



SEWER AUTHORITY MID-COASTSIDE

Board of Directors Meeting Agenda

Regular Board Meeting 7:00 PM, Monday, March 08, 2021

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

Directors will attend the meeting through teleconferencing pursuant to and as permitted by Executive Order N-29-20. Consistent with Executive Order N-29-20 and the San Mateo County Health Officer shelter in place order issued on March 16, 2020, members of the public may observe and participate in the open session portions of the meeting electronically by using the following link:

Join Zoom Meeting

<https://us02web.zoom.us/j/87357328242?pwd=bXZQbXplSWxMOWhFWVlodEhyTjdYQT09>

Meeting ID: 873 5732 8242

Passcode: 795184

One tap mobile

+16699006833,,87357328242#,,,,*795184# US (San Jose)

Dial by your location

+1 669 900 6833 US (San Jose)

Meeting ID: 873 5732 8242

Passcode: 795184

If you have a disability and require special assistance related to participating in this teleconference meeting, please contact the Authority at least two working days in advance of the meeting at (650) 726-0124 or via email at kishen@samcleanswater.org.

1. CALL TO ORDER

A. Roll Call:

Chair:	Barbara Dye (GCSD)
Vice-Chair:	Deborah Ruddock (HMB)
Secretary/Treasurer:	Kathryn Slater-Carter (MWSD)
Director:	Dr. Deborah Penrose (HMB)
Director:	Ric Lohman (MWSD)
Director:	Matthew Clark (GCSD)

2. PUBLIC COMMENT / ORAL COMMUNICATION

Members of the public are welcome to submit comments via e-mail by sending them to kishen@samcleanswater.org. All comments so submitted prior to 7 pm on March 08, 2021 will be read out loud during the discussion of the respective item(s) identified in the e-mail; comments without such identification shall be read during this Item. Members of the public may also provide comments telephonically or electronically on individual items following recognition by the Board Chair presiding over the meeting.

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

- A. Approve Minutes of February 22, 2021 Regular Board Meeting, and February 25, 2021 Special Board Meeting (**Attachment**)
- B. Approve Disbursements for March 08, 2021 (**Attachment**)

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

- A. Receive and File SAM -Audited Financial Statements for Fiscal Year 2019-20 (**Attachment**)
- B. Review and Discuss the Financial Report for Fiscal Year 2019-20 (Budget vs Actual) from the Audited Financial Statement (**Attachment**)
- C. Approve First Addendum to Employment Agreement with General Manager (**Attachment**)
- D. Determination Not to Proceed with Ameresco Scope of Work and Authorize General Manager to Pay Ameresco the Project Development Fee of \$60,000 (**Attachment**)
- E. Authorize General Manager to Provide a Letter Indicating Support for Certain Activities/Projects that Senate Bill 45 Would Fund and Authorize General Manager and General Counsel to Seek Amendments as Appropriate to Support Inclusion of SAM Projects and Priorities in SB45 and AB1500 (**Attachment**)

5. GENERAL MANAGER'S REPORT

6. ATTORNEY'S REPORT

- A. Informational Update on PFA's (Per - and Polyfluoroalkyl Substances)
- B. Legislation Updates

7. DIRECTORS' REPORT

8. TOPICS FOR FUTURE BOARD CONSIDERATION (**Attachment**)

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

- A. CONFERENCE WITH LEGAL COUNSEL — PENDING LITIGATION
Pursuant to Paragraphs (1), (2) and (4) of Subdivision (d) of Government Code Section 54956.9 (One case - Thompson vs SAM)
- B. CONFERENCE WITH LEGAL COUNSEL- EXISTING LITIGATION
Pursuant to Government Code Paragraph (2) of Subdivision (d) of Section 54956.9 (FEHA Claim 202008-10882405 filed by Beverli Marshall)
- C. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Pursuant to Government Code Paragraph (1) of Subdivision (d) of Section 54956.9: (Half Moon Bay v. Granada CSD, Montara WSD & Sewer Authority Mid-Coastside)
- D. CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION
Pursuant to Government Code of Section 54956.9:

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

11. ADJOURNMENT

- Upcoming Regular Board Meetings: March 22, 2021 and April 12, 2021

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

INFORMATION FOR THE PUBLIC

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

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

Board meetings are accessible to people with disabilities. Upon request, the Authority will make this agenda available in appropriate alternative formats to persons with a disability. In compliance with the Americans with Disabilities Act, the Authority will provide special assistance for participation in this meeting. Please submit requests for a disability-related modification or an accommodation in order to participate in the public meeting at least two working days in advance of the meeting by contacting the Authority at (650) 726-0124.



SEWER AUTHORITY MID-COASTSIDE

Staff Report

TO: Honorable Board of Directors

FROM: Kishen Prathivadi, General Manager

BY: Suzie Turbay, Administrative Assistant

SUBJECT: **Approve Minutes of February 22, 2021 Regular Board Meeting, and February 25, 2021 Special Board Meeting – Closed Session**

Executive Summary

The purpose of this report is for the Board of Directors to review the minutes for February 22, 2021 Regular Board Meeting, and February 25, 2021 Special Board Meeting – Closed Session.

Fiscal Impact

There is no fiscal impact from this report.

Strategic Plan Compliance

The recommendation complies with the SAM Strategic Plan Goal 4: *“A well-organized, motivated, and well-trained staff with an effective Board of Directors are the most important keys to success for SAM.”*

Background and Discussion/Report

Attached are the minutes for the February 2, 2021 Regular Board Meeting, and February 25, 2021 Special Board Meeting – Closed Session for review and approval.

Staff Recommendation

Staff recommends that the Board of Directors approve the minutes for the referenced Board meetings as presented.

Supporting Documents

Attachment A: Minutes February 22, 2021 Regular Board Meeting

BOARD MEMBERS:	M. Clark	B. Dye	R. Lohman
	D. Penrose	D. Ruddock	K. Slater-Carter
ALTERNATE MEMBERS:	S. Boyd	E. Suchomel	P. Dekker
	J. Harvey	H. Rarback	

Attachment B: Minutes February 25, 2021 Special Board Meeting –Closed Session

BOARD MEMBERS:	M. Clark	B. Dye	R. Lohman
	D. Penrose	D. Ruddock	K. Slater-Carter
ALTERNATE MEMBERS:	S. Boyd	E. Suchomel	P. Dekker
	J. Harvey	H. Rarback	

MINUTES
SAM BOARD OF DIRECTORS MEETING
February 22, 2021

1. CALL TO ORDER

Chair Dye called the meeting to order at 7:02 p.m. from her residence in El Granada, CA. Directors attended the meeting through teleconferencing pursuant to and as permitted by Executive Order N-29-20. Consistent with Executive Order N-29-20, the San Mateo County Health Officer Shelter-In-Place order issued on March 16, 2020, members of the public were able to observe the open session portions of the meeting electronically by using the link that was provided on the agenda for the February 22, 2021 meeting.

A. Roll Call

Directors Penrose, Lohman, Clark, Ruddock, Slater-Carter, and Dye were present. Also present via teleconferencing were General Manager Kishen Prathivadi, Finance Officer George Evans, Supervisor of Treatment/Field Operations Tim Costello, and General Counsel Jeremy Jungreis.

2. PUBLIC COMMENT/ORAL COMMUNICATION - NONE

3. CONSENT AGENDA *(single motion and vote approving all items)*

(Consent items are considered routine and will be approved or adopted by one vote unless a request for removal for discussion or explanation is received from the public or Board)

- A. Approve Minutes of February 8, 2021 Regular Board Meeting
- B. Approve Disbursements for February 22, 2021
- C. Monthly Revenue and Expense Report for Period Ending January 31, 2021

Director Lohman moved, and Director Ruddock seconded the motion to approve all Consent Agenda Items as presented.

Lohman/Ruddock/Roll Call Vote: Penrose Aye/Lohman Aye/Clark Aye/Ruddock Aye/Slater-Carter Aye/Dye Aye/8 Ayes/0 Noes. The motion passed.

4. REGULAR BUSINESS

- A. Discuss and Approve Infrastructure Plan for Fiscal Year 2021-2022

General Manager Prathivadi updated, and informed the Board that staff has started

preparing the General Budget and in order to move forward the Infrastructure Budget needs to be finalized and put in to the General Budget. He stated that there was a Budget Workshop held on January 29, 2021 where it was decided that SAM should have a 1 year Capital Improvements Project (CIP), and possibly discuss the 5 year CIP at a later date. Director Lohman moved, and Director Slater-Carter seconded the motion to accept and approve the CIP plan for 2021 – 2022 that was developed by staff. A discussion ensued. Director Penrose requested that the minutes of the February 22, 2021 Board meeting reflect that Half Moon Bay votes on project item #1, 2.01, 2.02, and 2.03 relating to the Montara Pump Station, and project item # 2, 3.01, and 3.02 relating to the Portola Pump Station is under protest consistent with the resolutions by which the Half Moon Bay City Council approved prior to SAM budgets, and that any Half Moon Bay funding of this and other IPS related projects are made under protest, and with the understanding that cost spent by the City of Half Moon Bay will be refunded to the City of Half Moon Bay should it prevail in its suit. George Long, SAM employee, addressed the Board and discussed BOD concentration and coarse air. Director Slater-Carter stated that when comments are asked of the member agency managers, a deadline is set, and for the Board to take a policy that if the Managers or public does not get a comment in by the deadline date, it's been deemed they have no other questions and the budget process can keep moving forward. Following discussion, Director Clark stated that he will approve the infrastructure plan, but he will vote no on Aeration Basin 4 since it will not be moved on until the study is done. The Board of Directors approved the Infrastructure Plan for Fiscal Year 2021-2022 by roll call vote.

Lohman/Slater-Carter/Roll Call Vote: Penrose Aye/Lohman Aye/Clark Aye/Ruddock Aye/Slater-Carter Aye/Dye Aye/8 Ayes/0 Noes. The motion passed.

5. GENERAL MANAGERS REPORT

A. Monthly Manager's Report – January 2021

General Manager Prathivadi updated the Board on the Wet Weather Expansion Project, and informed them that the pipes were delivered earlier in the day and the boxes will be delivered on Wednesday, February 24th. He also stated that the project is progressing and the contractor is doing a great job. Director Slater-Carter thanked Supervisor of Treatment/Field Operations Costello, and staff for the Wet Weather Expansion Project photos and posts on the Next Door website. Chair Dye thanked the Collections crew for the great job they did when she recently had a back-up in her downstairs area. She stated SAM Collections crew is pleasant to work with and competent in what they do.

6. ATTORNEY'S REPORT

General Counsel Jungreis informed the Board of a large bond measure (SB45) that is being considered. Director Slater-Carter added to General Counsel Jungreis' comments by informing the Board that there is now a second bond measure (AB1500). She stated that it would be worth General Counsel, SAM Manager, and the Finance Committee to look through it and identify all the areas that look fruitful for SAM. Director Ruddock also suggested that SAM look in to joining the Water Bond Coalition, adopt a resolution to join the coalition, and agendize joining the coalition at one of SAMs March meetings. Director Slater-Carter moved, and Director Ruddock seconded the motion to add this to the next SAM agenda as an urgency item.

Slater-Carter/Ruddock/Roll Call Vote: Penrose Aye/Lohman Aye/Clark Aye/Ruddock Aye/Slater-Carter Aye/Dye Aye/8 Ayes/0 Noes. The motion passed.

Director Slater-Carter moved, and Director Clark seconded the motion to approve a resolution as indicated on the Water Bond Coalition website subject to such minor modifications as maybe recommended by the SAM General Manager and General Counsel.

Slater-Carter/Clark/Roll Call Vote: Penrose Aye/Lohman Aye/Clark Aye/Ruddock Aye/Slater-Carter Aye/Dye Aye/8 Ayes/0 Noes. The motion passed.

General Counsel Jungreis informed the Board that the RWQCB agreed to make minor changes to clarify responsibilities as discussed at the February 8, 2021 SAM Board meeting.

7. DIRECTOR'S REPORT

Director Lohman reported that the SAM 2040 Committee had a short meeting where lots of interesting information was discussed. Director Slater-Carter informed the Board that a public workshop was held on sewer systems and she highly recommended everyone to watch it on PCTV and Coastside Buzz. She also stated there will be another public workshop on water on March 3rd and suggested everyone watch it on PCTV.

8. TOPICS FOR FUTURE BOARD CONSIDERATION

Director Slater-Carter suggested having a regular agenda item and discussion on the remaining 4 years of the 5 year CIP. Chair Dye stated she would like to defer that to the General Manager and see when he would like to bring it back. General Manager Prathivadi stated that he would check it out with the Member Agency Managers as to what time frame they would like to have it come back to the Board. Director Slater-Carter also stated that she would like the Board to adopt a policy on public comment and Member Agency Managers getting back to SAM in a timely fashion with a deadline so the work of SAM can continue without needing to wait for comments or questions from the public or Member Agency Managers.

9. CONVENE CLOSED SESSION AND REGULAR CLOSED SESSION *(Items discussed in Closed Session comply With the Ralph M. Brown Act)*

The Board went in to Closed Session at 8:00 p.m.

10. CONVENE TO OPEN SESSION

The Board came out of Closed Session at 8:22 p.m. Chair Dye reported that there was no reportable action.

11. ADJOURNMENT

Chair Dye adjourned the meeting at 8:22 p.m.

Respectfully Submitted,

Approved By:

Suzie Turbay
Administrative Assistant

Board Secretary

MINUTES
SAM BOARD OF DIRECTORS SPECIAL MEETING
CLOSED SESSION ONLY
February 25, 2021

1. CALL TO ORDER

Chair Dye called the meeting to order at 4:49 p.m. from her residence in El Granada, CA. Directors attended the meeting through teleconferencing pursuant to and as permitted by Executive Order N-29-20. Consistent with Executive Order N-29-20, the San Mateo County Health Officer Shelter-In-Place order issued on March 16, 2020, members of the public were able to observe the open session portions of the meeting electronically by using the link that was provided on the agenda for the February 25, 2021 special meeting.

A. Roll Call

Directors Dye, Lohman, Penrose, Clark, Ruddock, and Slater-Carter were present. Also present via teleconferencing were General Counsel Jeremy Jungreis, and Christopher Boucher, Labor Counsel.

2. PUBLIC COMMENT/ORAL COMMUNICATION - NONE

3. CONVENE CLOSED SESSION AND REGULAR CLOSED SESSION (*Items discussed in Closed Session comply With the Ralph M. Brown Act*)

A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Pursuant to Government Code 54957 – Title: General Manager

B. CONFERENCE WITH LABOR NEGOTIATORS

Pursuant to Government Code 54957.6 – Agency Designated Representatives: Jeremy Jungreis, General Counsel, and Christopher Boucher, Labor Counsel, Unrepresented Employee: Title – General Manager

The Board went in to Closed Session at 4:49 p.m.

10. CONVENE TO OPEN SESSION

The Board came out of Closed Session at 5:40 p.m. Chair Dye reported that there was no reportable action.

Minutes
SAM Special Board Meeting
February 25, 2021

11. ADJOURNMENT

Chair Dye adjourned the meeting at 5:40 p.m.

Respectfully Submitted,

Approved By:

Suzie Turbay
Administrative Assistant

Board Secretary



SEWER AUTHORITY MID-COASTSIDE

Staff Report

TO: Honorable Board of Directors
FROM: Kishen Prathivadi, General Manager
BY: George Evans, Finance Officer
SUBJECT: **Approve Disbursements for March 8, 2021**

Executive Summary

The purpose of this report is for the Board of Directors to review and approve the disbursements for the referenced period.

Fiscal Impact

Expenditures are paid per the adopted General and Contract Collection Services Budgets for FY2020/21. The total expenditure amount for March 8, 2021 is \$212,501.20.

Strategic Plan Compliance

The recommendation complies with the SAM Strategic Plan Goal 3 *“Consider long-term costs, and ensure that finances are stable and understandable by the board, member agencies, and the public.”*

Background and Discussion/Report

Attached please find the A/P check register for the period of February 23, 2021 through March 8, 2021 (\$155,757.03) as well as the payroll check register for the pay period ending February 19, 2021 (\$56,744.17).

Staff Recommendation

Staff recommends that the Board approve the disbursements for the period of February 23, 2021 through March 8, 2021, and the payroll check register for the pay period ending February 19, 2021 as presented.

BOARD MEMBERS:	M. Clark	B. Dye	R. Lohman
	D. Penrose	D. Ruddock	K. Slater-Carter
ALTERNATE MEMBERS:	S. Boyd	E. Suchomel	A. Eisen
	J. Harvey	H. Rarback	P. Dekker

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Supporting Documents

Attachment A: AP Check Register for March 8, 2021

Attachment B: Payroll Check Register for PPE February 19, 2021

BOARD MEMBERS:	M. Clark	B. Dye	R. Lohman
	D. Penrose	D. Ruddock	K. Slater-Carter
ALTERNATE MEMBERS:	S. Boyd	E. Suchomel	A. Eisen
	J. Harvey	H. Rarback	P. Dekker



Sewer Authority Mid-Coastside

Check Register

By Vendor Name

Payment Dates 2/23/2021 - 3/8/2021

Payment Number	Payment Date	Vendor Name	Payable Date	Description (Item)	Amount
Vendor: 0009 - Advanced IPM					
104427	02/23/2021	Advanced IPM	02/16/2021	Monthly Pest Control	200.00
Vendor 0009 - Advanced IPM Total:					200.00
Vendor: 0028 - Alpha Analytical Laboratories, Inc					
104435	03/08/2021	Alpha Analytical Laboratories, I...	02/17/2021	COD Tests/Handling & Disposal...	245.00
104435	03/08/2021	Alpha Analytical Laboratories, I...	02/17/2021	COD Tests/Handling & Disposal...	425.00
104435	03/08/2021	Alpha Analytical Laboratories, I...	02/17/2021	COD Tests/Handling & Disposal...	590.00
104435	03/08/2021	Alpha Analytical Laboratories, I...	02/17/2021	BAL BOD Tests/Handling & Disp...	300.00
104435	03/08/2021	Alpha Analytical Laboratories, I...	02/17/2021	COD Tests/Handling & Disposal...	299.00
104435	03/08/2021	Alpha Analytical Laboratories, I...	02/18/2021	COD Tests/Handling & Disposal...	475.00
104435	03/08/2021	Alpha Analytical Laboratories, I...	02/22/2021	BAL BOD Tests/Handling & Disp...	395.00
104435	03/08/2021	Alpha Analytical Laboratories, I...	02/22/2021	BAL BOD Tests/Handling & Disp...	300.00
104435	03/08/2021	Alpha Analytical Laboratories, I...	02/23/2021	COD Tests/Handling & Disposal...	441.00
104435	03/08/2021	Alpha Analytical Laboratories, I...	02/23/2021	COD Tests/Handling & Disposal...	310.00
104435	03/08/2021	Alpha Analytical Laboratories, I...	02/23/2021	COD Tests/Handling & Disposal...	343.00
104435	03/08/2021	Alpha Analytical Laboratories, I...	02/25/2021	BAL BOD Tests/Handling & Disp...	205.00
104435	03/08/2021	Alpha Analytical Laboratories, I...	02/25/2021	BAL BOD Tests/Handling & Disp...	305.00
104435	03/08/2021	Alpha Analytical Laboratories, I...	02/25/2021	BAL BOD Tests/Handling & Disp...	305.00
104435	03/08/2021	Alpha Analytical Laboratories, I...	02/26/2021	BAL BOD Tests/Handling & Disp...	290.00
104435	03/08/2021	Alpha Analytical Laboratories, I...	02/26/2021	BAL BOD Tests/Handling & Disp...	165.00
104435	03/08/2021	Alpha Analytical Laboratories, I...	03/01/2021	COD Tests/Handling & Disposal...	299.00
104435	03/08/2021	Alpha Analytical Laboratories, I...	03/01/2021	BAL BOD Tests/Handling & Disp...	205.00
104435	03/08/2021	Alpha Analytical Laboratories, I...	03/01/2021	BAL BOD Tests/Handling & Disp...	510.00
104435	03/08/2021	Alpha Analytical Laboratories, I...	03/01/2021	BAL BOD Tests/Handling & Disp...	445.00
104435	03/08/2021	Alpha Analytical Laboratories, I...	03/01/2021	BAL BOD Tests/Handling & Disp...	445.00
104435	03/08/2021	Alpha Analytical Laboratories, I...	03/01/2021	BAL BOD Tests/Handling & Disp...	510.00
104435	03/08/2021	Alpha Analytical Laboratories, I...	03/02/2021	COD Tests/Handling & Disposal...	342.50
104435	03/08/2021	Alpha Analytical Laboratories, I...	03/02/2021	BAL BOD Tests/Handling & Disp...	490.00
104435	03/08/2021	Alpha Analytical Laboratories, I...	03/02/2021	BAL BOD Tests/Handling & Disp...	490.00
104435	03/08/2021	Alpha Analytical Laboratories, I...	03/04/2021	BAL BOD Tests/Handling & Disp...	540.00
104435	03/08/2021	Alpha Analytical Laboratories, I...	03/04/2021	BAL BOD Tests/Handling & Disp...	395.00
Vendor 0028 - Alpha Analytical Laboratories, Inc Total:					10,064.50
Vendor: 0125 - American Fidelity Assurance Company - Flex Plan					
104438	03/08/2021	American Fidelity Assurance C...	02/28/2021	URM Plan - Pay Periods 02/12 &...	62.14
Vendor 0125 - American Fidelity Assurance Company - Flex Plan Total:					62.14
Vendor: 0124 - American Fidelity Assurance Company					
104433	02/24/2021	American Fidelity Assurance C...	02/15/2021	Employee Optional Insurance - ...	550.04
Vendor 0124 - American Fidelity Assurance Company Total:					550.04
Vendor: 0745 - AT&T Fiber Optic					
104440	03/08/2021	AT&T Fiber Optic	02/19/2021	February Service 171-800-9371 ...	688.93
Vendor 0745 - AT&T Fiber Optic Total:					688.93
Vendor: 0056 - AT&T Mobility 287267792749					
104429	02/23/2021	AT&T Mobility 287267792749	02/09/2021	February 9 Statement - Wireless..	174.40
Vendor 0056 - AT&T Mobility 287267792749 Total:					174.40
Vendor: 0051 - AT&T					
104428	02/23/2021	AT&T	02/12/2021	February Internet Service	64.20
Vendor 0051 - AT&T Total:					64.20
Vendor: 0053 - AT&T					
104439	03/08/2021	AT&T	02/17/2021	Feb/Mar Service 650 726-6029 ...	201.63
Vendor 0053 - AT&T Total:					201.63
Vendor: 0094 - Boucher Law					
104443	03/08/2021	Boucher Law	01/31/2021	Labor & Employee Law Matters:...	6,125.00

