

**LOS TRANCOS COUNTY WATER DISTRICT
NOTICE OF PUBLIC MEETING
Thursday, August 14, 2008 7:30 PM**

**80 Joaquin Rd
Portola Valley**

(Our normal location at the school is
unavailable during summer.)



AGENDA

0) Public Comment

Members of the public may address the Board on District relevant issues not listed on the agenda. Comments on matters that are listed on the agenda may be made at the time the Board is considering each item. Each speaker is allowed a maximum of three (3) minutes.

- 1) Approval of Minutes** (5 min) – June 2008 meeting
- 2) Emergency preparation** - Fire safety initiative, communications system (45 min, Krenz, Ward, Smernoff)
- 3) Lands** - Update on program: renovation and restoration status, Lake Rd encroachment permit. (10 min, Smernoff, Krenz)
- 4) Water Use Efficiency** – Discussion on the linkage between adoption of WUE measures and participation in the water cost offset program. (20 min, Ward, Gage)
- 5) Communications** – Website update (10 min, Krenz, Smernoff)
- 6) Storm water run-off** – Update (10 min, Uridel, Smernoff)
- 7) Finances & Business** Update from finance committee (30 min, Krenz, Ward)
- 8) Correspondence** - as received
- 9) Set date, time, and place of next meeting**

LTCWD FIRE SAFETY INITIATIVE

(DRAFT PRE-RELEASE VERSION,
FOR DISCUSSION ONLY)
8-12-08

DRAFT

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LTCWD FIRE SAFETY INITIATIVE

SUMMARY

There's a central recurring theme to fire safety in our neighborhood:

Reduce the amount of fuel that wind-driven fire storm has available to it and you will reduce the speed in which a fire can spread, increase the likelihood of escape and increase the possibilities for controlling the fire before damage can become wide spread.

The set of projects that comprise this initiative use fuel load reduction as the primary means by which we can reduce the risk wild fire poses to life and property within our district. We focus first on fuels around roads that pose a threat to the orderly evacuation our neighborhood, the greatest risk to life. We then look at fuel load reduction within the community. These efforts are the focus of this initiative for its first year.

Road safety is mostly an intergovernmental problem we will manage in cooperation with the owner's of the escape routes, San Mateo County and Portola Valley and to a lesser extent, Palo Alto. A few private land owners will also be involved in resolving this issue.

We will attack the fuel load problem within the community by raising awareness of the problem and working collaboratively with individual homeowners. This initiative will provide education and expert advice, point the way to competent contractors, and provide discount programs and targeted subsidies.

In our first year we propose to recruit and coordinate a team of neighborhood volunteers to design and execute a set of projects to achieve our goals. Countless hours of volunteer time will be used. We will seek budget of \$120,000.

INTRODUCTION

BACKGROUND

In early 2006 the Los Trancos Water District polled its residents to see how they wanted the District to spend its time and resources. 82% of the residents identified emergency preparedness as important or very important. It was the residents' #1 priority. At its June 2008 meeting the District Board approved a resolution for a new initiative in fire safety for the District's residents. This set of proposals flows directly from a presentation made at that meeting.

THE PURPOSE OF THIS DOCUMENT

This document is intended for the use by those that will be working on planning and approving the initiative. The authors are hoping to elicit comments so that the plan can be improved. Of particular interest are reactions to the discussion questions at the end of the document.

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GOALS

Following advice from respected experts in the field, this plan focuses first on threats to life and then threats to property. Most threats to life can be mitigated by focusing on the ability of residents to evacuate the community quickly and efficiently while allowing emergency services to enter the community to rescue those still in danger. For our effort, this will equate to assuring overgrown brush and tree canopies be maintained on the two public paths to safety (Los Trancos Road and Alpine Road) and the Pony Tracks Ranch private road to Page Mill that is available for ingress and egress of emergency vehicles. Threats to property, mostly homes will again center on a removal of the fuels that feed the speed and uncontrollability of a wind-driven fire.

WHAT'S NOT COVERED

This plan does not address what the residents should do during a fire emergency, e.g., what to take in an evacuation, radio communications, first aid. These functions are being well handled by our two chapters of CERPP, Citizens Emergency Response Preparedness Program.

PROJECT 1: PROTECTING THE EVACUATION ROUTES

Assuring residents can use the neighborhood's roadways to evacuate and that emergency services can use them to enter will first require us to make a survey of the road system to identify problem areas, areas where trees and brush create a fire hazard.

State law requires the responsible governmental entities to clear an area 10' to either side of a public road. In some areas this is not enough. On the down hill side of a road that traverses a slope flame fronts which burn up to the roadway will, at least partially, blow horizontally across the road. This could potentially eliminate an escape route or worse create a dangerous situation where a column of fleeing vehicles is trapped and burned.

Lands in the public right of way

Our paved roads are contained within a strip of land known as the public right of way. This area typically extends 10' outward on either side of the pavement and brush suppression in this area is required by state law. We will proceed as follows:

- 1) Members of our committee will first seek to have these areas cleared by the responsible governmental entity at its cost. These entities could include the following: a) the County of San Mateo – for roads within the community, b) the Town of Portola Valley – for Alpine and Los Trancos Roads, our primary escape routes and c) the City of Palo Alto, for portions of Los Trancos Road that are in Santa Clara County.

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- 2) If this effort should meet with resistance, our task force will work to reach an agreement with the applicable governmental entity such that we can contract for and complete the work required.
- 3) We will seek to put in place procedures by which these brush clearing projects are maintained on an annual basis.

Private lands bordering the public right of way

As indicated above, some times 10' is not enough. In many cases proper road safety will require some brush clearing on private land adjacent to the public right of way. In these cases our task force will work with land owners to reach an agreement where the lands are cleared at the District's expense.

Budget/restrictions: \$20,000 for both public and private land in first year of program. Anticipated expenditure: \$15,000. Work to be limited to high priority areas as identified by District's designated fire safety consultant. As a cost saving measure, labor may be provided by trustee inmate crews available through WFPD.

