

SEWER AUTHORITY MID-COASTSIDE
Staff Report

Subject / Title

Receive Report and Possibly Take Action on SAM Draft Budgets and Reserves

Staff Recommendation:

Receive Report and Possibly Take Action on SAM Draft Budgets and Reserves

Fiscal Impact:

Up to \$576,463 from SAM Reserves for all six capital expenditures

Discussion/Report:

Background and Budget update

The SAM Board timely approved both of its draft FY2010-11 budgets on March 22, 2010, for presentation to the member agencies. SAM's draft budgets were transmitted to the member agencies on April 7, 2010. Staff made presentations to the Granada Sanitary District (GSD) and the Montara Water and Sanitary District (MWSD) on April 15. Staff is waiting to be placed on the City of Half Moon Bay City Council's meeting agenda. The next two possible meeting dates are May 4 and 18.

The GSD will consider approval of the budgets at their May 20, 2010 meeting. The MWSD approved SAM's Collection Budget and conditionally approved SAM's JPA budget. The two conditions to the approval of the JPA budget were these:

- The MWSD did not approve the Biosolids Disposal Master Plan project,
- The MWSD approved the Wet Weather Storage project, but at a full cost of \$520,000 for FY2010-11. SAM staff assumed and included a 25% grant when estimating the costs of this project; MWSD did not want to assume that we would receive a grant.

The City of Half Moon Bay has proposed amendments to the draft budget. To summarize, and with the exception of the Recycled Water Project, the City of Half Moon Bay proposes that SAM use reserves to fund all of its proposed FY2010-11 capital projects. Those are:

- \$ 95,000 Biosolids Disposal Master Plan,
- \$ 97,400 Replace Air / Vacuum Valves,
- \$ 69,544 Across-the-line Controls for Pump Stations,
- \$ 46,500 Intertie Pipeline System (IPS) Bypass Stations, and
- \$ 29,019 Montara Pump Station Generator Building Roof Replacement.
- \$337,463 Total

Concerning the Recycled Water Project (\$239,000), the City of Half Moon Bay has proposed that SAM not fund the Recycled Water Project, not even out of reserves, until a SAM/CCWD agency agreement is reached. It is further proposed that, after an agreement is reached, the City could approve this funding from reserves as a budget amendment. The MWSD stated its preference that any such agreement be a 3-party agreement – SAM, CCWD, and MWSD.

Capital Improvement Program

At their Special Meeting of April 12, 2010, for the purpose of providing the Board with additional necessary information concerning the use of SAM Reserves for the FY2010-11 Capital expenditures, the SAM Board directed staff to prepare a report on the Capital Improvement Program.

A 16-year (proposed FY2010-11 schedule plus 15-years) Capital Improvement funding requirement worksheet has been prepared for Board consideration. The worksheet includes all identified priority 1 or 2 projects and all continuing projects. A sheet detailing possible capital improvement projects is also provided. This second sheet lists capital assets that need to be evaluated for current physical condition and for repair/replacement priority. This evaluation is in progress and is scheduled to be completed within 12 months. Following this, project descriptions will be developed, projects will be prioritized, and projects will be scheduled accordingly.

Reserves as an Asset

At their Special Meeting of April 12, 2010, the Board directed General Counsel Copeland to review the matter of reserves in response to a comment made at that meeting. The Board asked if SAM Reserves were an asset of SAM. Counsel Copeland will provide an oral report at the meeting.

Direction to Staff Concerning Draft Budget Revisions

Based on the information presented in this report and the discussion at the April 26, 2010 meeting, the Board may wish to direct staff to make changes to the SAM Draft Budget and/or SAM's Reserve Policy.

Attachments:

- Reserve Summary By Category; this is a page from draft budget, revised per comments made at the April 12 Special Meeting.
- Capital Projects Detail sheets:
 - Wet Weather Project
 - Recycled Water Project
 - Biosolids Disposal Master Plan
- SAM Capital Improvement Program
 - Program description
 - Worksheet of Priority 1 and 2 projects
 - Worksheet of possible future projects
- SAM Reserve Policy

SEWER AUTHORITY MID-COASTSIDE

FY2010-11

Summary by Policy Category

Category	Projected Reserve Balance 6/30/10			Projected Reserve Balance 6/30/10	Revenues in Proposed Budget	Expenditures in Proposed Budget	Projected Reserve Balance 6/30/11	Projected Reserve Balance 6/30/11		
	HMB	GSD	MWSD					HMB	GSD	MWSD
A. Operating Reserve Fund (Unrestricted)										
Admin General					1,075,322	1,075,322	-			
Treatment General					1,834,515	1,834,515	-			
NDWSCP General	-	-	-	-	25,367	25,367	-			
Total Operating Reserves	126,250	73,750	50,000	250,000	2,935,204	2,935,204	250,000	126,250	73,750	50,000
B. Capital Replacement / Emergency Reserve Fund (Restricted and Unrestricted)										
1. Non-Operating Reserves (Unrestricted)										
	533,491	311,643	211,284	1,056,418			1,056,418	533,491	311,643	211,284
2. Capital Reserves (Restricted)										
Admin and Treatment Capital	620,541	376,670	244,666	1,241,876	1,021,463	1,021,463	1,241,876	620,541	376,670	244,666
NDWSCP Capital	-	-	-	-	-	-	-	-	-	-
Contributions (see detail next page)	607,637	368,836	239,578	1,216,051	317,238	317,238	1,216,051	763,400	465,277	304,611
Total Capital Reserves	1,228,178	745,506	484,243	2,457,927	1,338,701	1,338,701	2,457,927	1,383,942	841,946	549,277
3. Collection Capital Reserves (Restricted)										
Collection Capital	21,265	17,388	20,581	59,234	-	-	59,234	21,265	17,388	20,581
Contributions (see detail next page)	105,777	86,495	102,379	294,651	46,500	-	341,151	123,215	99,282	118,654
Total Capital Reserves	127,042	103,883	122,960	353,885	46,500	-	400,385	144,480	116,671	139,235
Total All Reserves (Restricted and Unrestricted)	2,014,961	1,234,782	868,487	4,118,230	4,320,405	4,273,905	4,164,730	2,188,162	1,344,010	949,796

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Improvement Description:

This project will construct an 800,000-gallon-per-day tertiary treatment facility and associated improvements (piping, manifold, etc) at the SAM WWTP within the existing plant-site to treat secondary effluent to the Title 22 recycled water standards.