Check Register

Payment Dates: 2/23/2021 - 3/8/2021

Payment Number	Payment Date	Vendor Name	Payable Date	Description (Item)	Amount
104443	03/08/2021	Boucher Law	01/31/2021	Labor & Employee Law Matters:...	2,222.50
Vendor 0094 - Boucher Law Total:					8,347.50
Vendor: 0107 - Calcon Systems, Inc.					
104441	03/08/2021	Calcon Systems, Inc.	01/29/2021	SCADA Service Calls: Material	68.28
104441	03/08/2021	Calcon Systems, Inc.	01/29/2021	SCADA Service Calls: Labor	1,450.00
Vendor 0107 - Calcon Systems, Inc. Total:					1,518.28
Vendor: 0120 - Cassandra Prudhel Consulting, LLC					
104442	03/08/2021	Cassandra Prudhel Consulting, L...	02/23/2021	Remote-Annual Report/Review...	770.00
Vendor 0120 - Cassandra Prudhel Consulting, LLC Total:					770.00
Vendor: 0134 - Cintas Corporation #464					
104444	03/08/2021	Cintas Corporation #464	02/24/2021	Nitrile Gloves	557.18
104444	03/08/2021	Cintas Corporation #464	02/19/2021	Electrostatic Spray Admin Areas	776.60
104444	03/08/2021	Cintas Corporation #464	02/22/2021	Uniforms	351.64
104444	03/08/2021	Cintas Corporation #464	02/22/2021	Uniforms	25.95
104444	03/08/2021	Cintas Corporation #464	02/22/2021	Uniforms	21.37
104444	03/08/2021	Cintas Corporation #464	02/22/2021	Uniforms	29.00
104444	03/08/2021	Cintas Corporation #464	03/01/2021	Uniforms	354.69
104444	03/08/2021	Cintas Corporation #464	03/01/2021	Uniforms	25.95
104444	03/08/2021	Cintas Corporation #464	03/01/2021	Uniforms	21.37
104444	03/08/2021	Cintas Corporation #464	03/01/2021	Uniforms	29.00
Vendor 0134 - Cintas Corporation #464 Total:					2,192.75
Vendor: 0122 - Coastside County Water District					
104445	03/08/2021	Coastside County Water District	02/28/2021	Hydrant Meter 180262748 Base...	75.98
104445	03/08/2021	Coastside County Water District	02/28/2021	Hydrant Meter 180262748 Base...	62.57
104445	03/08/2021	Coastside County Water District	02/28/2021	Hydrant Meter 180262748 Base...	84.93
104445	03/08/2021	Coastside County Water District	02/28/2021	Hydrant Meter 180262749 Base...	108.64
104445	03/08/2021	Coastside County Water District	02/28/2021	Hydrant Meter 180262749 Base...	89.47
104445	03/08/2021	Coastside County Water District	02/28/2021	Hydrant Meter 180262749 Base...	121.41
Vendor 0122 - Coastside County Water District Total:					543.00
Vendor: 0163 - Cropper Accountancy					
104447	03/08/2021	Cropper Accountancy	02/26/2021	FY 19/20 Audit: Final Billing	4,250.00
Vendor 0163 - Cropper Accountancy Total:					4,250.00
Vendor: 0172 - CWEA-SCVS					
104430	02/23/2021	CWEA-SCVS	02/17/2021	Association Membership - Gabr...	192.00
104430	02/23/2021	CWEA-SCVS	02/17/2021	Laboratory Analyst Grade 1 - G...	91.00
104430	02/23/2021	CWEA-SCVS	02/17/2021	Association Membership - Susan...	192.00
Vendor 0172 - CWEA-SCVS Total:					475.00
Vendor: 0754 - DKF Solutions Group, LLC					
104448	03/08/2021	DKF Solutions Group, LLC	03/01/2021	Online Safety Resources Month...	395.00
Vendor 0754 - DKF Solutions Group, LLC Total:					395.00
Vendor: 0225 - Environmental.com					
104449	03/08/2021	Environmental.com	02/28/2021	2021-02 Install Autosampler/S...	10,200.00
Vendor 0225 - Environmental.com Total:					10,200.00
Vendor: 0199 - EOA, Inc.					
104450	03/08/2021	EOA, Inc.	02/22/2021	NPDES Technical Assistance-Co...	1,610.26
104450	03/08/2021	EOA, Inc.	01/23/2021	NPDES Technical Assistance-Co...	3,594.92
Vendor 0199 - EOA, Inc. Total:					5,205.18
Vendor: 0235 - Fisher Scientific					
104451	03/08/2021	Fisher Scientific	02/15/2021	Supplies - Tips/Wipes: Lab	245.99
104451	03/08/2021	Fisher Scientific	02/26/2021	Supplies - Wipes: Lab	187.12
Vendor 0235 - Fisher Scientific Total:					433.11
Vendor: 0267 - Grainger					
104452	03/08/2021	Grainger	02/16/2021	Boiler Room Exhaust Fan Motor:...	305.16
Vendor 0267 - Grainger Total:					305.16

Check Register

Payment Dates: 2/23/2021 - 3/8/2021

Payment Number	Payment Date	Vendor Name	Payable Date	Description (Item)	Amount
Vendor: 0288 - Harrington Industrial Plastics, Inc					
104453	03/08/2021	Harrington Industrial Plastics, Inc	02/15/2021	PVC Valves & Fittings: Plant	428.09
Vendor 0288 - Harrington Industrial Plastics, Inc Total:					428.09
Vendor: 0289 - Hassett Hardware					
104454	03/08/2021	Hassett Hardware	10/19/2020	Fasteners: Plant	34.04
104454	03/08/2021	Hassett Hardware	02/16/2021	Clean Out Plug: Plant	5.45
104454	03/08/2021	Hassett Hardware	02/16/2021	Band Saw Blade/Conduits: Plant	35.34
104454	03/08/2021	Hassett Hardware	02/22/2021	Double Sided Tape: Plant	15.28
104454	03/08/2021	Hassett Hardware	02/26/2021	Hand Tools: Plant	23.11
104454	03/08/2021	Hassett Hardware	03/01/2021	Hand Tools/Supplies: Plant	72.72
104454	03/08/2021	Hassett Hardware	02/22/2021	Extension Cord - Date Hart Lift S...	40.41
104454	03/08/2021	Hassett Hardware	02/23/2021	Power Strip Surge Protector: Pl...	18.56
104454	03/08/2021	Hassett Hardware	02/23/2021	Fittings: Plant	30.10
104454	03/08/2021	Hassett Hardware	02/25/2021	Fittings: Plant	52.34
104454	03/08/2021	Hassett Hardware	03/01/2021	PVC Fittings - Airport Lift Station..	49.35
104454	03/08/2021	Hassett Hardware	03/02/2021	Boiler Room Motor Repair Parts...	4.79
104454	03/08/2021	Hassett Hardware	02/18/2021	Spray Paint: Plant	7.64
Vendor 0289 - Hassett Hardware Total:					389.13
Vendor: 0299 - ICMA Retirement					
104426	02/26/2021	ICMA Retirement	02/26/2021	ICMA 457 Deferred Comp	385.00
Vendor 0299 - ICMA Retirement Total:					385.00
Vendor: 0312 - Iron Mountain					
104456	03/08/2021	Iron Mountain	02/28/2021	March 2021 Offsite Storage	744.77
Vendor 0312 - Iron Mountain Total:					744.77
Vendor: 0323 - James Ford					
104457	03/08/2021	James Ford	02/03/2021	New 2021 Ford Ranger	25,277.81
Vendor 0323 - James Ford Total:					25,277.81
Vendor: 0387 - Maze & Associates					
104458	03/08/2021	Maze & Associates	02/28/2021	Accounting Services: Phase 1	5,500.00
104458	03/08/2021	Maze & Associates	02/28/2021	Additional Scope: General Cons...	450.00
104458	03/08/2021	Maze & Associates	02/28/2021	Additional Scope: FY2021-22 B...	7,800.00
104458	03/08/2021	Maze & Associates	02/28/2021	Additional Scope: FY2019-20 A...	3,750.00
Vendor 0387 - Maze & Associates Total:					17,500.00
Vendor: 0393 - McMaster-Carr Supply Co.					
104459	03/08/2021	McMaster-Carr Supply Co.	02/16/2021	Stainless Steel Fasteners: Plant	124.10
104459	03/08/2021	McMaster-Carr Supply Co.	02/24/2021	Channel Spray Nozzle/Saddle T...	82.87
104459	03/08/2021	McMaster-Carr Supply Co.	02/25/2021	Stainless Steel Fittings - Airport ...	99.52
Vendor 0393 - McMaster-Carr Supply Co. Total:					306.49
Vendor: 0121 - Michelle Dragony					
104446	03/08/2021	Michelle Dragony	01/31/2021	Monthly Promotion - January P...	1,500.00
Vendor 0121 - Michelle Dragony Total:					1,500.00
Vendor: 0401 - Mid-America Administrative & Retirement Solutions LLC					
104460	03/08/2021	Mid-America Administrative & ...	11/19/2020	2020 3rd Quarter Admin Fees	360.00
Vendor 0401 - Mid-America Administrative & Retirement Solutions LLC Total:					360.00
Vendor: 0278 - MTA Parts Inc.					
104461	03/08/2021	MTA Parts Inc.	02/16/2021	Fan Belt: Plant	13.10
104461	03/08/2021	MTA Parts Inc.	02/18/2021	Fan Belt: Plant	13.10
104461	03/08/2021	MTA Parts Inc.	02/24/2021	DEF Fluid: Vehicles	85.15
104461	03/08/2021	MTA Parts Inc.	03/02/2021	Lubricants: Plant	16.35
Vendor 0278 - MTA Parts Inc. Total:					127.70
Vendor: 0417 - Municipal Maintenance Equipment					
104462	03/08/2021	Municipal Maintenance Equipm...	02/23/2021	Line Prover: Plant	96.89
Vendor 0417 - Municipal Maintenance Equipment Total:					96.89
Vendor: 0468 - Pacifica Community Television					
104431	02/23/2021	Pacifica Community Television	02/18/2021	Video Recording Sessions 01/11...	600.00
Vendor 0468 - Pacifica Community Television Total:					600.00

Check Register

Payment Dates: 2/23/2021 - 3/8/2021

Payment Number	Payment Date	Vendor Name	Payable Date	Description (Item)	Amount
Vendor: 0470 - PICA					
104463	03/08/2021	PICA	02/26/2021	Recon/Inspection Project - MFM..	12,087.50
Vendor 0470 - PICA Total:					12,087.50
Vendor: 0487 - Polydyne, Inc.					
104464	03/08/2021	Polydyne, Inc.	03/02/2021	Clarifloc WE-2115	3,040.43
Vendor 0487 - Polydyne, Inc. Total:					3,040.43
Vendor: 0533 - Rochester Midland Corporation					
104465	03/08/2021	Rochester Midland Corporation	02/15/2021	Boiler Water Testing - Feb - April	237.78
Vendor 0533 - Rochester Midland Corporation Total:					237.78
Vendor: 0541 - Rutan & Tucker, LLP					
104466	03/08/2021	Rutan & Tucker, LLP	02/28/2021	General Counsel: January 2021	9,007.45
104466	03/08/2021	Rutan & Tucker, LLP	02/28/2021	Personnel & Employment Coun...	280.00
104466	03/08/2021	Rutan & Tucker, LLP	02/28/2021	Environmental Counsel: January..	140.00
Vendor 0541 - Rutan & Tucker, LLP Total:					9,427.45
Vendor: 0558 - San Mateo County Mosquito & Vector Control					
104467	03/08/2021	San Mateo County Mosquito & ...	01/31/2021	January Service	68.98
Vendor 0558 - San Mateo County Mosquito & Vector Control Total:					68.98
Vendor: 0593 - Smith & Loveless Inc					
104468	03/08/2021	Smith & Loveless Inc	02/16/2021	Transfer Switch Protector - Airp...	265.35
104468	03/08/2021	Smith & Loveless Inc	02/16/2021	Flare Controller Protector: Plant	240.35
Vendor 0593 - Smith & Loveless Inc Total:					505.70
Vendor: 0594 - Sonic					
104469	03/08/2021	Sonic	03/03/2021	FlexLink Ethernet: April 2021	399.00
Vendor 0594 - Sonic Total:					399.00
Vendor: 0602 - SRT Consultants Inc.					
104470	03/08/2021	SRT Consultants Inc.	03/01/2021	February Engineering Support:...	7,022.48
104470	03/08/2021	SRT Consultants Inc.	03/01/2021	February Engineering Support:...	7,386.02
104470	03/08/2021	SRT Consultants Inc.	03/01/2021	February Engineering Support: ...	6,592.50
104470	03/08/2021	SRT Consultants Inc.	03/01/2021	February Engineering Support: ...	3,060.00
104470	03/08/2021	SRT Consultants Inc.	03/01/2021	February Engineering Support: ...	807.50
Vendor 0602 - SRT Consultants Inc. Total:					24,868.50
Vendor: 0604 - Staples Business Credit					
104471	03/08/2021	Staples Business Credit	02/12/2021	Office & Lunchroom Supplies	40.42
104471	03/08/2021	Staples Business Credit	02/12/2021	Office & Lunchroom Supplies	94.31
104471	03/08/2021	Staples Business Credit	02/18/2021	Office & Lunchroom Supplies	41.39
104471	03/08/2021	Staples Business Credit	02/18/2021	Office & Lunchroom Supplies	96.58
Vendor 0604 - Staples Business Credit Total:					272.70
Vendor: 0612 - Steven Melo, Inc.					
104472	03/08/2021	Steven Melo, Inc.	02/20/2021	February Yard Maintenance: Pri...	90.00
104472	03/08/2021	Steven Melo, Inc.	02/20/2021	February Yard Maintenance: Pl...	100.00
Vendor 0612 - Steven Melo, Inc. Total:					190.00
Vendor: 0618 - Strawflower Electronics					
104473	03/08/2021	Strawflower Electronics	02/26/2021	Hand Tools Repair Parts: Plant	4.35
Vendor 0618 - Strawflower Electronics Total:					4.35
Vendor: 0671 - Univar USA Inc					
104474	03/08/2021	Univar USA Inc	02/17/2021	Sodium Bisulfite: Plant	5,029.99
104474	03/08/2021	Univar USA Inc	02/25/2021	Sodium Hypochlorite - Princeton..	1,142.90
104474	03/08/2021	Univar USA Inc	02/25/2021	Sodium Hypochlorite - Montara...	1,141.37
Vendor 0671 - Univar USA Inc Total:					7,314.26
Vendor: 0761 - US Bank Equipment Finance					
104432	02/23/2021	US Bank Equipment Finance	02/16/2021	Copier Lease: Equipment Upgra...	251.53
Vendor 0761 - US Bank Equipment Finance Total:					251.53
Vendor: 0681 - USA Blue Book					
104475	03/08/2021	USA Blue Book	02/18/2021	Underground Gate Valves Wren...	241.55
Vendor 0681 - USA Blue Book Total:					241.55

Check Register

Payment Dates: 2/23/2021 - 3/8/2021

Payment Number	Payment Date	Vendor Name	Payable Date	Description (Item)	Amount
Vendor: 0685 - Verizon Wireless					
104434	02/24/2021	Verizon Wireless	02/15/2021	February Wireless Service	63.12
104434	02/24/2021	Verizon Wireless	02/15/2021	February Wireless Service	227.11
Vendor 0685 - Verizon Wireless Total:					290.23
Vendor: 0694 - Voyager Fleet Systems, Inc.					
104476	03/08/2021	Voyager Fleet Systems, Inc.	02/24/2021	Fuel Purchases	36.00
104476	03/08/2021	Voyager Fleet Systems, Inc.	02/24/2021	Fuel Purchases	583.58
104476	03/08/2021	Voyager Fleet Systems, Inc.	02/24/2021	Fuel Purchases	339.93
104476	03/08/2021	Voyager Fleet Systems, Inc.	02/24/2021	Fuel Purchases	279.94
104476	03/08/2021	Voyager Fleet Systems, Inc.	02/24/2021	Fuel Purchases	379.92
Vendor 0694 - Voyager Fleet Systems, Inc. Total:					1,619.37
Vendor: 0702 - Water Environment Federation					
104477	03/08/2021	Water Environment Federation	02/27/2021	Annual Membership Renewal-A...	314.00
104477	03/08/2021	Water Environment Federation	02/22/2021	Annual Membership Renewal-T...	267.00
Vendor 0702 - Water Environment Federation Total:					581.00
Grand Total:					155,757.03

Report Summary

Fund Summary

Fund	Payment Amount
100 - Operating Fund	153,606.97
300 - Contract Services	2,150.06
Grand Total:	155,757.03

Account Summary

Account Number	Account Name	Payment Amount
100-1010-5310	General Counsel	9,427.45
100-1010-5311	Employment Legal Fees	8,347.50
100-1010-5317	Outside Audit	4,250.00
100-1010-5323	Software License & Maint...	463.20
100-1010-5330	Misc. Professional Services	18,100.00
100-1010-5410	Professional dues and fees	360.00
100-1010-5411	Registration Fees	192.00
100-1010-5416	Advertising and Publishing	1,500.00
100-1010-5418	Misc. Other Services	744.77
100-1010-5421	Telephones	890.56
100-1010-5422	Cellular Servcies	237.52
100-1010-5511	Rental/Lease Equipment -...	251.53
100-1010-5610	Janitorial Services	776.60
100-1010-5816	Office Supplies	81.81
100-1010-5822	Fuel, Oil, Lubricant	36.00
100-2021-5318	Engineering & Architectur...	6,592.50
100-2021-5326	Equipment Maintenance	1,518.28
100-2021-5330	Misc. Professional Services	15,642.96
100-2021-5410	Professional dues and fees	581.00
100-2021-5411	Registration Fees	587.00
100-2021-5417	Uniform Services	706.33
100-2021-5422	Cellular Servcies	227.11
100-2021-5611	Landscape Services	258.98
100-2021-5612	Building & Structures Mai...	588.03
100-2021-5814	Maintenance Supplies	1,477.25
100-2021-5816	Office Supplies	190.89
100-2021-5817	Chemicals	10,354.69
100-2021-5818	Safety Supplies	557.18
100-2021-5822	Fuel, Oil, Lubricant	668.73
100-2021-6122	Vehicles >\$5K	25,277.81
100-2022-5330	Misc. Professional Services	10,834.50
100-2022-5411	Registration Fees	91.00
100-2022-5813	Laboratory Supplies	433.11
100-2027	Deferred Comp	385.00
100-2035	Misc Benefits - Pre Tax	62.14
100-2036	Misc Benefits - Post Tax	550.04
100-4041-5318	Engineering & Architectur...	18,276.00
100-4041-5330	Misc. Professional Services	12,087.50
300-3031-5417	Uniform Services	51.90
300-3031-5431	Water	184.62
300-3031-5822	Fuel, Oil, Lubricant	339.93
300-3032-5417	Uniform Services	42.74
300-3032-5431	Water	152.04
300-3032-5822	Fuel, Oil, Lubricant	279.94
300-3033-5417	Uniform Services	58.00
300-3033-5431	Water	206.34
300-3033-5616	CS Repairs - MWSD	454.63
300-3033-5822	Fuel, Oil, Lubricant	379.92
Grand Total:		155,757.03

Project Account Summary

Project Account Key	Payment Amount
None	125,393.53
17OT01-5318	3,060.00
18IP01-5318	7,022.48
19PP01-5318	807.50
20OT01-5318	7,386.02
20OT01-5330	12,087.50
Grand Total:	155,757.03



Sewer Authority Mid-Coastside

Payroll Check Register Checks

Pay Period: 2/6/2021-2/19/2021

Packet: PYPKT00780 - PPE 2021-0219

Payroll Set: Sewer Authority Mid-Coastside - 01

Employee	Employee #	Check Type	Date	Amount	Number
Clark, Matthew	0026	Regular	02/26/2021	184.70	1662
Dye, Barbara	0031	Regular	02/26/2021	184.70	1663
Slater-Carter, Kathryn	0015	Regular	02/26/2021	92.35	1664



Sewer Authority Mid-Coastside

Payroll Check Register

Direct Deposits

Pay Period: 2/6/2021-2/19/2021

Packet: PYPKT00780 - PPE 2021-0219

Payroll Set: Sewer Authority Mid-Coastside - 01

Employee	Employee #	Date	Amount	Number
Aguilar-Ibal, Gabriel	0004	02/26/2021	4,261.21	2847
Costello, Timothy J	0001	02/26/2021	100.00	2848
Costello, Timothy J	0001	02/26/2021	4,021.45	2848
Harvey, Keith	0010	02/26/2021	2,512.73	2849
Hussein, Jr., Tazammal Aiyub	0040	02/26/2021	500.00	2850
Hussein, Jr., Tazammal Aiyub	0040	02/26/2021	1,509.96	2850
Hussein, Jr., Tazammal Aiyub	0040	02/26/2021	200.00	2850
Long, George J	0002	02/26/2021	3,925.86	2851
Mendez, Carlos	0009	02/26/2021	3,474.04	2852
Ondish, Sonya L	0022	02/26/2021	3,175.52	2853
Partida, David	0006	02/26/2021	4,232.26	2854
Rovai, Angelo	0042	02/26/2021	3,492.57	2855
Ahumada, Jose	0039	02/26/2021	2,426.09	2856
Preciado , Felipe	0036	02/26/2021	2,879.49	2857
Young, Anthony Edward	0024	02/26/2021	3,387.92	2858
Evans, George	0025	02/26/2021	3,177.43	2859
Evans, George	0025	02/26/2021	250.00	2859
Prathivadi, Kishen	0012	02/26/2021	9,980.98	2860
Turbay, Susan	0007	02/26/2021	2,220.81	2861
Lohman , Richard	0017	02/26/2021	184.70	2862
Penrose, Deborah	0021	02/26/2021	92.35	2863
Ruddock, Deborah Rose	0018	02/26/2021	277.05	2864



Sewer Authority Mid-Coastside

Payroll Check Register

Report Summary

Pay Period: 2/6/2021-2/19/2021

Packet: PYPKT00780 - PPE 2021-0219

Payroll Set: Sewer Authority Mid-Coastside - 01

Type	Count	Amount
Regular Checks	3	461.75
Manual Checks	0	0.00
Reversals	0	0.00
Voided Checks	0	0.00
Direct Deposits	22	56,282.42
Total	25	56,744.17



SEWER AUTHORITY MID-COASTSIDE

Staff Report

TO: Honorable Board of Directors
FROM: Kishen Prathivadi, General Manager
BY: George Evans, Finance Officer
SUBJECT: **Receive and File SAM-Audited Financial Statements for Fiscal Year 2019-2020**

Executive Summary

The purpose of this report is for the Board of Directors to receive and file SAM-Audited Financial statements for Fiscal Year 2019-20

Fiscal Impact

There is no fiscal impact from this report.

