter           | 11/4/03                             | 12.6                    | 2016           |
| Scott Boyd                      | 11/4/03                             | 12.6                    | 2016           |
| Average Tenure                  |                                     | 8.6                     |                |

| <b>District &amp; Directors</b> | <b>Date 1st Appointed / Elected</b> | <b>Years of Service</b> | <b>Next Up</b> |
|---------------------------------|-------------------------------------|-------------------------|----------------|
| <b>Granada</b>                  |                                     |                         |                |
| Leonard Woren                   | 11/4/97                             | 18.6                    | 2018           |
| Matthew Clark                   | 11/4/03                             | 12.6                    | 2016           |
| Jim Blanchard                   | 8/29/13                             | 2.8                     | 2016           |
| David Seaton                    | 11/5/13                             | 2.6                     | 2018           |
| Ric Lohman                      | 6/17/04                             | 12.0                    | 2018           |
| Average Tenure                  |                                     | 9.7                     |                |
| <b>East Palo Alto</b>           |                                     |                         |                |
| Glenda Savage-Johnson           | 11/6/07                             | 8.6                     | 2019           |
| Betsy Yanez                     | 11/6/07                             | 8.6                     | 2019           |
| Joan Sykes-Miessi               | 11/4/03                             | 12.6                    | 2017           |
| Goro Mitchell                   | 11/6/07                             | 8.6                     | 2019           |
| Dennis Scherzer                 | 11/3/09                             | 6.6                     | 2017           |
| Average Tenure                  |                                     | 9.0                     |                |
| <b>West Bay</b>                 |                                     |                         |                |
| Edward Moritz                   | 8/1/09                              | 6.8                     | 2017           |
| Fran Dehn                       | 8/1/08                              | 7.8                     | 2019           |
| David Walker                    | 11/1/99                             | 16.6                    | 2019           |
| Roy Thiele-Sardina              | 11/5/13                             | 2.6                     | 2017           |
| George Otte                     | 5/9/16                              | 0.1                     | 2017           |
| Average Tenure                  |                                     | 6.8                     |                |

*Sources:*

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*Note:* All districts provided additional detail such as dates of appointment not available from voting records.

**APPENDIX L: REFERENCES TO “DISASTER” OR “EMERGENCY” IN BOARD MEETING MINUTES**

The Grand Jury reviewed the most recent 12 months of minutes from each of the six independent districts. We searched each document for the following words: “disaster,” “emergency,” and “emergencies.” The following records the actual text including these words in the minutes of the districts.

None of the minutes record discussions regarding emergency preparedness or response. The emergencies referred to in the minutes refer to localized sewer blockages or overflows.

| <b>Bayshore</b> |   |
|-----------------|---|
| 4/23/15         | The Maintenance Director said that he has not heard from the Daly City Water/Wastewater Department with regard to providing emergency and preventive maintenance to the District.<br>There was one emergency generator alarm; however no problem was found.           |
| 5/28/15         | None  |
| 6/16/15         | None  |
| 6/25/15         | In light of this information, Mr. Yeager wrote them a letter and explained that the District will not provide emergency service again.  |
| 7/23/15         | Since the District's emergency alarm system uses a phone line, it was felt that AT&T is more reliable.  |
| 8/27/15         | Broken link   |
| 9/17/15         | None  |
| 10/22/15        | Broken link   |
| 11/19/15        | Daly City Library site. President Gallagher was notified of an emergency meeting on December 3.<br>He explained what the District had in mind as it plans for the future, i.e., outsourcing the routine, preventive and emergency services for the collection system. |
| 12/17/15        | None  |
| 1/28/16         | Mr. Landi provided the South San Francisco Public Works/City Engineer with information to help him evaluate the possibility of providing preventive and emergency service for the District. They are meeting next week.   |
| 2/25/16         | None  |
| 3/24/16         | None  |

*Source:* Bayshore Sanitary District, Public Meetings, *Minutes* on Dates Listed Above.  
<http://bayshoresanitary.com/meetings/index.html>.

| <b>Westborough</b> |      |
|--------------------|------|
| 4/9/15             | None |
| 5/14/15            | None |
| 6/18/15            | None |
| 7/9/15             | None |
| 8/13/15            | None |