NOTE: FY2010-11 FUNDING IS FOR PURSUIT OF ENVIRONMENTAL SERVICES, PROJECT MANAGEMENT, GRANTS, LOANS, AND OTHER SOURCES OF FUNDING - NOT FOR DESIGN OR CONSTRUCTION.

Improvement Justification:

SAM aims to reduce its ocean discharge volumes and develop recycled water for sale to CCWD and MWSD. The Recycled Water Project is now at a stage where it needs a Facilities Predesign. This predesign will be a continuation of the accelerated 2009 Recycled Water efforts. The completion of this predesign will allow SAM to begin design and construction of Phase I (recycled water to CCWD for the Ocean Colony Golf Courses).

SAM is planning to install a tertiary treatment facility on its wastewater treatment plant (WWTP) property. This project is being conducted in cooperation with CCWD. Complete Facilities Planning and Predesign, including these tasks: develop a work plan to immediately develop recycled water for the purpose of selling it to CCWD for the Ocean Colony Golf Courses as end user; identify quality and quantity needs for use of recycled water as required by CCWD, identify the scope of capital improvements needed for the production and delivery of the recycled water, complete environmental reviews, permits and agreements, complete preliminary design and cost estimates, identify potential funding sources and secure funding, construct needed improvements enabling use of recycled water as soon as possible, and develop work scope for future expansion to provide recycled water to other customers.

Funding

The cost for these capital expenditures will be allocated based on participating member agency capacity rights in the SAM facilities. They are: HMB: 50.5%, GSD: 29.5%, and MWSD: 20%

The operation and maintenance costs for the Recycled Water project will be allocated to all three member agencies based on their flows into the treatment plant.

Risk

If Recycled Water Project is not implemented, the Region may face water shortages and the Pilarcitos Creek restoration efforts might be cut short. This project is ranked **PRIORITY 1** as this project will be funded by others and will serve to protect sensitive environmental resources. The objective is to provide recycled water to the community as soon as possible and at the lowest possible cost. There are no regulatory requirements at this time.

Schedule	
Board Approval - Project	Jul-10
Board Approval - Bids	Apr-11
Start Construction	Jun-11
Complete Construction	Dec-11
Board Acceptance	Jan-13

Project Costs	Total	FY10-11	FY11-12	FY12-13	FY13-14	FY14-15
Design / Consulting / Permitting	\$445,000	\$239,000	\$106,000	\$100,000		
Construction	\$7,717,000	\$1,460,000	\$5,804,000	\$453,000		
Contingency (20% included)	\$0					
Total	\$8,162,000	\$1,699,000	\$5,910,000	\$553,000	\$0	\$0

Financial requirements	Total	FY10-11	FY11-12	FY12-13	FY13-14	FY14-15
Total	\$445,000	\$239,000	\$106,000	\$100,000	\$0	\$0

Improvement Description:

This project will construct a 200,000-gallon emergency underground storage facility near the existing Portola Pump Station to temporarily store excess sewage during storm events or during other emergencies.

NOTE: COSTS ASSUME RECEIPT OF A STATE GRANT IN THE AMOUNT OF APPROX 25%.

The project construction is planned to start in late summer 2010. This timing is based on availability of grant funding from the State of California. The majority of construction activities is expected to occur in 2011.

Improvement Justification:

The proposed project increases the existing capacity of SAM's collection system by installing reinforced concrete pipe (RCP) storage pipes to temporarily store excess sewage during a storm event. As the peak flows subside, the pipes will drain by gravity to the Portola Pump Station wet well. The storage pipe arrangement would be located immediately east of the Montara interceptor and would yield approximately 205,000 gallons of storage.

In 1996, SAM embarked on a Wet Weather Management Plant and Capital Improvement Program. After initial flow monitoring and analysis, a multi-phase improvement plan was started. In 2003, the first phase was completed – construction of a 0.5 million gallon storage facility in Montara. This phase was followed by the flow monitoring phase. The flow monitoring phase resulted in an improved hydraulic model with which consultants were able to identify the best alternatives for Phase II. In 2008, SAM created the Wet Weather Flow Management Program Project Committee. That Committee identified this specific alternative. This alternative does not include the cost of land acquisition at this time. SAM is aggressively pursuing grant funding for this project.

Following the completion of this project, SAM will execute a separate flow monitoring project every other year to update SAM's hydraulic model.

Funding

The cost for these capital expenditures will be allocated based on participating member agency capacity rights in the SAM facilities. They are: HMB: 0%, GSD: 60%, and MWSD: 40%

The allocation of the operation and maintenance costs for this project will be determined by member agencies.