Strategic Plan Compliance

This review would further SAM Strategic Plan Goal 3: *“Ensure that finances are stable and understandable by the board, member agencies, and the public.”*

Background and Discussion/Report

Attached is the Sewer Authority Mid-Coastside Draft Audited Financial Statements for Fiscal year 2019-20. A representative from Cropper Accountancy will be available to clarify and answer any questions.

Staff Recommendation

Staff recommends that the Board of Directors receive and file SAM Audited Financial Statements for Fiscal year 2019-20

Supporting Documents

Attachment A: Audit Report

Attachment B: SAS 115- Communication of Significant Deficiencies

BOARD MEMBERS:	M. Clark	B. Dye	R. Lohman
	D. Penrose	D. Ruddock	K. Slater-Carter
ALTERNATE MEMBERS:	S. Boyd	E. Suchomel	P. Dekker
	J. Harvey	H. Rarback	

Attachment C: Communication at Conclusion of Audit

BOARD MEMBERS:	M. Clark	B. Dye	R. Lohman
	D. Penrose	D. Ruddock	K. Slater-Carter
ALTERNATE MEMBERS:	S. Boyd	E. Suchomel	P. Dekker
	J. Harvey	H. Rarback	

**SEWER AUTHORITY MID-COASTSIDE
FINANCIAL STATEMENTS WITH
AUDITORS' REPORT THEREON
FOR THE YEAR ENDED JUNE 30, 2020**

**SEWER AUTHORITY MID-COASTSIDE
FINANCIAL STATEMENTS**

For the Year Ended June 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Sewer Authority Mid-Coastside
Half Moon Bay, California

We have audited the accompanying financial statements of the business-type activities of Sewer Authority Mid-Coastside (the Authority) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Auditors' Responsibility

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

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

Opinion

In our opinion, the financials statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Sewer Authority Mid-Coastside as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 – 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operations, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2021, on our consideration of Sewer Authority Mid-Coastside's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



CROPPER ACCOUNTANCY CORPORATION

Walnut Creek, California

February 1, 2021

**Sewer Authority Mid-Coastside
Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2020**

This section of the Authority's Independent Audit Report presents management's discussion and analysis (MD&A) of the Authority's financial performance for the fiscal year ended June 30, 2020. It is intended to serve as an overview to the Authority's required financial statements. It should be read in conjunction with the Authority's financial statements and accompanying notes, which follow this section.

Organization and Business

The City of Half Moon Bay (HMB), the Granada Sanitary District, and the Montara Sanitary District entered into a joint powers agreement (JPA) in February 1976 to create a separate public entity, the Sewer Authority Mid-Coastside (Authority), commonly referred to as SAM, to develop a joint waste collection, transmission, treatment disposal and management plan and operate the related facilities. The Granada Sanitary District and the Montara Sanitary District have since changed their names to the Granada Community Services District (GCSD) and the Montara Water & Sanitary District (MWSD).

The Authority's governing body, a Board of Directors (Board), comprises of two individuals appointed by each of the JPA member agencies. Each director from HMB has two votes and each director from GCSD and MWSD each have one vote. The six-member Board sets policy for the Authority and appoints the SAM General Manager, who serves at the pleasure of the Board. The General Manager is the chief administrative officer responsible for Authority operations and long-term planning in accordance with the Board's policies and approved budget.

Financial Highlights

- The Authority had a net position balance of \$16.75 million at June 30, 2020. Total net position was comprised of unrestricted assets of \$1.34 million and amounts invested in capital assets of \$15.40 million. The net position *increased* by \$1.22 million.

- The Authority's operating revenues were \$6.17 million and total operating expenses of \$7.39 million, resulting in an operating *loss* of \$1.22 million for the fiscal year. This compares to an operating *loss* of \$1.66 million for the prior fiscal year.

Using the Annual Report

The annual report consists of this MD&A, a series of basic financial statements (described below) and notes to those statements. These statements are organized so that the reader can understand the Authority as a financial whole. The statements provide an increasingly detailed look at specific financial activities. The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Basic Financial Statements

The Authority consists exclusively of one Enterprise (Business) Fund. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by private sector accounting. The Statement of Net Position is designed to represent the net available (non-liquid) assets, net of liabilities, for the Authority (see Table 1).

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the Authority's operations over the past year and can be used to determine the Authority's credit worthiness and whether the Authority has successfully recovered all its costs through the member assessments and other charges (see Table 2).

The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations and investments (see Table 3).

	<u>FYE 6/30/20</u>	<u>FYE 6/30/19</u>	<u>Variance</u>	<u>% Change</u>
Capital Assets	\$ 15,403	\$ 14,957	\$ 446	3.0%
Other Assets	<u>\$ 5,211</u>	<u>\$ 3,808</u>	<u>\$ 1,403</u>	<u>36.8%</u>
Total Assets	\$ 20,614	\$ 18,765	\$ 1,849	9.85%
Deferred Outflow of Resources	<u>\$ 761</u>	<u>\$ 770</u>	<u>\$ (9)</u>	<u>(1.2)%</u>
Current Liabilities	\$ 926	\$ 621	\$ 305	49.1%
Non-current Liabilities	<u>\$ 3,471</u>	<u>\$ 3,179</u>	<u>\$ 292</u>	<u>9.2%</u>
Total Liabilities	\$ 4,397	\$ 3,800	\$ 597	15.7%
Deferred Inflow of Resources	<u>\$ 231</u>	<u>\$ 212</u>	<u>\$ 19</u>	<u>9.0%</u>
Net Position				
Investment in Capital Assets	\$ 15,403	\$ 14,957	\$ 446	3.0%
Unrestricted	<u>\$ 1,343</u>	<u>\$ 565</u>	<u>\$ 778</u>	<u>137.7%</u>
Total Net Position	\$ 16,746	\$ 15,522	\$ 1,224	7.9%

Table 2
Condensed Revenues, Expenses and Changes Net Position (in 1,000s)

	<u>FYE 6/30/20</u>	<u>FYE 6/30/19</u>	<u>Variance</u>	<u>% Change</u>
O & M Assessments	\$ 4,930	\$ 4,096	\$ 834	20.4%
Collection Services Fees	\$ 822	\$ 882	\$ (60)	(6.8)%
Service Fees	\$ 122	\$ 433	\$ (311)	(71.8)%
Other Income	<u>\$ 295</u>	<u>\$ 343</u>	<u>\$ (48)</u>	<u>(14.0)%</u>
Total Operating Revenue	<u>\$ 6,169</u>	<u>\$ 5,754</u>	<u>\$ 415</u>	<u>7.2%</u>
Treatment	\$ 3,700	\$ 3,436	\$ 264	7.7%
Collection Services	\$ 836	\$ 921	\$ (85)	(9.2)%
Laboratory	\$ 150	\$ 134	\$ 16	11.9%
Administration	\$ 1,595	\$ 1,643	\$ (48)	(2.9)%
Infrastructure	\$ 114	\$ 69	\$ 45	65.2%
Depreciation	<u>\$ 999</u>	<u>\$ 1,208</u>	<u>\$ (209)</u>	<u>(17.3)%</u>
Total Operating Expenses	\$ 7,394	\$ 7,411	\$ (17)	(0.2)%
Net Non-operating Rev (Exp)	\$ 52	\$ 54	\$ (2)	(3.7)%
Capital Contributions	<u>\$ 2,485</u>	<u>\$ 1,967</u>	<u>\$ 518</u>	<u>26.3%</u>
Change in Net Position	\$ 1,312	\$ 364	\$ 948	259.7%
Total Net Position – Begin	\$ 15,523	\$ 14,294	\$ 1,229	8.6%
Prior Period Adjustment	\$ (89)	\$ 864	\$ (953)	(110.3)%
Total Net Position – End	\$ 16,746	\$ 15,522	\$ 1,224	7.9%

Table 3
Condensed Statements of Cash Flows (in 1,000s)

	<u>FYE 6/30/20</u>	<u>FYE 6/30/19</u>	<u>Variance</u>	<u>% Change</u>
Net Cash Used in O&M Activities	\$ 466	\$ 83	\$ 383	461.5%
Net Cash by Capital Activities	\$ 1,064	\$ 909	\$ 155	17.0%
Net Cash from Investments	<u>\$ 52</u>	<u>\$ 54</u>	<u>\$ (2)</u>	<u>(3.7)%</u>
Net Increase (Decrease) in Cash	\$ 1,582	\$ 1,046	\$ 536	51.24%
Cash & Cash Equivalents July 1	<u>\$ 3,137</u>	<u>\$ 2,091</u>	<u>\$ 1,046</u>	50.02%
Cash & Cash Equivalents June 30	\$ 4,719	\$ 3,137	\$ 1,582	50.43%

Other Information

In addition to the basic financial statements and accompanying notes, this report represents certain required supplementary information including schedule of proportionate share of the net pension liability, contributions, funding progress for the Authority's obligation to provide other post-employment benefits to its employees.

Economic Factors

The Authority is governed in part by provisions of the State Water Resources Control Board, which specifies that rate-based revenues must at a minimum cover the costs of operation, maintenance, and recurring capital replacement (OM&R). The Authority is not directly subject to general economic conditions as the main source of its sewer service revenues is received directly from the three JPA member agencies and not directly from rate payers within the service area served. The Authority does not receive property tax revenue. Accordingly, the Authority sets its charges each year, as part of the budget process, to cover the costs of OM&R and any increments for known or anticipated changes in program costs.

The Authority Board adopts an annual budget, which serves as the Authority's approved financial plan. The Board sets all fees and charges required to fund the Authority's operations and capital programs. The approved budget is used as a key control device that 1) establishes amounts by program type (OM&R, contract services, special projects outside of the JPA) and identifies projects for operations and capital activities, and 2) monitors expenses to ensure that approved spending levels have not been exceeded.

Conclusion

The Sewer Authority Mid-Coastside financial audit was prepared by Cropper Accountancy for the fifth year. The Sewer Authority Mid-Coastside implemented a new accounting software system (Incode by Tyler Technologies) as of July 1, 2016. Financial practices were reviewed and recommendations made for improvements in efficiency and transparency.

Financial Contact

This financial report is designed to provide our JPA member agencies and creditors with a general overview of the Authority's finances and demonstrate the Authority's accountability for the money it receives. If you have any questions about this report, please contact:

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

FINANCIAL STATEMENTS

SEWER AUTHORITY MID-COASTSIDE

Statement of Net Position

June 30, 2020

	<u>2020</u>
ASSETS	
Current Assets:	
Cash and investments	\$ 4,718,934
Accounts receivable	350,629
Interest receivable	4,814
Prepaid expense	<u>112,548</u>
Total Current Assets	<u>5,186,925</u>
Non-Current Assets:	
Advances	24,000
Capital assets, non-depreciable	3,066,417
Capital assets, net of accumulated depreciation	<u>12,336,165</u>
Total Non-Current Assets	<u>15,426,582</u>
Total Assets	<u>20,613,507</u>
DEFERRED OUTFLOWS	
Deferred outflows of resources	<u>760,928</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	625,789
Accrued expenses	32,035
Accrued payroll	194,335
Accrued compensated absences- current portion	<u>74,125</u>
Total Current Liabilities	<u>926,284</u>
Non-Current Liabilities:	
Net pension liability	2,887,429
Accrued compensated absences- non-current portion	68,031
Other post employment benefits	<u>516,026</u>
Total Non-Current Liabilities	<u>3,471,486</u>
Total Liabilities	<u>4,397,770</u>
DEFERRED INFLOWS	
Deferred inflows of resources	<u>230,796</u>
NET POSITION	
Net investment in capital assets	15,402,582
Unrestricted	<u>1,343,287</u>
Total Net Position	<u>\$ 16,745,869</u>

The accompanying notes are an integral part of the financial statements

SEWER AUTHORITY MID-COASTSIDE
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2020

	2020
OPERATING REVENUE	
Operating and maintenance assessments	\$ 4,929,433
Collection assessments	822,331
Pass through and service charges to member agencies	121,982
Other income	295,104
Total Operating Revenue	6,168,850
 OPERATING EXPENSES	
Treatment	3,699,940
Collection system	835,978
Laboratory	149,792
Administration	1,594,922
Infrastructure	113,530
Depreciation	999,373
Total Operating Expenses	7,393,535
OPERATING LOSS	(1,224,685)
 NON-OPERATING REVENUES (EXPENSES)	
Interest and dividend income	52,410
Total Non-Operating Revenues (Expenses)	52,410
Increase (decrease) before contributions	(1,172,275)
Capital contributions	2,485,000
CHANGE IN NET POSITION	1,312,725
Total Net Position - Beginning, as previously reported	15,522,516
Prior period Adjustment - correction of an error	(89,372)
Total Net Position - Beginning, as restated	15,433,144
Total Net Position - Ending	\$ 16,745,869

The accompanying notes are an integral part of the financial statements

SEWER AUTHORITY MID-COASTSIDE

Statement of Cash Flows

Year Ended June 30, 2020

	<u>2020</u>
Cash Flows From Operating Activities:	
Receipts from service charges and fees	\$ 6,401,259
Cash paid for goods and services	(3,613,657)
Cash paid for employee services	(2,321,817)
Net cash provided by operating activities	<u>465,785</u>
Cash Flows From Capital And Related Financing Activities:	
Acquisition of capital assets	(1,421,247)
Capital assessments received	2,485,000
Net cash provided by capital and related financing activities	<u>1,063,753</u>
Cash Flows From Investing Activities	
Interest received	52,410
Net cash provided by investing activities	<u>52,410</u>
Net increase in cash and cash equivalents	1,581,948
Cash and cash equivalents, July 1, 2019	<u>3,136,986</u>
Cash and cash equivalents, June 30, 2020	<u>\$ 4,718,934</u>
Reconciliation of operating loss to net cash provided (used in) operating activities:	
Operating loss	\$ (1,224,685)
Depreciation expense	999,373
(Increase) decrease in:	
Accounts receivable	232,409
Interest receivable	3,423
Prepaid expenses	(57,359)
Advances receivable	-
Deferred outflows	9,139
Increase (decrease) in:	
Accounts payable and accrued expenses	134,906
Accrued payroll	69,487
Lease liability	(5,199)
Accrued compensated absences	6,489
Net pension liability	237,670
OPEB liability	41,434
Deferred inflows	18,698
Net cash provided by operating activities	<u>\$ 465,785</u>

The accompanying notes are an integral part of the financial statements

**Sewer Authority Mid-Coastside
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Sewer Authority Mid-Coastside (the "Authority") is a public entity created on February 3, 1976 by a Joint Exercise of Powers Agreements between the City of Half Moon Bay, the Montara Water and Sanitary District, and the Granada Community Services District (collectively, the "Member Agencies"). The Authority was formed pursuant to the provisions of Title 1, Division 7, and Chapter 5 of the California Government Code. Under this agreement, the Authority has the power to construct, maintain, and operate facilities for the collection, transmission, treatment, and disposal of wastewater for the benefit of the land and the residents within the respective boundaries of the Member Agencies. Authority revenue is derived primarily from assessments for operations, maintenance, and collections made on the Member Agencies.

The Authority is a legally separate governmental entity and is not a component unit of another governmental entity. In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. Criteria used in evaluating the inclusion of a potential component unit includes, but is not limited to, financial interdependency, oversight responsibility, ability to significantly influence operations, scope of public service, and the existence of special financing relationships. Based upon the application of those criteria, no potential component units were identified that would be required to be included in the financial statements of the Authority.

B. Measurement Focus and Basis of Accounting

The Authority reports its activities as a proprietary fund. A proprietary fund is accounted for on a cost of service or "economic resources" measurement focus. This means that all assets and liabilities (whether current or non-current) associated with the activity are included on the balance sheet. The reported fund equity presents total net position. Proprietary fund operating statements present increases (revenues) and decreases (expenses) in total net position. Revenues and expenses are recognized on the accrual basis. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. The principal operating revenue for the Authority is charges to customers for services. Operating expenses include personnel services, employee benefits, repairs and maintenance, professional services, transportation, materials, and supplies, claims and judgments, rent, insurance, utilities, communications, general administration and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Sewer Authority Mid-Coastside
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020**

Statement of Net Position - The statement of net position is designed to display the financial position of the Authority.

- Invested in capital assets, net of related debt - This component consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted - This component consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or law or regulations of other governments. It also pertains to constraints imposed by law or constitutional provisions or enabling legislation.
- Unrestricted - This component consists of net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt." At June 30, 2020, this portion of the Authority's net position was \$1,324,267.

Statement of Revenues, Expenses, and Changes in Net Position - The statement of revenues, expenses, and changes in net position is the operating statement for proprietary funds. Revenues are reported by major source. This statement distinguishes between operating and non-operating revenues and expenses and presents a separate subtotal for operating revenues, operating expenses, and net operating income/loss.

The Authority applies all applicable GASB pronouncements for certain accounting and financial reporting guidance. In December of 2010, GASB issued GASBS No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. This statement incorporates pronouncements issued on or before November 30, 1989 into GASB authoritative literature. This includes pronouncements by the Financial Accounting Standards Board (FASB), Accounting Principles Board Opinions (APB), and the Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedure, unless those pronouncements conflict with or contradict with GASB pronouncements.

C. Assets and Liabilities

(1) Cash and Cash Equivalents

For purpose of the statements of cash flows, the Authority considers cash equivalents to be all highly liquid investments with maturity of three months or less when purchased.

(2) Investments

Short-term investments include investments with remaining maturities of one year or less at the time of acquisition and are stated at fair market values. Long-term investments made by fiscal agents and deferred compensation plan agents are made under the investment policies of those fiduciaries.

**Sewer Authority Mid-Coastside
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020**

The Authority's financial assets carried at fair market value. All of the Authority's financial assets are classified as Level 1, meaning that values are unadjusted quoted prices for identical assets in active markets accessible at the measurement date. All Authority investments are liquid, and fair market values are easily determined.

(3) Receivables

Accounts receivable represents revenue from member agencies and other income.

(4) Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

(5) Capital Assets

Capital assets are those purchased or acquired with an original cost of \$5,000 or more and are reported at historical cost or estimated historical cost. Additions and replacements of property, plant and equipment are stated at historical cost or at fair market value in the case of properties acquired by contribution.

Expenditures that add to the value of the asset or materially extend asset lives are capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets as applicable.

When property and equipment are disposed of or retired, the related costs and accumulated depreciation are eliminated and gains or losses arising from the disposition are reflected as income or expense. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which range from three to fifty years as follows:

Sewage treatment facilities	3 – 50 years
General plant facility	3 – 25 years
Collection system	3 – 10 years

(6) Net Pension Liability

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Sewer Authority Mid-Coastside's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

**Sewer Authority Mid-Coastside
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020**

(7) Compensated Absences

The Authority has a policy whereby an employee can accumulate up to, but not more than, twice their yearly allowance of vacation time. Vacation which has been earned but not used by employees is accrued and is included in accrued compensation and benefits. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

(8) Operating income and expense

Operating income and operating expense are defined as activities that result directly from the Authority's operations as a sewer service provider to its member agencies. Non-operating income and expense are defined as ancillary activities such as interest income on funds invested, and other costs not directly attributable to operating activities.