PROJECT 2: FUEL LOAD REDUCTION WITHIN OUR COMMUNITY

For us to achieve a real reduction in our risk to wild-land fire, we must reduce fuels within individual homeowner properties by clearing brush, removing "ladder fuels" and maintaining a 100 foot defensible space around major structures. Getting as many as possible of our 250+ homeowners to assess and take corrective actions regarding their own fire safety hazards on their own properties will be the key success factor for this effort, the largest and most complicated portion of this initiative.

Barriers

There are numerous barriers that may be preventing homeowners from clearing the brush and "ladder fuels" from their lands that present such a hazard in the event of a wild-land fire. For each barrier we briefly mention potential solutions that will be described in greater detail in the next section.

- Awareness: Homeowner doesn't understand that there is a problem. Solution: Education via email and web, one-on-one outreach. Message: "Problem is real, but fuel load reduction can largely solve the problem"
- Overwhelmed: Homeowner is overwhelmed by the scope of the problem. Solution: Provide consultation on a prioritization of the issues faced by the homeowner and an efficient organized means by which the required work can be completed. Messages: "We'll help you assess, prioritize and correct the problems". "By working together we can improve safety for the entire community"

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- Aesthetics: Homeowner thinks he'll have to "ugly-fy" his home/landscaping to create a fire safe environment. Solution: Education via email and web, one on one outreach. "Fire safe homes can be beautiful"
- Costs: Costs are too high. Solution: Task force to negotiate "quantity discounts" for fuel load reduction work as well as provide incentives/partial subsidies. "Subsidies and group purchase programs can make fire safety affordable."
- Insurance: "Even the mention of a fire hazard on my property is enough to cause my insurance company to discontinue my policy or deny my claim if a fire should occur." Solution: Education - Participation in this program is on an "opt-in" basis only. Message: "You may already have a problem because WFPD does walk-by assessments of difficult properties, and writes reports that are in the public domain. Isn't it better to find out what you can do to improve the survivability of your property and fix it, than hope your insurance company doesn't find out?"

Getting the word out

The messages identified above and, to the extent appropriate, detail of the package of incentives the district can provide, are to be delivered through several channels.

Direct Mailings – This is the only channel that is guaranteed to reach every household. By virtue of this fact alone its use is required. Unfortunately it will often be difficult for these mailings to rise above the attention levels afforded common junk mail. Redundant communication channels will be required.

Yahoo Group Emails – Perhaps the "mass" communication channel that will reach the greatest percentage of our residents are the "ltwca" and, to a greater extent, the "VistaVerdeLTW" yahoo group email lists. By using these list servers it will be relatively easy to send a series of coordinated messages designed to increase awareness of and participation in the initiative.

Website – The District is soon to activate its web domain: LTCWD.ORG. This site will have several sections to it, one of which will be dedicated to the fire safety initiative. In this section, a compelling description of the area's fire safety issues will be maintained as well as a listing of the services the district has to offer. We will also include reimbursement application forms.

You Tube – Depending on resources/volunteer talent, this task force may employ the use of You Tube videos. This channel may be particularly well suited to the delivery of locally relevant messages from fire safety consultant Ray Moritz as well as personnel from the Woodside Fire Protection District.

One on one communication - Emulating the success of the neighborhood's Sudden Oak Death Task Force, perhaps the most effective communication

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channel will be an organized neighbor-to-neighbor outreach program. This effort is described in greater detail in Appendix A: Neighborhood Outreach.

Example homes

Many residents could benefit from the opportunity to examine, even at a distance, landscape maintenance and design that is fire safe. We hope to work with several local homeowners to have their homes serve as examples of what can be done to increase fire safety, while retaining an aesthetically pleasing landscape. Some ways to leverage these examples include:

- Hold one or two “tour days” where the community will move from house to house and learn
- Feature homes on a You Tube video along with other fire-safe information and tips
- Video blog the transformation of a home from fire trap to fire-safe

Budget: None, but some of the subsidies described below may aid in the success of this program.

Services

Fire Safety Assessments

The District volunteers can arrange for an assessment of the homeowners property by qualified fire safety specialists. There are two possibilities here:

- Fire safety consultant – The District could directly finance these visits by a Ray Moritz or other qualified specialist. Alternatively, if it is determined that there are insurance issues related to a public agency documenting non-optimal fire safety conditions at a particular home it might be that the private home owners associations (HOA) may be able to insulate the homeowner. The district would provide funding to the HOA. The HOA, being private, would then stand a much better chance of being able to refuse a request for documentation from an insurance company. Other protections may include:
 - 1) The HOA or the District would not retain any copies of any report created
 - 2) Additionally the private consultant would not retain a copy of any report created
 - 3) No report would be created to retain – all communication would be verbal and confidential between the consultant and the home owner.
- WFPD – Woodside fire provides site assessments for free (**need to verify this**). District volunteers could provide the introductions and perhaps make such visits easier to manage by designating several target days for such inspections. This should make it easier for WFPD to provide the service (**need to verify this**). Insurance issues may become a problem here as well.

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Budget/restrictions: We'll first target the use of WFPD personnel for this consulting service, although based on the level of demand, some type of financial support might be required.

Brush removal/ tree trimming group purchase program.

Most service vendors are willing to provide a lower rate if the quantity of work provided is large and the marketing task largely completed for them. The task force could qualify and provide a list of contractors that could perform brush removal/tree trimming services. An unresolved problem with this approach is quantifying the amount of work to be performed in order to determine that a real discount is being provided. Clear and useful units of measure are not easily determined. Possibilities include paying "by the truck load of chipped debris" or if trees are to be removed, a standard rate based on the height or sum of all tree trunk diameters removed.

Budget/restrictions: None

Enhanced chipper program

The Woodside Fire Department (WRPD) chipper program by which residents stack brush and debris by the street so that it can be chipped by WFPD personnel has been extremely successful in our neighborhood.