Risk:

This project is ranked **PRIORITY 1** due to its necessity to meet regulatory requirements, protect public and employee health and safety, and protect sensitive environmental resources

Schedule	
Board Approval - Project	Jul-09
Board Approval - Bids	Jul-09
Start Construction	Jul-10
Complete Construction	Apr-11
Board Acceptance	Jun-11

Improvement Cost Development	Total	FY10-11	FY11-12	FY12-13	FY13-14	FY14-15
Design / Consulting / Permitting	\$ 220,000	\$ 220,000				
Land Acquisition	\$ -					
Construction	\$ 1,300,000	\$ 300,000	\$ 1,000,000			
Contingency (20% included)	\$ 334,820		\$ 334,820			
Flow Monitoring/Hydraulic Modeling	\$ -					
Total	\$ 1,854,820	\$ 520,000	\$ 1,334,820	\$ -	\$ -	\$ -

Financial requirements	Total	FY10-11	FY11-12	FY12-13	FY13-14	FY13-14
Total	\$ 1,446,115	\$ 445,000	\$ 1,001,115	\$ -	\$ -	\$ -

Improvement Description:

The Biosolids Disposal Master Plan (BDMP) will evaluate feasible biosolids processing options and end uses in order to determine the most appropriate long-term management strategy for SAM and the City of Half Moon Bay. The BDMP will review the alternatives and, based on the best alternative selected by the Board, will recommended an implementation plan. To meet existing commitments and address regulatory requirements, a BDMP must be developed by SAM to identify a preferred biosolids management strategy for the next 30 years and beyond.

The next step of the process may include the conceptual design, final design, and construction of improvements, if any. Other options, for instance, a Turn-Key approach to the biosolids processing and disposal will also be reviewed.

Improvement Justification:

Biosolids are the nutrient rich by-product of wastewater treatment, generated by channeling human waste through the wastewater treatment plants and collection systems. Although the terms biosolids and sewage sludge are often used interchangeably, biosolids are the end product after treating sewage sludge with anaerobic digestion in combination with heat, as is the case at SAM. The practice of managing biosolids disposal through land application is increasing in both risk and complexity.

In 1989, Assembly Bill 939, known as the Integrated Waste Management Act, was passed because of the increase in waste stream and the decrease in landfill capacity. As a result, the California Integrated Waste Management Board (CIWMB) was established. A disposal reporting system with CIWMB oversight was established, and facility and program planning was required. AB 939 mandates a reduction of waste being disposed: jurisdictions are required to meet diversion goals of 50% by the year 2000. In order to meet existing commitments and address regulatory requirements, a BDMP must be developed by SAM to identify a preferred biosolids management strategy for the next 30 years and beyond. The overall sustainability of current practices of the short- to long-term is tentative and uncertain. As a result of this increased management and financial risk and complexity a Biosolids Master Planning process must be initiated.

Risk

If this project is not implemented, the State may impose significant penalties against the City of Half Moon Bay. The decision may be imposed if the City of Half Moon Bay fails to demonstrate a good faith effort to implement the solid waste reduction program. This project is ranked **PRIORITY 1** due to regulatory pressure and possibility of significant fines levied against one of the SAM's member agencies.

Schedule	
Board Approval - Improvement	Jul-10
Board Approval - Bids	
Purchase	
Complete Design	Oct-12
Board Acceptance	

Improvement Cost Development	Total	FY10-11	FY11-12	FY12-13	FY13-14	FY14-15
Design / Consulting	\$ 170,000	\$95,000	\$50,000	\$25,000		
Equipment	\$ -					
Construction Management	\$ -					
Contingency (10%)	\$ 34,000					
Total	\$ 204,000	\$ 95,000	\$ 50,000	\$ 25,000	\$ -	\$ -

Financial requirements	Total	FY10-11	FY11-12	FY12-13	FY13-14	FY14-15
Total	\$ 204,000	\$ 95,000	\$ 50,000	\$ 25,000	\$ -	\$ -

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Sewer Authority Mid-Coastside Capital Project Prioritization

SAM Capital Projects' budget provides a comprehensive view of the capital projects required over the next five years to ensure that SAM continues to meet current and future regulatory requirements and the service needs of its member agencies. The proposed FY 2010-2011 budget provides an opportunity for the Board to prioritize its investment in capital assets, manage cash flow, and project revenue requirements to fund the proposed projects and anticipated operating costs.

The purpose of the Capital Projects' budget is to successfully carry out SAM's goal of meeting current and future regulations in a most cost-effective and environmentally sound manner. This comprehensive approach provides an opportunity for the Board to prioritize capital expenditures and provide sufficient revenue to fund the required projects. The primary purpose of the capital project budget is to provide the planning basis for decisions of the Board on capital asset investments.

FY 2010-2011 Capital Project Budget Prioritization Criteria

The prioritization of projects is an important element of the Capital Budget planning process. The capital project Prioritization Criteria provide a method to rank or rate the relative importance of a project based upon factors such as protection of public and employee health and safety, legal and regulatory requirements and others. These criteria provide a basis for decision-making about which projects should be done in any given year. They also provide a basis for scheduling projects.

The primary analytical element of the capital projects' budget is the priority system. Each proposed project is assigned a priority according to the Prioritization Criteria. The Prioritization Criteria provide a method to rank or rate the relative importance of a project based on factors such as protection of public and employee health and safety, legal and regulatory requirements, protect sensitive coastal environmental resources, and rate of return on the investment. These criteria provide a basis for determining which projects should be done in any given year, and how projects should be scheduled. Project priority rankings are essential to achieving the goal of continuing to meet all current and future regulatory requirements at the lowest cost possible and in environmentally sensible manner.