**Westborough**

|          |  |
|----------|--|
| 9/10/15  | Engineer Pakpour reported some of the benefits were the State would cover a larger portion of disaster losses, if the District is included in a Hazard Mitigation Grant Program, Pre-Disaster Mitigation, Flood Mitigation Assistance and Severe Repetitive Loss Grant Programs. |
| 10/8/15  | None   |
| 11/12/15 | None   |
| 11/21/15 | The Board of Directors met to hold a hands on training session on how to restore water service in the event of a major disaster.   |
| 12/10/15 | None   |
| 1/14/16  | None   |
| 2/11/16  | Broken link  |
| 3/12/16  | None   |

Source: Westborough Water District, Board Meeting Schedule, *Minutes* on Dates Listed Above, [http://www.westboroughwater.com/board\\_meetings.htm](http://www.westboroughwater.com/board_meetings.htm).

**Montara**

|          |  |
|----------|--|
| 3/5/15   | None   |
| 3/19/15  | None   |
| 4/2/15   | None   |
| 5/7/15   | None   |
| 5/21/15  | References to emergency related to water services                            |
| 6/4/15   | References to emergency related to water services                            |
| 7/16/15  | References to emergency related to water services                            |
| 8/6/15   | None   |
| 9/3/15   | None   |
| 10/1/15  | None   |
| 10/15/15 | None   |
| 11/5/15  | None   |
| 12/3/15  | None   |
| 1/7/16   | None   |
| 2/4/16   | None   |
| 3/3/16   | None   |
| 3/17/16  | Review and possible action concerning sewer emergency repair on Cedar Street |

Source: Montara Water District, Board Meetings, selected pages provided by Montara. Montara minutes are embedded in Agenda Packets, making them time consuming to locate.

**Granada**

|         |      |
|---------|------|
| 3/19/15 | None |
| 4/23/15 | None |
| 5/21/15 | None |
| 6/18/15 | None |
| 7/23/15 | None |

|          |             |
|----------|-------------|
| 9/3/15   | None        |
| 10/15/15 | None        |
| 11/19/15 | None        |
| 12/17/15 | Broken link |
| 1/21/16  | None        |

Source: Granada Community Services District, Agendas/Minutes, *Minutes* on Dates Listed Above, <http://granada.ca.gov/agendamminutes/>.

**East Palo Alto**

|          |  |
|----------|--|
| 2/5/15   | None   |
| 3/5/15   | None   |
| 4/9/15   | None   |
| 5/7/15   | None   |
| 6/4/15   | None   |
| 6/18/15  | None   |
| 7/2/15   | None   |
| 8/6/15   | He asked for a report on the current policy on units not on the rolls, what are the rights on private property in the event of an emergency, and what is done in the event of a known extra unit where access is denied. |
| 9/3/15   | None   |
| 10/1/15  | None   |
| 11/5/15  | None   |
| 12/10/15 | None   |
| 1/7/16   | None   |

Source: East Palo Alto Sanitary District, About EPSD, Board Meetings Agendas and Minutes, *Minutes* on Dates Listed Above, <http://www.epasd.com/about-epasd/board-of-directors/agendas-and-minutes>.

**West Bay**

|          |      |
|----------|------|
| 4/22/15  | None |
| 5/6/15   | None |
| 5/27/15  | None |
| 6/10/15  | None |
| 6/24/15  | None |
| 7/15/15  | None |
| 7/29/15  | None |
| 8/3/15   | None |
| 8/12/15  | None |
| 8/26/15  | None |
| 9/15/15  | None |
| 10/14/15 | None |
| 10/28/15 | None |
| 11/4/15  | None |
| 11/24/15 | None |
| 12/9/15  | None |

**West Bay**

|         |  |
|---------|--|
| 1/13/16 | None   |
| 1/27/16 | None   |
| 2/10/16 | Responded to emergency pump station call due to power failure. |
| 2/24/16 | None   |
| 3/9/16  | None   |
| 3/23/16 | None   |
| 4/13/16 | None   |

*Source:* West Bay Sanitary District, About Us, Agenda & Minutes, *Minutes* on Dates Listed Above, <https://westbaysanitary.org/about-us/agenda-minutes/>.

Issued: June 29, 2016