The program could be augmented in several ways:

- We could fund additional chipper days, perhaps 1 or 2 additional per year. – this approach would utilize the same chipper and operators used by WFPD (need to verify this with WFPD)
- Recommended contractors list – Many homeowners have not taken advantage of the program because they are not capable of cutting, clearing and transporting the debris to the road side for chipping and or haven't arranged for a contractor to perform the work. The task force could qualify and provide a list of contractors that could perform this task.

Budget: \$15,000/year. Anticipated expenditure \$7,500.

Incentives

The District is well positioned to provide subsidies that will lower the cost of fuel load reduction projects. Preference is to be given to efforts that reduce threats to the broader community.

Shake roof replacement

Homes with shake roofs add to a community's fuel load and greatly increase the threat to other properties in the area since once ignited, the wood shingles produce embers that can start other fires in a neighborhood. The district will provide up to \$4,000 in a 50%-50% cost share to partially replace any shake roof with a fire safe roof.

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Budget/restrictions: \$20,000 for total community in first year of program.
Anticipated expenditure: \$12,000. Note: There are relatively few (~10%?) homes in the district with shake roofs.

Removal of Eucalyptus

Eucalyptus trees present three problems in fire safety: 1) they drop more flammable debris than any other tree species, 2) because of the Lauric acid their branches contain they burn particularly hot and fast, and 3) they spread more embers further than any other tree. District will pay full price for removal up to a household maximum of \$2500.

Budget/restrictions: \$20,000 for total community in first year of program.
Anticipated expenditure: \$15,000.

Removal of SOD Killed Trees

Sudden oak death is killing many of Black Oak, Coast Live Oak and Canyon Oak in our community. These SOD killed trees are usually identified by the sudden die off of the tree's canopy, black hypoxylon cankers in the lower trunk, and brownish sometimes bleeding lesions in the lower trunk. A standing SOD killed tree presents a considerable fire hazard particularly when it still retains its dry dead leaves. District will pay full price for removal up to a household maximum of \$1500.

Budget/restrictions: \$20,000 for total community in first year of program.
Anticipated expenditure: \$15,000. All SOD debris is to be chipped on site, or optionally, at the expense of a the land owner, trucked to a qualified disposal site

Brush clearing package deal

Working in cooperation with Woodside Fire, the District will publicize and make available the following offer to the first 50 homes that apply:

- A fire inspection carried out by WFPD that identifies the top priorities in fuel load reduction. **(Need to try to work this out with WFPD)**
- 50%-50% cost sharing for the first \$2,000 in brush clearing/tree trimming so long as it is directly related to work recommended by the WFPD.

Budget/restrictions: \$50,000 for total community in first year of program.
Anticipated expenditure: \$35,000. Work should to be timed so that debris may be chipped and disposed of on site during scheduled chipper days.

Low Income subsidy

Many of our residents live on a fixed low income. Residents with adjusted gross incomes below \$75,000 in the most recent tax year are entitled to receive double the incentive amount they would have otherwise received so long as this amount remains less than the total cost of fire safety improvements.

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Budget: \$10,000. Anticipated expenditure: \$2,000. To qualify for this program the homeowner is to contact the District's recording secretary and arrange for a meeting where the homeowner is to produce his most recent IRS form 1040 and the secretary is to verify homeowner's income.

PROJECT 4: USING LAKE WATER FOR FIRE FIGHTING

In its 2007-2008 budget, the District approved the expenditure of \$3,000 to study and possibly design a system by which water from our reservoir could be used for fire fighting. Key questions to be investigated include:

- Physically, what sort of system could WFPD or Cal Fire make use of in the event of an emergency that disabled flow to our fire hydrants?
- If a lake fed hydrant system is recommended, can existing 4" piping believed to emanate from the lake be used?
- How much will it cost to construct such a system?

Approved budget: \$3000. Anticipated expenditure: \$3000.

PROJECT 5: TARGETED FUEL LOAD REDUCTION IN NEIGHBORING PROPERTIES

To the North and West of our neighborhood lies Portola Valley's Coal Mine Ridge open space area. The area's high SOD mortality and concentration of Eucalyptus trees presents a considerable fire hazard to our community. Working in cooperation with Portola Valley, we will share in the cost of removing and/or trimming these trees, starting with the nearest trees and working down the ridge about 1000 feet from the street (Old Spanish Trail). Most of the work will be Eucalyptus removal/trimming as the SOD kills seem to be concentrated farther north. Vehicle access will be achieved using the removable segment of fence in the new trail head constructed west of the District's reservoir.

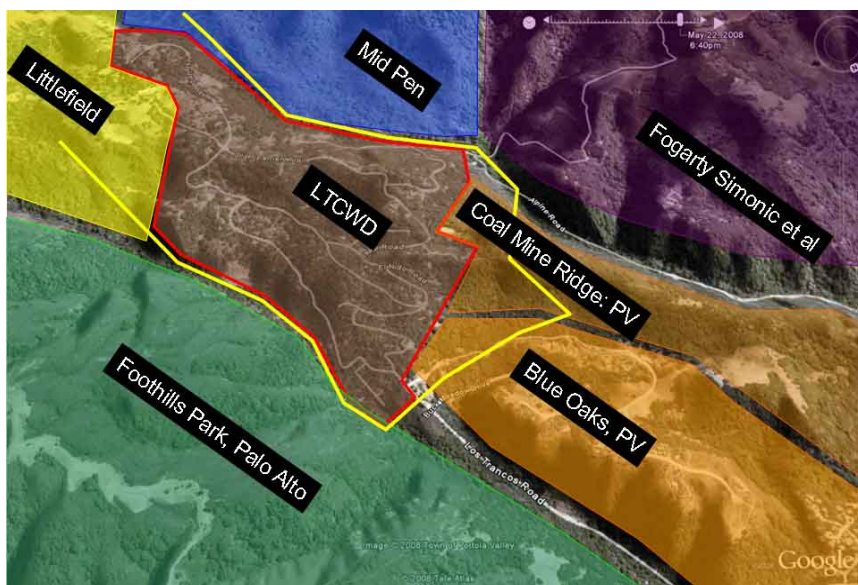
Budget/restrictions: \$15,000 for both public and private land in first year of program. Anticipated expenditure: \$15,000. As a cost saving measure, labor may be provided by trustee inmate crews available through WFPD.