(9) Accounting Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

D. Budgetary Information

The Authority is not legally required to budget any of its funds. Budgets are adopted on a basis consistent with generally accepted accounting principles to enhance the Authority management's effectiveness in their financial planning efforts and to enhance control over the Authority's operations.

Once the annual budget is approved, the Board of Directors can legally amend the budget at any time.

All annual operating appropriations lapse at fiscal year-end, except for amounts legally encumbered at year end. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in governmental fund types. Encumbrances outstanding at year-end are reported as reservation of fund balances since they do not constitute expenditures or liabilities, and re-appropriations in the subsequent year provide authority to complete these transactions as expenditures. At June 30, 2020, the Authority had \$10,344 reserved to complete projects in progress.

In addition, project-length (or non-lapsing) budgets are adopted for capital improvements and other projects, and grant-funded projects or programs that may not be completed within the fiscal year during which the budget appropriation for the project or program originates. Under these circumstances, the appropriation continues until project or program completion, or unless the appropriation is subsequently amended or rescinded by the Authority Board. Budgets are adopted each year for the General Fund. This budget is prepared on a basis consistent with GAAP.

**Sewer Authority Mid-Coastside
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020**

E. New Pronouncements

The following Governmental Accounting Standards Board Statements (GASBS) have been implemented for the current fiscal year:

- GASBS No. 84 - *Fiduciary Activities*

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship.

The Authority is required to implement the provisions of this Statement for the fiscal year ending June 30, 2020 (effective for periods beginning after December 15, 2018). This Statement may result in a change in current practice and have a material effect on the financial statements of the Authority.

F. Future Pronouncements

The following Governmental Accounting Standards Board Statements (GASBS) are effective in future years subsequent to the current financial reporting period:

- GASBS Statement No. 87 - *Leases*

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources,

**Sewer Authority Mid-Coastside
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020**

thereby enhancing the relevance and consistency of information about governments' leasing activities.

This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements.

The Authority was originally required to implement the provisions of this Statement for the fiscal year ending June 30, 2021 (effective for periods beginning after December 15, 2019), however implementation was postponed 18 months by GASBS No. 95. The Authority has not yet determined the impact of this Statement of the financial statements.

- GASBS Statement No. 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*

The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

The requirements of this Statement will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities. The Authority was originally required to implement the provisions of this Statement for the fiscal year ending June 30, 2021, however implementation was postponed one year by GASBS No. 95. Earlier application is still encouraged. The requirements of this Statement should be applied prospectively. The Authority has not yet determined the impact of this Statement of the financial statements.

- GASBS Statement No. 90 - *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment.

**Sewer Authority Mid-Coastside
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020**

The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information related to presentation of majority equity interests in legally separate organizations that previously was reported inconsistently. In addition, requiring reporting of information about component units if the government acquires a 100 percent equity interest provides information about the cost of services to be provided by the component unit in relation to the consideration provided to acquire the component unit.

The requirements of this Statement were originally effective for the current fiscal year, however implementation was postponed one year by GASBS No. 95. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The Authority has not yet determined the impact of this Statement of the financial statements.

- **GASB Statement No. 91, *Conduit Debt Obligations***

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations.

The requirements of this Statement were originally effective for reporting periods beginning after December 15, 2020 (fiscal 2022) but have been postponed by one year by GASBS No. 95. Earlier application is encouraged. The Authority doesn't believe this statement will have a significant impact on the Authority's financial statements.

**Sewer Authority Mid-Coastside
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020**

▪ GASB Statement No. 92, *Omnibus 2020*

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions. The topics include but are not limited to leases, intra-entity transfers between a primary government and a post-employment benefit plan component unit, accounting for pensions and OPEB related assets, measurement of liabilities related to asset retirement obligations, and nonrecurring fair value measurements of assets or liabilities.

The requirements of this Statement were originally effective for reporting periods beginning after June 15, 2021 (fiscal 2022) but have been postponed one year by GASBS No. 95.

▪ GASB Statement No. 93, *Replacement of Interbank Offered Rates*

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an Interbank Offer Rate (IBOR). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment.
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate.
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap.
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap.
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended.

The removal of London IBOR as an appropriate benchmark interest rate were originally effective for reporting periods ending after December 31, 2021 (fiscal year 2022-23). All other requirements of this Statement were to be effective for reporting periods beginning after June 15, 2020 (fiscal year 2020-21). The effective date for all provisions of this Statement were postponed one year by GASBS No. 95. The Authority does not believe that the implementation of this Pronouncement will have an impact on the financial statements.

**Sewer Authority Mid-Coastside
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020**

- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPP.

PPPs should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or if applicable to earlier periods, the beginning of the earliest period restated).

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 (fiscal year 2022-23), and all reporting periods thereafter. The Authority has not yet determined whether the implementation of this Pronouncement will have a material impact on the financial statements.

- GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*

The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

**Sewer Authority Mid-Coastside
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020**

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, *Leases*
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

**Sewer Authority Mid-Coastside
Notes to Financial Statements
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The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 (fiscal year 2022-23), and all reporting periods thereafter. The Authority has not yet determined whether the implementation of this Pronouncement will have a material impact on the financial statements.

- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021 (fiscal year 2021-22). For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021 (fiscal year 2021-22).

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**Sewer Authority Mid-Coastside
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020**

NOTE 2: CASH AND INVESTMENTS

A summary of cash deposits and investments as of June 30, 2020, is as follows:

<u>Deposit or Investment</u>	
Petty cash	\$ 500
Demand deposits	3,399,040
Local Agency Investment Fund	<u>1,319,394</u>
Total Cash and Investments	\$ 4,718,934

A. Cash Deposits

The carrying amount of the Authority's cash and deposits (restricted and unrestricted) was \$3,399,540 at June 30, 2020. Bank balances, before reconciling items, were \$3,491,326 at June 30, 2020 of which \$250,000 was fully insured for the fiscal year under the Federal Deposit Insurance Corporation (FDIC), and the remaining balance was secured by the Depository as described in the following paragraph.

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits.

B. Investments

Cash balances are invested to the extent possible pursuant to the Authority's approved Investment Policy and Guidelines and State Government Code. Investments are stated at the current fair value. Fair value information is provided as quoted on June 30, 2020.

The California Government Code authorizes an authority to invest in their own bonds, certain time deposits, commercial paper, obligations of the U.S. Treasury, agencies and instrumentalities, bankers' acceptances with maturities not to exceed 270 days, medium-term notes issued by corporations operating within the U.S., commercial paper rated P-1 or higher by Moody's or A-1 by Standard & Poor's commercial paper record, repurchase agreements of obligations of the U.S. Government or its agencies for a term of one year or less and the Local Agency Investment Fund.

The Authority invests in Local Agency Investment Fund (LAIF), a State of California external investment pool. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. The Authority's investments with LAIF at June 30, 2020, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments may include the following:

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

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

As of June 30, 2020, the fair market value of funds invested in LAIF was \$1,319,394. The LAIF fair value factor of 1.004912795 was used to calculate the fair value of the investments in LAIF. The fair value of the Authority's position in the pool was the same as the value of the pool shares. A portion of the pooled funds were invested in structured notes and asset backed securities and there were no investments in derivative products.

C. Risk Disclosures

GASB Statement No. 40 requires that deposit and investment risks be disclosed.

Interest Rate Risk - the risk of loss of value of an investment due to rising interest rates. In order to limit loss exposure due to Interest Rate Risk, the investment policy limits the length of maturity of investments.

Credit Risk - the risk of loss of value of an investment due to a downgrade of its rating or the failure or impairment of its issuer. State law limits investments in commercial paper with an A-1 rating and all other investments with an investment grade rating issued by nationally recognized statistical rating organizations (NSROs). The investment policy limits the Authority's investments in these investment types to the top rating issued by NSROs including raters Standard and Poor's, Fitch Ratings and Moody's Investor Service.

Custodial Credit Risk - the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. There are no investments in the Authority's name in which the securities are held by the investment's counterparty.

Based upon the aforementioned criteria, the Authority's deposits and investments were categorized as follows at June 30, 2020:

<u>Deposit or Investment</u>	<u>Credit Quality Rating</u>	<u>Maturities</u>	<u>Fair Value</u>
Cash on-hand or in banks	N/A	Current	\$ 3,399,540
Local Agency Investment Fund	Not Rated	Current	<u>1,319,394</u>
Total Cash and Investments			\$ 4,718,934

NOTE 3: ACCOUNTS RECEIVABLE

At June 30, 2020, accounts receivable are comprised primarily of amounts due from member agencies. See Note 5 for more detail.

**Sewer Authority Mid-Coastside
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020**

NOTE 4: ADVANCES

The Authority and the General Manager entered into an employment agreement effective November 9, 2015, which included an advance of \$60,000 for a down payment, for the General Manager to reside within Authority boundaries. This advance will be forgiven in 20% increments upon each year the General Manager is employed with the Authority, until the full advance is forgiven upon 5 full years of employment. Should the General Manager leave the Authority before five years have elapsed, the balance of the advance becomes due to the Authority. The General Manager left the Authority during the year, however, a determination on the collectability of this receivable has not been made. The balance at June 30, 2020 was \$24,000.

NOTE 5: RELATED PARTY TRANSACTIONS

Name of Related Parties	Relationship
City of Half Moon Bay (HMB)	Member agency
Granada Community Services District (GCSD)	Member agency
Montara Water and Sanitary District (MWSD)	Member agency

Related party transactions for the year ended June 30, 2020 are summarized as follows:

	Operation and Maintenance Assessments	Collection Assessments	Capital Assessments	Pass-through And Other Charges
HMB	\$ 2,747,064	\$ 184,581	\$ 1,384,835	\$ 3,959
GCSD	1,165,732	296,201	587,663	4,413
MWSD	1,016,637	341,549	512,502	113,610
	\$ 4,929,433	\$ 822,331	\$ 2,485,000	\$ 121,982

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**Sewer Authority Mid-Coastside
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020**

NOTE 6: CAPITAL ASSETS

A summary of changes in capital assets and depreciation is as follows:

	Balance 07/01/2019	Additions	Transfers	Balance 06/30/2020
Capital assets not being depreciated:				
Easement	\$ 24,950	\$ -	\$ -	\$ 24,950
Land	569,740	-	-	569,740
Construction in progress	108,964	701,662	1,661,101	2,471,727
Total capital assets not being depreciated	703,654	701,662	1,661,101	3,066,417
Capital assets being depreciated:				
Vehicles	7,001	-	-	7,001
Sewage treatment facilities	45,094,467	689,371	(1,661,101)	44,122,737
General plant facility	1,229,622	5,510	-	1,235,132
Collection system	1,505,320	24,703	-	1,530,024
Pump stations	106,034	-	-	106,034
Pipes	1,907,611	-	-	1,907,611
Capital lease	17,013	-	-	17,013
Total capital assets being depreciated	49,867,068	719,585	(1,661,101)	48,925,552
Less accumulated depreciation:				
Vehicles	(1,400)	(1,400)	-	(2,800)
Sewage treatment facilities	(34,062,714)	(819,108)	21,407	(34,860,415)
General plant facility	(1,126,779)	(29,533)	-	(1,156,312)
Collection system	(406,523)	(98,874)	-	(505,397)
Pump stations	(10,603)	(10,604)	-	(21,207)
Pipes	-	(38,152)	-	(38,152)
Capital lease	(3,402)	(1,702)	-	(5,104)
Total accumulated depreciation	(35,611,421)	(999,373)	21,407	(36,589,387)
Capital assets – net of depreciation	\$14,959,301	\$ 421,874	\$ 21,407	\$15,402,582

Depreciation expense was \$999,373 for the year ended June 30, 2020.

**Sewer Authority Mid-Coastside
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020**

NOTE 7: ACCRUED COMPENSATED ABSENCES

The accrued liabilities for compensated absences for the fiscal year ending June 30, 2020 were as follows:

Balance at 7/1/19	Additions (Reductions)	Balance at 6/30/20	Estimated Current Portion
\$ 135,667	\$ 6,489	\$ 142,156	\$ 74,125

NOTE 8: DEFERRED COMPENSATION PLANS

The Authority maintains two deferred compensation plans, qualified under Section 457 of the Internal Revenue Code, in which substantially all employees may participate. Generally, deferred compensation is payable upon retirement, termination of employment, disability or death. The Authority made contributions to the deferred compensation plans of \$19,796 for the fiscal year ended June 30, 2020. The plan assets are held in trust for the exclusive benefit of the participants and are not included in the Authority's financial statements.

NOTE 9: RETIREMENT PLAN

A. General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Authority's separate Miscellaneous Employee Pension Plans, cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Authority resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2020, are summarized as follows:

**Sewer Authority Mid-Coastside
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020**

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 – 67	52 - 67
Monthly benefits, as % of eligible compensation	1.4% to 2.4%	1.0% to 2.5%
Required employee contribution rates	7.0%	6.5%
Required employer contribution rates	10.868%	7.072%

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS’ annual actuarial valuation process. The Plan’s actuarially determined rate is based on the estimated amount necessary to pay the costs of benefits earned by employees during the year, with an additional amount to pay any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2020, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous Plan
Employer Contributions – Classic Plan	\$ 283,057
Employer Contributions - PEPR	58,243
	\$ 341,300

**Sewer Authority Mid-Coastside
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020**

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

The following table shows the Plan's proportionate share of the risk pool collective net pension liability over the measurement period.

	Proportionate Share of Net Pension Liability	Miscellaneous
Balance at: 6/30/18 - Measurement date	\$ 2,649,759	.02750%
Balance at: 6/30/19– Measurement date	2,887,429	.02818%
Total Net Change 2018 – 2019	\$ 237,670	

The Authority's net pension liability of \$2,887,429 is measured as the proportionate share of the net pension liability of \$10,247,039,422 (or .02818%). The net pension liability is measured as of June 30, 2019, and the total pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

For the year ended June 30, 2019, the Authority recognized pension expense of \$213,360 for the Plan. At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 341,300	\$ -
Differences between actual and expected experience	200,544	(15,538)
Changes in assumptions	137,686	(48,809)
Net differences between projected and actual earnings on pension plan investments	-	(50,481)
Differences between employer contributions and employer's proportionate share of contribution	-	(115,586)
Adjustment due to differences in proportions	55,626	-
Total	\$ 735,156	\$ (230,724)

Of the \$735,156 reported as deferred outflows of resources, \$341,300 is related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021 (measurement period ended June 30, 2020). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

**Sewer Authority Mid-Coastside
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020**

Year Ended June 30	Deferred Outflows (Inflows) of Resources
2021	\$ 177,249
2022	(41,919)
2023	17,601
2024	10,201
Thereafter	-

The amounts above are the net of outflows and inflows recognized in the fiscal 2019 measurement period.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2019 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2018 total pension liability. The June 30, 2019 total pension liability was determined using the following actuarial methods and assumptions:

	Miscellaneous
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by entry age and service
Mortality Rate Table	Derived using CalPERS' membership data for all funds.
Post Retirement Benefit Increase	Contract COLA up to 2.5% until Purchasing Power Protection Allowance Floor on Purchasing Power applies. 2.5% thereafter

The underlying mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

**Sewer Authority Mid-Coastside
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020**

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<u>Allocation by Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 – 10 (a)</u>	<u>Real Return Years 11+ (b)</u>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	-	-0.92%
Total	<u>100.00%</u>		

(a) An expected inflation of 2.00% was used for this period.

(b) An expected inflation of 2.92% was used for this period.

**Sewer Authority Mid-Coastside
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020**

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

The following presents the Authority’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

Discount Rate – 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
\$ 4,580,921	\$ 2,887,429	\$ 1,489,571

Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS

A. Plan Description

The Authority sponsors healthcare coverage for active employees through a Health Reimbursement Arrangement (HRA) plan managed by CalPERS Health and Principle Life Insurance Company. Until December 31, 2019, the Authority contributed up to \$1,955 each month for medical, dental, and vision coverage.

Beginning January 1, 2020, the Authority began contributing an amount equal to the minimum employer contribution required under Public Employees Medical Health Care Act (PEMHCA) monthly toward the cost of medical insurance premiums (employer’s monthly contribution). Employees may increase coverage and pay the excess of the Authority’s contribution. Dental and vision coverages are also offered to active employees.

The Authority also offers a contribution for medical coverage to its retirees in accordance with the qualifications for Public Employment Retirement Law (PERL). Retirees may retire at age 50 with 5 years of service. The Authority’s contribution for retirees is equal to the minimum employer contribution required under PEMHCA, which was \$139 for the fiscal year ended June 30, 2020. This monthly contribution is deposited to an HRA account in accordance with IRS requirements, and ceases upon the death of the retiree.

**Sewer Authority Mid-Coastside
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020**

B. Employees Covered

As of the July 1, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	7
Inactive employees or beneficiaries currently receiving	7
Total	14

C. Contributions

The Authority's currently finances benefits on a pay-as-you-go basis.

D. Net OPEB Liability

The Authority's Net OPEB Liability was measured as of June 30, 2020 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of July 1, 2018. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial Assumptions

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry age, level percent of pay
Recognition of deferred inflows and outflows of resources	Closed period equal to the average of the expected remaining service lives of all employees provided with OPEB
Salary increases	3.00 percent
Inflation rate	3.00 percent
Healthcare cost trend rate	5.80 percent for 2020; and decreasing 0.10 percent per year to an ultimate rate of 5.00 percent for 2029 and later years

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males for Females, as appropriate, without projection.

Actuarial assumptions used in the July 1, 2018 valuation were based on a review of plan experience during the period July 1, 2016 to June 30, 2018.

**Sewer Authority Mid-Coastside
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020**

Discount Rate

The discount rate used to measure the total OPEB liability was 2.45 percent. To determine this single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments was compared in each period of projected benefit payments and the following information:

Reporting Date	Measurement Date	Long-Term Expected Return of Plan Investments	Fidelity General Obligations 20-Year Index	Discount Rate
June 30, 2019	June 30, 2019	4.00%	3.13%	3.13%
June 30, 2020	June 30, 2020	4.00%	2.45%	2.45%

Changes in the OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Obligation (Asset) = (a) – (b)
Balance at June 30, 2019 (Valuation date July 1, 2018)	\$ 474,592	\$ -	\$ 474,592
Changes recognized for the measurement period			
Service cost	9,738	-	9,738
Interest	14,839	-	14,839
Difference between expected and actual Experience	-	-	-
Changes of assumptions	37,523	-	37,523
Employer contributions	-	20,666	(20,666)
Benefit payments to retirees	(20,666)	(20,666)	-
Administrative expense	-	-	-
Net changes	41,434	-	41,434
Balance at June 30, 2020 (Valuation date July 1, 2018)	\$ 516,026	\$ -	\$ 516,026

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB Liability of the Authority if it were calculated using a discount rate that is one percentage point higher or lower than the current discount rate, for the measurement period ended June 30, 2020:

Discount Rate – 1% (1.45%)	Current Discount Rate (2.45%)	Discount Rate +1% (3.45%)
\$ 580,722	\$ 516,026	\$ 462,386

**Sewer Authority Mid-Coastside
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020**

Sensitivity of the Net OPEB Liability to the Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the Authority if it were calculated using health care cost trend rates that are one percentage point higher or lower than the current rate, for the measurement period ended June 30, 2020:

Discount Rate – 1% (4.80% decreasing to 4.00%)	Current Discount Rate (5.80% decreasing to 5.00%)	Discount Rate +1% (6.80% decreasing to 6.00%)
\$ 479,068	\$ 516,026	\$ 561,622

Deferred Outflows and Deferred Inflows of Resources Related to OPEB

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the Authority recognized OPEB expense of \$22,461. At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 72
Changes in assumptions or other inputs	25,772	-
Total	<u>\$ 25,772</u>	<u>\$ 72</u>

Amounts reported as deferred outflows and inflows of resources will be recognized as OPEB expense as follows:

Year Ended June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2021	\$ 18,267	\$ (72)
2022	7,505	-
2023	-	-
2024	-	-
Thereafter	-	-

**Sewer Authority Mid-Coastside
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020**

NOTE 11: PRIOR PERIOD ADJUSTMENT

As part of the ongoing internal accounting cleanup, the Authority, in conjunction with a third-party CPA firm, has continued to make corrections for errors in prior year Statements of Net Position. For the year ended June 30, 2020, this resulted in decrease to net position in the amount of \$89,372 as follows:

Beginning net position, as previously stated	<u>\$ 15,522,516</u>
Prior period adjustments:	
Construction in progress	2,080
Accumulated depreciation	21,407
Accounts payable	(112,951)
Wages payable	<u>92</u>
Total prior period adjustments:	<u>(89,372)</u>
Beginning net position, as restated	<u><u>\$ 15,433,144</u></u>

NOTE 12: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disaster. The Authority mitigates its risk of liability, workers' compensation, and property losses by being a member of the California Sanitation Risk Management Authority (CSRMA) and participating in their risk sharing and insurance purchasing pools.

CSRMA is a public entity risk pool currently operating as a common risk management and insurance program for member agencies located throughout California. The purpose of CSRMA is to spread the adverse effects of losses among the members entities and to purchase excess insurance as a group. Although CSRMA may assess additional premiums to a member agency in the event of losses in excess of reserves, no additional assessments have occurred nor are they contemplated.