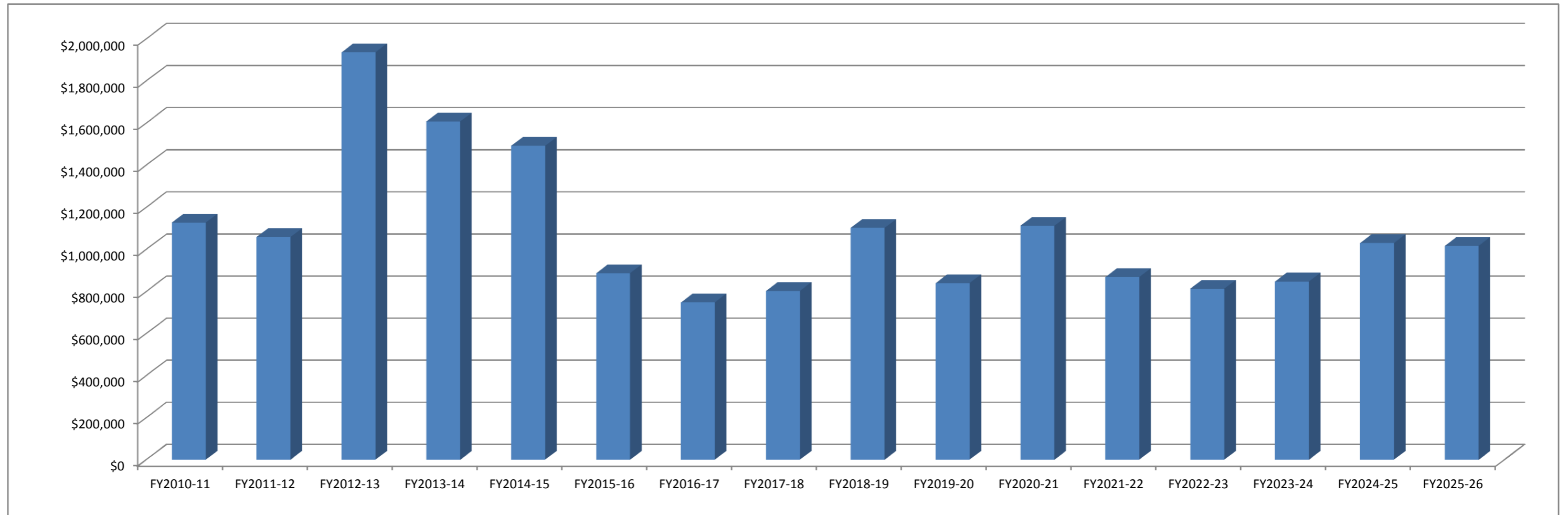
The three categories proposed reflect a range of priorities from High to Low:

- **Priority 1, Mandatory Projects:** these are "must do" projects and are the highest priority of all capital projects. They include projects already under construction and those required by legislation, regulations, or for protecting public and employee health and safety and for protecting sensitive environmental resources. Priority level 1 also includes projects funded by others.
- **Priority 2, Necessary Projects:** these are projects that must be done, but over which SAM has a moderate level of control as to when they should be implemented. Where return on investment is a determining factor, projects in this category will have a short-term payback of less than five years.
- **Priority 3, Discretionary Projects:** these are projects that are projected to be needed, but over which SAM has a significant level of control as to when they should be performed. Where return on investment is a determining factor, projects in this category will have a long-term payback of greater than five years.

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PRIORITY 1 AND 2 PROJECTS / CAPITAL EXPENDITURES

	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24	FY2024-25	FY2025-26
Total ==>	1,126,463	1,058,886	1,935,484	1,607,000	1,491,985	885,985	748,000	802,000	1,102,000	839,000	1,112,000	868,000	812,500	847,000	1,030,000	1,017,000
Major Capital Improvement Projects	779,000	290,820	1,670,000	1,200,000	1,200,000	-	-	-	-	-	-	-	-	-	230,000	-
Repair and Replacement Expenditures	347,463	538,066	185,484	120,000	291,985	885,985	748,000	802,000	892,000	789,000	845,000	868,000	812,500	847,000	800,000	807,000
Treatment / Admin Vehicles	-	-	52,000	57,000	-	-	-	-	-	22,000	57,000	-	-	-	-	-
Collections Veh. / Rolling Stock	-	230,000	28,000	230,000	-	-	-	-	210,000	28,000	210,000	-	-	-	-	210,000