POTENTIAL FUTURE PROJECTS

Shaded Fuel Break

The creation of a shaded fuel break surrounding the community may slow an oncoming flame front and yield enough time for a more complete evacuation and/or allow emergency services more time to save lives and structures. One possible routing for the break is shown in yellow in the illustration on the next page.

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Creating a shaded fuel break will require the cooperation of neighboring municipalities, special districts and private land owners.

A possible approach for making this happen:

- 1) Have our designated Fire Safety Consultant, Ray Moritz, tour the areas which surround our neighborhood and make a recommendations as to whether such a break could, without undue cost or environmental impact, be constructed, in whole or in part.
- 2) Contact the neighboring special districts, municipalities or private land owners in an effort to secure their cooperation.
- 3) Depending on the reaction of the surrounding land owners, design and estimate costs for the creation and maintenance of the break.
- 4) Work with Ray to design a Community Wildfire Protection Plan. Once completed, and accepted by local Cal Fire authorities, this document can be used to apply for external funding sources and grants we could use to finance the effort.

This approach assumes District's financial resources and priorities would preclude complete financing of this effort. This assumption, like all other recommendations in this proposal, should be examined more closely.

Fire Retardants

Looking to the future, other concepts and ideas may prove useful to reducing our wild fire risk.

- **AIG/Phos-chek** – AIG, an insurance company, has created a new service whereby homeowners, if they have enough time, can have their properties treated with Phos-chek, an established flame retardant often used by fire fighting teams. The District could potentially establish contracts in advance for such services should the need arise.

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- Foam – Also gaining in popularity are systems a homeowner can use to spray flame insulating foam on their homes prior to an evacuation order. Care will have to be taken to assess any environmental risks the introduction of these compounds may create.

If any of these new technologies is judged to be viable for our situation, we may wish to re-assign our priorities and “fast-track” their adoption.

BUDGET

In many of the areas above we’ve assigned a budgetary and expected expenditure amount. These amounts pertain to the first year of the initiative’s existence. Projects for which no funding is shown are either to be resourced completely with volunteer work or, if needed, may be funded in the next year of the initiative’s existence. The budgetary numbers are summarized in the table below.

	Subsidy	Household (max)	Budget (max)	Expected
Road safety related brush clearing	n/a	n/a	20,000	15,000
Example homes	n/a	n/a	0	0
Fire safety assessments	n/a	n/a	0 to 5,000	0 to 5,000
Brush removal/tree trimming group purchase	n/a	n/a	0	0
Enhanced chipper program	n/a	n/a	15,000	7,500
Shake roof replacement	100%	4,000	20,000	12,000
Removal of Eucalyptus	100%	2,500	20,000	15,000
Removal of SOD killed trees	100%	1,500	20,000	15,000
Brush clearing package deal	50%	2,000	50,000	25,000
Low income Subsidy	n/a	n/a	10,000	5,000
Total			155,000	94,500

Based on these estimates we will request a budget of \$120,000.

DISCUSSION QUESTIONS

This set of proposals is preliminary and designed to advance the discussion on how our community could significantly reduce its wild fire risk. Before breaking the proposals down into a series of projects and recruiting volunteers for each

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component we should take a step back and assess the plan and ask some important questions:

- Is this the right mix of incentive programs, education, public outreach?
- Are we taking on more than we can handle? The work of many carefully coordinated volunteers will be required.
- Should we make the incentives retro-active? Since June it has been public information that the District is considering incentives and subsidies. Care should be taken such that we don't create an incentive to wait on any fuel reduction program. We don't want homeowners to hesitate on some these projects wondering if the District will pay if they wait until a program starts.
- How do we start... how do we divvy up the work loads?
- Is this needed? There's a chance that some in the neighborhood will not consider it to be a good use of funds.
- SOD Integration – We're proposing to sponsor a house by house, "opt in" assessment of fire safety, most of which will boil down to an assessment of over grown vegetation. SOD and fire risk reduction do overlap... should these initiatives be integrated? Consider:
 - Bay trees growing close to SOD-susceptible oaks spread the disease. Trimming them back will also reduce fuel load.
 - By killing so many susceptible oaks, SOD is creating some fuel load increases in the short term, but in the long term it will thin out the canopy, reducing fire risk.
 - Because in many situations, SOD susceptible oaks may die regardless, we may want to target them for our fuel load reduction efforts.
- How do we best make use of the services of Ray Moritz?
 - Priority road clearance areas
 - Landscaping tips
 - Plants with high fire danger
 - Plants with low fire danger
 - Tips on reducing structural dangers
 - Other?

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APPENDIX A: NEIGHBOR TO NEIGHBOR OUTREACH

Our current thought is to recruit well established and well known residents across the combined neighborhood to work as volunteers in our “one-to-one” communication. In this way we hope our initiative can “branch out” in order to reach as high a percentage of the population as possible.