The financial statements of CSRMA are available upon request from: The California Sanitation Risk Management Authority, c/o Alliant Insurance Services, Inc., 100 Pine Street, 11th Floor, San Francisco, California 96111-5101.

NOTE 13: SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the audit opinion, the date on which the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

SEWER AUTHORITY MID-COASTSIDE
Required Supplementary Information
For the Year Ended June 30, 2020

Schedule of Proportionate Share of Net Pension Liability
Last 10 Years*

	2020	2019	2018	2017	2016	2015
Measurement date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Plan's Proportion of the Net Pension Liability (Asset)	0.28180%	0.27500%	0.02757%	0.02736%	0.02612%	0.02000%
Plan's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,887,429	\$ 2,649,759	\$ 2,734,282	\$ 2,367,559	\$ 1,793,061	\$ 1,724,305
Plan's Covered-Employee Payroll	\$ 1,545,800	\$ 1,562,458	\$ 1,453,070	\$ 1,453,070	\$ 1,173,195	\$ 1,048,193
Plan's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	186.79%	169.59%	188.17%	162.93%	152.83572%	164.50%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	75.26%	75.26%	73.31%	74.06%	78.40%	80.84%

*Fiscal year ending June 30, 2015 was the first year of implementation, therefore only six years are shown. Additional years will be added until 10 years is shown.

SEWER AUTHORITY MID-COASTSIDE
Required Supplementary Information
For the Year Ended June 30, 2020

Schedule of Pension Plan Contributions
Last 10 Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions**	\$ 341,300	\$ 312,529	\$ 271,288	\$ 240,951	\$ 107,752	\$ 137,242
Contributions in relation to the actuarially determined contributions	<u>341,300</u>	<u>312,529</u>	<u>271,288</u>	<u>240,951</u>	<u>107,752</u>	<u>137,242</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll***	\$ 1,474,709	\$ 1,545,800	\$ 1,562,458	\$ 1,453,070	\$ 1,173,195	\$ 1,048,193
Contributions as a percentage of covered-employee payroll	23.14%	20.22%	17.36%	16.58%	9.18%	13.09%

*Fiscal year ending June 30, 2015 was the first year of implementation, therefore only six years are shown. Additional years will be added until 10 years is shown.

**Excludes employer-paid member contributions (EPMC)

*** For the fiscal year ending on the date shown

SEWER AUTHORITY MID-COASTSIDE
Required Supplementary Information
For the Year Ended June 30, 2020

Schedule of Changes in the Net OPEB Liability and Related Ratios
for the Measurement Periods Ended June 30

	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 9,738	\$ 8,452	\$ 11,209
Interest on the OPEB liability	14,839	16,173	16,042
Difference between expected and actual experience	-	(232)	-
Change in assumptions	37,523	10,500	-
Benefits paid to retirees	(20,666)	(25,832)	(9,660)
Net change in total OPEB liability	41,434	9,061	17,591
Total OPEB Liability - beginning	474,592	465,531	447,940
Total OPEB Liability - ending	(a) \$ 516,026	\$ 474,592	\$ 465,531
 Plan Fiduciary Net Position			
Employer contributions	\$ 20,666	\$ 25,832	\$ 9,660
Benefits paid to retirees	(20,666)	(25,832)	(9,660)
Net change in plan fiduciary position	-	-	-
Plan fiduciary net position- beginning	-	-	-
Plan fiduciary net position- ending	(b) \$ -	\$ -	\$ -
Net OPEB liability- ending	(a) - (b) \$ 516,026	\$ 474,592	\$ 465,531
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
Covered payroll	\$ 1,547,017	\$ 1,586,609	\$ 1,566,360
Net OPEB liability as a percentage of covered payroll	33.36%	29.91%	29.72%

Notes to Schedule:

Historical information is required only for measurement periods for which GASB No. 75 is applicable. Future years' information will be displayed, up to 10 years, as information becomes available

SEWER AUTHORITY MID-COASTSIDE
Required Supplementary Information
Schedule of OPEB Contributions
Last Ten Fiscal Years*

Fiscal Year Ended June 30,	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contributions (ADC)	\$ 20,666	\$ 25,832	\$ 9,660
Contributions in relation to the ADC	<u>(20,666)</u>	<u>(25,832)</u>	<u>(9,660)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	1,547,017	1,586,609	1,566,360
Contributions as a percentage of covered-employee payroll	1.34%	1.63%	0.62%

Notes to Schedule:

The actuarial valuation was performed in accordance with generally accepted actuarial principles and practices. The actuaries relied on census data for active employees and retirees as well as claims, premium, expense and enrollment data, and copies of relevant sections of healthcare documents provided by the Authority, and when applicable, trust statements prepared by the trustee.

Actuarial Assumptions:

The assumptions used in performing the valuation and the results based thereupon represent the actuaries' best estimate of the actuarial costs of the program under GASB 75 and the existing and proposed Actuarial Standards of Practice for measuring post-retirement healthcare benefits.

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

To the Board of Directors
Sewer Authority Mid-Coastside

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, of Sewer Authority Mid-Coastside, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Sewer Authority Mid-Coastside's basic financial statements and have issued our report thereon dated February 1, 2021.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the letter titled "*Communication of Significant Deficiencies and Material Weaknesses*" as items 2020-01 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the letter titled "*Communication of Significant Deficiencies and Material Weaknesses*", specifically identified as items 2020-02 and 2020-03 to be significant deficiencies.

Compliance and Other Matters

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

Sewer Authority Mid-Coastside's Response to Findings

Sewer Authority Mid-Coastside's management response to the findings identified in our audit is described in the letter titled "*Communication of Significant Deficiencies and Material Weaknesses*". Sewer Authority Mid-Coastside's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



CROPPER ACCOUNTANCY CORPORATION

Walnut Creek, California

February 1, 2021

February 1, 2021

Board of Directors and Management
Sewer Authority Mid-Coastside
1000 N. Cabrillo Highway
Half Moon Bay, California

In planning and performing our audit of the financial statements of the business-type activities of Sewer Authority Mid-Coastside (SAM) as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered Sewer Authority Mid-Coastside's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sewer Authority Mid-Coastside's internal control. Accordingly, we do not express an opinion on the effectiveness of Sewer Authority Mid-Coastside's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in internal control to be material weaknesses:

2020-01 Equity: Net Position/Fund Balance

Criteria: Journal entries should not be made to any portion of net position/fund balance.

Condition: Booking journal entries that debit or credit net position/fund balance affects the rollforward of the financial statements.

Effect: During our review of the beginning balances in the trial balance, as well as accounts payable, we noted that the trial balance exported by the Tyler system had a net position which differed from the final audited trial balance by approximately \$230,000

Cause: Adjusting journals being booked directly to net position.

Recommendation: Adjusting journal entries should not be made to equity unless they are (1) material in nature, and (2) relate to a prior period. Otherwise, amounts should be run through regular revenue and expense accounts.

Management's Response: *The entries in question which related to the need for a prior period adjustment restatement were deemed material by SAM's finance team. We understand that booking entries to beginning fund balance is a solution of last resort, however, for fiscal year ending June 30, 2020, SAM's finance team decided the entries necessary and appropriate.*

The material entry was for a CIP project which had been expensed in the prior fiscal year, but not capitalized. The SAM finance team decided that leaving this asset off of SAM's Statement of Net Position was a far worse outcome than the consequences of a prior period adjustment restatement.

Status of Prior Year Audit Findings

2019-01 Administrative Issues: Accounting Personnel & Journal Entries (PY 2018-01)

Status: *Resolved.* As of June 30, 2020, management, in conjunction with an outside CPA firm, has made significant progress in records management, segregation of duties, and the reconciliation process.

Criteria: Under prudent internal controls, the functions of authorization (check signing), recording (general ledger entry, including controls around journal entries), custody of assets, and comparison (reconciliation) should be performed by separate employees. [AU-C § 315.A99 & AU-C § 315.A157]

Condition: Staffing was insufficient to allow for proper processing of financial transactions into the system and review on a monthly basis.

Effect: The Authority is experiencing significant delays in its accounting and reporting processes as well as unorganized or missing records. There were also many items recorded into the general ledger incorrectly, with limited documentation or approvals, and these factors caused a delay in the production of the financial statements. Adequate time must be spent on preparation and review of records to properly and efficiently accomplish the accounting process at the Authority.

Continued problems in receiving timely and accurate financial information can significantly impact senior management and the Board's abilities, such as providing adequate oversight and budgetary controls, and addressing cash flow issues that may affect the Authority.

Cause: The accounting department appeared to lack sufficient skills, knowledge, and experience to accurately record financial transactions into the general ledger system and reconcile financial information on a monthly basis.

Recommendation: We recommend the Authority use competent accounting personnel to record, reconcile, and approve transactions.

Management's Response: *In January of 2020, management brought on an outside CPA firm to assist SAM staff with financial-related matters, including month-end reconciliations and fiscal year end audit preparation. This change has allowed SAM to bring reconciliations (including banks and subledgers) current, and to maintain a normal monthly and fiscal year end closing process.*

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in internal control to be significant deficiencies:

2020-02 Unrestricted Net Position (PY 2019-04)

Status: *Partially resolved.* At June 30, 2020, unrestricted net position was \$1,324,267. This is the second year in which the Authority has maintained a positive unrestricted net position. However, operating losses continue.

Criteria: The Authority should have unrestricted reserves to meet short-term cash flows for several months, in accordance with Authority policy.

Condition: It was noted during our audit that SAM has had a net operating loss for the past ten years (fiscal years 2011 – 2020). However, 2019 the first year in which we as your auditors have noted a positive unrestricted net position, which is a positive step in getting the Authority into a sustainable financial position.

Effect: In the event that assessments are not remitted to the Authority in a timely manner, or are less than requested, the Authority may not have enough cash on hand to pay operating expenses. This situation is critical and may very well impact the future ability of the Authority to conduct its affairs in the manner it is accustomed to.

Cause: Under the JPA agreement, the Authority remits back to the member agencies any funds not spent during the year. Budgets are prepared on a cash basis; however, an audit of the financial statements is performed on a GAAP basis. In the case of the Authority, which is an enterprise fund, GAAP basis means the full accrual basis of accounting. [GASBS No. 34, paragraph 67]

Recommendation: We recommend that management and the Board of Directors evaluate the reasons why this condition has occurred. Future plans and budgets should then be developed to produce net operating income, avoid continuing deficits, and begin to rebuild a positive balance in unrestricted net position.

Management's Response: *As noted above, for the fiscal years ended June 30, 2019 and 2020, SAM has a positive unrestricted net position. For these two fiscal years, SAM's revenues exceeded expenditures. SAM considers member agency capital contributions to be a part of our revenue stream and are billed to member agencies on a monthly basis.*

SAM's management believes sufficient unrestricted liquid assets exist to cover two months of operational expenses, as is our current policy.

Status of Prior Year Significant Deficiencies

2019-05 Other Post-Employment Benefits (PY 2018-05)

Status: *Partially resolved.* As of June 30, 2020, the Authority has established a trust, however, it is not yet fully funded.

Criteria: The Authority has an OPEB obligation, based on actuarial data, of approximately \$516,000 at June 30, 2020.

Condition: The net obligation for OPEB continues to increase every year (2020 is \$41,000 more than 2019). Payments are being made for retiree benefits, but a trust for making future payments has not been established.

Effect: As the OPEB obligation increases, and payments need to be made, this will come from LAIF, which is not protected from creditors, and earns very little interest. This may cause significant decreases in net position in future years. In 2020, this amount is presented on the Statement of Net Position.

Cause: The Authority has not established a trust or similar arrangement.

Recommendation: We recommend that the Authority establish a trust into which amounts can be deposited for future payments of OPEB.

Management's Response: *We continue to work with our member agencies to address funding over long-term liabilities relating to both pension and OPEB.*

A recommendation to include funds to establish an OPEB trust was included in the Proposed fiscal year 2017/18 Budget. The Budget was never adopted due to the subsequent lawsuit filed by the City of Half Moon Bay. Due to the lawsuit and other subsequent events, staff has been unable to initiate a contract to establish a trust.

This communication is intended solely for the information and use of management, the Board of Directors, and others within Sewer Authority Mid-Coastside, and is not intended to be, and should not be, used by anyone other than these specified parties.


CROPPER ACCOUNTANCY CORPORATION
Walnut Creek, California
February 1, 2021

February 1, 2021

Board of Directors and Management
Sewer Authority Mid-Coastside
1000 N. Cabrillo Highway
Half Moon Bay, California

We have audited the financial statements of the business-type activities of Sewer Authority Mid-Coastside (SAM) for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 1, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Sewer Authority Mid-Coastside are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2020. We noted no transactions entered into by Sewer Authority Mid-Coastside during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Authority's financial statements were:

- Management's estimate of the depreciation expense is based on the estimated useful lives of the underlying assets. We evaluated the key factors and assumptions used to develop the depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the net pension liability, and related deferred inflows and outflows is based on the actuarial valuations as set forth in GASB Statement No. 68. We evaluated the key factors and assumptions used to develop the net pension liability and related deferred inflows and outflows in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the Other Post-Employment Benefits (OPEB) liability, and related deferred inflows and outflows is based on the actuarial valuations as set forth in GASB Statement No. 75. We evaluated the key factors and assumptions used to develop the OPEB liability and related deferred inflows and outflows in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of the prior period adjustment in Note 11 to the financial statements. During the audit, we discussed certain entries to net position (equity) which were made in the general ledger. Based on conversations with staff in conjunction with Maze & Associates, it was determined that these entries were necessary in order to avoid material misstatements to the current year financial statements. The result is the prior period adjustment, primarily related to accounts payable.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached list of material misstatements that we identified as a result of our audit procedures were brought to the attention of and corrected by management. See Attachment 1, Journal Entry *Audit 3*.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 1, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Sewer Authority Mid-Coastside's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Sewer Authority Mid-Coastside's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, the Schedule of Proportionate Share of Net Pension Liability, the Schedule of Pension Contributions, the Schedule of Changes in the Net OPEB Liability and Related Ratios, and the Schedule of OPEB Contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of Sewer Authority Mid-Coastside and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,


CROPPER ACCOUNTANCY CORPORATION
Walnut Creek, California

Client:		SEWER AUTHORITY MID-COASTSIDE			
Engagement:		2020 Sewer Authority Mid-Coastside			
Current Period:		06/30/2020			
Workpaper:		List of Adjusting Journal Entries			
Account	Description	Workpaper Reference	Debit	Credit	Net Income Effect
Audit 1		N 00			
To correct deferred inflows and outflow balances to agree to OPEB actuarial					
100-1120	Deferred Outflow		24,059.00	0.00	
100-2070	Deferred Inflow of Resources		0.00	18,893.00	
100-1010-5224	OPEB Adjustment		0.00	5,166.00	
Total			24,059.00	24,059.00	5,166.00
Audit 2		M 01			
To correct LT portion of accrued compensated absences booked to fund balance					
100-1010-5019	Terminal Vacation Pay		3,790.76	0.00	
100-2021-5019	Terminal Vacation Pay		8,088.53	0.00	
300-3031-5019	Terminal Vacation Pay		1,270.13	0.00	
100-1005	Claim on Pooled Cash		1,270.13	0.00	
100-3019	Fund Balance - Unrestricted		0.00	13,149.42	
300-1005	Claim on Pooled Cash		0.00	1,270.13	
Total			14,419.55	14,419.55	(13,149.42)
Audit 3					
To correct balance in accounts payable					
100-2010	Accounts Payable Pending		0.00	307,952.57	
100-3333	Prior Period Adjustment		307,952.57	0.00	
900-1501	Due From Other Funds		307,952.57	0.00	
900-2010	Pooled Accounts Payable		0.00	307,952.57	
Total			615,905.14	615,905.14	0.00
GRAND TOTAL			654,383.69	654,383.69	(7,983.42)



SEWER AUTHORITY MID-COASTSIDE

Staff Report

TO: Honorable Board of Directors

FROM: Kishen Prathivadi, General Manager

BY: George Evans, Finance Officer

SUBJECT: **Review and Discuss the Financial Report for Fiscal Year 2019-20 (Budget vs Actual) from the Audited Financial Statement**

Executive Summary

The purpose of this report is for the Board of Directors to receive and file the Financial Report for the Fiscal Year 2019-20 (Budget vs Actual) from the Audited Financial Statement.

Fiscal Impact

There is no fiscal impact from this report.

Strategic Plan Compliance

This review would further SAM Strategic Plan Goal 3: "Ensure that finances are stable and understandable by the Board, member agencies, and the public."

Background and Discussion/Report

Attached is the Sewer Authority Mid-Coastside Financial Report for Fiscal Year 2019-20 (Budget vs Actual) prepared by Maze & Associates based on the Audited Financial Statement. A representative from Maze & Associates will be available to clarify and answer any questions. The following are the significant items unearthed by the review:

Laboratory Expenses: Total expense of \$149,792 incurred; 32% under budget.

Main difference due to Miscellaneous Professional Services being under budget by \$46,913. In addition, chemicals and supplies expense was below budget by a combined \$17,720.

BOARD MEMBERS:	M. Clark	B. Dye	R. Lohman
	D. Penrose	D. Ruddock	K. Slater-Carter
ALTERNATE MEMBERS:	S. Boyd	E. Suchomel	A. Eisen
	J. Harvey	H. Rarback	P. Dekker

Administration Expenses: Total expense of \$1,594,922 incurred; 28% over budget.

Difference due to Wages expense being over budget by \$74,202. Another factor impacting the over budget was the GASB 68 expense recognized during the audit process of \$213,335. This entry is to make up for both under funding as well as market conditions within our CalPERS cost sharing plan.

In addition, miscellaneous professional services were over budget by \$58,418.

Operating Revenue in Excess of the SAM Expense Budget: The Infrastructure portion of the General Budget has been under-expended by approximately \$1,063,753.

Until 2015, SAM followed the practice of disbursing refunds of the operating revenue in excess of the SAM expense budget to the SAM Member agencies. It was typical to disburse these “refunds” after the SAM Audited Financial Statement was approved by the Board. Due to various issues, including the financial and auditing situation at SAM, it became impractical to continue this practice.

Now that the Finance Team and the Management have taken steps to correct the present financial and auditing situation at SAM, staff would like the Board to consider the option of returning to the practice of disbursing “refunds” to the Member agencies.

This item is presented to the Board that, based on the Sewer Authority Mid-Coastside Financial Report for Fiscal Year 2019-20 (Budget vs Actual), the Infrastructure portion of the General Budget has been under-expended by approximately \$1,063,753.

After consideration, SAM Staff is suggesting that the three most practical possible options for the allocation of this “refund” are:

1. Excess shall be returned to each Member agency of the SAM JPA according to Ownership Percentage which would amount to \$592,805.73 to HMB, \$251,560.47 to GCSD and \$219,386.35 to MWSD.
2. Board may direct staff to carry over the anticipated excess into the FY 21-22 Budget and apply it as needed or as directed by the Board.
3. Set up a separate account called “Infrastructure Reserve Account” which could be used under emergency circumstances.

BOARD MEMBERS:	M. Clark	B. Dye	R. Lohman
	D. Penrose	D. Ruddock	K. Slater-Carter
ALTERNATE MEMBERS:	S. Boyd	E. Suchomel	A. Eisen
	J. Harvey	H. Rarback	P. Dekker

Staff Recommendation

Staff recommends that the Board of Directors receive and file the Financial Report for Fiscal Year 2019-20 and consider discussing the suggestion of disbursing refunds to the Member agencies at a future Finance Committee meeting and bring the Finance Committee's recommendation back to the Board.

Supporting Documents

Attachment A: Fiscal Year 2019-20 Year-End Budget Review

BOARD MEMBERS:	M. Clark	B. Dye	R. Lohman
	D. Penrose	D. Ruddock	K. Slater-Carter
ALTERNATE MEMBERS:	S. Boyd	E. Suchomel	A. Eisen
	J. Harvey	H. Rarback	P. Dekker



Year-end Budget Review

Sewer Authority Mid-Coastside

Fiscal Year 2019/2020

" HELPING OUR CLIENTS SUCCEED "

Sewer Authority Mid-Coastside
Budget Analysis: Financial Statement
Budget vs. Actual
07.01.2019 - 06.30.2020



BUDGET BY REVENUE AND EXPENSES CATEGORY

Statement of Revenues, Expenses, and Changes in Net Position

	July 1, 2019 - June 30, 2020	Total Budget	Favorable/(Unfavorable)	
			Variance \$ to Total budget	% of Total Budget
OPERATING REVENUE				
Operating and maintenance assessments	4,929,433	4,929,433	(0)	0%
Collection assessments	822,331	816,638	5,693	1%
Service fees	121,982	-	121,982	N/A
Other income	295,104	332,777	(37,673)	-11%
Total operating revenue	6,168,850	6,078,848	90,002	
OPERATING EXPENSES				
Treatment	3,699,940	3,678,958	(20,982)	-1%
Collection system	835,978	816,548	(19,430)	-2%
Laboratory	149,792	220,824	71,032	32%
Administration	1,594,922	1,249,450	(345,472)	-28%
Infrastructure	113,530	2,485,000	2,371,470	95%
Depreciation	999,373	-	-	
Total operating expense	7,393,536	8,450,780	2,056,617	
OPERATING LOSS	(1,224,686)	(2,371,932)	1,147,246	48%
NON-OPERATING REVENUES (EXPENSES)				
Interest and dividend income	52,410	(20,001)	72,411	362%
Total non-operating revenues (expenses)	52,410	(20,001)	72,411	
Increase before contributions	(1,172,276)	(2,391,933)	1,219,657	51%
Capital contributions	2,485,000	2,485,001	(1)	0%
CHANGE IN NET POSITION	1,312,724	93,068	1,219,656	

Sewer Authority Mid-Coastside
Budget Analysis: Capital Contributions
Budget vs. Actual

07.01.2019 - 06.30.2020

CAPITAL CONTRIBUTION PROPOSED REIMBURSEMENT

Resolution No. 2-2013

At the end of each fiscal year, reserves in excess of the amounts listed above shall be returned to the member agencies within 90 days of the end of the fiscal year.