SAM Asset Report

FYE: 6/30/2010 Mth: 10/31/2009

Asset	d t	Property Description	Date In Service	Book Cost	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Book Value	Book Method	Book Period	Book Location	Pres cost
370	T	Outfall	1/01/84	3,548,444.46	2,284,311.12	7,392.59	2,291,703.71	1,256,740.75	S/L	40.0	TP-010	7,411,850
261	T	Anaerobic Digest Sys Structure	10/01/97	2,708,917.00	1,106,141.10	7,524.77	1,113,665.87	1,595,251.13	S/L	30.0	TP-012	4,026,643
282	T	Secondary Clarifier Structure	8/01/98	1,749,864.00	656,199.00	4,860.73	661,059.73	1,088,804.27	S/L	30.0	TP-007	2,559,767
262	T	Anaerobic Digest Sys Equip	10/01/97	1,651,703.00	1,348,890.77	9,176.13	1,358,066.90	293,636.10	S/L	15.0	TP-012	2,455,158
50	T	Pumping Station Structure	1/01/84	1,173,949.46	988,074.13	3,260.97	991,335.10	182,614.36	S/L	30.0	PS-003	2,452,099
289	T	Aeration Basins Structure	10/01/98	1,615,036.00	605,638.49	4,486.21	610,124.70	1,004,911.30	S/L	30.0	TP-006	2,362,536
215	T	Administration Bldng	1/01/84	862,898.93	726,273.27	2,396.95	728,670.22	134,228.71	S/L	30.0	TP-018	1,802,389
125	T	Headworks Structure	1/01/84	552,787.42	465,262.75	1,535.52	466,798.27	85,989.15	S/L	30.0	TP-003	1,154,640
312	T	Admin Bldg Structure	5/01/99	714,734.00	244,200.79	1,985.37	246,186.16	468,547.84	S/L	30.0	TP-BLDG	1,021,554
342	T	Mechanical Bldg 1 Structure	10/01/99	663,182.00	226,587.19	1,842.17	228,429.36	434,752.64	S/L	30.0	TP-BLDG	947,872
143	T	Pri Clar A Structure	1/01/84	423,522.47	356,464.74	1,176.46	357,641.20	65,881.27	S/L	30.0	TP-005	884,637
146	T	Pri Clar A Equip	1/01/84	414,590.01	348,946.60	1,151.64	350,098.24	64,491.77	S/L	30.0	TP-005	865,979
306	T	Chlorine Contact Tank Structure	4/01/99	573,642.00	195,994.35	1,593.45	197,587.80	376,054.20	S/L	30.0	TP-009	819,894
292	T	Headworks Equipment	10/01/98	541,385.00	406,038.74	3,007.70	409,046.44	132,338.56	S/L	15.0	TP-003	791,958
14	T	Pump Building	1/01/84	367,192.15	367,192.15	0.00	367,192.15	0.00	S/L	20.0	PS-001	766,976
523	T	SAM Wet Wthr. Storage Facility	6/01/03	568,564.00	144,036.21	1,895.21	145,931.42	422,632.58	S/L	25.0	PS-001	735,549
347	T	Chemical Storage Area Equip	9/01/99	498,970.00	340,962.84	2,772.05	343,734.89	155,235.11	S/L	15.0		713,167
369	T	Eff Pump Sta Buildin	1/01/84	328,270.05	276,293.97	911.86	277,205.83	51,064.22	S/L	30.0	TP-010	685,677
284	T	Mechanical Bldg 2 Structure	8/01/98	453,137.00	169,926.38	1,258.72	171,185.10	281,951.90	S/L	30.0	TP-BLDG	662,866
188	T	Plant Emergency Gen	1/01/84	282,292.48	282,292.48	0.00	282,292.48	0.00	S/L	20.0	TP-015	589,641
283	T	Secondary Clarifier Equipment	8/01/98	401,036.00	300,776.99	2,227.98	303,004.97	98,031.03	S/L	15.0	TP-007	586,651
285	T	Mechanical Bldg 2 Equipmen	8/01/98	382,699.00	287,024.26	2,126.10	289,150.36	93,548.64	S/L	15.0	TP-BLDG	559,827
290	T	Aeration Basins Equipment	10/01/98	321,532.00	241,149.01	1,786.29	242,935.30	78,596.70	S/L	15.0	TP-006	470,349
291	T	Headworks Structure	10/01/98	296,234.00	111,087.76	822.87	111,910.63	184,323.37	S/L	30.0	TP-003	433,342
191	T	Pipe Gallery	1/01/84	183,120.98	154,126.83	508.67	154,635.50	28,485.48	S/L	30.0	TP-016	382,496
311	T	Effluent/ 3W Pump Sta. Equip	5/01/99	261,573.50	178,741.89	1,453.18	180,195.07	81,378.43	S/L	15.0	TP-010	373,861
309	T	Primary Clarifiers Equipment	5/01/99	213,204.00	145,689.40	1,184.47	146,873.87	66,330.13	S/L	15.0	TP-005	304,728
346	T	Chemical Storage Area Structure	9/01/99	200,399.00	68,469.66	556.67	69,026.33	131,372.67	S/L	30.0	TP-BLDG	286,426
135	T	Grit Tank A	1/01/84	132,772.06	132,772.06	0.00	132,772.06	0.00	S/L	10.0	TP-004	277,329
136	T	Grit Tank B	1/01/84	132,772.06	111,749.82	368.82	112,118.64	20,653.42	S/L	30.0	TP-004	277,329
216	T	Sludge Pump Room	1/01/84	122,081.03	102,751.54	339.12	103,090.66	18,990.37	S/L	30.0	TP-018	254,998
34	T	Motor Control Center	1/01/84	111,703.74	111,703.74	0.00	111,703.74	0.00	S/L	20.0	PS-003	233,322
139	T	Pri Clar B Equip	1/01/84	107,046.58	107,046.58	0.00	107,046.58	0.00	S/L	20.0	TP-005	223,595
145	T	Pri Clar B Structure	1/01/84	107,046.58	107,046.58	0.00	107,046.58	0.00	S/L	20.0	TP-005	223,595
179	T	Decant Tank Structur	1/01/84	104,802.30	88,208.60	291.12	88,499.72	16,302.58	S/L	30.0	TP-012	218,907
308	T	Primary Clarifiers Structure	5/01/99	135,235.00	46,205.29	375.65	46,580.94	88,654.06	S/L	30.0	TP-005	193,289
206	T	Motor Cont Centr #11	1/01/84	91,559.93	91,559.93	0.00	91,559.93	0.00	S/L	20.0	TP-017	191,247
20	T	Main Facility Breakr	1/01/84	81,956.42	81,956.42	0.00	81,956.42	0.00	S/L	20.0	PS-001	171,187
297	T	Anaerobic Digest Sys Equipment	11/01/98	117,020.97	87,765.73	650.12	88,415.85	28,605.12	S/L	15.0	TP-013	171,183
32	T	Pump Building	1/01/84	79,981.23	67,317.54	222.17	67,539.71	12,441.52	S/L	30.0	PS-002	167,062
335	T	Secondary Clarifiers Equipment	7/01/99	108,358.00	74,044.64	601.99	74,646.63	33,711.37	S/L	15.0	TP-007	154,874
208	T	Motor Cont Center #5	1/01/84	70,902.51	70,902.51	0.00	70,902.51	0.00	S/L	20.0	TP-017	148,098