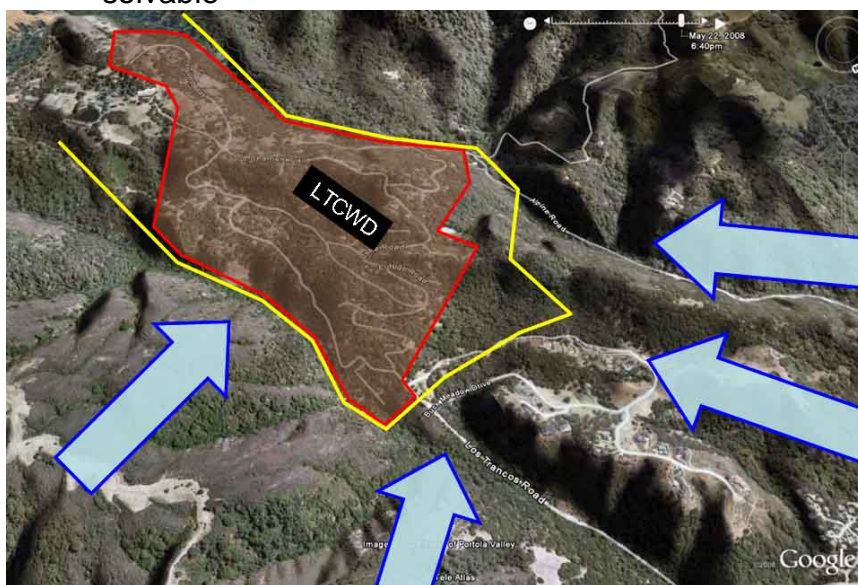
Recruiting these key “influencers” will be one of the primary responsibilities of our task force. Once on board, the committee will rely on their assessments of the individuals they know regarding how best these homeowners should be contacted. A single approach will not be appropriate for all residents.

Factors to be considered should include:

- Avoiding defensiveness yet providing adequate persuasion. If a face to face meeting is desired, who/how many should attend?
 - 1 or 2 individuals most likely to influence targeted home owner
 - Often a friend/close neighbor
 - Sometimes WFPD or CERP person, or perhaps LTCWD board member for the “easier” homeowners
 - Someone that can talk through slides on lap top (or flip through printed version)
- Apparent fire safety of the homeowner – is the lot overgrown, does it have a shake roof piled with leaves, or do there seem to be only minor issues to be considered?

The discussion at this meeting may include some or all of the following:

- Google earth laptop shots – effects of wind driven fire... “problem is solvable”



This illustration may be used: “you can’t control the wind direction or weather. You can’t control the topography. Only the fuel load can you control.”

- Goal review, first life, then structures

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- Review biggest problems: fuel load around houses, incendiary, Eucs, SOD kills, shake roofs
 - Consultants review
 - Video on laptop, still images?
- An offer to have a profession survey of the home conducted
- Overview of incentive program

Below is an example for how the discussion might unfold:

Influencer, in phone call to resident: “I’ve been working with the water district’s fire safety committee. They are trying to find a way to reduce our wild fire risk. I think they are on to something. I’ve been trying to introduce them to some folks I know in the neighborhood. One of their Board members, Mike Ward stopped by to talk the issue over with me and he and I were wondering if you might be amenable to his visiting you as well. He’ll need about 10 minutes. They promise confidentiality.

Mike to resident, condensed version after exchange of normal pleasantries: “I have been working with the Woodside Fire Department and with a respected fire consultant the District has hired and here’s what they’ve communicated to me. “This area hasn’t burned for close to 100 years. It’s an unnatural condition and the problem will be that if a fire gets going there is a massive amount of brush that will fuel the fire making it hard to stop. It could be devastating. They have given us a list of recommendations and suggest we focus on 2 or 3 big issues that we (and individual homeowners) can successfully attack, e.g., creating a 100 foot defensible space around your home. This is not to recommend a clear cut, but, rather, a reduction in the amount of brush and the like that could catch your deck on fire which would ignite your house, etc.

Mike would then go on to pitch a few solutions as described in the section below on incentives.

COMMENTS ON CLOSE OF FISCAL YEAR 2007-2008

REPORTS

With the transition to our new accounting package we will be retiring the use of our one page, excel based financial report that we often referred to as “the auditors report”.

The final version of this document is reproduced below. For comparison, we’ve also included its successor document, “Income Statement, Budget vs Actual”.

COMMENTS ON THE FINAL AUDITOR’S REPORT PROPERTY TAX REVENUE

In previous versions of the auditors report, we have shown income of 10,257.00 and 102,883.94 for Sep and Dec '07 respectively. A review of what the County of San Mateo thinks they sent us, and what the Union Bank says we received shows these numbers to actually be 257.22 and 77,883.94. Why the erroneous numbers were entered into the spread sheet is not clear. A similar error is not possible in our new quick books based accounting system as the amounts are reconciled at the end of each month.

For fiscal year '07-'08 we had projected 173,000.00 in property tax revenue. This compares to an actual of 210,297.84. On January 29 2008 we received an “excess ERAF” refund from the County in the amount of 31,090.00. Adding this amount leaves a gap of 6,207.84. Base or “pre-eraf refund” property tax levels exceeded estimates by 3.6%.

Table: Payments from San Mateo County:

8/22/2007	SB813DIST082307	LOS	TRANCOS	CO	SB813 SEC SU	368.24
9/19/2007	SB813DIST092007	LOS	TRANCOS	CO	SB813 SEC &	257.22
10/18/2007	SB813DIST102207	LOS	TRANCOS	CO	SB 813 SEC S	88.09
10/25/2007	TAXAPORTDIST1031	LOS	TRANCOS	CO	CURR & PRIOR	10,184.78
11/14/2007	TAXAPPRTDIST1115	LOS	TRANCOS	CO	5 PERCENT AD	8,711.00
11/19/2007	SB813DIST112007	LOS	TRANCOS	CO	SB813 SEC SU	291.53
12/6/2007	HOPTRDIST120707	LOS	TRANCOS	CO	HOPTR-1ST PC	200.52
12/13/2007	TAXAPPORDIST1217	LOS	TRANCOS	CO	50PCT ADVANC	77,149.04
12/19/2007	SB813DIST122007	LOS	TRANCOS	CO	SB813 SEC SU	534.38
1/8/2008	HOPTR35%2ND0708	LOS	TRANCOS	CO	Los Trancos	467.88
1/25/2008	ERAFDIST012808	LOS	TRANCOS	CO	EXCESS ERAF	31,090.00
1/29/2008	TAXAPPRTDIS13108	LOS	TRANCOS	CO	1ST PERIOD C	5,833.91
1/30/2008	SB813DIST013108	LOS	TRANCOS	CO	SB813 SECURE	1,500.46
2/12/2008	TAXAPPORDIST214	LOS	TRANCOS	CO	Curr&PriorUn	381.64
2/15/2008	SB813DIST022008	LOS	TRANCOS	CO	SB813 SECURE	188.88
3/19/2008	SB813DIST032008	LOS	TRANCOS	CO	SB813 SEC SU	539.2
3/25/2008	ERAFDIST032708	LOS	TRANCOS	CO	EXCESS ERAF	3,140.00
3/28/2008	CUSECDIST033108	LOS	TRANCOS	CO	CUSEC - 5 PE	8,711.00
4/15/2008	CUSECDIST041608	LOS	TRANCOS	CO	CUSEC - UP T	53,929.09
4/21/2008	SB813DIST042208	LOS	TRANCOS	CO	SB813 SEC.SU	391.76
5/8/2008	HOPTRDIST050808	LOS	TRANCOS	CO	HOPTR-35PCT	467.88