1) Total Excess of the amounts

FY19-20 Total Contributions	2,485,000.00
FY19-20 Total Capitalized	(1,421,247.45)
Proposed Reimbursement Total	1,063,752.55

2) Percentage of contributions by Member agency

Half Moon Bay	1,384,836.00	56%
Granada CSD	587,663.00	24%
Montara WSD	512,502.00	21%
	2,485,001.00	100%

3) Proposed Reimbursement to each member agency

Half Moon Bay	592,805.73	56%
Granada CSD	251,560.47	24%
Montara WSD	219,386.35	21%
	1,063,752.55	100%

Sewer Authority Mid-Coastside
Budget Analysis: Capital Contributions

Budget vs. Actual

07.01.2019 - 06.30.2020

CAPITAL CONTRIBUTION PROPOSED REIMBURSEMENT (Cont.)

Details of capitalized assets

Project#	Detail	Amount	Asset Type
Not project related	Employee Management Software	5,510.00	General Admin
Not project related	Digester Gas Blowers	28,534.57	Plant Facilities
Not project related	Chemical Flow Meters #2	13,485.00	Plant Facilities
Not project related	DGB MCC Buckets	24,417.45	Plant Facilities
Not project related	Install Gas Detectors: Digester Control	16,743.13	Plant Facilities
Not project related	Parts for Boiler	12,328.50	Plant Facilities
Not project related	Prep/Epoxy Paint Blower Room	17,300.00	Plant Facilities
Not project related	Primary Clarifier Scum Pipes	51,483.25	Plant Facilities
Not project related	Rotary Drum Thickener Electrical Parts	5,861.26	Plant Facilities
Not project related	Sodium Bisulfite Temp Sensor	14,187.50	Plant Facilities
Not project related	Digester Gas Blowers	38,290.30	Plant Facilities
Not project related	Replace Rooftop AC Unit	19,172.00	Plant Facilities
Not project related	Rotary Screen Thickener	195,000.00	Plant Facilities
Not project related	Horizontal Chopper Pump	24,702.88	Equipment
Not project related	Press Room Air Handling Unit	10,430.80	Construction in Progress
18IP01	Wet Weather Facility Expansion	52,001.65	Construction in Progress
19IP01	Force Main Repair: Montara Segments	300.00	Construction in Progress
19IP03	Force Main: Segment 4	531,713.67	Construction in Progress
19PO01	Portola: Replace Pump 1	68,616.36	Construction in Progress
19TP03	Fire Alarm System Replacement	38,600.28	Construction in Progress
20TP01	Turbo Blower Replacement	236,916.85	Plant Facilities
20TP02	Waste Activated Sludge Gravity Thickener	15,652.00	Plant Facilities
		1,421,247.45	



SEWER AUTHORITY MID-COASTSIDE

Staff Report

TO: Honorable Board of Directors

FROM: Jeremy N. Jungreis, General Counsel

**SUBJECT: Approve First Amendment to Employment Agreement with
General Manager**

Executive Summary

The purpose of this report is to provide information in support of consideration by the Board of Directors of the approval and authorize the execution of an amendment to the existing employment agreement with Kishen Prathivadi, dated December 10, 2019 (attached), for him to continue to serve as General Manager of SAM with modifications of the existing agreement as reflected in the attached amendment.

Fiscal Impact

The salary set forth in the proposed amendment to the General Manager's agreement is the same amount that the General Manager was/is being paid, with the exception of a 3% cost of living adjustment retroactive to January 1, 2021.; The other contract terms and benefits remain unchanged except as stated in the attached amendment.

Strategic Plan Compliance

The recommendation complies with the SAM Strategic Plan Goal 4: *"A well-organized, motivated, and well-trained staff with an effective Board of Directors are the most important keys to success for SAM."*

Background and Discussion/Report

Pursuant to direction given by the Board in closed session, General Counsel and Labor Counsel negotiated with Mr. Prathivadi the terms of potential modifications to the General Manager's existing Employment Agreement. The version of the amendment to

BOARD MEMBERS:	M. Clark	B. Dye	R. Lohman
	D. Penrose	D. Ruddock	K. Slater-Carter
ALTERNATE MEMBERS:	S. Boyd	E. Suchomel	P. Dekker
	J. Harvey	H. Rarback	

the Agreement attached to this Memo as Attachment A is acceptable to Mr. Prathivadi and is proposed for recommendation by the Board.

Recommendation

General Counsel recommends that the Board discuss and approve the Employment Agreement with General Manager and authorize its execution by the Board Chair.

Supporting Documents

Attachment A: Proposed Amendment 1 to Employment Agreement

Attachment B: December 10, 2019 Employment Agreement

BOARD MEMBERS:	M. Clark	B. Dye	R. Lohman
	D. Penrose	D. Ruddock	K. Slater-Carter
ALTERNATE MEMBERS:	S. Boyd	E. Suchomel	P. Dekker
	J. Harvey	H. Rarback	

**FIRST AMENDMENT TO EMPLOYMENT AGREEMENT BETWEEN
SEWER AUTHORITY MID-COASTSIDE
AND
KISHEN PRATHIVADI**

The General Manager Employment Agreement (“Agreement”) dated December 10, 2019, by and between the Sewer Authority Mid-Coastside (“Authority”), a public entity, and Kishen Prathivadi, an individual and current General Manager of Authority (“General Manager”), is hereby amended and restated, effective March 8, 2021, to memorialize revisions approved by the Board of Directors on March 8, 2021, and per the Board’s direction, made retroactive as to a 3% cost of living increase, to January 1, 2021. In furtherance of this revision of the Agreement, the following sections of the Agreement are hereby amended and restated as follows:

SECTION 2. COMPENSATION

A. **Salary** *Manager’s revised annual salary shall be the gross sum of \$232,289.72, made retroactive to January 1, 2021, and payable according to SAM’s payment procedures for SAM employees.*

4. TERM OF AGREEMENT

This Agreement shall commence on December 10, 2019 and shall remain in effect until June 30, 2023, with the Board retaining an option to extend the term for one additional year from the revised end date of June 30, 2023. This amended agreement shall remain in effect until it expires by its own terms, or is terminated by either party, or both parties, pursuant to Section 5. Nothing in this Agreement shall prevent, limit or otherwise interfere with (a) Manager’s at-will status; (b) the right of the Board to terminate the services of Manager as provided herein; and (c) the right of Manager to resign from his position as provided herein.

All other terms of the Agreement remain unchanged and binding upon the Parties.

The date of this Amendment shall be March 8, 2021.

IN WITNESS WHEREOF, the Authority and the General Manager have executed this Amendment One to the General Manager's Employment Agreement.

**SEWER AUTHORITY MID-
COASTSIDE**

KISHEN PRATHIVADI

By: _____

Barbara Dye
Board Chair

By: _____

Kishen Prathivadi
General Manager

Date: _____

**GENERAL MANAGER
EMPLOYMENT AGREEMENT**

THIS GENERAL MANAGER EMPLOYMENT AGREEMENT (the "Agreement") is made and entered into on December 10, 2019, by and between the SEWER AUTHORITY MID-COASTSIDE, a Joint Powers Authority formed in pursuant to provisions of Title 1, Division 7, Chapter 5 of the Government Code of the State of California ("SAM"), and KISHEN PRATHIVADI ("Manager"), and collectively hereinafter referred to as "Parties" or "the Parties".

RECITALS:

- A. SAM desires to employ the services of Manager as General Manager of SAM;
- B. It is the desire of the Board of Directors of SAM (the "Board"), to provide certain benefits, establish certain conditions of employment and to set working conditions of said Manager;
- C. Manager desires to accept employment as General Manager of SAM.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties agree as follows:

Section 1. Appointment

SAM hereby appoints Manager to the position of General Manager, effective December 10, 2019 ("Effective Date"). It is understood and agreed that as of Effective Date Manager shall, and does, hold position of employment as such at the will and pleasure of the General Manager and shall not have nor acquire a property interest or right to continuing employment except as described below.

Section 2. Compensation

A. **Salary.** Manager's annual salary shall be the gross sum of \$225,524, payable according to SAM's payment procedures for other SAM employees.

B. **Paid Leave Accruals and Holidays.** All provisions of the ordinances, regulations, policies and rules of the District specifically relating to vacation and sick leave, holidays, and other paid leaves of absence as they now exist or thereafter may be amended, which apply to Unrepresented Employees, except as otherwise set forth herein, also shall apply to Manager.

C. **Management Leave.** Manager is entitled to 60 hours of management leave per calendar year, beginning on January 1, 2020. This leave is in lieu of Administrative Leave, which applies to other Unrepresented Employees, and is intended to compensate Manager for evening meetings and other events he is required to attend outside SAM's regular business hours. However, Manager may not accrue more than 60 hours of management leave. When his management leave accrual reaches 60 hours, he will cease to accrue management leave until and only to the extent that his accrued management leave drops below the accrual cap. Subject to this

management leave accrual cap, Manager may carry over from year to year any accrued and unused management leave.

D. District Vehicle. Manager shall have access to a SAM vehicle, which may be used for field visits and business-related travel.

E. PERS Contribution/Deferred Compensation. Manager may participate in SAM's CalPERS retirement plan, consistent with applicable law, and under the same terms and conditions that apply to other SAM Unrepresented Employees. The terms of the contract between SAM and CalPERS and applicable law shall govern the eligibility for and level of benefits to which Manager is entitled. Manager will also be eligible, but shall not be required, to participate in SAM's deferred compensation plan.

F. Medical, Dental and Vision Insurance. SAM shall provide, at no cost to Manager, up to full family coverage in the medical insurance plan offered by SAM and selected by Manager, dental insurance plan and vision insurance plan as offered to other Unrepresented Employees, to the extent Manager has any eligible dependents.

G. Life Insurance. SAM will provide to Manager a group term life insurance policy whose value shall be one and one half (1.5) times his annual base salary. SAM will pay the monthly premium for such coverage.

H. Professional Development. SAM agrees to budget and pay for professional licenses, dues, conferences, and subscriptions on behalf of Manager which it determines are reasonably necessary for the continuation and full participation in professional associations. Conference attendance will require prior Board approval. This is in lieu of the Annual Allowance, which applies to other Unrepresented Employees.

I. Technology Allowance. Manager may submit requests for expenditures on technology (e.g., laptop computer, desktop computer, tablet, smartphone, etc.) for up to two thousand dollars (\$2,000.00) every two years. This is in lieu of the Annual Allowance, which applies to other Unrepresented Employees.

Section 3. Regular Work Week

Manager is hired to perform the work of General Manager and the exact hours worked in any particular week shall be adjusted by Manager as necessary to meet the essential needs of SAM and the responsibilities of its General Manager. It is the expectation of both parties to this Agreement that Manager will be at SAM or otherwise engaged on SAM business five days per week. However, Manager expressly agrees that this Agreement requires his services as necessary to successfully perform the duties of General Manager, irrespective of the number of days per week he may find necessary to perform such duties.

Section 4. Term of Agreement

This Agreement shall commence on December 10, 2019 and shall remain in effect until June 30, 2021, or until terminated by either party or both parties pursuant to Section 5. Upon written agreement by the parties, this Agreement may be extended for additional one-year periods. Nothing in this Agreement shall prevent, limit or otherwise interfere with (a) Manager's at-will status; (b) the right of the Board to terminate the services of Manager as provided herein; and (c) the right of Manager to resign from his position as provided herein.

Section 5. Termination of Services

Manager shall serve at the will and sole pleasure of the Board. Either the Board or Manager may terminate this Agreement at any time with or without cause and with or without the need of any explanation or cause, subject to the following provisions.

A. Termination without Cause by the Board

In the event that the Board elects to terminate Manager without cause, and notwithstanding the term of this Agreement, it shall provide him with advance written notification and severance pay as defined herein. In the event the Board terminates Manager without cause, Manager shall be entitled to severance pay which shall be calculated using the amount equal to the monthly base pay, as defined in Section 2(A), multiplied by two or the number of months remaining until and through June 30, 2020, whichever is less. Any severance payment shall exclude all other benefits, such as retirement, health, vision, and dental benefits. In addition, vacation and sick leave accrual shall immediately cease upon the date of SAM's notification to Manager that his employment will be terminated. The severance pay shall be computed from the effective date of Manager's termination. The intent of these provisions is to comply with Government Code section 53260.

Notwithstanding any other provision of this Agreement, if Manager is convicted of a crime involving an abuse of his office or position, he shall fully reimburse to SAM any cash settlement (including, but not limited to, any severance payment received under Section 5(A), above). "Abuse of office or position" has the same definition as contained in Government Code section 53243.4.

B. Termination For Cause by the Board

The Board reserves the right to terminate this Agreement immediately and for cause, at any time and without providing any advance notice if, in the sole opinion of the Board: Manager has willfully breached this Agreement, has neglected the duties that he is required to perform under it, has committed any act of dishonesty, fraud, misrepresentation, or moral turpitude, has failed to obey the lawful direction of the Board, has acted in any way that has a substantial and adverse effect on SAM's reputation; or upon the occurrence of an event disqualifying Manager from public office under the California Constitution, statutes, or regulations; or upon the disability of Manager as a result of which he is not able to perform the essential functions of the position with or without reasonable accommodation. If the Board terminates Manager for cause, Manager shall not be

entitled to any pay other than that due and owing to him as of his final day of work, provided that payment of such compensation shall not bar SAM's recovery of such damages as may accrue to SAM under the circumstances, nor shall termination for cause preclude SAM from exercising any other right or remedy it may have, whether in law or equity, which may accrue to SAM under the circumstances giving rise to such termination, or otherwise.

Notwithstanding the use of the term "cause" herein, nothing herein contained shall be deemed to create or establish a property right or a right to continuing employment in the position of employment of Manager or affect SAM's right to terminate the employment of Manager with or without cause in accordance with this Agreement.

C. Termination by Manager

This Agreement may be terminated by Manager by providing a minimum of 30 calendar days advance written notice of such termination to the Board. Notice shall be given to the Board at 1000 N. Cabrillo Highway, P.O. Box 3100, Half Moon Bay, CA 94019. The Board reserves the right to advance any termination date selected by Manager. In the event Manager terminates his employment, he shall remain on regular duty at SAM (and not on vacation or otherwise absent) from the date of notification up to the effective date of termination, to assist the transition to any interim management arrangements that may be determined by the Board. There shall be no severance or other remuneration in any form related to termination in accordance with this section.

In the event Manager terminates his employment under this Agreement, the provisions of this Agreement and all compensation and benefits owed Manager under it, shall cease upon the effective date of such termination.

D. Mutual Termination; Return to Prior Job Classification Upon Termination or Expiration of Agreement

If Manager and the Board agree to mutually terminate this Agreement prior to the expiration of its term, or upon the expiration of this Agreement, Manager shall be re-assigned to the job classification that Manager held immediately prior to the Effective Date of this Agreement and afforded all the compensation and benefits to other Unrepresented Employees, except as may be otherwise limited by this Agreement or which may be duplicative through operation of this Agreement together with the Unrepresented Employee Manual. In either of these circumstances, Manager shall not be entitled to any severance pay as otherwise would be provided to Manager under Section 5(A) of this Agreement or salary as General Manager under this Agreement other than that due and owing to him as of his final day of work as General Manager.

Section 6. Professional Performance; Performance Review

Manager shall perform the duties of General Manager and other such duties and functions as the Board shall from time to time assign or by law. Manager agrees to perform such duties in a professional, workmanlike and businesslike manner in accordance with standards of quality satisfactory to the Board.

The Board may, from time to time, review and evaluate the performance of Manager. Said review and evaluation will include specific criteria, which criteria may be modified by the Board as it may from time to time determine, provided that it is made available by the Board to Manager prior to the period during which Manager is to be evaluated.

Section 7. Compliance with Law

Manager shall, during his employment hereinunder, comply with all laws and regulations applicable to such employment. Failure to comply with all laws and regulations applicable to such employment shall constitute a material breach of this Agreement.

Section 8. Indemnity and Defense

SAM agrees to extend to Manager, as to any action or proceeding brought on account of any act or omission of Manager within the scope of his employment with SAM, those rights of indemnification, including the right that SAM pay any judgment or any compromise or settlement of an action, and the right to provision for a defense of actions or proceedings, as are provided for employees of a public entity by the provisions of Division 3.6 of Title 1 of the California Government Code and the then applicable SAM policy on defense against criminal proceedings related to alleged violations of certain environmental laws.

Section 9. Materials and Supplies

SAM agrees to provide to Manager the equipment, supplies, and materials reasonably necessary to accomplish his duties as General Manager. This is in lieu of the Annual Allowance, which applies to other Unrepresented Employees. SAM will also provide the necessary administrative and clerical assistance to support the activities required by this Agreement.

Section 10. Merger, Amendments, Waiver

This Agreement constitutes the complete understanding between the Parties and supersedes any and all prior agreements or other promises between the Parties, or any and all other inducements, no matter what its or their form, concerning its subject matter. No promises or agreements made simultaneously with or subsequent to the execution of this Agreement regarding the subject matter of this Agreement shall be binding unless reduced to writing and signed by each of the parties or its/his authorized representative.

No waiver, alteration or modification of any of the provisions of this Agreement shall be binding unless it is in writing and signed by each of the parties or its/his authorized representative.

This Agreement shall be binding upon, or shall inure to the benefit of, the respective heirs, executors, administrators, successors and assigns of the parties provided, however, that Manager may not assign Manager's obligations hereunder.

Section 11. Severability

If any provision, or any portion thereof, contained in this Agreement is held unconstitutional, invalid or unenforceable, the remainder of this Agreement, or portion of thereof, shall be deemed severable, shall not be affected and shall remain in full force and effect.

Section 12. Enforcement

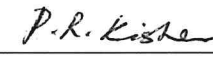
Any action to enforce a provision of this Agreement shall be brought in the Superior Court of California, County of San Mateo and shall be governed by the laws of the State of California, provided that nothing in this Agreement shall be construed to excuse the need to exhaust administrative remedies.

IN WITNESS WHEREOF, the parties hereto have made and executed this Agreement as of the date set forth above.

SEWER AUTHORITY MID-COASTSIDE

GENERAL MANAGER

By: 
Chair, Board of Directors

By: 
Kishen Prathivadi

Countersigned

By: 
Secretary, Board of Directors



SEWER AUTHORITY MID-COASTSIDE

Staff Report

TO: Honorable Board of Directors

FROM: Kishen Prathivadi, General Manager

DATE: March 8, 2021

SUBJECT: **Determination Not to Proceed with Ameresco Scope of Work and Authorize General Manager to Pay Ameresco the Project Development Fee of \$60,000**

Executive Summary

The purpose of this report is to discuss and recommend to the Board that SAM determine not to proceed with Ameresco scope of work and authorize General Manager to pay Ameresco the Project Development Fee of \$60,000.

Fiscal Impact

The fiscal impact is \$60,000.

Strategic Plan Compliance

The recommendation complies with Goal 5 of the SAM Strategic Plan, "Infrastructure, Operations, and Maintenance," Goal 5.3 – "Develop a longest term reasonable perspective in concrete spending terms of potential alternative approaches to managing the system with the objective of decreasing long term costs and environmental impacts and increasing safety."

Background and Discussion/Report

At the August 26, 2019 Board Meeting, the Board heard a presentation from Ameresco, Inc. outlining preliminary opportunities identified for energy efficiency, on-site generation

BOARD MEMBERS:	M. Clark	B. Dye	R. Lohman
	D. Penrose	D. Ruddock	K. Slater-Carter
ALTERNATE MEMBERS:	S. Boyd	E. Suchomel	P. Dekker
	J. Harvey	H. Rarback	

with solar PV, and biogas capture and reuse at SAM's treatment facility. The measures discussed included many items that had been identified and approved as part of SAM's adopted 5 Year Capital Improvement Plan and included important replacements of pumps and motors that represent a significant risk to SAM's ability to maintain quality operations if not replaced in the near future. As Ameresco's evaluation proceeded it was determined that due to multiple environmental constraints on solar installation, and the high cost of the gas conditioners/efficiency of the microturbine alternative, energy generation alternatives were not cost-effective expenditures for SAM. They were therefore eliminated from consideration in the project.

The project then focused on improving energy efficiency by seeking to reduce the power consumption of SAM facilities through the installation of new motors, pumps and control systems that would result in power savings.