307	T	Chlorine Contact Tank Equipment	4/01/99	100,509.00	68,681.15	558.38	69,239.53	31,269.47	S/L	15.0	TP-009	143,655
211	T	Motor Cont Center #7	1/01/84	67,144.17	67,144.17	0.00	67,144.17	0.00	S/L	20.0	TP-017	140,248
209	T	Motor Cont Center #6	1/01/84	61,039.95	61,039.95	0.00	61,039.95	0.00	S/L	20.0	TP-017	127,498
384	T	Mech Bld Fire Sprink	1/01/84	61,039.95	61,039.95	0.00	61,039.95	0.00	S/L	20.0	SA-EQP	127,498
28	T	Generator Building	1/01/84	56,535.76	47,584.27	157.05	47,741.32	8,794.44	S/L	30.0	PS-002	118,090
313	T	Admin Bldg Equipment	5/01/99	79,723.00	54,477.39	442.90	54,920.29	24,802.71	S/L	15.0	TP-BLDG	113,946
6	T	Grav Manhole System	1/01/84	53,059.91	34,157.32	110.55	34,267.87	18,792.04	S/L	40.0	IP-001	110,829
43	T	Sewage Pump #3	1/01/84	41,882.06	41,882.06	0.00	41,882.06	0.00	S/L	20.0	PS-003	87,482
349	T	1W/ 2W Pump Stations Equip	7/01/99	61,198.50	41,818.98	339.99	42,158.97	19,039.53	S/L	15.0	TP-014	87,470
150	T	Process Air Blower #5	1/01/84	38,416.27	38,416.27	0.00	38,416.27	0.00	S/L	10.0	TP-006	80,242
151	T	Process Air Blower #2	1/01/84	38,416.27	38,416.27	0.00	38,416.27	0.00	S/L	10.0	TP-006	80,242
153	T	Process Air Blower #3	1/01/84	38,416.27	38,416.27	0.00	38,416.27	0.00	S/L	10.0	TP-006	80,242
163	T	Process Air Blower #4	1/01/84	38,416.27	38,416.27	0.00	38,416.27	0.00	S/L	10.0	TP-006	80,242
187	T	#2 Water Pump Build	1/01/84	34,531.77	29,064.23	95.93	29,160.16	5,371.61	S/L	30.0	TP-014	72,129
303	T	Existing Chlorine Bldg Equipment	2/01/99	44,140.00	30,162.34	245.22	30,407.56	13,732.44	S/L	15.0	TP-009	63,088
296	T	Anaerobic Digest Sys Structure	11/01/98	42,643.00	15,991.12	118.45	16,109.57	26,533.43	S/L	30.0	TP-013	62,380
56	T	Water Heatr Bld Vent	1/01/84	28,276.81	28,276.81	0.00	28,276.81	0.00	S/L	20.0	PS-003	59,063
217	T	Process Blower 3 & 4	7/01/86	29,167.00	29,167.00	0.00	29,167.00	0.00	S/L	10.0	TP-017	58,809
116	T	Montara - Rplc Pump #2	5/01/00	38,085.70	17,614.65	158.69	17,773.34	20,312.36	S/L	20.0	PS-001	53,018
177	T	Proc Water Pres Tank	1/01/84	25,207.40	25,207.40	0.00	25,207.40	0.00	S/L	20.0	TP-011	52,652
367	T	Effluent Pump #2	1/01/84	25,036.56	25,036.56	0.00	25,036.56	0.00	S/L	20.0	TP-010	52,295
368	T	Effluent Pump #1	1/01/84	25,036.56	25,036.56	0.00	25,036.56	0.00	S/L	20.0	TP-010	52,295
207	T	Motor Cont Center #8	1/01/84	24,415.76	24,415.76	0.00	24,415.76	0.00	S/L	20.0	TP-017	50,999
121	T	Scum Reciv Structr	1/01/84	24,172.35	20,345.04	67.15	20,412.19	3,760.16	S/L	30.0	TP-001	50,490
47	T	Sewage Pump #4	1/01/84	23,806.12	23,806.12	0.00	23,806.12	0.00	S/L	20.0	PS-003	49,725
499	T	Montara New Pump 1	3/31/02	37,523.47	18,761.72	208.46	18,970.18	18,553.29	S/L	15.0	PS-001	49,702
278	T	Containment Structure	8/01/97	30,424.00	11,408.99	84.51	11,493.50	18,930.50	S/L	30.0	TP-BLDG	45,223
162	T	Channel Air Blower	1/01/84	20,718.84	20,718.84	0.00	20,718.84	0.00	S/L	10.0	TP-006	43,277
348	T	1W/ 2W Pump Stations Structure	7/01/99	29,891.00	10,212.76	83.03	10,295.79	19,595.21	S/L	30.0	TP-014	42,723
546	T	New System Gate	10/25/04	31,399.50	10,466.51	174.44	10,640.95	20,758.55	S/L	15.0	TP-GRND	38,218
132	T	Grit Pump #2	1/01/84	17,696.32	17,696.32	0.00	17,696.32	0.00	S/L	7.0	TP-004	36,963
133	T	Grit Pump #1	1/01/84	17,696.32	17,696.32	0.00	17,696.32	0.00	S/L	7.0	TP-004	36,963
148	T	Biocon Surface Spray	1/01/84	17,265.33	17,265.33	0.00	17,265.33	0.00	S/L	7.0	TP-006	36,063
123	T	Sewage Pump #3	1/01/84	16,920.31	16,920.31	0.00	16,920.31	0.00	S/L	10.0	TP-003	35,342
124	T	Sewage Pump #1	1/01/84	16,920.31	16,920.31	0.00	16,920.31	0.00	S/L	10.0	TP-003	35,342
126	T	Sewage Pump #2	1/01/84	16,920.31	16,920.31	0.00	16,920.31	0.00	S/L	10.0	TP-003	35,342
127	T	Sewage Pump #5	1/01/84	16,920.31	16,920.31	0.00	16,920.31	0.00	S/L	10.0	TP-003	35,342
128	T	Sewage Pump #4	1/01/84	16,920.31	16,920.31	0.00	16,920.31	0.00	S/L	10.0	TP-003	35,342
218	T	O/H Plt Gen Cool Sys	11/01/88	18,247.15	18,247.15	0.00	18,247.15	0.00	S/L	5.0	TP-015	34,968
1	T	Blow Off Valve #1	1/01/84	16,091.82	16,091.82	0.00	16,091.82	0.00	S/L	20.0	IP-001	33,612
102	T	Replace Pump #1	12/01/98	21,587.26	21,587.26	0.00	21,587.26	0.00	S/L	10.0	PS-002	31,579
334	T	Primary Clarifiers Equipment	9/01/99	22,074.00	15,083.90	122.63	15,206.53	6,867.47	S/L	15.0	TP-005	31,550
182	T	Water Storage Tank	1/01/84	14,649.23	14,649.23	0.00	14,649.23	0.00	S/L	20.0	TP-014	30,599
259	T	Blower #4	8/01/97	19,879.81	19,879.81	0.00	19,879.81	0.00	S/L	5.0	TP-006	29,550
36	T	Pump/ Motor Room Exh	1/01/84	14,137.85	14,137.85	0.00	14,137.85	0.00	S/L	20.0	PS-003	29,531
48	T	Pump Bld Dist Vent	1/01/84	14,137.85	14,137.85	0.00	14,137.85	0.00	S/L	20.0	PS-003	29,531
51	T	Pump Bld Supply Vent	1/01/84	14,137.85	14,137.85	0.00	14,137.85	0.00	S/L	20.0	PS-003	29,531
305	T	Rplc Effluent Level Pump Cntrls	3/01/99	19,425.88	19,425.88	0.00	19,425.88	0.00	S/L	10.0	TP-010	27,765
271	T	Chlorine/ Hypochlorite Switch	4/01/98	18,720.00	18,720.00	0.00	18,720.00	0.00	S/L	10.0	TP-009	27,384