5/19/2008	SB813DIST052008	LOS	TRANCOS	CO	SB813 SECURE	1,447.13
5/28/2008	CUSECDIST052908	LOS	TRANCOS	CO	CUSEC - 2nd	10,707.64
	DR	* S	UB ACCT	Tot	al *	216,581.27*

In the reconciliation table above, the amounts in red have not been received by union bank. The county acknowledges that the checks have not cleared. They have placed a stop payment on those checks and have indicated that they will be re-generate new checks. Receipt of the 3/25/08 excess ERAF payment will add to the gap between projected and actual amounts.

INTEREST

Interest amounts were not properly shown on the auditor’s reports. Relatively small amounts, interest from our savings accounts at Union Bank of California were not consistently. Interest on CD’s was not entered.

The following table summarizes CD interest. It was generated by Union Bank of California on 6/18/08:

	Account ~27010	Account ~27945	Account ~27028	Account ~20904
Opening date	08/07	11/07	08/07	02/01
Closing date	03/08	03/08	<u>11/07</u>	08/07
Amount	95,000	95,669.94	95,000	83,864.77
Interest earned	2,759.41	1,409.87	<u>669.84</u>	6681.50
Destination bank account	Sav 1981	Sav 1981	<u>CD ~27945</u>	Chk 0189

These amounts have been entered into the revised auditors report.

A summary of what had been in previous auditors reports vs the revised version is as follows:

	Revised PROPERTY TAXES	Previous PROPERTY TAXES	Revised INTEREST	Previous INTEREST
July	6,167.26	6,167.26	0.00	
August	368.24	368.24	6,818.62	
September	257.22	10,257.00	140.13	
October	88.09	88.09	41.14	
November	19,187.31	19,187.31	706.39	36.45
December	77,883.94	102,883.94	15.32	15.32
January	31,557.88	31,557.88	11.07	
February	7,904.89	7,904.89	8.61	
March	0.00		4,205.93	36.65
April	53,929.09	53,929.09	610.86	5.34
May	1,915.01	1,915.01	0.00	
June	11,038.91	n/a	0.00	n/a

“INCOME STATEMENT, BUDGET VS ACTUAL”

BUDGET AMOUNTS:

For the new accounting system, we have established a new chart of accounts. We’ve also done our budgeting based on the new chart of accounts. Unfortunately, this new system is not a perfect match with the budget we set up for fiscal year '07-'08.

Example: Per the auditors report we budgeted 15,000 for Emergency Preparedness program. In our new system, expenditures are recorded at a higher level of granularity, E-Prep Water related and E-Prep Communications. The total budget for E-Prep shows up under “E-Prep Other”. Only the “total” line yields a useful comparison of budget vs actual: Total expenditures were \$36,377.78 vs budget of \$15,000. Note: most of the over budget amount is explained by our unanticipated \$21,000 donation to our local CERPP for the upgrade to our communications system.

COMPARING THE FINAL “AUDITORS REPORT” TO “INCOME STATEMENT, BUDGET VS ACTUAL”

The final Auditors report shows total expenditures of \$211,985.07 compared to \$212,639.43 shown in the income statement generated by our new accounting system.

Because unlike the auditor’s report, the income statement is reconciled against bank statements it is the document of record we will use to describe our revenue and expenses for the '07-'08 fiscal year. The minor differences between the two documents could be eliminated by restating the allocation of expenditures as described in the “income statement” in the Auditor’s report format, but we choose not to as this would not produce any new insights into our financial position.