On October 28, 2019; SAM and Ameresco entered into a Project Development Agreement with Ameresco to initiate an Investment Grade Audit (IGA) of SAM's facilities and to define a scope of work that could allow SAM to realize energy and operational savings. Through that process, the following scope of work was identified and recommended by Ameresco in collaboration with SAM management and operations staff:

Pump and Motor Replacement:

Replacement of the following:

1. Influent Pumps and Motors 1 – 5
2. Primary Scum Pump and Motor
3. Primary Sludge Pumps and Motors 1 – 3
4. Grit Pumps and appurtenances and Motors 1 – 2
5. Effluent Pumps 1 – 2, Motor 1
6. Montara Station Pump and Motor #2, replace with higher efficiency grinder style pump similar to pump #3

VFDs:

Installation of VFDs for the following systems:

1. Bottom Sludge Transfer Pumps 1 – 2

Electrical Improvements:

Replacement of the following:

1. Influent Pump Motor Control Center, wiring, conduits
 - a. MCC to include VFDs for Influent Pumps 1 – 5

Portola Pump Station Improvements:

Demolition of the following:

1. Two sixty (60) hp Wastewater Pumps (Pump 3 – 4) and their motors, shafts, and concrete support pads
2. Existing check valves, plug valves, and expansion joints

Installation of the following:

BOARD MEMBERS:	M. Clark	B. Dye	R. Lohman
	D. Penrose	D. Ruddock	K. Slater-Carter
ALTERNATE MEMBERS:	S. Boyd	E. Suchomel	P. Dekker
	J. Harvey	H. Rarback	

1. Two new owner-furnished Sewage Pumps and Appurtenances
2. Relocate Pump 2 and its motors to Pump 4's location and reconnect it to the existing piping
3. New concrete pads

Additionally:

1. Cleaning, preparing, and painting all existing and new piping, valves, pumps and their appurtenances in the Pump Room
2. Cleaning, preparing, and painting the walls and floor of the Pump Room

Ameresco submitted a proposal for \$2,421,264 to complete the above listed tasks, and the proposal included financing of the project through a third-party financing mechanism that required a twenty-year (20) term at 2.98%.

Legal Counsel reviewed the proposal and initially was of the view that Government Code section 4217 could be interpreted to provide a legal basis for sole sourcing to Ameresco. However, upon additional analysis of the estimated cost savings data, and after reviewing a variety of other public agency resolutions authorizing sole source energy efficiency projects, Legal Counsel reached the conclusion that interpreting Government Code 4217 to allow sole source of the scope of work to Ameresco in the absence of substantial costs savings associated with energy efficiency increases would create unreasonable legal risk for SAM. This is because the project does not come close to paying for itself in long term energy savings nor does it have any new energy generation to fund the scope of work. Ameresco could not provide—after multiple opportunities—any example of a project authorized per Government Code section 4217 where the long-term cost savings from energy efficiency were significantly less than the cost of the Project.

At the Board Meeting on January 25, 2021 Ameresco requested the Board to postpone the Not to Proceed decision and allow Ameresco a few weeks to take a more detailed look at Aeration Basin improvements, which were not listed earlier in their projects , if it would be applicable under California Code 4217.

Subsequently, Ameresco informed that the Aeration Basin was not working out and consented for the earlier decision of “ Not to Proceed with Ameresco Scope of Work and Authorize payment of the Project Development Fee of \$60,000”.

The Project Development Agreement specified that should SAM choose not to implement the scope of work produced by Ameresco, then SAM agreed to pay Ameresco a “Project Development Fee” of \$60,000, to compensate Ameresco for the time and effort expended in completing the audit, and developing the proposal.

Staff and Counsel are of the view that Ameresco completed all required contractual tasks necessary to earn the Project Development Fee under the Project Development Agreement, and that Ameresco's work did produce useful information that is valuable to SAM.

BOARD MEMBERS:	M. Clark	B. Dye	R. Lohman
	D. Penrose	D. Ruddock	K. Slater-Carter
ALTERNATE MEMBERS:	S. Boyd	E. Suchomel	P. Dekker
	J. Harvey	H. Rarback	

Staff Recommendation

Staff recommends that the Board authorize staff to notify Ameresco that SAM will not be proceeding with award of a sole source contract to Ameresco, though Ameresco is certainly free to bid, if they wish, on future SAM public works project(s) through a competitive bidding process. Staff further recommends that the Board authorize the General Manager to pay Ameresco the Project Development Fee of \$60,000.

Supporting Documents

Attachment A: Project Development Agreement

Attachment B: Financing Matrix

BOARD MEMBERS:	M. Clark	B. Dye	R. Lohman
	D. Penrose	D. Ruddock	K. Slater-Carter
ALTERNATE MEMBERS:	S. Boyd	E. Suchomel	P. Dekker
	J. Harvey	H. Rarback	

PROJECT DEVELOPMENT AGREEMENT

THIS PROJECT DEVELOPMENT AGREEMENT (this “*Development Agreement*”) is entered into as of the ___ day of _____, 2019 (“*Effective Date*”), by and between Sewer Authority Mid-Coastside with a principal business address at 1000 Cabrillo Highway North, Half Moon Bay, CA 94019 (“*Customer*”) and Ameresco, Inc., a Delaware corporation having an address of 2375 E. Camelback Road, Suite 400, Phoenix, AZ 85016 (“*Ameresco*”). The Customer and Ameresco may be referred to herein individually as a “*Party*” and collectively as the “*Parties*”.

WHEREAS, Ameresco desires to perform certain energy services including a detailed energy audit for Customer at the facilities identified in Exhibit A attached hereto (the “*Facilities*”); and

WHEREAS, Customer intends to enter into an energy services agreement (“*ESA*”) and power purchase agreement (“*PPA*”) with Ameresco for implementation of the Scope of Work (referred to below) identified by Ameresco as a result of its work under this Development Agreement

WHEREAS, Customer intends to enter into the ESA and PPA based on the findings required by California Government Code 4217.10- 4217.18, which requires the anticipated cost to Customer for thermal or electrical energy or conservation services provided by an energy conservation facility to be less than the anticipated marginal cost to Customer of thermal, electrical, or other energy that would have been consumed by Customer in the absence of those purchases.

NOW THEREFORE, in consideration of the mutual promises and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto hereby agree as follows:

1. Ameresco shall complete the following work under this Development Agreement (the “*Development Work*”):

(a) conduct an energy and infrastructure audit of the Facilities;

(b) prepare and deliver to Customer a proposal (the “*Project Proposal*”), which shall include:

(i) the proposed scope of work for installation of energy efficiency and renewable energy improvements (“*Scope of Work*”) which shall take into account improvements already planned for the Facilities, based on a schedule of planned improvements to be provided by Customer to Ameresco within ten (10) days of execution of this Development Agreement;

(ii) the implementation price for the Scope of Work (the “*Implementation Price*”); and

(iii) the estimated cost savings as a result of implementation of the Scope of Work.

Coincident with the completion of the Development Work and Customer’s notification that it has approved the Scope of Work set forth in the Project Proposal, Ameresco will prepare and submit to Customer an ESA and PPA detailing the terms and conditions related to the implementation of the Project Proposal.

2. Customer hereby agrees that if it does not enter into the ESA and PPA with Ameresco within ninety (90) days of receipt by Customer of the Project Proposal, Customer shall compensate Ameresco for its Development Work by paying a development fee to Ameresco in the amount of Sixty Thousand Dollars (\$60,000.00) (the “*Project Development Fee*”). Customer acknowledges and agrees that Ameresco’s timely performance of the Development Work and delivery of the Project Proposal in accordance with this Agreement is sufficient consideration for the payment of the Project Development Fee by Customer. If Customer and Ameresco enter into an ESA and PPA which includes the Scope of Work, Customer will not be billed the

Project Development Fee due under this Development Agreement as the Implementation Price shall be all inclusive. Should Ameresco determine, in its sole discretion, at any time before the completion of the Development Work that the anticipated energy conservation savings cannot be achieved at the Facilities in compliance with the financial criteria mandated by California Government Code 4217.10- 4217.18, Ameresco will provide written notice to Customer and cease all further Development Work activities, in which case Customer will not be charged the Project Development Fee, or any other fees or charges for the Development Work activities performed by Ameresco. Customer may terminate the agreement if Ameresco does not deliver the Project Proposal within one (1) year following the Effective Date hereof; Customer shall not be required to pay Ameresco any amount on account of such termination.

3. Ameresco's receipt of an executed copy of this Development Agreement shall be evidence of Customer's agreement to the terms and conditions of this Development Agreement and its authorization of and notification to Ameresco to proceed with the Development Work. Ameresco will thereafter promptly initiate and complete the Development Work.

4. Ameresco's obligation to provide the Development Work under this Development Agreement may be terminated by Ameresco:

(a) Upon seven (7) days written notice if Ameresco believes that Ameresco is being requested by Customer to furnish or perform services contrary to applicable law or which would violate any license or approval obtained or maintained by Ameresco or

(b) Upon seven (7) days written notice if Ameresco's services for the Development Work are delayed or suspended for more than ninety (90) days for reasons beyond Ameresco's control and which Ameresco could not reasonably have anticipated and thereby avoided.

In the event of termination pursuant to this Section 4, Customer will pay Ameresco for its time incurred on the basis of percent complete utilizing the Project Development Fee as the basis of such calculation. Reimbursables, including out of pocket expenses for the following items: travel, reproductions, photographic developing, and printing shall also be included as a part of the termination fee. Notwithstanding the previous two sentences, under no circumstances shall Customer be required to pay Ameresco more than \$60,000 upon termination of the Development Agreement by Ameresco, and if the Development Agreement is declared to be unenforceable by order of a court of competent jurisdiction, Customer shall not be required to pay Ameresco any amount on account of a termination arising from such declaration.

5. This Development Agreement and exhibits hereto, if any, shall (a) constitute the entire agreement between the Parties relating to the subject matter hereof, (b) supersede all previous agreements, discussions, communications and correspondences with respect to the subject matter hereof and (c) only be amended, supplemented or modified by a written instrument duly approved by Customer's Board of Directors and executed by both Parties. If any provision of this Development Agreement is held by a court of competent jurisdiction to be unenforceable, no other provision shall be affected thereby, and the remainder of this Development Agreement shall be interpreted as if it did not contain such unenforceable provision.

6. Customer hereby agrees to provide timely and complete access to all necessary property and energy consumption and cost records for the three (3) years preceding the commencement of Ameresco's services. Customer will make available the reasonable assistance of such personnel as may be necessary for Ameresco's performance of the Development Work hereunder, keeping in mind that the operation of SAM has priority. If, during the performance of the Development Work, Ameresco should conclude, as a result of its analysis of the data provided by Customer, that it is not able to develop a project consistent with the terms of this Development Agreement, as a result Ameresco may, by written notice to Customer, terminate this Agreement.

7. In no event shall Ameresco be liable to Customer for any special, consequential, incidental, punitive, exemplary or indirect damages in tort, contract or otherwise, including, without limitation, loss of profits, loss of use of the

Facilities or other property, or business interruption, howsoever caused, in connection with this Development Agreement.

8. Ameresco and Customer represent and warrant to each other that (a) the execution, delivery and performance of this Development Agreement has been duly authorized and approved by all necessary organizational action on the part of such Party, (b) the signatories hereto have been duly authorized by all necessary organizational action of such Party to sign and deliver this Development Agreement and (c) upon execution this Development Agreement will constitute a legal, valid and binding obligation of such Party.

9. In the event Customer and Ameresco fail to execute an ESA and/or a PPA as provided in paragraph 2 above, Ameresco specifically and expressly disclaims all responsibility for the use of or reliance upon such documents or memoranda by the Customer or any third party. Customer hereby agrees to indemnify and hold harmless Ameresco from any liability, loss, cost, expense, or damage which may result from the use of the documents and/or memoranda provided by Ameresco hereunder in the implementation of the energy savings recommendations made by Ameresco without its continued involvement.

10. Ameresco shall provide and throughout the duration of its services under this Development Agreement maintain at its expense the following insurance coverage on an occurrence basis:

- (i) Workers' Compensation as required by applicable State law.
- (ii) Employers Liability Insurance \$1 million
- (iii) Commercial General Liability Insurance \$1 million per occurrence, \$2 million aggregate including coverage for products and completed operations, and covering contractual liability, personal injury, bodily injury (including death) and property damage.
- (iv) Commercial Automobile Liability Insurance, including owned, non-owned and hired automobiles: Combined Single Limit of \$1 million covering bodily injury (including death) and property damage.
- (v) Umbrella Liability \$5 million.

For any claims related to this Development Agreement, Ameresco's insurance coverage shall be primary insurance as respects the Customer, its officers, officials, employees, and volunteers, and any insurance or self-insurance maintained by Customer, its officers, officials, or employees shall be excess of Ameresco's insurance and shall not contribute with it, provided that this subparagraph shall not apply to claims solely caused by Customer's negligence or willful misconduct.

Ameresco hereby agrees to waive rights of subrogation which any insurer of Ameresco may acquire from Ameresco by virtue of the payment of any loss. Ameresco agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation. The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the Entity for all work performed by the Ameresco, its employees, agents and subcontractors

Upon request Ameresco shall deliver to Customer a Certificate of Insurance and endorsements to the foregoing policies naming Customer, its officers, officials, and employees as additional insured parties under paragraphs (iii), (iv), and (v), above, and shall provide Customer with thirty (30) days' notice of cancellation unless it is not commercially reasonable to do so.

Ameresco shall require its subconsultants and contractors to provide the foregoing insurance, certificates, and endorsements in amounts appropriate to the services provided by the respective subconsultant or contractor.

11. This Development Agreement shall be governed by the laws of the State in which the Facilities are located.

IN WITNESS WHEREOF, the duly authorized officers or representatives of the Parties have set their hand under seal on the date first written above with the intent to be legally bound.

SEWER AUTHORITY MID-COASTSIDE

AMERESCO, INC.

P.L. Koste

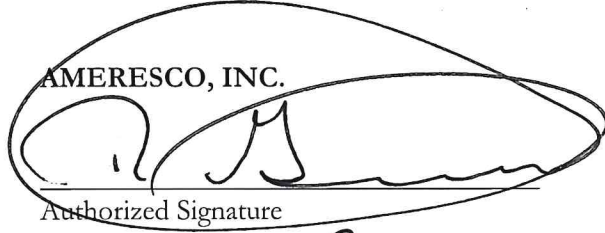
Authorized Signature

KISHEN PRATHIVADI

Name

GENERAL MANAGER.

Title



Authorized Signature

Robert Georgeoff

Name

Vice President

Title

EXHIBIT A

FACILITIES AND SAMPLE ECM LIST¹

1. Sewer Authority Mid-Coastside Regional Treatment Facility and Administrative Offices
1000 Cabrillo Highway North, Half Moon Bay CA 94019

Sample ECM List:

- Solar PV (rooftop, ground mount, and covered parking/ shade structures)
- On-site generation using biogas, including biogas flare improvements
- Pump/ motor replacement
- Variable Frequency Drives

2. Montara Pump Station

Sample ECM List:

- Pump/ motor replacement
- Variable Frequency Drives

3. Portola Pump Station

Sample ECM List:

- Pump/ motor replacement
- Variable Frequency Drives

4. Princeton Pump Station

Sample ECM List:

- Pump/ motor replacement
- Variable Frequency Drives

¹ This list reflects the Energy Conservation Measures preliminarily identified in the Feasibility Study which was delivered to SAM in June of 2019. Should additional opportunities be uncovered during the course of Ameresco's audit that would be beneficial, Ameresco will present these additional measures to SAM for consideration/ inclusion in the final project scope.

SCHEDULE 1

TIME TABLE OF EVENTS

1.	Execute Project Development Agreement	December 23, 2019
2.	Kick off Meeting with SAM and Ameresco project staff	November 19, 2019
3.	Verification Meeting	February 24, 2020
	Finalize Project Buildings Options	March 23, 2020
	Final Scope & Pricing	
4.	Financial Funding Discussion & Review	
5.	Final Scope and Legal Review of Contract Documents	March 24- April 10, 2020
	Approval of Energy Service Agreement/ Power Purchase Agreement	April 13, 2020
6.		
7.	Issuance of Notice to Proceed (NTP) from SAM to Ameresco	April 13, 2020

Project Proforma - No Microturbine or Solar Sewer Authority Mid-Coastside

Initial Project Costs:	
Investment Grade Audit	Included
Performance and Payment Bond	\$ 26,812
Implementation Costs	\$ 2,311,883
Taxes	Included
Total Ameresco Contract Amount	\$ 2,338,695
Lender's Counsel Fee	\$ 35,000
Customer Contribution	\$ -
Net Project Costs	\$ 2,373,695
Construction Period Interest	\$ 47,569
Total Amount Financed	\$ 2,421,264

Financial Assumptions	
Term of Project (years)	20.0 yrs
Term of Financing (years)	20.0 yrs
Estimated Financing Rate	2.98%
Payments per Year (frequency)	2
Escalation Rate of Utility Rebate or Production Based Incentive	0.00%
Discount Rate	2.98%
Energy Escalation Rates (annual):	Electricity 4%, Natural Gas 4%, Water and Sewer 4%
O&M Savings Escalation rate (annual)	3.00%
M&V Cost Escalation Rate (annual)	3.00%
O&M Cost Escalation Rate (annual)	3.00%

Proforma	Initial Values	Year									
		1	2	3	4	5	6	7	8	9	10
1 Projected Energy Cost Savings		\$ 672	\$ 699	\$ 727	\$ 756	\$ 786	\$ 817	\$ 850	\$ 884	\$ 919	\$ 956
2 O&M Savings		\$ 24,334	\$ 25,064	\$ 25,816	\$ 26,590	\$ 27,388	\$ 28,209	\$ 29,056	\$ 29,927	\$ 30,825	\$ 31,750
3 Total Project Savings		\$ 25,006	\$ 25,763	\$ 26,543	\$ 27,346	\$ 28,174	\$ 29,026	\$ 29,906	\$ 30,811	\$ 31,744	\$ 32,706
4 Payments for Financing Equipment		\$ 153,861	\$ 154,617	\$ 155,397	\$ 156,201	\$ 157,029	\$ 157,882	\$ 158,761	\$ 159,667	\$ 160,600	\$ 161,561
5 Payments for Measurement and Verification Services		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6 Payments for Operation and Maintenance Services		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7 Total Payments		\$ 153,861	\$ 154,617	\$ 155,397	\$ 156,201	\$ 157,029	\$ 157,882	\$ 158,761	\$ 159,667	\$ 160,600	\$ 161,561
8 Net Annual Benefit		\$ (128,855)	\$ (128,855)	\$ (128,855)	\$ (128,855)	\$ (128,855)	\$ (128,855)	\$ (128,855)	\$ (128,855)	\$ (128,855)	\$ (128,855)
9 Cumulative Cash Flow	\$ (2,577,101)	\$ (128,855)	\$ (257,710)	\$ (386,564)	\$ (515,419)	\$ (644,274)	\$ (773,129)	\$ (901,984)	\$ (1,030,839)	\$ (1,159,695)	\$ (1,288,550)
10 Net Present Value of Cash Flow	\$ (1,920,587)										
11 Interest Rate	2.98%										
12 Discount Rate	2.98%										

Line #	Year										Totals
	11	12	13	14	15	16	17	18	19	20	
1 Projected Energy Cost Savings	\$ 994	\$ 1,034	\$ 1,076	\$ 1,119	\$ 1,163	\$ 1,210	\$ 1,258	\$ 1,309	\$ 1,361	\$ 1,415	\$ 20,005
2 O&M Savings	\$ 32,703	\$ 33,684	\$ 34,694	\$ 35,735	\$ 36,807	\$ 37,911	\$ 39,049	\$ 40,220	\$ 41,427	\$ 42,669	\$ 653,857
3 Total Project Savings	\$ 33,697	\$ 34,718	\$ 35,770	\$ 36,854	\$ 37,970	\$ 39,121	\$ 40,307	\$ 41,529	\$ 42,788	\$ 44,084	\$ 673,862
4 Payments for Financing Equipment	\$ 162,552	\$ 163,573	\$ 164,625	\$ 165,709	\$ 166,825	\$ 167,976	\$ 169,162	\$ 170,384	\$ 171,643	\$ 172,940	\$ 3,250,963
5 Payments for Measurement and Verification Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6 Payments for Operation and Maintenance Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7 Total Payments	\$ 162,552	\$ 163,573	\$ 164,625	\$ 165,709	\$ 166,825	\$ 167,976	\$ 169,162	\$ 170,384	\$ 171,643	\$ 172,940	\$ 3,250,963
8 Net Annual Benefit	\$ (128,855)	\$ (128,855)	\$ (128,855)	\$ (128,855)	\$ (128,855)	\$ (128,855)	\$ (128,855)	\$ (128,855)	\$ (128,855)	\$ (128,855)	\$ (2,577,101)
9 Cumulative Cash Flow	\$ (1,417,406)	\$ (1,546,261)	\$ (1,675,115)	\$ (1,803,970)	\$ (1,932,826)	\$ (2,061,680)	\$ (2,190,536)	\$ (2,319,390)	\$ (2,448,246)	\$ (2,577,101)	

Notes:

- 1 This cash flow reflects an estimated tax exempt lease rate of 2.98%. The actual rate will increase or decrease based on market conditions and customer credit rating at the time of lease funding.
- 2 Energy savings or revenues are based on current utility rate structures and usage information provided for purposes of this project.
- 3 The performance and payment bonds apply only to the installation portion of the contract and do not apply in any way to energy savings guarantees, payments or maintenance provisions, except that the performance bond shall guarantee that the installation will be free of defective materials and workmanship for a period of 12 months following completion and acceptance of the work
- 4 The amount of the utility rebate(s) or the Production Based Incentives (PBI) are not guaranteed. The final rebate amount will be determined by the utility company.