479	T	TRT Replc Shop Roof	7/16/01	19,092.32	10,394.71	106.06	10,500.77	8,591.55 S/L	15.0	TP-BLDG	26,103
337	T	Chlorine Contact Tank Structure	9/01/99	17,518.00	5,985.31	48.66	6,033.97	11,484.03 S/L	30.0	TP-009	25,038
302	T	Existing Chlorine Bldg Structure	2/01/99	17,363.00	5,932.36	48.23	5,980.59	11,382.41 S/L	30.0	TP-009	24,817
176	T	Process Water Pump 2	1/01/84	11,653.51	11,653.51	0.00	11,653.51	0.00 S/L	20.0	TP-011	24,341
178	T	Process Water Pump 1	1/01/84	11,653.51	11,653.51	0.00	11,653.51	0.00 S/L	20.0	TP-011	24,341
383	T	FBP Overhead Crane	1/01/84	11,597.68	11,597.68	0.00	11,597.68	0.00 S/L	20.0	ME-PLNT	24,225
29	T	Pump Building Ventil	1/01/84	11,410.10	11,410.10	0.00	11,410.10	0.00 S/L	20.0	PS-002	23,833
174	T	Chlorine Flash Mixer	1/01/84	11,222.52	11,222.52	0.00	11,222.52	0.00 S/L	10.0	TP-009	23,441
364	T	Exh Vent Wet Well	1/01/84	10,941.14	10,941.14	0.00	10,941.14	0.00 S/L	7.0	TP-010	22,853
288	T	Rplc Air Filter Prcs Blower	8/01/98	15,312.42	8,613.24	63.80	8,677.04	6,635.38 S/L	20.0	TP-006	22,400
327	T	Aeration System Upgrade	11/01/99	15,547.95	10,624.43	86.38	10,710.81	4,837.14 S/L	15.0	TP-006	22,222
30	T	Surge Tank	1/01/84	10,578.26	10,578.26	0.00	10,578.26	0.00 S/L	20.0	PS-002	22,095
529	T	TRT - 2ndry Weir Wash Sys	4/30/03	16,397.00	7,014.26	91.10	7,105.36	9,291.64 S/L	15.0	TP-007	21,213
528	T	TRT - Rpr Stuc. Mech Bldg 1 Ex Fan I	11/30/03	16,397.00	4,481.85	54.66	4,536.51	11,860.49 S/L	25.0	TP-BLDG	21,213
253	T	Chlorine Controller	3/01/97	12,241.51	12,241.51	0.00	12,241.51	0.00 S/L	10.0	TP-009	18,196
137	T	Grit Blower #2	1/01/84	8,632.10	8,632.10	0.00	8,632.10	0.00 S/L	10.0	TP-004	18,030
149	T	Proc Air Flow Meter	1/01/84	8,632.10	8,632.10	0.00	8,632.10	0.00 S/L	7.0	TP-006	18,030
190	T	Plant Air Compress 1	1/01/84	8,632.10	8,632.10	0.00	8,632.10	0.00 S/L	20.0	TP-016	18,030
195	T	Plant Air Compress 2	1/01/84	8,632.10	8,632.10	0.00	8,632.10	0.00 S/L	20.0	TP-016	18,030
592	T	Air Supply Fan - Belt Press Room	2/23/09	17,750.00	1,035.42	147.92	1,183.34	16,566.66 S/L	10.0		18,014
141	T	Prim Sludge Pump #3	1/01/84	8,288.20	8,288.20	0.00	8,288.20	0.00 S/L	10.0	TP-005	17,312
142	T	Prim Sludge Pump #1	1/01/84	8,288.20	8,288.20	0.00	8,288.20	0.00 S/L	10.0	TP-005	17,312
144	T	Prim Sludge Pump #2	1/01/84	8,288.20	8,288.20	0.00	8,288.20	0.00 S/L	10.0	TP-005	17,312
310	T	Effluent/ 3W Pump Sta. Structure	5/01/99	11,580.00	3,956.50	32.17	3,988.67	7,591.33 S/L	30.0	TP-010	16,551
223	T	Plant Air Compress 3	1/01/84	7,063.00	7,063.00	0.00	7,063.00	0.00 S/L	20.0	TP-016	14,753