LOS TRANCOS COUNTY WATER DISTRICT
BUDGET vs ACTUAL 2007- 2008

	July	August	September	October	November	December	January	February	March (5)	April (5)	May	June	Total YTD	FY 2007-2008 Budget
INCOME														
PROPERTY TAXES	6,167.26	368.24	257.22	88.09	19,187.31	77,883.94	31,557.88	7,904.89	0.00	53,929.09	1,915.01	11,038.91	210,297.84	173,000.00
INTEREST	0.00	6,818.62	140.13	41.14	706.39	15.32	11.07	8.61	4,205.93	610.86			12,558.07	4,000.00
OTHER														
TOTAL INCOME	6,167.26	7,186.86	397.35	129.23	19,893.70	77,899.26	31,568.95	7,913.50	4,205.93	54,539.95	1,915.01	11,038.91	222,855.91	177,000.00
EXPENSES														
FIXED EXPENSES														
INSURANCE (1)		3,239.87						1,195.00	154.68				4,589.55	5,000.00
LEGAL	200.25		811.50	1,641.75			11.25	874.50	2,025.00	1,248.75		935.25	7,748.25	3,000.00
CONTRACTS (2)		200.00	200.00	400.00	200.00	200.00	200.00	200.00	200.00	200.00	2,200.00		4,200.00	4,000.00
OFFICE EXPENSES (3)	54.11	121.57		25.32			1,084.96	187.74					1,473.70	2,000.00
GENERAL DUES				360.00					351.00				711.00	1,000.00
OTHER							367.17		1,859.99	354.92	13.00	13.00	2,608.08	1,000.00
Subtotal Fixed Expenses	254.36	3,561.44	1,011.50	2,427.07	200.00	200.00	1,663.38	2,457.24	4,590.67	1,803.67	2,213.00	948.25	21,330.58	16,000.00
COST OFFSET PROGRAM														
General program expenses including 2% fee		30,000.00				30,000.00			1,371.90	30,000.00			91,371.90	82,000.00
Subtotal Cost Offsets	0.00	30,000.00	0.00	0.00	0.00	30,000.00	0.00	0.00	1,371.90	30,000.00	0.00	0.00	91,371.90	82,000.00
PROPERTY MANAGEMENT (4)(6)														
General program expenses	321.74	48.18	306.35			3,440.28	5,116.18	14.18	3,355.54	11,528.36	916.90	15,803.57	40,851.28	60,700.00
Subtotal Property Management	321.74	48.18	306.35	0.00	0.00	3,440.28	5,116.18	14.18	3,355.54	11,528.36	916.90	15,803.57	40,851.28	60,700.00
EMERGENCY PREPAREDNESS (4)														
General program expenses		7,383.00		432.71				5,970.42	27.01	22,621.65			36,434.79	15,000.00
Subtotal Emergency Preparedness	0.00	7,383.00	0.00	432.71	0.00	0.00	0.00	5,970.42	27.01	22,621.65	0.00	0.00	36,434.79	15,000.00
WATER CONSERVATION (4)														
General program expenses	8,177.54	1,050.00	2,232.58	3,075.00		1,523.59	1,707.81		1,670.00		2,560.00			31,000.00
Subtotal Water Conservation	8,177.54	1,050.00	2,232.58	3,075.00	0.00	1,523.59	1,707.81	0.00	1,670.00	0.00	2,560.00	0.00	21,996.52	31,000.00
al Expenses (Fixed and Program)	8,753.64	42,042.62	3,550.43	5,934.78	200.00	35,163.87	8,487.37	8,441.84	11,015.12	65,953.68	5,689.90	16,751.82	211,985.07	204,700.00
Net Cash Flow	(2,586.38)	(34,855.76)	(3,153.08)	(5,805.55)	19,693.70	42,735.39	23,081.58	(528.34)	(6,809.19)	(11,413.73)	(3,774.89)	(5,712.91)	10,870.84	(27,700.00)
Checking Account Balance	182,245.12	(8,514.75)	5,793.74	(74.34)	18,949.42	86,684.81	107,228.36	106,802.68	10,659.56	10,634.97	6,870.08			
Money Market Account Balance	0.00	50,137.12	40,277.25	40,318.39	40,354.84	15,370.16	15,381.23	15,389.84	47,265.71	271.05	261.05			153,288.76
Certificates of Deposit	90,546.27	190,000.00	190,000.00	190,811.56	190,811.56	190,811.56	190,811.56	190,811.56						88,504.43
LAIF									248,000.00	283,000.00	283,000.00			
Total Cash	272,791.39	231,622.37	236,070.99	231,055.61	250,115.82	292,866.53	313,421.15	313,004.08	305,925.27	293,906.02	290,131.13	0.00	0.00	241,793.19

(1) Insurance (D&O 1.5K, Liability 3.5K)
(2) Contracts (Audit 2K, Secretary 2K)
(3) Includes administrative expenses (e.g bank fees)
(4) See separate program budgets for details
(5) Bank balances reflect all expenses, not just those cleared at bank
(6) Includes 10k for fuel load reduction, 5k for surveying of lake rd
Notes:
Taxes est. by ca. 6% increase over FY07

Los Trancos County Water District
Income Statement: Budget vs. Actual
July 2007 through June 2008

	Jul '07 - Jun 08	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
43400 · Direct Public Support				
43405 · Property Tax Revenue	210,297.84	173,000.00	37,297.84	121.6%
Total 43400 · Direct Public Support	210,297.84	173,000.00	37,297.84	121.6%
45000 · Investments				
45030 · Interest-Savings, Short-term CD	12,558.07	4,000.00	8,558.07	314.0%
Total 45000 · Investments	12,558.07	4,000.00	8,558.07	314.0%
Total Income	222,855.91	177,000.00	45,855.91	125.9%
Expense				
61100 · Water Use Efficiency				
60904 · WUE Rebate - Exterior	3,531.92			
61102 · WUE Rebate - Interior	15,115.08			
61106 · WUE - Other	4,475.00			
61100 · Water Use Efficiency - Other	0.00	31,000.00	-31,000.00	0.0%
Total 61100 · Water Use Efficiency	23,122.00	31,000.00	-7,878.00	74.6%
61200 · Emergency Preparedness				
61202 · Water related	15,377.78			
61204 · Communications	21,000.00			
61200 · Emergency Preparedness - Other	0.00	15,000.00	-15,000.00	0.0%
Total 61200 · Emergency Preparedness	36,377.78	15,000.00	21,377.78	242.5%
61900 · Offset Program				
61901 · Offset	88,505.80			
61905 · Offset admin fee	1,800.00			
61900 · Offset Program - Other	0.00	82,000.00	-82,000.00	0.0%
Total 61900 · Offset Program	90,305.80	82,000.00	8,305.80	110.1%
62800 · Lands				
62801 · Restrtn Supls, Plants Irrrgtn	27,005.41			
62802 · Hardware, lumber, fencing etc	2,736.90			
62804 · Engineering /Env. Consulting	9,899.42			
62806 · Fees and Permits	654.04			
62890 · Utilities - Water	219.51			
62800 · Lands - Other	30.90	60,700.00	-60,669.10	0.1%
Total 62800 · Lands	40,546.18	60,700.00	-20,153.82	66.8%
64800 · Contract Services				
64801 · Recording Secretary	2,400.00	2,400.00	0.00	100.0%
64810 · Accounting Fees	2,125.00	1,400.00	725.00	151.8%
64840 · Legal Fees	7,748.25	3,000.00	4,748.25	258.3%
64850 · Outside Contract Services	672.00			
Total 64800 · Contract Services	12,945.25	6,800.00	6,145.25	190.4%
65000 · Operations				
65020 · Postage, Mailing Service	307.81			
65030 · Printing and Copying	27.01			
65040 · Supplies	150.13			
65060 · Technology	1,084.96			
65000 · Operations - Other	0.00	2,000.00	-2,000.00	0.0%
Total 65000 · Operations	1,569.91	2,000.00	-430.09	78.5%
65100 · Other Types of Expenses				
65105 · Insurance, Liability	3,394.55	5,000.00	-1,605.45	67.9%
65120 · Insurance - D and O	1,195.00			
65150 · Memberships and Dues	711.00	1,000.00	-289.00	71.1%
65160 · Other Costs	2,436.96			
Total 65100 · Other Types of Expenses	7,737.51	6,000.00	1,737.51	129.0%
68300 · Travel and Meetings				
68310 · Conference, Convention, Meeting	35.00			
Total 68300 · Travel and Meetings	35.00			
Total Expense	212,639.43	203,500.00	9,139.43	104.5%
Net Ordinary Income	10,216.48	-26,500.00	36,716.48	-38.6%
Net Income	10,216.48	-26,500.00	36,716.48	-38.6%