SEWER AUTHORITY MID-COASTSIDE

Staff Report

TO: Honorable Board of Directors

FROM: Kishen Prathivadi, General Manager

DATE: February 8, 2021

SUBJECT: **Authorize General Manager to Provide a Letter Indicating Support for Certain Activities/Projects that Senate Bill 45 Would Fund and Authorize General Manager and General Counsel to Seek Amendments as Appropriate to Support Inclusion of SAM Projects and Priorities in SB45 and AB1500**

Executive Summary

The purpose of this report is for the Board to authorize General Manager to provide a letter indicating support for certain activities/that Senate Bill 45 would fund and authorize General Manager and Counsel to seek amendments as appropriate to support inclusion of SAM projects and priorities in SB45 and AB1500

Fiscal Impact

None

Strategic Plan Compliance

The recommendation complies with the SAM Strategic Plan Goal2: “*Outreach, Education and Communication*”

Background and Discussion/Report

The California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Act of 2018, approved by the voters as Proposition 68 at the June 5, 2018, statewide primary direct election, authorizes the issuance of bonds in the amount of \$4,100,000,000 pursuant to the State General Obligation Bond Law to finance a drought, water, parks, climate, coastal protection, and outdoor access for all program.

BOARD MEMBERS:	M. Clark	B. Dye	R. Lohman
	D. Penrose	D. Ruddock	K. Slater-Carter
ALTERNATE MEMBERS:	S. Boyd	E. Suchomel	A. Eisen
	J. Harvey	H. Rarback	P. Dekker

Article XVI of the California Constitution requires measures authorizing general obligation bonds to specify the single object or work to be funded by the bonds and further requires a bond act to be approved by a 2/3 vote of each house of the Legislature and a majority of the voters. The Senate Bill 45 (SB45) would enact the Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2022, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$5,510,000,000 pursuant to the State General Obligation Bond Law to finance projects for a wildfire prevention, safe drinking water, drought preparation, and flood protection program. SB45 would provide for the submission of these provisions to the voters at the November 8, 2022, statewide general election. Additionally, Assembly Bill 1500 (AB1500), which, if approved, would fund projects related to safe drinking water, wildfire prevention, drought preparation, flood protection, extreme heat mitigation, and workforce development programs in the amount of \$6,700,000,000.

AB1500 would provide for the submission of this bond measure to the voters at the November 8, 2022, statewide general election. Based on the language currently included in SB45 and AB1500, the District may be eligible for grant funding (depending on the eligibility criteria set and funds reserved for disadvantaged communities), and engagement by SAM on these bills could result in scope changes, if necessary, that will allow SAM Projects to be funded as well. The list of eligible projects in the draft bonds could include the types of projects that are pertinent to SAM. For example, AB1500 includes the following language regarding eligibility of recipients for water supply and water quality projects: "An eligible applicant under AB1500 is a public agency, joint powers authority, nonprofit organization, public utility, tribe, or mutual water company." SB45 includes similarly helpful language related to wastewater facilities impacted by climate change, but it may point out the need to seek amendments to AB1500 in order to ensure SAM is eligible for grant funding. Proposed Section 80231 of S45 potentially provides up to 190 million for water and wastewater projects that "promote public health," and section 80321(b)¹ specifically references plants such as SAM's impacted by climate change and rising sea levels, but the definition of "small community

¹ Proposed Section 80231 (b) would fund, in pertinent part:

Clean water projects that may include grants and loans to assist with . . . projects that promote resilience and adaptation of small community wastewater treatment facilities at risk from sea level rise, consistent with an updated, certified local coastal program, with a preference for projects that provide for wastewater recharge or recycling.

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	D. Penrose	D. Ruddock	K. Slater-Carter
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	J. Harvey	H. Rarback	P. Dekker

wastewater treatment facilities” likely will need to be revised before SAM projects are eligible for funding.

SAM has been approached by the Water Bond Coalition to support both bills. The Water Bond Coalition describes itself as a network of cities, counties and special districts, in Northern and Coastal California working together to improve the environment and build consensus on water related priorities. The Coalition asserts that it is working around the principle that funding for water related projects should be equitable and provide maximum benefit to the people and wildlife of California from limited financial resources.

The Board adopted a resolution at the Board Meeting on February 22 to support legislation and activities of the cooperative coalition to allocate funding from future water bond initiatives for projects that will benefit the County of San Mateo.

SAM is a member of the Water Bond Coalition. A request was received from the Water Bond Coalition to provide support letter for certain activities that SB45 (Portantino, Allen, Hurtado and Stern) the Wildlife Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2022 would fund. Additionally, SAM would like to take advantage of the two Bond Measures SB 45 and AB 1500 and seek amendments as appropriate to support inclusion of SAM projects and priorities in them.

Participation in the Coalition effort requires a commitment of SAM staff time and resources to work cooperatively through the coalition to ensure the equitable distribution of state and federal water-related funding throughout California. Staff will participate in the March 8, 2021 conference call with the Water Coalition to explore this further.

Staff Recommendation

Staff recommends that the Board authorize General Manager to provide a letter indicating support for certain activities/that Senate Bill 45 would fund and authorize General Manager and Counsel to seek amendments as appropriate to support inclusion of SAM projects and priorities in SB45 and AB1500

Attachments

- Attachment A: Draft Letter of Support
- Attachment B: SB 45
- Attachment C: AB1500

BOARD MEMBERS:	M. Clark	B. Dye	R. Lohman
	D. Penrose	D. Ruddock	K. Slater-Carter
ALTERNATE MEMBERS:	S. Boyd	E. Suchomel	A. Eisen
	J. Harvey	H. Rarback	P. Dekker

A PUBLIC AGENCY
SERVING:
City of Half Moon Bay
Granada Community Services District
Montara Water & Sanitary District

SEWER AUTHORITY MID-COASTSIDE
SAM
1000 N. Cabrillo Highway
Half Moon Bay, CA 94019
Phone: (650) 726-0124
FAX: (650) 726-7833
www.samcleanswater.org

March 9, 2021

The Honorable Anthony Portantino
State Capitol, Room 5046
Sacramento, CA 95814

The Honorable Ben Allen
State Capitol, Room 5080
Sacramento, CA 95814

The Honorable Melissa Hurtado
State Capitol, Room 3070
Sacramento, CA 95814

The Honorable Henry Stern
State Capitol, Room 5080
Sacramento, CA 95814

RE: SB45 (Portantino, Allen, Hurtado and Stern) - SUPPORT

Dear Senators,

On behalf of Sewer Authority Mid-Coastside, we would like to express our support of SB45 (Portantino, Allen, Hurtado and Stern) the Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2022. Climate related disasters have strained the capacity of local governments to manage existing environmental challenges and prepare for future ones. Through SB45, we believe that California can begin to take steps towards making local communities more climate resilient by directly investing in programs that help withstand the impacts of climate change.

The powerful effects of climate change have caused immeasurable damage to communities across the state. In the last few years alone, California has seen more natural disasters than ever before. Devastating wildfires, drought, sea-level rise, and flooding are among the many climate related disasters facing the state. These looming threats are only expected to increase in frequency and intensity.

In the past year alone, wildfires broke nearly every record to date, burning over four million acres and impacting the health and safety of millions of Californians. The increasingly devastating scale of disasters such as this demonstrates a need for aggressive action. Greater financial support from the state is paramount to prepare local communities for the climate related threats that lie ahead.

Investing in climate-change preparedness within communities will allow local governments to implement preventative measures that promote resiliency and enhance their ability to mitigate the effects of climate change. These actions will not only protect livelihoods and vital natural resources, but also save the state billions of dollars in avoided damage costs from climate-impacted infrastructure and working lands.

For the reasons stated above, we would like to express our strong support for the array of activities that SB45 would fund. Delaying action will come at considerable cost to the communities throughout the state.

Thank you for your continued leadership.

Sincerely,

Kishen Prathivadi, P.E, PMP
General Manager

**SB 45 (Portantino, Allen, Hurtado, & Stern)
Wildfire Prevention, Safe Drinking Water,
Drought Preparation, and Flood Protection
Bond Act of 2022
Total: \$5.51 billion**

Chapter 2 (80220): Wildfire Prevention and Community Resilience from Climate Impacts

Total: \$2.2 billion

- 80221 - \$175 M to OES for a pre-hazard mitigation grant program
- 80222 - \$280M to CNRA for fire resilience and wildfire prevention
- 80223 \$75 M to CalFire for equipment and grants to local agencies
- 80224 - \$300M to CNRA for implementation of the RFFCP program
- 80225 (a) - \$225 M to CNRA for forest health
 - 80224 (a)(1) - \$50 M minimum to SNC WIP
 - 80224 (b) - \$50 M minimum to CARB for innovative technology to reduce GHG emissions
 - 80225 (d) - \$25 M for a Forest Carbon Monitoring Program
- 80226 - \$50 M to DPR for projects to reduce the risks of climate impacts on state park lands
- 80227 - \$460M to the state conservancies for climate resilience and wildfire prevention
 - 80227 (1) - \$10M for Baldwin Hills Conservancy
 - 80227 (2) - \$40M for Tahoe Conservancy
 - 80227 (3) - \$20M for Coachella Valley Mountains Conservancy
 - 80227 (4) - \$40M for Delta Conservancy
 - 80227 (5) - \$85M for San Diego River Conservancy
 - 80227 (6) - \$85M for Rivers and Mountains Conservancy
 - 80227 (7) - \$10M for San Joaquin River Conservancy
 - 80227 (8) - \$85M for Santa Monica Mountains Conservancy
 - 80227 (9) - \$85M for Sierra Nevada Conservancy
- 80228 - \$395 M for improving climate resilience of urban areas and vulnerable populations
 - 80228 (b) - \$75 M for urban greening projects
 - 80228 (c/d) - \$40 M for LA urban greening
- 80229 - \$240M to SGC for regional climate planning and implementation
 - (c) \$40 M for local governments
 - (d) \$20M for Regional Climate Collaboratives
 - (e) \$135 M for Transformative Climate Communities
 - (f) \$10 M for green alleyway projects

Chapter 3 (80230): Safe Drinking Water, Protecting Water Supply and Water Quality from Climate Risks

Total: \$1.47 billion

- 80231 - \$190 M for safe drinking water, water supply, flood management, and water quality projects
- 80232 - \$200M to WCB or other entity established by the Legislature for groundwater projects that provide wildlife habitat and support the implementation of SGMA
- 80232.5 - \$130 M to DWR for SGMA implementation
- 80233 - \$250 M for the protection and restoration of rivers, lakes, and streams
 - (a) \$65M for multibenefit river projects

- (b) \$185 M to the Salton Sea Authority including:
 - 80233 (b) (1) - \$165 M for projects that implement CNRA SSMP
 - 80233 (b) (2) - \$20 M for the New River Parkway Development Program
- 80233.5 - \$240M for urban streams and river parkways
 - (a) \$70 M for multibenefit urban stream and river parkways projects
 - (b) \$70 M for the Lower LA River Revitalization Plan
 - (c) \$70 M for the Upper LA River and Tributaries Revitalization Plan
 - (d) \$30M for Lower American River Conservancy
- 80234 - \$140 M for flood management projects
 - 80234 (h) - \$50 M for multibenefit coastal flood management projects
- 80235 - \$100 M for recycled water projects
- 80236 - \$90M for water data
- 80237 - \$100 M for San Joaquin River Restoration/Friant Kern Canal
- 80238 - \$30 M for water infrastructure upgrades

Chapter 4 (80240): Protecting Fish and Wildlife from Climate Risks

Total: \$620 million to WCB

- 80242 - \$20 million to DFW for climate resilience of fish and wildlife habitat

Chapter 5 (80255): Protecting Agricultural Lands from Climate Risks

Total: \$190 million

- 80250 - \$100 M to CDFG to improve climate resilience on agricultural lands and ecosystem health
 - 80250 (a) - \$45 M for ecosystem health on agricultural lands
 - 80250 (b) - \$45 M for multibenefit water efficiency projects on agricultural lands
 - 80250 (c) - \$10 M for invasive species projects recommended by ISCC
- 80251 - \$90 M to DOC for protection and restoration of farmlands and rangelands

Chapter 6 (80260): Protecting Coastal Lands, Bays, and Oceans from Climate Risks

Total: \$970 million

- 80261 - \$100 M to SCC for wetland restoration projects consistent with SF Bay Restoration Authority
- 80262 - \$700M to SCC to improve coastal resiliency
- 80263 - \$50 M to the Ocean Protection Trust Fund for climate resiliency
- 80264 - \$10 M to CDFW for kelp ecosystems
- 80265 - \$10 M to CDFW for fisheries management
- 80266 - \$100 M for dam removal

Chapter 7 (80270) Climate Resilience, Workforce Development, and Education

Total: \$60 million

- (b) (1) - \$30 M to California Conservation Corps
 - \$15 M to local conservation corps
- (c) - \$5 M for California Community Colleges
- (d) - \$15 M to UC Extension
- (e) \$10 M for Cal State Universities for fire education

AB 1500: Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, and Workforce Development Bond Act of 2022

Total: **\$6.7 billion** (RN 2105175)

General Provisions (Chapter 1)

- At least 25% set aside for projects that benefit vulnerable populations, under-resourced, or disadvantaged communities, with at least an additional 10% for severely disadvantaged communities
- Up to 10% may be allocated for technical assistance and capacity building
- Up to 5% for ongoing monitoring and scientific review
- Allows advanced payments to grant recipients of up to 25% of grant award

Wildfire (Chapter 2): \$1.1 billion

- \$300 million for pre-hazard mitigation program – Office of Emergency Services
- \$500 million for forest resilience and wildfire risk reduction:
 - \$150 million for Regional Forest and Fire Capacity Program
 - \$150 million for long-term forest health – Cal Fire
 - \$150 million for watershed improvements that use prescribed fire – Resources Agency
 - \$50 million to Sierra Nevada Conservancy
- \$30 million for development of alternative uses of forest products – ARB
- \$70 million to reduce fire risk to state parks – State Parks
- \$150 million to cities, counties, districts, and regional park entities to improve climate resilience – Resources Agency
- \$50 million for workforce development programs that improve climate resilience - CA Conservation Corps and local corps

Coastal and ocean climate risks (Chapter 3): \$1.2 billion

- \$1 billion for coastal resilience – Coastal Conservancy
 - \$300 million for SF Bay Restoration Authority Act
 - \$10 million to SF Bay Area Conservancy Program
 - \$10 million to Santa Ana River Conservancy Program
 - \$100 million for natural infrastructure projects
 - \$65 million for dam removal
- \$30 million for coastal planning – Coastal Commission
- \$20 million for coastal planning - SF Bay Conservation and Development Commission
- \$80 million for CA Ocean Protection Trust Fund – Ocean Protection Council
- \$20 million CO2 sequestration in ocean ecosystems – Ocean Protection Council
- \$50 million to reduce risks from sea level rise in state parks – State Parks

Safe drinking water/drought preparation/flood protection (Chapter 4): \$1.6 billion

- \$250 million for SGMA implementation (65% in critically overdrafted basins) – DWR
- \$300 million for safe drinking water – Water Board
 - \$30 million for drought contingency plans
- \$100 million for cleaning up contaminated groundwater or surface water supplies that are drinking water sources – Water Board
- \$400 million for restoration of rivers, lakes, streams to improve water quality or water supply – Resources Agency
 - \$240 million for Salton Sea
 - \$30 million to Salton Sea Authority
 - \$2 million for community-directed grants
 - \$30 million for Tijuana River
 - \$25 million for LA River – Santa Monica Mountains Conservancy

- \$25 million for LA River – Rivers and Mountains Conservancy
- \$15 million for New River - CalEPA
- \$200 million for multibenefit flood protection projects – DWR
 - \$50 million for coastal urban watersheds
 - \$50 million for Delta levees
- \$35 million for central valley flood planning – Central Valley Flood Protection Board
- \$300 million for water recycling projects – Water Board

Protecting fish, wildlife, and natural areas (Chapter 5): \$800 million

- \$400 million to Wildlife Conservation Board (WCB)
- \$50 million for groundwater projects that provide wildlife habitat – WCB
- \$50 million for fish and wildlife habitat – DFW
- \$300 million for climate risk reduction projects - state conservancies (no less than \$10 million per conservancy; except for Coastal Conservancy which gets funding in Chapter 3)

Protecting farms, ranches, and working Lands (Chapter 6): \$300 million

- \$150 million to CDFA
 - \$50 million for climate practices on farms and ranches, including those that promote soil health, carbon sequestration, air/water quality, groundwater recharge/surface water, fish/wildlife habitat
 - \$40 million for ag water efficiency
 - \$40 million for methane emissions reductions from manure
 - \$20 million for invasive species control
- \$100 million for agricultural infrastructure and facilities that support disadvantaged farmers and small and medium sized farmers - CDFA
- \$50 million for protection, restoration, and enhancement of farmland and rangeland – Dept. of Conservation

Extreme Heat (Chapter 7): \$640 million

- \$400 million for Statewide Park Development and Community Revitalization Act of 2008 (AB 31) program – State Parks
 - \$50 million to address historic underinvestment in Central Valley, Inland Empire, gateway, rural, and desert communities
- \$75 million for urban greening that benefits vulnerable populations – Resources Agency
- \$75 million for urban forestry – Cal Fire
- \$50 million for low-income weatherization – Dept. of Community Services and Development
- \$40 million to reduce urban heat island effect and other extreme heat impacts – SGC

Regional Climate Resilience (Chapter 8): \$1.06 billion

- \$850 million to address impacts of climate change to communities – SGC
- \$100 million for Transformative Climate Communities program – SGC
- \$50 million for community resilience centers – OES
- \$60 million to upgrade fairgrounds for disaster staging/evacuation centers – CDFA



SEWER AUTHORITY MID-COASTSIDE

Staff Report

TO: Honorable Board of Directors
FROM: Kishen Prathivadi, General Manager
SUBJECT: **Attorney's Report**

Executive Summary

The purpose of this report is for information purposes only.

Fiscal Impact

There is no fiscal impact from this report.

Strategic Plan Compliance

The recommendation complies with the SAM Strategic Plan Goal 4: *“A well-organized, motivated, and well-trained staff with an effective Board of Directors are the most important keys to success for SAM.”*

Background and Discussion/Report

This item is placed on the agenda to allow for any report from the Attorney.

Staff Recommendation

Staff recommends that the Board of Directors receive the report.

Supporting Documents

None

BOARD MEMBERS:	M. Clark	B. Dye	R. Lohman
	D. Penrose	D. Ruddock	K. Slater-Carter
ALTERNATE MEMBERS:	S. Boyd	E. Suchomel	P. Dekker
	J. Harvey	H. Rarback	



SEWER AUTHORITY MID-COASTSIDE

Staff Report

TO: Honorable Board of Directors
FROM: Kishen Prathivadi, General Manager
SUBJECT: **Directors' Reports**

Executive Summary

The purpose of this report is for information purposes only.

Fiscal Impact

There is no fiscal impact from this report.

Strategic Plan Compliance

The recommendation complies with the SAM Strategic Plan Goal 4: *“A well-organized, motivated, and well-trained staff with an effective Board of Directors are the most important keys to success for SAM.”*

Background and Discussion/Report

This item is placed on the agenda to allow for any reports from the Directors.

Staff Recommendation

Staff recommends that the Board of Directors receive the report.

Supporting Documents

None

BOARD MEMBERS:	M. Clark	B. Dye	R. Lohman
	D. Penrose	D. Ruddock	K. Slater-Carter
ALTERNATE MEMBERS:	S. Boyd	E. Suchomel	P. Dekker
	J. Harvey	H. Rarback	



SEWER AUTHORITY MID-COASTSIDE
Staff Report

TO: Honorable Board of Directors

FROM: Kishen Prathivadi, General Manager

SUBJECT: **Topics for Future Agenda Board Consideration**

Executive Summary

The purpose of this report is for information purposes only.

Fiscal Impact

There is no fiscal impact from this report.

Strategic Plan Compliance

The recommendation complies with the SAM Strategic Plan Goal 4: *“A well-organized, motivated, and well-trained staff with an effective Board of Directors are the most important keys to success for SAM.”*

Background and Discussion/Report

This item is placed on the agenda to allow for the Board’s continuing review of items for future agendas.

Staff Recommendation

Staff recommends that the Board of Directors receive the report.

Supporting Documents

Attachment A: List of Future Agenda Items

BOARD MEMBERS:	M. Clark	B. Dye	R. Lohman
	D. Penrose	D. Ruddock	K. Slater-Carter
ALTERNATE MEMBERS:	S. Boyd	E. Suchomel	P. Dekker
	J. Harvey	H. Rarback	

SEWER AUTHORITY MID-COASTSIDE
Future Agenda Items

	Items	Requested / Required By	Priority	Scheduled for	Status / Notes
1	Draft Public Records Act Policy	Ruddock		3/22/21	
2	Draft Policy for Minutes	Penrose		3/22/21	
3	Recycled Water	MA		TBD	
4	Strategic Plan Workshop	Board		TBD	
5	Board Reviews Proposed 5-Year CIP 2021 - 2025	FC		4/26/21	
6	Board Adopts 5-Year CIP 2021 - 2025	FC		5/10/21	
7	Closed Session - General Manager's Review	Board		11/9/20	Completed
8	Quarterly Investments Report	GC		3/22/21	Completed
10	Staffing Analysis	Board		3/22/21	
11	Updated Aging Reports	Board		4/12/21	
12	Odor Control Issues at Portola PS	Board		4/12/21	
13	Treatment Plant Security- Closed session	Board		3/22/21	
14	RFP for Ongoing Engineering Services	Board		2/22/21	Completed

FC = Finance Committee

GC = Government Code

MA = Member Agency

BOC = Board Operations Committee