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RESOLUTION NO. 2-2001

A RESOLUTION ESTABLISHING SEWER AUTHORITY MID-COASTSIDE
RESERVE FUNDS POLICY

RESOLVED, by the Board of Directors of the Sewer Authority Mid-Coastside, San Mateo County, California, that:

WHEREAS, the Board has determined that sound financial management policy should include specific guidelines for accumulating and managing Authority reserve funds, and;

WHEREAS, purposes of reserve funds include but are not limited to operating costs, provision for emergencies and other unanticipated expenses, financing of repair and replacement of Authority facilities, and financing the construction of new facilities, all as necessary to fulfill purposes of the Authority, and;

WHEREAS, the Board has established by Resolution 1-2001 a Sewer Authority Mid-Coastside Reserve Funds Policy;

NOW, THEREFORE, IT IS ORDERED, as follows:

1. The existing Reserve Funds Policy established by Resolution 1-2001 is hereby repealed.
2. The Sewer Authority Mid-Coastside Reserve Funds Policy, dated March 26, 2001, attached hereto is hereby adopted as the policy of the Authority.

* * * * *

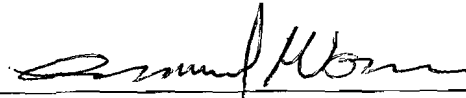
I hereby certify that the foregoing is a full, true and correct copy of a resolution duly passed and adopted by the Board of Directors of the Sewer Authority Mid-Coastside at a meeting thereof held on the 26th day of MARCH, 2001 by the following vote:

AYES, Directors: Carlevaris , Woren , Coleman , Boyd , Taylor .

NOES, Directors: Ptacek

ABSENT, Directors: Ruddock

ABSTAIN, Directors None.



Chairman
Sewer Authority Mid-Coastside

COUNTERSIGNED:



Secretary
Sewer Authority Mid-Coastside

SEWER AUTHORITY MID-COASTSIDE

RESERVE FUNDS POLICY

1. Sewer Authority Mid-Coastside (SAM) shall establish and maintain reserve funds as follows:

Operating Reserve Fund

Purpose	Working cash flow Fluctuations in revenue and expenses
Level of reserve	\$250,000
Interest earnings	Transfer to Capital Replacement/Emergency Reserve Fund

Capital Replacement/Emergency Reserve Fund

Purpose	Fund equipment and facilities replacement and rehabilitation, existing users' share of new capital projects, emergency projects
Level of reserve	As established by Board of Directors
Source of funds	Member agency assessments Net operating revenue
Interest earnings	Accrue to the fund balance

Connection Fee Fund

Purpose	Fund facilities to serve new growth Restricted for system expansion costs
Source	SAM Regional Connection Fee surcharge to be established by Board of Directors
Level of reserves	Will fluctuate depending on revenue and expenses, in accordance with capital spending plan
Interest earnings	Retained in Connection Fee Fund

2. Reserve funds will be designated for and restricted to uses as outlined in this Policy.
3. Upon adoption of this Policy, any existing reserve funds, with the exception of those required by law or by provisions of other SAM programs, will be eliminated and balances transferred to the new reserve funds, beginning with the Operating Reserve.

4. \$250,000 of existing undesignated reserves will be allocated to the Operating Reserve Fund, with the remainder going to the Capital Replacement/Emergency Reserve Fund.
5. Balance of the Operating Reserve Fund will be maintained at the \$250,000 level by replacing any funds temporarily borrowed from the Fund.
6. Interest earned on the Operating Reserve will be deposited in the Capital Replacement/Emergency Reserve Fund.
7. After funding the Operating Reserve, the remainder of existing undesignated reserves will be allocated to the Capital Replacement/Emergency Reserve Fund.
8. SAM will keep an accounting of each member agency's contributions to and withdrawals from the Capital Replacement/Emergency Reserve.
9. The initial balance of the Capital Replacement/Emergency Reserve will be treated as an asset of the Authority.
10. Member agency assessments for funding the Capital Replacement/Emergency Reserve will be based on approved project budgets and the SAM Long-Term Financial Plan.
11. Interest on the Capital Replacement/Emergency Reserve will accrue to the Capital Replacement/Emergency Reserve and will be allocated to the member agencies in proportion to allocation of the reserve balance.
12. The SAM Board of Directors will establish a minimum Capital Replacement/Emergency Reserve Fund balance. SAM will assess member agencies as necessary to maintain the minimum balance.
13. Net operating revenue on expense budgets (excess of assessments over expenses) in any SAM budget year will be ~~held in the Capital Replacement/Emergency Reserve Fund~~ refunded to the member agencies in proportion to their contributions during that budget year. The refund will be issued no later than December 31 following the close of the budget year.
14. 14. Net operating loss on expense budgets (excess of expense over assessments) in any SAM budget year will be ~~paid from the Capital Replacement/Emergency Reserve Fund~~ billed to the member agencies in proportion to their contributions during that budget year. When SAM

projects that expenses will exceed assessments, it will recalculate monthly member agency billings to collect sufficient funds to meet expenses.

15. The SAM Board may, by resolution, return to the member agencies any reserve funds in excess of those determined necessary to fulfill purposes of the Authority.
16. SAM will establish a Connection Fee Reserve Fund, to be funded by a SAM Regional Connection Fee surcharge.
17. All SAM reserve funds shall be invested in accordance with SAM investment policy.