COMMENT ON JULY '08 FINANCIAL REPORTS

The income statement for July shows 2 identical sets of columns. This is because the software package produces a set of columns for “year to date” and for the current month. At the end of July, the first month of the fiscal year the current month and the year to date are identical.

Los Trancos County Water District
Income Statement: Budget vs Actual
July 2008

	<u>Jul 08</u>	<u>Budget</u>	<u>Jul 08</u>	<u>YTD Budget</u>	<u>Annual Bud...</u>
Ordinary Income/Expense					
Income					
43400 · Direct Public Support					
43405 · Property Tax Revenue	20,538.80		20,538.80		225,544.00
Total 43400 · Direct Public Support	20,538.80		20,538.80		225,544.00
45000 · Investments					
45030 · Interest-Savings, Short-term CD	0.00	500.00	0.00	500.00	6,000.00
Total 45000 · Investments	0.00	500.00	0.00	500.00	6,000.00
Total Income	20,538.80	500.00	20,538.80	500.00	231,544.00
Expense					
61100 · Water Use Efficiency	0.00	2,141.67	0.00	2,141.67	25,700.00
61200 · Emergency Preparedness					
61202 · Water related	0.00		0.00		3,000.00
61204 · Communications	0.00		0.00		10,000.00
61206 · Fire safety	0.00		0.00		15,000.00
61209 · Other	0.00		0.00		5,000.00
Total 61200 · Emergency Preparedness	0.00		0.00		33,000.00
61900 · Offset Program					
61901 · Offset	0.00	9,636.67	0.00	9,636.67	115,640.00
61905 · Offset admin fee	0.00	196.67	0.00	196.67	2,360.00
Total 61900 · Offset Program	0.00	9,833.34	0.00	9,833.34	118,000.00
62800 · Lands					
62801 · Restrtn Supls, Plants Irrrgtn	8,987.98	666.67	8,987.98	666.67	8,000.00
62802 · Hardware, lumber, fencing etc	529.81		529.81		26,000.00
62803 · Maintenance	0.00	1,500.00	0.00	1,500.00	18,000.00
62804 · Engineering /Env. Consulting	0.00		0.00		14,000.00
62805 · Legal, lands	0.00		0.00		8,000.00
Total 62800 · Lands	9,517.79	2,166.67	9,517.79	2,166.67	74,000.00
64800 · Contract Services					
64801 · Recording Secretary	0.00	200.00	0.00	200.00	2,400.00
64805 · Bookkeeping	0.00	200.00	0.00	200.00	2,400.00
64810 · Accounting Fees	0.00	0.00	0.00	0.00	2,000.00
64840 · Legal Fees	0.00	567.75	0.00	567.75	6,813.00
Total 64800 · Contract Services	0.00	967.75	0.00	967.75	13,613.00
65000 · Operations					
65020 · Postage, Mailing Service	0.00	33.34	0.00	33.34	400.00
65030 · Printing and Copying	0.00	10.00	0.00	10.00	120.00
65040 · Supplies	0.00	12.50	0.00	12.50	150.00
65050 · Telephone, Telecommunications	0.00	0.00	0.00	0.00	0.00
Total 65000 · Operations	0.00	55.84	0.00	55.84	670.00
65100 · Other Types of Expenses					
65105 · Insurance, Liability	0.00		0.00		3,500.00
65120 · Insurance - D and O	0.00		0.00		1,200.00
65150 · Memberships and Dues	0.00		0.00		720.00
65160 · Other Costs	13.00	225.00	13.00	225.00	2,700.00
Total 65100 · Other Types of Expenses	13.00	225.00	13.00	225.00	8,120.00
Total Expense	9,530.79	15,390.27	9,530.79	15,390.27	273,103.00
Net Ordinary Income	11,008.01	-14,890.27	11,008.01	-14,890.27	-41,559.00
Net Income	<u>11,008.01</u>	<u>-14,890.27</u>	<u>11,008.01</u>	<u>-14,890.27</u>	<u>-41,559.00</u>

Los Trancos County Water District
Balance Sheet
As of July 31, 2008

	<u>Jul 31, 08</u>
ASSETS	
Current Assets	
Checking/Savings	
Bank of California - Checking	12,185.18
Bank of California - Money Mkt	241.05
LAIF Mutual fund	<u>283,605.52</u>
Total Checking/Savings	<u>296,031.75</u>
Total Current Assets	<u>296,031.75</u>
TOTAL ASSETS	<u>296,031.75</u>
LIABILITIES & EQUITY	0.00